

# Collection, Compilation of FDI & FATS

Regional Workshop on International Trade Statistics  
Ashgabat, Turkmenistan

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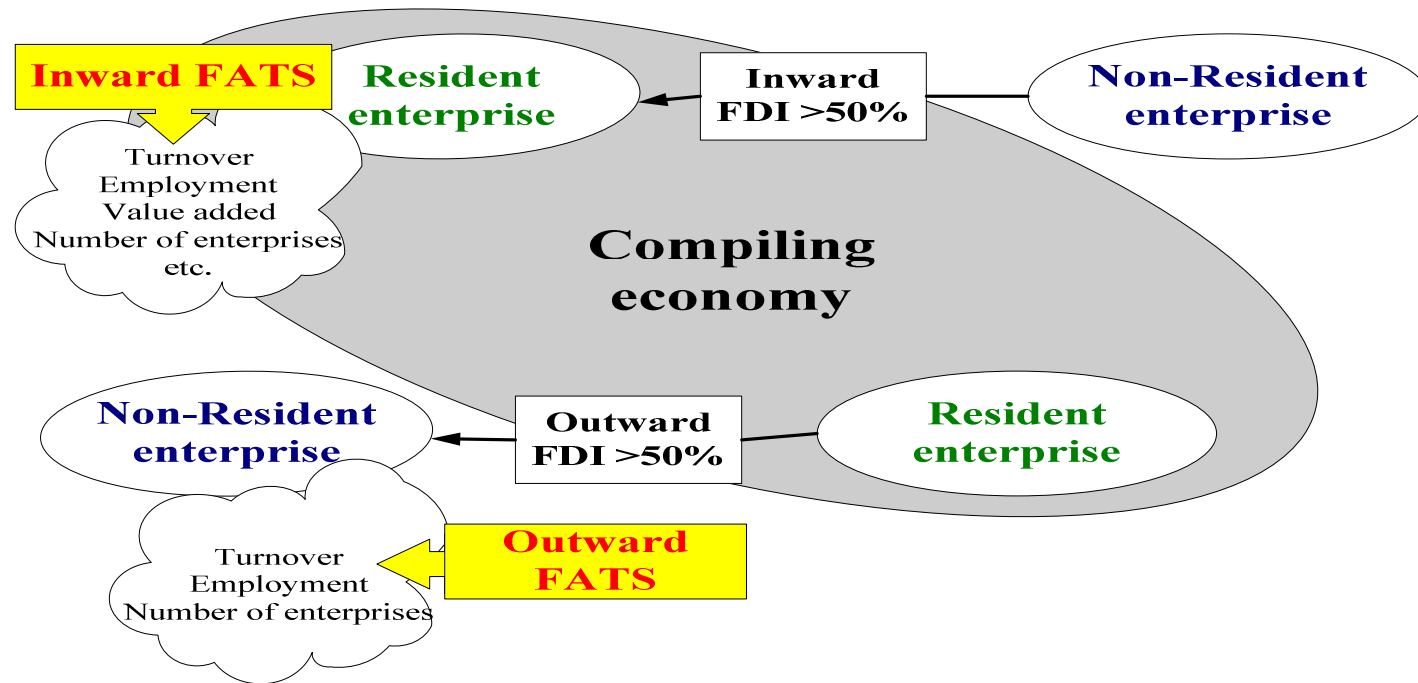
29<sup>th</sup> September 2016

# Collection, Compilation of FDI /FATS

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# Introduction

- The GATS - trade in services according to four modes of supply –
  - Cross border,
  - Consumption abroad,
  - Commercial presence and
  - Presence of natural persons.
- FATS measure mode three (3) -commercial presence.



# FATS variables

## **Basic measures:**

- sales (turnover) and/or output
- employment
- value added
- exports and imports of goods and services
- number of enterprises (affiliates)

**Additional measures:** assets, compensation of employees, net worth, net operating surplus, gross fixed capital formation, taxes on income, research and development expenditures, purchases of goods and services (intermediate consumption)

# Collection & Compilation Methodology

- India's FLA census has data source of direct investment to/from India.
- Over 17,000 companies reported FDI/ODI in March 2015 - largest annual company-wise database for Indian FDI companies.
- Partner country-wise inward and outward direct investment (debt and equity) for India, at market prices, are now available annually.
- India's first census of Foreign Liabilities and Assets was conducted from 1948, information collected under the International Monetary Fund and Bank Act, 1945.
- Since 1997, reporting was annual but participation was not mandatory up to 2010.
- Since 2010-11 reporting is mandatory for the Indian companies which have received FDI and/or made overseas direct investment.
- Collection of multidimensional FLA census data by providing a self-validating form with explanations and internal consistency. It has a strict confidentiality clause.
- Foreign Affiliate Trade Statistics (FATS) is collected as part of this reporting system.
- The return is collected under Foreign Exchange Management Act 1999 (FEMA)

# Collection & Compilation Methodology

- Foreign Affiliate Trade Statistics (FATS):
  - Inward FATS since 2012-13
  - Outward FATS since 2013-14
  
- Broad Categories of FDI:
  - Foreign Direct Investment in India(Equity Capital and Other capital)
  - Direct Investment abroad by Indian companies(Equity Capital and Other capital)
  - Other Investment
  
- Methodology for valuation of foreign liabilities and foreign assets
  - In case of listed company, equity should be valued using share price on closing date of reference period,
  - in case of unlisted company, Own Fund of Book Value (OFBV) Method should be used.
  
- Traded Debt securities like notes and bonds valued at market price, while all other types of debt, viz., loan, deposits, and other accounts payable / receivable valued at nominal value.
  
- While reporting the foreign currency denomination, the exchange rate used as at end-March Previous FY and end-March Latest FY.

# Annual Return on Foreign Liabilities and Assets

## SECTION I:

- Identification particulars
- Company is listed or unlisted
- Type of Company

## SECTION II: (FINANCIAL DETAILS)

- Total Paid- up Capital of Indian Company
- Profit and Loss Account
- Reserves & Surplus
- Equity Share Capital
- Participating Preference Share Capital
- Sales and Purchases made during the reference year

## SECTION III:(FOREIGN LIABILITIES)

- Investment in India under Foreign Direct Investment (FDI) scheme (10% or more Equity Participation)
- Investment in India under Foreign Direct Investment (FDI) scheme (Less than 10% Equity Holding)
- Portfolio Investment in India

# Annual Return on Foreign Liabilities and Assets

## SECTION IV : (FOREIGN ASSETS)

- Equity Capital , Reserves & Surplus of Direct Investment Enterprise (DIE) Abroad (10% or more equity holding by Indian reporting company)
- Direct Investment Abroad under Overseas Direct Investment (ODI) Scheme
- Portfolio Investment Abroad

## SECTION IVA: Outward Foreign Affiliates Trade Statistics (Outward FATS)

- Imports, Exports, Total Sales and Total Purchase of Direct Investment Enterprise (DIE) Abroad (more than 50% equity holding by Indian reporting company)

## SECTION V:Other Investment

- Residual category that includes all financial outstanding liability and claims not considered as direct investment or portfolio investment.
  - Loans
  - Currency & Deposits
  - Other receivable and payable accounts



# Findings of FLA Census 2015

## ➤ Coverage:

-Majority of the responding companies were unlisted and most of these companies received only inward FDI.

-Unlisted companies had a larger share of FDI equity capital (Rs 3,460.9 billion at face value) vis-à-vis listed companies (Rs 117.0 billion at face value) in March 2015.

-The share of non-financial companies in total foreign equity participation was much larger (Rs 3,029.5 billion at face value) as compared with financial companies (Rs 548.4 billion)

## ➤ Inward /Outward Direct Investment:

-Equity participation had a much larger share (94.1 per cent) than debt, which recorded Rs 19,629.7 billion at market value in March 2015 (Rs 15,062.6 billion a year ago).

-Under ODI too, equity participation had a large share (79.2 per cent).

- The ratio of outward to inward direct investment, at market value, declined from 37.1 per cent to 27.1 per cent over this period .

# Findings of FLA Census 2015

Coverage of Companies Reported in FLA 2014-15				
Category	Types of Company	Direct Investment(No. of Companies)		
		Both Inward & Outward	Only Inward	Only Outward
Unlisted Companies	Foreign Associate in India	302	2,836	-
	Foreign Subsidiary in India	210	10,466	-
	Others	-	154*	1479
	<b>Total</b>	<b>512</b>	<b>13,456</b>	<b>1,479</b>
Listed Companies	Foreign Associate in India	92	135	-
	Foreign Subsidiary in India	23	78	-
	Others	-	-	467
	<b>Total</b>	<b>115</b>	<b>213</b>	<b>467</b>
<b>Grand Total</b>		<b>627</b>	<b>13,669</b>	<b>1,946</b>
* Special Purpose Vehicle(SPV), Public private Partnership				

# Findings of FLA Census 2015

Inward and Outward Direct Investment (Amount in Rs billion at market value (end-March))				
Direct Investment	Inward		Outward	
	2014	2015	2014	2015
Equity	14,097.70	18,463.20	4,399.80	4,212.60
Debt	964.9	1,166.50	1,181.00	1,107.50
Total	15,062.60	19,629.70	5,580.80	5,320.10

# Findings of FLA Census 2015

## ➤ **Source/Destination countries of Inward and Outward FDI:**

-Mauritius had the largest share (21.9 per cent) followed by USA (16.9 per cent), UK (15.3 per cent), Singapore (9.5 per cent) and Germany (8.0 per cent) in case of inward FDI.

-The destination for Outward FDI of Indian companies was largely shared by Singapore (24.7 per cent), Mauritius (15.0 per cent), Netherlands (13.0 per cent) and USA (11.8 per cent) .

## **Activity/Sector-wise of Inward FDI:**

- Both manufacturing and services sectors attracted foreign equity participation.

-Total FDI stock at market value in the manufacturing and services sectors stood at Rs 10,208.1 billion in March 2015 (Rs 7,458.1 billion a year ago) and Rs 7,748.4 billion (Rs 5,987.2 billion a year ago), respectively.

-Manufacturing sector accounted for more than half of the total FDI at market prices, 'information and communication services' (18.1 per cent) and 'financial and insurance activities' (11.8 per cent) were the other major activities attracting FDI .

- Activity-wise no. of companies is also available.

# Findings of FLA Census 2015

## ➤ **Sales/Purchases of Overseas Subsidiaries of Indian Companies:**

- Total sales, including exports, of overseas subsidiaries increased by 12.6 per cent to Rs3,529.7 billion in 2014-15.

- The total value of their purchase, including imports, increased by 15.3 per cent to Rs 2,692.4 billion in 2014-15. Their purchase-to-sales ratio was 76.3 per cent.

## ➤ **Exports/Imports of Overseas Subsidiaries of Indian Companies:**

- Total exports of overseas subsidiaries increased by 5.9 per cent to Rs 940.8 billion in 2014-15 whereas their total imports increased by 21.1 per cent to Rs 1,257.6 billion in 2014-15.

- Their export-to-sales and import-to-purchase ratios stood at 26.7 per cent and 46.7 per cent, respectively, in 2014-15.

# Findings of FLA Census 2015

## ➤ **Sales/Purchases of Foreign Subsidiary Companies in India:**

- Total sales, including exports, of foreign subsidiaries increased by 11.8 percent to Rs 16,590.4 billion in 2014-15
- Total purchase, including imports, increased by 10.4 per cent to Rs 10,465.6 billion.
- Purchase to sales ratio was around 63 per cent.

## ➤ **Exports/Imports of Foreign Subsidiary Companies in India:**

- Total exports of foreign subsidiaries companies increased by 15.2 per cent to Rs 5,637.4 billion in 2014-15. Exports constituted 34.0 per cent share in their total sales.
- The 'Information and communication services' sector had the highest share of 18.1 per cent in sales, of which, 75.8 per cent was through exports.
- Total imports of subsidiary companies increased by 9.8 per cent to Rs 4,695.2 billion in 2014-15. Imports accounted for 44.9 per cent of total purchase of these companies

## Findings of FLA Census 2015 (Subsidiary Companies – FATS)

- 14,296 FDI Companies in India.
- 96 % are unlisted.
- 75 % of Subsidiary companies (Equity > 50%), of which 8,032 companies reported sales and 6,024 companies reported exports.
- 3,608 Overseas Subsidiaries of 2,129 Indian Companies.

<b>Foreign Trade for Foreign Subsidiary Companies, 2014-15</b>		
	<b>Inward FATS</b>	<b>Outward FATS</b>
Export in Sales (%)	34.0	26.7
Imports in Purchase (%)	44.9	46.7

THANK YOU