

# Foreign Investment Approvals & Implementation Status: A Review

August 1991 - December 1994

Project Report for the  
Department of Economic Affairs  
Ministry of Finance

March 1995

Institute for Studies in Industrial Development  
New Delhi

**ISID**

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Narendra Niketan, I.P. Estate  
New Delhi – 110 002

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## Abbreviations

|         |                                                                  |
|---------|------------------------------------------------------------------|
| BOP     | Balance of Payments                                              |
| CMIE    | Centre for Monitoring Indian Economy                             |
| EOU     | Export Oriented Unit                                             |
| EPZ     | Export Processing Zone                                           |
| ESCAP   | Economic and Social Commission for Asia and the Pacific          |
| FCRCs   | Foreign Controlled Rupee Companies                               |
| FDI     | Foreign Direct Investment                                        |
| FERA    | Foreign Exchange and Regulation Act                              |
| FIB     | Foreign Investment Board                                         |
| FI      | Foreign Institutional Investor                                   |
| FIPB    | Foreign Investment Promotion Board                               |
| GATT    | General Agreement on Trade and Tariff                            |
| GOI     | Government of India                                              |
| IIC     | India Investment Centre                                          |
| IMF     | International Monetary Fund                                      |
| IPR     | Industrial Policy Resolution                                     |
| ISID    | Institute for Studies in Industrial Development                  |
| LDCs    | Less Developed Countries                                         |
| MIGA    | Multilateral Investment Guarantee Agency                         |
| MNCs    | Multinational Corporations                                       |
| MNEs    | Multinational Enterprises                                        |
| MRTP    | Monopolies and Restrictive Trade Practices                       |
| MRTPC   | Monopolies and Restrictive Trade Practices Commission            |
| NEP     | New Economic Policy                                              |
| NIP     | New Industrial Policy                                            |
| NRIs    | Non-resident Indians                                             |
| OGL     | Open General License                                             |
| PUC     | Paid-up Capital                                                  |
| RBI     | Reserve Bank of India                                            |
| SAPs    | Structural Adjustment Programs                                   |
| SEBI    | Securities and Exchange Board of India                           |
| SIA     | Secretariat for Industrial Approvals                             |
| TNCs    | Transnational Corporations                                       |
| UNCTC   | United Nations Centre on Transnational Corporations              |
| UN-TCMD | United Nations Transnational Corporation and Management Division |
| WB      | World Bank                                                       |

## MAIN POINTS

1. In the global setting and with removal of entry barriers, it would not appear very illogical if Indian entrepreneurs choose soft options and join hands with well established international marketing networks even at the cost of losing their own identity. Local goods may be marketed by the TNCs under foreign brand names. Progressively in many industries competition could turn out to be competition between large TNCs to the exclusion of local players. (p. 14)
2. TNCs are now adopting the holding company route. This policy is likely to help TNCs to further consolidate their position within the country without much addition to direct capital inflows. (p. 16)
3. Simultaneous with the reduced enthusiasm of TNCs to enter into partnerships with Indian large houses, the pattern of involvement of foreign companies in India is changing gradually with establishment of holding companies and trading arms. These co-exist, with other affiliates of the same TNC -- many of whose shares are listed on the Indian stock exchanges which implies that the Indian public hold substantial share holdings in such companies. Due to the emergence of such new entities, the influence of foreign companies is expected to spread fast in the coming years. (p. 65)
4. In the new environment, the local partner appears to have lost the bargaining power either to deny a stake or to make the foreign collaborator accept a minority stake. In the absence of liberal foreign investment policy the foreign investor would probably have been content to licence the technology instead of insisting on having equity stake and consequential control over the enterprise. (p. 16)
5. Freer entry to TNCs is likely to affect market structures significantly. TNCs appear to be acquiring top positions in various branches of industry particularly in the consumer goods sector. Instead of starting green field projects, TNCs are preferring takeover of existing companies or striking strategic alliances with potential competitors to make a quick entry or to consolidate their already superior position in the market. In this process, industry leaders are their first targets. (p. 17)
6. The experience shows that foreign affiliates of investing companies import more from parent countries than what they export back to their own country (p. 19)
7. Recent capital investment by MNCs were promoted more with the motive of serving the local market than as a means of reducing costs and exporting back to their home country. (p. 20)
8. Unlike other principal activities of multinational firms, research and technology development tends to be confined to the home countries; it remains largely

centralised, even in the most internationalized of firms. (p. 21)

9. The practice of contributing to equity in the form of supply of machinery and technology offers considerable scope for price manipulations. Given the reduced bargaining power it is difficult to imagine to what extent the Indian partner would be in a position to safeguard the interests of the Indian company. (p. 22)
10. An examination of the technical collaboration approvals reveals that a significant number of these were in fact entered into by the very joint venture companies which were approved in the new policy period. A few others were also traced to the older/earlier JVs. It was also noticed that some of the foreign companies which initially entered into technology licensing agreements only, have acquired equity shares in such collaboration projects later on. These observations suggest the decreasing importance of arms-length transfer of technology which is giving way to technology transfer among affiliates. (p. 33)
11. The importance of FIPB has increased substantially, both in terms of the number of approvals and the investment size cleared. There are two possible explanations for this. *One*, a significant part of the amount involved in the proposals, for increasing the share of foreign companies in their respective Indian affiliates was approved by the RBI. Given the fixed number of the affiliates the number and value of approvals can not but experience a gradual decline. And *two*, the specific schemes for NRI investment, in particular the 100 per cent Scheme which was introduced in December 1991, may be accounting for what otherwise would have been covered by the automatic route. (p.37-38)
12. The number of approvals handled by the FIPB was more than double those handled by the RBI and SIA put together. From an administrative point of view, the pressure on the FIPB has been on the increase as almost a dozen proposals are being approved by the FIPB each week. This could be interpreted in two ways. Either foreign investors are wishing to enter more of Non-Appendix industries or the limit of 51 per cent equity participation was inadequate from their point of view or both. (p. 40-42)
13. The automatic procedure is more effective in technical collaboration agreements. Out of the 792 technical collaborations approved during 1994, the RBI granted 501 *i.e.*, nearly two-thirds of the total number. (p. 38)
14. The size distribution of the foreign investment approvals is a highly skewed one. Thus the success or failure of the expectations with regard to inflow of foreign investment would be determined by a limited number of large projects and their industry composition. The fact is also suggestive of a need to have a small monitoring cell that could take up the necessary follow up action and perform the task of trouble shooting. (p. 39-40)
15. The policy does distinguish the extent of control but sees it in terms of percentage shares only. Management control can be exercised over an enterprise in other forms too. Besides certain clauses in the articles of association which ensured grossly disproportionate control of TNCs -- often to the exclusion of all others --

over their minority Indian ventures. TNCs tend to control technology leaving no say for the Indian partner irrespective of his share holding. (p. 42-43)

16. An important aspect of the investment approvals is in the need to have efficient monitoring and a mechanism to ensure that the conditions attached to the grant of the approvals are observed in letter and spirit.(p. 44)
17. The joint venture form still might find favour with foreign companies to take over many of the existing enterprises. This practice helps them to avoid (i) building green field projects which might involve long gestation periods; and (ii) the efforts required to establish distribution channels. This may, however, be a temporary phenomenon. In the long run TNCs may switch to a combination of the sole ventures and the marketing of goods produced by local small and medium enterprises under their own brand names. (p.45-46)
18. The proportion of majority ventures in total approvals would have increased substantially during the post- policy period. One-fourth of the total approvals were for foreign shares less than 25 per cent. These, however, accounted for just about 10 per cent of the approved investment. In contrast, the number of companies allowed to set up subsidiaries formed a little less than 40 per cent but accounted for almost 60 per cent of the investment. (p.47)
19. An examination of the approvals during the four years 1991 to 1994 reveals that nearly three-fourths of the investment is accounted for by developed countries with U.S.A contributing half of the investment from these countries. U.S.A. is the single largest source of investment with 37.6 per cent share in total investment. (p.51)
20. Mauritius is playing a significant role in case of investments by Foreign Institutional Investors (FIIs). Mauritius can probably be a transitory point with the ultimate beneficiary investor belonging to some other country. (p.51-53)
21. While much of the investment from Singapore and Hong Kong could be traced to U.S.A., NRIs seem to have used Mauritius and Switzerland to route their investments. NRIs in USA also were prominent investors. (p. 54)
22. It is evident that some of the areas such as power, oil, iron and steel, telecommunication equipment, etc., the erstwhile public sector reserved areas together accounted for a large portion of the foreign investment approved during the post-policy period. (p. 55-56)
23. Investments in infrastructure industries, utilities and services are guided by strong compulsions to be located at the place of service. In that sense, foreign investors' interest in these areas may not be surprising. Public sector de-reservation should be the most important policy measure responsible for this. Locational compulsions coupled with policy change should be seen as being responsible for the growing importance of the services sector for foreign investors. Growing importance attached to services should also be seen in this light. (p. 60)
24. The manufacturing sector accounted for about 43 per cent of the total amount

involved in large investment proposals (August 1991 - December 1994). Within the manufacturing sector consumer goods sector enjoys a very important position. (p. 60)

25. Food processing industry in a country like India gets general support as it helps minimising wastage of agricultural and horticultural produce and hence is given priority in public policy. This sector attracted about nine per cent of the foreign investment approved in the new policy period. A closer examination, however, suggests that this assumption may not hold good for the new foreign investments. Much of the investment in this sector has been contributed by : Pepsico, Kellogg, Heinz, Coca-Cola, Mars, Wrigley, Perfetti, Nestle, Cadbury's and the beverage producers like Seagram and International Distillers. (p. 61-62)
26. At the aggregate, share of top 20 Indian industrial houses in the approved investment was approximately 10 per cent. Even the limited role left for the large houses should be seen in the context of some of them forming joint ventures by transferring the existing undertakings or the foreign companies seeking to acquire controlling interests in the former joint ventures. (p. 62-63)
27. From the available evidence it appears that in consumer goods industries where brand names play an important role TNCs would prefer to strike on their own. Even if they enter into alliances with local parties, they would prefer to have unambiguous control over the marketing functions. (p. 66)
28. Except four all the top ranking TNCs (1-50) have varying degrees of financial participation in Indian companies. They have joint ventures /subsidiaries in India or had shown interest to set up joint ventures during the recent past. (p. 70)
29. Out of the 743 automatic approvals given till January 1995, inflows were reported only in 251 cases. The corresponding amounts were Rs. 2,177.40 crores and Rs. 687.10 crores, respectively. Approved amount involved in these 251 projects constituted 45 per cent of the aggregate investment (p. 79)
30. The amount of approved equity in hike cases works out to 23.4 per cent of the total for automatic approvals. The share of equity hike cases in actual inflows is as high as 53.8 per cent. In equity hike cases as much as 73.3 per cent of the approved investment has already been taken up by the foreign shareholders. (p. 79)
31. If the equity hike cases are kept out, it would appear that the actual inflow is less than one-fifth of the approved investment under the automatic approval route. In order to get a realistic picture of implementation there is a need to keep equity hike cases out of the analysis. (p. 81)
32. Though the overall inflow works out to only 22.2 per cent, the projects in whose case inflows have already commenced accounted for 43.4 per cent of the approved investment under the automatic approval route. What is probably more important is that in as many as 169 cases, which were approved till the end of 1992-93, inflows have not yet commenced. The amount involved in their case was Rs. 443 crores. (p. 81)

33. Given multiple factors at play simultaneously, inflows at a point of time may not provide a clear guide of the prevailing situation. Instead of actual inflows, an estimate of the potential inflows and their time span may be more useful from policy-makers' point of view. Having an estimate of the amount involved in abandoned projects would help in forming a realistic base for expectations. (p. 82-83)
34. It should be recognised that mere incorporation of a new legal identity in the form of a joint venture company, recruitment of personnel, or remittances need not be a definitive proof; and yet these factors are good indicators of the stage of implementation of a project. As a business reality one also needs to keep in mind that even after going through many stages at implementation a project could take years to materialise or could even summarily be abandoned. (p. 87-88)
35. Aggregate investment involved in the 331 large approvals was more than fourteen thousand crores *i.e.*, nearly ninety per cent of the gross value of the official approvals during August 1991 to July 1994. In 183 out of the 331 projects, there are positive signs of these being under various stages of implementation or these being actively pursued by their promoters. (p. 90-91)
36. Among the 'implemented' projects are six projects where existing undertakings were taken over by newly formed joint ventures. The amount involved in these ventures was Rs. 173.60 crores. (p. 92)
37. The large projects have among them 37 cases where the companies sought to increase the share of the foreign share holder. Rs. 787 crores worth of investment was to be brought in on their account. This constituted about 5.6 per cent of the total investment of the 331 projects. (p. 51)
38. The 'No progress' projects though numbering only 12 account for as much as 7.5 per cent of the total approved investment of the 331 projects. (p. 94)
39. 220 projects which have been implemented or are being implemented/pursued actively account for slightly more than two-thirds of the approved investment involved in the 331 projects. The actual quantum works out to approximately Rs 9,700 crores. (p. 99)
40. Given the fact that about 44 per cent of the investment is associated with 104 projects which are identified to be 'In Progress', the rate of future inflows will greatly depend on how these projects come up. In the case of the remaining 60 odd proposals, it is difficult to envisage major investments to be coming in. These included a few very large proposals and are also marked by involvement of NRIs and persons of Indian origin. An additional feature of some of these projects is that they were expected to come up as 100% EOUs.
41. NRIs it seems had promised too much; much beyond their means. There are clear instances where the terms of collaboration were drawn in such a manner so as to unduly benefit the NRIs' personal companies.

42. The approved amount involved in doubtful and abandoned cases is worth nearly Rs 3,500 crores or about one-fourth of the total approvals examined. (p. 99-100)
43. In as many as 50 cases covering approximately 6 percent of the investment we are not in a position to come to any conclusion due to lack of information. Experience suggests a high possibility of many of these being kept in abeyance or having been abandoned already.
44. Important problems mentioned by the investors relate to obtaining of loans from financial institutions, poor infrastructure facilities, inconsistency in trade and tax policies and lack of professionalism in handling the projects. Excepting a few cases which mentioned collaborator's non-cooperation and lack of market for the product as their main problems, almost all problems related in one way or the other to governmental policies and/or organisations. (p. 100)
45. While some foreign investment projects are experiencing problems at implementation, there many others who did not mention any problems. In any case, such problems cannot be specific to foreign collaboration projects only. The need is to provide an environment transparent enough so that investor whether Indian or foreign can get on with their jobs without concerning about any thing else once all the basic requirements are met.
46. It can be seen from the Table that Maharashtra accounted for a little more than one-third of the total approved investment involved in the new 208 non-service sector projects under consideration. Gujarat is at the second place with a little more than one-fifth of the investment. These two states commanded a combined share of more than half of the new investments.
47. Orissa surprisingly occupies the third position with about 11 per cent share. The average size of the projects proposed to be located in Orissa is large compared to the other states including Maharashtra and Gujarat. The major proposed investments in Orissa are in metallurgical industries which are influenced by strong locational considerations. However, present indications are that much of this investment may not materialise.
48. Kerala, West Bengal, Bihar and Punjab are at the other end of the distribution with less than 1 per cent share each in the investments of large projects.
49. There is a need to strengthen the monitoring system with regard to foreign investments, not only in terms of flow of capital and technology but also on important and crucial participants in the national market. The monitoring system must have a broader perspective. The industrial sector should be seen in relation to the indigenous and foreign investment, technology and trade in the global context.
50. Information on industrial approvals can be immediately passed on to concerned departments using the NIC's network so that an entrepreneur need not have to approach individually or prove his credentials every time he goes to an official agency or department. It should then be the responsibility of the respective

approving body to take a decision on the 'application'.

51. It should be possible to devise a mechanism that would enable information on individual projects, the stage of administrative processing at Central, State, local and district levels and Reserve Bank of India, etc. to be related with each other. There is a need to develop an appropriate identification system.
52. As the Companies Act is in the process of getting overhauled it offers an opportunity to introduce certain policy relevant variables in a standardised form. The audited balance sheet and profit and loss accounts should be expected to be submitted by all large companies on computer medium which would help in speedy analysis.
53. Some of the states have set up investment promotion boards on their own to facilitate new investments. These promotional boards are empowered to sanction several approvals needed at the state level through the single window procedure. The services of such Boards can be enlisted in project monitoring.
54. In the area of monitoring foreign investment inflows, the entire data on the approvals, revisions, inflows, etc. for all types of approvals *viz.*, FIPB, SIA, RBI (automatic and NRI schemes) need to be maintained in a single database.

## **CHAPTER I**

### **Introduction**

## CHAPTER - I

### INTRODUCTION

#### I. Introduction

Indian official policy towards private foreign investment was first announced by Prime Minister Jawaharlal Nehru in April 1949. While there were changes in emphasis, the basic policy frame remained the same up till July 1991. Foreign private capital, it was envisaged, would promote national objectives in the overall framework of planned development. The two major policy objectives were: (i) to treat foreign investment as a vehicle for obtaining modern advanced technology, and (ii) to have it play a supplementary role for resource mobilisation, especially in terms of foreign exchange. The process of planned development demanded regulation of private capital, foreign and Indian, for differing purposes. As a consequence, a variety of rules and administrative norms were evolved giving rise to a wide and complex system of controls and procedures resulting in long delays and uncertainties. The regulatory mechanism contributed significantly, especially during the early stages, to channel new investments into private and public sectors. With the passage of time, however, the regulatory system got itself overstretched and it got ridden with discretionary and *ad hoc* processes of decision making. The need for "regulating the regulatory mechanisms" was voiced frequently through national and international fora.

The industrial policy frame in India has been common to foreign and Indian national private capital. In this regard the significant legislation has been the Industrial (Development and Regulation) Act, 1951 (IDRA) the essential features of which owe their origin to the Second World War period. In pursuance of the Directive Principles of State Policy as enshrined in the Constitution of India the government was obliged to adopt Monopolies and Restrictive Trade Practices Act, 1969 (MRTPA). Similarly, to promote self-reliance, conserve the limited foreign exchange resources and encourage rational utilisation of the same and contain external liabilities for the future generations, the *Foreign Exchange Regulation Act* (FERA) was adopted by the Indian Parliament in 1973. Some of the important Indian laws and policies which were relevant for investors, including foreigners, are given in Annexure - I.

The Foreign Exchange Regulation Act, 1973 (FERA) allowed more than 40 per cent foreign equity whenever either of the two conditions (namely, technology and export intensity) were satisfied. Under the industrial licensing policy, FERA companies (companies with more than 40 per cent foreign equity), and the local large houses were expected to channelise resources into high technology and heavy investment industries leaving the remaining industries to be developed by small and medium entrepreneurs.<sup>1</sup> FERA aimed at reducing the outflow of foreign exchange on account of dividends.<sup>2</sup> Subsidiaries of foreign companies were required to dilute their foreign held equity as also the Branches were directed to register themselves under the Indian statute.<sup>3</sup> FERA, however, enabled the benefits of foreign companies' operations to be shared by the Indian public and some Indian entrepreneurs to benefit from the process of equity dilution. FERA company shares have come to be listed on the Indian Stock exchanges. The equity dilution process led to little protest from foreign investors. Most foreign subsidiaries continued to stay in India and expand, to the surprise of many. The only two cases, widely publicised for having left India in protest to FERA were Coca Cola and the IBM.<sup>4</sup>

The general ceiling of 40 per cent on foreign ownership seem to have influenced the foreign investor to have a local partner. Local entrepreneurs could thus participate in the management of a number of joint ventures which offered them an opportunity to learn from close quarters the advanced techniques of management and production from their foreign counterparts.<sup>5</sup> The restrictions on foreign participation

- 
1. There is a considerable degree of confusion on this aspect. Is it the policy to focus on the entrepreneur, or the size of the enterprise? See: S.K. Goyal, K.S. Chalapati Rao and Nagesh Kumar, *Small Scale and Big Business*, Corporate Studies Group, Indian Institute of Public Administration, 1984.
  2. This objective of FERA was a misplaced one. For an empirical study on this see: S.K. Goyal, "Impact of Foreign Subsidiaries on India's Balance of Payments", prepared for the United Nations Centre on TNCs and ESCAP Joint Unit, Bangkok, 1979.
  3. The distortions in the FERA implementation were brought out by Sudip Chaudhuri, "FERA: Appearance and Reality", *Economic and Political Weekly*, Vol. 14, April 1979, pp. 734-44. Also see Biswajit Dhar, "State Regulation of Foreign Capital in India", paper prepared for the IDPAD project on Impact of MNCs in the India's Position in International Division of Labour, 1988 a joint project of the Corporate Studies Group and University of Amsterdam.
  4. *Supra* note 2.
  5. See: Ometa Paul, "Multinationals and the Transfer of Skills", *M.Phil dissertation* submitted under the Advanced Professional Programme in Public Administration, Indian Institute of Public Administration, February 1985.

in a number of industries also enabled arms-length transfer of technology and provided an opportunity for indigenous development.<sup>6</sup> Certain other elements of the industrial policy like the phased manufacturing programme (PMP) was intended to increase the local content of production thereby strengthening backward linkages within the economy so that the industrial base gets strengthened and the country would have a larger share in the value added.

The restrictions on the use of foreign brand names in the domestic market recognised the need to remove the disadvantages faced by local industry when competing with long established internationally known brand names.<sup>7</sup> Indirectly, this was to facilitate the emergence of strong Indian brands which is a pre-requisite for the country to compete independently in the international markets in sectors where standardisation and high quality image encourages brand loyalty which in turn gives an edge in the competitive market.

A significant aspect of the economic policy changes introduced since July 1991 is with regard to the role and place of foreign private capital. The new policies represent a package that seeks to change foreign investor's perception of India. It is believed that if the restrictive and control regime is replaced by an open door policy and all barriers to entry are removed the country would attract large foreign investments.<sup>8</sup> The Industrial Policy Resolution of 1956 (IPR) (and the Industrial Policy Statement of 1948) visualised reservation of basic and strategic industries for

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6. With the exit of Coca Cola the local entrepreneurs were able to establish their own brand names like Campa Cola and Thums up. The same held true of a number of other industries in the small scale sector. For a review of these see: Corporate Studies Group, *Functioning of Industrial Licensing System: A Report*, Indian Institute of Public Administration, 1983; and S K Goyal, K.S Chalapati Rao and Nagesh Kumar, *Small Scale Sector and Big Business*, Indian Institute of Public Administration, 1984.

7. The restrictions on foreign brand names seem to have enabled a number of local brands to emerge. The situation appears to be changing fast as indigenous market leaders seem to be on the look out for foreign partners.

8. The plea for removal of 'entry barriers' is an essential and basic feature of the package of new economic policies (NEP) which is often referred to as liberalisation or Structural Adjustment Programmes (SAP). The Indian policies adopted since July 1991 have a large element of similarities with the package of economic reforms associated with the World Bank and the IMF.

See: Pieter A. van Stuijvenberg, "Structural Adjustment in India -- What About Poverty Alleviation?" a Position Paper presented at a seminar on "Structural Adjustment and Poverty in India: Policy and Research Issues" conducted by IDPAD in collaboration with the Ministry of Foreign Affairs (DGIS) of the Netherlands at the Hague during 29-30 November, 1994.

the public sector. The approach towards public sector was influenced by the widely prevalent sentiment of the national struggle for political independence of India.<sup>9</sup> Under the new economic policies a radically different view has been adopted. The basic industries and infrastructure are no longer reserved exclusively for development by the public sector. Power, oil, communications and a number of other areas have been opened for development by national and international private capital.

The scope for private sector expansion and participation by foreign capital has widened significantly due to pruning of the areas reserved for the public sector. The provisions of the Industrial Policy Resolution of 1956 stand revised. *Secondly*, the restrictions imposed under the FERA philosophy have mostly been abandoned. Instead of the general rule of 40 per cent ceiling on foreign equity, majority participation by foreign corporation is now allowed over a wide area. Domestic private corporations have been permitted to use foreign brand names in the domestic market. The phased manufacturing programme (PMP) has been withdrawn. *Thirdly*, the provisions of the **Monopolies and Restrictive Trade Practices Act, 1969** (MRTPA) relating to concentration of economic power are no more operative.<sup>10</sup> Foreign investment, under the present regime, is welcome even when it is not accompanied by new or sophisticated technology. The ban on 'trading' area for foreign capital is also no more valid.

In brief, the new policies have vastly increased the scope for foreign capital by (i) throwing open larger area to the participation of private sector; (ii) abolishing industrial licensing over a vast area; (iii) taking a liberal attitude towards foreign share in Indian companies; (iv) doing away with provisions relating to concentration of economic power under the MRTP Act; and (v) allowing foreign brand names in the domestic market.

The shift in emphasis could be seen in the new industrial policy which states "Foreign investment and technology collaboration will be welcomed to obtain higher technology, to increase exports and to expand the production base".<sup>11</sup> The new policy

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9. See: *Industrial Policy Resolution, 1956* and S.K. Goyal, *Monopoly & Public Policy*, Allied Publishers, Delhi, 1979.

10. Chapter III of the MRTPA placed certain restrictions on industrial conglomerates (industrial houses). See: S.K. Goyal, *ibid.*

11. Para 13 of the 'Statement on Industrial Policy, July 24, 1991'. Reproduced in: India, Ministry of Industry, *Handbook of Industrial Statistics, 1993, 1994*

does not insist on technology accompanying investment. In the past too, there were pleas made from time to time, that foreign capital by way of direct investments was a substitute for commercial borrowings as the servicing of loans would not be related to the paying capacity of the project since outward remittances, on account of the investment, would commence only if the project becomes a commercial success. Besides, substantial stake in the risk capital, it was argued, ensured that the foreign investor held a continuing interest in the project.

## II. Direct and Indirect Servicing Burden of Foreign Investment

The new industrial policies were introduced at a time when the country was in the grip of an external payment crisis. The foreign exchange reserves had touched a point which suggested a near surety of 'default'. NRI deposits were posing the threat of flight. In this background it may be natural to keep a watch over the contribution of foreign investments to help India meet her BOP crisis. The preference for projects with equity covering payments for technology and capital goods imports and the initial emphasis on dividend balancing should be seen in this context. Did the new foreign capital help India maintain high investments in critical areas which would not have been possible without opting for the change? While preference for equity capital may sound logical, it is necessary to note that foreign investment carries a servicing burden theoretically over infinite periods and may not have any resemblance to the initial investment. In the long run foreign direct investments can prove costlier than external borrowings. For instance, re-invested profits form a substantial part of the foreign/direct investment in India from the United States of America. Similarly, at the end of 1989-90, 57.8 per cent of the paid-up equity capital of 313 foreign controlled rupee companies (FCRCs) was composed of bonus issues or reinvested profits.<sup>12</sup>

In this context, from the longer term point of view, it becomes necessary to

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12. The phenomenon of bonus share issues by foreign companies was discussed in detail in S.K. Goyal, *"Impact of Foreign Subsidiaries on India's Balance of Payments"*, prepared for the United Nations Centre on TNCs and ESCAP Joint Unit, Bangkok, 1979. See also: "Finances of Foreign-controlled Rupee Companies, 1987-88 to 1989-90", *Reserve Bank of India Bulletin*, Vol. XLVIII, No. 8, August 1994, pp. 875-928.

examine if operations of foreign companies (Transnational Corporations - TNCs<sup>13</sup>) generate enough export earnings to meet the outflow on account of dividends, payments for technology, royalties, import of capital goods and raw materials, etc. and not turn out to be a drag on the rest of the economy. It is possible that TNCs may manage to exhibit a better export performance than their local counterparts by resorting to export of products which are outside their main line of operations.<sup>14</sup> It remains for open consideration whether it should be preferable to encourage domestic companies to establish their own brand names in the international market rather than depending on and further strengthening TNC brands. In an earlier study by the ISID it was noted that some of the new foreign investments may turn out to be net foreign exchange losers from the very beginning as the expenditure on technical know how fees and import of machinery and parts exceed investment in equity.<sup>15</sup> Further, it was observed that much of the approved investment is in sectors which do not directly contribute to export earnings. From a number of studies including the one conducted by us earlier, it emerges that the main attraction for the TNCs is the domestic market.<sup>16</sup> If cheap labour was to influence TNCs to make India an export base, the EPZ schemes which placed little restriction on the foreign share and offered special incentives for export production would have attracted many TNCs to take advantage

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13. Since Transnational Corporations (TNCs) are the main source of private foreign investment in business enterprises, we shall use, in the following, TNCs and foreign companies (from the host country point of view) interchangeably.

14. See: Pitou van Dijck and K.S. Chalapati Rao, *India's Trade Policy and the Export Performance of Industry*, Sage Publications, 1994.

"Foreign affiliates in India tended to depend more on the socialist bloc markets for export of certain chemical and engineering products than on their home markets. Interestingly enough, non-affiliates i.e. Indian exporters exported pharmaceutical products more to the OECD markets than to the socialist bloc. There is a need to explore if outright technology purchases by Indian companies would be more advantageous for enhanced exports and positive BOP impact in the long run than depending on TNCs or foreign controlled or associate corporations."

"The export trading house scheme propelled these companies into areas which are unrelated to their main line of activity, the favourite items being marine products, leather and its products, and garments."

15. S.K. Goyal and others, "Foreign Investment Approvals: An Analysis (August 1991 to July 1993)", Institute for Studies in Industrial Development, submitted to the Department of Economic Affairs, Ministry of Finance, March 1994 (mimeo).

16. *Ibid.*

of these scheme. In practice, however, except as a strategic location to serve the erstwhile USSR, TNCs were not known to have availed this facility in any substantial manner.<sup>17</sup>

### III. Local Technology Development and TNCs' R&D Behaviour

An important factor that will have significant and long term implications for local technological development is the R&D behaviour of TNCs. This may also entail additional costs due to affiliates' continued dependence on foreign collaborators for raw materials and components. Needless to say, such transactions cannot be free from an element of transfer pricing.<sup>18</sup> TNCs, for a variety of reasons prefer to conduct R&D closer to their headquarters. TNC affiliates do not spend much on R&D.<sup>19</sup> Many of the TNCs operating in India have been seeking permission to receive royalties from their wholly-owned Indian subsidiaries and a few of them have already been allowed such a facility though on an *ad hoc* basis. This was ostensibly to fund corporate R&D.<sup>20</sup> One implication of this is that Indian companies would bear the burden of the parent company towards the R&D without ever being able to have any part of the research output. Independent transfer of technology encourages and gives the freedom to local industry<sup>21</sup> to engage in reverse engineering while foreign investment, more so when it acquires controlling interest, tends to inhibit such a process. It needs to be

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17. See: Pitou van Dijck and K.S. Chalapati Rao, *India's Trade Policy and the Export Performance of Industry*, Sage Publications, 1994.

18. See: S.K. Goyal, et. al., "*India's Imports and Exports: Some Insights (An Analysis of Daily Trade Register Data)*", presented to the Ministry of Finance, 1991. And also Nitasha Devasar, "TNCs and Transfer Pricing in India, Regulatory Strategies and Corporate Structure", ISID Working Paper, 1991.

19. See: Sudha Sachdeva, "Advertising in India: Some Characteristics and Trends", paper prepared under Indo-Dutch Programme on Alternatives in Devt.(IDPAD) project on Impact of MNCs in the India's Position in International Division of Labour, IIPA, 1988.

20. Wholly owned subsidiaries of Courtaulds, Motorola and Mathys are reported to have been allowed to pay royalty to the parent companies as a fee to fund corporate R&D. Such demands are now increasing. See: "Move to allow royalty outflows from 100% subsidiaries", *Economic Times*, March 2, 1995.

21. Technology transfer through 'arms length' is more suitable for technology absorption and which would lead to higher productivity. (see: Shripad Bhat, "Effects of Technology Transfer on Productivity of Indian Automobile Industry", ISID Working Paper and later published in *Asian Economic Review*, Vol. 35, No. 3, December 1993, pp. 337-366 for a case study on automobile industry.)

examined whether the present policies encourage such transfers.<sup>22</sup>

While the new policies free the import of technology from bureaucratic hurdles over a significant area of the industry, given the liberal approach to foreign investment, it would be relevant to ask if this has given rise to a greater degree of arms-length transfer of technology. From about 10 to 15 per cent being the share of financial collaborations in the total number of collaboration approvals during the later half of the 'seventies, financial collaborations accounted for about 30 per cent of total approvals towards the end of the 'eighties. During 1993 and 1994 financial collaborations accounted for more than half of the total. On a closer examination it is observed that a significant number of the reported technical collaborations were in fact entered into by the very joint venture companies which were approved under the new economic policy. If this factor is taken into account, it may turn out that the actual number of independent technical collaboration agreements in the new policy regime could be smaller than during the 'eighties.<sup>23</sup> This tendency poses a serious question about the long term dependence on outside sources as it is likely to have a dampening affect on India's own R&D efforts. What should be the role of research bodies like the Council of Scientific and Industrial Research? *Secondly*, one would also need to question the relevance of the 'science policy' that was evolved over the past many decades. *Thirdly*, it remains an 'open question' if one need to approve technical as also foreign collaborations independent of each other. It may be more appropriate to give one-time consideration as a whole to an investment. These are questions which would need an intensive probe.

#### IV. Impact on Local Industry and Market Structures

It appears important to assess the extent to which the indigenous industry is now obliged to restructure itself. Will the local industry be able to stand competition from TNCs enjoying disproportionately large financial strength? Will the Indian

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22. For a discussion on the implications of new policies on local R&D and long term servicing burden of foreign investment and technological development. See: Nagesh Kumar, *Multinational Enterprises and Industrial Organisation: The Case of India*, Sage, New Delhi, 1994. The postscript comments extensively on the current policies.

23. The rising share of financial collaborations during the 'eighties was brought in S.K. Goyal, "Organised Sector: Directions of Change", published in *The Times of India Sesquicentennial Series: Issue on Economy*, December 1988.

industry undergo changes in pattern of ownership and control? Given the recent technology changes and growing role of advertisements and satellite communications would local industrialists and their own brand names survive? The recent developments do seem to point to the possibility of substantial changes in this respect.

It could be a possibility that Indian entrepreneurs would pay less for technology imports as with opening up there would be more competitive and wider scope for supplies. This could give India superior technology and better terms in many respects.

However, foreign technology and brand names being at a premium, the Indian entrepreneur may be forced to go for technology import because his competitor has a foreign collaboration or the latter had sold out to a TNC. It also remains an open question if technology market really operates in a free market environment. Further, it may be that a whole set of new questions need to be posed with regard to technology related policies. For instance, can technology be disassociated from "brand" and patents? In consumers' perception products may differ from each other on the basis of the supplier. This probably explains that in textiles, where India has an edge, many foreign brand names have made an entry and have effectively come in command of the industry. The fast growing 'Arrows', 'Van Heusen', 'Cardins' etc. are the cases in point. The marketing structure is undergoing fast changes.

In the global setting and with removal of entry barriers, it would not appear very illogical if Indian entrepreneurs choose soft options and join hands with well established international marketing networks even at the cost of losing their own identity. Local goods may be marketed by the TNCs under foreign brand names.

Indeed, the often advocated competition could turn out to be competition between large TNCs to the exclusion of local players. There is an implied risk involved in these developments for the third world countries. Since marketing is under TNC control it becomes their choice of the production locate that is decides to be patronised. A TNC, without undertaking any major risk on investments or directly being responsible for labour management could suffer the least, if consumer tastes do not approve a product. The risks are of the producers and if there are profits the lions' share can go to the marketing establishment, *i.e.* the TNC.

There have been many critics of the NIP, especially with regard to the likely

domination of TNCs on Indian industry. This argument has been countered by underlining that India is only too large a country and no amount of foreign capital can play a dominating role. There have to be indeed very massive inflows, far beyond the present levels, when there would be such a threat. This argument has, however, to be seen in the face of growing distance between "ownership" and control mechanisms. In the modern business climate the ones who own need not necessarily be also the ones exercising control over management. A TNC may not own an Indian enterprise as long as the business policies can be dictated under other control systems or legal and conventional bindings and agreements. There are a variety of non-equity forms of control. It is possible to acquire key positions in various segments of the manufacturing and services sectors without majority or substantial investments. This is particularly likely when the domestic industry does not have the necessary strength to compete on equal terms.

It is well accepted that in large enterprises, managements tend to have very low stake in risk capital. What probably would continue to distinguish large local enterprises and TNC operations in India is that while the large local companies in which the existing managements have very low stakes would be under threat of takeovers, TNCs would essentially operate through majority or wholly-owned subsidiaries.<sup>24</sup> To further facilitate this, TNCs are now adopting the holding company route which has been made possible by the new policies. This policy is likely to help TNCs to further consolidate their position within the country without much addition to direct capital inflows.

It is also apparent that in the new environment, the local partner has lost the bargaining power either to deny a stake or to make the foreign collaborator accept a minority stake. We have noticed in our earlier study that in a majority of the cases the collaboration was initiated by the local party.<sup>25</sup> The top most priority of the Indian companies was to acquire technology. Need for foreign funds was almost on the other extreme. This was particularly true for manufacturing enterprises. The lesser importance attached to funds may be attributable to the buoyant capital market. The

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24. Following the lead shown by TNCs Indian industrialists are adopting multiple means to preserve their control over the companies they manage.

25. *Supra* note 15.

implication then is : In the absence of liberal foreign investment policy the foreign investor would probably have been content to licence the technology instead of insisting on having equity stake and consequential control over the enterprise.

To understand another aspect of the new economic policies *i.e.* their impact on local industry it may be useful to study the nature of Indian partners in the proposed joint ventures. It appears that the share of large houses in the total foreign investments approved since August 1991 is small and it compares poorly with the investment associated with NRIs and expatriate Indians apart from the TNCs.

Additionally, freer entry to TNCs as discussed briefly in the foregoing, is likely to affect market structures significantly. TNCs appear to be acquiring top positions in various branches of industry particularly in the consumer goods sector. Instead of starting green field projects, TNCs are preferring takeover of existing companies or striking strategic alliances with potential competitors to make a quick entry or to consolidate their already superior position in the market. Interestingly enough, industry leaders are their first targets.

## V. Some Relevant Observations from the U.S. Experience

In the earlier study,<sup>26</sup> it was noted that TNCs from the United States of America have been the major beneficiaries of the liberal Indian investment policies. It may, therefore, be relevant to note some important characteristics of foreign affiliates of the U.S. TNCs and U.S.'s own experience with foreign investments and the public policy concerns associated with such investments to place the above discussion in perspective. Surveys conducted by U.S. governmental agencies provide valuable insights into the behaviour of TNCs. For instance, recent official surveys find that<sup>27</sup>:

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26. *Supra* note 15.

27. For details, see: Raymond J. Mataloni, Jr., "U.S. Multinational Companies: Operations in 1991", *Survey of Current Business*, July 1993, pp. 40-58; William J. Zeile, "Merchandise Trade of U.S. Affiliates of Foreign Companies", *Survey of Current Business*, October 1993, pp. 52-65; and Mahnaz Fahim Nader, "Capital Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies", *Survey of Current Business*, September 1994, pp. 58-68.

In the following, the term US MNCs includes their foreign affiliates also. Home and host country entities are referred to as U.S. parents and foreign affiliates respectively. If the US companies have majority shares in the foreign affiliates then the latter are referred to as foreign subsidiaries.

- Manufacturing operations of U.S. TNCs tended to be located in high-wage countries, where they primarily served the host country and other foreign markets.
- Foreign affiliates *remained* far less technology-intensive than their U.S. parent companies.
- The allocation of worldwide employment due to TNC operations changed little between 1982 and 1991. Even the worldwide employment remained almost stagnant: 23.73 million in 1982 and 23.40 million in 1991.
- During the same period, employment by foreign subsidiaries of U.S. companies increased only marginally from 5.02 million to 5.39 million. But much of the increase was contributed by services, trade and 'other industries' indicating a shift towards services sector. The contribution of the manufacturing sector to the increased employment was only 0.06 million.
- The growth of foreign subsidiaries producing in low-wage countries for the U.S. market does not appear to be associated with significant substitution of foreign for domestic employment by U.S. MNCs.
- More than two-thirds of the change in employment of foreign affiliates during 1990-91 attributable to new affiliates was accounted for by take overs.
- Much of the R&D by U.S. MNCs continues to take place at their home bases and only about 10 per cent of the R&D expenditure is accounted for by their foreign subsidiaries. Moreover, 1991 R&D intensity was far higher for U.S. parents than the subsidiaries U.S. parents spent \$21 on R&D per \$1000 sales compared with about \$6 for the subsidiaries. In spite of some moderate shifts in the recent past, R&D continues to be a "headquarters function". Practically, almost all R&D conducted by the foreign subsidiaries takes place in other developed countries (Canada, Europe, Japan and Australia), the share of remaining countries being a minuscule .. per cent of the overall R&D expenditure of U.S. MNCs.
- Ninety per cent of sales by the foreign subsidiaries in the manufacturing sector were to foreign customers (60 per cent to customers in the host country and 30 per cent to other foreign customers) and only 10 per cent were exported back to the U.S. customers.
- U.S. MNCs accounted for 62 percent of all U.S. merchandise exports and 44 per cent of imports in 1991. Additionally, foreign subsidiaries imported more from their U.S. parents than they exported back to them creating a trade balance in favour of U.S.
- Import content of domestic production by foreign affiliates is a matter of

concern even for a country like U.S. A survey notes that share of imports in total purchased inputs of U.S. affiliates of foreign companies was about twice as large as the share for U.S. parent companies. Further, among affiliates of the major investing countries, Japanese-owned affiliates had high import content shares in the largest number of industries. In 1991, the share of Japanese-owned affiliates exceeded 30 per cent in 7 out of the 26 industries. It was 50 per cent or more in computer and office equipment; audio, video and communication equipment; and motor vehicles and equipment.

Increases in capital expenditures by foreign subsidiaries in 1994 were planned in four major areas: Asia and Pacific, Europe, Canada, and "Latin America and other Western Hemisphere". In these four areas, the increased spending was seen to be prompted largely by the need to expand capacity to serve local markets where demand was strong.

The main points which emerge from the above are relevant for India's policy towards foreign investment. Foreign affiliates of U.S. companies import more from USA than what they export back to the USA. This observation acquires added significance in the light of the fact that 37.6 per cent of the foreign investment approved during 1991 to 1994 can be traced to the US. Secondly, U.S. also monitors the operations of affiliates of foreign companies in the U.S. That their operations turned out to be a matter of concern is evident from this observation:

Perhaps because it accounts for such a large share of total U.S. merchandise trade and of the total U.S. merchandise trade deficit, U.S.-affiliate trade has figured prominently in the public dialog on U.S. trade performance and on the economic consequences of foreign direct investment in the United States. Some have expressed concern ... that much of this trade may represent import of parts and components for assembly by foreign-owned plants that are set up in the United States to circumvent trade barriers on finished goods....<sup>28</sup>

Recent capital investment by U.S. MNCs were promoted more with the motive of serving the local market than as a means of reducing costs and exporting back to their home country.

The importance attached to local technological and the location of U.S. MNCs' R&D development by the U.S. are quite evident from a recent report of the congressional agency report. The relevant extracts are as follows:

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28. William J. Zeile, "Merchandise Trade of U.S. Affiliates of Foreign Companies", *Survey of Current Business*, October 1993, pp. 52-65.

Unlike other principal activities of multinational firms, research and technology development tends to stay at home; it remains largely centralised, even in the most internationalized of firms....

It was elaborated that due to this behaviour of theirs, U.S. TNCs "are critical to insuring the health of the U.S. technology base". The U.S. government "has a clear interest in the success of U.S. based firms, both at home and abroad, in proportion to the commitment that such firms make to the U.S. technology base". Further, "(M)ore technology innovation and development in the United States can lead to more jobs for Americans", the report says. The report adds that " (T)he higher-skill, higher-wage jobs of the future are likely to reside in technology-intensive industries".

Noting that U.S. and possibly European and Japanese TNCs conducting a very small portion of their R&D outside their respective home countries, the report points out that the research the foreign affiliates do is "still concentrated in product design and customization and *pales in comparison to the home based*" research (emphasis added). The study also conducted that the role of technology and other goods follows the investments of multinational enterprises. The report recommended that the U.S. should seek to expand multilateral agreements to improve access for foreign direct investment.<sup>29</sup>

While the general emphasis has been in the direction of removing bureaucratic hurdles and discretion, the need for a measure of regulation becomes evident from the recent experiences. This may be more true in the context of the Indian economy which has not reached a self-regulatory phase and the earlier administrative structures have not been replaced by more effective and purposive mechanisms in tune with the new policies. For instance, if Mr. Swraj Paul had his way the Daitari Steel plant would have been saddled with very high debt. His criticism of the Indian financial institutions could be seen in this light. Similarly, if Hinduja could prevail over the Indian Oil Corporation (IOC), the East Coast Refinery would have been tied up for its crude requirements with a Hinduja company and IOC become a captive marketing channel for the group's company. Hinduja would have been in the controlling position with a

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29. The title of the report is: *Multinationals and U.S. Technology Base*. For further details see: "Multinationals' Globalisation of Operations Doesn't Apply to R & D", in *Economic News from the United States*. January/February 1995.

stake higher than that of IOC. In the earlier study we have described a few cases of NRIs where the terms of collaboration were grossly in favour of the NRI promoters.<sup>30</sup>

The practice of contributing to equity in the form of supply of machinery and technology offers considerable scope for manipulations. Given the reduced bargaining power it is difficult to imagine to what extent the Indian partner would be in a position to safeguard the interests of the Indian company? How far competitive compulsions prevent undue exploitation of Indian companies by foreign collaborators is a matter for further examination.

## **VI Monitoring of New Foreign Investment Projects and Periodic Surveys of Foreign Company Operations**

The foreign investment approvals, in terms of numbers as also the size of investments, during the post-policy period have been large. The experience, however, shows that actual inflows have been significantly lower. It would be worthwhile to analyse the data on inflows with respect to the sectors, countries and the type of investors. In our earlier exercise, it was noticed that the size distribution of new investments was highly skewed and only a few large projects, most of which were in the erstwhile public sector reserved areas, accounted for bulk of the approved investment. This implied that the volume of inflow would be greatly influenced by the progress of the large projects. It also seems likely that inflows are closely related to sectoral policies.

It was also pointed out by us that there was inadequate coordination between various official bodies both in approvals and in follow-up and monitoring. While the earlier policies and procedures were replaced in quick succession, it appears that appropriate mechanism to monitor the projects was slow to come into being.

Instead of limiting oneself to the monitoring of capital inflows, this issue needs to be taken up in the larger context of monitoring the economy and industry in the country. In spite of the long history of industrial regulations, there is an absence of a proper reporting and monitoring system whereby the activities of different categories of enterprises could be studied and appraised from the view point of their contribution to and impact on the economy. Non-availability of data with minimum time lags and

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30. *Supra* note 15.

ambiguities is another major problem. For instance, data on the operations of public limited companies, presently available, is for 1991-92 only.<sup>31</sup> Except size (that too based on PUC, a poor measure of size) and industry, there is no other variable on which one could compare the performance of these companies. For foreign controlled rupee companies the problem is more severe. The latest available results are for 1989-90<sup>32</sup>. Evidently, these data do not help in understanding the impact of new policies on various segments of the industry.<sup>33</sup> The position with regard to operations of Indian joint ventures and subsidiaries abroad leaves much more to be desired.<sup>34</sup> Except for the number of ventures and some aggregate statistics, whose method of compilation remains ambiguous, nothing much is known about their performance.

Also take the case of external trade.<sup>35</sup> How much of the exports and imports are on account of foreign companies and in what sectors? Do the exports of foreign companies represent TNC's strength as controllers of marketing channels and brand name holders? Do their operations give India a positive trade balance? Do the national policies lead to strengthening domestically owned brands in the international market or by leaning on to the TNCs the country is closing future options? Does the upsurge in exports represent the growing strength of Indian brands or these could be displaced because they do not have any brand loyalty attached to them? How much of Indian exports and imports are inter-branch transactions which carry an element of

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31. "Finances of Large Public Limited Companies", *Reserve Bank of India Bulletin*, Vol. XLVIII, No.9, September 1994, pp. 987-1058.

32. RBI, "Finances of Foreign-Controlled Rupee Companies: 1987-88 to 1989-90", *Reserve Bank of India Bulletin*, Vol. XLVIII, No. 8, August 1994, pp. 875-928.

33. It is rather surprising that in spite of the importance attached to employment generation, there is no official data source which enables systematic study of employment changes in various sub-sectors of the organised economic activity. As the Companies Act is being overhauled this opportunity should be taken advantage of to introduce certain policy relevant variables in a standardised form so that analysis is possible with little loss of time.

34. See: K.V.K. Ranganathan, "Export Promotion and Indian Joint Ventures", Ph.D. thesis submitted to the Kurukshetra University, Kurukshetra, 1990.

35. The fact that foreign investment instead of promoting exports may even inhibit them. The case of Kulkarni Black & Decker is relevant in this regard. Black & Decker had made a re-entry into the country in collaboration with Bajaj after they withdrew from Kulkarni Black & Decker Ltd (now Kulkarni Power Tools Ltd. (KPT)) as they could not get majority equity in KPT. According to KPT "With the death of the joint venture KPT will export power tools to the Gulf, Africa and the Middle East. In the earlier joint venture, the company was not allowed to export. It is planning to export 5,000 - 10,000 power tools." See: "Kulkarni-Black & Decker Joint Venture ends", *Financial Express*, April 9, 1994.

transfer pricing? Similarly, what has been the contribution of TNCs to employment in India and how has it been changing over time? In the new environment, how much of employment due to TNC operations can be attributed to new establishments and how much to takeovers? In the present situation it is very difficult to find answers to such questions.

In spite of its importance and policy emphasis, data on employment by different categories of enterprises is not available. Even whatever that is available suffers from serious time-lags. It is important to note that shifts in sectoral employment distribution would get clouded significantly as the privatisation programme gains momentum and the pace of takeovers by TNCs increases. The need for evolving a monitoring system, which seeks to supplement policy making efforts to enable maximising benefits from foreign investments rather than concentrating on the quantum of foreign investment is obvious.

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## **VII. The Present Study**

It is not possible in the present exercise to address to all the issues raised in the foregoing both due to the limited scope of the study and the time constraints. The study while focusing on understanding the trends and patterns in foreign investments and technical collaboration approvals from the point of view of industry, extent of foreign ownership, country of collaborator, choice of location within the country, nature of Indian partners, etc. makes an attempt to analyse the inflows so as to identify the areas lagging behind and infrastructural, procedural and policy bottlenecks that may be contributing to this situation. An attempt will also be made to arrive at an estimate of the potential inflow from out of the new approvals.

We will also be relating investments to the countries. This is because both in approvals and inflows tax planning seems to be playing an increasing role. This is likely to give a better picture of country-wise distribution of investments and inflows. Studying country distribution is helpful to know the relative importance enjoyed by the host country in the preferences of the home country and indirectly the potential for attracting a larger share of investment outflows from that country. Secondly, investors from different countries may differ in their characteristics and strategies depending on the market structures and demand patterns faced by them in their home countries.

A questionnaire, covering various aspects of the study was addressed to all the Indian companies to whom approval was given for investments of Rs. 1.00 crore or more. Whenever the approval was given in the name of the foreign investor, the questionnaire was addressed to either directly to the foreign collaborator or the company which was reported to have been incorporated in India as a follow up of the collaboration project. As their case was different, whenever equity hikes were involved only a short note seeking the status of inflow of the approved investment was sent to the respective companies. In spite of reminders and personal contacts, the response was quite low. It was, therefore, decided to concentrate on the follow up of approvals involving Rs. 5.00 crores as this can give a good indication of the potential inflows in view of the highly skewed size distribution of approved investments. In effect, we will be studying status of implementation of projects accounting for a little more than 90 per cent of the approved investment. In view of the very low and inadequate response of the collaborating parties to the questionnaires, we had to rely on a wide variety of sources to ascertain the status of the foreign investment projects. We intend to follow up this exercise so that estimates of potential inflow could be obtained for larger number of projects and wider sectors of industry.

## **CHAPTER II**

### **Foreign Investment Proposals: An Overview**

## CHAPTER - II

### FOREIGN INVESTMENT PROPOSALS: AN OVERVIEW

With the initiation of the process of liberalisation and changes in her industrial policies, a series of efforts were made at the official level by the Central and individual state governments to inform the world investment community about India's openness and her desire to attract foreign investments. Besides visiting developed countries like the U.S.A., Germany, Japan and U.K., attempts were also made to impress upon investors from Asian countries like Singapore and South Korea the benefits of and avenues for investing in India. On their part, official delegations comprising both governmental functionaries and industry interests from a number of home countries visited India and advised on the further measures that needed to be taken to encourage investments from their respective countries. Expectedly, the impact of all these efforts is sought to be seen in the number of collaborations, level of investments and their sources. The extensive coverage given to foreign investments both in the press and public debates reflects the considerable public interest that got generated about the approvals and the associated inflows of foreign investments.

At the official level, a distinction is made between the approvals involving foreign investment and those for transfer of technology only. In the former case, a foreign investor contributes a certain portion of the equity capital of the Indian venture. The foreign share can be as high as 100 per cent unlike the 75 and 40 per cent limits placed under the FERA 1973. Technology transfer cases are associated with payments abroad for know-how and royalties on sales for a specified period and the foreign collaborator may or may not have a stake in the equity capital. The two types of collaborations are generally referred to as financial and technical collaborations, respectively. Taking leads from the phenomenon observed in our earlier study, we make, in the following, an attempt to bring out different aspects of the collaborations approved since August 1991, *i.e.*, since the new industrial policy came into effect.<sup>1</sup> For the sake of convenience, the period since August 1991 is

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1. S.K. Goyal and others, "Foreign Investment Approvals: An Analysis (August 1991 to July 1993)", Institute for Studies in Industrial Development, submitted to the Department of Economic Affairs, Ministry of Finance, March 1994 (mimeo).

referred to as post-NEP period.

While understanding and interpreting the exercises based on the industrial approvals by the government, a few points need to be kept in mind. The present study is limited to the approvals of foreign investment by:

- (i) the Reserve Bank of India (RBI) under the automatic approval scheme,
- (ii) the Foreign Investment Promotion Board (FIPB), and
- (iii) the Secretariat for Industrial Approvals (SIA).

Investments by Foreign Institutional Investors (FIIs) in the secondary capital market and NRI investments approved by RBI under the 40 per cent and 100 per cent schemes are outside the purview of this exercise. Capital raised by Indian companies in external markets through Global Depository Receipts (GDRs) is also not within the purview of the study. Similar is the case with external borrowings either commercial, bilateral or from multilateral bodies.

Our analysis is based on the terms of financial collaboration -- the amount, the percentage share in the Indian venture's equity capital and the local partner if any -- as they were initially approved. In a few cases, the data were incomplete *i.e.* either the percentage share or the amount or both were not available.

Some companies clarified that their collaborators came to know the local conditions better only after the formal initial approval. One can expect considerable revisions in the project outlines as the investors become clear of the nature and magnitude of their rights and obligations. We experienced considerable difficulty in identification of the Indian partners. There were three main reasons for it:

- (i) at the time of the official approval of an investment proposal the name of the Indian partner and the formal identification of the joint ventures was not definitive;
- (ii) since there is no official list indicating composition of Large Houses (conglomerates)<sup>2</sup> since 1990. It is, therefore, not easy to ascertain company affiliation of the new and particularly the small companies; and
- (iii) family splits and takeovers have added ambiguity to the composition of large industrial houses. Similarly, in the case of foreign collaborations too, access to an appropriate and latest database on corporate affiliations is extremely difficult.

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2. The last list was prepared in 1990.

## I. Changing Importance of Financial Collaborations:

The number of approved collaborations has risen sharply since the opening up of the economy. During 1992, 1993 and 1994 the number of collaborations approved stood at 1520, 1476 and 1832, respectively. The highest number of collaborations reached during a year the 'eighties was 1024 in 1985. (See Table - 1). The number stood at 1832 during 1994. The numbers however, do not convey the real changes which are now taking place.

Table - 1

### Financial and Technical Collaborations 1981 to 1994

| Year | No. of Approved Collaborations |                   |                   |               |
|------|--------------------------------|-------------------|-------------------|---------------|
|      | Financial                      |                   | Technical<br>Nos. | Total<br>Nos. |
|      | Nos.                           | Value<br>(Rs.Cr.) |                   |               |
| (1)  | (2)                            | (3)               | (4)               | (5)           |
| 1981 | 57                             | 10.9              | 332               | 389           |
| 1982 | 113                            | 62.8              | 477               | 590           |
| 1983 | 129                            | 61.9              | 544               | 673           |
| 1984 | 151                            | 113.0             | 601               | 752           |
| 1985 | 238                            | 126.1             | 786               | 1024          |
| 1986 | 242                            | 106.9             | 715               | 957           |
| 1987 | 242                            | 107.7             | 611               | 853           |
| 1988 | 282                            | 239.8             | 644               | 926           |
| 1989 | 194                            | 316.7             | 411               | 605           |
| 1990 | 194                            | 128.3             | 472               | 666           |
| 1991 | 289                            | 534.1             | 661               | 950           |
| 1992 | 692                            | 3879.1            | 828               | 1520          |
| 1993 | 785                            | 8861.8            | 691               | 1476          |
| 1994 | 1040                           | 8956.8            | 792               | 1832          |

Source: Based on the data provided in: (i) India, Department of Scientific & Industrial Research, Ministry of Science & Technology, *Foreign Collaborations: A Compilation*; (ii) India, Ministry of Industry, *Handbook of Industrial Statistics*; and (iii) India, Ministry of Industry, *SIA Newsletter*, (various issues).

Note: Figures for 1994 exclude 22 investment approvals for Global Depository Receipts (GDRs).

The relative significance of financial collaborations in the total industrial approvals has increased rapidly. From about 10 to 15 per cent during the latter half of the 'seventies, the financial collaborations accounted for a little less than one-third of the total foreign approvals towards the end of the 'eighties. The share of the financial collaborations exceeded more than half of the total during 1993 and 1994. The number of technical collaborations in 1994 were 792 as compared to 828 in 1992 and 661 which were approved essentially in the second half of 1991 i.e. after the announcement of new industrial policy in July 1991. Against this, the peak number of technical collaborations approved during the 'eighties was 786 in 1985. An examination of the technical collaboration approvals reveals that a significant number of these were in fact entered into by the very joint venture companies (JVs) which were approved in the new policy period. A few others could also be traced to the older/earlier JVs. It was also noticed that some of the foreign companies which initially entered into technology licensing agreements only, have acquired equity shares in such collaboration projects later on. In other words, a purely technology transfer arrangement was converted into a financial collaboration. These observations tend to indicate the decreasing importance of arms-length transfer of technology which is giving way to technology transfer among affiliates.<sup>3</sup>

3. An indication of the likely scenario that may emerge with regard to technology transfer is illustrated below. All the four companies entered into technical collaborations with Colgate Palmolive Co., USA.

|   | Name of the Indian Company   | Product      | Approved during | Type of approval |
|---|------------------------------|--------------|-----------------|------------------|
| 1 | Colgate Palmolive (I) Ltd    | Toilet Soaps | Mar. '93        | Automatic        |
| 2 | Sunshine Cosmetics Ltd       | Others       | Oct. '94        | Automatic        |
| 3 | Coral Cosmetics Ltd.         | Tooth Paste  | Nov. '94        | Automatic        |
| 4 | Lumene Home Products Pvt Ltd | Tooth Paste  | Dec. '94        | Automatic        |

It may be noted that Colgate Palmolive (I) Ltd markets the tooth paste manufactured by Coral Cosmetics Ltd and Sunshine Cosmetics Ltd. We are not aware of the status of Lumene Home Products. A question arises why these companies had to pay technology licensing fee to the US parent company of Colgate Palmolive (I) while they have already been supplying tooth paste by meeting Colgate's standards. Second, Doesn't Colgate India has the necessary technology? Third, if it has -- as one expects them to be having -- are they prevented from horizontal transfer of technology? Had the Indian manufacturers -- most probably small scale units -- paid to Colgate India for technology, only about fifty per cent of that amount would have gone to the parent company as dividends. On its part, Colgate-Palmolive (I) Ltd. would be paying about Rs. 1.00 crore, the upper limit for automatic approvals for toilet soaps.

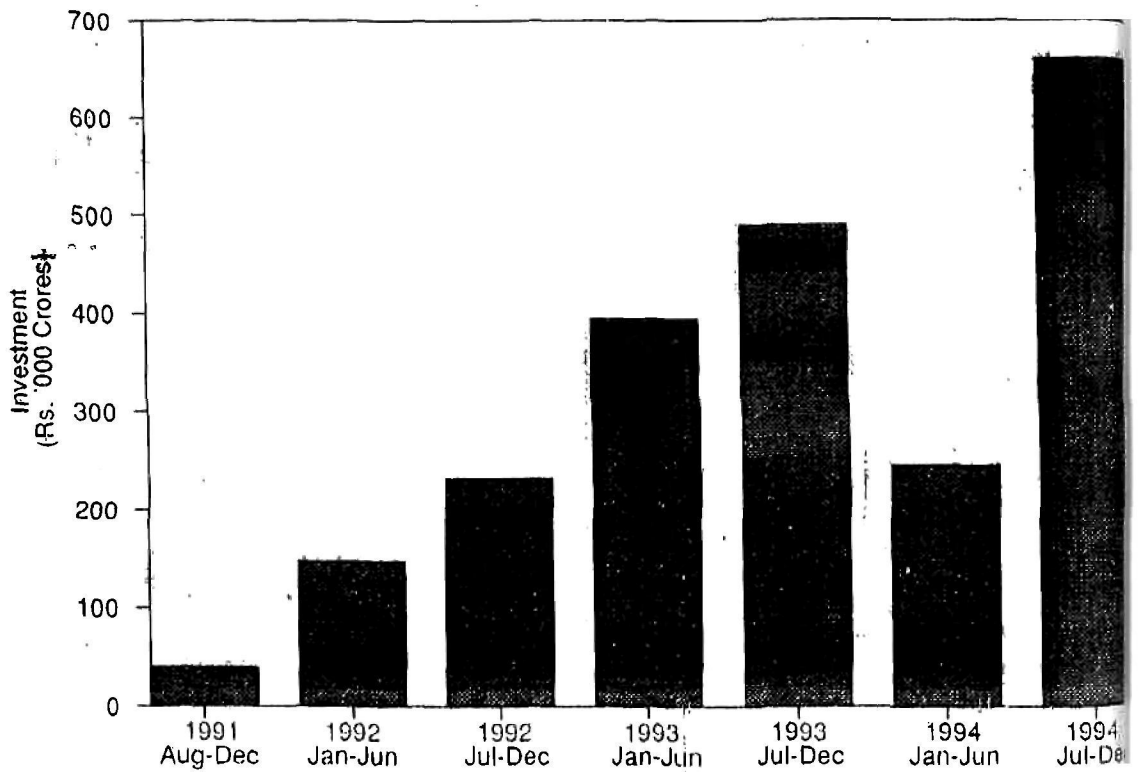
## **II. Trends in Approved Investment:**

The numbers do not convey the real significance of the quantum of foreign investment. It is necessary to look at the size of the investments associated with the approvals. The 'eighties did witness an upsurge in approved investments. From about Rs. 10.9 crores in 1981, the approvals reached Rs. 316.7 crores by 1989. (See Table - 1) The yearly approvals during the 'eighties also witnessed considerable fluctuations with 1986 and 1987 failing to keep the momentum of the earlier years. This was in spite of the fact that the process of deregulation received a fresh impetus in 1985. The steep fall in 1990 could probably be attributed to the uncertain political and economic situation prevailing in the country. In this background, the approved investment of Rs. 534.1 crores during 1991, turns out to be substantially high, more so when these approvals were given effectively during the last five months of the year. The years 1992 and 1993 witnessed a quantum jump as reflected in the approved investment of Rs. 3,879.16 crores and Rs. 8,861.8 crores respectively. The investment of Rs. 8960 crores approved during 1994 may be signifying a marginal slowing down of the trend. Half yearly totals since July 1991 clearly indicate that there was a steep fall in the approved investment during January - June 1994.(see Graph-A) In contrast, the second half of 1994 witnessed a sharp recovery. This was mainly due to a few very large proposals in the energy sector which were cleared by the FIPB towards the fag end of 1994.

## **III. Size Distribution of the Investments:**

The approvals are essentially made at two levels. One, the automatic approvals under the new industrial policy and granted by the Reserve Bank of India (RBI); and two, the approvals given by the Foreign Investment Promotion Board (FIPB) and the Secretariat for Industrial Approvals (SIA). In terms of the amounts approved, the FIPB occupies a far more important position compared to the SIA. While the RBI approved nearly one-fourth of the cases, the gross value of these investment proposals was less than 10 per cent of the total investments approved during the period 1991 to 1994. (See Table - 2).

GRAPH - A  
Trends in Foreign Investment Approvals  
(Aug. 1991 - Dec 1994: Half - Yearly Totals)



Data Source: Based on Monthly approvals of foreign investment reported in Indian Investment Centre, *Monthly Newsletter*, (various issues)

Table - 2

## Approval of Foreign Investment by Different Authorities

(Amount in Rs. Crores)

| Approving Authority                        | Number of Approvals |      |      |      | Amount |      |      |      | Total |        |
|--------------------------------------------|---------------------|------|------|------|--------|------|------|------|-------|--------|
|                                            | 1991                | 1992 | 1993 | 1994 | 1991   | 1992 | 1993 | 1994 | No.   | Amount |
| (1)                                        | (2)                 | (3)  | (4)  | (5)  | (6)    | (7)  | (8)  | (9)  | (10)  | (11)   |
| Reserve Bank of India                      | 41                  | 251  | 235  | 201  | 140    | 780  | 660  | 530  | 728   | 2110   |
| Secretariat for Industrial Approvals       | 246                 | 243  | 59   | 92   | 360    | 420  | 160  | 320  | 640   | 1260   |
| Foreign Investment Promotion Board (FIPB)* | 2                   | 198  | 491  | 747  | 30     | 2690 | 8040 | 8110 | 1438  | 18870  |
| Total*                                     | 289                 | 692  | 785  | 1040 | 530    | 3890 | 8860 | 8960 | 2806  | 22240  |

\* Excluding Global Depository Issues (GDRs).

Source: India, Ministry of Industry, *SIA Newsletter*, Vol. 3, No. 9, January 1995.

Note: The figures reported in this Table differ slightly from those given in Table 1.

The aggregate foreign investment approved by the RBI, SIA and the FIPB during these four years stands at a little more than Rs. 22,000 crores. In the context of the liberalisation of industrial policy, and in particular the introduction of automatic approval procedure (by the RBI), it is interesting that investments approved by the Reserve Bank of India through the automatic route has been declining gradually in terms of the value of the investments approved. The number of approvals under this scheme has also been on the decline. The importance of FIPB has increased substantially, both in terms of the number of approvals and the investment size cleared.

There are two possible explanations for this. *One*, a significant part of the amount involved in the proposals, for increasing the share of foreign companies in their respective Indian affiliates was approved by the RBI. Given the fixed number of the affiliates the number and value of approvals can not but experience a gradual decline. And *two*, the specific schemes for NRI investment, in particular the 100 per cent Scheme which was introduced in December 1991, may be accounting for what otherwise would have been covered by the automatic route. The automatic procedure

is, however, more effective in technical collaboration agreements. Out of the 792 technical collaborations approved during 1994, the RBI granted 501 *i.e.*, nearly two-thirds of the total number.

The earlier study of the ISID pointed out that there was high degree of concentration in the industrial approvals.<sup>4</sup> The largest 13 projects accounted for a major portion of the approved investment. It was also the experience that data on many investment approvals for the initial period was not available from the published sources. To avoid such problems and to take note of the revisions in the proposals that might have taken place in the intervening period, we wish to draw attention to an exercise done by the SIA with similar questions as ours. Table - 3 shows that the pattern of distribution of the approvals is a highly skewed one. Thirteen approvals each involving more than Rs. 300 crores of foreign investment, accounted for nearly

**Table - 3**

**Distribution of Foreign Investment Approvals According to Size of Investment  
(August 1991 to October 1994)**

(Amount in Rs. Crores)

| S.No. | Size Range       | No. of Approvals | Amount          | <u>Percentage Share in Total</u> |               |
|-------|------------------|------------------|-----------------|----------------------------------|---------------|
|       |                  |                  |                 | No. of Approvals                 | Amount        |
|       | (1)              | (2)              | (3)             | (4)                              | (5)           |
| 1.    | 0 - 3            | 2006             | 1302.09         | 79.41                            | 6.73          |
| 2.    | 3 - 10           | 282              | 1522.59         | 11.16                            | 7.87          |
| 3.    | 10 - 30          | 137              | 2523.33         | 5.42                             | 13.04         |
| 4.    | 30 - 50          | 36               | 1416.70         | 1.43                             | 7.32          |
| 5.    | 50 - 100         | 31               | 2127.53         | 1.23                             | 11.00         |
| 6.    | 100 - 200        | 12               | 1821.70         | 0.48                             | 9.42          |
| 7.    | 200 - 300        | 9                | 2317.68         | 0.36                             | 11.98         |
| 8.    | Above 300        | 13               | 6313.32         | 0.51                             | 32.64         |
|       | (Sub-total 6 - 8 | 34               | 10452.70        | 1.35                             | 54.04)        |
|       | <b>Total</b>     | <b>2526</b>      | <b>19344.93</b> | <b>100.00</b>                    | <b>100.00</b> |

Source: Based on : INDIA, Ministry of Industry, *SIA Newsletter*, vol. III, No.8, December 1994.

4. *Supra* note 1.

one-third of the investment approved till October 1994. Further, 34 approvals worth more than Rs. 100 crores investment, though formed only 1.35 per cent of the 2,526 collaborations, cover more than half of the overall investments approved. The 101 projects, each involving Rs. 30 crores (or approximately US \$ 10 million) of investment and above, cover almost three-fourths of the total approved investment. The proposals with Rs. 10.00 crores and higher investment were only 238 out of 2,526 *i.e.*, less than 10 per cent, but these claimed more than 85 per cent of the gross investment approved. The pattern of the approvals makes it clear that the success or failure of the expectations with regard to inflow of foreign investment would be determined by a limited number of large projects and their industry composition. The fact is also suggestive of a need to have a small monitoring cell that could take up the necessary follow up action and perform the task of trouble shooting. A similar approach at one time by adopted by the Committee on Plan Projects. With the modern technology of communications and processing one should imagine that monitoring would not pose serious difficulties.

To understand the size distribution of investments in terms of the type of approval, we took the approvals accorded during the two years 1993 and 1994. While there is no surprise at the phenomenon of concentration, what strikes one immediately is that 90 per cent of the investment approved by FIPB during the period was explained by investments of Rs. 10 crores and more. (See Table - 4) Their share in the number of approvals was just 13.38 per cent. On the other hand, 601 cases, forming nearly half of the approvals by FIPB, involved an investment of Rs. 191.46 crores or just 1.18 per cent of the total approved investment. Indeed, the number of approvals handled by the FIPB was more than double those handled by the RBI and SIA put together. From an administrative point of view, the pressure on the FIPB has been on the increase as almost a dozen proposals are being approved by the FIPB each week. This could be interpreted in two ways. Either foreign investors are wishing to enter more of Non-Appendix industries or the limit of 51 per cent equity participation was inadequate from their point of view or both.

Table - 4

**Distribution of Foreign Investment Approvals by Size of  
Investment and Approving Authority (1993 & 1994)**

(Amount in Rs cr.)

| Foreign Equity Range            | No. of<br>Approvals | Amount<br>Approved | Share in Total (%) |               |
|---------------------------------|---------------------|--------------------|--------------------|---------------|
|                                 |                     |                    | Nos.               | Amount        |
| (1)                             | (2)                 | (3)                | (4)                | (5)           |
| <b><u>RBI/SIA Approvals</u></b> |                     |                    |                    |               |
| Less than Rs. 10 lakhs          | 138                 | 5.49               | 23.55              | 0.33          |
| Rs. 10 to 50 lakhs              | 190                 | 48.34              | 32.42              | 2.87          |
| Rs. 50 lakhs to 1 crores        | 77                  | 54.55              | 13.14              | 3.24          |
| Rs. 1 to 5 crores               | 126                 | 267.13             | 21.50              | 15.86         |
| Rs. 5 to 10 crores              | 20                  | 135.05             | 3.41               | 8.02          |
| Rs. 10 to 100 crores            | 33                  | 905.97             | 5.63               | 53.79         |
| Rs. 100 crores & above          | 2                   | 267.80             | 0.34               | 15.90         |
| <b>RBI/SIA Total</b>            | <b>586</b>          | <b>1,684.34</b>    | <b>100.00</b>      | <b>100.00</b> |
| <b><u>FIPB Approvals</u></b>    |                     |                    |                    |               |
| Less than Rs. 10 lakhs          | 165                 | 7.30               | 13.38              | 0.04          |
| Rs. 10 to 50 lakhs              | 278                 | 70.99              | 22.55              | 0.44          |
| Rs. 50 lakhs to 1 crores        | 158                 | 113.17             | 12.81              | 0.70          |
| Rs. 1 to 5 crores               | 382                 | 833.25             | 30.98              | 5.13          |
| Rs. 5 to 10 crores              | 85                  | 584.72             | 6.89               | 3.60          |
| Rs. 10 to 100 crores            | 130                 | 3,723.42           | 10.54              | 22.91         |
| Rs. 100 crores & above          | 35                  | 10,920.81          | 2.84               | 67.19         |
| <b>FIPB Total</b>               | <b>1233</b>         | <b>16,253.66</b>   | <b>100.00</b>      | <b>100.00</b> |
| <b><u>All Approvals</u></b>     |                     |                    |                    |               |
| Less than Rs. 10 lakhs          | 303                 | 12.78              | 16.66              | 0.07          |
| Rs. 10 to 50 lakhs              | 468                 | 119.33             | 25.73              | 0.67          |
| Rs. 50 lakhs to 1 crores        | 235                 | 167.73             | 12.92              | 0.94          |
| Rs. 1 to 5 crores               | 508                 | 1,100.38           | 27.93              | 6.13          |
| Rs. 5 to 10 crores              | 105                 | 719.77             | 5.77               | 4.01          |
| Rs. 10 to 100 crores            | 163                 | 4,629.39           | 8.96               | 25.81         |
| Rs. 100 crores & above          | 37                  | 11,188.61          | 2.03               | 62.37         |
| <b>Total</b>                    | <b>1819</b>         | <b>17,937.99</b>   | <b>100.00</b>      | <b>100.00</b> |

Note      1. In case of five approvals equity data was not available.  
              2. The difference between the total investment approved during 1993 and 1994 given in this Table and Table - 2 is mainly due to the fact that we have taken Daewoo's investment in DCM Toyota as Rs. 120 crores on the basis of press reports.

Source:    Based on ISID Database on Foreign Collaborations.

For instance, Kellogg's, USA, initially obtained RBI's approval under the automatic scheme as it was prepared to accept 51 per cent share in the Indian venture. The same company later obtained FIPB's approval for 100% ownership. This throws up some important issues. The policy does distinguish the extent of control but sees it in terms of percentage shares only. Management control can be exercised over an enterprise in other forms too. Besides certain clauses in the articles of association which ensured grossly disproportionate control of TNCs -- often to the exclusion of all others -- over their minority Indian ventures.<sup>5</sup> TNCs tend to control technology leaving no say for the Indian partner irrespective of his share holding.<sup>6</sup> One is not sure how this aspect has been treated while according investment approvals.

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5. See: S.K. Goyal, "The New International Economic Order and Transnational Corporations", Corporate Studies Group Working Paper, Indian Institute of Public Administration, New Delhi, 1982 (mimeo).
  6. The articles of association of Tata Timken Ltd with respect to financial and administrative matters state that such matters shall be decided by a majority of the Board of Directors which majority shall mean the affirmative votes of the directors nominated by TIMKEN as well as TATA STEEL. However, with respect to matters relating to technology and marketing the articles give confer power on TIMKEN albeit indirectly. The relevant extracts from the from Tata Timken's prospectus are as follows:  
109bNotwithstanding anything contained in any of the Articles, the matters specified below shall be decided by majority of the Board of Directors, which majority shall include the affirmative votes of the Directors nominated by TIMKEN.  
Matters regarding any and all aspects concerning or relating to the manufacturing process and production, operation, product specifications and quality, technology and the marketing, sales, and or distribution of the products including but not limited to the following :
    - (i) The establishment of and change to the short, medium and long term marketing plans;
    - (ii) The expansion or contraction of production operations including the establishment of new production capacity whether at existing business sites or new business sites and the contraction of production capacity;
    - (iii) The establishment of subsidiaries;
    - (iv) The Start-up of manufacture or discontinuance of manufacture of products;
    - (v) Sales, marketing and/or distribution plans, agreements or arrangements;
    - (vi) The use by the Company of or the assignment licence or any other transfer by the Company to any other party of technology transferred by TIMKEN to the company and/or technology derived from the technology transferred by TIMKEN to the company or the use by the company of any other technology;
    - (vii) The product specifications and quality of the product manufactured including the materials and components used in its manufacture and whether the product raw materials and components satisfy the specifications established for the products;
    - (viii) The Manufacturing process used to produce the products;
    - (ix) The method and service employed or used to service the products; and
    - (x) Any other matter relating to or affecting either directly or indirectly the matters listed in this article.

Source : Prospectus of Tata Timken Ltd.

It may be relevant to discuss a few approvals where 100 per cent foreign ownership was allowed. While under the automatic approval scheme RBI can give permission for investment up to 51 per cent in Annexure III industries, FIPB has improved itself to allow foreign ownership on a case to case basis. The case of Wrigley illustrates the ambiguity and probably the level of ad-hocism relating to the cases with 100 per cent foreign ownership, especially in low technology areas. In March 1993, Wm Wrigley Jr Co., USA a major manufacture of chewing gums was permitted to set up a subsidiary in India with 85 per cent foreign share. The remaining 15 per cent was to be offered to Indian parties. During August 1994, the company approached the Government to allow the foreign owner to implement the project as a wholly owned subsidiary as according to them they could not identify a suitable Indian company who would be prepared to wait for 10 years to get any return on their investment and additionally that it was against the company's philosophy with regard to its investments abroad. The company believes, it was argued that it must own "100 per cent of the share capital of companies established by it outside the US". One finds it some what odd that there were no good Indian partners available. Also, it is strange that the company did not expect any returns in the chewing gum for the next ten years. The late discovery of the company's own philosophy is more it seems an after thought. The company did agree initially to an 85 per cent ownership. It is possible that after having got a foothold in the country, through official approvals, and noticing that some other companies were getting more favourable terms like 100 per cent ownership, the company saw for itself an opportunity to gain full control of the subsidiary. The company did point out that why Wrigley can not be allowed 100 per cent foreign ownership if the cases Coca-Cola and Cadbury Schweppes were permitted to set up wholly owned subsidiaries.<sup>7</sup> There would be a need to examine the conditions attached to such approvals. These should be good case studies for understanding the behaviour and functioning of TNCs in the developing countries.

An important aspect of the investment approvals is in the need to have efficient monitoring and a mechanism to ensure that the conditions attached to the grant of the approvals are observed in letter and spirit. The balancing of outgo on account of

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7. For details see: "Government turns down Wrigley plan for 100% stake in subsidiary", *Economic Times*, December 27, 1994.

dividends with export earnings may, however, pose only a limited hurdle as in the initial years since the size of the profits by the foreign investors may not be very large and that the foreign companies may prefer to deploy their share of the profits to expand their potential and to consolidate their position in the country.

#### **IV. Extent of Foreign Ownership**

It has often been argued that restrictions on the extent of foreign share in equity capital (e.g. 40 per cent, as contemplated under the FERA) had become a strong deterrent to foreign investors. It is, therefore, expected that removal of the FERA restrictions on holding of majority stake would encourage large investment inflows. The presence of a number of joint ventures, both by small companies as also large industrial houses, in the country may be due to the general ceiling on foreign investment at 40 per cent and also to the foreign investor's desire to have a local partner who would be familiar with the regulations. With the relaxation of the ceiling on the extent of foreign ownership and due to the prospect of coping with fewer regulations, foreign investors might prefer the sole venture form to the joint ventures. However, the joint venture form still might find favour with foreign companies to take over many of the existing enterprises. This practice helps them to avoid (i) building green field projects which might involve long gestation periods; and (ii) the efforts required to establish distribution channels. This may, however, be a temporary phenomenon. In the long run TNCs may switch to a combination of the sole ventures and the marketing of goods produced by local small and medium enterprises under their own brand names. In this regard the policy of permitting 24 per cent foreign equity in small scale units has great implications for them. It is relevant to note that already demands are being made to allow 49 per cent foreign equity. The TNCs also may seek to edge out the local partner as they become familiar with local conditions and their operations get stabilised.

It may also be mentioned in this context that a number of branches and subsidiaries of foreign companies were operating in India prior to the enactment of FERA, 1973. The number of foreign subsidiaries came down substantially due to implementation of FERA. This was in spite of the fact that majority foreign equity share was not banned in cases of high technology and export-oriented companies.

Some of the companies, notably those in the drugs & pharmaceutical sector, voluntarily diluted their foreign equity to 40 per cent to take advantage of the non-FERA status. Many among these did not take a local partner as they had made public offer of shares. The public offer enabled them to avoid the possibility of an Indian party having substantial block of share holding. It may be noted that these companies had been operating in India for a long time and were highly profitable. For them it probably does not make any sense to ally with a local partner. Since the new industrial policy provides for automatic approval of majority foreign equity in a number of industries, it is logical to expect that many of the existing minority companies would prefer to acquire the status of a subsidiary of their foreign parent.

It may further be noted that by international standards, an overwhelming number of Indian companies have limited resources of their own. Having been dependent on imported technology coupled with very low expenditure on technology development for a long time most of them do not possess any technological advantage either. In these circumstances, a foreign investor has very little to gain by joining hands with a local partner except as a temporary measure. Even in the earlier period, many of the TNCs operated as independent groups with very little direct relationship with local industrial groups.<sup>8</sup>

In this background it is logical to expect that the proportion of majority ventures in total approvals would have increased substantially during the new policy period. From Table - 5 it can be seen that one-fourth of the total approvals were for foreign shares less than 25 per cent. These, however, accounted for just about 10 per cent of the approved investment. In contrast, the number of companies allowed to set up subsidiaries formed a little less than 40 per cent but accounted for almost 60 per cent of the investment. We noted in the earlier study that there was a clear shift in the pattern of approvals as in the early 'eighties the distribution was overwhelmingly in favour of percentage ranges up to 40 per cent.<sup>9</sup>

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8. Mention can be made in this regard of Unilever, BAT, Philips, Colgate and a number of pharmaceutical companies.

9. *Supra* note 1.

Table - 5

**Distribution of Approvals According to Foreign  
Equity Share (1993 & 1994)**

(Amount in Rs. crores)

| Percentage<br>Range             | No. of<br>Approvals | Amount<br>Approved | <u>Share in total (%)</u> |        |
|---------------------------------|---------------------|--------------------|---------------------------|--------|
|                                 |                     |                    | No.                       | Amount |
| (1)                             | (2)                 | (3)                | (4)                       | (5)    |
| <b><u>RBI/SIA Approvals</u></b> |                     |                    |                           |        |
| Less than 10%                   | 34                  | 53.92              | 7.47                      | 3.75   |
| 10.00 to 24.99%                 | 69                  | 140.10             | 15.16                     | 9.73   |
| 25.00 to 40.00%                 | 94                  | 307.43             | 20.66                     | 21.35  |
| 40.01 to 50.00%                 | 114                 | 279.14             | 25.06                     | 19.39  |
| 50.01 to 74.99%                 | 126                 | 590.07             | 27.69                     | 40.99  |
| 75.00 to 99.99%                 | 8                   | 53.24              | 1.76                      | 3.70   |
| 100%                            | 10                  | 15.74              | 2.20                      | 1.09   |
| All Approvals                   | 455                 | 1,439.64           | 100.00                    | 100.00 |
| <b><u>FIPB Approvals</u></b>    |                     |                    |                           |        |
| Less than 10%                   | 74                  | 182.74             | 6.10                      | 1.24   |
| 10.00 to 24.99%                 | 220                 | 1,339.38           | 18.12                     | 9.08   |
| 25.00 to 40.00%                 | 232                 | 3,070.81           | 19.11                     | 20.83  |
| 40.01 to 50.00%                 | 201                 | 1,071.72           | 16.56                     | 7.27   |
| 50.01 to 74.99%                 | 236                 | 5,325.34           | 19.44                     | 36.12  |
| 75.00 to 99.99%                 | 97                  | 409.52             | 7.99                      | 2.78   |
| 100%                            | 154                 | 3,345.02           | 12.68                     | 22.69  |
| All Approvals                   | 1214                | 14,744.52          | 100.00                    | 100.00 |
| <b><u>All Approvals</u></b>     |                     |                    |                           |        |
| Less than 10%                   | 108                 | 236.66             | 6.47                      | 1.46   |
| 10.00 to 24.99%                 | 289                 | 1,479.48           | 17.32                     | 9.14   |
| 25.00 to 40.00%                 | 326                 | 3,378.24           | 19.53                     | 20.87  |
| 40.01 to 50.00%                 | 315                 | 1,350.86           | 18.87                     | 8.35   |
| 50.01 to 74.99%                 | 362                 | 5,915.40           | 21.69                     | 36.55  |
| 75.00 to 99.99%                 | 105                 | 462.76             | 6.29                      | 2.86   |
| 100%                            | 164                 | 3,360.76           | 9.83                      | 20.77  |
| All Approvals                   | 1669                | 16,184.16          | 100.00                    | 100.00 |

Note: Excludes approvals for which investment figures and foreign shares were not available.

Source: ISID Database on Foreign Collaborations.

Percentage of foreign share could also be related to industry characteristics and the host country. In Table-6 we present a distribution of approvals by country and majority ownership. It can be seen that individual countries exhibit significant differences in their preference for majority equity. USA stands first as a majority of investors from this country sought to maintain unambiguous control over their Indian ventures. On the other extreme is South Korea with just 11 per cent of the approvals falling in this category. In the case of Japan too the share of subsidiaries was low at 28.57 per cent. The higher preference for majority equity in respect of investments from Singapore could be due to the fact that a number of US companies sought to enter India through their Singapore bases.<sup>10</sup>

**Table - 6**  
**Distribution of Foreign Investment Approvals by Country**  
**and Foreign Share (1993 & 1994)**

| Country     | Minority<br>Ownership | Majority Ownership | of which<br>wholly<br>owned | All<br>Cases | Majority Cos. Share | of which<br>wholly<br>owned |
|-------------|-----------------------|--------------------|-----------------------------|--------------|---------------------|-----------------------------|
| (1)         | (2)                   | (3)                | (4)                         | (5)          | (6)                 | (7)                         |
| USA         | 151                   | 153                | 47                          | 304          | 50.33               | 15.46                       |
| HongKong    | 18                    | 14                 | 6                           | 32           | 43.75               | 18.75                       |
| France      | 26                    | 20                 | 4                           | 46           | 43.48               | 8.70                        |
| Germany     | 89                    | 64                 | 7                           | 153          | 41.83               | 4.58                        |
| NRI         | 158                   | 110                | 35                          | 268          | 41.04               | 13.06                       |
| Singapore   | 38                    | 26                 | 7                           | 64           | 40.63               | 10.94                       |
| UK          | 102                   | 67                 | 15                          | 169          | 39.64               | 8.88                        |
| Australia   | 26                    | 11                 | 3                           | 37           | 29.73               | 8.11                        |
| Netherlands | 55                    | 23                 | 7                           | 78           | 29.49               | 8.97                        |
| Japan       | 45                    | 18                 | 4                           | 63           | 28.57               | 6.35                        |
| Switzerland | 41                    | 16                 | 4                           | 57           | 28.07               | 7.02                        |
| Italy       | 50                    | 13                 | 3                           | 63           | 20.63               | 4.76                        |
| Korea       | 40                    | 5                  | 0                           | 45           | 11.11               | 0.00                        |
| All Cases   | 839                   | 540                | 142                         | 1379         | 39.16               | 10.30                       |

Note: Only those cases where equity data was available and the country received at least 25 approvals during the period.

Source: ISID Database on Foreign Collaborations.

10. Prominent among such cases are: Motorola, Cargill, General Electric, British Gas, Silicon Graphics and Reuters.

## V. Country-wise Investment Approvals

Developed countries account for nearly the entire stock of foreign direct investment in India. Over the years, however, relative shares of individual countries have been undergoing changes. The share of countries other than U.K., U.S.A., Canada, France, Germany, Netherlands, Sweden, Switzerland and Japan was a mere 6.6 per cent at the end of 1989-90.<sup>11</sup> While U.K. still stood at the top, U.S.A. occupied the second position with about 20 per cent share. Other important countries were Germany and Japan. The pre-eminent position of U.K. can be attributed to historical factors and re-invested profits.<sup>12</sup>

It was noted in our earlier study covering the first two years of the post-policy period that while U.S.A. dominated the approvals, NRIs and persons of Indian Origin also claimed a significant share.<sup>13</sup> An examination of the approvals during the four years 1991 to 1994 reveals that nearly three-fourths of the investment is accounted for by developed countries with U.S.A. contributing half of the investment from these countries. (See Table - 7) U.S.A. is the single largest source of investment with 37.6 per cent share in total investment. Share of EEC works out to 21.92 per cent. Within the EEC, U.K. and Germany occupied the top two positions. Much of the increase in the investment from developed countries in 1994 over 1993 was contributed by the EEC the maximum contribution coming from U.K. and Germany respectively. In contrast, there was only a marginal increase in the approved investment attributable to U.S.A. Share of U.S.A. remained almost stagnant.

Among the Asian countries which had a share of 11 per cent, West Asian countries had a significant share followed by Singapore. Surprisingly, Africa claimed almost three per cent share in total. This was mainly because of Mauritius emerging as an important base for foreign investment country in the recent past. While during 1993 and 1994 the developed countries as a group accounted for 72.25 per cent investment, Africa claimed a share of 6.72 per cent. Mauritius is reported to be

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11. See: "India's Foreign Liabilities and Assets as on March 31, 1990", *Reserve Bank of India Bulletin*, Vol. XLVIII, No. 8, August 1993, pp. 1031-1051.

12. See: Michael Kidron, *Foreign Investments in India*, Oxford University Press, London, 1965. Also see S.K. Goyal, "Impact of Foreign Subsidiaries on India's Balance of Payments", prepared for the United Nations Centre on TNCs and ESCAP Joint Unit, Bangkok, 1979.

13. *Supra* note 1.

**Table - 7**  
**Sources of Approved Foreign Investment**  
**(1991 to 1994)**

(Amount in Rs. Crores)

| Area/Country Grouping                | 1991          | 1992           | 1993           | 1994           | Total Investment<br>(Adj.) | % to Total<br>(Adj.) |               |               |
|--------------------------------------|---------------|----------------|----------------|----------------|----------------------------|----------------------|---------------|---------------|
| (1)                                  | (2)           | (3)            | (4)            | (5)            | (6)                        | (7)                  | (8)           | (9)           |
| <b>1. Developed Countries</b>        | <b>473.24</b> | <b>3149.27</b> | <b>5822.47</b> | <b>7049.38</b> | <b>16494.36</b>            | <b>15492.79</b>      | <b>74.17</b>  | <b>69.67</b>  |
| - North America                      | 190.71        | 1232.28        | 3489.16        | 3530.13        | 8442.28                    | 8494.55              | 37.97         | 38.20         |
| - USA                                | 185.85        | 1231.50        | 3461.88        | 3488.09        | 8367.32                    | 8405.37              | 37.63         | 37.80         |
| - EEC                                | 180.23        | 471.82         | 1597.08        | 2625.53        | 4874.66                    | 4464.40              | 21.92         | 20.08         |
| - UK                                 | 32.10         | 117.67         | 622.73         | 1299.15        | 2071.65                    | 1693.83              | 9.32          | 7.62          |
| - Germany                            | 41.80         | 86.27          | 175.93         | 569.36         | 873.36                     | 865.46               | 3.93          | 3.89          |
| - Italy                              | 17.81         | 89.39          | 117.35         | 390.94         | 615.49                     | 634.66               | 2.77          | 2.85          |
| - Netherlands                        | 55.92         | 96.79          | 321.65         | 206.96         | 681.32                     | 637.61               | 3.06          | 2.87          |
| - France                             | 19.33         | 29.64          | 129.09         | 89.73          | 267.79                     | 267.79               | 1.20          | 1.20          |
| - Other Western Europe               | 46.98         | 755.73         | 447.73         | 95.60          | 1346.04                    | 697.04               | 6.05          | 3.13          |
| - Switzerland                        | 35.50         | 689.76         | 426.80         | 48.30          | 1200.36                    | 551.36               | 5.40          | 2.45          |
| - Other Developed                    | 55.32         | 689.44         | 288.50         | 798.12         | 1831.38                    | 1836.80              | 8.23          | 8.26          |
| - Japan                              | 52.71         | 610.23         | 257.43         | 400.90         | 1321.27                    | 1325.69              | 5.94          | 5.96          |
| - Australia                          | 2.61          | 77.62          | 29.56          | 388.45         | 498.24                     | 499.24               | 2.24          | 2.25          |
| <b>2. Africa</b>                     | <b>-</b>      | <b>124.24</b>  | <b>536.28</b>  | <b>660.52</b>  | <b>28.14</b>               | <b>2.97</b>          | <b>0.13</b>   | <b>-</b>      |
| - Mauritius                          | -             | -              | 124.24         | 534.74         | 658.98                     | 26.60                | 2.96          | 0.12          |
| <b>3. Asian Countries</b>            | <b>31.66</b>  | <b>270.23</b>  | <b>1551.27</b> | <b>697.75</b>  | <b>2550.91</b>             | <b>2358.44</b>       | <b>11.48</b>  | <b>10.61</b>  |
| - Asia                               | 29.46         | 258.54         | 586.17         | 589.68         | 1463.85                    | 1660.32              | 6.58          | 7.47          |
| - Singapore                          | 1.37          | 60.21          | 66.74          | 265.50         | 393.82                     | 166.42               | 1.77          | 0.75          |
| - Thailand                           | -             | 2.52           | 368.42         | 9.98 380.92    | 378.76                     | 1.71                 | 1.70          | -             |
| - Hongkong                           | 21.15         | 57.08          | 87.95          | 164.78         | 330.96                     | 115.87               | 1.49          | 0.52          |
| - Korea South                        | 6.15          | 39.40          | 29.33          | 106.85         | 181.73                     | 183.06               | 0.82          | 0.82          |
| - Malaysia                           | 0.18          | 74.43          | 8.48           | 25.22          | 108.31                     | 108.31               | 0.49          | 0.49          |
| - Indonesia                          | -             | -              | -              | 266.60         | 1.20                       | -                    | -             | -             |
| - West Asia                          | 2.20          | 11.69          | 965.10         | 108.07         | 1087.06                    | 1091.06              | 4.90          | 4.91          |
| - UAE                                | 2.20          | 6.45           | 404.49         | 51.23          | 464.37                     | 468.37               | 2.09          | 2.11          |
| - Oman                               | -             | -              | 549.28         | 17.38          | 566.66                     | 566.66               | 2.55          | 2.55          |
| <b>4. Latin America</b>              | <b>0.01</b>   | <b>9.77</b>    | <b>244.53</b>  | <b>37.70</b>   | <b>292.01</b>              | <b>142.01</b>        | <b>1.31</b>   | <b>0.64</b>   |
| - Mexico                             | -             | 5.28           | 238.98         | -              | 244.26                     | 94.26                | 1.10          | 0.42          |
| <b>5. Erstwhile Socialist</b>        | <b>9.40</b>   | <b>18.39</b>   | <b>75.45</b>   | <b>133.55</b>  | <b>236.79</b>              | <b>236.79</b>        | <b>1.05</b>   | <b>1.06</b>   |
| - Russia                             | 8.61          | 11.59          | 1.95           | 105.69         | 127.84                     | 127.84               | 0.57          | 0.57          |
| - China                              | 0.75          | -              | 61.66          | 27.25          | 89.66                      | 89.66                | 0.40          | 0.40          |
| <b>6. NRIs</b>                       | <b>19.70</b>  | <b>439.13</b>  | <b>1043.32</b> | <b>490.88</b>  | <b>1993.03</b>             | <b>3812.11</b>       | <b>8.96</b>   | <b>17.14</b>  |
| <b>7. MDBs</b>                       | <b>-</b>      | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>                   | <b>157.04</b>        | <b>-</b>      | <b>0.71</b>   |
| <b>TOTAL (Incl. Other Countries)</b> | <b>534.11</b> | <b>3887.54</b> | <b>8859.33</b> | <b>8956.75</b> | <b>22237.73</b>            | <b>22237.73</b>      | <b>100.00</b> | <b>100.00</b> |

Note : (1) Adj stands for regrouped of investments on the basis of the country of ultimate parent company. This was done by subtracting investments from a country total as reported by official agencies if an investment originally reported against that country was traced to another country. An equal amount was added to the total investment reported for the other country.

(2) 'MDBs' includes investments by International Finance Corporation and Asian Finance & Investment Corp.

Source: Based on India, Ministry of Industry, *SIA Newsletter*, January 1995 and ISID Database on Foreign Collaborations.

playing a more significant role in case of investments by Foreign Institutional Investors (FIIs). Mauritius can probably be a transitory point with the ultimate beneficiary investor belonging to some other country. One needs an upto date information base on corporate affiliations to be able to trace the country of the ultimate beneficiary investor in such cases.

We have earlier pointed out that some of the well-known TNCs used tax havens to route their investment to India. To understand the significance of this phenomenon and to arrive at a more realistic estimate of NRI involvement, we have made an attempt to trace the investors to their respective home countries. The country and region totals are adjusted accordingly. For the present exercise we had to rely on somewhat old directories of Dun & Bradstreet, press reports, prospectuses, questionnaires, etc. for finding corporate affiliations and countries of ultimate parent. Similar exercise was done to classify investments on the basis of their NRI (including persons of Indian origin).<sup>14</sup>

It was noticed that while much of the investment from Singapore and Hong Kong could be traced to U.S.A., NRIs seem to have used Mauritius and Switzerland to route their investments. NRIs in USA also were prominent investors. On the whole, the share of USA remained the same. It can be seen from the table that share of Mauritius turns out to be only 0.12 per cent. Even this one should place under the category of 'Unidentified Country'. The shares of Singapore, Hongkong, Mexico and Switzerland too suffered similarly. Due to their very nature investments by bodies like IFC cannot be assigned to any one country. Hence we grouped their investments separately.

Non-resident Indians are treated as a separate group by the approving authorities. From official statistics the combined share of the NRIs works out to nearly

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14. Given the scantiness of reliable and up-to-date data on corporate affiliations, we have attempted here to indicate only the broad trends. In cases when the projects are reported to be floated by NRIs there was no alternative but to include the foreign investment against NRIs even when the full identity of the foreign collaborator is unknown. It is possible that in some cases, the NRIs may involve other collaborators to participate in the project. For instance, it is reported that Mitsubishi Metals is going to take part in the Metdist group's project. Metdist and Mitsubishi together will meet the approved 60 per cent foreign investment. One can place Chatterjee's proposed investment in Haldia Petrochem. In some cases, the initial approval might itself involve companies from more than one country. In the absence of information on respective shares the entire investment would be shown against the first or major investor.

nine per cent of the total. As a result, it was found that NRIs have a share of nearly one-sixth of the total approvals. The importance of NRIs in approvals throws up a few issues relating to technology and project implementation. These we shall discuss in the next chapter dealing with investment inflows and project implementation.

## VI. Industry-wise Pattern

FERA sought to channelise foreign investments into high technology and export intensive sectors. The industry-wise distribution of the stock of foreign direct investment at the end of 1989-90 reveals that almost 85 per cent of the investment was engaged in the manufacturing activities. Plantations accounted for a further 9.45 per cent. Services including trading, construction, transportation, etc. accounted for about 5 per cent. Foreign capital's presence in mining and petroleum refining sectors was practically negligible.<sup>15</sup> Though the current policies retain some of the selective features of the earlier regime, considerably large number of industrial activities and services are now open for private industry and consequentially for foreign investment. It is, therefore, logical to expect that sectoral distribution of foreign investment would undergo considerable changes.

Among the erstwhile public sector reserved areas were: generation and distribution of electricity; iron and steel; mining and processing of copper, zinc, lead, etc.; heavy electrical plant; specified heavy plant and machinery; telephone, telegraph and wireless apparatus. From official statistics it becomes evident that some of these areas such as power, oil, iron and steel, telecommunication equipment, etc. together accounted for a large portion of the foreign investment approved during the post-policy period. Chemicals, food processing industries and transport equipment, services are the other main areas which it appears would see much involvement of foreign companies in the coming years. (see Table - 8). It is important to note that electrical and non-electrical machinery, machine tools, instruments, etc. not only attracted comparatively low volumes of investment but the average per approval was also quite small in these industries. This might mean that these industries did not

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15. See: "India's Foreign Liabilities and Assets as on March 31, 1990", *Reserve Bank of India Bulletin*, vol. XLVIII, NO. 8, August 1993, pp. 1031-1051.

Table - 8

**Sector-wise Breakup of Foreign Investment  
Approved during the August 1991 - December 1994**

(Amount in Rs. crores)

| Industry/Sector |                                             | No. of Approvals | Amount  |         |
|-----------------|---------------------------------------------|------------------|---------|---------|
| (1)             |                                             | (2)              | (3)     | (4)     |
| 1               | Metallurgical industries                    | 92               |         | 3716.53 |
|                 | - Ferrous                                   | 47               | 2887.20 |         |
|                 | - Non-ferrous                               | 28               | 762.10  |         |
| 2               | Fuels                                       | 70               |         | 6677.21 |
|                 | - Power                                     | 10               | 3055.57 |         |
|                 | - Oil refinery                              | 36               | 3048.44 |         |
| 3               | Boilers and steam generating plants         | 12               |         | 58.14   |
| 4               | Prime movers (other than elect. generators) | 2                |         | 2.25    |
| 5               | Electrical equipment                        | 483              |         | 1757.30 |
|                 | - Electrical equipment                      | 206              | 777.05  |         |
|                 | - Computer software industry                | 188              | 690.25  |         |
|                 | - Electronics                               | 80               | 283.18  |         |
| 6               | Telecommunications                          | 31               |         | 198.18  |
| 7               | Transportation industry                     | 91               |         | 1684.87 |
|                 | - Automobile industry                       | 57               | 613.70  |         |
|                 | - Air/sea transport                         | 28               | 1047.80 |         |
| 8               | Industrial machinery                        | 170              |         | 853.44  |
| 9               | Machine tools                               | 31               |         | 40.73   |
| 10              | Agricultural machinery                      | 4                |         | 161.35  |
| 11              | Earth moving machinery                      | 11               |         | 12.97   |
| 12              | Misc. Mechanical & engineering              | 97               |         | 137.69  |
| 13              | Commercial, office & household              | 17               |         | 81.57   |
| 14              | Medical and surgical appliances             | 15               |         | 18.48   |
| 15              | Industrial instruments                      | 26               |         | 19.24   |
| 16              | Scientific instruments                      | 15               |         | 34.84   |
| 17              | Fertilizers                                 | 3                |         | 3.65    |
| 18              | Chemicals (excl. fertilizers)               | 254              |         | 2383.89 |
| 19              | Photographic raw film and paper             | 4                |         | 20.63   |
| 20              | Dye-stuffs                                  | 5                |         | 5.96    |
| 21              | Drugs and pharmaceuticals                   | 50               |         | 222.78  |
| 22              | Textiles (incl. dyed, printed)              | 140              |         | 1163.36 |
| 23              | Paper & pulp including paper                | 26               |         | 392.40  |
| 24              | Sugar                                       | 2                |         | 53.50   |
| 25              | Fermentation industries                     | 22               |         | 207.89  |

(Contd...)

| Industry/Sector |                                     | No. of Approvals | Amount   |         |
|-----------------|-------------------------------------|------------------|----------|---------|
| (1)             |                                     | (2)              | (3)      | (4)     |
| 26              | Food processing industries          | 253              |          | 2008.68 |
| -               | Food products                       | 188              | 1921.84  |         |
| -               | Marine products                     | 63               | 78.84    |         |
| 27              | Vegetable oils and vanaspati        | 18               |          | 28.88   |
| 28              | Soaps, cosmetics and toilet prepns. | 12               |          | 43.96   |
| 29              | Rubber goods                        | 28               |          | 96.21   |
| 30              | Leather, leather goods and pickers  | 61               |          | 73.93   |
| 31              | Glass                               | 13               |          | 180.83  |
| 32              | Ceramics                            | 62               |          | 267.71  |
| 33              | Cement and gypsum products          | 17               |          | 380.98  |
| 34              | Consultancy services                | 73               |          | 41.67   |
| 35              | Services sector                     | 173              |          | 2408.24 |
| -               | Financial                           | 60               | 1452.85  |         |
| -               | Non-financial services              | 102              | 862.44   |         |
| 39              | Hotels & tourism                    | 61               |          | 1096.17 |
| 40              | Trading 114                         |                  | 65.83    |         |
| 41              | Horticulture, floriculture, etc.    | 58               |          | 60.33   |
| 41              | Others 125                          |                  | 711.60   |         |
| Total 2741      |                                     |                  | 27371.79 |         |

Source: Based on India, Ministry of Industrial Development, *SIA Newsletter*, February 1995.

prove to be attractive for foreign investors. It is also surprising to find that leather and leather products industry which has a high degree of export potential did not attract much foreign investment.

To understand the sectoral composition of approvals in a more distinct manner, in particular of the larger ones, we made an attempt at classifying the approvals each worth Rs. 5 crores or more. The results are presented in Table-9. One main limitation of this exercise is that since the emphasis is on large investment projects, activities requiring small capital outlay would be under represented. Trading, marine products, consultancy services, software development horticulture and allied activities are some examples in this regard.

**Table - 9**  
**Industry-wise Distribution of Large Foreign Investment Proposals**  
(August 1991 to December 1994)

(Amount in Rs. crores)

| Industry/Sector                 |         |       | Investment | % Share<br>in Total |
|---------------------------------|---------|-------|------------|---------------------|
| (1)                             | (2)     | (3)   | (4)        | (5)                 |
| 1. Power, Oil & Gas             |         |       | 7510.82    | 37.54               |
| - Power                         | 4516.51 | 22.57 |            |                     |
| - Oil & Gas                     | 2099.99 | 10.49 |            |                     |
| - Coal & Coke                   | 867.39  | 4.33  |            |                     |
| 2. Manufacturing                |         |       | 8683.32    | 43.39               |
| - Food products                 | 1810.29 | 9.05  |            |                     |
| - Beverages                     | 536.84  | 2.69  |            |                     |
| - Marine Products               | 391.12  | 1.95  |            |                     |
| - Textiles                      | 496.23  | 2.48  |            |                     |
| - Paper & Paper Products        | 333.11  | 1.66  |            |                     |
| - Cement                        | 248.49  | 1.24  |            |                     |
| - Chemical & Allied Prdts       | 1398.80 | 6.99  |            |                     |
| - Drugs & Pharmaceuticals       | 230.16  | 1.15  |            |                     |
| - Soaps, Cosmetics & Detergents | 294.14  | 1.47  |            |                     |
| - Metals & Metal Products       | 1666.45 | 8.33  |            |                     |
| - Primary Metal Inds            | 1591.51 | 7.95  |            |                     |
| - Machinery except Electrical   | 541.70  | 2.71  |            |                     |
| - Electric & Electronic Eqp     | 822.37  | 4.11  |            |                     |
| - Telecomm. Equipment           | 226.86  | 1.13  |            |                     |
| - Household Appliances          | 178.80  | 0.89  |            |                     |
| - Household Audio & Video Equip | 172.21  | 0.86  |            |                     |
| - Transportation Equipment      | 939.26  | 4.69  |            |                     |
| 3. Services (incl. Banking)     |         |       | 3748.56    | 18.73               |
| - Financial Services            | 1318.44 | 6.59  |            |                     |
| - Hotels & Restaurants          | 756.41  | 3.78  |            |                     |
| - Shipping                      | 437.44  | 2.19  |            |                     |
| - Software Development          | 422.83  | 2.11  |            |                     |
| - Banking                       | 391.98  | 1.96  |            |                     |
| 4. Others                       |         |       | 67.29      | 0.34                |
| 5. All Industries               |         |       | 20009.98   | 100.00              |

Note: Based on approvals each involving Rs. 5 crore or more of investment.

Source: ISID Database on Foreign Collaborations.

Oil, power, metals, and intermediate products are important from the economy's point of view. These contribute to bulk of the new investment. From the point of improving infrastructural facilities, these investments are expected to play a significant role in the coming years. However, power projects based on foreign investment have attracted severe criticism on account of counter guarantees and inflated project costs. It is also an interesting aspect of new investments that in NRIs<sup>16</sup>, Oman Oil Co. and Itochu (a Japanese trading house) dominate the oil sector approvals. These categories of investors are characterised by their financial resources and are not known to be having any technological base of their own. In metals too NRIs together with China Metallurgical Import & Export Co (CMIEC) had a significant share. Investments in infrastructure industries, utilities and services are guided by strong compulsions to be located at the place of service. In that sense, foreign investors' interest in these areas may not be surprising. Public sector de-reservation should be the most important policy measure responsible for this. Locational compulsions coupled with policy change should be seen as being responsible for the growing importance of the services sector for foreign investors. Growing importance attached to services should also be seen in this light.

From Table - 8 it can be seen that manufacturing sector accounted for about 43 per cent of the total amount involved in large investment proposals. Within the manufacturing sector consumer goods sector enjoys a very important position. The Table provides some evidence to the effect that machine building industries did not receive much attention of the foreign investors. Electrical and electronic machinery (excluding household appliances and consumer electronics) had about 5 per cent share of the total investment or 11 per cent of the manufacturing sector. This obviously has important implications for the indigenous capital goods sector. One needs to examine to what extent the low tariffs for machinery imports and export promotion schemes are responsible for this situation.<sup>17</sup>

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16. Under the NRI category we include persons of Indian origin also.

17. This phenomenon appears to be not confined to foreign investment proposals only. For instance, it was observed that :

Investments into capital goods industries - electrical and non-electrical machinery has declined. These had aggregated Rs.4,160 crore at the end of 1993. By the end of 1994 they declined by nearly 8% to Rs. 3,843 crore. Investments into the electronics industries - particularly consumer electronics and durables have increased.

See: CMIE, *The Shape of Things to Come: Survey of Investment Projects*, December, 1994.

The report of the CAG on customs receipts and union excise duties for the year ended March

The importance of consumer goods sector seems to be influencing the market structures in these products rapidly. In fact, the practice of allowing holding companies may facilitate faster expansion of TNCs in the consumer goods industries. This aspect shall be discussed in a later section. This aspect we shall deal in a later section. One needs to examine further if large TNCs are concentrated in consumer goods sector while the other industries are active in the remaining areas.

Food processing industry in a country like India gets general support as it helps minimising wastage of agricultural and horticultural produce and hence is given priority in public policy.<sup>18</sup> This sector attracted about nine per cent of the foreign investment approved in the new policy period. A closer examination, however, suggests that this assumption may not hold good for the new foreign investments. For instance, much of the investment in this sector has been contributed by : Pepsico, Kellogg, Heinz, Coca-Cola, Mars, Wrigley, Perfetti, Nestle, Cadbury's and the beverage producers like Seagram and International Distillers.

## VII. House-wise Distribution of Large Investments

Given the relative freedom for foreign investments one could expect that joint ventures may no longer be the preferred form for TNC operations in India. We have earlier noticed that about 60 per cent of the approved investment was on account of foreign subsidiaries. It is, therefore, not surprising to find that companies belonging to the erstwhile Indian large houses do not figure prominently in foreign investment approvals. At the aggregate, share of top 20 Indian industrial houses<sup>19</sup> in the approved  
(...continued)

31, 1994 observed that export obligations under the scheme of import of capital goods at concessional rates of customs duty might not be fulfilled in many cases within the prescribed periods. The report further found that export obligations were not being properly fixed and procedures to monitor the fulfillment of the conditions were not evolved. See: "Capital goods import scheme misused: CAG", *Times of India*, March 25, 1995.

18. See S.K. Goyal, "Policies towards development of Agro-industries in India", a paper presented at the ISID-FAO Workshop on Agricultural Policies in the New Economic Environment, September 6-10, 1993. Later published in G.S. Bhalla (Ed.), *Economic Liberalization and Indian Agriculture*, Institute for Studies in Industrial Development, New Delhi, 1993.

19. Out of the top 20 houses at the end of 1989-90, we have combined ACC with Tatas. No approval could be traced to the Oswal Agro Group. The remaining two houses -- ITC and Hindustan Lever -- have not been treated as Indian houses for purpose of this exercise. For a list of top industrial houses (referred to as Monopoly Houses) see the reply to Rajya Sabha Unstarred Question No. 4066 answered on August 17, 1992.

investment was approximately 10 per cent. Even the limited role left for the large houses should be seen in the context of some of them forming joint ventures by transferring the existing undertakings or the foreign companies seeking to acquire controlling interests in the former joint ventures.

In terms of the foreign investment involved in large house joint ventures, Reliance house stands at the top and accounts for about 28 per cent of the investment relating to the top 20 houses (see Table - 10). It is interesting to find that Itochu, a Japanese trading house, figures in all the approvals excepting two. Reliance also seem to have followed the policy of not yielding control to its joint venture partners. In none of the proposals foreign share holding exceeded 40 per cent. The share of Tata house, which had entered into a number of ventures, works out to about 2 per cent of the total. Two of the major ventures, the House is associated with are: (i) with Cumins (Rs. 50 crore; 50:50) and (ii) with Mercedes Benz (Rs. 51 crore; 51:49). Essar could be among the top due to Chandarias' investment in Essar Refinery. Birlas are far behind at eighth position. Modi House has been known to offer itself as a base for TNCs for a long time. About Rs. 200 crores was involved in their joint ventures. Most of the investment in Mahindra and Shriram Houses can be traced to their joint ventures with Ford and Daewoo, respectively. It is well known that Daewoo took majority stake in DCM Toyota. Thapar's position was sustained by its joint venture with Owens Illinois Inc of USA. This joint venture was formed to take over the glass division of Ballarpur Industries Ltd. Rest of the large houses had only a nominal presence. In case of Birla House, the chief contributor was the joint venture with General Motors. It is an interesting fact that the joint venture in its advertisements is not known to refer to its partnership with the Birlas (or Hindustan Motors). In two other cases the joint ventures took over existing units of Birla companies and in another the foreign partner increased his share to majority. The mere fact that large houses are not participating in foreign investment proposals significantly may not be a conclusive evidence of their suffering adversely. To understand their position one needs to study the expansion plans the large houses have in hand and the ones they have already completed, the manner in which they propose to operationalise those schemes. This calls for an independent study.

**Table – 10**

**Foreign Investment Involved in Large House Joint Ventures**  
(August 1991 to December 1994)

|       |                  | (Amount in Rs. Crores)      |
|-------|------------------|-----------------------------|
| House |                  | Approved Foreign Investment |
| (1)   |                  | (2)                         |
| 1.    | Reliance         | 635.18                      |
| 2.    | Tata             | 436.83                      |
| 3.    | Essar            | 265.20                      |
| 4.    | Modi             | 197.90                      |
| 5.    | Mahindra         | 172.73                      |
| 6.    | Shriram          | 145.50                      |
| 7.    | Thapar           | 144.15                      |
| 8.    | Birla            | 136.94                      |
| 9.    | Chidambaram MA   | 29.41                       |
| 10.   | Singhania JK     | 25.00                       |
| 11.   | Mafatlal         | 14.67                       |
| 12.   | TVS Iyyengar     | 9.38                        |
| 13.   | Larsen & Toubro  | 9.09                        |
| 14.   | Bajaj            | 7.65                        |
| 15.   | United Breweries | 6.00                        |
| 16.   | Kirloskar        | 5.42                        |
| Total |                  | 2241.05                     |

Source: Generated from ISID database on Foreign Collaborations.

Simultaneous with the reduced enthusiasm of TNCs enter into partnerships with Indian large houses, the pattern of involvement of foreign companies in India is changing gradually with establishment of holding companies and trading arms. These co-exist, with other affiliates of the same TNC -- many of whose shares are listed on the Indian stock exchanges which implies that the Indian public hold substantial share holdings in such companies. Due to the emergence of such new entities, the influence of foreign companies is expected to spread fast in the coming years. The wholly owned companies may be instrumental in further expansions, take overs and form alliances instead of the publicly traded companies. In the process, the general Indian public may not get an opportunity to directly share the profits of TNC operations in

India. Notable among the ones which received permission to set up wholly owned subsidiaries are: General Electric USA, Cadbury Schweppes, Unilever, Procter & Gamble, Warner Lambert, GEC Alsthom, Gillette, American Cyanamid. These TNCs also have affiliates whose shares are listed on the stock exchanges. Other important TNCs which sought to establish wholly owned subsidiaries were : Sony, Pepsi, Du Pont and Littlewoods. From the available evidence it appears that in consumer goods industries where brand names play an important role TNCs would prefer to strike on their own. Even if they enter into alliances with local parties, they would prefer to have unambiguous control over the marketing functions.

An attempt was made to similarly group the foreign investors on the basis of their corporate affiliations. In cases where the affiliations were not known, the names of the investors were given as such. The results are given in Table - 11. The list contains all such cases where the aggregate approved investment was at least Rs. 50 crores. The Table reflects the relative importance associated to oil and power in the new approvals as 16 out of 71 cases listed relate to these sectors. Out of these seven are at the very top. Automobiles and metals also figure prominently among the top investment blocs. Interestingly Hindujas figure among the top five. This was mainly because of their proposal to set up the East Coast Refinery which may not come up as envisaged originally. Similarly, Parmar Refinery ranked sixth is also under cloud. One is also not clear of the status of Gold Star Investment of UAE in Orind Steels Ltd. What immediately follows oil/power investments is Pepsico, which has set up a holding company in India besides acquiring near 100 per cent ownership of its joint venture with Voltas and Punjab Agro Industries Corp. General Electric which has also established a wholly-owned financial services company is next in position.

We shall discuss in the next chapter problems associated with the some of the large investment proposals.

The extent of involvement of the world's largest TNCs could probably be seen as a measure of attractiveness of a country for foreign investors. A quick exercise was done to relate past and proposed financial and technical collaborations to the 50 largest TNCs ranked according to their foreign assets. From Table - 12 it can be seen that except four all the top ranking TNCs have varying degrees of financial participation in Indian companies. They have joint ventures/subsidiaries in India or **Table - 11**

## Select List of Major Foreign Investing Groups during the Post-Policy Period and the Proposed Industries

(Rs. crores)

| Foreign Investor/<br>TNC  | Home Country | Approved<br>Investment | Major Areas of Proposed Investment |
|---------------------------|--------------|------------------------|------------------------------------|
| (1)                       | (2)          | (3)                    | (4)                                |
| ENRON                     | USA          | 1464.00                | POWER                              |
| CMS GEN                   | USA          | 1309.33                | POWER                              |
| GENEREAL ELECTRIC CO      | UK           | 851.85                 | POWER                              |
| HINDUJA                   | NRI          | 783.42                 | POWER, OIL, AUTOMOBILES            |
| ITOCHU                    | JAPAN        | 639.24                 | OIL & CHEMICALS                    |
| PARMAR                    | NRI          | 600.00                 | OIL                                |
| OMAN OIL                  | OMAN         | 542.75                 | OIL                                |
| PEPSICO                   | USA          | 523.25                 | FOOD, HOLDING CO                   |
| GENERAL ELECTRIC USA      | USA          | 406.10                 | CONSUMER GOODS JVs, HOLDING CO,    |
| GOLD STAR INVT            | UAE          | 400.00                 | METALS                             |
| CHAROEN POKHAND (CP)      | THAILAND     | 366.00                 | SHRIMP FEED, MARINE PROD           |
| AUSTRALIAN CAPITAL        | AUSTRALIA    | 351.32                 | ALUMINIUM                          |
| DU PONT                   | USA          | 329.50                 | CHEMICALS                          |
| COMPUTER VISION           | USA          | 315.90                 | SOFTWARE                           |
| PETRO SOURCE CORP.        | USA          | 312.00                 | OIL                                |
| CHATTERJEE                | NRI          | 300.00                 | PETROCHEMICALS                     |
| HEINZ                     | ITALY        | 284.00                 | FOOD                               |
| COGENTRIX                 | USA          | 274.50                 | POWER                              |
| SWARJ PAUL-CAPARRO        | NRI          | 270.00                 | METALS, AUTO COMPONENTS            |
| SINAR MAS                 | INDONESIA    | 266.60                 | PAPER                              |
| SIEMENS                   | GERMANY      | 262.60                 | POWER, SOFTWARE                    |
| CHANDARIA-COMCRAFT        | NRI          | 262.00                 | OIL                                |
| RK BAGRI-METDIST          | NRI          | 240.00                 | METALS                             |
| VAN OMMEREN               | NETHRELANDS  | 236.93                 | TANK TERMINALS                     |
| DADI BALSARA/NEW WORLD HK | NRI          | 184.60                 | HOTEL                              |
| MERCEDES BENZ             | GERMANY      | 178.50                 | AUTOMOBILES                        |
| FORD                      | USA          | 163.91                 | AUTOMOBILES                        |
| DELTIC MGT                | IRELAND      | 163.84                 | HOTEL                              |
| IFC & AFIC                | MDBs         | 157.34                 | DIVERSIFIED                        |
| CHEMTEX                   | USA          | 150.00                 | MANMADE FIBRES                     |
| ISPAT                     | NRI          | 150.00                 | METALS                             |
| DADI BALSARA              | NRI          | 148.56                 | WATCHES, PERFUMES, MINERAL WATER   |
| BECHTEL                   | USA          | 130.56                 | POWER                              |
| PROCTER & GAMBLE          | USA          | 125.40                 | SOAPS & DETERGENTS                 |
| DAEWOO                    | SOUTH KOREA  | 122.93                 | AUTOMOBILES                        |
| PEUGOT                    | FRANCE       | 120.00                 | AUTOMOBILES                        |
| SPECTRUM POWER GEN        | NRI          | 119.83                 | POWER                              |
| KELLOGG                   | USA          | 102.84                 | FOOD                               |
| JSC RUSFINTORG            | RUSSIA       | 100.00                 | CEMENT                             |
| WESTIN                    | JAPAN        | 100.00                 | HOTEL & CASINO                     |
| PETRODYNE                 | USA          | 96.08                  | OIL                                |
| ABB                       | SWITZERLAND  | 91.79                  | ELECTRICAL EQUIPMENT               |
| FUJITSU                   | JAPAN        | 87.66                  | COMPUTERS & TELECOMM               |
| CMIEC                     | CHINA        | 87.60                  | METALS                             |
| GENERAL MOTORS            | USA          | 85.98                  | AUTOMOBILES & COMMUNICATION        |

(Contd...)

| Foreign Investor/<br>TNC | Home Country | Approved<br>Investment | Major Areas of Proposed Investment |
|--------------------------|--------------|------------------------|------------------------------------|
| (1)                      | (2)          | (3)                    | (4)                                |
| MOTOROLA                 | USA          | 83.63                  | SOFTWARE & COMMUNICATION           |
| ST POWER                 | NRI          | 82.00                  | POWER                              |
| GRUMA                    | MEXICO       | 78.97                  | FOOD                               |
| SEVIAC                   | NETHERLANDS  | 74.77                  | FOOD                               |
| TELEKOM MALAYSIA         | MALAYSIA     | 74.43                  | COMUNIACTIONS                      |
| CARGILL                  | USA          | 70.92                  | CHEMICALS & SALT                   |
| PEREGRINE                | SINGAPORE    | 70.31                  | FINANCE                            |
| GVK                      | NRI          | 70.00                  | POWER                              |
| COLGATE                  | USA          | 68.17                  | PERSONAL CARE PRODUCTS             |
| RAYTHEON ENGINEERS       | USA          | 66.00                  | CHEMICALS                          |
| OWENS ILLINOIS           | USA          | 62.60                  | GLASS                              |
| GCC                      | UK           | 61.65                  | HOTEL                              |
| LEXMARK                  | AUSTRALIA    | 60.76                  | COMPUTER EQUIPMENT                 |
| G-FOUR                   | UK           | 60.75                  | PHARMACEUTICALS                    |
| COCA COLA                | USA          | 60.00                  | FOOD                               |
| CANNON POWER             | USA          | 60.00                  | ALTERNATIVE ENERGY                 |
| SEMBAWANG                | SINGAPORE    | 58.91                  | LPG IMPORT TERMINAL                |
| GUARDIAN INDS            | USA          | 58.58                  | GLASS                              |
| TIKKOO                   | NRI          | 54.00                  | BEER & DEEP SEA FISHING            |
| GIST BROCADES            | NETHERLANDS  | 53.50                  | PHARMACEUTICALS                    |
| BABCOCK INTL             | UK           | 53.25                  | METALS                             |
| PETRON                   | NRI          | 51.30                  | SUGAR                              |
| HUNTER DOUGLAS           | NETHERLANDS  | 50.50                  | BUILDING MATERIALS                 |
| SONY                     | JAPAN        | 50.48                  | CONSUMER ELECTRONICS               |
| CUMMINS                  | USA          | 50.29                  | DIESEL ENGINES FOR AUTOMOBILES     |
| PUSHPA                   | NRI          | 50.00                  | CHEMICALS                          |

Note: It is possible that approved investment for GEC Alstom and Gillette may also have exceeded Rs. 50 crores.

Source: ISID Database on Foreign Collaborations.

had shown interest to set up joint ventures during the recent past. The joint venture proposal of ENI, is however, reported to have been withdrawn. In case of 3 TNCs the involvement appears to be limited to technology licensing only. We could not get any information on Hanson's ventures in India.

Mere presence of TNC in the country may not mean much in financial terms. India may be having only a negligible place in the TNC's global operations. But the presence gives the TNCs first hand knowledge of the prevailing conditions in the country and thus the possibility of expanding their base in the future.

Table - 12

**Involvement of Top 100 Transnational Corporations  
Ranked by Foreign Assets, 1992  
in Indian Industry**

| Rank/TNC                | Country          | Industry                  | Nature of Collaboration |
|-------------------------|------------------|---------------------------|-------------------------|
| (1)                     | (2)              | (3)                       | (4)                     |
| 1. Royal Dutch Shell    | U.K./Netherlands | Petroleum Refining        | F                       |
| 2. Exxon                | United States    | Petroleum Refining        | T                       |
| 3. IBM                  | United States    | Computers                 | F                       |
| 4. General Motors       | United States    | Motor Vehicles & Parts    | F                       |
| 5. Hitachi              | Japan            | Electronics               | F                       |
| 6. Matsushita Electric  | Japan            | Electronics               | F                       |
| 7. Nestle               | Switzerland      | Food                      | F                       |
| 8. Ford                 | United States    | Automobiles               | F                       |
| 9. Alcatel Alsthom      | France           | Electronics               | F                       |
| 10. General Electric    | United States    | Electronics               | F                       |
| 11. Philips Electronics | Netherlands      | Electronics               | F                       |
| 12. Mobil               | United States    | Petroleum Refining        | F                       |
| 13. Asea Brown Boveri   | Switzerland      | Electronic & Elect. Equip | F                       |
| 14. Elf Aquitaine       | France           | Petroleum Refining        | F                       |
| 15. Volkswagen          | Germany          | Motor Vehicles & Parts    | F                       |
| 16. Toyota Motor Co.    | Japan            | Motor Vehicles & Parts    | F                       |
| 17. Siemens             | Germany          | Electronics               | F                       |
| 18. Daimler-Benz        | Germany          | Transport & Communication | F                       |
| 19. British Petroleum   | U.K.             | Petroleum Refining        | F                       |
| 20. Unilever            | U.K./Netherlands | Food                      | F                       |
| 21. Fiat                | Italy            | Motor Vehicles & Parts    | F                       |
| 22. Sony                | Japan            | Electronics               | F                       |
| 23. Hanson              | U.K.             | Building Materials        | N                       |
| 24. ENI                 | Italy            | Petroleum Refining        | F                       |
| 25. Du Pont             | United States    | Chemicals                 | F                       |
| 26. B.A.T. Industries   | U.K.             | Tobacco                   | F                       |
| 27. Philip Morris       | United States    | Food                      | F                       |
| 28. Nissho Iwai         | Japan            | Trading                   | F                       |
| 29. Grand Metropolitan  | U.K.             | Food                      | F                       |
| 30. Bayer               | Germany          | Chemicals                 | F                       |
| 31. Chrysler            | United States    | Motor Vehicles & Parts    | F                       |
| 32. Lyonnaise des Eaux  | France           | Construction              | F                       |
| 33. Total               | France           | Petroleum Refining        | F                       |
| 34. Seagram             | Canada           | Beverages                 | F                       |
| 35. Saint-Gobain        | France           | Building Materials        | T                       |
| 36. Dow Chemical        | United States    | Chemicals                 | F                       |
| 37. Xerox               | United States    | Scientific & Photo Equip. | F                       |
| 38. Toshiba             | Japan            | Electronics               | F                       |
| 39. Ciba - Geigy        | Switzerland      | Chemicals                 | F                       |
| 40. Procter & Gamble    | United States    | Soaps & Cosmetics         | F                       |
| 41. BASF                | Germany          | Chemicals                 | F                       |
| 42. Chevron             | United States    | Petroleum Refining        | F                       |
| 43. Michelin            | France           | Rubber & Plastics         | F                       |
| 44. Petrofina           | Belgium          | Petroleum Industry        | F                       |
| 45. Honda               | Japan            | Motor Vehicles & Parts    | F                       |
| 46. Sandoz              | Switzerland      | Pharmaceuticals           | F                       |
| 47. Bridgestone         | Japan            | Rubber & Plastics         | F                       |
| 48. Texaco              | United States    | Petroleum Refining        | T                       |
| 49. Hoechst             | Germany          | Chemicals                 | F                       |
| 50. Electrolux          | Sweden           | Electronics               | F                       |

Note: F: Financial; T: Technical; P: Proposed Financial Collaboration; N: No Information.

Source: Based on: UNCTAD, Division on Transnational Corporations and Investment, *World Investment Report 1994: Transnational Corporations, Employment and the Workplace* (United Nations Publication, Sales No. E.94.II.A.14).

## **CHAPTER III**

### **Implementation of Foreign Investment Approvals**

## CHAPTER - III

### IMPLEMENTATION OF FOREIGN INVESTMENT APPROVALS

#### I. Inflow of Foreign Investments:

Since adoption of the new economic policies considerable attention is being paid to ensure speedy transformation of the approvals into actual inflows. Official agencies make a good deal of information public on a regular basis. This has proved useful in understanding the situation at the aggregate level. Data for the past four years regarding inflow of foreign investment under various schemes is given in Table - 1.

Table - 1

#### Actual Inflow of Foreign Investment 1991 to 1994

| (Amount in Rs. Crs.)         |        |        |          |          |                      |
|------------------------------|--------|--------|----------|----------|----------------------|
| Scheme                       | 1991   | 1992   | 1993     | 1994     | Total for the period |
| (1)                          | (2)    | (3)    | (4)      | (5)      | (6)                  |
| i) FIPB/SIA Approval         | 191.18 | 477.95 | 985.16   | 1500.76  | 3,155.05             |
| ii) Automatic Approval (RBI) |        | 47.58  | 241.23   | 362.58   | 651.39               |
| iii) NRIs                    |        |        |          |          |                      |
| a) 40% Scheme:               | 160.25 | 147.98 | 489.80   | 852.44   | 1,650.47             |
| b) 100% Scheme:              |        | 1.71   | 69.81    | 255.87   | 327.39               |
| Total:                       | 351.43 | 675.22 | 1,786.00 | 2,971.65 | 5,784.30             |

**Source:** Reserve Bank of India, as reported in *SIA Newsletter*, Vol. III, No. 10, February 1995.

The inflows have risen with each successive year. The aggregate size of the inflow, on account of RBI and FIPB/SIA approvals, stood at Rs. 3,806 crores during this period. The inflow is against the approvals with gross value of Rs. 22,240 crores. The actual inflow thus works out to be less than one-fifth of the approvals. For obvious reasons

investment proposals require some time to mature. Larger the size of investment longer indeed could be the gestation period.<sup>1</sup> Realistically one would need to allow a reasonable time to assess the extent of actual implementation. This is evident even in the short experience of four years. For instance, if the inflows during the four years are compared with the amount approved during the first three years the inflow level works out to about 29 per cent. While interpreting the inflow data a few points need to be kept in mind. The monitoring systems are in a transitory stage during which one expects considerable organisational difficulties and coordination. As a result, compilation of inflow data may suffer from time lags and consequential under estimation. We understand that inflow estimates could be affected by multiple factors one set of which depressing the actual inflow figures while the other tending to inflate them. Among the possible reasons for lower reporting are:

- a) NRIs who had initially obtained the permission of RBI or FIPB/SIA may later on opt for the NRI schemes. In such a case even if the project has been implemented and the approved amount has been fully remitted, this fact would not get reflected against the initial approval. Thus remittances under NRI schemes may partly be attributed to RBI/FIPB approvals.
- b) In the initial stages of the venture funds would be brought in as interest free loans which would be adjusted against shares allotted to the foreign collaborator at a later date. Inflow data will capture these amounts only when shares are issued against such advances.
- c) Even if companies receive permission from regional offices of the RBI, this information may reach the central office after a considerable time lag.

The possible circumstances under which inflows could turn out to be overestimates are:

- a) Some of the inflows could be on account of foreign investment approvals given prior to the introduction of new industrial policy in 1991; and
- b) The reported inflow figures are for direct investment and thus may include "bonus shares". To that extent inflow data would not be strictly comparable with investment approvals.

We had an opportunity to examine the inflows data. It was not possible for us to

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1. This assumption, however, does not hold good in case of financial ventures.

clearly isolate the "bonus" component of the inflows. An estimate of the inflows on account of the companies, which were in operation even prior to adoption of the new policies, formed nearly 55-60 per cent of the overall direct investment inflows reported against both RBI and FIPB/SIA. The size of inflows into existing companies has three components: (i) bonus issues; (ii) issue of fresh capital following permission to foreign investors to increase their share in Indian affiliates; and (iii) equity capital issued to foreign investors where existing Indian companies enter into alliance with them (also includes a take over component). This point, however, needs further examination.

**Table - 2**  
**Foreign Investment Inflows by Category**

| (Amount in US\$ million)   |                   |         |         |         |             |
|----------------------------|-------------------|---------|---------|---------|-------------|
|                            | 1991-92           | 1992-93 | 1993-94 | 1994-95 | Total Since |
|                            | (Apr-Dec) 1991-92 |         |         |         |             |
| (1)                        | (2)               | (3)     | (4)     | (5)     | (6)         |
| A. Direct Investment       | 150               | 341     | 620     | 756     | 1867        |
| a. RBI Automatic Route     | -                 | 42      | 89      | 81      | 212         |
| b. SIA/FIPB Route          | 87                | 238     | 315     | 380     | 1020        |
| c. NRIs(40% & 100%)        | 63                | 61      | 217     | 295     | 636         |
| B. Portfolio Investment    | 8                 | 92      | 3493    | 3141    | 6726        |
| a. FIIs -                  | 1                 | 1665    | 1195    | 2861    |             |
| b. Euro Equities           | -                 | 86      | 1463    | 1726    | 3275        |
| c. Offshore funds & others | 8                 | 5       | 365     | 220     | 590         |
| Total (A+B)                | 158               | 433     | 4113    | 3897    | 8601        |

**Source :** Based on India, Ministry of Finance, *Economic Survey, 1994-95*.

The second major source for inflow of capital can be classified under the NRI investments which accounted for 21.7 per cent of the total inflows since 1991-92 (see Table-2). RBI/FIPB approvals together accounted for only 14.3 per cent for the entire period. Portfolio investments -- with FIIs and GDRs playing the major role -- were the mainstay of foreign investment inflows. For a variety of reasons direct investments and

portfolio investments have to be analysed separately. The implications of portfolio investments, especially when undertaken by large FIIs can be serious. There is a fairly widespread impression that there was a wide and growing gap between approvals and actual inflows of direct investment. The causes need to be analysed in a systematic manner. The available data on actual inflow of capital in the form of net additions to the national productive capital as a whole or at the country level, is not adequate.

## **II. Factors Affecting Project Implementation:**

A number of factors influence inflows. No single set of factors could explain the behaviour of investors. Foreign investors can be grouped under the following broad heads. This, however, does not imply that the groupings are mutually exclusive.

(i) large TNCs -- further differentiated between those which have already established themselves in India for sometime and those not having prior experience of operating in India; (ii) small and medium TNCs which may or may not be new to India; (iii) those who filed their investment proposals in the initial rush to escape possible change of official attitude which might deny them an entry; (iv) those who negotiated with their local partners prior to filing their investment proposals with appropriate authorities; (v) Non-resident Indians and persons of Indian origin who have the requisite financial resources but not the required technology; and (vi) those who thought that they could exploit the new liberal environment and could mobilise the necessary finances later. Among the ones who have prior knowledge and experience of India can be included those who sought to raise their shares in their Indian affiliates. It could be seen that each of these categories of investors will face different situations while implementing their projects.

Yet another way of looking at the implementation side is the setting up of green field projects as distinct from taking over or forming joint ventures with existing local enterprises. It should also be kept in mind that some of the approvals were for increasing the share of foreign shareholders in their Indian affiliates in which case taking up additional equity in the existing companies does not involve any steps at 'project implementation'. Size of investments is also a very important variable in project implementation as mega projects are generally associated with long gestation

periods. As opposed to manufacturing ventures service establishments, trading companies, financial operations could be expected to get operationalised with little loss of time.

Yet another factor influencing project implementation is the changing policy environment which may encourage or dampen foreign investors' interest in the collaboration projects. The project may become unviable if the initial parameters change drastically. An important variable in this regard is the reduction of import tariffs. Foreign investors might also be hoping to derive additional incentives and concessions recognising India's keenness to attract investment from abroad. In any case if the anticipated policies do not come about in a reasonable time or get bogged down in controversies and litigations the foreign investor might genuinely lose interest.

At another level, not being very clear of official stance, the investors might have over-stated their investments to make their proposal attractive for the government since the emphasis appeared to be on attracting large quantum of investment. It is also possible that certain projects were committed to act as demonstration pieces during bilateral meetings.

Before operationalising joint venture proposals, bargaining over terms might itself may take a considerably long time. Problems internal to the collaborating partners may also significantly affect the progress of projects. There could be a sudden setback to operations of either of the collaborators: they may be undergoing organisational transformation; facing takeover threats; or involved in family disputes -- as in the case of Indian industrial houses -- which hinder decision-making and tying up finances; etc. Given the global options many of the foreign investors have, international developments may prompt the foreign investor to change his decision.

The manner in which a number of large collaborations were approved in the initial period suggests that neither of the collaborators had a chance for conducting survey for assessing the market potential. Such cases, one expects, will take a longer time to arrive at a right product mix. Secondly, as there were too many aspirants in certain sectors, some of them may drop from the race altogether even before any steps at implementation are taken.

An earlier survey of foreign investors indicated that their expectations were not met on a number of counts.<sup>2</sup> Labour legislation and infrastructure were the most important. On the other hand, there was not much of a disappointment when it came to the availability of skilled manpower or size of the domestic market. Manpower factor acquires significance as recent press reports indicate that this has become a bottleneck for further expansion of operations of foreign companies in China.

In response to the survey,<sup>3</sup> a number of companies reported that they were experiencing problems at the state level during the implementation of their projects. These mainly related to getting power and water connections, land allocation, getting backward area benefits, etc. Small units relatively found state and local level clearances as also customs procedures to be greater hurdles than the 'Others'. On the other hand, delay in implementation of proclaimed official policies were more important for larger units.

### III. Automatic Approvals and Inflows

We have indicated in the preceding section that actual inflows may be an underestimate as (i) foreign exchange remitted into India as advance against future issue of shares will not be treated as inflows till the shares are issued by the companies, and (ii) information on issue of shares reaches the central office of RBI with some time lag. In spite of these limitations, the reported inflow data may provide some insights about the prevailing situation.

Out of the 743 automatic approvals given till January 1995, inflows were reported only in 251 cases (see Table-3). The corresponding amounts were Rs. 2,177.40 crores and Rs. 687.10 crores, respectively. If inflow of equity capital is treated as an indication of the projects being implemented/under-implementation, such projects constitute one-third of the total approvals. Approved amount involved in these 251 projects constituted 45 per cent of the aggregate investment. It is important to note that while the overall inflow works out to 31.56 per cent, in case of the 251 projects actual inflows accounted for 70 per cent of the corresponding approved investment.

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2. S.K. Goyal, et. al., "Foreign Investment Approvals : An Analysis (August 1991 - July 1993), Institute for Studies in Industrial Development, New Delhi, 1994.

3. *Supra* note 2.

It has been noted earlier that a number of foreign companies sought to raise their shares in their Indian affiliates during the post-policy period. The amount of approved equity on their count works out to 23.4 per cent of the total. The share of equity hike cases in actual inflows is as high as 53.8 per cent. In equity hike cases as much as 73.3 per cent of the approved investment has already been taken up by the foreign shareholders. It is obvious that in their case 'implementation' does not pose any serious problem and as such their cases are not relevant for the present discussion.<sup>4</sup> If the equity hike cases are kept out, it would appear that the actual inflow is less than one-fifth of the approved investment.

In order to get a realistic picture of implementation there is a need to keep equity hike cases out of the analysis. Similarly, since one cannot expect projects to take off immediately it would be meaningful to allow certain time to lapse before taking them into consideration. The results of the exercises conducted by taking approvals given up to March 1994 after excluding equity hike cases and the ones where we could not obtain the date of approval are given in Table - 3.

It can be seen from the Table that though the overall inflow works out to only 22.2 per cent, the projects in whose case inflows have already commenced accounted for 43.4 per cent of the approved investment. Even if we take the older cases, the actual inflow is quite low: 28.66 per cent for cases approved till 1992-93 and 31.02 for those approved till 1991-92. What is probably more important is that in as many as 169 cases, which were approved till the end of 1992-93, inflows have not yet commenced. The amount involved in their case was Rs. 443 crores. Given such a long time the possibility of their inflows being underestimated or not having reached the official knowledge is quite remote. It may be realistic to assume that in these 169 collaborations constituting 57 per cent of those approved till 1992-93, the parties may not have any interest left.<sup>5</sup>

Distribution of the approvals on the basis of the size of the investment does not follow any clear pattern. Medium-sized projects seem to be doing better than the rest as both the number of projects and the amount involved in them constituted more

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4. Except share valuations and the policy guidelines governing them, the problems associated with setting up of new projects are not relevant for them.

5. Some of these may be following the NRI route. We, however, do not have any information on NRI approvals.

Table - 3

**Status of Implementation of Foreign Investment Approvals  
Approved through the Automatic Route  
(As at the end of January 1995)**

| (Amount in Rs. cr.)                                                                                                                       |      |                          |              |                                         |                  |                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------|------|--------------------------|--------------|-----------------------------------------|------------------|-------------------------------------------------|
| Category                                                                                                                                  |      | Approvals<br>Under Impl. | Implemented/ | Implemen-#<br>tation (%)<br>(3)/(2)*100 | Actual<br>Inflow | Inflow as % of<br>Approved Invt.<br>(5)/(2)*100 |
| (1)                                                                                                                                       |      | (2)                      | (3)          | (4)                                     | (5)              | (6)                                             |
| All Approvals                                                                                                                             | No.  | 743                      | 251          | 33.78                                   |                  |                                                 |
|                                                                                                                                           | Amt. | 2177.40                  | 978.95       | 44.96                                   | 687.10           | 31.56                                           |
| Equity Hike Cases                                                                                                                         | No.  | 75                       | 53           | 70.67                                   |                  |                                                 |
|                                                                                                                                           | Amt. | 504.56                   | 404.87       | 80.24                                   | 369.85           | 73.30                                           |
| Others                                                                                                                                    | No.  | 668                      | 198          | 29.64                                   |                  |                                                 |
|                                                                                                                                           | Amt. | 1672.84                  | 574.08       | 34.32                                   | 317.25           | 18.96                                           |
| Distribution of Approvals and Inflows according to Size of Approved Investment (Approved till March 1994 and excluding equity hike cases) |      |                          |              |                                         |                  |                                                 |
| All Cases                                                                                                                                 | No.  | 488                      | 182          | 38.52                                   |                  |                                                 |
|                                                                                                                                           | Amt. | 1196.75                  | 518.99       | 43.37                                   | 265.62           | 22.20                                           |
| up to Rs. 25 lakhs                                                                                                                        | No.  | 242                      | 89           | 36.78                                   |                  |                                                 |
|                                                                                                                                           | Amt. | 21.50                    | 9.11         | 42.37                                   | 6.04             | 28.09                                           |
| 25 to 50 lakhs                                                                                                                            | No.  | 63                       | 19           | 30.16                                   |                  |                                                 |
|                                                                                                                                           | Amt. | 22.61                    | 6.88         | 30.43                                   | 6.02             | 26.63                                           |
| 50 lakhs to 1 cr.                                                                                                                         | No.  | 64                       | 29           | 45.31                                   |                  |                                                 |
|                                                                                                                                           | Amt. | 45.78                    | 20.48        | 44.74                                   | 14.54            | 31.76                                           |
| 1 to 5 cr.                                                                                                                                | No.  | 85                       | 35           | 41.18                                   |                  |                                                 |
|                                                                                                                                           | Amt. | 190.74                   | 79.55        | 41.71                                   | 57.02            | 29.89                                           |
| Above 5 cr.                                                                                                                               | No.  | 34                       | 10           | 29.41                                   |                  |                                                 |
|                                                                                                                                           | Amt. | 916.11                   | 402.96       | 43.99                                   | 181.20           | 19.78                                           |
| Sector-wise Distribution of Approvals and Inflows (Approved till March 1994 and excluding equity hike cases)                              |      |                          |              |                                         |                  |                                                 |
| Manufacturing                                                                                                                             | No.  | 360                      | 141          | 39.17                                   |                  |                                                 |
|                                                                                                                                           | Amt. | 1141.56                  | 502.36       | 44.01                                   | 253.09           | 22.17                                           |
| Others                                                                                                                                    | No.  | 128                      | 41           | 32.03                                   |                  |                                                 |
|                                                                                                                                           | Amt. | 55.19                    | 16.63        | 30.13                                   | 12.52            | 22.69                                           |
| Period-wise Distribution of Approvals and Inflows                                                                                         |      |                          |              |                                         |                  |                                                 |
| Approved till 1993-94                                                                                                                     | No.  | 488                      | 182          | 37.30                                   |                  |                                                 |
|                                                                                                                                           | Amt. | 1196.75                  | 518.99       | 43.37                                   | 265.62           | 22.20                                           |
| Approved till 1992-93                                                                                                                     | No.  | 296                      | 127          | 42.91                                   |                  |                                                 |
|                                                                                                                                           | Amt. | 800.13                   | 356.84       | 44.60                                   | 229.30           | 28.66                                           |
| Approved till 1991-92                                                                                                                     | No.  | 105                      | 57           | 54.29                                   |                  |                                                 |
|                                                                                                                                           | Amt. | 372.02                   | 209.20       | 56.23                                   | 115.40           | 31.02                                           |

#It has been assumed that inflow of investment is an indication of implementation. The project(s) could have already been implemented or in the process of being implemented.

Source: Based on a database of approvals and inflows provided by the Reserve Bank of India.

than 40 per cent of the corresponding approvals. It also appears that there is not much of a difference between manufacturing projects and others in terms of inflows. However, manufacturing sector fared better in terms of the relative number of projects under way and the investment involved.

#### **IV. Relevance of Information on Potential and Actual Inflows**

At any point of time, total approved amount is a cumulative figure for the past periods. It would be inappropriate to compare total approvals with inflows as approvals in the immediate past cannot be expected to be implemented instantaneously. Not all the approved investment may be remitted into the country in one go especially when the project involves large investments. It would also not serve any purpose to continue to show the amounts involved in abandoned projects particularly when these are quite large ones.

Given multiple factors at play simultaneously, inflows at a point of time may not provide a clear guide of the prevailing situation. Instead of actual inflows, an estimate of the potential inflows and their time span may be more useful from policy-makers' point of view. Having an estimate of the amount involved in abandoned projects would help in forming a realistic base for expectations.

We have seen in the preceding chapter that a limited number of approvals account for an overwhelming portion of the aggregate approved investment. There is heavy concentration in terms of industry distribution too. Oil, power and metals account for a substantial part of the aggregate approvals. These sectors were also characterised by large projects. Implementation of such projects obviously would have a great impact on inflow figures. Power projects have got delayed due to the controversy over counter guarantees. Telecommunications is another area which ran into controversies.

#### **V. The Survey, its Background and Assumptions:**

To find the status of implementation of the new foreign investment projects, and to identify the problems faced by the investors during implementation, a questionnaire was addressed to all who were granted approvals during the three year

period August 1991 and July 1994 and for foreign equity of at least rupees five crores.<sup>6</sup>

Tracing the collaborating parties proved to be a difficult task. Many of the TNCs, who were seeking to enter India for the first time, hired the services of consultancy, legal and chartered accountant firms to incorporate the companies and possibly to follow up the collaboration proposals. The collaboration approvals also carried such firms' addresses. Local addresses of such companies' offices could not be traced easily. Many among those who had initially given Delhi addresses were traced in other cities like Bombay and Bangalore. Interestingly, not many of the questionnaires sent through the postal system were returned as undelivered; there were no responses either. It can be assumed, and this fact was confirmed later on in a number of cases, that the questionnaires were forwarded to the companies at their present addresses. Since there cannot be any uniform pattern in approvals what appears as 'Indian Company' in the reported collaboration approvals can be an individual (Indian or foreign), a firm or a corporation or the joint venture company itself. The names of foreign companies can be found in the column meant for Indian companies. In the former case one has to look for the joint venture/ subsidiary company's name, address and contact persons; and in the latter one is not sure about the antecedents of the promoting company(ies). Most joint venture companies understandably are new and details of them are not available from public sources, business and telephone directories, membership lists of industry associations, etc. Indeed, at the time of an approval by the FIPB the name may just be a proposed one or the name may get changed soon after the agreement was formally signed by the collaborating parties. Even if one knows the names of both the companies, it is also difficult to foresee who would be willing to respond to the follow up inquiries may this be an official agency or a research institution like ours.

We have collected information from a variety of sources including prospectuses, press reports and personal contacts to obtain a view on the stage of implementation. As explained in the foregoing, actual inflows may not be relevant at present. For example, if one goes by the actual capital inflow as on a specific date the size of remittances on account of power projects would not appear to be large

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6, The exercise was confined to proposals worth Rs. 5.00 crores or more. The questionnaires were followed up through telephonic queries and personal visits.

especially when compared to the overall size of the investment involved. It appears to us that the proposals are being pursued for related official approvals and financial guarantees. Once the basic administrative clearances and processing is through there could be a sudden rise in the funds remitted or equipment sent. We have observed that the restaurant chains, which are planning to start their business in India within the next few months do not find a place in the list of those who have made remittances. Their operations are probably sustained by advances against future issue of equity shares.

The methodology adopted by us could be improved considerably. One could insist on having written and formal responses. Our experience is that while most investors cooperate there are many who evade direct responses and keep on postponing the promised written responses. If one wishes to get a realistic view of the present status of implementation one should not wholly depend on official responses from the companies. Should one always wait for specific official confirmation to conclude that a project has been abandoned? For project implementation there are many a stage before the final product becomes available. If after more than two years, minimum steps have not been taken and a company repeatedly insists that negotiations with collaborators are getting finalised what should one conclude? Implementation cannot be judged in a mechanical manner. There must be an efficient system of monitoring and regular reporting. It is our understanding that because of the highly skewed nature of the distribution of the investment approvals it should suffice to concentrate on the large investment cases.

Normally, our understanding is that all projects of substance attract attention of the press. Industrialists and foreign investors like to give maximum publicity for their projects as a part of goodwill and for purposes of image building exercise. Entrepreneurs often use the press to highlight their problems, lobby and exert pressure on the official machinery to get the hurdles cleared. This is one reason for relying on the press reports as additional source of information.

Entrepreneurs are not expected to openly admit failure to avoid any direct reflection on their credibility. Some respondent firms politely refused to respond to our questionnaires saying that it was their corporate policy not to participate in such surveys. May be that all business information is considered confidential in the early stages of implementation.

Even when a project is reported as "Under Implementation", one needs to critically examine other relevant information and circumstances. Each bit of information is useful.

In view of the above we have adopted an approach somewhat different from the conventional one, in order to draw as realistic a picture as possible. This approach has the inherent risk of sometimes being subjective and has an element of built-in risk of error in it. As a result we might have erred in certain cases but such methodological weakness, we believe, will not affect the over all results in any significant manner. The focus here is not on the individual project but to gain better insights into the foreign investment possibilities at the aggregate level.

We have made an assumption that if inflows have started coming in, it is a good indicator of the seriousness with which the proposal is being pursued by both the partners. It is recognised that mere incorporation of a new legal identity in the form of a joint venture company, recruitment of personnel, or remittances need not be a definitive proof; and yet these factors are good indicators of the stage of implementation of a project. As a business reality one also needs to keep in mind that even after going through many stages at implementation a project could take years to materialise or could even summarily be abandoned.

There is a growing body of evidence to suggest that 'dirty industries' or polluting industries get shifted to countries where anti-pollution laws do not exist or are weak. The target in such cases invariably will be a Third World country. Opposition in the host country to such projects may be stronger if the projects are seen as 'foreign'. It is clear that in such circumstances even when the collaborating parties are keen to go ahead with the project the speed at implementation may depend on the intensity of the activist groups opposing the establishment of such activity.

The implementation of the project can be viewed from two angles. A project which initially envisaged the participation of a foreign collaborator in the risk capital may still be implemented without the involvement of foreign investor. From the project's point of view it has been implemented but the foreign investment proposal should be taken as 'abandoned' or having become 'infructuous'. The 'abandoned' category is in the latter sense. Similarly, a project might be going ahead with equity participation of the foreign investor but at a grossly reduced level of investment. In such a situation classification becomes difficult.

When a project does not make much headway, there can be various shades of the non-implementation. The terms of collaborations with the original foreign partner may be under review or the Indian party may be pursuing another collaborator for the same project. In the latter case one can take two stands. One, that the project has not been abandoned since the project is likely to come up and there would be foreign investment inflow even if it not from the original collaborator. On the other hand, technically speaking, the collaboration, as officially approved, is 'abandoned' and a fresh approval may need to be obtained for joining hands with a new collaborator. One is not sure of the official position in this respect.

Similarly, in cases where no information is available, this fact itself might be taken as an indication of the lack of progress in the project. Yet another category could be that the collaborators might be keen to go ahead with the project but are waiting for an opportune moment -- say reduction of import duties on certain critical inputs or machinery or change in labour legislation or pursuing one or the other state government for clearance and some still continuing to pursue the matter in spite of having a firm 'no' or rejection. Situations are not unknown when projects get revived after considerable time gap.

The following analysis of the status of implementation of large foreign investment projects take into consideration the possibilities discussed in the above.

## **VI. Status of Implementation and Potential Inflows:**

To gain an understanding of the progress of large collaboration projects, as these have special significance for capital inflows, we have identified 331 approvals each involving Rs. 5.00 crores or more of foreign investment.<sup>7</sup> All these projects

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7. Filling the data gaps for the initial period was a difficult task. The Indian Investment Centre in their *Newsletter* started giving investment data from June 1992 only. There is an element of uncertainty regarding the quantum of foreign investment involved and the percentage shares. In the subsequent period too there are some gaps. Under the circumstances, in a few cases, the investment figures collected by us from different sources may vary from the actuals. Even the official figures may be undergoing changes as and when the collaborating parties seek revisions in the approvals. A few 'collaborators' clarified that theirs was only a technical collaboration and no investment was involved. Out of the 333 cases selected for detailed survey, in 8 cases no investment data was available but in view of the nature of the collaborators and the type of project, we have assumed that the investment involved would be at least Rs. 5.00 crores and hence included them in the set of large approvals. Since two cases turned out be repetitions we were left with 331 approvals.

received their approvals before the end of July 1994. This ensures that there was sufficient time for the parties to initiate steps at project implementation. Aggregate investment involved in the 331 projects was more than fourteen thousand crores *i.e.*, nearly ninety per cent of the gross value of the official approvals during August 1991 to July 1994. The summary status of the 331 projects is shown in Table 4. (see Annexure-II for a full list of the projects surveyed).

**Table - 4**  
**Status of Implementation of Large Foreign Investment Projects**  
(Amount in Rs. Crs.)

| Status of Implementation                      | No. of Approvals | Investment (Equity) | % Share in Total Amount |
|-----------------------------------------------|------------------|---------------------|-------------------------|
| (1)                                           | (2)              | (3)                 | (4)                     |
| 1 Implemented Proposals                       | 79               | 2662.97             | 18.98                   |
| 2 In Progress Proposals                       | 104              | 6229.17             | 44.40                   |
| 3 Equity Hike Cases                           | 37               | 787.37              | 5.62                    |
| Sub-Total (1-3)                               | 220              | 9679.51             | 69.00                   |
| 4 No Progress/Under Review/<br>Withheld Cases | 27               | 2274.69             | 16.21                   |
| 5 Abandoned Cases                             | 34               | 1247.65             | 8.89                    |
| Sub-Total (4&5)                               | 61               | 3522.34             | 25.10                   |
| 6 No Information                              | 50               | 828.67              | 5.90                    |
| Total                                         | 331              | 14030.52            | 100.00                  |

**Source :** Generated from the ISID database on Foreign Collaborations.

**a) Implemented and In Progress Cases**

In 183 out of the 331 projects, there are positive signs of these being under various stages of implementation or these being actively pursued by their promoters. The approved investment involved in these projects is of the order of Rs. 8,800 crores or approximately 63 per cent of the total investment involved in the 183 projects. Out of this, 79 projects with a combined approved investment of Rs. 2,663 crores seem to have commenced operations or are at an advanced stage of implementation. In terms of investment, their share works out to a little less than one-fifth of the total. Given

the fact that about 44 per cent of the investment is associated with 104 projects which are identified to be 'In Progress', the rate of future inflows will greatly depend on how these projects come up.

Among the 'implemented' projects are six projects where existing undertakings were taken over by newly formed joint ventures. The amount involved in these ventures was Rs. 173.60 crores.

A few projects were included in the 'In Progress' category though we are not in a position to express an opinion regarding the extent to which foreign investment would really flow into these ventures. One of the projects (Black Gold Refineries promoted by Mr. T.R. Datla) involves foreign investment of Rs. 35.00 crores. The NRI promoter is reported to have defaulted to the tune of Rs. 1.00 crore to the Andhra Pradesh State Financial Corpn. in one of his earlier ventures. The company's proposal for public offer of shares is now pending with SEBI due to APSFC's complaint. Asea Brown Boveri (ABB) project though is reported to be coming up in Gujarat, it appears that no foreign investment by ABB Kraftwerke was involved *i.e.*, instead of as a joint venture the project may be coming up as a unit of ABB.

The large projects have among them 37 cases where the companies sought to increase the share of the foreign share holder. Rs. 787 crores worth of investment was to be brought in on their account. Indications are that in all these cases, the hike in equity has been effected. This constituted about 5.6 per cent of the total investment of the 331 projects.

#### **b) Abandoned Cases**

On the other extreme are the 'Abandoned' cases. The most important in this group are: Caparo group's Kalinga Steels project in Orissa; Itochu's proposed investment in Reliance Refinery and Dadi Balsara's hotel project. The main reason attributed to the failure of the Caparo project is that the Indian financial institutions refused to lend money at lower interest rate as they had strong reservations over the 3:1 debt equity ratio fixed for the project. It may be noted that the group later joined hands with Machino Techno Sales Ltd to set up Caparo Maruti Ltd for manufacture of automobile components. Caparo's contribution to the equity of this joint venture was Rs. 6.00 crores. In Kalinga Steels Caparo's investment was to be Rs. 270.00 crores.

We have classified Balsara's hotel project to have been 'abandoned' in the original form as they are reported to be pursuing the NRI route with total foreign investment of about Rs. 2.00 crores only. Other important abandoned proposals are: Cargill's salt project; Tetra-Pak's packaging machinery project, Harisons Malayalam's project with ENI for lubricating oils and carbon black; ITC Classic's joint venture with Peregrine and Dadi Balsara's earlier approval for mineral water. It may be noted that ever since getting the initial approvals in February 1992 the Dadi group has periodically been announcing their investment plans. But even after three years, none of the four projects (mineral water, hotels, watches and perfumes) seem to be anywhere near completion. In the latter two cases even the collaborators have not been identified. The hotel project which is more in the nature of franchising, and the mineral water projects are reported to be comparatively better placed with grossly reduced levels of investments. BMW's proposal is another major case of failed foreign investment projects. It is well known that the BMW group after initial understanding with the Escorts group is now reported to be drawing plans to associate itself with the Hero group.

**c) No Progress, Under Review and Withheld Cases**

The 'No progress' cases are another important group of projects. These projects though numbering only 12 account for as much as 7.5 per cent of the total approved investment of the 331 projects. This group contains some substantial proposals. Tatum Sanchi (Rs. 40 crores) informed that their project could not take off due to delay in the implementation of another project of the group. It may be noted that out of the total approved investment, as much as Rs. 32.4 crores were to be contributed by NRIs. As of now, there are no indications of the revival of the project. The group contains three major proposals in none of whose cases we could get either a local contact nor our letters to their foreign addresses were replied to during this year as also last year. Considering the size of the projects and other evidence we are forced to conclude that these projects never took off. In the case of Lexmark printer manufacture (in the place of 'Indian Company' what we have in the approval is Kailash Joshi of Santa Clara) personal enquiries could not get the whereabouts of the Indian

party. From a recent advertisement and the follow up inquiries we find that Lexmark printers are still being imported and the dealer is not aware of their being manufactured in India by any unit. This proposal was worth Rs. 60 crores. Chateau International had a proposal to set up a seven-star hotel in the sea (floating hotel) between Nariman Point and Cuffe Parade, Bombay. The Maharashtra Government had rejected the proposal. But the promoters do not seem to have given up yet.

The largest proposal in this group is that of Orind Steels Ltd envisaging an equity investment of Rs. 400 crores by Gold Star Investment Ltd of UAE. From a brochure issued by the company it appears that the estimated cost of the project was Rs. 1050 crores. This includes an equity component of Rs. 450 crores out of which the proposed contribution of "Foreign Investors, FIIs, NRIs, etc." was Rs. 210 crores. In this background, at this stage, it is difficult to envisage that the approved Rs. 400 crores will be invested in the project. Incidentally, this is the third largest foreign investment proposal approved during the post-policy period.

Nippon Denro Ispat's is another major investment proposal envisaging Rs. 150 crores investment by a Mexican company. Both the Indian Company and the foreign investor belong to the 'ISPAT' group. The proposal received the government's approval in July 1993. A recent newspaper report indicates that the ISPAT group is setting up a Rs. 4,100 crores integrated steel complex at Dolvi, near Bombay. "However, the management is yet to finalise the raising of the equity portion. The various companies of the group, including the cash-rich overseas affiliates, would contribute to the equity of Nippon Denro".<sup>8</sup> It is difficult to comment on the Mexican company's investment in Nippon Denro because except for a general reference to 'cash-rich overseas affiliates' there is no specific reference to the Mexican company.

Since the other two projects of the Balsara group has not declared the two projects as 'abandoned' we have classified them as 'under review' cases with a doubtful future. It is surprising that the group which is known for their perfumes is still not able to implement even the perfumes project. On the other hand, Tikkoos are reported to be pursuing the deep sea fishing project inspite of some set backs. While the Tikkoos are keen to go ahead with this project, the financial institutions are reported to have rejected the proposal as they were not willing to finance it due to the proposed high

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8. See: "Mittals to set up Rs. 4,100 crore steel complex in Maharashtra", *Economic Times*, February 18, 1995.

debt equity ratio. The Institutions were reported to be not keen on promoting a foreign venture in which bulk of the money comes from Indian institutions. "We would rather not encourage this kind of investments", were the remarks attributed to the financial institutions.<sup>9</sup>

Next in importance are those reported to be on hold. We have tried to distinguish these cases according to the relative possibility of their getting implemented. The most important among the 'On hold' cases is Ashok Leyland and GOTCO's proposal for the East Coast Refinery. From the press reports it becomes clear that this Hinduja group's project in Orissa will not be implemented as was originally conceived due the group's failure to make Indian Oil Corporation (IOC) agree to their terms. We have indicated this possibility in our earlier study.<sup>10</sup> Initially, Hinduja's wanted IOC to restrict their share holding to 25 per cent only. But later agreed to let IOC have 26 per cent of the equity "provided the public sector company gave access to its marketing network and distributed the petroleum products of Gulf Oil Trading Company under the "Gulf" brand. Further, they demanded that Gulf Oil should be given the exclusive rights to supply crude oil to the proposed refinery. None of the above conditions were acceptable to IOC".<sup>11</sup> However, there appears to be a possibility that the group may be allowed to set up another refinery on the east coast. But for this possibility this project can be treated to have been abandoned. Another important case in this category is the hotel-cum-casino project of Asian Consolidated Group involving foreign investment of Rs. 100 crores. It seems that the group has failed to secure the permission of Delhi and Haryana governments and is presently in touch with other state governments in Northern India to locate its venture.

Shri Vickram Tikkoo (an NRI) had got his proposal to set up a beer manufacturing unit approved in January 1993. He seems to have tied up with Holsten of Germany for this project. However, the expected inflow on his account would be about one-third of what initially was proposed. A recent newspaper report says that "Although not much has been heard about the project, the Tikkoo's say it will come up

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9. "Tikkoo's mega projects yet to take off", *Economic Times*, January 19, 1995.

10. *Supra* note 1.

11. See: CMIE, *The Shape of Things to Come Survey of Investment Projects*, December 1994.

by the Summer of 1996". The report further stated that "The Tikkoo's, earlier based in London, have shifted to the Bahamas. Not much is known about their overseas operations. The letterhead of the Tikkoo Corporation at Bahamas, only has a post box number".<sup>12</sup>

The Parmars' proposal to set up oil refinery in Gujarat is the second largest investment proposal cleared during the post-policy period next in size only to Enron with a foreign equity component of Rs. 600 crores. The proposal was cleared in August 1993. In our earlier study we had indicated the problems being faced by the project. The latest in this regard is that the "state government ordered to halt all construction activities at the project site following doubts raised about financial capability of promoters".<sup>13</sup>

#### d) Summing Up

The above discussion seems to suggest the following: one, 220 projects which have been implemented or are being implemented/pursued actively including those which sought permission to increase the stake of foreign share holder, account for slightly more than two-thirds of the approved investment involved in the 331 projects. The actual quantum works out to approximately Rs 9,700 crores. While interpreting these results it may be borne in mind that out of this 9,700 crores as much as 2,227 crores can be traced to the power projects. The controversy over foreign power projects is still continuing. Secondly, even if a project is completely implemented actual inflows could still be lower than the original approvals.

Given the fact that about 44 per cent of the investment is associated with 104 projects which are identified to be 'In Progress', the rate of future inflows will greatly depend on how these projects come up. In as many as 50 cases covering approximately 6 percent of the investment we are not in a position to come to any conclusion due to lack of information. Experience suggests a high possibility of many of these being kept in abeyance or having been abandoned already. In the case of the remaining 60 odd proposals, it is difficult to envisage major investments to be coming

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12. "Tikkoo's mega project yet to take off", *Economic Times*, January 19, 1995.

13. Centre for Monitoring Indian Economy, *Shape of Things to Come: Survey of Investment Projects*, December 1994.

in. These included a few very large proposals and are also marked by involvement of NRIs and persons of Indian origin. An additional feature of some of these projects is that they were expected to come up as 100% EOUs. One inescapable conclusion is that NRI had promised too much; much beyond their means. In our earlier study we had indicated how the terms of collaboration were drawn in such a manner they would unduly benefit the NRIs' personal companies. The approved amount involved in doubtful and abandoned cases is worth nearly Rs 3,500 crores or about one-fourth of the total approvals.

## **VII. Investor Problems and Suggestions:**

We have requested the collaborating companies to describe the major problems experienced by them while entering into the collaboration agreement and/or at the implementing stage of the project. The problems faced by the companies, as reported, are of varied nature. Among the major reasons for the delays in implementing projects are: (i) non-cooperative attitude of government officials; (ii) inconsistency in government policies; (iii) delays in obtaining clearance from pollution control boards; (iv) lack of coordination between central and state policies; (v) excise/custom/sales taxes, and (vi) getting electricity/power connection. Other important problems mentioned by the respondents relate to obtaining of loans from financial institutions, poor infrastructure facilities, inconsistency in trade and tax policies, lack of professionalism in handling the cases. Excepting a few cases which mentioned collaborator's non-cooperation and lack of market for the product as their main problems, almost all problems related in one way or the other to governmental policies and/or organisations.<sup>14</sup>

Some of the specific problems mentioned by the respondents are below as follows:

**Lack of Co-ordination:** Many companies stated that lack of co-ordination among government departments and/or ministries to be one of the major causes responsible for the delay in executing their respective projects. As a result of this most of the

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14. The investors' attitude sounds like that of cry babies on the one hand and rarely ready to own their own shortcomings.

companies are still finding it difficult to identify the final approving authority to be approached for different types of approvals. The following are relevant excerpts from the responses :

"The company is a 100% EOU falling under the jurisdiction of MEPZ. Permission of MEPZ is required for disposal of scrap, waste, reimbursement of CST etc. Certain documents relating to these applications are required to be certified by concerned Central Excise Officers. But as per instructions from Ministry of Finance, these Officials are prohibited from giving such certificates resulting in inordinate delays in the processing of applications. Better co-ordination between Ministry of Finance and Ministry of Commerce is called for."

"Project Imports Scheme: Although our application was approved by Ministry of Industry, the Collector of Customs has required to similarly review and approve the program." Henceforth each single import shipment will have to be similarly applied for even though project approval has been granted for the total project."

**Financial institutions:** Another cause, for the delay in implementing the projects, mentioned by a number of investors is regarding the time taken by the financial institutions/commercial banks in sanctioning term loans. The time taken by financial institutions in appraising project proposals is also another reason for the delay. This, according to them, is due lack of competent personnel and knowledge about technical collaboration agreements.

"Slowness in processing of the Term loans for the project by Financial Institutions/Commercial Banks as each individual FI/Bank had to be approached in the absence of the single window consortium concept".

"Financial institutions such as IDBI, IFCI, ICICI are still adopting typical government bureaucracy of older days and are not improving their activities according to National Demand."

"New technology -- Financial institutions took lot of time to understand the impact of New Technology."

"Financial institutions insisted on financial participation by technical collaborator to take care of problems arising out of New Technology absorption".

**Reserve Bank of India:** Requirement of dual approvals from Government of India and the Reserve Bank of India for obtaining foreign currency which involves lot of time and paper work is another reason delaying the implementation of projects. To mention some of the cases --

"For the foreign currency obtained by us we were required to take the approval of Government of India as well as Reserve Bank of India. When the approval is given by Government of India, further approval by RBI should be disposed with, which involve time as well as dual authority though no specific/useful purpose appears to be served."

"The approvals if any, required from RBI and Central Government should be compulsorily made available within specific time limit."

"The Statutory authorities should have compulsory policy to dispose off the issues raised or approvals sought within specified time failing which it should automatically be treated as approved."

"In respect of investments which the company brought through foreign collaborators, non-residents and NRIs again Government of India as well as RBI approvals are required, which again is a duplication. RBI which in most cases only acts as a post office merely endorsing Government of India approvals from time to time, take their own time delaying the project and the implementation thereof."

"We had to obtain RBI permission under the FERA Act in order to issue shares to our foreign collaborators. The prevailing system requires an 'in principle' approval from RBI for the entire amount of share capital to be allotted to the collaborators, first. Then again as and when the FOREX is brought in, either in instalments or at one go, by the collaborator, we are required to keep going back to RBI for their final approval each time."

"Even though considerable liberalisation of policies/ procedures have been made, RBI clearance is required for engaging specialised technicians/ consultants from abroad."

**Customs:** Many respondents have mentioned Customs to be a big problem area. One of the respondents said that while there is only a negative list of imports, customs are classifying many items as consumer goods and hence levying duties rendering the OGL meaningless.

Some of the suggestions with respect to customs duties are as follows :

"Customs duty on many raw materials are 65% to 85% whereas on finished goods made by these raw material attracts custom duty @25%. This anomaly should be removed."

"... the current import duty on the raw materials like D4 etc. is 65% which is equivalent to the duty charged on finished silicone derivative bought in India."

"Duty free imports of capital goods against export obligation for industries investing 25 crores and above in plant and machinery."

"Zero duty on capital goods import under EPCG commitments."

**Tax Policy:** A number of suggestions were offered to re-orient the tax structure. An opinion was expressed that Investors, especially foreign investors, find it very difficult to take long term investment decisions due to lack of uniform tax policies.

"Absence of long term Tax policy both for Direct and Indirect Taxes making it difficult for Foreign investors to take a long term view on their investment decisions."

"Concept of Modvat Credit on Capital Goods being fraught with several ambiguities. This would be considerably simplified by allowing for Modvat Credit on all goods which are purchased during project stage."

"each excise tax office has a responsibility to collect revenues which form a sizeable portion of the government budget. Modvat requests are intended to stimulate investment by granting offsets against dues. The application and documentation requirements to secure such offsets are extremely difficult (also to potentially deter fraud). This makes it very difficult for new projects to avail of rightfully due incentives."

**Technology Parks:** Lack of clarity about the facilities available and procedures to be followed under the 'Technology Park' policy introduced by the government of India has taken long time to understand.

"Government should make the EHTP Scheme more easy and the number of formalities be reduced."

"Quick permission for movement of duty free equipment from EOU to STP and visa versa for optimum utilisation and quick implementation of software exports. This is essential since the software orders require specific skills and have to be executed where people are available. It is easier to move the equipment than the people to Bombay/Delhi from other cities on account of housing problem."

**Pollution Control Clearance:** This is another policy issue on which almost all investors have some reservation for getting 'No objection certificate'. Some companies raised objections to the imposition of environmental clearance on environment free industries. Some feel it is coming in the way for getting approval for electricity or water as it is linked to one or the other approval.

"In spite of our unit being of the non-polluting category, we had to submit different sets of papers and again clarifications had to be given, eventually spending more than 2 months for obtaining the no objection certificate".

"there should be separate norms for issue of NOC from Pollution Control Board. The Gujarat Electricity Board is not accepting the power application until and unless NOC/site clearance is received from Pollution Control Board."

**Infrastructure:** Almost all the respondents mentioned one or the other problem relating to telecommunication facilities, roads leading to industrial areas, electricity, water etc.

**Others:** Some more instances, mentioned by the respondents in addition to the general problem of elaborate procedures industries required to attend to and which are coming in the way of speedy implementation of projects are as follows:

"the project envisaged under the collaboration approved by the Reserve Bank of India did not materialise owing to changed market conditions."

"Due to earth-quake in Los Angles import of machinery is delayed".

"Due to plague machinery suppliers' engineers did not arrive Hyderabad for installation of imported machinery."

"The agreement with (the US collaborator) had to be abandoned on account of their total failure to honour certain vital clauses of the collaboration agreement."

"corruption rampant among officials".

**Suggestions:** The respondents have offered a variety of suggestions for improving the investment climate in the country. The most important suggestion made by the respondents are: 'setting up single window clearance', 'faster sanctioning of term loans by financial institutions/banks', 'change in bureaucratic attitudes', 'simplification of custom procedures' and 'improving infrastructure facilities'. Some of the investors felt that there was an urgent necessity to maintain a database by collection and dissemination of data on products/markets/ technologies to help them planning their projects better. One of the respondents suggested that official data requirements can both for monitoring and regulatory purposes can be collected through suitable amending of the Schedule VI of the Companies Act, 1956. A few of the more important ones are as follows:

#### Single window clearance:

"Single window concept for clearing the proposals in order to avoid unnecessary delays and promotion of an appellate authority like 'Udyog Bandhu of UP' all over the country." is desirable.

"procedure should be such that a system of 'single window clearance' should be resorted to, to take care of all government approvals at the state levels such as power, pollution control, Factories Act etc. through a Coordination Cell, with representation from different departments."

#### Pollution Clearance:

"There should be differentiation in the clearance procedure for polluting and non-polluting industries."

#### Corruption:

"Get rid of corruption by increasing salaries of government employees to respectable levels."

#### Tariffs:

"Slashing down of custom duty should be based on merits.

"restructure/rationalise duties to avoid litigation, which is costly for Govt. as well".

"Liberalization in Import should be based as such that indigenous technology developed within the country should not be discouraged. Example: Catalysts used in Petro Chemicals, Chemicals, Fertilizers industries are being produced in the country and the quality is better than imported catalyst, hence import of catalyst/chemicals should not allowed under liberalisation".

#### Reserve Bank of India:

"Our suggestion is to telescope this entire procedure as a one time approval for the issue of share/debentures to foreign collaborators against inflow of FOREX through one or more designated banks [by RBI] for this purpose. RBI can always issue standing instructions to these banks as to the amount of FOREX inflow to be expected on behalf of a company for this purpose. In fact, requirement of RBI's approval under FERA should be altogether waived for ventures which have FIPB approval."

"There should be a central information cell in the RBI where one can find to advice the investors regarding the concerned departments and officers. In its absence lot of time gets wasted in finding out the right department/person."

#### Others:

"Treat foreign companies on par with Indian companies".

"minimise the need for elaborate accounting (most of the time duplication of information) under different legislations."

"programs which have incentive benefits should be simplified and administered by parties other than those responsible for collections."

"repose more trust and confidence on the manufacturers/ traders."

"impose rigorous provisions for violation".

These problems obviously cannot be specific to foreign collaboration projects only. These relate to the overall administrative mechanisms and their responsiveness to individual needs. In any case, the problems of inefficiencies, bottlenecks, bureaucratic attitudes and corruption should be dealt with in a serious manner. Lack of proper infrastructure and communication are problems faced by all including industry. The approach should, therefore, be to find solution to the problem as such instead of looking merely from the point of view of attracting foreign investment. The need is to provide an environment transparent enough so that investor whether Indian or foreign can get on with their jobs without concerning about any thing else once all the basic requirements are met.

#### **VIII. Locational Pattern of Large Foreign Investment Projects:**

The problem of regional imbalances has been a concern of Indian planners and political thinkers for a long time.<sup>15</sup> Regional disparities were seen not only in economic terms but also due to their potential adverse impact on social and political situation in the country. In spite the efforts to achieve better regional development in the country since Independence was found to have taken place around metropolitan areas and large cities with its attendant problems. Official policies, therefore, aimed at progressively reducing the disparities in levels of development between different regions.

Industrial licensing system was the major instrument with supportive role played by special incentives and exemptions in channelling investments into industrially backward areas.<sup>16</sup> Under the licensing system, industrial licences were to be denied if

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15. India, Planning Commission, *First and Second Five Year Plans*.

16. See : India, Planning Commission, *National Committee on the Development of Backward Areas, Report on Industrial Dispersal*, 1980; India, Planning Commission, *Evaluation Report on Confessional Finance and other Incentives in Industrial Backward Areas*, 1981; Industrial Development Bank of India, *Industrial Development of Backward Areas*, 1980.

the proposed location was within certain limits of large metropolitan areas. Dispersal of industry was also attempted through setting of public enterprises. Public sector financial institutions also were expected to discourage further concentration of industries by denying support to industries outside the licensing system. New industrial policy has withdrawn licensing system for all projects except for a short list of industries. Public financial institutions too have lost their capacity to influence locational decisions in the new environment. The domain of public sector has also been narrowed extensively.

It was feared that as a result of these changes investments would flow to regions which are already endowed with *good infrastructure and business environment*. Industrial Entrepreneurs Memoranda filed with the Ministry of Industry by new enterprises do indicate that states like Assam, Orissa, Kerala and Bihar have been neglected by entrepreneurs since the introduction of new policies. The real matter of concern is with respect to the likely impact of new foreign investment proposals on the problem of regional imbalances. In this context, we make an attempt to see the locational preferences of large foreign investment projects during the post-policy period.

The available data on state-wise distribution of foreign investment approvals suffers from certain limitations as at the time of approval many proposals accounting for a substantial share of approved investment did not seem to indicate the proposed location. The location data also seem to have been distorted due to the excessive weightage given to Delhi. Delhi should only be seen as a postal address and for liaison work.

As a part of the Foreign Collaborations database we made an attempt to collect information on the proposed locations of foreign investment projects. Location of some of the projects was yet to be decided. For purpose of the following analysis we have kept the investments in service enterprises and in whose case either the location was not decided or they were to come up in more than one location outside the analysis. Also excluded were equity hike cases as these do not represent new projects. The results are presented in Table - 5.

**Table - 5**  
**State-wise Distribution of Large Foreign Investment Projects**  
(Amount in Rs. crores)

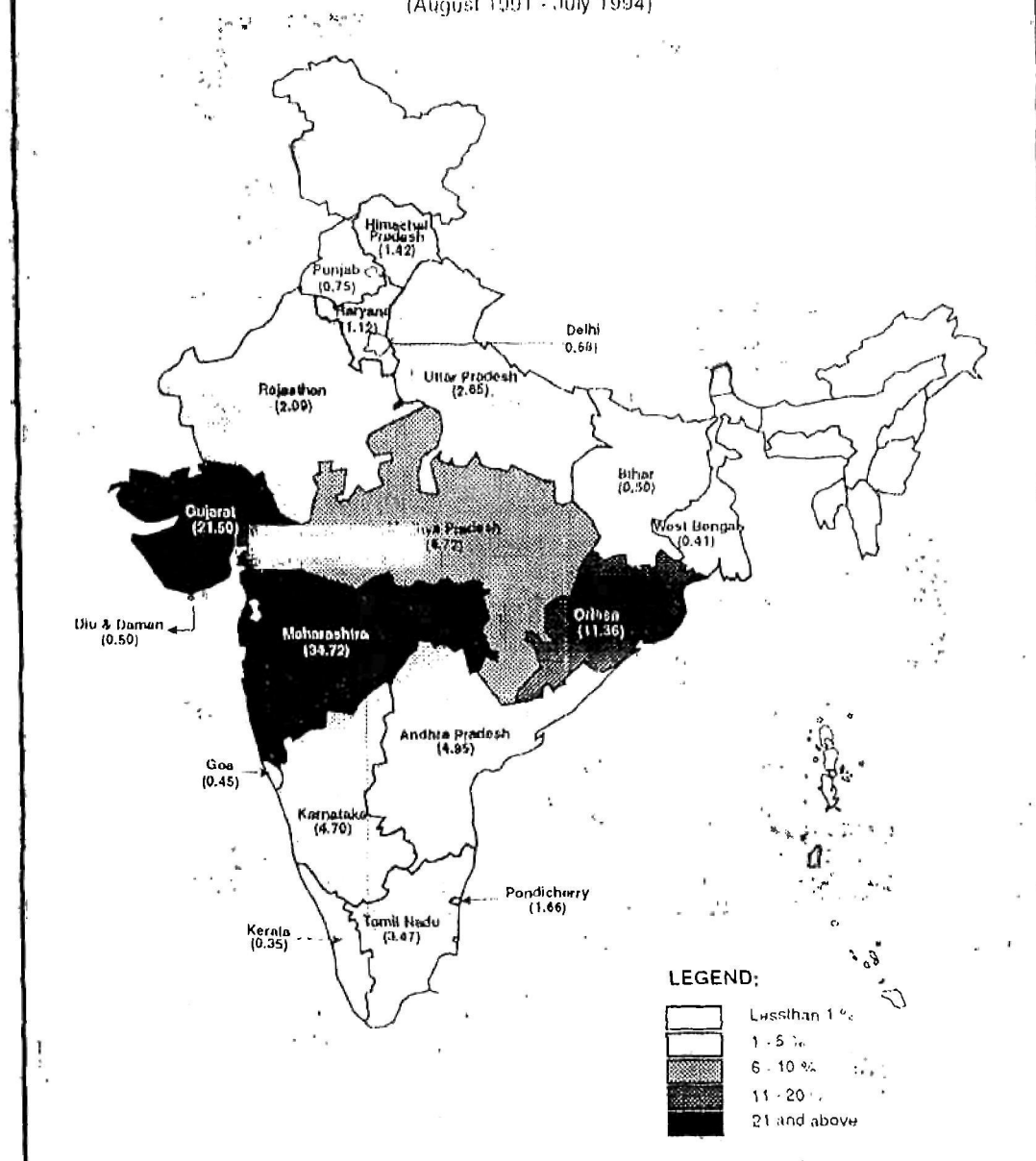
| State            | No. of Projects | Amount % Approved in | Share Total   |
|------------------|-----------------|----------------------|---------------|
| (1)              | (2)             | (3)                  | (4)           |
| Maharashtra      | 46              | 3506.01              | 34.72         |
| Gujarat          | 28              | 2171.77              | 21.50         |
| Orissa           | 9               | 1146.50              | 11.36         |
| Madhya Pradesh   | 14              | 678.12               | 6.72          |
| Andhra Pradesh   | 19              | 500.07               | 4.95          |
| Karnataka        | 13              | 475.03               | 4.70          |
| Tamil Nadu       | 13              | 349.93               | 3.47          |
| Uttar Pradesh    | 10              | 267.18               | 2.65          |
| Rajasthan        | 15              | 211.16               | 2.09          |
| Pondicherry      | 3               | 167.18               | 1.66          |
| Himachal Pradesh | 5               | 143.10               | 1.42          |
| Haryana          | 12              | 112.78               | 1.12          |
| Punjab           | 3               | 76.15                | 0.75          |
| Delhi            | 3               | 68.76                | 0.68          |
| Bihar            | 1               | 50.29                | 0.50          |
| Daman            | 1               | 50.50                | 0.50          |
| Goa              | 4               | 45.00                | 0.45          |
| West Bengal      | 5               | 41.34                | 0.41          |
| Kerala           | 4               | 35.84                | 0.35          |
| <b>Total</b>     | <b>208</b>      | <b>10096.71</b>      | <b>100.00</b> |

**Note:** Based on approvals for at least rupees five crores of investment approved during August 1991 and July 1994. Not included in this tabulation are: (i) equity hike cases; (ii) those for which information on location is not available or not yet decided; (iii) multiple location cases and (iv) service sector approvals.

**Source:** ISID Database on Foreign Collaborations.

It can be seen from the Table that Maharashtra accounted for a little more than one-third of the total approved investment involved in the 208 projects under consideration. Gujarat is at the second place with a little more than one-fifth of the investment. These two states commanded a combined share of more than half of the new investments. (see Figure - A). Orissa surprisingly occupies the third position with about 11 per cent share.

# **Pattern of Distribution of Approved Foreign Investments** (August 1991 - July 1994)



An additional characteristic of the projects proposed to be located in Orissa is that their average size is large compared to the other states including Maharashtra and Gujarat. We have seen in the preceding sections that three major projects were planned to be located in Orissa: Hinduja's Refinery and Caparo's and ORIND's steel plants. The combined proposed investment of the three projects is a little more than Rs. 1,000 crores. While the implementation of the first one is kept in abeyance, the second has already been abandoned. We have discussed in the foregoing that the chances of inflow of approved investment in the case of ORIND project are quite low. Thus while in terms of approvals, Orissa might seem to be in a better position, its share in actual inflows is not likely to be significant. The major proposed investments in Orissa, it may be noted, are in metallurgical industries. It is obvious that it is the raw materials which influenced the location in favour of Orissa.

Next in importance are Madhya Pradesh, and the three southern states Andhra Pradesh, Karnataka and Tamil Nadu. Interestingly enough, each of these states had at least one power project is proposed to be set up with foreign participation in these three states. This appears to be the main reason for their being in a somewhat better position. It is important to note that Kerala, West Bengal, Bihar and Punjab are at the other end of the distribution with less than 1 per cent share each.<sup>17</sup>

The pattern of distribution should not be much of a surprise in view of the fact that in a market oriented mechanism resources would have a strong tendency to move to locations where market and infrastructure already exists. For business success one has to obey rules of the market.

The distribution pattern has been brought out to show an area on which the state will need to pay special attention. Widening of regional disparities can have serious long term economic and political implications.

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17. While interpreting these results it should be kept in mind that these investments are in equity capital of the Indian ventures. In actual project sizes, the disparities are likely to be much greater. A shortcoming of the equity capital approach is that for the same level of foreign investment the total paid up capital will vary inversely with the foreign share. For instance, if in a company a foreign shareholder has 1 crore investment constituting 25 per cent of the total paid-up equity capital (PUC) which means that the total PUC of the company is Rs. 4.00 crores. In another the Rs. 1.00 crore investment may constitute 50 per cent of the total. In that case the company's total equity will be equal to Rs. 2.00 crores. It is logical to expect that the size of operation of the two companies will differ substantially.

## **IX. Monitoring Foreign Investment Inflows and Industrial Projects:**

Since attracting large quantum of foreign investment is a major policy concern, there may be a tendency to concentrate on foreign investment inflows. It is our understanding that there is a need to strengthen the monitoring system with regard to foreign investments, not only in terms of flow of capital and technology but also as important and crucial participants in the national market. With basic changes in the thrust of the Indian economic policies there is need to evolve a new system for an efficient monitoring system that would not limit itself to foreign capital inflows. The monitoring system must have a broader perspective. The industrial sector should be seen in relation to the indigenous and foreign investment, technology and trade in the global context.

The ready availability of information on the Indian industrial sector is both scanty and dispersed. The extensive data emanating from custom houses is being put to a limited use. Data on employment, a crucial variable for policy making is another grey area. We have raised some related questions in this study. Answers to these can be attempted more realistically if the already available information is maintained in an appropriate form and processed speedily. For instance, the records of consignment level imports and exports are progressively getting computerised by custom houses. If a few additional variables are added to the system of the Customs database its potential for policy analysis can be enhanced manifold.

The National informatics Centre (NIC) is assisting various Ministries and Governmental departments in their computerisation and database needs. Even in the changed environment, individual ministries seem to be operating as independent entities instead of each being a part of an integral unit. NIC is also connected with district headquarters besides the state capitals. For example, information on industrial approvals can be immediately passed on to other concerned departments so that an entrepreneur need not have to approach individually or prove his credentials every time he goes to an official agency or department. It should then be the responsibility of the respective approving body to take a decision on the 'application'. It should not be difficult to draw a set of approvals and clearances that might be required in each case depending upon the nature of the project. This information can then automatically be transmitted electronically to the concerned quarters.

It should be possible to devise a mechanism that would enable information on individual projects, the stage of administrative processing at Central, State, local and district levels and Reserve Bank of India, etc. to be related with each other. There is a need to develop an appropriate identification system. For example, under the Companies Act, companies are assigned a number at the time of registration. They also get Importer Exporter Code number (IEC No.), account numbers for corporate tax, sales tax, may be separately for excise purposes, and so on. If a uniform code could be evolved for all such situations with coordination with each other, it would serve more than one objective.

As the Companies Act is in the process of getting overhauled it offers an opportunity to introduce certain policy relevant variables in a standardised form. The audited balance sheet and profit and loss accounts should be expected to be submitted by all large companies on computer medium. In any case, the required information should form a single sheet of the audited Report so that it can be used directly for computerisation purposes. The present provisions leave much scope for companies to avoid giving information. There is a need to define the disclosure norms for certain variables more precisely. One can also think of adding variables like employment, foreign share holding, etc. This could contribute significantly to policy research and analysis.

Central agencies cannot force state governments' in matters of implementation of the approved investment projects. It would also be wrong to assume that states do not realise the need to streamline their procedures and improve the incentive package to attract industrial investments. Some of the states have set up investment promotion boards on their own to facilitate new investments. These promotional boards are empowered to sanction several approvals needed at the state level through the single window procedure. The services of such Boards can be enlisted in project monitoring.

In the area of monitoring foreign investment inflows, the entire data on the approvals, revisions, inflows, etc. for all types of approvals *viz.*, FIPB, SIA, RBI (automatic and NRI schemes) need to be maintained in a single database.

## **CHAPTER IV**

### **Impact of New Foreign Investments on Market Structures**

## CHAPTER - IV

### IMPACT OF NEW FOREIGN INVESTMENTS ON MARKET STRUCTURES

The New Economic Policies initiated from July 1991 have drastically revised restrictions on Foreign Controlled Companies (FCCs) as required under the Foreign Exchange Regulation Act (FERA) and other administrative and legislative provisions. One immediate impact of the withdrawal of restrictions on foreign equity levels is the rush by FCCs to go in for a hike in the equity held by their foreign parents. The new policy will consequently help FCCs to regain the pre-FERA status in ownership as well as management and control. With enlarged and majority equity, technically speaking, the foreign managements would have un-questioned authority. The new policy, therefore, not only helps foreign investors to consolidate their position in corporate affairs but is also a reason to feel more assured and give confidence that was reported to have been shaken by the enactment of FERA.

This is in spite of the fact that as a follow up of FERA the process of equity dilution was so managed that many of the foreign companies could expand and transfer large benefits to their foreign associates.<sup>1</sup> While it is true that the FERA was widely resented and commented upon in Indian and foreign business circles the hard reality has also been that foreign share, even when brought down from a majority to 25 per cent, did not imply any change in management and operational control. There are a variety of non-equity mechanisms which are adequate enough to retain operational control by a management. The post-August 1991 period developments only confirm this business reality. One could not otherwise explain request for 'hike' to a foreign equity majority by companies in which technically the foreign associate only held a minority status. The FERA has been undone with much of business or legal disputes. On top of it the 'hike' has been achieved by the foreign associates, in most cases, at a lower than the market price.

We have identified 173 cases where equity hike by the foreign shareholder was allowed. These cases form part of foreign investments approvals accorded during

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1. Sudipto Choudhary, "FERA: Appearance and Reality", *Economic and Political Weekly*, April 21, 1979, pp. 734-744.

August 1991 to July 1994.<sup>2</sup> Out of these, the number of companies which were already in operation in India stood at 108. Table - 1 gives a distribution of the approvals for equity hike. The 'hike' is supposed to bring Rs. 770 crores. It is reported that a number of companies issued equity shares at heavy discounts to their foreign parents. Bata, Colgate, Castrol and Cadbury are reported to have offered

**Table – 1**  
**Industry-wise Approvals for Hike in Foreign Equity**

| Industry Category     | No. of Approvals | Amount (Rs. Cr.) proposed in each category |
|-----------------------|------------------|--------------------------------------------|
| (1)                   | (2)              | (3)                                        |
| Consumer Non-Durables | 22<br>(20.37)    | 211.84<br>(27.49)                          |
| Consumer Durables     | 13<br>(12.04)    | 192.23<br>(24.95)                          |
| Telecom and Computers | 6<br>(5.56)      | 59.00<br>(7.66)                            |
| Others                | 67<br>(62.04)    | 307.50<br>(39.90)                          |
| Total                 | 108<br>(100.00)  | 770.57<br>(100.00)                         |

Basic Data Source: Ministry of Industry, Secretariat for Industrial Approvals (SIA), *SIA Newsletter* December 1992 & October 1993; and information provided in Rajya Sabha for an Unstarred Question No. 1401 dated March 3, 1994.

Note: Figures in brackets indicate percentages to the total.

equity shares to their respective parent companies at prices which were only 15, 12, 11 and 53 per cent respectively of the market prices on the eve of the announcement of allotment of shares.<sup>3</sup>

2. For this purpose, we had mainly relied on : Answer to an Unstarred Question No. 1401 in Parliament on March 3, 1994 and Ministry of Industry, Secretariat for Industrial Approvals (SIA), *SIA Newsletter*, December 1992 and October 1993.

3. Preferential allotment to foreign parents at heavy discounts led to a reduced inflow of foreign exchange than what would have been brought by foreign parents, if they were to pay the market related price. According to an estimate the aggregate value of the blocks of shares offered to foreign parents of 30 existing companies was estimated at Rs.860 cr. The aggregate market value of these blocks of shares on the eve of their offers was Rs.3,942 cr.

Of the 108 approvals, 35 were for granting of a hike in consumer goods industries (Table-1). There were 56 cases in which foreign parents hiked their stake to 51 per cent or above (See Table-2). In addition to that during the post-policy period in six cases of foreign companies already having majority foreign stake also chose to further hike the equity of their foreign parents. As a group, the gross new investment in the consumer goods sector is expected to bring in nearly four hundred crores of rupees. The cases of equity hike have got many a time mixed up with new investors to India by joining with existing important producers or acquiring control over Indian enterprises. The production capacities already existed; the new foreign investor has been brought in to provide brand names, or technology upgradation<sup>4</sup>. In a number of cases the flow of capital would only be a marginal one but the new set up would be able to enter the Indian market in a big manner. The foreign associate who joins the Indian partner would enjoy a number of advantages. The foreign partner would have an already existing business set up, network of marketing, experienced and knowledgeable Indian partner with his contacts, influence and access to politico-

(...continued)

This means 30 foreign parents enriched themselves by an amount of Rs 3,100 cr. Companies, which offered shares to promoters at huge discounts include Alfa Laval, ABB, Bata, Colgate, Castrol, Cadbury, Glaxo, Hoechst, Nestle and Procter & Gamble among others. In response to these developments Government declared a new set of guidelines for raising foreign equity in existing companies, as the Government felt that 'some proposals received from existing companies for enhancement of foreign equity show a tendency for the issues to be significantly underpriced in relation to the market price.' The declared objectives of the new set of guidelines based on market related price are as follows:

- (i) to prevent a few shareholders from getting substantial and undue enrichment and unearned gains;
- (ii) to prevent undue reductions in foreign equity inflow; and
- (iii) to make both investment and disinvestment market related.

See: Ministry of Industry, *Press Note No.2*, (1994 series) dated June 3, 1994.

Also see: Jaideep Lahiri, "Discount Ban may Force Multinationals to Seek Alternative Routes", *The Economic Times*, July 17, 1994; Sanjoy Narayan, "Contentious Issue Goes to Court", *Business World*, July 27 - Aug. 9, 1994; and Anil Mehta, "Promoters Bonanza at Public Cost", *The Economic Times*, Aug. 1, 1994.

4. For example, Sweden based TNC -- Electrolux took over some of the existing Indian companies manufacturing consumer durables. Take over of Maharaja International Ltd, Intron Ltd and Eureka Forbes gives Electrolux a ready production capacity.  
See: "Electrolux to Pick up Tata Stake in Eureka Forbes", *Financial Express*, Dec. 18, 1994  
Sanjit Singh, "Electrolux Entering India through Stake in Maharaja", *The Economic Times*, Jan. 4, 1995.  
Sanjit Singh, "Electrolux AB to Pick-up 51 per cent in Intron", *The Economic Times*, July 29, 1994.

**Table - 2**  
**Equity Hike Leading to 51 per cent or More of Foreign Equity by the Foreign Parent Company**

| INDIAN COMPANY                | FOREIGN COMPANY                             | EQUITY HIKE (%) |       | AMOUNT<br>(Rs. Cr.) |
|-------------------------------|---------------------------------------------|-----------------|-------|---------------------|
|                               |                                             | FROM            | TO    |                     |
| (1)                           | (2)                                         | (3)             | (4)   | (5)                 |
| AKG ACOUSTICS (INDIA) LTD     | AKG AKUSTICHE U KING GERETE GMBH, AUSTRIA   | 39              | 55    | 2.14                |
| ALBARAKA FINANCE HOUSE LTD    | ALBARAKA INVESTMENT & DEVT CO, SAUDI ARABIA | 40              | 51    | 0.55                |
| ASSAM CARBON PRODUCTS LTD     | MORGAN CRUCIBLE CO PLC, UK                  | 30.30           | 51.00 | 0.56                |
| BASF INDIA LTD                | BASF AG, GERMANY                            | 50              | 60    | 1.19                |
| BATA INDIA LTD                | BATA (BN) BV, NETHERLANDS                   | 40              | 51    | 13.11               |
| BIRLA 3M LTD                  | MINNESOTA MINING & MFG CO (3M), USA         | 40              | 65    | 9.76                |
| BLACKIE DURR KAVERI PVT LTD   | BLACKIE DURR AG, GERMANY                    | 40              | 51    | 0.27                |
| BUNDY TUBING OF INDIA LTD     | BUNDY CORPN, USA                            | 7.45            | 51    | 1.24                |
| BUSH BOAKE ALLEN (INDIA) LTD  | BUSH BOAKE ALLEN LTD, UK                    | 38.15           | 51    | 0.27                |
| BUSH BOAKE ALLEN (INDIA) LTD  | BUSH BOAKE ALLEN LTD, UK                    | 51              | 70    | 1.52                |
| CADBURY INDIA LTD             | CADBURY SCHWEPES, UK                        | 40              | 51    | 1.36                |
| CARRIER AIRCON LTD            | CARRIER CORPN, USA                          | 40              | 51    | 11.94               |
| CASTROL INDIA LTD             | CASTROL LTD, UK                             | 40              | 51    | 3.53                |
| CHEMTEX ENGG OF INDIA LTD     | CHEMTEX INTERNATIONAL INC, USA              | 40              | 98    | 0.01                |
| COEN BHARAT LTD               | COEN CO INC, USA                            | 40              | 57    | 0.04                |
| COLGATE-PALMOLIVE (I) LTD     | COLGATE PALMOLIVE CO, USA                   | 40              | 51    | 68.17               |
| COLOUR CHEM LTD               | HOECHST AG, GERMANY                         | 40              | 51    | 27.21               |
| CORN PRODUCTS CO (INDIA) LTD  | CPC INTERNATIONAL INC, USA                  | 40              | 51    | 6.57                |
| DIGITAL EQUIPMENT (INDIA) LTD | DIGITAL EQUIPMENTS HOLDINGS BV, NETHERLANDS | 40              | 51    | 12.22               |
| DUN & BRADSTREET              | DUN & BRADSTREET CORPN, USA                 | 20              | 100   | 12.63               |
| E MERCK (INDIA) LTD           | E MERCK, GERMANY                            | 40              | 51    | 1.85                |
| EMAG MACHINE INDIA PVT LTD    | EMAG MASCHINENFABRIK GMBH, GERMANY          | 39.9            | 78.30 | 0.94                |
| FISKARS INDIA LTD             | FISKARS OY AB, FINLAND                      | 40              | 60    | 0.55                |
| GESTETNER (INDIA) LTD         | GESTETNER HOLDINGS PLE, UK                  | 40              | 51    | 0.40                |
| GL REXROTH INDS LTD           | MANNESMANN REXROTH GMBH, GERMANY            | 35              | 51    | 2.63                |
| GLAXO INDIA LTD               | GLAXO GROUP LTD, UK                         | 40              | 51    | 4.49                |
| GREAVES FOSECO LTD            | FOSECO PLC, UK                              | 50              | 51    | 0.70                |
| HOECHST INDIA LTD             | HOECHST AG, GERMANY                         | 40              | 51    | 1.29                |

(Contd...)

| (1)                              | (2)                                              | (3)   | (4)   | (5)   |
|----------------------------------|--------------------------------------------------|-------|-------|-------|
| INDAG RUBBER LTD                 | BANDAG INC, USA                                  | 26    | 66    | 3.23  |
| INDIA PHOTOGRAPHIC CO LTD        | KODAK INC, UK                                    | 39.5  | 51    | 4.51  |
| INDIAN SEWING MACHINE CO LTD     | SINGER CO, HONG KONG                             | 40    | 51    | 4.10  |
| INDIAN SHAVING PRODUCTS LTD      | GILLETTE CO, USA                                 | 40    | 51    | 1.93  |
| INDOMAG STEEL TECHNOLOGY P LTD   | MANESMANN DEMAG AG, GERMANY                      | 40    | 51    | 0.42  |
| IOL LTD                          | BRITISH OXYGEN CORPN, UK                         | 39.76 | 51    | 28.53 |
| KINETIC HONDA MOTORS LTD         | HONDA MOTOR CO, JAPAN                            | 28.56 | 51    | 14.28 |
| KONE ELEVATOR INDIA LTD          | KONE OY & FINNISH FUND FOR IND DEV CORP, FINLAND | 51    | 73    | 12.41 |
| LIPTON INDIA LTD                 | UNILON AG, SWITZERLAND                           | 40    | 51    | 3.50  |
| LOCTITE INDIA PVT LTD            | LOCTITE CORPN, USA                               | 60    | 100   | 2.00  |
| MADURA COATS LTD                 | J&P COATS LTD, UK                                | 39.9  | 51    | 5.35  |
| MOTOROLA BLUE STAR LTD           | MOTOROLA INTL DEV CORPN, USA                     | 40    | 51    | 27.21 |
| MULLER & PHIPPS (INDIA) LTD      | GETZ INTERNATIONAL INC, USA                      | 24.42 | 51.63 | 0.17  |
| NESTLE INDIA LTD                 | NESTLE SA, SWITZERLAND                           | 46.01 | 51    | 32.40 |
| NEW WAY CHEMICALS & POLISHES LTD | SARA LEE CORPN, USA                              | 26    | 51    | 2.50  |
| OEN CONNECTORS LTD               | SOURIAU & CIE, FRANCE                            | 26    | 51    | 2.34  |
| PEICO ELECTRONICS & ELECT LTD    | NV PHILIPS GLOELAMPENFABRIEKEN, NETHERLANDS      | 39.7  | 51    | 33.80 |
| PERCEC LESLIE & CO LTD           | PERCEC LESLIE & CO LTD, UK                       | 25.50 | 51    | 0.23  |
| PEPSI FOODS LTD                  | PEPSICO INC, USA                                 | 44.35 | 51    | 18.06 |
| PEPSI FOODS LTD                  | PEPSICO INC, USA                                 | 51    | 91.40 | 42.42 |
| PHILIPS MEDICAL SYSTEMS I LTD    | PHILIPS MEDICAL SYSTEMS INTL, NETHERLANDS        | 40    | 51    | 1.53  |
| PHOTOPHONE INDUSTRIES INDIA LTD  | POLAROID CORPN, USA                              | 51    | 53.30 | 9.03  |
| PROCTER & GAMBLE INDIA LTD       | RICHARDSON VICKS INC, USA                        | 40    | 51    | 37.83 |
| PROCTER & GAMBLE INDIA LTD       | PROCTER & GAMBLE CO, USA                         | 51    | 65    | 1.44  |
| PSI DATA SYSTEMS LTD             | BULL SA, FRANCE                                  | 40    | 51    | 7.41  |
| QUEST INTERNATIONAL INDIA LTD    | UNILON AG, SWITZERLAND                           | 40    | 51    | 2.19  |
| RECKITT & COLMAN OF INDIA LTD    | RECKITT & COLMAN PLC, UK                         | 39.94 | 51    | 1.82  |
| SAUNDERS VALVES (I) LTD          | SAUNDERS VALVE CO LTD, UK                        | 40    | 51    | 0.90  |
| SESA GOA LTD                     | FINSIDER INTL CO LTD, UK                         | 40    | 51    | 19.17 |
| SPIC FINE CHEMICALS LTD          | HENKEL KG AA, GERMANY                            | HIKE  | 51    | 27.90 |
| STOVEC INDUSTRIES LTD            | STORK SCREENS BV, NETHERLANDS                    | 40    | 51    | 5.96  |
| TARA SINHA MCCANN ERICKSON LTD   | MCCANN ERICKSON WORLDWIDE INC, USA               | 40    | 51    | 0.07  |
| TVS WHIRLPOOL LTD                | WHIRLPOOL CORPN, USA                             | 33    | 51    | 5.40  |
| USHA DRAGER CO LTD               | DRAGERWERKE AG, GERMANY                          | 40    | 51    | 0.13  |

Source: SIA Newsletter (various issues), Secretariat of Industrial Approvals (SIA), Department of Industrial Development, Ministry of Industry.

economic points of operational significance.<sup>5</sup> The Indian partner would have the advantage of having the likely competitor with him to sustain or gain a dominant market position. It should not be a surprise if many of the Indian entrepreneurs chose to have a TNC as partner for reasons of their own survival and future. The new relationships could work as long as they are mutually profitable. The foreign investor with substantial financial strength and strong brand name may attempt to marginalise the local partner once he gains hold over the local market. The local partner, with the prospect of getting a substantial money without the risk of competing with powerful TNCs may prefer to sell his business. In many a case it is the sheer financial power that comes into play and the target the local market leader.

In the case of soft-drinks the well known case is that of the takeover of Thums-up (Parle) by Coke. In the refrigeration industry the Godrej have joined GE.; the HCL, a market leader in the computer industry has joined with Hewlett Packard (Table-3). Fedders Lloyd is known for their important share in the air-conditioning industry and yet they are joining hands with Samsung, a Korean TNC. A similar example is that of the ice cream industry which remained dominated by Kwality and has now joined with Levers to produce 'Kwality-Walls'. Such instances can be multiplied.

The process has just begun. TNCs are in the process of setting up holding companies and identifying targets. The next two-three years should see a sea change in the Indian market with TNCs occupying key positions in most consumer goods industries.

Also take the case of the lubricating oils where brand-names play an important role. One after the other international companies have formed joint ventures with public sector oil companies. This gave them a ready base and marketing network spread throughout the length and breadth of India. Some of the PSUs are even reported to be completely handing over their operations to the respective joint ventures. This gave rise to a peculiar situation. The brands have increased manifold but in real sense, the number of competitors did not increase correspondingly.

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5. Moves made by Gillette are worth-mentioning in this connection. Gillette, the largest player of global razor market with 55 per cent share at its command, is trying to get hold over significant market players in India. It has hiked its stake to 51 per cent in Indian Shaving Products Ltd. Another blade company -Wiltech India Ltd has also been proposed to be taken over by Gillette. Gillette has also acquired 49 per cent stake in NVI Engineering, the only company in India which manufactures razor blades machinery. Further Gillette has been trying to gain stake in Harbanslal Malhotra and Sons (HLM), a leading market player. See: Merra Shenoy, "Gillette - Malhotras - Quiet Take Over", *Business India*, Feb. 14 - 27, 1994.

**Table - 3**  
**Foreign Investment and Market Structure of Select Industries**

| Product                    | Foreign Cos./<br>Joint Ventures                                                                                                                                       | Remarks                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1)                        | (2)                                                                                                                                                                   | (3)                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Durables:                  |                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Air conditioning equipment | Carrier Aircon (18.3)#                                                                                                                                                | Foreign parent hiked equity to 51%<br>This company is second largest player in the market.                                                                                                                                                                                                                                                                                                                                        |
| Audio Equipment            | Philips India Ltd (36.3)#<br>BPL Sanyo Technologies Ltd (10.8)                                                                                                        | Parent of Philips hiked equity to 51%.                                                                                                                                                                                                                                                                                                                                                                                            |
| Cassettes, Tapes & Records | Philips India Ltd(42.8)#<br>Nova Electro Magnetics Ltd(24.7)                                                                                                          | With the proposed takeover of Nova Electro Magnetics Ltd by JVC, Japan the role of TNCs in this industry is likely to increase.                                                                                                                                                                                                                                                                                                   |
| Motorcycles                | Hero Honda Motors Ltd (31)<br>TVS-Suzuki Ltd(10.9)                                                                                                                    | During post-policy period Honda Motors, Japan attempted to acquire majority stake in Hero Honda but failed due to Munjals resistance.                                                                                                                                                                                                                                                                                             |
| Passengers Cars            | DCM-Daewoo Ltd#<br>Maruti Udyog Ltd (65.8)<br>Pal Peugeot*<br>General Motors I Ltd*                                                                                   | a) Daewoo Corporation of South Korea got majority stake in DCM Daewoo formerly DCM Toyoto.<br>b) BMW, Germany is looking for Indian partner.<br>c) Pal Peugeot is a joint venture between Pal and Peugeot of Italy<br>d) a new joint venture between General Motors, USA and Birlas, other proposed joint ventures between Mahindra & Mahindra and Ford, Volkswagen and Eicher, Frazer Nash and Peerles, Mercedes Benz and Tatas. |
| Refrigerators              | Kelvinator of India# Ltd (33)<br>Godrej GE Appliances Ltd (37.2)                                                                                                      | a) Whirlpool, USA proposed to acquire majority stake in Kelvinator<br>b) another market leader Godrej formed a joint venture with GE, USA                                                                                                                                                                                                                                                                                         |
| Scooters                   | Kinetic Honda Motor# Ltd (13.7)<br>LML Ltd (19.3)                                                                                                                     | Honda acquired majority stake in Hero Honda                                                                                                                                                                                                                                                                                                                                                                                       |
| Television Receivers       | Philips(6.5)#<br>National Panasonic India Pvt Ltd*<br>Sony*<br>BPL Sanyo Ltd(2.8)<br>BPL Sanyo Ltd<br>Akai (Baron Intl.)<br>Dyanora & Thompson<br>Solidaire - Grundig | a) National Panasonic and Sony Technologies are the new entrants in the market.<br>b) all major market players such as BPL, Videocon, Onida either have some foreign affiliation or are looking for one.                                                                                                                                                                                                                          |

# Foreign parents acquired majority stake during the post-policy period.

\* New entrants.

@ Foreign share 40%. However, there is no identifiable Indian share-holding group in the company.

(Contd...)

| Product                     | Foreign Cos./<br>Joint Ventures                                                                                                                                                                                     | Remarks                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1)                         | (2)                                                                                                                                                                                                                 | (3)                                                                                                                                                                                                                                                                                                                                                             |
| Vacuum<br>cleaners          | Eureka Forbes Ltd#<br>(93.8)<br>BPL Sanyo Ltd (6.2)                                                                                                                                                                 | With the proposed takeover of<br>Eureka Forbes by Electrolux<br>this industry is now completely<br>dominated by foreign players                                                                                                                                                                                                                                 |
| Washing<br>Machines         | Maharaja Intl Ltd#<br>Intron Ltd#<br>TVS Whirlpool#<br>Godrej GE Appliances Ltd                                                                                                                                     | a) Electrolux through Maharaja<br>International Ltd and Intron Ltd,<br>Whirlpool through TVS Whirlpool<br>and GE through Godrej GE have<br>a strong presence in India.                                                                                                                                                                                          |
| Non-durables:<br>Cigarettes | ITC Ltd (69.1)<br>VST Inds Ltd (12.9)<br>Modi RJR Ltd*                                                                                                                                                              | a) BAT has significant stake in ITC<br>the market leader. BAT has been<br>trying to raise its stake to<br>majority.<br>b) Modi RJR is the new entrant in the<br>market in the form of joint venture.                                                                                                                                                            |
| Confectionery               | Nestle India Ltd (22)#<br>Cadbury India Ltd (15.2)#<br>Procter & Gamble India#<br>Ltd (4.3)<br>Lotus Chocolate Co Ltd#<br>Wrigley*<br>Effem India (Mars)*<br>Perfetti*<br>Dabur Agrolimen<br>Modi Ravlon            | a) This industry is a seen of hectic<br>activity by TNCs as parents of<br>Indian market leaders namely<br>Nestle and Cadbury hiked their<br>stakes to majority and Lotus<br>Chocolate was taken-over by a<br>Singapore based company.<br>b) Wrigley, Mars and Perfetti --<br>leading international players<br>have also shown interest in the<br>Indian market. |
| Cosmetics &<br>Toiletries   | Procter & Gamble (I)<br>Ltd (5.2)#<br>Reckitt and Colman of<br>India Ltd (4.0)@<br>Johnson & Johnson Ltd(4.0)<br>Tata Oil Mills Co Ltd(1.7)<br>Baccarose Perfumes<br>Laboratories Garnier<br>Godrej Soaps Ltd (4.0) | A number of foreign players such<br>as Baccarose Perfumes,<br>Laboratories Garnier have shown<br>interest in Indian markets                                                                                                                                                                                                                                     |
| Dental Hygiene<br>Prdts.    | Colgate-Palmolive India<br>Ltd (60.2)#<br>Hindustan Lever Ltd (16.6)<br>Hindustan Ciba Geigy (5.7)<br>Geoffrey Manners & Co Ltd (1.4)<br>Dabour India (4.8)                                                         | Colgate Palmolive strengthened<br>its already dominant position<br>by taking over of Ciba-Geigy's<br>oral hygiene and health care<br>business.                                                                                                                                                                                                                  |
| Footwear                    | Bata India Ltd (26)#<br>Reebok                                                                                                                                                                                      | Parent of Bata India acquired<br>majority stake in Bata.                                                                                                                                                                                                                                                                                                        |
| Ice Cream                   | Baskin Robins<br>Kwality Ice Creams and<br>Foods (with Unilever)<br>(50%)                                                                                                                                           | a) Kwality entered into an alliance<br>with Unilever<br>b) Another international player<br>Baskin Robins has started<br>operation in India                                                                                                                                                                                                                      |

# Foreign parents acquired majority stake during the post-policy period.

\* New entrants.

@ Foreign share 40%. However, there is no identifiable Indian share-holding group in the company.

(Contd...)

| Product                             | Foreign Cos./<br>Joint Ventures                                                                                                                                                                                       | Remarks                                                                                                                                       |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| (1)                                 | (2)                                                                                                                                                                                                                   | (3)                                                                                                                                           |
|                                     |                                                                                                                                                                                                                       | c) third largest seller of Ice cream in the world namely Grand Metropolitan also plans to enter India.                                        |
| Infant Milk Foods                   | Nestle India Ltd (53.9)#<br>Glaxo India Ltd (36.7)#<br>Heinz India Ltd                                                                                                                                                | Food division of Glaxo has been taken over by Heinz India Ltd.                                                                                |
| Incandescent Lamps                  | Philips India Ltd.(41.3)#<br>Electric Lamps mfrs.(I)Ltd(7.6)<br>Osram Surya Pvt. Ltd<br>GE Apar Lighting Ltd*                                                                                                         | All major players of world in lamps market are here in one form or other such as GE, Osram and already existing Philips.                      |
| Razor Blades & other shavin systems | Indian Shaving Products Ltd (14.6)<br>Gillette India Ltd.<br>Wiltech India Ltd. (6.9)                                                                                                                                 | Gillette moves in direction to become major player in Indian market as Wiltech India and Indian Shaving Products Ltd are already in its hold. |
| Soaps                               | Hindustan Lever Ltd (37)<br>Tata Oil Mills Ltd (TOMCO)(7.6)<br>Godrej Soaps Ltd (having marketing arrangement with Procter and Gamble Ltd) (7.6)                                                                      | Hindustan Lever group strengthened its position through taking over other market players including TOMCO                                      |
| Soft Drinks                         | Pepsi#<br>Coca Cola*<br>Cadbury Schweppes*                                                                                                                                                                            | This industry is completely dominated by TNCs                                                                                                 |
| Synthetic Detergents and Scourers   | Hindustan Lever L (22.5)<br>Stepan Chemicals L (11.8)<br>Tata Oil Mills Ltd (4.9)<br>Reckitt & Colman of India Ltd (2.8)<br>Procter and Gamble India Ltd (5.4)#<br>Spic Fine Chemicals Ltd#<br>Godrej Soaps Ltd (3.7) | Hindustan Lever Group strengthened its position through taking over other market players.                                                     |

# Foreign parents acquired majority stake during the post-policy period.

\* New entrants.

@ Foreign share 40%. However, there is no identifiable Indian share-holding group in the company.

**Notes:**

- Figures in brackets (wherever given) indicate percentage share of the company in the respective product market except for Ice Cream. Market share data source is CMIE publication 'Market and Market Shares' February, 1995. Data on Ice Cream market share has been taken from *The Economic Times*, January 6, 1995.
- For purpose of this table, foreign company means a company having 51 per cent foreign equity stake. Joint venture companies are the ones having considerable foreign equity stake but not majority foreign stake. Indian companies having special alliance with foreign companies are also included in Joint Venture categories (such as Kwality Ice Creams and Foods having alliance with Unilever, in which Unilever has a dominant say).

Indeed, the equity hike cases do not capture the extent of takeovers that are taking place. If GE forms joint ventures with Godrej and Apar with their plants transferred to the respective JVs it cannot but be interpreted as a form of a take over. Similarly, if PAL's Kalyan plant is transferred to its JV with Peugeot the implication is the same. As TNCs are in the process of setting up holding companies even outright purchases may not appear in foreign collaboration cases. Holding companies with substantial capital at their command will be the key to such transactions. While on one hand one can argue that such transfers will infuse technology and result in modernisation of the manufacturing process, a point arises whether it would not be possible to achieve this objective through independent transfer of technology and a degree of support to local industry. In the present process, in many industries change in market structure has come to mean change in the market players only.

The essential point being underlined here is that equity hike or equity sharing with an already existing important manufacturer would bring in much of capital transfer. The visibility of foreign investors would, however, be very prominent.

It is, however, not necessary for a foreign partner to participate in equity since the 'franchising' system could enable the foreign partner to exercise near full control over production, quality control, marketing, pricing and most other important business decisions. This is well brought by the franchise agreements prevalent in USA in the case of McDonald, Pizza Hut and other consumer product chains. What essentially matters is the brand identity. The same process can be seen in terms of allocating production quota to a large many small scale producers by a number of TNCs. It is a well known practice that TNCs enter into long-term supply agreements with local producers. The local producers are given design and other production specifications and the total output is marketed under a common brand name. For instance, hydrogenated oil (Vanaspati) is marketed throughout the country by Lever subsidiaries but its actual production is also undertaken by different Indian companies. The same holds true of the major TNCs operating in the pharmaceutical and cosmetics industries. The well known Indian case is that of Bajaj which had no production capacities but has enjoyed market visibility in a number of consumer electricals.

The 'franchise' system or put out system separates marketing from actual production responsibilities. Given the fact of labour unrest, agitations and other trade union activities the marketing establishment keeps the labour issues away from its own

operations. These arrangements can well be termed as 'trade' agreements. The producers have to be fully dependent upon the single buyer who enjoys a monopsony status. The primary reason for success of the system is in the consumer acceptability of the brand names. Large advertisements are a contribution which help generate product differentiation. The emerging scene in the Indian economy is that while official protection to monopolies (thanks to the industrial licensing system) is gone there are new business practices that help maintain market dominance and make it a near impossibility for new entrants to offer any threat of competition.

**Table - 4**  
**Ventures in select industries set-up or taken over by**  
**foreign parent companies during post policy period**

| Product         | Ventures                                                                                                                                                                                         |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Food products   | Corn Products co.<br>Heinz India Ltd<br>Kellogg<br>Kentucky Fried Chicken<br>Kissan Products Ltd<br>McDonald<br>Pizza Hut<br>Wimpy                                                               |
| Garment         | Coates Viyella Ltd<br>(formerly Madura Coates Ltd)<br>DCM Benetton India Ltd<br>KB+T Ltd (Marzotto Italy)<br>Levi Strauss<br>Pierre Cardin India Ltd<br>Sports and Leisure Apparel Ltd (Lacoste) |
| Liquor Industry | Hiram Walker<br>International Distilleries<br>Seagram India Ltd<br>United Distillery<br>Winsome Breweries                                                                                        |
| Lube industry   | Bharat Shell Ltd<br>IBP Caltex Ltd<br>Indo - Mobil<br>Motul - Mafatlal<br>Pennzoil<br>Castrol                                                                                                    |
| Trading         | Littlewoods<br>Nanz                                                                                                                                                                              |

Source: ISID Database

The process of equity hike and joining up of already established producers, especially in the consumer goods industries, and TNCs are likely to be very visible. This is more so since in this process advertisement has a critical role.<sup>6</sup> One need only to mention here that Ad industry expansion has been phenomenal<sup>7</sup> and it has a number of long-term implications. The influence of large consumer goods international marketing networks can hardly be overstated. This is an area for further research.

The foreign equity hike phenomenon coupled with joint ventures and outright takeovers have initiated the process of change in the market structure of many an Indian industry especially in the consumer goods sector. Table-3 and 4 provide an indication of the growing domination of the TNCs in some of the industries.

6. For a detailed discussion on role of advertising in transnationalisation of brands and markets see:  
Sudha Sachdeva, "Advertising in India - Some Characteristics and Trends", Corporate Studies Group, Indian Institute of Public Administration, New Delhi, 1988. Also see: Carol Charles, "Satellite TV in India - Cultural Imperialism or Global Interdependence?" (M.A. dissertation), *The American University*, Washington D.C., 1994.
7. Estimates put that at present Rs.3,000 cr. advertising industry is growing at an annual average of 36 per cent. By 2,000 this will touch a figure of Rs.10,000 cr. of advertising billing. With this growth, this industry is likely to see an increased foreign role as 'Indian ad agencies have caught on to the fact that the new advertisers of tomorrow will mostly be those donning the MNC garb. Consequently, it comes as no surprise that agencies big and small have entered into alliances with foreign ad-shops'.  
See: Naazneen Karmali and Devendra Tak, "Its' Boom Time, Folks", *Business India*, Jan. 30 - Feb. 12, 1995.  
Devendra Tak, "The Foreign Invasion", *Business India*, Aug. 30 - Sep 12, 1993.

## **ANNEXURE I**

### **Indian Laws and Policies Relevant for Investors**

The following were some of the important Indian laws and policies relevant for investors.

## **Legal Framework of TNCs in India**

### **IFDI Law**

- 1) Foreign Exchange Regulation Act, 1973 (46 of 1973)  
The Act was published in the Gazette of India Extraordinary, Part II, Section 1, dated 20th September 1973.  
Date of Assent: 19th September 1973  
Effective: 1 April 1974; Source: Notification No. S.O. 3043 of 27 October 1973.
- 2) The Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969).  
Date of Assent: 27th December 1969  
Effective: 1st June 1970; Source: S.O. 1981 dated 30th May 1970, Gazette of India, Extraordinary, Part II, Sec. 3(ii), p.833.

Last amendment: The Monopolies and Restrictive Trade Practices (Amendment) Act NO. 62 of 1988.

The act was published in Gazette of India Extraordinary, Part II, Section 1, No.86 dated 13th December 1988.

Date of Assent: 10th December 1988.

#### **Other Amendments:**

- 1 Monopolies and Restrictive Trade Practices (Amendment) Act, 1980 (60 of 1980)
  - 2 Monopolies and Restrictive Trade Practices (Amendment) Act, 1982 (30 of 1982)
  - 3 Monopolies and Restrictive Trade Practices (Amendment) Act, 1984 (30 of 1984)
  - 4 Monopolies and Restrictive Trade Practices (Amendment) Act, 1985 (38 of 1985)
  - 5 Monopolies and Restrictive Trade Practices (Amendment) Act, 1986 (74 of 1986)
- 3) The Monopolies and Restrictive Trade practices Rules 1970  
Published in G.S.R. 1037 dated 9th July 1970.  
Effective: 10 July 1970 (Date on which the rules are published) Source: Gazette of India Extraordinary of 10 July 1970, Part II, Section, 3(i).  
Last amended in 1989 through the Monopolies Restrictive Trade Practices (Amendment) Rules, 1989  
Source: S.O. 468(e) dated 19th June 1989 published in Gazette of India Extraordinary, Part II, Section 3(ii) dated 19th June 1989.

- 4) The Monopolies and Restrictive Trade Practices (Classification of Goods) Rules 1971  
Published in G.S.R. 1033 dated 26th June 1971 published in Gazette of India Extraordinary, Part II, Section 3(i) dated 10 July 1971.  
Effective: 10 July 1971 (Date of publication in the Gazette)
- 5) The Monopolies and Restrictive Practices (Information) rules 1971 Notification No. G.S.R. 607 dated 19 April 1971.  
Effective: Date on which published in the Gazette.
- 6) The Industries (Development and Regulation) Act, 1951 (65 of 1951)  
Date of Assent: 31st October, 1951  
Effective: 8th May 1952; Source: Notification No S.R.O. 811, dated the 8th May, 1952, Gazette of India Extraordinary, Part II, Section 3, p.539.  
Last amendment: The Industries ( Development and Regulation ) ( Amendment ) Act No. 4 of 1984 (Which repeals the Industries (Development and Regulation) (Amendment) Ordinance of 1984)  
Effective: 12 January 1984 (retroactive)

Other amendments:

- 1 Industries (Development and Regulation) Amendment act, 1953 (26 of 1953)
  - 2 Industries (Development and Regulation) Amendment act, 1956 (71 of 1956)
  - 3 Industries (Development and Regulation) Amendment act, 1961 (51 of 1961)
  - 4 Industries (Development and Regulation) Amendment act, 1962 (37 of 1962)
  - 5 Industries (Development and Regulation) Amendment act, 1965 (6 of 1965)
  - 6 Industries (Development and Regulation) Amendment act, 1971 (72 of 1971)
  - 7 Industries (Development and Regulation) Amendment act, 1973 (67 of 1973)
  - 8 Industries (Development and Regulation) Amendment act, 1974 (32 of 1974)
  - 9 Industries (Development and Regulation) Amendment act, 1979 (17 of 1979)
  - 10 Industries (Development and Regulation) Amendment act, 1984 (4 of 1984)
- 7) The Jute Manufacturers Development Council Act, 1983(27 of 1983)  
Published in Gazette of Indian Extraordinary, Part II, Section 1, dated 8th September 1983.  
Date of Assent: 7th September 1983

Effective: 1st May 1984; Source: S.O. 326(E) Gazette of India Extraordinary, Part II, Section 3(ii) No. 197 dated 28th April 1984.

- 8) Drugs (Control) Act, 1950 (26 of 1950)  
Date of Assent: 7th April 1950
- 9) The Drugs (Prices Control) Order 1979  
Source: S.O. 190(E) dated 31st March 1979 published in the Gazette of Indian Extraordinary , Part II, Section 3(ii) dated 21 March 1979.

Effective: from the Date of its publication in the official Gazette

Last amended by Drugs (Price Control) Amendment Order, 1989, Source; S.O. 82(E) dated January 18, 1989, published in the Gazette of India Extraordinary Part II, Section 3(ii)

- 10) The Drugs and Cosmetics (Amendment) Act, 1986 (71 of 1986) which last amends the Drugs and Cosmetics Act, 1940 (23 of 1940)  
The Act was published in Gazette of India Extraordinary, Part II, Section 1, No.86 dated 26th December 1986.  
Date of assent: 24th December 1986  
Effective: 15th September 1987; Source: Notification No. G.S.R. 776((E) dated 15th September 1987, Gazette of Indian Extraordinary Part II, Section 3(i)

#### Others Amendments

- 1 Drugs (Amendment Act,) 1955 (11 of 1955)
- 2 Drugs (Amendment Act,) 1960 (35 of 1960)
- 3 Drugs (Amendment Act,) 1962 (21 of 1962)
- 4 Drugs and Cosmetics (Amendment) Act, 1964 (13 of 1964)
- 5 Drugs and Cosmetics (Amendment) Act, 1972 (19 of 1972)
- 6 Drugs and Cosmetics (Amendment) Act, 1982 (68 of 1982)

[Name of the Act changed from Drugs Act to Drugs and Cosmetics Act by the Amendment Act, 21 of 1962.]

- 11) The Import and Export (Control ) Act, 1947(18 of 1947)  
Date of Assent: 24th March 1947  
Effective: 25th March 1947; effective the date forms parts of the Act  
Last Amendment: The Imports and Exports (Control) (Amendment) Act No. 12 of 1976  
Date of assent: 25 January 1976

#### Other Amendments:

- 1 Import and Export (Control) Amendment Act, 1949 (63 of 1949)
- 2 Import and Export (Control) Amendment Act, 1950 (6 of 1950)
- 3 Import and Export (Control) Amendment Act, 1955 (2 of 1955)
- 4 Import and Export (Control) Amendment Act, 1960 (4 of 1960)
- 5 Import and Export (Control) Amendment Act, 1966 (2 of 1966)
- 6 Import and Export (Control) Amendment Act, 1971 (7 of 1971)
- 7 Import and Export (Control) Amendment Act, 1976 (12 of 1976)

- 12) Import and Export Control Policy for the period 1988-91  
Source: Laid on the table of the House (Lok Sabha) on 30th march 1988 and Published by the Ministry of Commerce as: I. Imports and Exports Promotion and II. Export Control and procedures.
- 13) Facilities and Incentives for Foreign Investment in India.  
Source: Indian Investment Centre, A Government of India Organization, August 1989
- 14) Industrial Policy Statement of 23 of July 1980  
Source: Indian Investment Centre, Guidelines for Industries, January 1988.
- 15) Liberalization in Industrial Policy: New Thrust for Investment in the Seventh Plan, 1986  
Source: Indian Investment Centre
- 16) Industrial Policy -- Government Decisions  
Date of Issue: 2nd February 1973  
Source: Indian Investment Centre, Guidelines for Industries, January 1988.

## **II Company Law**

- 17) The Companies Act, 1956 (Act 1 1956)  
Date of Assent: 18th January 1956  
Effective: 1 April 1956, Source: Notification No. S.R.O. 612 dated 8th March 1956, Gazette of India Extraordinary 1956, Part II, Section 3. p473.  
Last amendment.  
The Companies (Amendment) Act, 1988 (31 of 1988)  
Date of assent May 24, 1988.  
Source: The Act was published in Gazette of India Extraordinary, Part II, Section 1, No. 36 dated 27th May 1988.  
  
Effective:
  - 1 15th June 1988, Sections 6,7,10,17(a), 18,20,23,to 29,30(b), 32-35, 45-50, 54, 55, 58 and 66.
  - 2 1st December 1988 for provisions of Sections of Section 2 in so far as it relates to the definition of Secretary and Section 53 of the Act. (GSR 1106(E) dated 29th November 1988, Gazette, of India Extraordinary, Part II, Section 3(i), dated 29 November 1988)
  - 3 1st April 19889 for provision of Section 30(a) in so far as it relates to inclusion of specific particulars in the Directors' Report, (GSR 1028 dated 31st December 1988, published in Gazette of India Extraordinary, Part II, Section 3(i) dated 31st December 1988.
  - 4 17th April 1989, provision of Section 19,31 (in so far it relates to clauses (a) and (b), 51 and 52 of the Act, (GSR 448 (E) dated 17th April 1989, published in Gazette of India Extraordinary, Part II, Section 3(i) dated 17th April 1989)

- 5      1st September 1989, provision of section 9 (GSR 788(E) dated 28th August 1989 published in Gazette of India Extraordinary, Part II, Section 3(i) dated 28th August 1989)

Other Amending Acts:

- 1      Companies (Amendments) Act, 1960 (65 of 1960)
- 2      Companies (Amendments) Act, 1962 (43 of 1962)
- 3      Companies (Amendments) Act, 1963 (53 of 1963)
- 4      Companies (Amendments) Act, 1964 (32 of 1964)
- 5      Companies (Amendments) Act, 1965 (31 of 1965)
- 6      Companies (Amendments) Act, 1966 (34 of 1966)
- 7      Companies (Second Amendments) Act, 1966 (37 of 1966)
- 8      Companies (Amendments) Act, 1969 (17 of 1969)
- 9      Companies (Amendments) Act, 1971 (80 of 1971)
- 10     Companies (Amendments) Act, 1974 (41 of 1974)
- 11     Companies (Amendments) Act, 1977 (46 of 1977)
- 12     Companies (Amendments) Act, 1985 (35 of 1974)

### III      Tax Law

- 18)     Income Tax Act, 1961 (43 of 1961)  
Date of Assent: 13th September 1961  
The Act was published in Gazette of India Extraordinary, Part II, Section I, No. 47 dated 14th September 1961.  
Effective: 1 April 1962; Source: Effective date forms part of the Act.  
Last amendment: The Income-tax (Amendment) Act, 1989 (11 of 1989) repeals the Income-tax (Amendment) Ordinance, 1989 (Ordinance 1 of 1989)  
Date of assent: 1st April 1989  
The Act was published in Gazette of India Extraordinary, Part II, Section 1, No. 15 dated 3rd April 1989.  
Effective; 24th January 1989 (retroactive); effective date forms part of the Act.

Other Amendments:

1.      Income-tax (Amendment) act, 1963 (43 of 1963)
  2.      Income-tax (Amendment) act, 1965 (1 of 1965)
  3.      Income-tax (Amendment) act, 1972 (41 of 1972)
  4.      Income-tax (Amendment) act, 1973 (66 of 1973)
  5.      Income-tax (Amendment) act, 1976 (1 of 1976)
  6.      Income-tax (Amendment) act, 1981 (22 of 1981)
  7.      Income-tax (Second Amendment) act, 1981 (38 of 1981)
  8.      Income-tax (Amendment) act, 1986 (26 of 1986)
- 19)     The Income Tax Rules 1962  
Effective: 1st April 1962; Source: Gazette of India Extraordinary, Part II, Section 3(ii), No 137 dated 31st March 1962.

- 20) The Companies (Surcharge on Income-tax) Act, 1971 (62 of 1971)  
Date of assent: 23 December 1971  
The Act was published in the Gazette of India Extraordinary, Part II, Section 1, page 701 dated 23rd December 1971.  
[It was described that the Act was to provide for the levy of a surcharge on Income-tax payable in advance by companies during the financial year 1971-72 under the Income-tax Act, 1961]
- 21) The Voluntary Disclosure of Income and Wealth Act no. 8 of 1976 which repeals the Voluntary Disclosure of Income and Wealth Ordinance 1975 of October 1975  
Date of assent: 25 January 1976  
The Act was published in the Gazette of India Extraordinary, Part II, Section 1, p. 53, dated 25th January 1976.  
Effective: 8 October 1975 (Retroactive); Source: Act contains the effective date
- 22) The Companies (Profits) Surtax Act, 1964 (7 of 1964)  
Date of Assent: 2nd May 1964  
The Act was published in the Gazette of India Extraordinary, Part II, Section 1, P.131 dated 2nd May 1964.
- 23) The Super Profits Tax Act No. 14 of 1963  
Date of assent: 4 May 1963  
The Act was published in the gazette of India Extraordinary, Part II, Section 1, dated 6th May 1963.
- 24) Expenditure Tax Act, 1987 (35 of 1987)  
Date of Assent: 14th September 1987  
The Act was published in Gazette of India Extraordinary, Part II, Section 1 No. 45 Dated 14th September 1987.  
Effective: 1st November 1987; Source: S.O. 919 dated 14th October 1987.
- 25) The Interest-tax Act, 1974 (45 of 1974)  
Date of Assent: 23rd September 1974  
The Act was published in the Gazette of India Extraordinary Part II, Section 1, dated 24th September 1974.
- 26) The Interest Act, 1978 (14 of 1978)  
Published in Gazette of India Extraordinary, Part II, Section 1, No. 12 dated 31st March 1978.  
Date of assent: 31st March 1978  
Effective: 19th August 1981; source: S.O. 657(E) published in Gazette of India Extraordinary, Part II, Section 3 (i)
- 27) Direct Tax Laws (Amendment) Act of 1987 (4 of 1988) which amends the Income-tax Act, 1961, Wealth-tax Act, 1957, Gift-tax Act, 1958 and Companies (Profits) Surtax Act, 1964.

Date of Assent: 24th January 1988  
Effective: 1st April 1989

- 28) Direct Tax Laws (Amendment) Act, 3 of 1989 which further amends the Income-Tax Act, 1961, Wealth-tax Act, 1957, Gift-Tax Act, 1958 and The Direct Tax Laws (Amendment) Act, 1987.  
Date of Assent: 15th March 1989  
The Act was published in the Gazette of India Extraordinary, Part II, Section 1, dated 16th March 1989.  
Effective: 1st April 1989 (Sections 2 to 31 and 33 to 95)

#### IV. TOT Law and V. IP Law

- 29) Technology Policy Statement, January 1983  
Source: Lok Sabha Secretariat, National Science & Technology Policy, 1989 (Third Revised Edition). The Appendices include: (i). The Technology Policy Statement, 1983, (ii) Scientific Policy Resolution 1958; an (iii) Ocean Policy Statement, 1982.
- 30) The Institutes of Technology Act, 1961 (59 of 1961)  
Date of assent: 19 December 1961  
Effective: 1st April 1962; Source: Notification No. S.O. 929 Gazette of India, Extraordinary Part II, See 3(ii) dated 23.3.1962, p. 867.  
Last amended by The Institutes of Technology (Amendment) Act, 1963 (29 of 1963)
- 31) The patents Act No. 39 of 1970  
Date of assent: 19 September 1970  
The Act was published in the Gazette of India Extraordinary, Part II, Section 1, dated 21st September 1970.  
Effective: (1) 20th April 1972 (other than sections 12(2), 13(2), 28, 68 and 125 to 132); Source: Notification No. S.O. 300(E), dated 20th April 1972, Gazette of India Extraordinary Part II, Section 3(ii), Page 735.  
(2) 1st april 1978 (section 12(3), 13(2), 28, 68 and 125 to 132) Source: Notification NO. S.O. 799 dated 10th March 1978, Gazette of India Extraordinary, 1978 Part II Section 3(ii) page 764.
- 32) Patents Rules 1972  
Effective: 12th April 1972; Source; S.O. 301(E) dated April 20, 1972 published in the Gazette of India Extraordinary, Part II Section 3(ii) dated April 20, 1972. Last amended by Patents (Amendment) Rules, 1977  
Effective: From the date of publication in the Official Gazette; Source: S.O. 3598 dated 28th October 1977, published in the Gazette of India Extraordinary, Part II, Section 3(ii) dated 26th November 1977.
- 33) The Copyright Act, 1957 (14 of 1957)  
Date of Assent: 4th June 1957)

Effective: 21st January 1958; Source: Notification No. S.R.O. 269 dated 21st January 1958, Gazette of India Extraordinary Part II, Section 3, p. 167.

Last amendment: The Copyright (Amendment) Act No. 23 of 1983

The Act was published in Gazette of India Extraordinary, Part II, Section 1, No. 26, dated 1st September 1983.

Effective: 9th August 1984; Source: GSR 602(E) published in Gazette of India (Extraordinary) Part II, Section 3(ii), No 317, dated 10th August 1984.

Source: The Gazette of India (Extraordinary) No. 26 of 1 September 1983 (OS), and WIPO Copyright Laws and Treaties, No. 3, March 1984; The copyright (Amendment) Act No 65 (Date of Assent: 14 September 1984) The Act was published in the Gazette of India (Extraordinary) No. 82, of 14 September 1984 (OS) and

Effective: 8 October 1984; Source: GSR No. 712(E) published in Gazette of India Extraordinary, Part II, Section 3(i) No. 398 dated 8th October 1984.

WIPO Copy right Laws and Treaties No. 2, February 1985

- 34) Policy on Computer Software Export, Software Development and Training, 19 December 1986  
Source: Policy Statement included in: Lok Sabha Secretariat, National Electronics Policy, 1988 (Second Revised Edition)  
Other statements included in the publication are (i) Statement regarding Measures to Further Accelerate the Rapid Development of Electronic, August, 1983; (ii) Statement Regarding Manufacture of Telecommunication Equipment--Relaxation from 100% public Sector Manufacture, March 1984; (iii) Text of Computer Policy, November 1984; and (iv) Statement on Integrated Policy Measures on Electronics, March 1985.
- 35) The Trade and Merchandise Marks Act, 1958 (43 of 1958)  
The Act was published in Gazette of India Extraordinary Part II, Section 1, No. 37, dated 18th October 1958.  
Date of assent: 17 October 1958  
Effective: November 25, 1959 Source: S.O. 2600 in Gazette of India, 1959 Extraordinary, Part II, Sec. 3(ii) No. 170 dated 25th November 1959  
Sections 4 and 136 were amended through The Repealing and Amending Act 58 of 1960.
- 36) The Trade and Merchandise Marks Rules of 1959  
Effective: The same day on which the Act came into force, i.e. November 25, 1959. Source: S.O. 2603 published in Gazette of India Extraordinary, Part II, Section 3(ii) No 170 dated 25th November 1959.  
Last amended by the Trade and Merchandise Marks (Amendment) Rules, 1987 which are affective from the date of publication in the Official Gazette. Source: S.O.1689 dated 26th June 1987 published in Gazette of India Extraordinary, Part II, Section 3(ii) No. 27 dated 4th July 1987.
- 37) Emblems and Names (Prevention of Improper Use) Act, 1950 (12 of 1950)  
Date of Assent: March 1, 1950

- 38) Research and Development Cess Act, 1986 (32 of 1986)  
Date of Assent: 14th August 1986  
Effective: 1st December 1987; Source: S.O. 879(E) No. 496 dated 5th October 1987, Gazette of India Extraordinary, Part II, Section 3(ii), No. 196 dated 15th October 1987.

## **VI Labour Law**

- 39) The Industrial Disputes (Amendment) Act No. 49 of 1984 which last amends the Industrial Disputes Act No. 14 of 1947

Date of assent: 16 August 1984

Effective: 18 August, 1984; Source: Notification No. S.O. 605(E) dated 18.8.1984. Gazette of India, Extraordinary, 1984 Part II Section 3(ii)

Other Amendments:

1. Industrial Disputes (Amendment and Temporary Provisions) Act, 1951 (40 of 1951)
2. Industrial Disputes (Amendment) Act, 1952 (18 of 1952)
3. Industrial Disputes (Amendment) Act, 1953 (43 of 1953)
4. Industrial Disputes (Amendment) Act, 1954 (48 of 1954)
5. Industrial Disputes (Amendment and Miscellaneous Provisions) Act, 1956 (36 of 1956)
6. Industrial Disputes (Amendment) Act, 1956 (41 of 1956)
7. Industrial Disputes (Amendment) Act, 1957 (18 of 1957)
8. Industrial Disputes (Amendment) Act, 1964 (36 of 1964)
9. Industrial Disputes (Amendment) Act, 1965 (35 of 1965)
10. Industrial Disputes (Amendment) Act, 1971 (45 of 1971)
11. Industrial Disputes (Amendment) Act, 1972 (32 of 1972)
12. Industrial Disputes (Amendment) Act, 1976 (32 of 1976)
13. Industrial Disputes (Amendment) Act, 1982 (46 of 1982)

- 40) The Trade Unions (Amendment) Act 1964 (38 of 1964) which last amends the Indian Trade Unions Act No 16 of 1926

Date of assent:

Effective: 1st April 1965

other Amendments:

1. Indian Trade Unions (Amendment) Act, 1928 (15 of 1928)
2. Indian Trade Unions (Amendment) Act, 1960 (42 of 1960)

Name of the Act was changed from Indian Trade Unions Act to Trade Unions Act by the Amendment Act 38 of 1964]

- 41) The Industrial Employment (Standing Orders) (Amendment), Act, 1982 (18 of 1982) which last amends the Industrial Employment (Standing Orders) Act No. 20 of 1946.

Effective: 17th May 1982

Last amended: The Industrial Employment (Standing Orders) (Amendment) Act, 1963 (39 of 1963)

Date of assent: 2 December 1963

Effective: Upon Notification in the Official Gazette 23.12.1963. Notification No. S.R. 3594 dated 23.12.1963; Source: Gazette of India Extraordinary Part II, Section 3(ii)

Other amendments:

1. The Industrial Employment (Standing Orders) (Amendment) Act, 1961 (16 of 1961)
- 42) The Minimum Wages Act, 1948 (11 of 1948)  
Last amended by The Minimum Wages (Amendment) Act No. 31 of 1961  
Date of Assent: 28 August 1961  
Other Amendments:
1. Minimum Wages (Amendment), Act, 1950 (56 of 1950)
  2. Minimum Wages (Amendment), Act, 1951 (16 of 1951)
  3. Minimum Wages (Amendment), Act, 1954 (26 of 1954)
  4. Minimum Wages (Amendment), Act, 1957 (30 of 1957)
- 43) The Payment of Wages (Amendment) Act No 38 of 1982 which last amends the Payment of Wages Act No. 4 of 1936 (repeals the Payment of Wages (Amendment) Ordinance of 12 November 1975)  
Date of assent: 18 August 1982  
Effective: 15th October 1982; Source: Notification No G.S.R. 612(E) dated 15.10.1982 Gazette of India Extraordinary 1982 Part II Section 3(i).  
Other amendments:
1. Payment of Wages (Amendment) Act, 1957 (68 of 1957)
  2. Payment of Wages (Amendment) Act, 1964 (53 of 1964)
  3. Payment of Wages (Amendment) Act, 1976 (29 of 1976)
  4. Payment of Wages (Amendment) Act, 1977 (19 of 1977)
- 44) The Payment of Bonus Act No. 21 of 1965  
Date of Assent: 25th September 1965  
Last amendments: The Payment of Bonus (Amendment) Act No. 30 of 1985  
Date of assent: 22 May 1985  
The Payment of Bonus (Second Amendment) Act No 67 of 1985  
Date of assent: 18th December 1985  
The Act was published in Gazette of India Extraordinary, Part II, Section 1 No. 85  
dated 19th December 1985.  
Effective: 7th November 1985; effective date forms part of the Act.  
Other amendments:
1. Payment of Bonus (Amendment), Act, 1969 (8 OF 1969)
  2. Payment of Bonus (Amendment), Act, 1972 (68 OF 1972)
  3. Payment of Bonus (Amendment), Act, 1973 (39 OF 1973)
  4. Payment of Bonus (Second Amendment), Act, 1973 (55 of 1973)
  5. Payment of Bonus (Amendment), Act, 1974 (42 of 1974)
  6. Payment of Bonus (Amendment), Act, 1976 (23 of 1976)
  7. Payment of Bonus (Amendment), Act, 1977 (43 of 1977)

8. Payment of Bonus (Amendment), Act, 1978 (48 of 1978)
9. Payment of Bonus (Amendment), Act, 1980 (5 of 1980)
10. Payment of Bonus (Second Amendment), Act, 1980 (66 of 1980)
11. Payment of Bonus (Amendment), Act, 1985 (30 of 1985)
12. Payment of Bonus (Second Amendment), Act, 1985 (67 of 1985)

45) The Employees' Provident Funds Act, 1952 (19 of 1952)

Last amended by The Employees' Provident Funds (Miscellaneous Provisions and Amendment) Act 1988 (33 of 1988)

The Act was published in Gazette of India Extraordinary, Part II, Section 1 No. 40 dated 7th June 1988)

Date of assent: 2nd June 1988

Effective: 1st August 1988 (section 2 to 21 and 24 to 27) Source: S.O. 716(E) dated

1. 15th July 1988 published in Gazette of India Extraordinary, part II, Section 3(ii) No. 369 dated 20th July 1988.
2. 1st October 1988 (section 23 of the Act)  
Source: Gazette of India Extraordinary, Part II, Section
3. (ii) No. 481 dated 23rd September 1988.

Other Amendments:

1. Employees' Provident Funds (Amendment) Act, 1953 (37 of 1953)
2. Employees' Provident Funds (Amendment) Act, 1956 (94 of 1956)
3. Employees' Provident Funds (Amendment) Act, 1958 (22 of 1958)
4. Employees' Provident Funds (Amendment) Act, 1960 (46 of 1960)
5. Employees' Provident Funds (Amendment) Act, 1962 (48 of 1962)
6. Employees' Provident Funds (Amendment) Act, 1963 (28 of 1963)
7. Employees' Provident Funds (Amendment) Act, 1965 (22 of 1965)

46) The Employment Exchanges (Compulsory Notification of Vacancies) Act No. 31 of 1959

Date of assent: 2 September 1959

Effective: 1st of May 1960 on which this Act came into force in all the states to which it extended and in the Union Territories of Delhi, Himachal Pradesh, Manipur and Tripura; Source: Gazette of India Extraordinary, Part II, Section 3(i) dated 1st April 1960. Subsequently extended to other states.

47) The Workmen's Compensation (Amendment) Act No. 22 of 1984 which amends the Workmen's Compensation Act No. 8 of 1923

Date of assent: 12 May 1984

Effective: July 1, 1984; Source: Notification No. S.O. 2145 dated 14.6.1984, Gazette of India, 1984 part II, Section 3(ii)

Other Amendments:

1. Workmen's Compensation (Amendment) Act, 1959 (8 of 1959)
2. Workmen's Compensation (Amendment) Act, 1962 (64 of 1962)
3. Workmen's Compensation (Amendment) Act, 1976 (65 of 1976)

- 48) The Factories (Amendment) Act 1987 (20 of 1987) which last amends the Factories Act No. 63 of 1948.  
The amending Act was published in Gazette of India Extraordinary, Part II, Section 1 dated 25th May 1987.  
Date of assent: 23 May 1987  
Other Amendments:  
1. Factories (Amendment) Act, 1947 (5 of 1947)  
2. Factories (Amendment) Act, 1948 (63 of 1948)  
3. Factories (Amendment) Act, 1954 (25 of 1954)  
4. Factories (Amendment) Act, 1976 (94 of 1976)
- 49) Equal Remuneration (Amendment) Act, 1987 (49 of 1987) which amends The Equal Remuneration Act, 1976 (25 of 1976)  
Date of assent: 16th December 1987  
Source: published in Gazette of India Extraordinary, Part II, Section 1 No 69 dated 17th December 1987.
- 50) Contract Labour (Regulation and Abolition) Act, 1970 (37 of 1970)  
Contract Labour (Regulation and Abolition) Amendment Act 1986 (14 of 1986)  
Effective: 28th January 1986; Source: Effective date forms part of the Act.
- 51) Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988 (51 of 1988)  
Date of assent: 27th September 1988  
The Act was published in Gazette of India Extraordinary, Part II, Section 1 dated 27th September 1988.

## **VII Environmental Law**

- 51) Air (Prevention and Control Pollution ) Act No. 14 of 1981  
Date of Assent: 29th March 1981  
Effective: May 16, 1981; Source: Notification No. G.S.R. 351(E), dated 15th May 1981, Gazette of India Extraordinary Part II, Section 3(i) No. 179.  
Last amendment: The Air (Prevention and Control of Pollution) (Amendment) Act No. 47 of 1987  
The Act was published in Gazette of India Extraordinary, Part II, Section 1 No. 67 dated 17th December 1987.  
Date of assent: 16 December 1987  
Effective: 1st April 1988 (all provisions except 2(ii) and (iv), 3,4(i) and 15 enforced)
- 52) The Water (prevention and Control of Pollution ) (Amendment) Act, 1988 (53 of 1988) last amends The Water (Prevention and Control of Pollution) Act, 1974 (6 of 1974)  
Date of Assent: 29th September 1988  
The amending Act was published in Gazette of India Extraordinary, Part II, Section 1 No. 69 dated 3rd October 1988.

Effective: At once in Himachal Pradesh, Tripura, Union Territories and in any other state which adopts the Act on the date of such adoption.

Last amendment: the Water (Prevention and Control of Pollution) (amendment) Act No. 44 of 1978

Date of Assent: 12 December 1978

Effective: At once in the first instance, to the whole of the States of Assam, Haryana and West Bengal and the Union Territories; and it shall apply to such other state which adopts this Act by resolution passed in that behalf under clause (10) of article 252 of the Constitution read with clause (2) thereof.

- 53) Water (prevention and Control of Pollution) Cess Act, 1977 (36 of 1977)  
Date of assent: 7th December 1977.  
Effective: 1st April 1978; Source: GSR 189(E) in Gazette of India Extraordinary, Part II, Section 3(i) No. 92 dated 27th March 1978.
- 54) The Environment (Protection) Act No. 29 of 1986  
Date of Assent: 23 May 1986  
The Act was published in Gazette of India Extraordinary, Part II, Section 1 No. 34 dated 26th May 1986.  
Effective: 19th November 1986; Source: Notification No. F.S.R. 1198(E), dated 12th November 1986, Gazette of India, Extraordinary, Part II. Section 3(i)
- 55) Environment (Protection) Rules, 1986 issued under The Environment (Protection) Act, 29 of 1986  
Effective: On the date of publication in the Official Gazette; Source: S.O. 844(E) in Gazette of India Extraordinary, Part II, Section 3(ii) No. 472 dated 19th November 1986.

## **ANNEXURE II**

### **Status of Implementation of Large Foreign Investment Approvals**

## Status of Implementation of Large Foreign Investment Proposals\*

(August 1991 - July 1994)

### 01 IMPLEMENTED APPROVALS

|                                                 |                                   |
|-------------------------------------------------|-----------------------------------|
| 1. 20TH CENTURY MUTUAL FUND                     | 6. 20TH CENTURY FINANCE CORPN LTD |
| 2. INTERNATIONAL FINANCE CORPN, USA             | 7.                                |
| 3. SETTING UP OF CONSORTIUM QUANTUM GROWTH FUND | 8. SERVICE FIN                    |
| 4. Rs. 7.50 CRORES                              | 9. 20TH CENTURY                   |
| 5. FEBRUARY 1994                                |                                   |

3825

The company is promoted by the 20th century group. The International Finance Corporation has also participated in the equity capital of the company to the extent of Rs. 7.50 crores.

|                                                 |                                      |
|-------------------------------------------------|--------------------------------------|
| 1. 20TH CENTURY VENTURE CAPITAL CORPN LTD       | 6. 20TH CENTURY VENTURE CAPITAL CORP |
| 2. ASIAN FINANCE & INVT. CORPN LTD, PHILIPPINES | 7.                                   |
| 3. VENTURE CAPITAL INVESTMENT                   | 8. SERVICE FIN                       |
| 4. Rs. 5.00 CRORES                              | 9. 20TH CENTURY                      |
| 5. JULY 1992                                    |                                      |

1452

The 20th Century Venture Capital Corporation Ltd is jointly promoted by the 20th Century Finance Corporation Ltd a diversified integrated financial service company and the Asian Finance and Investment Corpn. Ltd an associate of Asian Development Bank (ADB). The company has already started venture capital operations.

|                                                 |                         |
|-------------------------------------------------|-------------------------|
| 1. ALEXCON FOAMCAST LTD                         | 6. ALEXCON FOAMCAST LTD |
| 2. VULCAN ENGINEERING CO, USA                   | 7. 1285                 |
| 3. CASTINGS & FORGINGS & OTHER ARTICLES OF IRON | 8. MAHARASHTRA          |
| 4. Rs. 10.20 CRORES                             | 9. ALEXCON              |
| 5. NOVEMBER 1993                                |                         |

3396

The foreign equity participation by the collaborator is through the supply of plant and machinery. Trial production has commenced in January 1995. The foreign collaborators has already subscribed an amount of Rs. 3.83 crores. The project is located in Khalapur, Raigarh, Maharashtra. The project was delayed by ten months because of clearance from the financial institutions.

|                                           |                                     |
|-------------------------------------------|-------------------------------------|
| 1. AMERICAN EXPRESS (INDIA) PVT LTD       | 6. AMERICAN EXPRESS (INDIA) PVT LTD |
| 2. AMERICAN EXPRESS INTL INC, USA         | 7.                                  |
| 3. DATA MANAGEMENT & INFORMATION SERVICES | 8. SERVICE FIN                      |
| 4. Rs. 22.09 CRORES                       | 9.                                  |
| 5. JUNE 1994                              |                                     |

4360

American Express (India) Pvt Ltd launched its US \$ 13 million Financial Resources Center(FRC) - East in New Delhi on Jan 1995. The project is expected to earn US \$ 50 - 60 million in foreign exchange in 5 years. The FRC will serve as data processing center for markets in Japan.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                              |                                      |
|------------------------------|--------------------------------------|
| 1. ASIAN CAN LTD             | 6. ASIAN CONSOLIDATED INDUSTRIES LTD |
| 2. NRI, NRI                  | 7. 0185                              |
| 3. PACKAGING FOR FOODS ITEMS | 8. RAJASTHAN                         |
| 4. Rs. 33.17 CRORES          | 9. ASIAN CAN                         |
| 5. OCTOBER 1992              |                                      |

1877

The company could mobilise about Rs. 4.00 crores only from NRIs through public issue made in September 1993. While this should have been treated as abandoned since no identifiable NRI promoter or OCB took up the equity on one hand and on the other almost Rs. 30.00 crores would never be mobilised by the company under this approval.

|                                                      |                        |
|------------------------------------------------------|------------------------|
| 1. BHAGWATI GASES LTD                                | 6. BHAGAWATI GASES LTD |
| 2. ASIAN FINANCE & INVESTMENT CORPN LTD, PHILIPPINES | 7. 1174                |
| 3. INDUSTRIAL OXYGEN, NITROGEN ARGON                 | 8. RAJASTHAN           |
| 4. Rs. 5.00 CRORES                                   | 9.                     |
| 5. APRIL 1993                                        |                        |

2482

The company is an existing one and the Asian Finance & Investment Corpn. Ltd, an associate of Asian Development Bank (ADB) is participating in the equity capital to the extent of Rs. 5 crores. The company has envisaged an export sales of Rs. 16.60 crores during 1994-95

|                                   |                     |
|-----------------------------------|---------------------|
| 1. BHARAT PETROLEUM CORPN LTD     | 6. BHARAT SHELL LTD |
| 2. SHELL OVERSEAS INVESTMENTS, UK | 7. 0993             |
| 3. LUBRICATING OILS & GREASE ETC  | 8. MAHARASHTRA      |
| 4. Rs. 16.57 CRORES               | 9. PUBLIC SECTOR    |
| 5. JUNE 1993                      |                     |

2731

Bharat Shell Ltd is a joint venture with Shell holding 51 per cent and BPCL 49 per cent stake. It will produce the lubricants at BPCL's lube oil blending plant in Bombay. It has an authorised capital of Rs. 130 crores.

|                               |                               |
|-------------------------------|-------------------------------|
| 1. BIRLA ERICSSON OPTICAL LTD | 6. BIRLA ERICSSON OPTICAL LTD |
| 2. ERICSSON CABLES AB, SWEDEN | 7. 0692                       |
| 3. OPTICAL FIBRE CABLES       | 8. MADHYA PRADESH             |
| 4. Rs. 6.00 CRORES            | 9. BIRLA                      |
| 5. AUGUST 1992                |                               |

1566

The company is promoted by Birla Group. The plant is located at Rewa, Madhya Pradesh

|                                     |                                 |
|-------------------------------------|---------------------------------|
| 1. BLACK & DECKER CORPORATION       | 6. BLACK & DECKER BAJAJ PVT LTD |
| 2. BLACK & DECKER CORP, USA         | 7. 1293                         |
| 3. ELECTRO MECHANICAL TOOLS & PARTS | 8. MAHARASHTRA                  |
| 4. Rs. 7.65 CRORES                  | 9. BAJAJ                        |
| 5. MARCH 1994                       |                                 |

3944

It is a 50:50 joint venture between Bajaj Electricals Ltd and Black and Decker Ltd. The company is scheduled to begin assembly operations and motor manufacturing this year and it will also begin assembly of home appliances later this year.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                        |                      |
|------------------------|----------------------|
| 1. BTP INDIA LTD       | 6. RPG-BTP INDIA LTD |
| 2. BTP PLC, UK         | 7.                   |
| 3. FOOTWEAR COMPONENTS | 8. TAMIL NADU        |
| 4. Rs. 5.00 CRORES     | 9. RPG               |
| 5. NOVEMBER 1992       |                      |

1934

It is a 50:50 joint venture situated in Kancheepuram, Tamil Nadu. A company hopes to attain a turnover of Rs. 35 crores in the first year. The plant will mainly cater to the Asia-Pacific Market.

|                                            |                               |
|--------------------------------------------|-------------------------------|
| 1. CARRIER CORPORATION TRANSICOLD DIV      | 6. CARRIER TRANSICOLD (I) P/L |
| 2. CARRIER CORPN TRANSICOLD DIV (PR), USA  | 7.                            |
| 3. COMPRESSORS FOR REFRIGERATING EQUIPMENT | 8. KARNATAKA                  |
| 4. Rs. 5.47 CRORES                         | 9.                            |
| 5. DECEMBER 1992                           |                               |

2147

|                                                   |                |
|---------------------------------------------------|----------------|
| 1. CONTINENTAL GRAIN CO                           | 6.             |
| 2. CONTINENTAL GRAIN CO, USA                      | 7.             |
| 3. TRADING AND EXPORT OF AGRICULTURAL COMMODITIES | 8. SERVICE TDG |
| 4. Rs. 6.32 CRORES                                | 9.             |
| 5. DECEMBER 1993                                  |                |

3560

|                                       |                               |
|---------------------------------------|-------------------------------|
| 1. CREDIT CAPITAL FINANCE CO          | 6. CREDIT ASSET MANAGEMENT CO |
| 2. INTERNATIONAL FINANCE CORPN, USA   | 7.                            |
| 3. FOR ESTABLISHMENT OF A MUTUAL FUND | 8. SERVICE FIN                |
| 4. Rs. 83.50 CRORES                   | 9. CREDITCAPITAL              |
| 5. DECEMBER 1993                      |                               |

3558

Credit Capital Finance Corpn holds 60 per cent, IFC Washington 20 per cent, Edinburgh Fund Managers 10 per cent and Peerless 10 per cent. The company's Star Share International Fund Scheme was opened on 10th January 1994.

|                                         |                       |
|-----------------------------------------|-----------------------|
| 1. CT COTTON YARN LTD                   | 6. CT COTTON YARN LTD |
| 2. NRI, NRI                             | 7. 0890               |
| 3. DYED/BLEACHED COTTON KNITTED FABRICS | 8. MADHYA PRADESH     |
| 4. Rs. 22.63 CRORES                     | 9. CAPITAL TRUST      |
| 5. JULY 1994                            |                       |

4525

The company is promoted by V.P. Punj and Capital Trust Ltd in Dist. Bhind, Madhya Pradesh. NRIs has so far subscribed Rs. 2.80 crores in the company's equity.

|                                                  |                         |
|--------------------------------------------------|-------------------------|
| 1. FABWORTH INDIA LTD                            | 6. FABWORTH (INDIA) LTD |
| 2. NRI, NRI                                      | 7. 0592                 |
| 3. FABRIC DYEING & FINISHING OF WOOL FABRIC ETC. | 8. MADHYA PRADESH       |
| 4. Rs. 6.97 CRORES                               | 9. INDO RAMA            |
| 5. JANUARY 1994                                  |                         |

3730

This company is promoted by Woolworth (I) Ltd belonging to Uniworth Group (NRI Lohia group).

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                              |                         |
|------------------------------|-------------------------|
| 1. FLOATGLASS INDIA LTD      | 6. FLOATGLASS INDIA LTD |
| 2. ASAHI GLASS CO LTD, JAPAN | 7. 0491                 |
| 3. FLOAT GLASS               | 8. MAHARASHTRA          |
| 4. Rs. 49.98 CRORES          | 9. TATA                 |
| 5. APRIL 1993                |                         |

2479

The company is promoted by Asahi Glass Co, Japan and ACC, TELCo and Tata Exports Ltd

|                                      |                                 |
|--------------------------------------|---------------------------------|
| 1. FORTUNE INTERNATIONAL LTD         | 6. FORTUNE OCEANIC PRODUCTS LTD |
| 2. OOKEAN, ESTONIA                   | 7. 0393                         |
| 3. FROZEN FISH AND THEIR BY PRODUCTS | 8. GOA                          |
| 4. Rs. 7.00 CRORES                   | 9.                              |
| 5. JUNE 1993                         |                                 |

2688

As per the agreement signed on 27th August 1993 between Ookean Ltd (OL) and the Fortune International Ltd (FIL) OL and its nominees will have 49% and the FIL its nominees will share 51% of the equity. The FIL in india will carry the business of deep sea fishing and harvesting, processing and selling of marine products, in the exclusive economic zone of India and any other part of the world as may be mutually agreed.

|                                         |                              |
|-----------------------------------------|------------------------------|
| 1. FUJITSU INDIA TELECOM                | 6. FUJITSU INDIA TELECOM LTD |
| 2. ITOCHU CORPN, JAPAN                  | 7.                           |
| 3. DIGITAL ELECTRONIC SWITCHING SYSTEMS | 8. PUNJAB                    |
| 4. Rs. 13.00 CRORES                     | 9. PBLIC SECT FIN            |
| 5. OCTOBER 1993                         |                              |

3247

|                                 |                                  |
|---------------------------------|----------------------------------|
| 1. GE CAPITAL CORPN             | 6. GE CAPITAL SERVICES INDIA LTD |
| 2. GENERAL ELECTRIC CO, USA     | 7. 1093                          |
| 3. PROVIDING FINANCIAL SERVICES | 8. SERVICE FIN                   |
| 4. Rs.315.90 CRORES             | 9.                               |
| 5. JULY 1993                    |                                  |

2877

It is a 100 per cent subsidiary of GE. The operations of the company began in 1994. HDFC is also likely to pick up stake in GE Capital's newly planned joint venture in World Wide Consumer Finance with DLF Group.

|                                |                              |
|--------------------------------|------------------------------|
| 1. GUJARAT SIDHEE CEMENT LTD   | 6. GUJARAT SIDHEE CEMENT LTD |
| 2. FL SMIDTH & CO A/S, DENMARK | 7. 0373                      |
| 3. CEMENT PRODUCTS             | 8. GUJARAT                   |
| 4. Rs. 12.50 CRORES            | 9. MEHTA                     |
| 5. FEBRUARY 1994               |                              |

3843

The company is promoted by Africa based NRI, Nanji Kalidas Mehta. F L Smidtdh & Co, Denmark and Industrialisation Fund for Developing Countries, Denmark have participated in the equity through firm allotment to the extent of Rs. 12.50 crores in the project. The company made public issue in July 1994.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

- |                                                |                      |
|------------------------------------------------|----------------------|
| 1. HOTLINE GLASS LTD                           | 6. HOTLINE GLASS LTD |
| 2. PICVUE ELECTRONICS LTD, TAIWAN              | 7. 0192              |
| 3. GLASS PARTS FOR B&W PICTURE TUBES & MONITOR | 8. MADHYA PRADESH    |
| 4. Rs. 11.00 CRORES                            | 9. HOTLINE           |
| 5. NOVEMBER 1992                               |                      |

1929

The project is located in Malanpur Industrial Growth Centre, Blind, Madhya Pradesh. The foreign collaborator Picvue has agreed to provide technical know-how free of cost to its Indian partner.

- |                               |                   |
|-------------------------------|-------------------|
| 1. IBP CO LTD                 | 6. IBP-CALTEX LTD |
| 2. CALTEX OIL CORPN, USA      | 7.                |
| 3. LUBRICATING OILS & GREASES | 8. MAHARASHTRA    |
| 4. Rs. 10.20 CRORES           | 9. PUBLIC SECTOR  |
| 5. JUNE 1993                  |                   |

2755

The project is being implemented and personnel recruitment has commenced. The products under the brand name Caltex are available in India.

- |                                    |                                    |
|------------------------------------|------------------------------------|
| 1. INDIA REPROGRAPHIC SYSTEMS P/L  | 6. ALCATEL MODI NETWORK SYSTEM LTD |
| 2. ALCATEL CIT, FRANCE             | 7. 0392                            |
| 3. ELECTRONIC SWITCHING EQUIPMENTS | 8. HARYANA                         |
| 4. Rs. 10.20 CRORES                | 9. MODI                            |
| 5.                                 |                                    |

19

It is a joint venture between Alcatel and Modi Rubber Ltd (BK Modi group) for manufacture of PBXs and GSM systems at Gurgaon, Haryana. Alcatel is holding 51 per cent in the equity of the company.

- |                                     |                      |
|-------------------------------------|----------------------|
| 1. INDUSIND HOLDINGS LTD            | 6. INDUSIND BANK LTD |
| 2. INDUSIND HOLDINGS LTD, MAURITIUS | 7. 0393              |
| 3. BANKING & FINANCIAL SERVICES     | 8. SERVICE FIN       |
| 4. Rs.315.90 CRORES                 | 9. HINDUJA           |
| 5. DECEMBER 1993                    |                      |

3582

The company is making a private placement of shares to its shareholders as well as its holding company. The private placement of Rs. 100 crores at premium of Rs 40/- opened on 13-3-95 will close on March 31, 1995. Contribution from NRIs through Mauritius based Indusind International Holdings Ltd forms 40% of the PUC. Rest is held by an Indian holding company, Indusind Enterprises and Finance Ltd. Indusind's deposits have increased from Rs. 173.50 crores when it began operations in June 1994 to Rs. 603.80 crores in February 1995. The bank expects a post-tax profit of Rs. 20.00 crores at the end of March, 1995.

- |                                                |                                      |
|------------------------------------------------|--------------------------------------|
| 1. INDUSTRIAL CREDIT & INVT CORPN OF INDIA LTD | 6. ICICI SECURITIES & FINANCE CO LTD |
| 2. MORGAN GUARANTY INTL FINANCE CORPN, USA     | 7. 0293                              |
| 3. INVESTMENT & MERCHANT BANKING               | 8. SERVICE FIN                       |
| 4. Rs. 20.00 CRORES                            | 9. ICICI                             |
| 5. MARCH 1993                                  |                                      |

2400

The company is a subsidiary of ICICI Ltd. J.P Morgan has taken up 40 per cent equity at premium and balance 60 per cent at par by the ICICI Ltd. It is one of the leading merchant banks promoted by the financial institutions.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

- |                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

---

|                                        |                    |
|----------------------------------------|--------------------|
| 1. INFRASTRUCTURE LSNG & FIN SERV LTD  | 6. IL & FS LTD     |
| 2. ORIX CORPN * (ORIKKUSU K.K.), JAPAN | 7.                 |
| 3. FINANCIAL SERVICES                  | 8. SERVICE FIN     |
| 4. Rs. 29.43 CRORES                    | 9. PUBLIC SECT FIN |
| 5. MARCH 1993                          |                    |

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2378

The company is jointly set up by the Central Bank of India, UTI and HDFC. Orix Corpn of Japan is participating upto 25 per cent. Orix purposes to pay Rs. 250 for each IL & FS share it buys – a premium of Rs. 150 on a share with a face value of Rs. 100.

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|                                              |                           |
|----------------------------------------------|---------------------------|
| 1. JAGATJIT INDUSTRIES LTD                   | 6. HIRAM WALKER INDIA LTD |
| 2. HIRAM WALKER GROUP LTD, UK                | 7. 9394                   |
| 3. SCOTCH WHISKY AND SUPERIOR BLENDED WHISKY | 8. MAHARASHTRA            |
| 4. Rs. 5.00 CRORES                           | 9. JAISWAL LP             |
| 5. AUGUST 1993                               |                           |

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3016

The company is jointly promoted by Jagatjit Industries Ltd. and Hiram Walker of UK with 50 per cent equity participation under the name Hiram Walker (India) Ltd. Hiram Walker (India) Ltd is a part of Allied Domecq Plc. and joint venture partner with Jagatjit Industries Ltd. The company has already launched its brand of first scotch whisky in the month of November 1994.

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|                                     |                                         |
|-------------------------------------|-----------------------------------------|
| 1. JARDINE FLEMING GROUP            | 6. JARDINE FLEMING INDIA SECURITIES P/L |
| 2. JARDINE FLEMING INDIA, MAURITIUS | 7. 0493                                 |
| 3. FINANCIAL SERVICES               | 8. SERVICE FIN                          |
| 4. Rs. 15.78 CRORES                 | 9.                                      |
| 5. JUNE 1994                        |                                         |

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4315

The Jardine Fleming Group obtained government approval of Rs. 15.78 crores to set up merchant banking and stock broking service in India. Jardine Fleming have already brought in Rs. 24.00 crores (75 per cent) as equity capital out of total Rs. 32.00 crores.

---

|                              |                              |
|------------------------------|------------------------------|
| 1. JET AIRWAYS INDIA PVT LTD | 6. JET AIRWAYS INDIA PVT LTD |
| 2. NARESH GOYAL, NRI         | 7.                           |
| 3. AIR TAXI OPERATIONS       | 8. SERVICES                  |
| 4. Rs. 5.00 CRORES           | 9.                           |
| 5. JUNE 1993                 |                              |

---

2777

It is promoted by an NRI, Mr. Naresh Goyal. The approval was for allotting additional equity participation by Gulf Airways, Kuwait Airways and Malaysian Airways.

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|                      |                      |
|----------------------|----------------------|
| 1. KELLOGG INDIA LTD | 6. KELLOGG INDIA LTD |
| 2. KELLOGG CO, USA   | 7.                   |
| 3. FOOD PROCESSING   | 8. MAHARASHTRA       |
| 4. Rs. 42.84 CRORES  | 9.                   |
| 5.                   |                      |

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161

There are two approvals in the name of Kellogg. The first approval was investment upto 51 per cent by Kellogg. The second approval was for seeking 100 per cent equity participation. The project has been implemented in Talaj, Raigarh, Maharashtra

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\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

1. KELLOGG INDIA LTD  
2. KELLOGG CO, USA  
3. BREAKFAST CEREALS  
4. Rs. 60.00 CRORES  
5. JUNE 1993

6. KELLOGG INDIA LTD  
7.  
8. MAHARASHTRA  
9.

2753

1. LAVRIDS KNUDSEN MASKINFABRIK I LTD  
2. LAVRIDS KNUDSEN MASHINFABRIK A/S, DENMARK  
3. PUMP TAPS  
4. Rs. 5.04 CRORES  
5. JUNE 1992

6. LAVRIDS KNUDSON MASKIFABRIK (I) LTD  
7. 0592  
8. MAHARASHTRA  
9.

1375

The Indian promoter is Alfa Laval (India) Ltd. The foreign collaborator is holding 51 per cent in the equity of the company. The project is located in Sarole, Pune, Maharashtra.

1. MARUTI UDYOG LTD  
2. FORD MOTOR COMPANY, USA & SUMITOMO CORPN, JAP, USA & JAPAN  
3. ALUMINIUM RADIATORS  
4. Rs. 8.11 CRORES  
5. OCTOBER 1991

6. CLIMATE CONTROL SYSTEMS (I) LTD  
7. 1291  
8. RAJASTHAN  
9.

345

It is a joint venture between Maruti Udyog Ltd (39%), Ford Motors, USA (56%) and Sumitomo, Japan (5%). The plant was inaugurated at Bhiwadi in Rajasthan in October, 1993.

1. MCKINSEY & CO INC  
2. MCKINSEY CO INC, USA  
3. PROFESSIONAL MANAGEMENT SERVICES  
4. Rs. 20.00 CRORES  
5. DECEMBER 1992

6. MCKINSEY & COMPANY, INC.  
7.  
8. SERVICE MGT  
9.

2087

It is an international consulting firm. It has started its operation two years ago. The company has rendered professional and management services to a number of companies in India. The company has been issuing advertisement for recruitment of professional personnel.

1. MID INDIA SPINNING LTD  
2. NRI, NRI  
3. COTTON YARN  
4. Rs. 5.00 CRORES  
5. NOVEMBER 1992

6. MID INDIA SPINNING LTD  
7. 0391  
8. MADHYA PRADESH  
9.

1966

It is an NRI project located in Mandasur, Madhya Pradesh. It is an 100 per cent EOU has already been in operation.

1. MRIDUL NALWAYA  
2. OPTICAL DISC MASTERING (ODM), NETHERLANDS  
3. COMPACT DISKS  
4. Rs. 5.50 CRORES  
5. MARCH 1992

6. WORLD DIGITAL SOUND SYSTEM LTD  
7. 0991  
8. UTTAR PRADESH  
9.

974

It seems there is a change in the foreign collaborator and the amount of approval. Toolex Alpha, AB, SWEDEN is the new collaborator. The plant is located in NEPZ, Noida.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

1. Name of the Indian Company  
4. Approved foreign equity  
7. Month & Year of Incorporation

2. Name of the Foreign Collaborator, Country  
5. Month and Year of approval  
8. Location of the Project

3. Product  
6. Name of the Joint Venture  
9. Industrial House

- |                                 |                               |
|---------------------------------|-------------------------------|
| 1. NVI ENGINEERING CO PVT LTD   | 6. NVI ENGINEERING CO PVT LTD |
| 2. GILLETTE SOUTH ASIA INC, USA | 7.                            |
| 3. INDUSTRIAL MACHINERY         | 8. ANDHRA PRADESH             |
| 4. Rs. 35.00 CRORES             | 9. HL MALHOTRA                |
| 5. NOVEMBER 1993                |                               |

3460

It is an existing company manufacturing machinery for captive needs of the Malhotra group blade making units. Gillette India has taken over 49 per cent of the equity of the company.

- |                                   |                                   |
|-----------------------------------|-----------------------------------|
| 1. PEARL ENGINEERING POLYMERS LTD | 6. PEARL ENGINEERING POLYMERS LTD |
| 2. METALGESELLSCHAFT AG, GERMANY  | 7. 0792                           |
| 3. POLYETHYLENE TEREPHTHALATE     | 8. MAHARASHTRA                    |
| 4. Rs. 8.00 CRORES                | 9.                                |
| 5. JUNE 1993                      |                                   |

2697

Metalgesellschaft Ag and Asian Finance & Investment Corpn., Singapore participated in the equity to the tune of Rs. 4 crores and Rs. 5.60 crores respectively.

- |                                 |                                   |
|---------------------------------|-----------------------------------|
| 1. PENTAFOUR SOLEC LTD          | 6. PENTAFOUR SOLEC TECHNOLOGY LTD |
| 2. SOLEC INTERNATIONAL INC, USA | 7. 0593                           |
| 3. SOLAR CELLS/MODULES          | 8. TAMIL NADU                     |
| 4. Rs. 5.93 CRORES              | 9. PENTAFOUR                      |
| 5. MARCH 1993                   |                                   |

2469

The company is promoted by Pentafour Group for manufacturing solar photo voltaic modules with technical and financial collaboration with Solec International Inc, USA. The company envisaged to export 85 per cent of the production and started has already commercial production in September 1994.

- |                             |                        |
|-----------------------------|------------------------|
| 1. PEPSICO INC              | 6. FUTURA POLYMERS LTD |
| 2. PEPSICO INC, USA         | 7.                     |
| 3. PET PERFORMS FOR BOTTLES | 8. TAMIL NADU          |
| 4. Rs. 20.00 CRORES         | 9. GHIA                |
| 5. OCTOBER 1993             |                        |

3243

In Futura Polymers, Pepsico Inc, USA has 51% equity. The international environmental organisation, Greenpeace, had alleged that the soft drink giant is collaborating with the Indian Organic Chemicals Ltd to set up a recycling plant in India from the waste plastic bottles brought from California to mfg. plastic bottles for bottling Pepsi soft drink to avoid stringent environmental laws. The project has already been implemented.

- |                           |                       |
|---------------------------|-----------------------|
| 1. PERFETTI SPA           | 6. PERFETTI INDIA LTD |
| 2. PERFETTI SPA, ITALY    | 7.                    |
| 3. CHEWING GUM AND TOFFEE | 8. HARYANA            |
| 4. Rs. 9.69 CRORES        | 9.                    |
| 5. OCTOBER 1992           |                       |

1751

Perfetti initially had proposal to stake 51 per cent in the proposed joint venture called 'Perfetti India Ltd' and the balance would be held by a local partner. But it was unable to find a local partner. It then wrote to FIPB for clearance for 100 per cent equity by the Perfetti. But it was rejected alongwith Wrigley's proposal. So long as Wrigleys and Perfetti have local partners there is no problem in clearing the proposal. Wrigley had joined with Parrys but no news regarding Perfetti's partner. However, Perfetti has started its operation in Haryana, the product is already in the market.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

- |                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                                 |                            |
|-------------------------------------------------|----------------------------|
| 1. PHOENIX LAMPS INDIA LTD                      | 6. PHOENIX LAMPS INDIA LTD |
| 2. PHOENIX ELECTRIC CO & SOEI TSUSHO LTD, JAPAN | 7. 0391                    |
| 3. HALOGEN LAMPS, CFL AND PARTS                 | 8. UTTAR PRADESH           |
| 4. Rs. 5.00 CRORES                              | 9. PHOENIX                 |
| 5. AUGUST 1991                                  |                            |

210

It is an export oriented unit located in NEPZ, Noida. The company went to public issue in October 1992.

|                                        |                              |
|----------------------------------------|------------------------------|
| 1. PUNJAB STATE ELECT DEVT & PROD CO L | 6. FUJITSU INDIA TELECOM LTD |
| 2. FUJITSU LTD, JAPAN                  | 7. 0192                      |
| 3. DIGITAL ELECTRONIC SWITCHING SYSTEM | 8. PUNJAB                    |
| 4. Rs. 33.15 CRORES                    | 9. PUBLIC SECTOR             |
| 5.                                     |                              |

83

The company has two collaborations: (i) Fujitsu and (ii) Itochu of Japan for an investment of Rs. 22.15 crores and 13.00 crores, respectively. Digital exchange manufacturing facility was inaugurated in SAS Nagar, Punjab in July 1994.

|                                          |                         |
|------------------------------------------|-------------------------|
| 1. RAS LAMINATES LTD                     | 6. RAS KMK LAMIPACK LTD |
| 2. PROPACK HOLDING AG, SWITZERLAND       | 7. 0793                 |
| 3. ARTICLES FOR PACKING OF PLASTIC GOODS | 8. MAHARASHTRA          |
| 4. Rs. 18.00 CRORES                      | 9.                      |
| 5. APRIL 1993                            |                         |

2488

The company is promoted by Shri Sameer Ambanish Kaji and associates and Propack AG. Propack AG is a family owned concern and member of KMK group of companies.

|                                        |                    |
|----------------------------------------|--------------------|
| 1. READY FOODS                         | 6. READY FOODS LTD |
| 2. NRI, NRI                            | 7. 0191            |
| 3. BEER AND OTHER NON-ALCOHOLIC DRINKS | 8. ANDHRA PRADESH  |
| 4. Rs. 15.66 CRORES                    | 9.                 |
| 5. AUGUST 1993                         |                    |

3034

|                              |                              |
|------------------------------|------------------------------|
| 1. RELIANCE POLYETHYLENE LTD | 6. RELIANCE POLYETHYLENE LTD |
| 2. C ITOH & CO LTD, JAPAN    | 7. 0585                      |
| 3. POLYETHYLENE              | 8. GUJARAT                   |
| 4. Rs. 30.00 CRORES          | 9. RELIANCE                  |
| 5. NOVEMBER 1992             |                              |

1905

The company is promoted by Reliance Industries Ltd in financial and technical collaboration with Itochu Corporation, Japan. The company had obtained two approvals from the Govt. for the same project. The company went to public issue in November 1992 made firm allotment of Rs. 30 crores to the collaborator. The project is located at Hazira, Surat, Gujarat. The project has been implemented and the amount of Rs. 30 crores has been received from the collaborator. The second approval obtained a month latter (Dec 1992) for the same amount is clearly a double entry. (see 2057)

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

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|                               |                               |
|-------------------------------|-------------------------------|
| 1. RELIANCE POLYPROPYLENE LTD | 6. RELIANCE POLYPROPYLENE LTD |
| 2. C ITOH & CO LTD, JAPAN     | 7. 0486                       |
| 3. POLYPROPYLENE              | 8. GUJARAT                    |
| 4. Rs. 30.00 CRORES           | 9. RELIANCE                   |
| 5. NOVEMBER 1992              |                               |

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1906

The company is promoted by Reliance Industries Ltd in financial and technical collaboration with Itochu Corporation of Japan. The company went to public issue in November 1992 made firm allotment of Rs. 30 crores to the collaborators. The project is located at Hazira, Surat, Gujarat. The project has been implemented and the amount of Rs. 30 crores has been received from the collaborator. The second approval obtained a month latter (Dec 1992) was for the same amount. Latter approval is clearly a double entry.

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|                                          |                               |
|------------------------------------------|-------------------------------|
| 1. RIETER-LMW MACHINERY LTD              | 6. RIETER - LMW MACHINERY LTD |
| 2. MACHINENFABRIK RIETER AG, SWITZERLAND | 7. 0593                       |
| 3. RING FRAME ASSEMBLY                   | 8. TAMIL NADU                 |
| 4. Rs. 12.50 CRORES                      | 9. LMW                        |
| 5. DECEMBER 1993                         |                               |

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3525

The company is a 50:50 joint venture between Lakshmi Machine group and Machinenfabrik Reiter AG. This 100 per cent EOU is located at MEPZ, Tamil Nadu.

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|                                       |                            |
|---------------------------------------|----------------------------|
| 1. SESA KEMBLA COKE CO PVT LTD        | 6. SESA KEMBLE COKE CO LTD |
| 2. KEMBLA GOA HOLDINGS LTD, MAURITIUS | 7. 0893                    |
| 3. LOW ASH METALLURGICAL COKE         | 8. GOA                     |
| 4. Rs. 10.00 CRORES                   | 9.                         |
| 5. NOVEMBER 1993                      |                            |

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3369

The project has already been implemented at Amona, Goa. The entire amount of Rs. 10.00 crores has been subscribed by the collaborator.

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|                                                     |                         |
|-----------------------------------------------------|-------------------------|
| 1. SHREYAS SHIPPING LTD                             | 6. SHREYAS SHIPPING LTD |
| 2. S RAMAKRISHNAN & SMT S RAMAKRISHNAN, CYPRUS, NRI | 7. 1193                 |
| 3. SHIPPING                                         | 8. SERVICES             |
| 4. Rs. 20.00 CRORES                                 | 9.                      |
| 5. DECEMBER 1993                                    |                         |

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3583

The company is a part of Transword Group promoted by Late R. Sivaswamy an NRI. Orient Express Lines Inc., Panama holds 51.3 per cent of the post public issue equity capital.

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|                                   |                    |
|-----------------------------------|--------------------|
| 1. SICPA INDIA LTD                | 6. SICPA INDIA LTD |
| 2. SICPA HOLDINGS SA, SWITZERLAND | 7. 1290            |
| 3. SECURITY PRINTING INKS         | 8. RAJASTHAN       |
| 4. Rs. 5.49 CRORES                | 9. JALAN           |
| 5. DECEMBER 1991                  |                    |

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618

This is a 50:50 joint venture between Sicpa and Jalan (Bells controls). The plant is located at Bhiwadi, Rajasthan. Financial Institutions are participating in the equity of the company. The company is expected to commence its commercial production by the end of March end 1995.

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\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

1. SIEMENS COMMUNICATIONS SOFTWARE LTD
2. SIEMENS AG, GERMANY
3. COMPUTER SOFTWARE
4. Rs. 7.00 CRORES
5. MARCH 1994

6. SIEMENS COMMUNICATION SOFTWARE LTD
7. 1293
8. KARNATAKA
- 9.

3890

During April 1994, a new telecommunications software development centre called Siemens Communications Software (SCS) has been set up as a 100% export oriented unit in Bangalore. The activities of SCS are integrated into the ongoing world wide R&D activities of Siemens AG.

1. SILICON GRAPHICS (WORLD TRADE CORPN)
2. SILICON GRAPHICS PTE LTD, SINGAPORE
3. SETTING UP A SUBSIDIARY
4. Rs. 30.50 CRORES
5. MARCH 1993

6. SILICON GRAPHICS WORLD TDG CORPN
7. 0693
8. SERVICE SWARE
- 9.

2386

It is a 100 per cent subsidiary. The company will not only market and support the visual computing but also undertake manufacturing activities in India.

1. SPRINT RPG INDIA LTD
2. SPRINT INTL INC & SPRINT INTL COM CORPN, USA
3. ELECTRONIC MAIL AND SOFTWARE DEVELOPMENT SERVICES
4. Rs. 6.00 CRORES
5. APRIL 1994

6. SPRINT RPG INDIA LTD
7. 1293
8. SERVICE COMM
9. RPG

4049

Sprint RPG India Ltd is a joint venture between Sprint International USA and RPG Telecom Ltd for set up export oriented software development centre at New Delhi. The company has already started sprint mail and fax services.

1. SURYA ROSHNI LTD
2. OSRAM GMBH, GERMANY
3. HIGH TECHNOLOGY ENERGY EFFICIENT LAMPS
4. Rs. 18.00 CRORES
5. JULY 1993

6. OSRAM SURYA PVT LTD
- 7.
8. MADHYA PRADESH
9. SURYA

2844

Osram GmbH obtained two approvals for 51 % equity participation and later for increasing the stake from 51 to 83 per cent (July and October 1993). An amount of Rs. 17.90 crores has been received from Osram, Germany.

1. TATA INDUSTRIES LTD
2. IBM WORLD TRADE CORPN, USA
3. MFG. MKTG & EXPORT OF COMPUTER SYSTEMS
4. Rs. 26.00 CRORES
5. OCTOBER 1991

6. TATA INFORMATION SYSTEMS LTD
7. 1291
8. KARNATAKA
9. TATA

351

It is a 50:50 joint venture between Tata Industries Ltd and IBM, USA. The plant is located at Bangalore.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

1. Name of the Indian Company
4. Approved foreign equity
7. Month & Year of Incorporation

2. Name of the Foreign Collaborator, Country
5. Month and Year of approval
8. Location of the Project

3. Product
6. Name of the Joint Venture
9. Industrial House

- |                                               |                                   |
|-----------------------------------------------|-----------------------------------|
| 1. TATA TEA LTD                               | 6. TATA NYK TRANSPORT SYSTEMS LTD |
| 2. NIPPON YUSEN KABUSHIKI KAISHA (NYK), JAPAN | 7.                                |
| 3. PORT CAR CARRIERS                          | 8. SERVICE TPT                    |
| 4. Rs. 5.00 CRORES                            | 9. TATA                           |
| 5. DECEMBER 1992                              |                                   |

2050

It is a 50:50 joint venture between Tata Tea Ltd and the Nippon Yusen Kaisha (NKY), Japan. The project has been implemented and foreign collaborator has contributed Rs. 5.00 crores towards the equity capital of the company.

- |                                    |                    |
|------------------------------------|--------------------|
| 1. TATA TEA LTD                    | 6. TATA TETLEY LTD |
| 2. CP IMPORT BV, NETHERLANDS       | 7. 0093            |
| 3. ROUND TEA BAGS & TEA IN CARTONS | 8.                 |
| 4. Rs. 5.00 CRORES                 | 9. TATA            |
| 5. DECEMBER 1993                   |                    |

3507

During 1992-93, the Tata Tea Ltd set up a joint venture namely Tata Tetley Ltd with Lyons Tetley of UK with a share capital of Rs. 10.00 crores which is held equally by the company and the Lyons Tetley (Tetley Tea). Tetley Tea a subsidiary of Allied Domecq is well known for its round tea bags in the UK. It is possible that Allied Domecq UK had participated in the share capital through one of its investment company based in Netherlands. The Tata Tea bags are available in Indian market.

- |                                    |                                  |
|------------------------------------|----------------------------------|
| 1. UB GROUP                        | 6. UNITED DISTILLERIES INDIA LTD |
| 2. UNITED DISTILLERS PLC, UK       | 7.                               |
| 3. SUPERIOR QUALITY BLENDED WHISKY | 8. MAHARASHTRA                   |
| 4. Rs. 6.00 CRORES                 | 9. UB                            |
| 5. JULY 1993                       |                                  |

2864

The company is a 50:50 joint venture between United Distillers of UK and UB group.

- |                                                             |                     |
|-------------------------------------------------------------|---------------------|
| 1. VIVEK BHARAT RAM                                         | 6. DCM BENETTON LTD |
| 2. BENETTON GROUP SPA, ITALY                                | 7.                  |
| 3. MFG. FACILITY FOR TEXTILE SECTOR IN THE KNIT FABRIC AREA | 8. HARYANA          |
| 4. Rs. 9.50 CRORES                                          | 9. SHRIRAM          |
| 5. AUGUST 1992                                              |                     |

1552

It is a 50:50 joint venture between DCM and Benetton. The project is located in Gurgaon, Haryana.

- |                                 |                           |
|---------------------------------|---------------------------|
| 1. WEST ASIA MARITIME LTD       | 6. WEST ASIA MARITIME LTD |
| 2. EMIRATES TRADING AGENCY, UAE | 7.                        |
| 3. SHIPPING                     | 8. SERVICE SHP            |
| 4. Rs. 40.00 CRORES             | 9.                        |
| 5. FEBRUARY 1994                |                           |

3807

The company was promoted by Emirates Trading Agency Associated Constructions (ETA - ASCON Group). It has already started its operations by acquiring first bulk carriers.

- |                              |                                  |
|------------------------------|----------------------------------|
| 1.                           | 6. SEAGRAM MANUFACTURING PVT LTD |
| 2. SEAGRAM CO LTD, CANADA    | 7.                               |
| 3. NON-MOLASSES BASED SPIRIT | 8. UTTAR PRADESH                 |
| 4. Rs. 25.00 CRORES          | 9.                               |
| 5. JULY 1993                 |                                  |

2835

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

- |                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

- |                                          |                            |
|------------------------------------------|----------------------------|
| 1.                                       | 6. COCA COLA INDIA PVT LTD |
| 2. COCA COLA SOUTH ASIA HOLDING INC, USA | 7.                         |
| 3. BEVERAGE ESSENCE & BEVERAGE BASES     | 8. SERVICE TDG             |
| 4. Rs. 60.00 CRORES                      | 9.                         |
| 5. JULY 1993                             |                            |

2874

- |                                                |                                         |
|------------------------------------------------|-----------------------------------------|
| 1.                                             | 6. INTERNATIONAL DISTILLERIES INDIA LTD |
| 2. INTERNATIONAL DISTILLERS & VINTNERS LTD, UK | 7.                                      |
| 3. LIQUOR PRODUCTS                             | 8. MAHARASHTRA                          |
| 4. Rs. 24.09 CRORES                            | 9. KILACHAND                            |
| 5. AUGUST 1993                                 |                                         |

3017

The company is a joint venture between International Distilleries and Vintners Ltd. (60 per cent) and Poly Chem Ltd. (40 per cent). Suniroff will be manufactured in India at Nira plant in Pune.

- |                                   |                                   |
|-----------------------------------|-----------------------------------|
| 1.                                | 6. PROCTER & GAMBLE HOME PRDS LTD |
| 2. PROCTER & GAMBLE CO, HONG KONG | 7. 0993                           |
| 3. DETERGENTS                     | 8. MADHYA PRADESH                 |
| 4. Rs. 72.03 CRORES               | 9.                                |
| 5. AUGUST 1993                    |                                   |

3030

To establish a 100 per cent subsidiary to market and manufacturing laundry products by transferring PGIs laundry business to this company. The entire money has been received.

- |                                                          |                                   |
|----------------------------------------------------------|-----------------------------------|
| 1.                                                       | 6. DUN & BRADSTREET INDIA PVT LTD |
| 2. DUN & BRADSTREET CORPN, USA                           | 7.                                |
| 3. BUSINESS INFORMATION SERVICES & SOFTWARE EXPORTS ETC. | 8. SERVICES SWARE                 |
| 4. Rs. 12.64 CRORES                                      | 9. DUN&BRADSTREET                 |
| 5. SEPTEMBER 1993                                        |                                   |

3161

It is an 100% subsidiary. The company already began its operations in India. It also entered into working partnership with MARS BURKE, a leading a market research firm by acquiring it.

- |                           |                        |
|---------------------------|------------------------|
| 1.                        | 6. OSRAM SURYA PVT LTD |
| 2. OSRAM GMBH, GERMANY    | 7. 0395                |
| 3. ENERGY EFFICIENT LAMPS | 8. MADHYA PRADESH      |
| 4. Rs. 11.29 CRORES       | 9.                     |
| 5. OCTOBER 1993           |                        |

3231

See: 2844.

- |                                 |                       |
|---------------------------------|-----------------------|
| 1.                              | 6. INCHCAPE INDIA LTD |
| 2. INCHCAPE OVERSEAS LTD, UK    | 7. 1193               |
| 3. TO EFFECT EXPORTS FROM INDIA | 8. SERVICES           |
| 4. Rs. 6.32 CRORES              | 9.                    |
| 5. OCTOBER 1993                 |                       |

3271

This is a trading co. It has already set up its service division in India. Plans to introduce its marketing services soon.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

- |                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

- |                                          |                       |
|------------------------------------------|-----------------------|
| 1.                                       | 6. GILLETTE INDIA LTD |
| 2. GILLETTE INTERNATIONAL AMEE GROUP, UK | 7. 0194               |
| 3. TO SET UP A WHOLLY OWNED SUBSIDIARY   | 8. DELHI              |
| 4. Rs. 0.00 CRORES                       | 9.                    |
| 5. OCTOBER 1993                          |                       |

3272

It is an 100 per cent owned subsidiary of Gillette, USA. It has already started its operation in India.

- |                                     |                                        |
|-------------------------------------|----------------------------------------|
| 1.                                  | 6. COMPUTERVISION RES & DEVT INDIA P/L |
| 2. COMPUTER VISION CORPORATION, USA | 7. 0993                                |
| 3. COMPUTER SOFTWARE                | 8. MAHARASHTRA                         |
| 4. Rs.315.90 CRORES                 | 9.                                     |
| 5. OCTOBER 1993                     |                                        |

3274

The centre has already been in operation for the last six months, and presently has 110 persons in the payroll. It has invested Rs. 15 crores on infrastructure, and another Rs. 15 crore investment is slated by 1996. The Computervision Corpn, USA has opened another company - Computer Software (India) Pvt Ltd.

- |                                         |                           |
|-----------------------------------------|---------------------------|
| 1.                                      | 6. REUTERS INDIA PVT. LTD |
| 2. REUTERS SINGAPORE PTE LTD, SINGAPORE | 7. 0094                   |
| 3. SETTING UP OF A SUBSIDIARY CO.       | 8. SERVICE INF            |
| 4. Rs. 9.46 CRORES                      | 9.                        |
| 5. FEBRUARY 1994                        |                           |

3799

It is a 100 per cent subsidiary of Reuters Singapore Pte Ltd. The company started its operations in March 1995.

- |                                     |                               |
|-------------------------------------|-------------------------------|
| 1.                                  | 6. PEPSICO INDIA HOLDINGS LTD |
| 2. PEPSICO INC,                     | 7.                            |
| 3. TO SET-UP A 100% HOLDING COMPANY | 8. SERVICE HLD                |
| 4. Rs.299.25 CRORES                 | 9.                            |
| 5. FEBRUARY 1994                    |                               |

3823

In this approval Pepsico Inc, USA has sought to set up an 100% holding company in India in addition to its 99.99% subsidiary company Pepsico Foods Ltd with registered office at Delhi. The name of the holding company is Pepsico India Holdings Ltd. Out of the total approval of Rs. 299.25 crores an amount of US \$ 95 million has already been brought in by the company.

- |                                           |                                     |
|-------------------------------------------|-------------------------------------|
| 1.                                        | 6. NATIONAL PANASONIC INDIA PVT LTD |
| 2. MATSUSHITA ELECTRIC INDL CO LTD, JAPAN | 7. 0094                             |
| 3. TO SET UP A JOINT VENTURE CO           | 8. UTTAR PRADESH                    |
| 4. Rs. 31.55 CRORES                       | 9.                                  |
| 5. MAY 1994                               |                                     |

4147

This company is a joint venture between Matsushita and Salora, with former holding 80 per cent of the equity. S.R. Jiwarajika of Salora International will hold 11 per cent and Mr. Obul Reddy will hold 9 per cent of the equity. The products will be assembled at the Salora unit at Noida. The company will produce CTVs and audio systems by 1996.

\* Projects with atleast Rs. 5.00 crores of more of foreign investment approved during August 1991 to July 1994.

- |                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

**02 IMPLEMENTED\***

- |                             |                         |
|-----------------------------|-------------------------|
| 1. APAR LTD                 | 6. GE-APAR LIGHTING LTD |
| 2. GENERAL ELECTRIC CO, USA | 7.                      |
| 3. ENERGY EFFICIENT LAMPS   | 8. GUJARAT              |
| 4. Rs. 30.00 CRORES         | 9. APAR                 |
| 5. MAY 1992                 |                         |

1215

GE Apar Lighting Ltd is the company formed by taking over the existing unit of the Apar Ltd with General Electric, USA for manufacturing of lamps. It is a 50:50 joint venture by the GE, USA and Apar Ltd. Recent report says that GE - Apar is also keen on acquiring Karnataka State owned Mysore Lamps.

- |                             |                   |
|-----------------------------|-------------------|
| 1. BALLARPUR INDUSTRIES LTD | 6. OWENS BILT LTD |
| 2. OWENS ILLINOIS INC, USA  | 7. 0094           |
| 3. GLASS CONTAINERS         | 8. PONDICHERRY    |
| 4. Rs. 62.60 CRORES         | 9. THAPAR         |
| 5. MARCH 1994               |                   |

3941

BILT and Owens, USA have brought in Rs. 54.38 and Rs. 56.60 crores respectively at premium of Rs. 20.00. It is a transfer of existing unit of BILT to the new undertaking.

- |                                      |                                |
|--------------------------------------|--------------------------------|
| 1. CONSUMER TECHNOLOGIES (I) PVT LTD | 6. PROCTER & GAMBLE GODREJ LTD |
| 2. PROCTER & GAMBLE CO, USA          | 7.                             |
| 3. SYNTHETIC DETERGENT               | 8. MADHYA PRADESH              |
| 4. Rs. 15.54 CRORES                  | 9.                             |
| 5. OCTOBER 1992                      |                                |

1871

It is a 50:50 joint venture between Godrej Group and Procter & Gamble Co, USA. The company has changed its name to Procter & Godrej Ltd.

- |                                                       |                             |
|-------------------------------------------------------|-----------------------------|
| 1. GODREJ & BOYCE MFG CO LTD                          | 6. GODREJ-GE APPLIANCES LTD |
| 2. GENERAL ELECTRIC CO, USA                           | 7. 0392                     |
| 3. COMPRESSORS, REFRIGERATORS & WASHING MACHINES ETC. | 8. MAHARASHTRA              |
| 4. Rs. 48.00 CRORES                                   | 9. GODREJ                   |
| 5. JANUARY 1992                                       |                             |

642

The newly formed joint venture Godrej - GE has taken over the existing plant of Godrej & Boyce plant at Vikhroli, Bombay. One more new unit at Malanpur, Bhand, Madhya Pradesh and the third unit at Mohali, Chandigarh for manufacturing of refrigerators.

- |                                      |                                      |
|--------------------------------------|--------------------------------------|
| 1. HINDUSTAN THOMPSON ASSOCIATES LTD | 6. HINDUSTAN THOMPSON ASSOCIATES LTD |
| 2. J WALTER THOMPSON CO, UK          | 7. 0338                              |
| 3. ADVERTISING & MARKET RESEARCH     | 8. SERVICES                          |
| 4. Rs. 6.32 CRORES                   | 9.                                   |
| 5. DECEMBER 1993                     |                                      |

3538

It is an advertising company with 49 per cent foreign equity by J. Walter Thomson Company, U.K. An amount of Rs. 6.45 crores has already been subscribed by the collaborator.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

- |                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

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|                                                      |                         |
|------------------------------------------------------|-------------------------|
| 1. VXL LANDIS & GYR LTD                              | 6. VXL LANDIS & GYR LTD |
| 2. LANDIS & GYR ENERGY MANAGEMENT CORPN, SWITZERLAND | 7. 0992                 |
| 3. METERS & INDUSTRIAL INSTRUMENTS                   | 8. WEST BENGAL          |
| 4. Rs. 11.14 CRORES                                  | 9. BIRLA                |
| 5. NOVEMBER 1992                                     |                         |

2007

This company was set up by SK Birla by selling of the assets of Universal Electric Co, a sick company which is a subsidiary of VXL India Ltd, in 1992 named as VXL Landis & Gyr Ltd (VLG). VXL Ltd has decided to reduce its stake in the VLG from 60 to 40 per cent on par with its Swiss counterpart Landis. The Swiss company has already put in their men to control marketing & technical aspects. The original structure is total equity: Rs. 25.89 crore, Landis, Switzerland: 10.36 crores, VXL India: 15.53 crores. Besides catering to the needs of domestic market, the company will focus on export market. The company proposes to issue letter of offer to the public inviting public to participate in the equity to the extent of 20 per cent being divested by the VXL India Ltd to reduce its stake from 60 to 40 per cent. The foreign collaborator has also agreed to buy back 40 per cent of the VLG's production.

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\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

## 03 EQUITY HIKE

1. ASEA BROWN BOVERI LTD  
2. ABB, SWITZERLAND  
3. ELECTRIC EQUIPMENTS  
4. Rs. 40.99 CRORES  
5. FEBRUARY 1992

6. ASEA BROWN BOVERI LTD  
7. 1949  
8. EQUITY HIKE  
9.

870

This approval is to affect the equity hike from 36.8 per cent to 50.99 per cent.

1. ASHOK LEYLAND LTD  
2. LRLIH LTD, UK  
3. MOTOR VEHICLE CHASIS PARTS  
4. Rs. 86.00 CRORES  
5. AUGUST 1993

6. ASHOK LEYLAND LTD  
7.  
8. EQUITY HIKE  
9. HINDUJA

3083

See 4342

1. ASHOK LEYLAND LTD  
2. LRLIH LTD, UK  
3. NOT INDICATED  
4. Rs. 24.52 CRORES  
5. JUNE 1994

6. ASHOK LEYLAND LTD  
7.  
8. EQUITY HIKE  
9. HINDUJA

4342

In 1987 Inveco - Hindujas have acquired Land Rover Leyland International Holdings Ltd., (LRLIH), London which holds 51% stake in Ashok Leyland Ltd. The company having successfully completed the first-phase modernisation of Inveco design trucks with an investment of Rs. 410 crores is now planning to implement second phase with an investment of Rs. 1000 crores. The Co. proposes to go for Euro Issue of US \$ 150 million to finance the project. Since the proposed issue dilutes the Inveco & Hindujas stake below 51%, the company proposes to make preferential issue to Inveco & Hindujas to maintain 51% stake. The Inveco has refused to subscribe Ashok Leyland's preferential issue at a price enforced by the SEBI. Since the price will not keep Inveco - Hindujas controlling stake at 51% after the Euro Issue, the Ashok Leyland put its US \$ 150 million issue on hold. The official figures show there was an inflow of Rs. 64.125 crores and Rs. 36.94 crores in two instalments from LRLIH Ltd., U.K.

1. BATA INDIA LTD  
2. BATA (BN) BV, NETHERLANDS  
3. FOOTWEAR & FOOTWEAR COMPONENTS ETC  
4. Rs. 13.11 CRORES  
5. OCTOBER 1992

6. BATA INDIA LTD  
7.  
8. EQUITY HIKE  
9.

1756

Bata India Ltd obtained two approvals from the government for affecting equity hike from 40 to 51 and to 66 per cent. The company already received an amount of Rs. 12.60 crores and Rs. 16.499 crores as a part of the equity hike proposals which is more than the approved amount. It seems that the company had dropped the plan to affect hike from 51 to 66.66 per cent.

1. BIRLA 3M LTD  
2. MINNESOTA MINING & MFG CO (3M), USA  
3. TELECOMMUNICATION & POWER DISTRIBUTION EQUIPMENT  
4. Rs. 9.76 CRORES  
5. AUGUST 1992

6. BIRLA 3M LTD  
7.  
8. EQUITY HIKE  
9. BIRLA

1583

The company has already affected equity hike from 40 to 65 per cent.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

1. Name of the Indian Company  
4. Approved foreign equity  
7. Month & Year of Incorporation

2. Name of the Foreign Collaborator, Country  
5. Month and Year of approval  
8. Location of the Project

3. Product  
6. Name of the Joint Venture  
9. Industrial House

1. CARRIER AIRCON LTD
2. CARRIER CORPN, USA
3. HERMETICALLY SEALED COMPRESSORS
4. Rs. 11.95 CRORES
5. MARCH 1992

6. CARRIER AIRCON LTD
- 7.
8. EQUITY HIKE
- 9.

925

Equity hike from 40 to 51 per cent.

1. COLGATE-PALMOLIVE (I) LTD
2. COLGATE PALMOLIVE CO, USA
3. HYDROCARBONS, ACYCLIC ALCOHOLS, ETHERS ETC
4. Rs. 68.17 CRORES
5. AUGUST 1993

6. COLGATE PALMOLIVE INDIA LTD
- 7.
8. EQUITY HIKE
- 9.

3098

It is an equity hike case by Colgate Palmolive, USA.

1. COLOUR CHEM LTD
2. HOECHST AG, GERMANY
3. CHEMICALS
4. Rs. 27.21 CRORES
5. JUNE 1992

6. COLOUR-CHEM LTD
- 7.
8. EQUITY HIKE
9. KHATAU

1386

It is an equity hike from 40 to 51 per cent from Hoechst, Germany. Following the new joint venture agreement between Hoechst AG & Bayer AG, the activities of Colour Chem India will be merged into the operations of the new joint venture of Germany. The Colour Chem will be used to source production for the Hoechst - Bayer joint venture in Germany. This may be due to the fact that environmental laws are getting stringent in Europe and Germany in particular, the chemical industry is looking for alternate sources. Since dyes and intermediates are particularly environmentally polluting industries, Hoechst-Bayer joint venture in Germany is sourcing their dyestuff from Colour Chem India and other subsidiaries.

1. CORN PRODUCTS CO (INDIA) LTD
2. CPC INTERNATIONAL INC, USA
3. CONSUMER FOOD PRODUCTS
4. Rs. 6.58 CRORES
5. JULY 1992

6. CORN PRODUCTS CO INDIA LTD
- 7.
8. EQUITY HIKE
- 9.

1537

It is an equity hike from 40 to 51 per cent.

1. DIGITAL EQUIPMENT (INDIA) LTD
2. DIGITAL EQUIPMENT'S HOLDINGS BV, NETHERLANDS
3. COMPUTER MFG. & SOFTWARE DEVELOPMENT ETC
4. Rs. 12.22 CRORES
5. JULY 1993

6. DIGITAL EQUIPMENT (INDIA) LTD
- 7.
8. EQUITY HIKE
- 9.

2930

It is an equity hike case from 40 to 51 per cent. An amount of Rs. 14.07 crores was received from the collaborator.

\* Projects with atleast Rs. 5.00 crores or more of foreign Investment approved during August 1991 to July 1994.

- |                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

1. GUJARAT GUARDIAN LTD  
2. GUARDIAN INDUSTRIES CORPN, USA  
3. FIBRE GLASS  
4. Rs. 43.40 CRORES  
5. SEPTEMBER 1992

6. GUJARAT GUARDIAN LTD  
7.  
8. EQUITY HIKE  
9. MODI

1676

The company obtained two approvals for Rs. 43.40 crores and Rs. 15.18 crores for equity hike by the Guardian Industries Corpn., USA from 40 to 50 per cent and further to 64.66 per cent. An amount of Rs. 57.50 crores has so far been received from the collaborators during the period. The plant is located at Ankleswar, Gujarat.

1. GUJARAT GUARDIAN LTD  
2. GUARDIAN INTERNATIONAL CORPN, USA  
3. FLOAT GLASS  
4. Rs. 15.18 CRORES  
5. APRIL 1994

6. GUJARAT GUARDIAN LTD  
7.  
8. EQUITY HIKE  
9. MODI

4052

See: 1676.

1. ICI INDIA LTD  
2. ICI, UK  
3. METHANE DI-ISOCYANITE  
4. Rs. 0.00 CRORES  
5. APRIL 1992

6.  
7.  
8. EQUITY HIKE  
9.

1130

1. IDL CHEMICALS LTD  
2. NN INVESTMENTS BV, NETHERLANDS  
3. CHEMICALS  
4. Rs. 6.21 CRORES  
5. JULY 1994

6.  
7.  
8. EQUITY HIKE  
9. HINDUJA

4551

1. IOL LTD  
2. BRITISH OXYGEN CORPN, UK  
3. INDUSTRIAL GASES  
4. Rs. 28.54 CRORES  
5. JANUARY 1993

6. BOC INDIA LTD  
7.  
8. EQUITY HIKE  
9.

2176

It is an equity hike case with name change. After the hike, IOL has become subsidiary of BOC group and been renamed as BOC India Ltd.

1. KINETIC HONDA MOTORS LTD  
2. HONDA MOTOR CO, JAPAN  
3. TRANSPORTATION VEHICLES  
4. Rs. 14.28 CRORES  
5. DECEMBER 1992

6. KINETIC HONDA MOTOR LTD  
7.  
8. EQUITY HIKE  
9. FIRODIA

2124

It is an existing company in which Honda Motor Company of Japan proposes to hike its equity hike from 28.56 to 51 per cent.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

1. Name of the Indian Company  
4. Approved foreign equity  
7. Month & Year of Incorporation

2. Name of the Foreign Collaborator, Country  
5. Month and Year of approval  
8. Location of the Project

3. Product  
6. Name of the Joint Venture  
9. Industrial House

|                                                     |                            |
|-----------------------------------------------------|----------------------------|
| 1. KONE ELEVATOR INDIA LTD                          | 6. KONE ELEVATOR INDIA LTD |
| 2. KONE OY & FINNISH FUND FOR IND DEV CORP, FINLAND | 7.                         |
| 3. PASSENGER LIFTS                                  | 8. EQUITY HIKE             |
| 4. Rs. 12.41 CRORES                                 | 9.                         |
| 5. APRIL 1992                                       |                            |

1070

It is an equity hike from 51 to 73 per cent.

|                                                        |                       |
|--------------------------------------------------------|-----------------------|
| 1. MADURA COATS LTD                                    | 6. COATES VIYELLA LTD |
| 2. J&P COATS LTD, UK                                   | 7.                    |
| 3. COTTON & BLENDED YARN, THREADS, READYMADE GARMENTS, | 8. EQUITY HIKE        |
| 4. Rs. 5.35 CRORES                                     | 9.                    |
| 5. SEPTEMBER 1992                                      |                       |

1668

Officially figures show that the inflow of Rs. 12.27 crores on account of equity hike from 39.0 to 51 per cent has been affected.

|                              |                     |
|------------------------------|---------------------|
| 1. MARUTI UDYOG LTD          | 6. MARUTI UDYOG LTD |
| 2. SUZUKI MOTOR CORPN, JAPAN | 7.                  |
| 3. PASSENGER CARS            | 8. EQUITY HIKE      |
| 4. Rs. 22.00 CRORES          | 9.                  |
| 5. JANUARY 1992              |                     |

657

The approval is for equity hike from 40 to 50 per cent by the Suzuki Motor Co., Japan. The inflow has been already affected.

|                                 |                     |
|---------------------------------|---------------------|
| 1. MOTOROLA BLUE STAR LTD       | 6. MOTOROLA PVT LTD |
| 2. MOTOROLA INTL DEV CORPN, USA | 7. 0689             |
| 3. HI-TECH DATA COMMUNICATIONS  | 8. EQUITY HIKE      |
| 4. Rs. 27.21 CRORES             | 9. BLUE STAR        |
| 5. MAY 1992                     |                     |

1293

The Motorola has three approvals against this project. This is an equity hike from 40 to 51 per cent. The name of the company has changed from Motorola Blue Star Ltd to Motorola Informations Systems India Ltd and again to Motorola Pvt. Ltd. The Motorola has further increased its stake from 51 to 80 per cent in 1993 and to 100 per cent. (See Also 1141, 4159).

|                                          |                         |
|------------------------------------------|-------------------------|
| 1. MOTOROLA SINGAPORE PTE LTD            | 6. MOTOROLA PRIVATE LTD |
| 2. MOTOROLA SINGAPORE PTE LTD, SINGAPORE | 7.                      |
| 3. DATA COMMUNICATION PRODUCTS           | 8. EQUITY HIKE          |
| 4. Rs. 25.24 CRORES                      | 9.                      |
| 5. MAY 1994                              |                         |

4159

SAME AS 1293

|                           |                     |
|---------------------------|---------------------|
| 1. NESTLE INDIA LTD       | 6. NESTLE INDIA LTD |
| 2. NESTLE SA, SWITZERLAND | 7.                  |
| 3. INSTANT COFFEE         | 8. EQUITY HIKE      |
| 4. Rs. 32.40 CRORES       | 9.                  |
| 5. JUNE 1993              |                     |

2803

The company has already affected equity hike from 46.01 to 51 per cent.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                                 |                      |
|-------------------------------------------------|----------------------|
| 1. PEICO ELECTRONICS & ELECTRICALS LTD          | 6. PHILIPS INDIA LTD |
| 2. NV PHILIPS GLOBILAMPENFABRIEKEN, NETHERLANDS | 7.                   |
| 3. LAMPS, CONSUMER ELECTRONICS, & TOOLS ETC.    | 8. EQUITY HIKE       |
| 4. Rs. 33.80 CRORES                             | 9.                   |
| 5. OCTOBER 1992                                 |                      |

1758

The company has changed its name Peico Electronics & Electricals Ltd to Phillips India Ltd after affecting the equity hike from 39.7 per cent to 51 per cent.

|                                                    |                    |
|----------------------------------------------------|--------------------|
| 1. PEPSI FOODS LTD                                 | 6. PEPSI FOODS LTD |
| 2. PEPSICO INC, USA                                | 7.                 |
| 3. POTATO/GRAIN FOODS, SOFT DRINK CONCENTRATES ETC | 8. EQUITY HIKE     |
| 4. Rs. 18.07 CRORES                                | 9.                 |
| 5. JULY 1993                                       |                    |

2876

No information is available regarding this project.

|                                               |                    |
|-----------------------------------------------|--------------------|
| 1. PEPSI FOODS LTD                            | 6. PEPSI FOODS LTD |
| 2. PEPSICO INC, USA                           | 7.                 |
| 3. POTATO/GRAIN FOODS, SOFT DRINK CONCENTRATE | 8. EQUITY HIKE     |
| 4. Rs. 42.42 CRORES                           | 9.                 |
| 5. AUGUST 1993                                |                    |

3024

See 2876

|                                                  |                    |
|--------------------------------------------------|--------------------|
| 1. PEPSI FOODS LTD                               | 6. PEPSI FOODS LTD |
| 2. PEPSICO INC, USA                              | 7.                 |
| 3. POTATO/GRAIN FOODS & SOFT DRINKS CONCENTRATES | 8. EQUITY HIKE     |
| 4. Rs. 9.02 CRORES                               | 9.                 |
| 5. APRIL 1994                                    |                    |

4058

See 2876

|                                    |                                    |
|------------------------------------|------------------------------------|
| 1. PHOTOPHONE INDUSTRIES INDIA LTD | 6. PHOTOPHONE INDUSTRIES INDIA LTD |
| 2. POLAROID CORPN, USA             | 7. 0183                            |
| 3. INSTANT PHOTOGRAPHIC FILM       | 8. EQUITY HIKE                     |
| 4. Rs. 9.03 CRORES                 | 9. PHOTOPHONE                      |
| 5. AUGUST 1993                     |                                    |

3028

It is an existing company. This proposal is for taking up 51 per cent stake in Photophone Industries. During December 1993, the company has received approval to allot 9 lakh shares of Rs. 10 each at a premium of Rs. 2.50 per share to Polaroid of USA out of which Polaroid has already taken up 52,10,500 shares. (See: 1580).

|                                                |                                    |
|------------------------------------------------|------------------------------------|
| 1. PHOTOPHONE INDUSTRIES INDIA LTD             | 6. PHOTOPHONE INDUSTRIES INDIA LTD |
| 2. POLAROID CORPN, USA                         | 7. 0183                            |
| 3. MFG. OF INSTANT PHOTOGRAPHIC FILM & CAMERAS | 8. EQUITY HIKE                     |
| 4. Rs. 7.90 CRORES                             | 9.                                 |
| 5. AUGUST 1992                                 |                                    |

1580

This approval is for equity hike from Polaroid. There is one more approval by the same party. (See: 3028).

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                              |                               |
|------------------------------|-------------------------------|
| 1. PROCTER & GAMBLE LTD      | 6. PROCTER & GAMBLE INDIA LTD |
| 2. RICHARDSON VICKS INC, USA | 7.                            |
| 3. SYNTHETIC DETERGENTS      | 8. EQUITY HIKE                |
| 4. Rs. 37.84 CRORES          | 9.                            |
| 5. JUNE 1992                 |                               |

1425

It is an equity hike from 40 to 51 per cent. The company has again increased its equity stake from 51 to 65 per cent.

|                         |                         |
|-------------------------|-------------------------|
| 1. PSIDATA SYSTEMS LTD  | 6. PSI DATA SYSTEMS LTD |
| 2. BULL SA, FRANCE      | 7.                      |
| 3. DP MACHINES SOFTWARE | 8. EQUITY HIKE          |
| 4. Rs. 7.42 CRORES      | 9.                      |
| 5. OCTOBER 1992         |                         |

1822

This approval is for an equity hike from 40 to 51 per cent. The foreign collaborator is an affiliate of Groupe Bull France, a fortune 500 company.

|                                                           |                          |
|-----------------------------------------------------------|--------------------------|
| 1. RAVINDER NARAIN MATHUR & CO                            | 6. GROZ BECKERT ASIA LTD |
| 2. THEODOR GROZ & SOEHNE & ERNST BECKERT NADELFA, GERMANY | 7.                       |
| 3. HOSIERY NEEDLES                                        | 8. EQUITY HIKE           |
| 4. Rs. 17.60 CRORES                                       | 9.                       |
| 5. MAY 1993                                               |                          |

2593

The approval was given in the name of Mr. Ravinder Narain Mathur & Co for effecting equity hike of existing Groz Beckert Saboo Ltd from 60 to 100 per cent. &

|                             |                 |
|-----------------------------|-----------------|
| 1. SESA GOA LTD             | 6. SESA GOA LTD |
| 2. FINSIDER INTL CO LTD, UK | 7.              |
| 3. PIG IRON                 | 8. EQUITY HIKE  |
| 4. Rs. 19.17 CRORES         | 9.              |
| 5. JUNE 1993                |                 |

2811

It is an equity hike from 40 to 51 per cent.

|                             |                            |
|-----------------------------|----------------------------|
| 1. SPIC FINE CHEMICALS LTD  | 6. SPIC FINE CHEMICALS LTD |
| 2. HENKEL KG AA, GERMANY    | 7. 0987                    |
| 3. ZEOLITE BASED DETERGENTS | 8. EQUITY HIKE             |
| 4. Rs. 27.91 CRORES         | 9. CHIDAMBARAM MA          |
| 5. JUNE 1994                |                            |

4284

It is an equity hike by the German Company Henkel KG from the 27 per cent to 51 per cent in Spic Fine Chemicals promoted by Tamilnadu Petro-Products Ltd a joint sector companies of TIDCO and SPIC group. The hike has been effected through a preferential issues of shares of Rs. 10 each at par aggregating Rs. 26.42 crores.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                  |                        |
|----------------------------------|------------------------|
| 1. SRF NIPPONDENSO LTD           | 6. SRF NIPPONDENSO LTD |
| 2. NIPPONDENSO CO LTD, JAPAN     | 7.                     |
| 3. ELECTRICAL IGNITION EQUIPMENT | 8. EQUITY HIKE         |
| 4. Rs. 8.00 CRORES               | 9. SHRIRAM             |
| 5. MARCH 1993                    |                        |

2445

It is an equity hike from 0 to 37.2 per cent by Nippon Denso Ltd. Sumitomo Ltd, Japan has also participated in the equity to the extent of Rs. 2.7 crores (9.5 %).

|                                  |                          |
|----------------------------------|--------------------------|
| 1. STOVEC INDUSTRIES LTD         | 6. STOVEC INDUSTRIES LTD |
| 2. STORK SCREENS BV, NETHERLANDS | 7.                       |
| 3. SLICER MACHINES               | 8. EQUITY HIKE           |
| 4. Rs. 5.96 CRORES               | 9. ATE                   |
| 5. OCTOBER 1992                  |                          |

1845

It is an equity hike from 40 to 51 per cent.

|                                |                      |
|--------------------------------|----------------------|
| 1. TVS WHIRLPOOL LTD           | 6. TVS WHIRLPOOL LTD |
| 2. WHIRLPOOL CORPN, USA        | 7.                   |
| 3. WASHING MACHINES AND DRYERS | 8. EQUITY HIKE       |
| 4. Rs. 5.40 CRORES             | 9. TVS               |
| 5. DECEMBER 1993               |                      |

3563

|                              |                              |
|------------------------------|------------------------------|
| 1. VESUVIUS REFRACTORIES LTD | 6. VESUVIUS REFRACTORIES LTD |
| 2. VESUVIUS GROUP LTD, UK    | 7. 0991                      |
| 3. INDUSTRIAL CERAMICS       | 8. EQUITY HIKE               |
| 4. Rs. 5.10 CRORES           | 9.                           |
| 5.                           |                              |

141

It is an existing company proposed to hike foreign to 51 per cent. Old name of the company was Vesuvius India Ltd. An amount of Rs. 7.38 crores was received from foreign collaborator.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

## 04 IN PROGRESS

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|                               |                              |
|-------------------------------|------------------------------|
| 1.                            | 6. SMITH & NEPHEW MEDICO LTD |
| 2. SMITH & NEPHEW PLC, UK     | 7.                           |
| 3. MARKET HEALTHCARE PRODUCTS | 8. SERVICE TDG               |
| 4. Rs. 11.99 CRORES           | 9.                           |
| 5. JULY 1994                  |                              |

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4488

It is a newly formed joint venture between Smith & Nephew (76%) and J.L. Morison India Ltd (24%). For the equity funding in the new venture, it is believed that Smith & Nephew is selling its 28 per cent equity stake in Raghu Mody's J.L. Morison India Ltd.

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|                                       |                             |
|---------------------------------------|-----------------------------|
| 1.                                    | 6. DABHOL POWER COMPANY LTD |
| 2. ENRON POWER DEVELOPMENT CORPN, USA | 7.                          |
| 3. NATURAL GAS POWER STATION          | 8. MAHARASHTRA              |
| 4. Rs. 1464.00 CRORES                 | 9. ENRON                    |
| 5. FEBRUARY 1993                      |                             |

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2273

The company has been promoted by Enron Power Co, GE and Bechtel Enterprises for setting up a gas based power project in Maharashtra. The Govt has given the Counter Guarantee for the project and the financial closure of the project is nearing completion. PPA signed during December 1993. The total cost of the first phase is estimated at Rs. 2400.00 crores (\$ 765 mn) and is to be funded through a mix of debt and equity in 70:30 ratio. Of the total equity of \$ 229 mn, US \$ 172 mn (around Rs. 516 crores) would be brought by Enron and other two foreign partners namely Bechtel and GE. Thus, Enron in the initial stage (Phase - I) would bring only Rs. 413 crores (80 per cent of the equity) as equity contribution against the approved amount of Rs. 1464 crores. In the second phase, (estimated cost of Rs. 5315 crores) the promoters would be bring in a further \$ 345 mn as equity. All the foreign promoters would be investing in equity through their subsidiaries in Mauritius to avail lower taxation on dividend earnings.

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|                                        |                       |
|----------------------------------------|-----------------------|
| 1.                                     | 6. MANGALORE POWER CO |
| 2. COGENTRIX DEVELOPMENT CO, USA       | 7.                    |
| 3. PULVERIZED COAL-FIRED POWER STATION | 8. KARNATAKA          |
| 4. Rs.274.50 CRORES                    | 9.                    |
| 5. MAY 1993                            |                       |

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2621

Mangalore Power Co is joint venture involving Cogentrix and General Electric, having 50 per cent each equity stake. The government has recently counter guaranteed the power project. The new Government of Karnataka had assured that the commitment made by the previous Govt. regarding the Mangalore Power project will be honoured.

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|                                                 |                           |
|-------------------------------------------------|---------------------------|
| 1.                                              | 6. MAC TANK TERMINALS LTD |
| 2. VAN OMMEREN TANK, NETHERLANDS                | 7.                        |
| 3. TO PROVIDE A SERIES OF TANK STORAGE TERMINAL | 8. MAHARASHTRA            |
| 4. Rs.236.93 CRORES                             | 9.                        |
| 5. AUGUST 1993                                  |                           |

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2998

It is a fully owned subsidiary of Van Oommersen Tank, Netherlands. The company with a paid up capital of \$8.26 million is setting up storage facilities at Madras port.

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\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

- |                                         |                      |
|-----------------------------------------|----------------------|
| 1.                                      | 6. AMP INDIA PVT LTD |
| 2. AMP INCORPORATED, USA                | 7. 1293              |
| 3. ELECTRICAL AND ELECTRONIC CONNECTORS | 8. KARNATAKA         |
| 4. Rs. 23.06 CRORES                     | 9.                   |
| 5. AUGUST 1993                          |                      |

3032

AMP India Pvt Ltd, a wholly owned subsidiary of AMP Inc has set up a connector plant in Bangalore. It has authorised capital of Rs. 20 crores. Other than AMP India, the company has another wholly-owned production tooling plant at Cochin EPZ. The units is in operation since 1992.

- |                                        |                                 |
|----------------------------------------|---------------------------------|
| 1.                                     | 6. LEVI STRAUSS (INDIA) PVT LTD |
| 2. LEVI'S STRAUSS & CO, HONG KONG      | 7.                              |
| 3. TO SET UP A WHOLLY OWNED SUBSIDIARY | 8. KARNATAKA                    |
| 4. Rs. 9.48 CRORES                     | 9.                              |
| 5. OCTOBER 1993                        |                                 |

3238

It is an 100% subsidiary setting up manufacturing facilities. It also entered into agreement with Gokuldas Images, Bangalore to manufacturing the Levi's range of Denim garments in India.

- |                                                 |                               |
|-------------------------------------------------|-------------------------------|
| 1.                                              | 6. KFC INDIA HOLDINGS PVT LTD |
| 2. KFC (A SUBSIDIARY OF PEPSICO INC), HONG KONG | 7. 0394                       |
| 3. FOR SETTING UP KFC RESTAURANTS               | 8. SERVICE HOTEL              |
| 4. Rs. 63.18 CRORES                             | 9.                            |
| 5. DECEMBER 1993                                |                               |

3489

KFC and Pizza Hut have been merged with KFC India Holdings Pvt Ltd. It is setting up of Fast food restaurant in Bangalore to begin with. It is exploring clean sights for setting up restaurants in other places. The investment as envisaged is expected to come over a period of time. (See: 3653).

- |                                       |                               |
|---------------------------------------|-------------------------------|
| 1.                                    | 6. KFC INDIA HOLDINGS PVT LTD |
| 2. PIZZA HUT INTERNATIONAL, HONG KONG | 7. 0394                       |
| 3. PIZZA HUT RESTURANTS               | 8. SERVICE HOTEL              |
| 4. Rs. 63.10 CRORES                   | 9.                            |
| 5. JANUARY 1994                       |                               |

3653

Pizza Hut has been merged with KFC Holdings Pvt Ltd. (See: 3489).

- |                           |                                     |
|---------------------------|-------------------------------------|
| 1.                        | 6. LABORATORIES GARNIER (INDIA) LTD |
| 2. L'OREAL SA, FRANCE     | 7.                                  |
| 3. PERSONAL CARE PRODUCTS | 8. GUJARAT                          |
| 4. Rs. 14.20 CRORES       | 9.                                  |
| 5. FEBRUARY 1994          |                                     |

3782

L'Oreal has already granted US \$ 14.5 mn towards establishing an 100 per cent subsidiary in India. No royalty and no knowhow fees. The company will not remit dividends for the first five years.

- |                                       |                |
|---------------------------------------|----------------|
| 1.                                    | 6.             |
| 2. COURTAULDS PLC, UK                 | 7.             |
| 3. SETTING UP OF A SUBSIDIARY COMPANY | 8. MAHARASHTRA |
| 4. Rs. 26.19 CRORES                   | 9.             |
| 5. JANUARY 1994                       |                |

3689

A company by name Courtaulds Coatings & Sealants (I) Pvt Ltd was incorporated during May 1994 in Bombay.

\* Projects with atleast Rs. 5.00 crores or more of foreign Investment approved during August 1991 to July 1994.

- |                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

1. AMADEUS INVESTMENTS & FINANCE P/L
2. TELSTRA HOLDING PTY LTD, AUSTRALIA
3. PROVIDING DATA COMMUNICATION SERVICES
4. Rs. 9.00 CRORES
5. MARCH 1994

6. AMADEUS INVESTMENTS & FINANCE P/L
- 7.
8. SERVICES
- 9.

3878

It is a joint venture company of Telstra International and Videsh Sanchar Nigam Ltd and IL&FS in field of VSAT services have signed MOU with DOT. The company will cater to the Indian corporate sectors voice data, fax, imaging services etc. by linking up different regions and coordinating the flow of information.

1. AT&T FIBRE OPTICS CABLES (I) P/L
2. AT&T INTL INC, USA
3. OPTICAL FIBRE CABLES
4. Rs. 12.91 CRORES
5. JUNE 1993

6. AT&T FINOLEX FIBRE OPTIC CABLES LTD
7. 0094
8. MAHARASHTRA
9. FINOLEX

2828

The company is a joint venture of AT&T (51%) and Finolex Cables (49%) for manufacture of LXE light pack fibre optic cables. The company began the recruitment process of senior executives. The plant is located at Pune, Maharashtra.

1. AT&T SWITCHING SYSTEMS (I) PVT LTD
2. AT&T INTL INC, USA
3. ELECTRIC SWITCHING EQUIPMENTS
4. Rs. 17.85 CRORES
5. MARCH 1992

6. AT & T SWITCHING SYSTEMS INDIA P/L
- 7.
8. KARNATAKA
9. TATA

1045

It is a subsidiary of AT & T, USA (51 per cent) and the Tata Industries Ltd (49 per cent). The commercial production is expected to start by the middle of 1995. The project is located in Bangalore.

1. AVT-MCCORMICK INGREDIENTS PVT LTD
2. MCCORMICK INC, USA
3. BLEND SPICES AS FOOD INGREDIENTS
4. Rs. 5.00 CRORES
5. NOVEMBER 1993

6. AVT-MCCORMICK INGREDIENTS PVT LTD
- 7.
8. KERALA
9. AV THOMAS

3393

The company is a 100 per cent EOU joint venture with A.V. Thomas group for manufacturing of value added food ingredients. Personnel recruitment has started and project implementation is in progress.

1. BETONG PREFAB (INDIA) LTD
2. NRI
3. PREFABRICATED CONCRETE BUILDING COMPONENTS
4. Rs. 19.37 CRORES
5. MAY 1994

6. BETONG PREFAB INDIA LTD
- 7.
8. RAJASTHAN
- 9.

4192

1. BHARAT PETROLEUM CORPN LTD
2. OMAN OIL CO LTD, OMAN
3. PETROLEUM PRODUCTS
4. Rs.347.75 CRORES
5. NOVEMBER 1993

6. BHARAT OMAN REFINERIES LTD
7. 0294
8. MADHYA PRADESH
9. PUBLIC SECTOR

3377

It is a joint venture between BP and Oman Oil Co Ltd holding 26 per cent each.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

- |                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                       |                                 |
|---------------------------------------|---------------------------------|
| 1. BHARAT STARCH INDUSTRIES LTD       | 6. BHARAT STARCH INDUSTRIES LTD |
| 2. COMMONWEALTH DEVELOPMENT CORPN, UK | 7.                              |
| 3. CITRIC ACID (POLYCARBOXYLIC ACID)  | 8. GUJARAT                      |
| 4. Rs. 6.80 CRORES                    | 9. THAPAR                       |
| 5. NOVEMBER 1993                      |                                 |

3390

This is an existing company belonging to Thapar Group. The company obtained two approvals for manufacturing of Citric Acid in November 1993 and February 1994. The company had a technical collaboration with VOGEL BUSCH GmbH, Germany. The CDC and AFIC are participating in the equity capital to the extent of Rs. 5.30 crores constituting 19%. The company has technical collaboration with Vogelbausch GmbH. (Also see 3778).

|                                 |                                 |
|---------------------------------|---------------------------------|
| 1. BHARAT STARCH INDUSTRIES LTD | 6. BHARAT STARCH INDUSTRIES LTD |
| 2. VOGELBUSCH GMBH, AUSTRIA     | 7.                              |
| 3. CITRIC ACID                  | 8. GUJARAT                      |
| 4. Rs. 7.30 CRORES              | 9. THAPAR                       |
| 5. FEBRUARY 1994                |                                 |

3778

This is only technical collaboration. (See also 3390).

|                               |                               |
|-------------------------------|-------------------------------|
| 1. CARGILL SOUTHEAST ASIA LTD | 6. CARGIL SEEDS INDIA PVT LTD |
| 2. CARGILL INC, USA           | 7.                            |
| 3. CITRIC ACID                | 8. NOT DECIDED                |
| 4. Rs. 25.93 CRORES           | 9.                            |
| 5. DECEMBER 1992              |                               |

2091

US multinational Cargill is finalising its plans to invest around Rs. 110 crores in a Citric Acid Plant either in UP or Maharashtra. Though it holds a licence to set up 20,000 tonnes per annum, initial plant capacity would be 10,000 per annum. The company has already taken Molasses sample from 30 sugar mills for laboratory test.

|                          |                          |
|--------------------------|--------------------------|
| 1. CLASSIC AGROFOODS LTD | 6. CLASSIC AGROFOODS LTD |
| 2. ALIMENTA SPA, ITALY   | 7.                       |
| 3. FRUIT CONCENTRATE     | 8. ANDHRA PRADESH        |
| 4. Rs. 23.22 CRORES      | 9.                       |
| 5. FEBRUARY 1993         |                          |

2253

This is a agro-food project located in Hyderabad. The total outlay of the project is Rs. 120.00 crores.

|                                            |                                   |
|--------------------------------------------|-----------------------------------|
| 1. CP AQUACULTURE BUSINESS GROUP           | 6. CP AQUACULTURE (INDIA) PVT LTD |
| 2. CP AQUACULTURE BUSINESS GROUP, THAILAND | 7. 0094                           |
| 3. SHRIMP FEED MILL, PROCESSED SHRIMPS     | 8. MULTIPLE LOCAT                 |
| 4. Rs. 366.00 CRORES                       | 9.                                |
| 5. JANUARY 1993                            |                                   |

2173

The first project will come up in Madras (Nellore - Madras Highway). For the Madras unit, the company would invest \$ 9 million on plant & machinery and \$ 6 million on the processing unit. All the projects will be in operation in five years. The units would be fully owned by CP Group. The commercial production for the feed unit at Madras would begin from November 1995, while the processing unit would be operational by early 1996. Entire processed shrimp would be exported through CP International network. Total cost of the project is \$ 120 million.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                                 |                                        |
|-------------------------------------------------|----------------------------------------|
| 1. DABUR INDIA LTD                              | 6. GENERAL DE CONFITERIA INDIA PVT LTD |
| 2. AGROLIMEN SA, SPAIN                          | 7. 1093                                |
| 3. CHEWING GUM AND OTHER CONFECTIONERY PRODUCTS | 8. HIMACHAL PRADES                     |
| 4. Rs. 9.00 CRORES                              | 9. DABUR                               |
| 5. DECEMBER 1993                                |                                        |

3517

Dabur India Ltd promoted a joint venture company General DE Confiteria India Pvt Ltd to implement this approval. An amount of Rs. 3.50 crores (51 per cent of the equity capital) has already been subscribed by the foreign collaborator. The company is expected to commence commercial production by July - August 1995.

|                     |                                    |
|---------------------|------------------------------------|
| 1. DADI BALSARA     | 6. MOUNT EVEREST MINERAL WATER LTD |
| 2. NRI, NRI         | 7. 1291                            |
| 3. MINERAL WATER    | 8. HIMACHAL PRADES                 |
| 4. Rs. 30.22 CRORES | 9. DADI BALSARA                    |
| 5. SEPTEMBER 1993   |                                    |

3168

Final collaboration signed with: a) Frasenious Consult GmbH for water b) Akoi Technical Lab inc. Japan for pet bottles.

|                                            |                          |
|--------------------------------------------|--------------------------|
| 1. DCM TOYOTA LTD                          | 6. DCM DAEWOO MOTORS LTD |
| 2. DAEWOO CORPN/DAEWOO MOTOR CO LTD, KOREA | 7.                       |
| 3. PASSENGER CARS                          | 8. UTTAR PRADESH         |
| 4. Rs. 120.00 CRORES                       | 9. SHRIRAM               |
| 5. JUNE 1994                               |                          |

4312

The investment in the project is to the tune of over US \$ 1 billion. In the first phase the company will be raising Rs. 300 crores of which Rs. 120 crores will be brought in by Daewoo as equity. Of the rest, 70 per cent is going to be raised through foreign loans. In this joint venture, DCM holds 34 per cent, Daewoo 51 per cent and Toyota holds 2.6 per cent. DCM Daewoo threatens to review the project if its demand for import duty concession on capital goods is not exceeded.

|                                |                     |
|--------------------------------|---------------------|
| 1. DEEP C ANAND                | 6. SPICER INDIA LTD |
| 2. DANA CORPN, USA             | 7. 0793             |
| 3. PROPELLER SHAFTS, AXLES ETC | 8. MAHARASHTRA      |
| 4. Rs. 24.85 CRORES            | 9. ANAND DC         |
| 5. JUNE 1993                   |                     |

2746

The Dana Corp is holding 74.9 per cent and the balance 24.1 per cent by the Anand Group. An amount of Rs. 15.73 crores has been received against approved investment of Rs. 24.85 crores

|                                                           |                   |
|-----------------------------------------------------------|-------------------|
| 1. DLF CEMENT LTD                                         | 6. DLF CEMENT LTD |
| 2. INDUSTRIALIZATION FUND FOR DEVELOPING COUNTRY, DENMARK | 7.                |
| 3. PORTLAND CEMENT, POZZOLANA CEMENT                      | 8. RAJASTHAN      |
| 4. Rs. 18.43 CRORES                                       | 9. DLF            |
| 5. MAY 1994                                               |                   |

4120

DLF cement obtained two approvals from the government one for participation of IFC, Washington (Rs. 26.55 crores) and another for Industrialisation Fund for Developing Countries, Denmark (Rs. 18.43 crores). The prospectus issued by the company in June 94 indicated that firm allotment for IFC to the extent of Rs. 26.55 crores in the equity capital. There is mention of IFDC, Denmark investment in the prospectus of the company.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

1. DLF CEMENT LTD
2. INTERNATIONAL FINANCE CORPN, USA
3. PORTLAND CEMENT OTHER THAN WHITE CEMENT
4. Rs. 26.35 CRORES
5. JUNE 1994

6. DLF CEMENT LTD
7. 0592
8. RAJASTHAN
9. DLF

4366

See: 4120.

1. DYNAMIC SALES SERVICES INTL PVT LTD
2. NRI, NRI
3. BEER
4. Rs. 5.00 CRORES
5. FEBRUARY 1993

6. CLAN MORGAN & CO LTD
7. 0093
8. RAJASTHAN
- 9.

2294

Land was purchased in Beharur, Alwar, Rajasthan and the construction work is in progress. Part of the NRI's contribution has already come. The company is expected to start commercial production during October - November 1995.

1. ESSAR INVESTMENTS LTD
2. CHANDARIA GROUP GENEVA, SWITZERLAND
3. OIL REFINERY
4. Rs. 262.00 CRORES
5. JANUARY 1993

6. ESSAR OIL LTD
7. 0989
8. GUJARAT
9. ESSAR

2171

Prime Finance Co Ltd which is incorporated in Mauritius belongs to Chandarias of Comcraft Group, Switzerland. Chandarias proposed to bring the money to Essar Oil Ltd through Prime Finance Co. The project is located in Vadinar, Gujarat.

1. FOMAS INDIA LTD
2. FOMAS SRL AG, ITALY
3. STEEL FORGINGS
4. Rs. 5.96 CRORES
5. JUNE 1993

6. FOMAS INDIA LTD
- 7.
8. TAMIL NADU
- 9.

2792

Out of Rs. 6.12 crores proposed to be taken up by the foreign collaborators, an amount of Rs. 1.75 crores has already been effected. The company proposed to issue capital through private placement.

1. GAS AUTHORITY OF INDIA LTD
2. BRITISH GAS, SINGAPORE
3. DISTRIBUTION OF NATURAL GAS
4. Rs. 18.93 CRORES
5. FEBRUARY 1994

6. MAHANAGAR GAS LTD
- 7.
8. MAHARASHTRA
9. PUBLIC SECTOR

3801

The project envisages the distribution of natural gas through a pipeline network in Greater Bombay area. The cost of the project is Rs. 433 crores of which Rs. 127 crores of equity. The foreign promoter is contributing to Rs. 44.45 crores. The company is starting its operation during this year.

1. GEC ALSTHOM GROUP OF COS
2. GEC ALSTHOM NV, NETHERLANDS
3. FINANCIAL SERVICES
4. Rs. 0.00 CRORES
5. JUNE 1993

6. GEC ALSTHOM HOLDINGS INDIA LTD
- 7.
8. SERVICE HLD
- 9.

2714

GEC Alstom Holding India Ltd would operate as think tank having single window and would participate in new joint ventures and hold and permit use of GEC Alstom trade mark.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

- |                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                                  |                                      |
|--------------------------------------------------|--------------------------------------|
| 1. GREAVES COTTON & CO LTD                       | 6. RAJASTHAN POLYMERS AND RESINS LTD |
| 2. MGO TECHNOCHIM, RUSSIA                        | 7. 1291                              |
| 3. ACRYLONITRILE-BUTADIENE STYRENE & POLYSTYRENE | 8. RAJASTHAN                         |
| 4. Rs. 5.57 CRORES                               | 9. THAPAR                            |
| 5. MAY 1992                                      |                                      |

1222

The company is promoted by Thapar Group and RIICO. The project is located in Abu Road, Sirohi. The collaborator has taken equity against cash as well as technology & machinery. An amount of Rs. 7.75 crores has been received by the company.

|                                                |                 |
|------------------------------------------------|-----------------|
| 1. GUJARAT ALKALIES & CHEMICALS LTD            | 6.              |
| 2. RAYTHEON ENGINEERS & CONSTRUCTORS INC, USA  | 7.              |
| 3. ALUMINIUM HYDROXIDE & INTEGRATED POWER UNIT | 8. GUJARAT      |
| 4. Rs. 66.00 CRORES                            | 9. PUBLIC/JOINT |
| 5. JUNE 1994                                   |                 |

4354

The plant is estimated to be completed within four years. The US company would buy the entire production. A separate company with an equity capital of Rs. 500 crores will be set up in which GMDC, GACL and the US Raytheon Engg. Co would each take 17 per cent while the rest 49 per cent will be offered to the public.

|                                           |                                 |
|-------------------------------------------|---------------------------------|
| 1. GUJARAT TORRENT ENERGY CORPORATION LTD | 6. GUJARAT TORRENT ENERGY CORPN |
| 2. SIEMENS AG, GERMANY                    | 7.                              |
| 3. GAS BASED POWER PROJECT                | 8. GUJARAT                      |
| 4. Rs.217.00 CRORES                       | 9. TORRENT/SIEMENS              |
| 5. MAY 1994                               |                                 |

4130

The company is a joint venture of Torrent Group and Siemens AG. Gujarat Power Corporation would hold 25 per cent and Siemens would hold 12 per cent of the equity capital. Controversy is now raging. GE seems to have declined to pay a kickback of Rs. 80 crores. A JD politician is leading PIL case.

|                       |                       |
|-----------------------|-----------------------|
| 1. GVK INDUSTRIES LTD | 6. GVK INDUSTRIES LTD |
| 2. NRI, NRI           | 7.                    |
| 3. 200 MW POWER PLANT | 8. ANDHRA PRADESH     |
| 4. Rs. 70.00 CRORES   | 9. GVK                |
| 5. APRIL 1993         |                       |

2519

This is gas based project at Jegurupadu, Andhra Pradesh. Power purchase agreement was signed on 17-06-1993. In addition GVK group is implementing 1000 MW LNG based power plant at Gommidipoondi, Tamil Nadu. These projects will be backed by another group company GVK Power Co Ltd. Counter Guarantee also obtained.

|                                                   |                        |
|---------------------------------------------------|------------------------|
| 1. HI HOTELS INDIA PVT LTD                        | 6. HI HOTELS INDIA LTD |
| 2. IN A CO INCORPORATED IN IRELAND BY 3 NRIS, NRI | 7. 0093                |
| 3. HOTEL DEVELOPMENT BUSINESS                     | 8. SERVICES            |
| 4. Rs. 44.23 CRORES                               | 9.                     |
| 5. JULY 1993                                      |                        |

2887

It has franchise with Holiday Inn Worldwide, USA to start a chain of hotels. It has already started six hotels in over India including one at Kathmandu.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                    |                                    |
|------------------------------------|------------------------------------|
| 1. HIMACHAL EXI-COMMUNICATIONS LTD | 6. HIMACHAL EXI-COMMUNICATIONS LTD |
| 2. EXI-COM LTD, AUSTRALIA          | 7. 0594                            |
| 3. ELECTRICAL EQUIPMENT            | 8. HIMACHAL PRADES                 |
| 4. Rs. 5.00 CRORES                 | 9. HIMACHAL FUTUR                  |
| 5. JUNE 1994                       |                                    |

4388

|                                                |                                   |
|------------------------------------------------|-----------------------------------|
| 1. HIMALAYAN PURE WATERHOUSE LTD               | 6. HIMALAYAN PURE WATER HOUSE LTD |
| 2. NRI, NPI                                    | 7. 1190                           |
| 3. PET/PVC BOTTLES & BOTTLING OF MINERAL WATER | 8. HIMACHAL PRADES                |
| 4. Rs. 25.00 CRORES                            | 9.                                |
| 5. JANUARY 1994                                |                                   |

3717

The proposed foreign participation in the project would be Rs. 5 crores. It is expected that foreign equity will come in during the year.

|                              |                             |
|------------------------------|-----------------------------|
| 1. HINDUSTAN LEVER LTD       | 6. KIMBERLY-CLARK LEVER LTD |
| 2. KIMBERLY CLARK CORPN, USA | 7.                          |
| 3. PAPER AND PULP PRODUCTS   | 8. MAHARASHTRA              |
| 4. Rs. 15.75 CRORES          | 9.                          |
| 5. MARCH 1994                |                             |

4004

This is a 50:50 joint venture of Hindustan Lever and Kimberly Clark, USA. It will use the HLL market network for its products.

|                                         |                             |
|-----------------------------------------|-----------------------------|
| 1. HINDUSTAN MOTORS LTD                 | 6. GENERAL MOTORS INDIA LTD |
| 2. GENERAL MOTORS CORPN, USA            | 7.                          |
| 3. PASSENGER CARS & COMMERCIAL VEHICLES | 8. GUJARAT                  |
| 4. Rs. 78.00 CRORES                     | 9. BIRLA                    |
| 5. FEBRUARY 1992                        |                             |

771

As per the original plan, the General Motors and Hindustan Motors were supposed to share 30 per cent each in the equity of the company. However, the General Motors, USA is now taking up 50 per cent stake in the equity capital of Rs. 100 crores. The plant is located in Halol, Gujarat. It is also envisaged to modernise the existing plant of HM at Halol.

|                                 |                                    |
|---------------------------------|------------------------------------|
| 1. HINDUSTAN PETROLEUM CORP LTD | 6. HINDUSTAN OMAN PETROLEUM CO LTD |
| 2. OMAN OIL CO LTD, OMAN        | 7.                                 |
| 3. PETROLEUM PRODUCTS           | 8. MAHARASHTRA                     |
| 4. Rs. 195.00 CRORES            | 9. PUBLIC SECTOR                   |
| 5. NOVEMBER 1993                |                                    |

3376

It is a joint venture between the HPCL and Oman Oil Co holding 26 per cent each in the equity capital. The project is scheduled for implementation by September 1996.

|                                        |                                     |
|----------------------------------------|-------------------------------------|
| 1. HUNTER DOUGLAS SEAHOLD BV           | 6. HUNTER DOUGLAS SEAHOLD INDIA LTD |
| 2. HUNTER DOUGLAS SEAHOLD, NETHERLANDS | 7.                                  |
| 3. PRE-FABRICATED BUILDING MATERIAL    | 8. DAMAN                            |
| 4. Rs. 50.50 CRORES                    | 9.                                  |
| 5. JUNE 1994                           |                                     |

4319

It is a 100 per cent owned subsidiary of Hunter Douglas Seahold, Netherlands. It is setting up a plant in Silvassa, Daman Union Territory. It has applied for clearance with RBI. It is expecting its operation within 18 months. It has already incorporated its new company in India.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

- |                                     |                       |
|-------------------------------------|-----------------------|
| 1. INDIAN OIL CORPN LTD             | 6. INDO MOBIL (P) LTD |
| 2. MOBIL PETROLEUM CO INC, USA      | 7.                    |
| 3. LUBRICANTS & SPECIALITY PRODUCTS | 8. HARYANA            |
| 4. Rs. 10.00 CRORES                 | 9. PUBLIC SECTOR      |
| 5. AUGUST 1993                      |                       |

3023

Indo-Mobil Ltd. is a 50:50 joint venture between IOL and Mobil Petroleum Co. of the US. The company will market high grade synthetic oils through IOL distribution network at retail stations. The company's Lube plant will be operational by 1996. The cost of the project would be \$ 15 million.

- |                            |                         |
|----------------------------|-------------------------|
| 1. INDIAN TELECOM LTD      | 6. MODI TELSTRA PVT LTD |
| 2. OTC INTL LTD, AUSTRALIA | 7. 0092                 |
| 3. SOFTWARE                | 8. WEST BENGAL          |
| 4. Rs. 10.00 CRORES        | 9. MODI                 |
| 5. OCTOBER 1992            |                         |

1817

The company was to start cellular telephones at Calcutta and the proposal submitted by the company has been pending with the Govt. for the last two years. In the meantime the company has started the voice-mail information service and software development to some extent. It is awaiting Govt. clearance.

- |                                       |                          |
|---------------------------------------|--------------------------|
| 1. INDO NISSIN FOODS LTD              | 6. INDO NISSIN FOODS LTD |
| 2. NISSIN FOOD PRODUCTS CO LTD, JAPAN | 7.                       |
| 3. FOOD PROCESSING                    | 8. KARNATAKA             |
| 4. Rs. 9.00 CRORES                    | 9.                       |
| 5. FEBRUARY 1994                      |                          |

3856

Inflow of foreign investments has already commenced.

- |                             |                              |
|-----------------------------|------------------------------|
| 1. KALINGA HOSPITAL PVT LTD | 6. KALINGA HOSPITALS PVT LTD |
| 2. NRI, NRI                 | 7.                           |
| 3. SETTING UP OF HOSPITAL   | 8. ORISSA                    |
| 4. Rs. 6.50 CRORES          | 9.                           |
| 5. NOVEMBER 1991            |                              |

438

The hospital is promoted by Hospital Corporation of Orissa Inc, USA by the non-resident doctors from Orissa settled in USA. It is located in Bhubaneswar, Orissa.

- |                                                           |                     |
|-----------------------------------------------------------|---------------------|
| 1. KARAN CEMENT LTD                                       | 6. PRISM CEMENT LTD |
| 2. INDUSTRIALIZATION FUND FOR DEVELOPING COUNTRY, DENMARK | 7. 0392             |
| 3. PORTLAND CEMENT OTHER THAN WHITE CEMENT                | 8. MADHYA PRADESH   |
| 4. Rs. 25.20 CRORES                                       | 9. RAHEJA           |
| 5. NOVEMBER 1993                                          |                     |

3351

F.L. Smith & Company, A/c Denmark (Rs. 12.50 crores), Danish Industrialisation Fund for Developing countries (Rs. 12.50 crores) and International Finance Corp., Washington (Rs. 15.75 crores) have participated in the equity of the company. The company is expected to go into stream by April 1997.

- |                                                  |             |
|--------------------------------------------------|-------------|
| 1. KB + T LTD                                    | 6. KB+T LTD |
| 2. THAKRAL INVESTMENT HOLDING PTE LTD, SINGAPORE | 7.          |
| 3. MEN'S SUITINGS                                | 8. HARYANA  |
| 4. Rs. 8.23 CRORES                               | 9. KBSH     |
| 5. AUGUST 1993                                   |             |

3003

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

- |                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                                 |                     |
|-------------------------------------------------|---------------------|
| 1. KETAN DALAL, C/O ARVIND P DALAL & ASSOCIATES | 6. BARMAG INDIA LTD |
| 2. BARMAG A.G. GERMANY                          | 7.                  |
| 3. VISCOSE PUMPS                                | 8. MAHARASHTRA      |
| 4. Rs. 5.00 CRORES                              | 9.                  |
| 5. AUGUST 1993                                  |                     |

2976

This is Barmag India Ltd. Inflow has already started.

|                                                  |                                        |
|--------------------------------------------------|----------------------------------------|
| 1. LITTLEWOODS INT'L LTD                         | 6. LITTLEWOODS INTERNATIONAL INDIA P/L |
| 2. LITTLEWOOD INTERNATIONAL LTD, UK              | 7. 0094                                |
| 3. TO SET UP A SUBSIDIARY FOR TRADING ACTIVITIES | 8. KARNATAKA                           |
| 4. Rs. 47.33 CRORES                              | 9.                                     |
| 5. APRIL 1994                                    |                                        |

4045

It is a leading British departmental stores and 100 per cent owned subsidiary engaged in trading activities. The company is opening its first Indian branch by mid 1995. Land has already been acquired in Bangalore and know it is a matter of getting the project off the ground.

|                                               |                      |
|-----------------------------------------------|----------------------|
| 1. MACHINO TECHNO SALES LTD                   | 6. CAPARO MARUTI LTD |
| 2. CAPARO GROUP LTD, UK                       | 7.                   |
| 3. SHEET METAL PRESSED, AUTOMOBILE COMPONENTS | 8. HARYANA           |
| 4. Rs. 6.00 CRORES                            | 9. MARUTI ANC        |
| 5. AUGUST 1993                                |                      |

3012

Of the total project cost of Rs. 45.00 crores Caparo group holding 60 per cent and the balance will be jointly by the MUL and Jindal group of M D. Jindal

|                                                 |                      |
|-------------------------------------------------|----------------------|
| 1. MADHYA PRADESH STATE ELECT DEV CORP          | 6. FUJITSU OPTEL LTD |
| 2. FUJITSU LTD, JAPAN                           | 7. 0494              |
| 3. MICROWAVE RADIO COMMUNICATIONS SYSTEMS, ETC. | 8. MADHYA PRADESH    |
| 4. Rs. 31.72 CRORES                             | 9. FUJITSU           |
| 5. DECEMBER 1993                                |                      |

3498

The company is promoted by MPSEDC, Optel Communications and Virgo Marketing Pvt Ltd. The plant is coming up at Mandideep, Dist. Raipur, MP. It is expected to commence commercial production by september 1995.

|                                    |                        |
|------------------------------------|------------------------|
| 1. MAGUNTA AQUAFARMS LTD           | 6. BALAJI BIO-TECH LTD |
| 2. NRI, NRI                        | 7. 0192                |
| 3. PROCESSED SHRIMPS (AQUACULTURE) | 8. ANDHRA PRADESH      |
| 4. Rs. 12.80 CRORES                | 9. BALAJI GROUP        |
| 5. FEBRUARY 1993                   |                        |

2295

The name of the company had changed to Balaji Bio-tech Ltd. The company's aqua farms are located in Vagaru village, Nellore Dist, Andhra Pradesh. Out of the total equity capital of Rs. 20 crores, Rs. 9 crores have already been subscribed by the foreign collaborators.

|                                       |                              |
|---------------------------------------|------------------------------|
| 1. MARS INCORPORATED                  | 6. EFFEM FOODS INDIA PVT LTD |
| 2. MARS INC, USA                      | 7. 0594                      |
| 3. COCOA BASED CONFECTIONERY PRODUCTS | 8. MAHARASHTRA               |
| 4. Rs. 31.59 CRORES                   | 9.                           |
| 5. JULY 1993                          |                              |

2872

It is a 100 per cent owned subsidiary of Mars Inc. The plant would be located in Pune, Maharashtra.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

- |                                                      |                           |
|------------------------------------------------------|---------------------------|
| 1. MATHYS MEDICAL PVT LTD                            | 6. MATHYS MEDICAL PVT LTD |
| 2. MATHYS AG, SWITZERLAND                            | 7.                        |
| 3. MFG. & MKTG. OF SURGICAL IMPLANTS AND INSTRUMENTS | 8. UTTAR PRADESH          |
| 4. Rs. 6.31 CRORES                                   | 9.                        |
| 5. JUNE 1994                                         |                           |

4331

The collaboration agreement has been filed with RBI and the permission from RBI is awaiting. The foreign company is planning to implement the project and two sites NOIDA and Gurgaon has been chosen to locate the units. In the first phase, foreign equity inflow from the collaborator would be 4,00,000 Swiss francs.

- |                                                      |               |
|------------------------------------------------------|---------------|
| 1. MAX INDIA LTD                                     | 6. MAX-GB LTD |
| 2. ROYAL GIST BROCADES INTERNATIONAL BV, NETHERLANDS | 7.            |
| 3. CEPHALOSPORIN G & CEPHALOSPORIN C                 | 8. PUNJAB     |
| 4. Rs. 30.00 CRORES                                  | 9. MAX        |
| 5. DECEMBER 1992                                     |               |

2060

This project of Max GB is located in Toansa, Ropar, Punjab. It has already been implemented. The company has exported to the tune of Rs. 38.89 crores during 1992-94. (See also 2603).

- |                                                      |                |
|------------------------------------------------------|----------------|
| 1. MAX INDIA LTD                                     | 6. MAX GB LTD  |
| 2. ROYAL GIST BROCADES INTERNATIONAL BV, NETHERLANDS | 7.             |
| 3. PENCILLIN DERIVATIVES AND SALTS                   | 8. MAHARASHTRA |
| 4. Rs. 23.50 CRORES                                  | 9. MAX         |
| 5. MAY 1993                                          |                |

2603

Max GB Ltd FIPB has obtained two approvals from the Govt. This is for setting up pencillin G plant with foreign collaboration Royal Gist Brocades with a technological fee of Rs. 42.00 crores. Max GB wanted to enter into agreement with HAL to manage HALs pencillin facilities instead of setting up a new plant to manufacture which would be costing around Rs. 150.00 crores with equity participation by HAL. Max-GB offered HAL Rs. 17 crores as lease rentals to maintain the HAL plant. Subsequently, Torrent Pharmaceuticals, SPIC Pharmaceutical group who are also in the race for manufacturing of pencillin protested for the proposed agreement with HAL as they wanted to offer Rs. 30.00 crores as lease rentals. The three parties challenged the lease agreement of Max GB and HAL for managing Pune pencillin plant in Delhi High court and all three offered would class technology on par with the one being offered by Max GB. The high court dismissed the petition of the three groups and matter was challenged in the Supreme Court. The Max-GB Ltd and HAL agreed to form a joint venture to implement the approval by expanding the HAL capacity rather than setting up new plant. The proposal is yet to receive the final approval of the Govt. The Supreme Court also dismissed the writ petition. (See: 2060).

- |                                      |                |
|--------------------------------------|----------------|
| 1. METDIST LTD                       | 6. METDIST LTD |
| 2. RK BAGRI,                         | 7.             |
| 3. COPPER SMELTER & REFINERY PROJECT | 8. GUJARAT     |
| 4. Rs.240.00 CRORES                  | 9.             |
| 5. SEPTEMBER 1993                    |                |

3165

It is a joint venture between Metdist Ltd, UK owned by Raj Bagri and Mitsubishi Materials Coprn.(MMC). Bagri will hold 42% and MMC 18% in the equity capital of Rs. 555 crores.

- |                                                      |                                  |
|------------------------------------------------------|----------------------------------|
| 1. MIDEAST INTEGRATED STEELS LTD                     | 6. MIDEAST INTEGRATED STEELS LTD |
| 2. CHINA METALLURGICAL IMPORTS & EXPORTS CORP, CHINA | 7. 1092                          |
| 3. PIG IRON                                          | 8. ORISSA                        |
| 4. Rs. 28.53 CRORES                                  | 9. MIDEAST                       |
| 5. JANUARY 1993                                      |                                  |

2189

See also: 3474 & 2362

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

- |                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                                      |                                 |
|------------------------------------------------------|---------------------------------|
| 1. MIDEAST INTEGRATED STEELS LTD                     | 6. MIDEAST INTEGRATED STEEL LTD |
| 2. CHINA METALLURGICAL IMPORTS & EXPORTS CORP, CHINA | 7. 1092                         |
| 3. IRON & STEEL PRODUCTS                             | 8. ORISSA                       |
| 4. Rs. 7.50 CRORES                                   | 9. MIDEAST                      |
| 5. MARCH 1993                                        |                                 |

2362

This is a third approval obtained by the company in the month of March 1993 for manufacturing of iron & steel products. See also: 2189 & 3474.

|                                                      |                                  |
|------------------------------------------------------|----------------------------------|
| 1. MIDEAST INTEGRATED STEELS LTD                     | 6. MIDEAST INTEGRATED STEELS LTD |
| 2. CHINA METALLURGICAL IMPORTS & EXPORTS CORP, CHINA | 7. 1092                          |
| 3. FIG IRON                                          | 8. ORISSA                        |
| 4. Rs. 24.72 CRORES                                  | 9. MIDEAST                       |
| 5. DECEMBER 1993                                     |                                  |

3474

The foreign collaborator China Metallurgical (CMIEC) has already brought in Rs. 4 crores by way of technical drawings and designs. The balance amount of Rs. 26 crores would be brought in the form of equipment/ technical designs and drawings over the project implementation period. (see also 2189 & 2362)

|                                                |                   |
|------------------------------------------------|-------------------|
| 1. MODI ENTERPRISES & THE HINDITRON GROUP      | 6. MODI RJR LTD   |
| 2. RJ KEYNOLDS TOBACCO INTL SA, SWITZERLAND    | 7. 0993           |
| 3. PROCESSING/BLENDING OF TOBACCO & CIGARETTES | 8. ANDHRA PRADESH |
| 4. Rs. 23.00 CRORES                            | 9. MODI           |
| 5. APRIL 1993                                  |                   |

2489

The company is promoted by M K Modi Group. A new company in the name of Modi RJR Ltd has been incorporated to implement this approval. Acquisition of land and construction of buildings is in progress. The company is in the process of recruiting personnel and obtaining environmental clearance. The plant is located in Andhra Pradesh and is expected to go into stream by March 1996. An amount of Rs. 5.00 crores has been subscribed so far by the collaborators.

|                                            |                       |
|--------------------------------------------|-----------------------|
| 1. MODI MCKENZIE METHANE LTD               | 6. MODI MACKENZIE LTD |
| 2. MEKENZINE METHANE CORPN, USA            | 7. 0592               |
| 3. EXPLORATION & DEVT. OF COAL BED METHANE | 8. WEST BENGAL        |
| 4. Rs. 12.20 CRORES                        | 9. MODI               |
| 5. DECEMBER 1992                           |                       |

2095

The company has authorised capital of Rs. 5.00 crores. Foreign collaborator has not yet invested in the company. The location of the project is Raniganj, Asansol, West Bengal. It belongs to YK Modi group. In the news papers it was reported that in the initial stage, the company expects to invest Rs. 10 crores but if the exploration proves to be fruitful the investment could go up to Rs. 200 to Rs. 300 crores.

|                                                         |                            |
|---------------------------------------------------------|----------------------------|
| 1. MODIPON FIBRES CO                                    | 6. MODI RADICI GUJARAT LTD |
| 2. FAUSTO RADICI/RALUX NV/DEUFIL/OTHER ASSOCIATE, ITALY | 7.                         |
| 3. POLYESTER CHIPS & POLYESTER FILAMENT YARN            | 8. GUJARAT                 |
| 4. Rs. 39.00 CRORES                                     | 9. MODI                    |
| 5. JUNE 1994                                            |                            |

4296

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

- |                                               |                           |
|-----------------------------------------------|---------------------------|
| 1. NEYVELI LIGNITE CORPN LTD                  | 6. ST-CMS ELECTRIC CO LTD |
| 2. ST POWERSYSTEMS INC, USA                   | 7.                        |
| 3. ZERO UNIT PROJECT OF NEYVELI LIGNITE CORPN | 8. TAMIL NADU             |
| 4. Rs. 82.00 CRORES                           | 9. PUBLIC SECTOR          |
| 5. AUGUST 1992                                |                           |

1582

The total Equity is between US \$ 80.00 to 120.00 millions. The promoter of this project is Mr. Sharad Tak (NRI from US) of ST Power System Inc. which will be taking 40 per cent equity in the project. CMS Electric will hold another 40 per cent. The 250 MW power plant is expected to become operational in mid-1997. Counter Guarantee has already been obtained. Power Purchase Agreement (PPA) was signed during November 1993.

- |                            |                     |
|----------------------------|---------------------|
| 1. PAL REFINERY INDIA LTD  | 6. PAL REFINERY LTD |
| 2. NRI, NRI                | 7. 0091             |
| 3. LUBE OIL MULTIGRADE ETC | 8. ANDHRA PRADESH   |
| 4. Rs. 49.40 CRORES        | 9.                  |
| 5. OCTOBER 1992            |                     |

1800

The total cost of the project is Rs. 180.90 crores. The financing of the project is as follows: promoters through NRIs and collaborator Kosan Crisplant, Denmark Rs. 90 crores, Indian Public Rs. 25 crores, and the financial institutions and commercial borrowings and other liabilities Rs. 135 crores. The project is located in Lankapalem, Vishakapatnam, Andhra Pradesh.

- |                                         |                       |
|-----------------------------------------|-----------------------|
| 1. PENNZOIL PRODUCTS CO                 | 6. PENNZOIL INDIA LTD |
| 2. PENNZOIL PRODUCTS CO, USA            | 7.                    |
| 3. BLENDING, MFG & MARKETING MOTOR OILS | 8. WEST BENGAL        |
| 4. Rs. 0.00 CRORES                      | 9.                    |
| 5. OCTOBER 1993                         |                       |

3284

The company would market the internationally known Pennzoil brand of lubricants in India.

- |                           |                           |
|---------------------------|---------------------------|
| 1. PENTAFOUR PRODUCTS LTD | 6. PENTAFOUR PRODUCTS LTD |
| 2. DATA CIRCUIT INC, USA  | 7.                        |
| 3. COPPER CLAD LAMINATES  | 8. TAMIL NADU             |
| 4. Rs. 7.00 CRORES        | 9. PENTAFOUR              |
| 5. OCTOBER 1992           |                           |

1797

This approval is for diversification of the Pentafour Products Ltd for setting up of copper clad laminates. The foreign collaborator had agreed to buy back the entire production which is expected to commence in October 1995.

- |                             |                                       |
|-----------------------------|---------------------------------------|
| 1. PETRO ENERGY PRODUCTS CO | 6. PETRO ENERGY PRODUCTS CO INDIA LTD |
| 2. PETRODYNE INC, USA       | 7.                                    |
| 3. SULPHUR                  | 8. PONDICHERRY                        |
| 4. Rs. 96.08 CRORES         | 9.                                    |
| 5. JUNE 1994                |                                       |

4353

This company is promoted by Petrodyne Inc. USA. The plant and machinery would be imported from Naples in Italy which is currently not in use due to the fact that Europe suffers from a glut of refining capacity. The cost of the project is US \$ 460 million. The plant would go in stream by the middle of 1997.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

- |                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

1. PETRON INTERNATIONAL (INDIA) PVT LTD  
 2. PETRON INTERNATIONAL INC, USA  
 3. SUGAR  
 4. Rs. 50.00 CRORES  
 5. JULY 1993

6. PETRON INTERNATIONAL (INDIA) LTD  
 7. 1189  
 8. UTTAR PRADESH  
 9.

2879

The company was incorporated as pvt limited company on 1-11-89 and converted into public limited on 31-10-94. An amount of Rs. 3.578 crores inflow has already affected.

1. PHOENIX INTERNATIONAL LTD  
 2. ISC RUSFINTORG, RUSSIA  
 3. PORTLAND CEMENT  
 4. Rs. 100.00 CRORES  
 5. MARCH 1994

6. PHOENIX INTERNATIONAL LTD  
 7. 0089  
 8. MADHYA PRADESH  
 9. PHOENIX

3914

The foreign collaborator is participating in the company by way of suppliers credit/and foreign currency loan to the tune of Rs. 88.00 crores. In addition, foreign collaborator has taken up preference shares in the company to the extent of Rs. 100 crores. The company has so far received Rs. 90 crores from the collaborator.

1. PREMIER AUTOMOBILES LTD  
 2. AUTOMOBILES PEUGEOT, FRANCE  
 3. PASSENGER CARS  
 4. Rs. 120.00 CRORES  
 5. JULY 1993

6. KALYAN MOTORS LTD  
 7.  
 8. MAHARASHTRA  
 9. WALCHAND

2838

The company will take over existing PAL's Kalyan factory. PAL and Peugeot will hold 30 per cent (Rs. 42 crores) each in the total equity of Rs. 250 crores.

1. PRUDHVI INDUSTRIES LTD  
 2. SMELT INTAG, CZECHOSLOVAKIA  
 3. TITANIUM DIOXIDE  
 4. Rs. 5.00 CRORES  
 5. MAY 1992

6. PRUDHVI INDUSTRIES LTD  
 7. 0890  
 8. ORISSA  
 9.

1192

The plant is located in Gajapathinagar, Behrampur, Orissa. It has a buy back arrangement with the collaborator.

1. PUSHPA POLYMERS PVT LTD  
 2. PUSHPA HOLDINGS (MAURITIUS) LTD, MAURITIUS  
 3. POLYMER OF STYRENE IN PRIMARY FORMS  
 4. Rs. 50.00 CRORES  
 5. JUNE 1994

6.  
 7.  
 8. GUJARAT  
 9.

4314

1. RAJ KUMAR JATIA  
 2. NRI, NRI  
 3. CHIROMO ART SPECIALITY PAPER & DUPLEX BOARD  
 4. Rs. 12.97 CRORES  
 5. OCTOBER 1992

6. GLOBAL BOARDS LTD  
 7. 1192  
 8. MAHARASHTRA  
 9.

1799

The location of the project is in MIDC Industrial Area, Raigarh, Maharashtra.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

1. Name of the Indian Company  
 4. Approved foreign equity  
 7. Month & Year of Incorporation

2. Name of the Foreign Collaborator, Country  
 5. Month and Year of approval  
 8. Location of the Project

3. Product  
 6. Name of the Joint Venture  
 9. Industrial House

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|                                               |                       |
|-----------------------------------------------|-----------------------|
| 1. RAJESHWARI SMELTERS LTD                    | 6. HYDROMET INDIA LTD |
| 2. HYDROMET OPERATIONS LTD, AUSTRALIA         | 7. 1293               |
| 3. SELENIUM, REFINED NICKEL & COPPER SULPHATE | 8. TAMIL NADU         |
| 4. Rs. 8.34 CRORES                            | 9.                    |
| 5. MAY 1994                                   |                       |

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4112

The new name of the company is Hydromet India Ltd. The foreign collaborator had so far subscribed Rs. 3.00 crores out of total equity of Rs. 12.00 crores.

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|                                        |                                |
|----------------------------------------|--------------------------------|
| 1. RANBAXY LABORATORIES LTD            | 6. ELI LILLY RANBAXY INDIA LTD |
| 2. ELI LILLY NEDERLAND BV, NETHERLANDS | 7.                             |
| 3. DRUGS & PHARMACEUTICALS             | 8. UNDECIDED                   |
| 4. Rs. 10.00 CRORES                    | 9. RANBAXY                     |
| 5. APRIL 1993                          |                                |

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2480

It is a 50:50 joint venture with Eli Lilly USA and Ranbaxy Laboratories Ltd for manufacture of drugs for treating cardio-vascular diseases, cancer etc. It was reported that the plant will be located near Delhi or Chandigarh. The joint venture in India is expected to be operational by late 1995 or early 1996. The drugs will be marketed under a joint label Lilly-Ranbaxy.

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|                                  |                            |
|----------------------------------|----------------------------|
| 1. RC LASER TECH INDIA LTD       | 6. RC LASER TECH INDIA LTD |
| 2. NRI, NRI                      | 7.                         |
| 3. COMPACT DISC READ ONLY MEMORY | 8. GUJARAT                 |
| 4. Rs. 23.44 CRORES              | 9.                         |
| 5. JULY 1993                     |                            |

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2881

The project is coming up at electronics estate in Gandhinagar to manufacture CD-ROM products. The project is promoted by Rao Chennapragada an NRI from USA.

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|                                       |                               |
|---------------------------------------|-------------------------------|
| 1. RUBFILA INTERNATIONAL LTD          | 6. RUBIFILA INTERNATIONAL LTD |
| 2. RUBFIL SDN BHD, MALAYSIA           | 7. 0393                       |
| 3. HEAT RESISTANT LATEX RUBBER THREAD | 8. KERALA                     |
| 4. Rs. 6.84 CRORES                    | 9. PUBLIC SECT FIN            |
| 5. JUNE 1993                          |                               |

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2710

Uniphoenix Corpn, Berhad Malaysia has invested in the project through their subsidiary Rubfil Sdn., Berhad. The entire contribution of foreign collaborator of Rs. 8.71 crores has been received. NRIs participation in the project was Rs. 4.30 crores.

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|                                  |                     |
|----------------------------------|---------------------|
| 1. SAMCOR GLASS LTD              | 6. SAMCOR GLASS LTD |
| 2. CORNING GLASS WORKS, USA      | 7. 0786             |
| 3. COLOR TELEVISION GLASS SHELLS | 8. RAJASTHAN        |
| 4. Rs. 12.73 CRORES              | 9. SAMTEL           |
| 5. DECEMBER 1991                 |                     |

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500

First phase of the project is completed in March 1994. Corning Glass, USA is holding 45 per cent and Samsung 5 per cent in the total equity of the company. The location of the project is in Bhiwadi, Alwar, Rajasthan.

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\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                 |                     |
|---------------------------------|---------------------|
| 1. SHREE CEMENTS LTD            | 6. SHREE CEMENT LTD |
| 2. F.L. SMITH & CO A/S, DENMARK | 7. 1079             |
| 3. PORTLAND CEMENT              | 8. RAJASTHAN        |
| 4. Rs. 6.25 CRORES              | 9. BANGUR           |
| 5. APRIL 1992                   |                     |

1069

The company belongs to Bangur group. It had a technical collaboration with F.L. Smith & Co. A/s Denmark. The collaborator is now participating in the equity for the first time to the extent of Rs. 6.25 crores. However, the inflow figures show that Rs. 12.6 crores has been received from the collaborator.

|                                                  |                                       |
|--------------------------------------------------|---------------------------------------|
| 1. SINAR MAS PULP & PAPER (INDIA) LTD            | 6. SINAR MAS PULP & PAPER (INDIA) LTD |
| 2. SINAR MAS HOLDINGS (MAURITIUS) LTD, MAURITIUS | 7.                                    |
| 3. PAPER & PULP PRODUCT                          | 8. MAHARASHTRA                        |
| 4. Rs. 112.00 CRORES                             | 9.                                    |
| 5. NOVEMBER 1993                                 |                                       |

3443

It is an initial case from 51 per cent to 100 per cent by Sinar Mass Group of Indonesia.

|                                  |                          |
|----------------------------------|--------------------------|
| 1. SLAB PROPERTIES PVT LTD       | 6. SHIVA KYMEN SUKKA LTD |
| 2. NRI, NRI                      | 7.                       |
| 3. COTTON YARN & KNITTED FABRICS | 8. UTTAR PRADESH         |
| 4. Rs. 5.34 CRORES               | 9.                       |
| 5. JUNE 1993                     |                          |

2767

A new company in the name of Shiva Kymen Sukka Ltd is being incorporated for manufacturing cotton socks in NEPZ, Noida. The promoter of the company is Shri Pramod Jain. The total equity of the company will be Rs. 12.80 crores of which NRI participation will be Rs. 1.28 crores. Total cost of the project is Rs. 32 crores.

|                            |                            |
|----------------------------|----------------------------|
| 1. SOLARSON INDUSTRIES LTD | 6. SOLARSON INDUSTRIES LTD |
| 2. LI TECH CORPN, KOREA    | 7. 1086                    |
| 3. HALOGEN LAMPS           | 8. GUJARAT                 |
| 4. Rs. 8.76 CRORES         | 9. JALAN                   |
| 5. JUNE 1993               |                            |

2829

The company was originally promoted in the joint sector by PICUP and Genelec Ltd. It was taken over by B.P Bajoria group (Willarad India Ltd) and it is in the process of implementing the approval. It is likely that the company may change the foreign collaborator.

|                                |                                |
|--------------------------------|--------------------------------|
| 1. SOMANI SWISS INDUSTRIES LTD | 6. SOMANI SWISS INDUSTRIES LTD |
| 2. EMS INVENTA AG, SWITZERLAND | 7. 0274                        |
| 3. PARTIALLY ORIENTED YARN     | 8. RAJASTHAN                   |
| 4. Rs. 42.00 CRORES            | 9.                             |
| 5. APRIL 1993                  |                                |

2487

The company has entered into MOU with EMS Inventa, AG for supply of technical knowhow in October 1989. It is a conversion of technical into financial by the collaborator in the equity capital to the tune of Rs. 42.00 crores.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                   |                         |
|-----------------------------------|-------------------------|
| 1. SOUTH ASIA TYRES LTD           | 6. SOUTH ASIA TYRES LTD |
| 2. GOODYEAR TIRE & RUBBER CO, USA | 7. 1093                 |
| 3. RADIAL TYRES                   | 8. MAHARASHTRA          |
| 4. Rs. 12.37 CRORES               | 9. RPG                  |
| 5. JANUARY 1994                   |                         |

3704

The company is a 50:50 joint venture of Ceat India Ltd and Good Year. The Ceat has agreed to offer its Aurangabad unit to the new venture. It is expected to commence commercial production by 1996.

|                                            |                     |
|--------------------------------------------|---------------------|
| 1. SOUTHERN LPG LTD                        | 6. SOUTHERN LPG LTD |
| 2. MUNDOGAS FAREAST TRADING LTD, HONG KONG | 7. 0394             |
| 3. LPG BOTTLING PLANT                      | 8. PONDICHERRY      |
| 4. Rs. 8.50 CRORES                         | 9.                  |
| 5. MAY 1994                                |                     |

4132

The company is promoted by Mundo Gas Far East Trading, Hong Kong and Faisaltex Group of Cos UK (NRIs UM Patel & AU Patel )for setting up LPG terminal at the cost of Rs. 26 crores. The foreign collaborator is contributing Rs. 8.5 crores.

|                                  |                                  |
|----------------------------------|----------------------------------|
| 1. SPECTRUM POWER GENERATION LTD | 6. SPECTRUM POWER GENERATION LTD |
| 2. SPECTRUM TECHNOLOGY INC, USA  | 7.                               |
| 3. NATURAL GAS POWER STATION     | 8. ANDHRA PRADESH                |
| 4. Rs.119.83 CRORES              | 9.                               |
| 5. APRIL 1993                    |                                  |

2503

This is a gas based project coming up in East Godavari district of Andhra Pradesh. Power Purchase Agreement was entered into with APSEB on June 21, 1993. Counter guarantee for the project is under consideration.

|                                                          |                         |
|----------------------------------------------------------|-------------------------|
| 1. SUESSEN ASIA PVT LTD                                  | 6. SUESSEN ASIA PVT LTD |
| 2. SPINDELFABRIK SUESSEN SCHURR STAHLCKER & GRI, GERMANY | 7.                      |
| 3. TEXTILE SPINNING MACHINERY & TEXTILE MACHINERY        | 8.                      |
| 4. Rs. 24.80 CRORES                                      | 9. RPG                  |
| 5. MARCH 1994                                            |                         |

3888

The company is a joint venture of Indian Card Clothing Company Ltd and Spindelfabrik Sussen for manufacturing of textile machinery equipment and components. As per the information available, the implementation is proceeding as per the schedule and commercial production by first quarter of 1995.

|                                                  |                                 |
|--------------------------------------------------|---------------------------------|
| 1. SUN SOURCE CANNON ENERGY LTD                  | 6. SUN SOURCE CANNON ENERGY LTD |
| 2. CANNON POWER CORPN, USA                       | 7. 0993                         |
| 3. ALTERNATE ENERGY SOURCES & EQUIPMENTS THEREOF | 8. GUJARAT                      |
| 4. Rs. 60.00 CRORES                              | 9.                              |
| 5. FEBRUARY 1994                                 |                                 |

3819

|                                                  |                                     |
|--------------------------------------------------|-------------------------------------|
| 1. SUNIL JAIN                                    | 6. INDOCOUNT CHOONGNAM TEXTILES LTD |
| 2. CHOONGNAM SPINNING CO LTD, KOREA              | 7. 0383                             |
| 3. COTTON & BLENDED YARN AND OTHER YARN PRODUCTS | 8. GUJARAT                          |
| 4. Rs. 10.04 CRORES                              | 9.                                  |
| 5. MARCH 1994                                    |                                     |

3908

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                                     |                         |
|-----------------------------------------------------|-------------------------|
| 1. TATA ENGG & LOCOMOTIVE CO LTD                    | 6. TATA CUMMINS PVT LTD |
| 2. CUMMINS ENGINE CO INC, USA                       | 7. 1093                 |
| 3. COMPRESSION IGNITION & COMBUSTION DIESEL ENGINES | 8. BIHAR                |
| 4. Rs. 50.29 CRORES                                 | 9. TATA                 |
| 5. AUGUST 1993                                      |                         |

3097

It is a joint venture (50:50) between TELCO and the Cummins Engines Co. Inc., USA. The company is located in Jamshedpur and using the infrastructure facilities of the TELCO.

|                                                             |                                    |
|-------------------------------------------------------------|------------------------------------|
| 1. TATA INDUSTRIES LTD                                      | 6. INFORMATION TECHNOLOGY PARK LTD |
| 2. INFORMATION TECHNOLOGY PARK INVESTMENT PTE LT, SINGAPORE | 7.                                 |
| 3. INFORMATION TECHNOLOGY PARK                              | 8. KARNATAKA                       |
| 4. Rs. 500 CRORES                                           | 9. TATA                            |
| 5. JANUARY 1994                                             |                                    |

3682

This project involves the setting up of Rs. 540 crore Information Technology Park in Bangalore by the Singapore companies, the Govt. of Karnataka and Tatas. A joint venture firm, Information Technology Park, has been incorporated for the project. The park will come up on a 56 acre plot in the Whitefield area of Bangalore.

|                                              |                   |
|----------------------------------------------|-------------------|
| 1. TDT COPPER LTD                            | 6. TDT COPPER LTD |
| 2. TAIHAN ELECTRIC WIRE CO LTD, KOREA        | 7. 1193           |
| 3. ELECTROLYTIC COPPER ROADS OR BLACK COPPER | 8. HARYANA        |
| 4. Rs. 8.16 CRORES                           | 9. DELTON         |
| 5. NOVEMBER 1993                             |                   |

3368

The company is setting up a plant in Dharuhera, Rewari District in Haryana. The project is in advanced stage of implementation and it is expected to commence production by December 1995.

|                                                           |                                       |
|-----------------------------------------------------------|---------------------------------------|
| 1. UNITED SOFTWARE COMMUNICATIONS PVT LTD                 | 6. UNITED SOFTWARE COMMUNICATIONS P/L |
| 2. INTERNATIONAL GRAPHICS HOLDING LES JAMAICAS, MAURITIUS | 7.                                    |
| 3. HOTEL & TOURISM                                        | 8. MAHARASHTRA                        |
| 4. Rs. 6.30 CRORES                                        | 9.                                    |
| 5. APRIL 1994                                             |                                       |

4083

Foreign capital inflow has already commenced.

|                                        |              |
|----------------------------------------|--------------|
| 1. USHA MARCONI MICROELECTRONICS LTD   | 6.           |
| 2. LESAG HIBB GMBH, GERMANY            | 7.           |
| 3. PACKAGING OF SEMI-CONDUCTOR DEVICES | 8. HARYANA   |
| 4. Rs. 5.40 CRORES                     | 9. USHA RKKR |
| 5. JUNE 1993                           |              |

2691

|                                     |                                     |
|-------------------------------------|-------------------------------------|
| 1. VENTURE TWENTY ONE FOODS PVT LTD | 6. VENTURE TWENTY ONE FOODS PVT LTD |
| 2. FAIRWOOD CONSULTANTS, UK         | 7. 0090                             |
| 3. FROZEN FRUITS AND VEGETABLES     | 8. UTTAR PRADESH                    |
| 4. Rs. 6.15 CRORES                  | 9.                                  |
| 5. MARCH 1994                       |                                     |

3926

The company is promoted by R.S. Das. It is an EOU project located in NEPZ, NOIDA. Original cost of the project was Rs. 67 crores and it was scale down to Rs. 40 crores. It is expected commercial production by 1997.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

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|                                                 |                               |
|-------------------------------------------------|-------------------------------|
| 1. WESTERN INDIA SHIPYARD LTD                   | 6. WESTERN INDIA SHIPYARD LTD |
| 2. LISNAVE-ESTALEIROS, PORTUGAL                 | 7. 0192                       |
| 3. REPAIR OF OCEAN GOING VESSELS UPTO 45000 DWT | 8. GOA                        |
| 4. Rs. 14.00 CRORES                             | 9. WESTERN INDIA..            |
| 5. AUGUST 1993                                  |                               |

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3000

The company is a Indo-Portuguese joint venture for ship repairing at Margoa port. The company's ship repairing activity would be operational by early 1996.

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|                                     |                          |
|-------------------------------------|--------------------------|
| 1. WINSOME BREWERIES LTD            | 6. WINSOME BREWERIES LTD |
| 2. HENNINGER - BRAU AG, GERMANY     | 7. 0692                  |
| 3. BEER MADE FROM MALT, BARLEY MALT | 8. RAJASTHAN             |
| 4. Rs. 7.00 CRORES                  | 9. ..                    |
| 5. OCTOBER 1993                     |                          |

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3230

The company is promoted by Shri R.K. Bagrodia, RIICO and Henniger Brau, A.G. The company is expected to commence commercial production in April 1994. Henniger Brau AG is investing Rs. 3 crores in the equity capital.

---

|                                            |                          |
|--------------------------------------------|--------------------------|
| 1. WRIGLEY INDIA PVT LTD                   | 6. WRIGLEY INDIA PVT LTD |
| 2. WRIGLEY WILLIAM JR CO, USA              | 7.                       |
| 3. CHEWING GUM & OTHER CONFECTIONARY GOODS | 8. KARNATAKA             |
| 4. Rs. 24.70 CRORES                        | 9.                       |
| 5. MARCH 1993                              |                          |

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2398

In March 1993 Wm Wrigley Jr Co was given approval to set up a subsidiary in India. Wrigley subsequently moved the Govt. for 100 per cent stake in Wrigley India with the reasons that the company has not been able to find a suitable Indian partner and two, that it was against the company's philosophy of owning less than 100 per cent equity in any part of the world. After the Govt. refused to accord wholly owned subsidiary status, Wrigley entered into agreement with EID Parry Ltd of Murugappa Chettiar group with 15% participation by them in distribution of the Wrigleys products in India. The company is launching three brands viz. Double Mint, Spear Mint and Juicy Fruit.

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\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

**05 IN PROGRESS\***

|                                               |                          |
|-----------------------------------------------|--------------------------|
| 1. ASEA BROWN BOVERI LTD                      | 6. ASEA BROWN BOVERI LTD |
| 2. ABB KRAFTWERK AG, GERMANY                  | 7. 0049                  |
| 3. STEAM/GAS TURBINES CONDENSORS, HEATERS ETC | 8. GUJARAT               |
| 4. Rs. 50.80 CRORES                           | 9.                       |
| 5. JANUARY 1993                               |                          |

2157

The project is reported to be coming up at Maneja, Baroda, Gujarat. While the project is reported to be under implementation, the role of ABB Kraft Werke and its equity participation is not clear. The approval suggests that a new company may be incorporate for this purpose. It appears that ABB might itself be implementing the project.

|                                  |                      |
|----------------------------------|----------------------|
| 1. MAN ALUMINIUM LTD             | 6. MAN ALUMINIUM LTD |
| 2. NRI                           | 7. 0589              |
| 3. WELDED PIPES OR SUBMERGED ARC | 8. ANDHRA PRADESH    |
| 4. Rs. 10.00 CRORES              | 9.                   |
| 5. JUNE 1993                     |                      |

2770

As per the prospectus issued by the company, equity participation by collaborator is for Rs. 1.80 crores. The company has also allotted NRI & OCBs Rs. 2.01 crores on firm allotment basis. The total foreign exchange inflow is Rs. 3.81 crores against approved amount of Rs. 10 crores.

|                            |                              |
|----------------------------|------------------------------|
| 1. TR DATLA                | 6. BLACK GOLD REFINERIES LTD |
| 2. PHOENIX CORPN IDWA, USA | 7.                           |
| 3. PETROLEUM OILS          | 8. ANDHRA PRADESH            |
| 4. Rs. 35.00 CRORES        | 9.                           |
| 5. JUNE 1993               |                              |

2757

The company has been promoted by TR Datla a US based NRI and his associates. Derbi International will supply 2.5 mn tps of crude and buyback the finished product. The company was planning to enter capital market in February 1995 with a public issue of Rs. 1011.00 crores to finance the project. The promoters will contribute Rs. 434 crores of equity capital and tap another Rs. 2790 crores by way of foreign exchange loan, and the balance will be offered to the public. It seems the offer documents have been pending with SEBI.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

## 06 NO INFORMATION

|                                                     |                                    |      |
|-----------------------------------------------------|------------------------------------|------|
| 1.                                                  | 6. STENNA OFFSHORE (INDIA) PVT LTD |      |
| 2. STENA OFFSHORE LTD, UK                           | 7.                                 |      |
| 3. UNDERWATER ENGINEERING SERVICES                  | 8.                                 |      |
| 4. Rs. 23.67 CRORES                                 | 9. STENA                           |      |
| 5. APRIL 1994                                       |                                    | 4044 |
| 1.                                                  | 6.                                 |      |
| 2. BANKAMERICA INTERNATIONAL FINANCIAL CORPN, USA   | 7.                                 |      |
| 3. FINANCIAL & BANKING SERVICES                     | 8. SERVICE FIN                     |      |
| 4. Rs. 15.00 CRORES                                 | 9.                                 |      |
| 5. JANUARY 1994                                     |                                    | 3703 |
| 1.                                                  | 6. TAN THAP INC                    |      |
| 2. TAN THAP INC, USA                                | 7.                                 |      |
| 3. MAGNETIC DISC SUBSTRATES, TELECOM PRODUCTS, ETC. | 8.                                 |      |
| 4. Rs. 22.40 CRORES                                 | 9.                                 |      |
| 5. FEBRUARY 1994                                    |                                    | 3816 |
| 1. ADITHYA INDUSTRIES LTD                           | 6. ADITHYA INDUSTRIES LTD          |      |
| 2. BRUAB F BRACANIN & ASSOCIATES PVT LTD, AUSTRALIA | 7.                                 |      |
| 3. SYNTHETIC RUTILE                                 | 8. ANDHRA PRADESH                  |      |
| 4. Rs. 17.11 CRORES                                 | 9.                                 |      |
| 5. DECEMBER 1993                                    |                                    | 3470 |
| 1. ANANT ROTOSPIN LTD                               | 6. ANANT ROTOSPIN LTD              |      |
| 2. NRI, NRI                                         | 7.                                 |      |
| 3. COTTON YARN                                      | 8. MAHARASHTRA                     |      |
| 4. Rs. 12.00 CRORES                                 | 9.                                 |      |
| 5. DECEMBER 1992                                    |                                    | 2099 |
| 1. ANDHRA PRADESH POWER TOOLS LTD                   | 6. ANDHRA PRADESH POWER TOOLS LTD  |      |
| 2. CONSORTEX KARI DOELIZSCH GMBH, GERMANY           | 7.                                 |      |
| 3. ELECTRIC POWER TOOLS                             | 8. ANDHRA PRADESH                  |      |
| 4. Rs. 6.90 CRORES                                  | 9.                                 |      |
| 5. MARCH 1994                                       |                                    | 3889 |

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|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                                 |                            |
|-------------------------------------------------|----------------------------|
| 1. B BRAUN (INDIA) PVT LTD                      | 6. B BRAUN (INDIA) PVT LTD |
| 2. B BRAUN MEDICAL INDUSTRIES SDN BHD, MALAYSIA | 7.                         |
| 3. TO SET UP A WHOLLY OWNED SUBSIDIARY CO.      | 8. MAHARASHTRA             |
| 4. Rs. 18.00 CRORES                             | 9.                         |
| 5. MAY 1994                                     |                            |

4151

|                              |                   |
|------------------------------|-------------------|
| 1. BABUJI MULTIFIBRES LTD    | 6.                |
| 2. GREENWOOD MILLS INC, USA  | 7.                |
| 3. PENJIM FABRICS & GARMENTS | 8. ANDHRA PRADESH |
| 4. Rs. 23.99 CRORES          | 9.                |
| 5. SEPTEMBER 1992            |                   |

1677

No information on status of implementation could be obtained. Since the company has obtained the approval from Andhra Pradesh it is presumed that it is located in Andhra Pradesh.

|                                        |                                      |
|----------------------------------------|--------------------------------------|
| 1. BARODA INTERNATIONAL TEXTILES LTD   | 6. BARODA INTERNATIONAL TEXTILES LTD |
| 2. SAMSUNG CO LTD, KOREA               | 7.                                   |
| 3. COTTON/MAN MADE FIBRE YARN & BLENDS | 8. GUJARAT                           |
| 4. Rs. 6.50 CRORES                     | 9.                                   |
| 5. MARCH 1992                          |                                      |

969

It is an 100 per cent FOU project for blended yarn, located in Gujarat.

|                                       |              |
|---------------------------------------|--------------|
| 1. BILT ELECTRONICS LTD               | 6.           |
| 2. NEC CORPN & SUMITOMO, JAPAN, JAPAN | 7.           |
| 3. ELECTRONIC SWITCHING               | 8. KARNATAKA |
| 4. Rs. 12.75 CRORES                   | 9. THAPAR    |
| 5. FEBRUARY 1992                      |              |

857

This joint venture NEC is entering into a joint venture with Crompton Greaves Ltd for manufacturing of digital transmission equipment at Bangalore. The new equipment is undergoing tests at DOT and expected to receive approval.

|                                           |                                           |
|-------------------------------------------|-------------------------------------------|
| 1. BIOMEDICAL HITECH INDUSTRIES INDIA LTD | 6. BIOMEDICAL HITECH INDUSTRIES INDIA LTD |
| 2. PHARMAPLAN GMBH, GERMANY               | 7.                                        |
| 3. SCALP VEIN SETS                        | 8. TAMIL NADU                             |
| 4. Rs. 5.50 CRORES                        | 9.                                        |
| 5. DECEMBER 1993                          |                                           |

3484

|                              |    |
|------------------------------|----|
| 1. BREWERIES INDIA PVT LTD   | 6. |
| 2. SCODIPER VBY, SWITZERLAND | 7. |
| 3. BEER & STOUT              | 8. |
| 4. Rs. 0.00 CRORES           | 9. |
| 5. MARCH 1992                |    |

979

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                           |                           |
|---------------------------|---------------------------|
| 1. CHANTHARA TEXTILES LTD | 6. CHANTHARA TEXTILES LTD |
| 2. NRI, NRI               | 7.                        |
| 3. TERRY TOWEL            | 8. MAHARASHTRA            |
| 4. Rs. 8.00 CRORES        | 9.                        |
| 5. DECEMBER 1993          |                           |

3573

|                                            |                                  |
|--------------------------------------------|----------------------------------|
| 1. CREDENCE SOUND & VISION LTD             | 6. CREDENCE SOUND AND VISION LTD |
| 2. LYON CAPITAL INC, USA                   | 7.                               |
| 3. VIDEO SOFTWARE RECORDED VIDEO CASSETTES | 8.                               |
| 4. Rs. 12.70 CRORES                        | 9.                               |
| 5. AUGUST 1993                             |                                  |

3021

At present the company is implementing Rs. 7.14 crores project to be completed in April 1995. The company is going to public issue of Rs. 4.28 crores and the net public offer is Rs. 2.33 crores.

|                                                       |                                        |
|-------------------------------------------------------|----------------------------------------|
| 1. DANCAKE FOOD SERVICES INDIA PVT LTD                | 6. DANCAKE FOOD SERVICES INDIA PVT LTD |
| 2. KANTILAL JAMNADAS (M/S DANCAKE (PORTUGAL) SA), NRI | 7.                                     |
| 3. CAKES, SWILL ROLLS, CUP CAKES AND RUSKS            | 8. MAHARASHTRA                         |
| 4. Rs. 5.56 CRORES                                    | 9.                                     |
| 5. DECEMBER 1993                                      |                                        |

3581

|                                        |    |
|----------------------------------------|----|
| 1. DEVINDERPAL SINGH                   | 6. |
| 2. BALBIR CHAWLA INC, USA              | 7. |
| 3. FASHION ACCESSORIES & LEATHER GOODS | 8. |
| 4. Rs. 7.57 CRORES                     | 9. |
| 5. OCTOBER 1991                        |    |

340

Govt. approval was given in the name of Devinderpal Singh in October 1993. No information regarding the progress of the project could be obtained.

|                           |                           |
|---------------------------|---------------------------|
| 1. EURO POLY-M FIBRES LTD | 6. EURO POLY-M FIBRES LTD |
| 2. NRI                    | 7.                        |
| 3. MICRODENIER POLYESTER  | 8. GUJARAT                |
| 4. Rs. 10.30 CRORES       | 9.                        |
| 5. MAY 1994               |                           |

4191

|                                       |          |
|---------------------------------------|----------|
| 1. FERRO ALLOYS CORPN LTD             | 6.       |
| 2. TRUSTA TRADING CO A G, SWITZERLAND | 7.       |
| 3. FERRO ALLOYS                       | 8.       |
| 4. Rs. 8.50 CRORES                    | 9. FACOR |
| 5. MAY 1993                           |          |

2661

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                          |                           |
|------------------------------------------|---------------------------|
| 1. FOSTER'S BREWING GROUP                | 6. FOSTER'S BREWING GROUP |
| 2. FOSTER'S BREWING GROUP LTD, AUSTRALIA | 7.                        |
| 3. BEER                                  | 8. MAHARASHTRA            |
| 4. Rs. 5.10 CRORES                       | 9.                        |
| 5. OCTOBER 1993                          |                           |

3221

Foster, a part of the Carlton United group of Australia. It is exploring the possibility of exporting non-alcoholic beer from India to West Asia

|                              |                |
|------------------------------|----------------|
| 1. GCRADIA FORGE LTD         | 6.             |
| 2. GERMANE HOLDINGS LTD, USA | 7.             |
| 3. STEEL FORGINGS            | 8. MAHARASHTRA |
| 4. Rs. 6.00 CRORES           | 9.             |
| 5. NOVEMBER 1992             |                |

2025

|                       |    |
|-----------------------|----|
| 1. GS PAUL            | 6. |
| 2. GS PAUL (NRI), NAI | 7. |
| 3. BEER               | 8. |
| 4. Rs. 7.50 CRORES    | 9. |
| 5. JUNE 1994          |    |

4376

|                                            |                  |
|--------------------------------------------|------------------|
| 1. JLF&S STOCK BROKING & INVESTMENT CO LTD | 6.               |
| 2. HG ASIA (HOLDINGS) LTD, HONG KONG       | 7.               |
| 3. ESTABLISHMENT OF A SECURITY HOUSE       | 8. SERVICE       |
| 4. Rs. 5.00 CRORES                         | 9. PUBLIC SECTOR |
| 5. MARCH 1994                              |                  |

3895

|                                       |                             |
|---------------------------------------|-----------------------------|
| 1. INDIAN HOTELS CO LTD               | 6. TAJ OASIS HOTELS PVT LTD |
| 2. GCC AIRPORT HOTEL (BOMBAY) LTD, UK | 7.                          |
| 3. CONSTRUCTION OF A 5 STAR HOTEL     | 8. MAHARASHTRA              |
| 4. Rs. 61.65 CRORES                   | 9. TATA                     |
| 5. AUGUST 1993                        |                             |

3014

In this hotel venture, Taj Group holds 30 per cent (US \$ 6.45 mn) in the equity of US \$ 21.5 mn. The total cost of project would be US \$ 40 million. Taj Group has also floated another joint venture with GCC, UK called GCC Air Caterers Private Ltd to set up a new catering unit in Bombay and to takeover the existing unit in Delhi. The total cost of the project is US \$ 15.25 mn.

|                                   |                  |
|-----------------------------------|------------------|
| 1. INDIAN RARE EARTHS LTD         | 6.               |
| 2. QUEBEC IRON & TITANIUM, CANADA | 7.               |
| 3. MINERAL SAND COMPLEX           | 8.               |
| 4. Rs. 31.55 CRORES               | 9. PUBLIC SECTOR |
| 5. MARCH 1994                     |                  |

3881

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

1. INTERFACE
2. INTERFACE, UAE
3. CAUSTIC SODA
4. Rs. 7.89 CRORES
5. MARCH 1994

6. INTERFACE
- 7.
- 8.
- 9.

3924

1. INTERNATIONAL ALUMINIUM
2. FATA HUNTER ENGINEERING, ITALY
3. ALUMINIUM SLAG
4. Rs. 47.25 CRORES
5. NOVEMBER 1993

6. INTL ALUMINIUM PRODUCTS LTD
- 7.
8. ORISSA
- 9.

3362

1. INTERNATIONAL TECHNOLOGIES (I) LTD
2. NRI, NRI
3. PRINTED CIRCUIT BOARDS
4. Rs. 26.20 CRORES
5. JULY 1994

6. INTERNATIONAL TECHNOLOGIES INDIA LTD
- 7.
8. HARYANA
- 9.

4511

The company is promoted by a group (Rajeev Bhansali) of US based NRIs as 100 per cent export oriented unit. It seems the company has changed its name from International Technologies India Ltd to Integrated Technologies India Ltd. The company seems to have gone for collaboration with Fuba Hans Kolbe & Co of Germany. In this project (Integrated Technologies), Fuba will subscribe in the equity to the tune of Rs. 1 crore out of the total Rs. 11 crores equity. The company proposed to be located in Gurgaon, Haryana.

1. JAGNA CHEMICALS LTD
2. H CONSULT GMBH, GERMANY
3. BEER
4. Rs. 6.95 CRORES
5. OCTOBER 1992

6. JAGNA CHEMICALS LTD
- 7.
8. ANDHRA PRADESH
- 9.

1749

No information regarding the project was available and it is presumed that it is located in Andhra Pradesh.

1. KALI PRADIP CHAUDHURI
2. KALI PRADIP CHAUDHURI, USA
3. SUPER SPECIALITY HOSPITAL PROJECT
4. Rs. 7.50 CRORES
5. APRIL 1993

- 6.
- 7.
- 8.
- 9.

2501

The approval was granted at a foreign address. Location of the unit can not be indicated.

1. MARUTI PLASTICS LTD
2. NRI, NRI
3. DYED PRINTED COTTON FABRICS
4. Rs. 7.20 CRORES
5. JANUARY 1994

- 6.
- 7.
8. ANDHRA PRADESH
- 9.

3724

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

1. Name of the Indian Company
4. Approved foreign equity
7. Month & Year of Incorporation

2. Name of the Foreign Collaborator, Country
5. Month and Year of approval
8. Location of the Project

3. Product
6. Name of the Joint Venture
9. Industrial House

|                                    |      |
|------------------------------------|------|
| 1. METITO OVERSEAS LTD             | 6.   |
| 2. METITO OVERSEAS LTD, UK         | 7.   |
| 3. WASTE WATER TREATMENT EQUIPMENT | 8.   |
| 4. Rs. 6.00 CRORES                 | 9.   |
| 5. OCTOBER 1994                    |      |
|                                    | 3270 |

|                                           |                                   |
|-------------------------------------------|-----------------------------------|
| 1. MICROSYNTH FABRICS (INDIA) LTD         | 6. MICROSYNTH FABRICS (INDIA) LTD |
| 2. PREMIER HOLDING MAURITIUS LTD, NIGERIA | 7.                                |
| 3. MICRO DENIER POLYESTER FILAMENT YARN   | 8. MAHARASHTRA                    |
| 4. Rs. 16.00 CRORES                       | 9.                                |
| 5. JULY 1994                              |                                   |
|                                           | 4520                              |

|                                        |                            |
|----------------------------------------|----------------------------|
| 1. NEMIX AGROCHICK PVT LTD             | 6. NEMIX AGROCHICK PVT LTD |
| 2. NEMIX INC. USA                      | 7.                         |
| 3. BROILER FARMS & PROCESSING OF BIRDS | 8.                         |
| 4. Rs. 10.40 CRORES                    | 9.                         |
| 5. JUNE 1994                           |                            |
|                                        | 4373                       |

|                                           |                             |
|-------------------------------------------|-----------------------------|
| 1. NIRAJ PETROCHEMICALS LTD               | 6. NIRAJ PETROCHEMICALS LTD |
| 2. DAVY MCKEE CORP, UK                    | 7. 0487                     |
| 3. 1,4 BUTANEDIOL, TETRA HYDRO FURAN, ETC | 8. ANDHRA PRADESH           |
| 4. Rs. 10.00 CRORES                       | 9.                          |
| 5. FEBRUARY 1993                          |                             |
|                                           | 2271                        |

It is an existing company incorporated in 1987. The approval appears for an expansion of the project.

|                                     |                                     |
|-------------------------------------|-------------------------------------|
| 1. PETROCHEM SPECIALITIES INDIA LTD | 6. PETROCHEM SPECIALITIES INDIA LTD |
| 2. DAVY MCKEE, UK                   | 7.                                  |
| 3. GAMMA BUTYROLACTONE              | 8. ANDHRA PRADESH                   |
| 4. Rs. 16.00 CRORES                 | 9.                                  |
| 5. JANUARY 1994                     |                                     |
|                                     | 3692                                |

No information is available regarding this project.

|                                 |                                 |
|---------------------------------|---------------------------------|
| 1. PRANAV OIL PROCESSING CO LTD | 6. PRANAV OIL PROCESSING CO LTD |
| 2. NATIONAL FORGE CO, USA       | 7.                              |
| 3. OLEOFINES                    | 8. ANDHRA PRADESH               |
| 4. Rs. 5.00 CRORES              | 9.                              |
| 5. JANUARY 1993                 |                                 |
|                                 | 2180                            |

No information is available regarding this project. Since the approval is taken from Andhra Pradesh we presume that the company may be setting its plant some where in Andhra Pradesh.

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|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

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|                                    |                       |
|------------------------------------|-----------------------|
| 1. RPG INDUSTRIES LTD              | 6. RPG INDUSTRIES LTD |
| 2. REYNOLDS INTERNATIONAL INC, USA | 7.                    |
| 3. ALUMINIUM AUTOMOTIVE WHEELS     | 8. KARNATAKA          |
| 4. Rs. 11.90 CRORES                | 9. RPG                |
| 5. OCTOBER 1993                    |                       |

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3276

The RPG Group and Reynolds Corporation will hold 25 per cent each, the California based Alutec Inc. will have 10 per cent and the balance 40 per cent will be offered to the public. The company has been promoted by the RPG group. The unit is located in Mysore, Karnataka.

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|                                                     |                              |
|-----------------------------------------------------|------------------------------|
| 1. RUBY GENERAL HOSPITAL LTD                        | 6. RUBY GENERAL HOSPITAL LTD |
| 2. KAMAL KUMAR DUTTA (DR.) AN NRI BASED IN USA, USA | 7.                           |
| 3. HOSPITAL CUM-ADVANCED DIAGNOSTIC CENTRE          | 8. WEST BENGAL               |
| 4. Rs. 8.00 CRORES                                  | 9.                           |
| 5. AUGUST 1993                                      |                              |

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3044

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|                                             |                |
|---------------------------------------------|----------------|
| 1. SANJAY KEDIA                             | 6.             |
| 2. NRI, NRI                                 | 7.             |
| 3. NEWSPRINT BASED ON RECYCLING WASTE PAPER | 8. MAHARASHTRA |
| 4. Rs. 5.20 CRORES                          | 9.             |
| 5. DECEMBER 1992                            |                |

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2102

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|                         |                         |
|-------------------------|-------------------------|
| 1. SB INTERNATIONAL LTD | 6. SB INTERNATIONAL LTD |
| 2. NRI, NRI             | 7.                      |
| 3. BEER                 | 8. MAHARASHTRA          |
| 4. Rs. 17.60 CRORES     | 9.                      |
| 5. AUGUST 1993          |                         |

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3035

The project was proposed to be set up in the Ratnagiri Dist of Maharashtra with a total investment of Rs. 20 crores.

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|                                                      |    |
|------------------------------------------------------|----|
| 1. SHRI ANUP SINGH JUBBAL LANDLORDS WORLD INC        | 6. |
| 2. SH TONY DA ROAS BOB SPEVAKOW BARRY MADEN AND, NRI | 7. |
| 3. AIR TAXI SERVICES                                 | 8. |
| 4. Rs. 8.51 CRORES                                   | 9. |
| 5. MAY 1994                                          |    |

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4186

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|                                        |                            |
|----------------------------------------|----------------------------|
| 1. SITAPUR PAPER MILLS LTD             | 6. SITAPUR PAPER MILLS LTD |
| 2. BL SYNDICATORS SIMPSON, NETHERLANDS | 7.                         |
| 3. WRITING AND PRINTING PAPER          | 8. UTTAR PRADESH           |
| 4. Rs. 12.33 CRORES                    | 9.                         |
| 5. MAY 1994                            |                            |

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4153

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\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                       |                                   |
|---------------------------------------|-----------------------------------|
| 1. SRI GANESH ANAND PETROCHEMICAL LTD | 6. SRI GANESH ANAND PETROCHEM LTD |
| 2. HALDOR TOPSOE A/S, DENMARK         | 7.                                |
| 3. NITRIC ACID                        | 8. ANDHRA PRADESH                 |
| 4. Rs. 7.00 CRORES                    | 9.                                |
| 5. DECEMBER 1991                      |                                   |

571

Haldor Topsoe A/S is a licencing firm in India. Personal contact with the local office indicates that there is no information about the project.

|                                   |                         |
|-----------------------------------|-------------------------|
| 1. SRIDAR POLYESTERS LTD          | 6. SRIDAR POLYSTRES LTD |
| 2. CIEMTEX INTERNATIONAL INC, USA | 7.                      |
| 3. POLYESTER STAPLE FIBRE         | 8. TAMIL NADU           |
| 4. Rs. 150.00 CRORES              | 9.                      |
| 5. MAY 1994                       |                         |

4178

|                    |          |
|--------------------|----------|
| 1. SATHIR GUPTA    | 6.       |
| 2. NRI, NRI        | 7.       |
| 3. BLER            | 8. DELHI |
| 4. Rs. 8.00 CRORES | 9.       |
| 5. AUGUST 1993     |          |

3036

|                                        |                            |
|----------------------------------------|----------------------------|
| 1. TAMILNADU INDUSTRIAL DEVT CORPN LTD | 6. AMERICAN TRAC TYRES LTD |
| 2. AMERICAN TIRES LTD, USA             | 7.                         |
| 3. STEEL RADIALS & AUTOMOBILES TYRES   | 8. TAMIL NADU              |
| 4. Rs. 41.70 CRORES                    | 9.                         |
| 5. NOVEMBER 1993                       |                            |

3404

|                                    |                        |
|------------------------------------|------------------------|
| 1. TRIMAX GRANITES LTD             | 6. TRIMAX GRANITES LTD |
| 2. NRI                             | 7.                     |
| 3. GRANITE SLABS AND GRANITE TILES | 8. TAMIL NADU          |
| 4. Rs. 6.00 CRORES                 | 9.                     |
| 5. FEBRUARY 1994                   |                        |

3834

|                                      |    |
|--------------------------------------|----|
| 1. TRYGG INDUSTRIES LTD              | 6. |
| 2. PRESERVE AB, SWEDEN               | 7. |
| 3. SHIELDED BLOOD EXTRACTION NEEDLES | 8. |
| 4. Rs. 19.38 CRORES                  | 9. |
| 5. JUNE 1992                         |    |

1340

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|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

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1. VALMIKI POLYPRODUCTS LTD  
 2. NRI, NRI  
 3. CLASSIC DENIM FABRIC  
 4. Rs. 6.50 CRORES  
 5. OCTOBER 1992

6. VALMIKI POLYPRODUCTS LTD  
 7.  
 8. GUJARAT  
 9.

1807

No information is available on this proposed project.

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1. VIKRAM TANNAN  
 2. SOBEL PHARMA BV, NETHERLANDS  
 3. PHARMACEUTICAL AND COSMETIC PRODUCTS IN CAPSULES  
 4. Rs. 6.59 CRORES  
 5. DECEMBER 1993

6.  
 7.  
 8. MAHARASHTRA  
 9.

3506

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1. Name of the Indian Company  
 4. Approved foreign equity  
 7. Month & Year of Incorporation

2. Name of the Foreign Collaborator, Country  
 5. Month and Year of approval  
 8. Location of the Project

3. Product  
 6. Name of the Joint Venture  
 9. Industrial House

## 7/NO PROGRESS

|                                |            |
|--------------------------------|------------|
| 1. APEN HOTELS (I) LTD         | 6.         |
| 2. P. S. MOHD TAJIR HONDI, UAE | 7.         |
| 3. HOTEL                       | 8. SERVICE |
| 4. Rs. 6.10 CRORES             | 9.         |
| 5. JANUARY 1992                |            |

726

|                                               |    |
|-----------------------------------------------|----|
| 1. PATILJIJI & CO LTD                         | 6. |
| 2. CONTINENTAL PRODUCTS INC, USA              | 7. |
| 3. REFRIGERATION & AIR CONDITIONING EQUIPMENT | 8. |
| 4. Rs. 0.00 CRORES                            | 9. |
| 5. JANUARY 1992                               |    |

648

|                                                 |                                      |
|-------------------------------------------------|--------------------------------------|
| 1. CHATEAU INTERNATIONAL INN PVT LTD            | 6. CHATEAU INTERNATIONAL INN PVT LTD |
| 2. DELTAIC MANAGEMENT LTD, IRELAND              | 7.                                   |
| 3. FIVE/SEVEN STAR HOTEL CUM COMMERCIAL COMPLEX | 8. MAHARASHTRA                       |
| 4. Rs 163.84 CRORES                             | 9.                                   |
| 5. DECEMBER 1993                                |                                      |

3491

This project is related to seven-star hotel in sea between Nariman Point and Cuffee Parade. According to letter received from the company, the Govt of Maharashtra has rejected the project. Though the company is pursuing the matter with the Govt, it may be considered as the approved investment of Rs. 163.64 crores is not expected to come.

|                                             |                                       |
|---------------------------------------------|---------------------------------------|
| 1. CP KELLAN                                | 6. HANSPIA INSTITUTE OF OPHTHALMOLOGY |
| 2. NRI, NRI                                 | 7.                                    |
| 3. SETTING UP AN INSTITUTE OF OPHTHALMOLOGY | 8. HARYANA                            |
| 4. Rs. 8.00 CRORES                          | 9.                                    |
| 5. NOVEMBER 1992                            |                                       |

1964

C P Rellan an NRI from USA had applied for land in Gurgaon, Haryana for setting up of opthamology institute. It seems HUDA had asked a very high price for the land. The company is doubtful of acquiring land at such a high price.

|                                                   |                                  |
|---------------------------------------------------|----------------------------------|
| 1. ENPRO SERVICES INDIA LTD                       | 6. ENPRO NABORS DRILLING PVT LTD |
| 2. NABORS DRILLING INTERNATIONAL INC, USA         | 7. 0093                          |
| 3. OPERATING & MANAGING OFFSHORE DRILLING OF RIGS | 8. SERVICE OILFIELD              |
| 4. Rs. 7.50 CRORES                                | 9.                               |
| 5. OCTOBER 1992                                   |                                  |

1789

The company says that though the oil exploration has been opened for participation of the private the opportunities for offshore drilling have not yet developed. At present the company is not able to compete with the public sector for drilling and exploration activities. The company is waiting to the entry of private sector in exploration activities so that it can get contracts from them.

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|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                                  |             |
|--------------------------------------------------|-------------|
| 1. GRUMA SA                                      | 6. GRUMA SA |
| 2. GRUMA SA DE C.V., MEXICO                      | 7.          |
| 3. MFG. OF CHAPATIS TORTILLAS AND TORTILLA CHIPS | 8.          |
| 4. Rs. 78.97 CRORES                              | 9.          |
| 5. AUGUST 1993                                   |             |

2995

|                                        |                             |
|----------------------------------------|-----------------------------|
| 1. IXL COMMUNICATIONS & SERVICES LTD   | 6. INDIA TELE-COMPLTD (IXL) |
| 2. TELEKOM MALAYSIA BERHAD, MALAYSIA   | 7.                          |
| 3. CELLULAR MOBILE PHONES, RADIO TECH. | 8. SERVICES                 |
| 4. Rs. 74.43 CRORES                    | 9. DALMIA                   |
| 5. AUGUST 1992                         |                             |

1613

The foreign collaborator Telekom Malaysia Berhad was reported to have pulled out of this project citing uncertainties over the viability of its investment. The collaborator has already joined hands with Usha Martin group and a new company Usha Martin Telekom has been floated.

|                                                    |                                 |
|----------------------------------------------------|---------------------------------|
| 1. KAILASH JOSHI OF SANTA CLARA                    | 6. KAILASH JOSHI OF SANTA CLARA |
| 2. LEXMARK INTERNATIONAL INC, AUSTRALIA            | 7.                              |
| 3. MFG AND MKTG OF LEXMARK PRODUCTS & IBM PRINTERS | 8. DELHI                        |
| 4. Rs. 60.76 CRORES                                | 9.                              |
| 5. NOVEMBER 1992                                   |                                 |

1880

No project for manufacturing Lexmark printers seem to be coming up. The items are being imported and distributed in India.

|                                       |    |
|---------------------------------------|----|
| 1. MAKAN COLORCHEM LTD                | 6. |
| 2. DHARMENDRA MAKAN, NRI              | 7. |
| 3. DISPERSE DYES & CASTA PREPARATIONS | 8. |
| 4. Rs. 11.40 CRORES                   | 9. |
| 5. JUNE 1993                          |    |

2765

|                                                   |         |
|---------------------------------------------------|---------|
| 1. MODI OVERSEAS INVESTMENT LTD                   | 6.      |
| 2. MANDARIN ORIENTAL INTERNATIONAL LTD, HONG KONG | 7.      |
| 3. 5 STAR GRAND LUXURY HOTEL                      | 8.      |
| 4. Rs. 16.00 CRORES                               | 9. MODI |
| 5. DECEMBER 1991                                  |         |

582

More than three years have elapsed since the Govt. accorded its approval for hotel project by the Modi group. No information on this project is available.

|                                                       |                           |
|-------------------------------------------------------|---------------------------|
| 1. NIPPON DENRO ISPAT LTD                             | 6. NIPPON DENRO ISPAT LTD |
| 2. ISPAT MEXICANA SA DE CV FRANCISCO, MEXICO          | 7. 0584                   |
| 3. HOT ROLLED STEEL IN LOW CARBON & MEDIUM CARBON ETC | 8. MAHARASHTRA            |
| 4. Rs. 150.00 CRORES                                  | 9. ISPAT                  |
| 5. JULY 1993                                          |                           |

2850

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|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

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|                                   |                     |
|-----------------------------------|---------------------|
| 1. ORIND STEELS LTD               | 6. ORIND STEELS LTD |
| 2. CHIL STAR INVESTMENT LTD, UAE  | 7.                  |
| 3. INTEGRATED IRON AND STEEL UNIT | 8. ORISSA           |
| 4. Rs. 9.00 CRORES                | 9. ORISSA INDS      |
| 5. NOVEMBER 1995                  |                     |

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3385

The company is promoted by Orissa Industries Ltd for manufacturing of hot rolled coils at Daitari, in Orissa. The estimated cost of the project was Rs. 1050 crores. Of this Rs. 450 crores will be subscribed through equity capital by the promoters (Rs. 135 crores), foreign collaborators and NRIs etc. (Rs. 210 crores) and public issue (Rs. 105 crores). It is clear from the company's own projections that Rs. 400 crores foreign investment by the collaborator is not likely to come. We could not get any information on the foreign investor's background from the brochure circulated by the company. The company had only made a firm allotment of Rs. 210 crores for foreign collaborator, NRIs and OCBs. In view of the company's own financial projections, it is unlikely to get the approved investment from the foreign collaborator.

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|                                          |    |
|------------------------------------------|----|
| 1. PADAM K KHANNA                        | 6. |
| 2. CONAGRA CALGENE & AMERINDRA INTL, USA | 7. |
| 3. FOOD PROCESSING                       | 8. |
| 4. Rs. 39.60 CRORES                      | 9. |
| 5. APRIL 1992                            |    |

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1185

More than two years have elapsed since the Govt. approval was given to Padam Khanna for food processing in April 1992. No information regarding the progress of the project could be obtained.

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|                                            |    |
|--------------------------------------------|----|
| 1. TATUM SANCHI INDIA LTD                  | 6. |
| 2. TATUM FARMS, USA                        | 7. |
| 3. CHICKEN BREEDING FARM & MEAT PROCESSING | 8. |
| 4. Rs. 41.00 CRORES                        | 9. |
| 5. MAY 1992                                |    |

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1216

The company has informed that the project could not make any progress as the project of a group company got delayed. There seems little likelihood of the foreign investment coming in.

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|                          |                        |
|--------------------------|------------------------|
| 1. WOOLWORTH (INDIA) LTD | 6. WOOLWORTH INDIA LTD |
| 2. NRI                   | 7. 0088                |
| 3. WOOL TOPS             | 8. MADHYA PRADESH      |
| 4. Rs. 5.00 CRORES       | 9. INDO RAMA           |
| 5. MAY 1994              |                        |

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4195

It is a flagship company of Uniworth group, NRI Lohias.

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|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

## 08 ON HOLD

- |                      |            |
|----------------------|------------|
| 1. ASHOK LEYLAND LTD | 6.         |
| 2. GOTCO, USA        | 7.         |
| 3. OIL REFINERY      | 8. ORISSA  |
| 4. Rs.357.00 CRORES  | 9. HINDUJA |
| 5. AUGUST 1992       |            |

1584

Gulf Oil Trading Co (GOTCO) is reported to be belonging to the Hinduja Group. In 1984 when Gulf Oil merged with Chevron, the Hinduja group bought over Gulf Oil Trading Co (GOTCO). The project which should have been implemented in the joint sector have got involved in a controversy with its partner, the Indian Oil Corporation Ltd (IOC). The problem was not only the respective shares in the equity of the joint venture company but also over the supply of crude to the venture. While IOC's draft memorandum does not mention the name of GOTCO, the Leyland group spokesman maintains that "We wish to confirm that it is our intention to have the joint venture to arrange crude supply through GOTCO, conforming to internationally competitive prices". The spokesman further stated: "We are forced to conclude that IOC is unable to comprehend the dimensions of India's effort to harness private initiative and opt for free market operations. This attitude even today blocks the Orissa refinery project, despite the state government's own supportive efforts". It appears that while IOC was trying to avoid getting stuck with GOTCO, the Hinduja group have been trying to take maximum advantage of the project by forcing the joint venture to get all its supplies of crude from GOTCO. Ashok Leyland was reported to be planning to promote Gulf Oil India Ltd in collaboration with Gulf Oil International, Austria, Gulf Oil International in turn is jointly owned by the Hinduja Group and OMV, the Austrian National Oil Co. The latest in respect of the collaboration is as follows: Ashok Leyland Ltd, GOTCO and their associates on the one hand and Indian Oil Corp would have 26 per cent equity each in the refinery. Regarding the supply of crude to the refinery, Hinduja was reported to have accepted the Ministry's proposal that the matter of purchase of crude oil is best left to the joint venture. Ashok Leyland was also reported to have withdrew the condition regarding Gulf brand lubricating oils by IOC. The report suggests that the climb down by Hinduja followed the visit of officials of Kuwait Petroleum Corp to discuss with the Ministry the setting up of a joint venture refinery of the East Coast.

- |                                      |                                      |
|--------------------------------------|--------------------------------------|
| 1. ASIAN CONSOLIDATED INDUSTRIES LTD | 6. ASIAN CONSOLIDATED INDUSTRIES LTD |
| 2. WESTIN INTERNATIONAL, JAPAN       | 7.                                   |
| 3. SETTING UP OF A 5 STAR HOTEL      | 8. SERVICES                          |
| 4. Rs.100.00 CRORES                  | 9. ASIAN CAN                         |
| 5. NOVEMBER 1993                     |                                      |

3363

The company is proposing to set up tourist resort complex cum casino at a cost of Rs. 250 crores. The project is not yet taken up by the Asian Consolidated Industries Ltd (ACIL). The company is firm in implementing the hotel project. Initially the company was planning to implement the project in Haryana, but the state government had refused to allocate the land. It has approached Rajasthan and Madhya Pradesh Government for allotment of a suitable land in their states.

- |                                         |                                    |
|-----------------------------------------|------------------------------------|
| 1. INTERNATIONAL PETROLEUM (BVI)        | 6. PARMAR REFINERY CORPN INDIA LTD |
| 2. INTERNATIONAL PETROLEUM, SWITZERLAND | 7.                                 |
| 3. OIL REFINERY                         | 8. GUJARAT                         |
| 4. Rs.600.00 CRORES                     | 9.                                 |
| 5. AUGUST 1992                          |                                    |

1565

After having acquired the necessary land and buildings, the Govt of Gujarat ordered a halt to all construction activities at Parmar Refinery and Parmar LPG bottling plant at Surat. The project is under re-appraisal following the doubts about the financial capabilities of the foreign promoters. In view of the prevailing uncertainties the project is delayed considerably and the investment may not be forthcoming.

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- |                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                                |                                     |
|------------------------------------------------|-------------------------------------|
| 1. K B HI-TECH BUILDING MATERIAL LTD           | 6. KB HI-TECH BUILDING MATERIAL LTD |
| 2. ENT NUTRIENTS UND.GESELLSCHAFT MBH, AUSTRIA | 7. 0592                             |
| 3. FIBREGLASS GLASS FIBRE PANEL                | 8. GUJARAT                          |
| 4. Rs. 6.00 CRORES                             | 9.                                  |
| 5. MARCH 1993                                  |                                     |

2361

The company, in its letter, mentioned that due to certain problems with HUDCO, the company has not been able to pursue the project. It is trying various other options.

|                                                |                             |
|------------------------------------------------|-----------------------------|
| 1. MANALI PETROCHEMICALS LTD                   | 6. MANALI PETROCHEMICAL LTD |
| 2. MITSUBISHI TOATSU CHEMICAL INC, JAPAN       | 7.                          |
| 3. METHANE DI-ISOCYANITE TOLUENE DI-ISOCYANITE | 8. TAMIL NADU               |
| 4. Rs. 0.00 CRORES                             | 9.                          |
| 5. APRIL 1992                                  |                             |

1093

The promoters were reluctant to implement the project initially due to falling customs duty and low international price. The letter sent by the company indicates that the plans are being revived due to increase in domestic demand and also steep increase in international prices of MDI and TDI. The proposal is under reconsideration by the company.

|                          |                   |
|--------------------------|-------------------|
| 1. NICHIMEN CORPORATION  | 6. NICHIMEN CORPN |
| 2. NICHIMEN CORPN, JAPAN | 7.                |
| 3. SHIP BREAKING         | 8. GUJARAT        |
| 4. Rs. 12.53 CRORES      | 9.                |
| 5. JUNE 1994             |                   |

4307

The approval is not yet implemented and the company is expecting policy changes pertaining to labour legislation.

|                                                |                                        |
|------------------------------------------------|----------------------------------------|
| 1. NM PARTHASARTHY                             | 6. ETK MATERIAL TECHNOLOGY AMERICA LTD |
| 2. MATERIALS TECHNOLOGY INC, USA               | 7.                                     |
| 3. COPPER FOILS FOR PCBs AND OTHER ALLIED USES | 8. KERALA                              |
| 4. Rs. 14.00 CRORES                            | 9.                                     |
| 5. NOVEMBER 1992                               |                                        |

1947

The project is promoted by N M Parthasarathy of ETK Group and it is located in EHTP Trivandrum. It is a 100 per cent EOU with 51% foreign equity participation. Equity will be remitted against cash as well technology.

|                                    |                      |
|------------------------------------|----------------------|
| 1. THAPAR DUPONT LTD               | 6. THAPAR DUPONT LTD |
| 2. EIDUPONT DE NEMOURS & CO, USA   | 7.                   |
| 3. NYLON INDUSTRIAL CORD/TYRE CORD | 8. GOA               |
| 4. Rs. 14.00 CRORES                | 9. THAPAR            |
| 5. DECEMBER 1991                   |                      |

501

As per the original plan, the project was supposed to be located at Goa. But the project could not take-off due sustained protests from the environmentalists groups. The project has not progressed beyond acquiring land and setting up small administrative office and laying of pipe line. The latest press reports are that Du Pont is going to shift the location somewhere in Karnataka, Tamil Nadu or West Bengal.

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|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

- 
- |                     |                                  |
|---------------------|----------------------------------|
| 1. VICKRAM R TIKKOO | 6. TIKKOO HOLSTEIN BREWERIES LTD |
| 2. NRI, NRI         | 7.                               |
| 3. BEER             | 8. MAHARASHTRA                   |
| 4. Rs. 54.00 CRORES | 9. TIKKOO                        |
| 5. JANUARY 1993     |                                  |

2181

Though the Govt. gave clearance two years ago the company could not implement letter of intent into industrial licence due to non-identification of suitable company to implement the approved project. Recent report indicates that the proposed Rs. 36 crores joint venture with Holsten Brauerei AG of Germany will be operational by 1996. The project is expected to come up in Raigarh, Maharastra.

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- |                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
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| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

**UNDER REVIEW**

|                          |                                    |
|--------------------------|------------------------------------|
| 1. DADI BALSARA          | 6. DADI PERFUMES AND COSMETICS LTD |
| 2. PUPIL OF ITALY, ITALY | 7. 1291                            |
| 3. PERFUMES & COSMETICS  | 8.                                 |
| 4. Rs. 18.00 CRORES      | 9. DADI BALSARA                    |
| 5. FEBRUARY 1992         |                                    |

810

The promoter is negotiating with the foreign collaborator.

|                              |                     |
|------------------------------|---------------------|
| 1. DADI BALSARA              | 6. DADI WATCHES LTD |
| 2. DADI JOVISSE, SWITZERLAND | 7. 1291             |
| 3. QUARTZ WATCHES            | 8.                  |
| 4. Rs. 25.00 CRORES          | 9. DADI BALSARA     |
| 5. FEBRUARY 1992             |                     |

823

The promoter still negotiating with the collaborator.

|                                      |                         |
|--------------------------------------|-------------------------|
| 1. UJIMA ASSETS & INVESTMENT PVT LTD | 6. TIKKO ICE LANDIC LTD |
| 2. MARITIMA INDUSTRIAL, MEXICO       | 7.                      |
| 3. DEEP SEA TUNA FISHING             | 8. KERALA               |
| 4. Rs. 10.00 CRORES                  | 9. TIKKOO               |
| 5. OCTOBER 1992                      |                         |

3252

The International shipping tycoon Ravi Tikoo came to India with a promise of several projects. One of the projects, the Tuna fishing project which made some progress has now been rejected by the financial institutions.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

## 10 ABANDONED

- |                         |                               |
|-------------------------|-------------------------------|
| 1.                      | 6. KALINGA STEELS (INDIA) LTD |
| 2. CAPARO GROUP LTD, UK | 7.                            |
| 3. HOT ROLLED COILS     | 8. ORISSA                     |
| 4. Rs.270.00 CRORES     | 9. MARUTI ANC                 |
| 5. JUNE 1993            |                               |

2739

The project was announced in 1991 by the London based Caparo Group NRI Swaraj Paul. The project which received Govt. approval in March 1993 was to be established in two phases. The project received a set back when financial institutions refused to lend money at lower rate of interest and high debt:equity ratio. The debt:equity ratio 2:1 suggested by the FIs is not acceptable to Swaraj Paul and the Caparo group dropped the project in June 1994. After abandoning the project by Swaraj Paul Mideast Integrated Steel (MESCO) group with an 8 per cent participation of Tiffins Samsung Process is implementing the project in Orissa.

- |                                       |                                       |
|---------------------------------------|---------------------------------------|
| 1. ADARSH CHEMICALS & FERTILIZERS LTD | 6. ADARSH CHEMICALS & FERTILIZERS LTD |
| 2. DAVY MCKEE, UK                     | 7.                                    |
| 3. BUTANEDIOL                         | 8.                                    |
| 4. Rs. 8.00 CRORES                    | 9.                                    |
| 5. DECEMBER 1991                      |                                       |

442

The company, in its letter, stated that the proposed project was not materialised. Hence it may be treated as abandoned.

- |                                        |    |
|----------------------------------------|----|
| 1. ARYA COMMUNICATION & ELECT. SERVICE | 6. |
| 2. MOTOROLA INC, USA                   | 7. |
| 3. PAGING EQUIPMENTS                   | 8. |
| 4. Rs. 10.68 CRORES                    | 9. |
| 5. JULY 1992                           |    |

1466

The foreign collaborator informed that they have suspended the project and surrendered back to the government.

- |                                  |    |
|----------------------------------|----|
| 1. ASHOK AEROFLOT CORPN LTD      | 6. |
| 2. AEROFLOT, USSR                | 7. |
| 3. RESTRUCTURING OF HOTEL RANJIT | 8. |
| 4. Rs. 5.00 CRORES               | 9. |
| 5. DECEMBER 1991                 |    |

631

This approval was with the state owned Aeroflot of erstwhile USSR for renovation of Hotel Ranjit at Delhi. Since there was restructure in USSR, this project did not materialise.

- |                               |                                      |
|-------------------------------|--------------------------------------|
| 1. ASIAN CAN LTD              | 6. ASIAN CONSOLIDATED INDUSTRIES LTD |
| 2. CMB ENGINEERING GROUP, UK  | 7. 0185                              |
| 3. ALUMINUM CANS & CONTAINERS | 8. RAJASTHAN                         |
| 4. Rs. 5.88 CRORES            | 9. ASIAN CAN                         |
| 5. OCTOBER 1992               |                                      |

1780

The company had obtained two separate approvals for NRI participation and technical and financial collaboration with CMB Packaging SA, France for manufacturing of aluminium beverage cans at Shahjahanpur, Alwar Dist, Rajasthan, a notified backward area. As per the technical agreement approved by the RBI, the company shall pay US \$ 3,50,000 as lump sum fee and 1.25 per cent royalty for 5 years. The company which made public issue in September 1993 made a firm allotment of Rs. 3.81 crores of fully convertible debentures for NRIs. However, the approval involving financial collaboration with CMB has no mention in the prospectus. It was referred as a technical collaborator only. CMB has once again obtained approval of the Govt during December 1994 to set up a subsidiary by the name CMB Asian Ltd. The name suggests that this would be a joint venture with Asian Consolidated Group. Hence, the present proposal is treated as abandoned.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

- |                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

|                                    |                                   |
|------------------------------------|-----------------------------------|
| 1. SL TECH LTD                     | 6. AURO MAGNETIC PHERIPHERALS LTD |
| 2. SL TECH GROUP USA               | 7. 0693                           |
| 3. HARD DISK DRIVES AND HARD DISKS | 8.                                |
| 4. Rs 18.05 CRORES                 | 9.                                |
| 5. OCTOBER 1992                    |                                   |

1796

The company had not implemented the collaboration approval with SL Tech Group USA due to non-cooperation by the foreign collaborator. The company is finalising the designs with a another collaborator from USA for manufacturing of Hard Disks/UPS/CVTS and Power Supply Systems etc.

|                                                     |                   |
|-----------------------------------------------------|-------------------|
| 1. BATA INDIA LTD                                   | 6. BATA INDIA LTD |
| 2. BATA (BN) BV, NETHERLANDS                        | 7.                |
| 3. FOOTWEAR, FOOTWEAR COMPONENTS & LEATHER PRODUCTS | 8. EQUITY HIKE    |
| 4. Rs 5.92 CRORES                                   | 9.                |
| 5. OCTOBER 1993                                     |                   |

3254

Press release indicate that this proposal to increase foreign collaborator's equity stake from 51 to 66.66 percent has been abandoned due to restriction on preferential allotment of shares.

|                                           |                               |
|-------------------------------------------|-------------------------------|
| 1. CARGILL SOUTH EAST ASIA LTD            | 6. CARGIL SOUTH EAST ASIA LTD |
| 2. CARGILL SOUTH EAST ASIA LTD, SINGAPORE | 7.                            |
| 3. SOLAR SALT                             | 8. GUJARAT                    |
| 4. Rs 45.00 CRORES                        | 9.                            |
| 5. AUGUST 1992                            |                               |

1561

The Khandla salt project which is initially planned by US multinational Cargill Seeds has got into the controversy. The company says that they have pulled out from this project for business reasons. After the withdrawal of Cargill, Ganesh Benzoplast Ltd has taken up for implementing the project. Hence approved investment of Rs. 45 crores by Cargill is not coming.

|                                               |                                    |
|-----------------------------------------------|------------------------------------|
| 1. DADI BALSARA                               | 6. MOUNT EVEREST MINERAL WATER LTD |
| 2. SPADLER, BELGIUM & KRUPP, GERMANY, BELGIUM | 7.                                 |
| 3. MINERAL WATER                              | 8. HIMACHAL PRADESH                |
| 4. Rs 73.58 CRORES                            | 9. DADI BALSARA                    |
| 5. FEBRUARY 1992                              |                                    |

801

Dadi Balsara, an NRI, has five approvals for his various proposed projects. Though most of them have been approved during later part of 1991, all of them seems to be in the initial stages of implementation. (Also 3168).

|                                     |                                |
|-------------------------------------|--------------------------------|
| 1. DADI BALSARA                     | 6. DADI RESORTS AND HOTELS LTD |
| 2. NEW WORLD OF HONGKONG, HONG KONG | 7. 0192                        |
| 3. HOTELS & RESORTS                 | 8. SERVICES                    |
| 4. Rs 184.60 CRORES                 | 9. DADI BALSARA                |
| 5. FEBRUARY 1992                    |                                |

808

Final collaboration agreement has been signed with M/s Howard Johnson Franchise System, USA. This joint venture is to establish 3-5 star hotels all over the country.

|                                           |            |
|-------------------------------------------|------------|
| 1. ESCORTS LTD                            | 6.         |
| 2. BMW MOTORKAD GMBH & CO, GERMANY        | 7.         |
| 3. FOUR STROKE IC ENGINE FOR MOTOR CYCLES | 8.         |
| 4. Rs 19.00 CRORES                        | 9. ESCORTS |
| 5. NOVEMBER 1991                          |            |

397

The proposed collaboration has been abandoned.

\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                   |                                              |                              |
|-----------------------------------|----------------------------------------------|------------------------------|
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| 4. Approved foreign equity        | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month, & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

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|                                          |            |
|------------------------------------------|------------|
| 1. ESCORTS LTD                           | 6.         |
| 2. BMW AG, GERMANY                       | 7.         |
| 3. FOUR STROKE IC ENGINE FOR MOTOR CYCLE | 8.         |
| 4. Rs. 21.00 CRORES                      | 9. ESCORTS |
| 5. FEBRUARY 1992                         |            |

793

Escorts Ltd obtained two approval from the Govt for manufacture of motor cycles. The company could not finalise tie up with BMW. Hero Group had in the mean time entered into collaboration with BMW for 150 cc motor cycles. An amount of Rs. 31.00 crores approved investment may not be coming and the project may be treated as abandoned.

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|                                           |    |
|-------------------------------------------|----|
| 1. GENERAL ELECTRIC INTL OPERATION CO INC | 6. |
| 2. GENERAL ELECTRIC INTL, USA             | 7. |
| 3. SETTING UP OF JOINT VENTURES           | 8. |
| 4. Rs. 12.20 CRORES                       | 9. |
| 5. NOVEMBER 1992                          |    |

1939

This approval was not implemented and subsequently GE had floated an 100 per cent subsidiary in India. Hence this approval can be considered as redundant.

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|                                 |                       |
|---------------------------------|-----------------------|
| 1. HALDER TOPSOE (PROMOTER)     | 6. HALDER TOPSOE INTL |
| 2. NRI & HALDOR TOPSOE, DENMARK | 7.                    |
| 3. NICKEL CATALYSTS             | 8.                    |
| 4. Rs. 11.00 CRORES             | 9.                    |
| 5. JANUARY 1992                 |                       |

687

Contact with officials reveal that the company is not considering actively to implement the approval. Hence, the approved investment amount of Rs. 11.00 crores may not be forthcoming.

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|                                               |        |
|-----------------------------------------------|--------|
| 1. HARRISONS MALAYALAM LTD                    | 6.     |
| 2. ENI GROUP FIZZALE & MATTEI, ITALY          | 7.     |
| 3. LUBE OIL, CARBON BLACK & BITUMEN SLACK WAX | 8.     |
| 4. Rs. 39.00 CRORES                           | 9. RPG |
| 5. DECEMBER 1992                              |        |

2049

The company in its letter stated that they have abandoned the project.

---

|                                                  |                    |
|--------------------------------------------------|--------------------|
| 1. INDUSTRIAL DEVELOPMENT BANK OF INDIA (RH PATI | 6.                 |
| 2. ACP HOLDINGS, HONG KONG                       | 7.                 |
| 3. FINANCIAL SERVICES                            | 8. SERVICE FIN     |
| 4. Rs. 10.00 CRORES                              | 9. PUBLIC SECT FIN |
| 5. AUGUST 1993                                   |                    |

2979

The joint venture between the IDBI and the Singapore based Asian Capital Partners had not materialised. Hence the approval may be treated as abandoned.

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|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
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|                                                 |                |
|-------------------------------------------------|----------------|
| 1. ITC CLASSIC FINANCE LTD                      | 6.             |
| 2. PEREGRINE INVESTMENT HOLDINGS LTD, HONG KONG | 7.             |
| 3. FINANCIAL SERVICES                           | 8. SERVICE FIN |
| 4. Rs. 32.00 CRORES                             | 9. ITC         |
| 5. JANUARY 1994                                 |                |

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3654

Brady two months after signing the MOU in March 1994 by the ITC Classic and Peregrine International of Hong Kong both have decided to split. The problem was due to the issue of the controlling stake. It was initially decided that the two partners would hold equal stake and after three years offload a part of their holding to the public. Of the six member board, Peregrine would nominate three and two by ITC and would be a jointly selected one individual member. It seems controlling would be one of the reasons for parting. Subsequently, Peregrine finally successful in getting 75% (\$ 18.75 million) of the contribution to the total equity of Rs. \$25 million in its Indian subsidiary Peregrine India Ltd through a Mauritian holding company.

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|                                     |                            |
|-------------------------------------|----------------------------|
| 1. JAIRPOO LTD                      | 6. BRITCO FOODS CO PVT LTD |
| 2. NRI, NRI                         | 7. 0092                    |
| 3. PROCESSED SNACK FOODS, BEVERAGES | 8. MAHARASHTRA             |
| 4. Rs. 17.72 CRORES                 | 9. RAJAN PILLAI            |
| 5. JANUARY 1992                     |                            |

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680

SICOM is one of the co-promoters of the company. An amount of RS. 962.76 lakhs and Rs. 5648.10 lakhs has been received from foreign collaborator, JMRCO Ltd, Singapore.

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|                                                               |                              |
|---------------------------------------------------------------|------------------------------|
| 1. KALYANI KONKAN SPONGE PVT LTD                              | 6. KALYANI KONKAN SPONGE LTD |
| 2. HYLSA SADE CV, MEXICO & DAVY MCKEE CORP, USA, MEXICO & USA | 7.                           |
| 3. SPONGE IRON/NOT BRIQUETTED IRON                            | 8.                           |
| 4. Rs. 5.09 CRORES                                            | 9. BHARAT FORGE              |
| 5. FEBRUARY 1992                                              |                              |

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817

The project has been abandoned due to inconsistent availability of gas from GAIL.

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|                                       |    |
|---------------------------------------|----|
| 1. KESHAV BHUPAL                      | 6. |
| 2. NRI, NRI                           | 7. |
| 3. KNITTED FABRICS & KNITTED GARMENTS | 8. |
| 4. Rs. 7.50 CRORES                    | 9. |
| 5. APRIL 1993                         |    |

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2511

As per the reply received from the company dated March 13, 1995 the project has been abandoned.

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|                                       |                                   |
|---------------------------------------|-----------------------------------|
| 1. MANGALORE REFINERY & PETROCHEM LTD | 6. MANGALORE REF & PETROCHMLS LTD |
| 2. UOP INTER AMERICANA INC, USA       | 7.                                |
| 3. OIL REFINERY & PETROLEUM PRODUCT   | 8.                                |
| 4. Rs. 17.26 CRORES                   | 9. BIRLA                          |
| 5. NOVEMBER 1992                      |                                   |

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1948

The foreign collaborator had informed that they do not have equity participation in MRPL but have been selected to license the technology. Hence this is a technical collaboration and not financial approval as reported.

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|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

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|                         |         |
|-------------------------|---------|
| 1. MODI HOLDINGS LTD    | 6.      |
| 2. MOTOROLA INC, USA    | 7.      |
| 3. ELECTRICAL EQUIPMENT | 8.      |
| 4. Rs. 14.70 CRORES     | 9. MODI |
| 5. NOVEMBER 1993        |         |

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3459

Both the partners have informed that they have not executed this project.

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|                                       |                        |
|---------------------------------------|------------------------|
| 1. ORIENT SPINNERS LTD                | 6. ORIENT SPINNERS LTD |
| 2. COMMONWEALTH DEVELOPMENT CORPN, UK | 7.                     |
| 3. COTTON YARN & BLENDED YARN         | 8.                     |
| 4. Rs. 6.46 CRORES                    | 9.                     |
| 5. MARCH 1992                         |                        |

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909

The project is proposed to be located in the state of Madhya Pradesh. The CDC, UK had dropped the proposal to invest in the company. Hence the approval involving financial participation by the CDC (Rs.6.46 crores) may be treated as abandoned.

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|                            |                            |
|----------------------------|----------------------------|
| 1. PUSHPA POLYMERS PVT LTD | 6. PUSHPA POLYMERS PVT LTD |
| 2. POLYMERS TECH INC, USA  | 7. 0790                    |
| 3. POLYSTYRENE             | 8. GUJARAT                 |
| 4. Rs. 15.00 CRORES        | 9.                         |
| 5. MARCH 1992              |                            |

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1044

Pushpa American Corporation, an NRI group is setting up of polyester plant in Lakkigram, Gujarat. It appears that this approval has been superseded by another approval given to the company during June 1994 because the other approval is for 100% foreign participation and this case was not included among equity like cases.

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|                                                         |                           |
|---------------------------------------------------------|---------------------------|
| 1. RELIANCE INDUSTRIES LTD                              | 6. RELIANCE PETROLEUM LTD |
| 2. C ITOH & CO LTD & THEIR INTERNATIONAL CONSORT, JAPAN | 7. 0991                   |
| 3. OIL REFINERY                                         | 8. GUJARAT                |
| 4. Rs.234.00 CRORES                                     | 9. RELIANCE               |
| 5. JUNE 1992                                            |                           |

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1321

Reliance Industries Ltd obtained two approvals from the Govt. for Rs. 234.00 crores and Rs. 89.25 crores in month of June and August 1992 respectively, for setting up a oil refinery with M/s C.Itoh & Co, Japan. In September 1994, Reliance Petroleum Ltd had obtained another approval from Govt. for Rs. 19.19 crores with the same collaborator. The prospectus issued by the company on 23rd September 1993 does not report any equity participation by C. Itoh & Co, Japan. Hence, the total investment of Rs. 343.44 crores approved for the Reliance Petroleum project may not materialise.

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|                                                         |             |
|---------------------------------------------------------|-------------|
| 1. RELIANCE INDUSTRIES LTD                              | 6.          |
| 2. C ITOH & CO LTD & THEIR INTERNATIONAL CONSORT, JAPAN | 7.          |
| 3. BASE OIL LUBRICATING REFINERY                        | 8.          |
| 4. Rs. 89.25 CRORES                                     | 9. RELIANCE |
| 5. AUGUST 1992                                          |             |

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1555

See: 1321

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\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

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|                                       |    |
|---------------------------------------|----|
| 1. RELIANCE PETROPRODUCTS LTD         | 6. |
| 2. ALKATHENE HJFAN & BASF AG, GERMANY | 7. |
| 3. POLYMER OF POLYPROPYLENE           | 8. |
| 4. Rs. 0.00 CRORES                    | 9. |
| 5. FEBRUARY 1992                      |    |

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856

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|                                              |        |
|----------------------------------------------|--------|
| 1. RPG ENTERPRISES LTD                       | 6.     |
| 2. GOLDSTAR CO LTD, KOREA                    | 7.     |
| 3. NEW COLOUR TVS, VCPS/ VCPS/ AUDIO SYSTEMS | 8.     |
| 4. Rs. 10.68 CRORES                          | 9. RPG |
| 5. MAY 1992                                  |        |

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1206

Goldstar has been supplying colour picture tubes to the Bestavision since 1982. The company wanted to diversify its operation in the white goods industry with a possible joint venture from an Indian partner. Bestavision is marketing TVs under Goldstar brand name. Press reports clearly indicate that the collaboration with RPG Enterprise has been abandoned.

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|                                 |                                  |
|---------------------------------|----------------------------------|
| 1. SHREE ACIDS & CHEMICALS LTD  | 6. SHREE ACIDS AND CHEMICALS LTD |
| 2. BRILSSON SERVICES AB, SWEDEN | 7.                               |
| 3. HYDROGEN PEROXIDE            | 8.                               |
| 4. Rs. 2.00 CRORES              | 9.                               |
| 5. DECEMBER 1991                |                                  |

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619

The company in its letter dated March 8, 1995 has informed that the project has been abandoned.

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|                                         |                       |
|-----------------------------------------|-----------------------|
| 1. STERLING FOILS LTD                   | 6. STERLING FOILS LTD |
| 2. FATA EUROPEAN GROUP SRL, ITALY       | 7.                    |
| 3. ALUMINIUM FOILS & FLEXIBLE PACKAGING | 8. HARYANA            |
| 4. Rs. 6.00 CRORES                      | 9.                    |
| 5. FEBRUARY 1992                        |                       |

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812

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|                                          |                        |
|------------------------------------------|------------------------|
| 1. TETRA-PAK INDIA PVT LTD               | 6. TETRA PAK INDIA LTD |
| 2. BALDURIS BV, NETHERLANDS              | 7.                     |
| 3. PACKING MACHINERY FOR FOOD PROCESSING | 8.                     |
| 4. Rs. 30.00 CRORES                      | 9.                     |
| 5.                                       |                        |

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62

The company, in its letter dated February 15, 1995 informed that the project did not materialise due to changed market conditions. Hence the approved collaboration has been surrendered to the RBI.

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\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

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|                                                |             |
|------------------------------------------------|-------------|
| 1. USHA MARCONI MICROELECTRONICS LTD           | 6.          |
| 2. NRI, NRI                                    | 7.          |
| 3. PACKAGING OF DISCRETE SEMICONDUCTOR DEVICES | 8. HARYANA  |
| 4. Rs. 5.40 CRORES                             | 9. USHARKKR |
| 5. OCTOBER 1992                                |             |

1809

Another approval was given for an equal amount and percentage share. Since in both cases the foreign share was higher than 50 per cent it is obvious that the second approval superseded the earlier one. The group also has been claiming that Lesag the foreign collaborator in the second proposal was a part of the same group. Advertisements were placed by the group for filling certain positions in the joint venture.

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|                                               |                            |
|-----------------------------------------------|----------------------------|
| 1. VIJAY SINGH                                | 6. BETONG PREFAB INDIA LTD |
| 2. HOEFLIGER BAUTECHNIK AG, NRI               | 7.                         |
| 3. PREFABRICATED CONCRETE BUILDING COMPONENTS | 8. RAJASTHAN               |
| 4. Rs. 10.80 CRORES                           | 9.                         |
| 5. NOVEMBER 1991                              |                            |

439

The company is promoted by the Bombay based Lutheria Group and Mr. Vijay Singh, an NRI based in Sweden. The company has revised its collaboration approval and gone in for one more approval during May 1994. Hence this approval can be assumed to have been superseded by the latter one. The subsequent approval is reported to be under implementation.

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|                                 |                            |
|---------------------------------|----------------------------|
| 1. YOGINDER MAFATLAL            | 6. ECS CHEMICALS INDIA LTD |
| 2. ENICHEM SYNTHESIS SPA, ITALY | 7.                         |
| 3. COPPER PHTHALECYANINES       | 8.                         |
| 4. Rs. 7.57 CRORES              | 9. MAFATLAL                |
| 5. JANUARY 1992                 |                            |

668

The Indian Dyestuff Industries and Enichem Synthesis Spa, Italy have unanimously resolved to voluntarily wind up ECS due to non-viability of the project.

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\* Projects with atleast Rs. 5.00 crores or more of foreign investment approved during August 1991 to July 1994.

|                                  |                                              |                              |
|----------------------------------|----------------------------------------------|------------------------------|
| 1. Name of the Indian Company    | 2. Name of the Foreign Collaborator, Country | 3. Product                   |
| 4. Approved foreign equity       | 5. Month and Year of approval                | 6. Name of the Joint Venture |
| 7. Month & Year of Incorporation | 8. Location of the Project                   | 9. Industrial House          |

## **ANNEXURE III**

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