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Outward FDI from India and its policy context

by
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India is now the world's 21st largest outward investor, which is significant given its historically miniscule foreign direct investment (FDI) outflows. Annual FDI outflows have jumped fifty-fold after 2000, and Indian firms have invested over US$ 75 billion overseas in the past decade, in some cases to attain global status by acquiring world-leading firms. Substantial improvements in the country's economic performance and the competitiveness of its firms and their strategy, resulting from ongoing liberalization in economic and outward FDI (OFDI) policies, made these developments possible. Indian firms now invest across a wide variety of sectors and countries, departing from their historical focus on trading and textile investments in developing countries. Following the 25% crisis-induced drop in Indian OFDI in 2009, Indian firms are once again increasing their overseas investment, including through mergers and acquisitions (M&As). India's OFDI should continue its rapid upward trend over the next few years, as more companies seek to transfer their products and service innovations to new markets, and acquire strategic international know-how and market shares, particularly in crisis-hit developed economies.

Trends and developments

Indian firms began to invest overseas in the 1960s, but India's restrictive OFDI regime limited them to small, minority joint ventures in developing economies. After 1991, intense domestic economic competition, the growing global competitiveness of Indian firms and liberalizations in

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OFDI and capital market policy triggered a rush of international investments by Indian companies, especially in the IT, pharmaceuticals, telecommunication, automotive, metal, and service sectors. In most of these sectors, Indian companies have sought to be global leaders.

Country level developments

Indian OFDI shows three major structural shifts during the past decade. First, annual OFDI flows rose fifty-fold, from US$ 340 million in 2000 to an average of US$ 18 billion in 2007/2008 (annex tables 2 and 2a). India has become the world's 21st largest outward investor.[1] Its average annual OFDI flows are now higher than those of many developed market economies. Moreover, while India's OFDI gradually increased during the past three decades, OFDI of the Republic of Korea, Malaysia and South Africa declined during the same time period.[2] This strong performance is reflected in the surge of the country's OFDI stock, from US$ 1.9 billion in 2000 to US$ 76.3 billion in 2009 (annex table 1).

Second, manufacturing has displaced services as the principal OFDI sector,[3] which dominated Indian OFDI flows at the turn of the decade (annex table 3), even as the primary sector's share is now growing quickly.[4] While pharmaceuticals, consumer electronics and automotives accounted for the bulk of manufacturing OFDI in the first half of the decade, the second half has seen a concentration in metals, energy and natural resource investments, and increasing activity by consumer goods and food and beverage firms. Similarly, while IT initially dominated services OFDI, investment in other services industries, such as financial and insurance services, entertainment and broadcasting, construction, and telecommunications, is now mounting.

Third, over a half of India's total 2002-2009 OFDI flows went into developed economies (annex table 4a), most of them in the form of M&As.[5] In fact, since 2000, Indian firms have tended to use cross-border M&As as the main mode of entry into developed economies, and greenfield investments into developing ones (annex tables 6 and 7), in a competitive strategy approach. They have systematically acquired leading developed country firms, rapidly to boost domain expertise, technological competitiveness, market size, and brand recognition. In some cases, these acquisitions were specifically undertaken to attain global size and status, and to build new competitive advantages by combining the best international technology with low-cost Indian labor. Energy and mineral security have driven large greenfield investments in developing countries, though many telecom, consumer goods, food, IT, metal, and power firms are now also using M&As to build market size or secure raw materials in these countries.

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[1] India was the world's 43rd largest investor in 2000. By 2007, it had become the 23rd largest, even before the global crisis caused a near-halving of OFDI from many of the world's leading outward investing economies. These are authors' calculations, based on UNCTAD's FDI/TNC database, available at: http://stats.unctad.org/fdi.

[2] The strong performance of Indian OFDI in comparison to other countries is analyzed in Karl P. Sauvant and Jaya Prakash Pradhan, with Ayesha Chatterjee and Brian Harley, eds., *The Rise of Indian Multinationals: Perspectives on Indian Outward Foreign Direct Investment* (New York: Palgrave, 2010) and Michael W. Hansen, "Outward foreign direct investment from India: theory and evidence," *CBDS Working Paper* No. 8 (Copenhagen: Copenhagen Business School, 2007), available at: www.hdl.handle.net/10398/6754.

[3] The following sectoral and geographical analysis of Indian OFDI is based on the Indian Government's investment *approval* data, since it does not yet publish these data based on actual OFDI outflows.

[4] Sauvant and Pradhan, *op. cit*., show that the primary sector accounts for close to a quarter of Indian OFDI stock

[5] According to Sauvant and Pradhan, *ibid*., developed economies account for roughly 83% of the total value of all Indian overseas M&As from 2000 to June 2009.

Singapore is now the largest host to Indian OFDI (annex table 4b). This is due to a sudden jump in investments after the two countries signed a Comprehensive Economic Cooperation Agreement in 2005.[6] In the 1990s, Russia dominated Indian OFDI flows, largely due to the "Rupee-Rouble" agreement, which enabled Indian firms to conduct Russian trade and investment in rupees.

The corporate players

Indian OFDI is undertaken primarily by publicly-listed, private firms and, as yet, only a handful of Indian public-sector firms have internationalized (annex table 5).[7] Unlike multinational enterprises (MNEs) in China and Singapore, they do not enjoy globalization privileges. In fact, domestic business rules and taxes weigh heavily on globalizing Indian firms.[8]

Though relatively small in a global context, Indian MNEs are notable for their global buy-outs of enterprises far larger than themselves,[9] and for their higher intensity of international sales and developed market M&A activity compared to other emerging market MNEs.[10]

Early Indian OFDI was market-seeking and concentrated in developing economies, where there was little technological competition. Until the 1990s, Indian trading, textile, agrochemicals, paper, and light engineering firms dominated Indian OFDI. Indian MNEs invested overseas largely to circumvent domestic restrictions on firm size stemming from the Monopolies and Trade Restrictive Practices Act.[11]

In the 1990s, Indian OFDI became more high-tech and also more trade supporting, as Indian IT firms – such as Tata Consultancy Services, Infosys, WIPRO, and Satyam – began to win large global contracts and located in developed economies to be close to key clients. Indian pharmaceutical firms – such as Ranbaxy, Dr Reddy's Laboratories, Sun Pharmaceuticals, Biocon – followed the same route to break into Western generic markets. Battling global competition, both groups began to make strategic acquisitions to build rapidly specialized expertise, market share, brandnames, and certification to succeed internationally.[12]

Severe domestic competition and growing Indian corporate self-confidence also triggered increasingly larger strategic asset-seeking, cross-border M&As from other sectors, including automotives (Tata Motors, Mahindra & Mahindra), auto-components (Bharat Forge), electronics (Videocon), and electrical machinery (Crompton Greaves). Yet India's largest M&As have

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[6] For the same reason, Singapore is also the largest source of inward FDI into India.

[7] Leading among these are the Oil and Natural Gas Commission (ONGC), the National Thermal Power Corporation (NTPC) and the Gas Authority of India Limited (GAIL).

[8] Foreign dividend repatriations by Indian outward investors are taxed at the normal corporate rate (currently 30%) plus applicable surcharges and levies. There is also double taxation as Indian companies are taxed on overseas dividend repatriations without receiving any credit for foreign taxes. See Lubna Kably, "Globetrotting anew," *Economic Times*, April 30, 2010.

[9] Most of these were leveraged buyouts, with much of the capital raised in international financial markets.

[10] Nagesh Kumar, "Internationalization of Indian enterprises: patterns, strategies, ownership advantages and implications," RIS Discussion Paper No. 140 (New Delhi: RIS, 2008).

[11] The Monopolies and Trade Restrictive Practices Act (1969) was intended to prevent the concentration of economic power, provide for control of monopolies and probation of monopolistic, restrictive and unfair trade practice, and to protect the consumer interest.

[12] Nagesh Kumar and K.J. Joseph, eds., *International Competitiveness & Knowledge-based Industries in India* (Oxford: Oxford University Press, 2007).

tended to be in the metals sector (Tata Steel, Hindalco, Essar Steel, Jindal Steel).[13] While the largest M&As were smaller than US$ 500 million in the early 2000s, they were higher than US$ 5 billion by 2007.

Many firms also used M&As to bring home new products and services and build competitive strength in India, now one of the world's largest markets. This trend is particularly evident for telecommunications (Tata Communications, Reliance Communications, Bharti Airtel, Essar Communications),[14] energy (Oil and Natural Gas Corporation, Reliance Industries, Tata Power),[15] infrastructure (GMR, DS Constructions), media and entertainment (Reliance Entertainment),[16] and agricultural firms (Karuthuri Global, Global Green, Renuka Sugars).[17] It also explains the dominance of natural resource-seeking investments in India's largest recent outward greenfield and M&A investments (annex tables 6 and annex 7). Agricultural and resource investments are also being driven by mounting local resistance to large-scale projects involving community displacement and environmental disruption.

Also important to note, is that smaller Indian firms and not just large conglomerates are active outward investors for many of the same reasons.[18] In fact, in the period 2000-2008, 34% out of the total number of Indian M&As abroad were made by such firms, though they account for just 8% of the total investment value and are less geographically diverse than larger counterparts.[19]

Effects of the current global crisis

The global crisis caused Indian OFDI flows to fall from their high of US$ 18.8 billion in 2007 to US$ 14.5 billion in 2009, largely because Indian MNEs had borrowed heavily in dollars to finance mega cross-border M&As. They were thus hit badly by the sharp rupee depreciation and tightened international credit conditions.[20] Outward M&As dropped radically both in number and in size, resulting in a four-fifths drop in the value of manufacturing (including metals) M&As

[13] Tata Steel's US$ 12.2 billion takeover of Corus Steel in 2007, India's largest cross-border M&A to date, accounted for two-thirds of the total Indian OFDI that year.

[14] Bharti Airtel, Tata Communications and Reliance Communications made a number of strategic international acquisitions in the mid-2000s to expand and control India's booming new telecommunications market.

[15] Public and private sector firms are buying oil and gas fields and coal mines overseas to secure supplies for their local Indian operations. Also, since 2006, new firms in the power and infrastructure sectors are using global acquisitions to build the expertise required to bid for power, airport and infrastructure projects, both at home and overseas.

[16] These firms are seeking to build or consolidate film, TV and animation production and distribution operations both at home and overseas. The largest investment so far is Reliance Entertainment's US$ 825 million production and distribution tie-up with Steven Spielberg, the US film maker.

[17] Led by firms such as Karuthuri Global, Global Green, Renuka Sugars, and Shree Shakti Sugars, Indian agricultural producers are internationalizing to circumvent domestic restrictions on corporate ownership of agricultural land and agricultural production. They are acquiring agricultural operations or land in Africa, Europe and Latin America, to service both the Indian and international markets.

[18] UNCTAD, *Global Players from Emerging Markets: Strengthening Enterprise Competitiveness through Outward Investment* (New York and Geneva: United Nations, 2007).

[19] Jaya Prakash Pradhan and Neelam Singh, "Group affiliation and location of Indian firms' foreign acquisitions," *MPRA Paper*, No. 24018, University Library of Munich, 2010.

[20] Some experts argue that Indian MNEs "imported" the global financial crisis into India, due to their heavy reliance on foreign borrowings. See, for example, Jahangir Aziz, Ila Patnaik and Ajay Shah, "The current liquidity crunch in India: diagnosis and policy response," Technical report for NIPFP DEA Research Program, October 28, 2008, available at: http://www.mayin.org/ajayshah/PDFDOCS/APS2008_crisis_and_response.pdf

and an overall drop in this sector's share (annex table 3).[21] Between 2007 and 2009, the number of overseas M&As plummeted from 243 to 82; the total cross-border M&A value fell from US$ 32.8 billion to US$ 1.4 billion; and the average M&A size decreased from US$ 135 million in 2007 to US$ 17 million in 2009. [22]

Given the minimal impact of the worldwide financial and economic crisis on the Indian economy, which remained on its strong economic growth path, Indian MNEs have weathered the crisis well, and have once again begun to make sizeable foreign investments. Indian firms are more bullish in their outward investment plans than MNEs of other BRIC countries. Despite the crisis, Indian MNEs do not seem to plan a reduction of outward investments, in contrast to their competitors in other countries.[23]

The policy scene

Three important regulatory developments have underpinned India's emergence as a global outward investor. First, the number of sectors/activities requiring industrial licensing was reduced in a calibrated manner. This means that Government-determined production quotas were lifted, permitting Indian firms to produce what and how much they want, using the technology they want, without government planners on their backs. Licensing is now applicable only to 14 manufacturing activities through periodical amendments to the Industries (Development & Regulation) Act, 1951.

Second, ongoing liberalizations of India's historically restrictive OFDI regime encouraged outward FDI. The introduction of the Foreign Exchange Management Act (2000) brought about significant policy liberalization. Indian firms were allowed to invest in 100% subsidiaries, in any line of business, in any country, and the earlier investment limit of US$ 50 million over a three-year period began to apply annually. Before that Act, Indian firms were only permitted to make overseas investments in their core business in developing countries and only with Governmental approval. Indian companies have also been relieved of foreign exchange matching obligations. Earlier, Indian firms had to compensate for foreign exchange outflows with matching export earnings. They are now allowed to borrow abroad to finance overseas investments, and to use domestic bank borrowing for the same purpose. In 2005, they were allowed to float international special purpose vehicles to finance foreign acquisitions and, in 2006, the prudential limit on bank financing was raised from 10% to 20% of overseas investment. The outward investment cap is now four times the adjusted net worth invested in foreign affiliates. The cap was just US$ 2 million in the 1990s.

Third, capital market liberalization enabled foreign investors to buy Indian stocks and Indian firms to borrow money internationally (even for overseas investments). This radically cut the cost of capital,[24] made it far more available[25] and transformed the Indian industry's standing in global financial markets.[26]

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[21] Jaya Prakash Pradhan, "Indian FDI falls in global crisis: Indian multinationals tread cautiously," *Columbia FDI Perspectives No. 11*, August 17, 2009.
[22] *Grant Thornton Deal Tracker* (New Delhi: 2009).
[23] Multilateral Investment Guarantee Agency, *World Investment and Political Risk 2009*, available at: http://www.miga.org/documents/flagship09ebook.pdf
[24] Interest rates averaged 18% during the 1980s, due to minimal competition and capital controls.

Bilateral investment treaties (BITs) and double taxation treaties (DDTs) have also played a role, particularly in the case of small firms.[27] While India had 40 BITs in force in 2000, it now has 68, and is negotiating 24 more. The number of DDTs has jumped from 66 to 79 over the same period.

Conclusions

The growth of Indian OFDI is expected to continue. The sectoral and regional distribution of Indian outward FDI is broadening. The liberalization of such sectors as medical services, defence and education is prompting Indian firms to explore overseas acquisitions to build both domestic strength and global presence. It can also be expected that foreign investments in the natural resource sectors will surge, given the continuing difficulty in acquiring large tracts of land for agricultural purposes and the growing resistance to large mining projects in India.

Indian MNEs will continue to invest in developed-country based companies, particularly now that they are more affordable due to the global crisis.[28] In addition, Indian MNEs are seeking more strategic investments in emerging markets, particularly in Africa.[29] According to a recent report, India might be the largest source of emerging market MNEs by 2024, with 20% more new MNEs than China, and over 2,200 Indian firms are likely to invest overseas in the next fifteen years.[30]

Additional readings

Hansen, Michael W., "Outward foreign direct investment from India: theory and evidence," CBDS Working Paper No. 8 (Copenhagen: Copenhagen Business School, 2007), available at: www.hdl.handle.net/10398/6754.

India Brand Equity Foundation, *Going Global: Indian Multinationals* (New Delhi: 2006), available at: http://ibef.org/artdisplay.aspx?cat_id=410&art_id=13725.

Indian School of Business and Vale Columbia Center on Sustainable International Investment, "The growth story of Indian multinationals" (New York, 2009), available at: www.vcc.columbia.edu/files/vale/documents/India_2009.pdf.

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[25] Between 2003 and 2007, foreign institutional investors, keen to profit from India's accelerating growth, poured over US$ 50 billion into Indian stocks, causing share prices to quintuple.

[26] Due to the quintupling of share prices, over 80 Indian firms had market capitalizations of above US$ 1 billion by early 2008, making it easy for them to raise money overseas to finance large international investments.

[27] Pradhan and Singh (2010), *op. cit.* The authors find that smaller firms are particularly influenced by double taxation agreements.

[28] According to a study by Virtus Global Partners, half of Indian acquisitions in the US in the past two years have been buyouts of distressed assets, whose parent firms were badly hit by the global crisis. Virtus Global Partners (2010), *US-bound Acquisitions by Indian Companies,* vol.3.2 (New York, July 2010).

[29] Over the past few months, Indian telecommunications and consumer goods firms have begun to make large African investments, both greenfield investments and cross-border M&As. Among these are the Bharti, Essar and Godrej groups.

[30] PricewaterhouseCoopers, "Emerging multinationals," April 2010, available at: http://www.pwc.fr/assets/files/pdf/2010/04/pwc_emerging_multinationals.pdf

Kumar, Nagesh, "Internationalization of Indian enterprises: patterns, strategies, ownership advantages and implications," *RIS Discussion Paper*, No 140 (New Dehli: 2008), available at: www.ris.org.in/dp140_pap.pdfhttp://www.ris.org.in/dp140_pap.pdf.

Sauvant, Karl P. and Jaya Prakash Pradhan, with Ayesha Chatterjee and Brian Harley, eds., *The Rise of Indian Multinationals: Perspectives on Indian Outward Foreign Direct Investment* (New York: Palgrave, 2010).

Pradhan, Jaya Prakash, *Indian Multinationals in the World Economy: Implications for Development* (New Delhi: Bookwell Publishers, 2008).

Useful websites:

For OFDI statistics: Website of the Department of Economic Affairs (International Cooperation Division), Ministry of Finance, Government of India, available at: www.finmin.nic.in/the_ministry/dept_eco_affairs/icsection/icsec_index.html

For an archive of press articles on Indian outward investment: Website of the India Brand Equity Foundation, which is a collaboration between the Ministry of Commerce and Industry and the Confederation of Indian Chambers of Commerce, available at: www.ibef.org. Its section on Indian OFDI can be accessed at: www.ibef.org/economy/indianinvestmentsabroad.aspx. Brief descriptions of 36 of India's leading outward investors can be accessed at: www.ibef.org/artdisplay.aspx?cat_id=410&art_id=13725

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

Statistical annex

Annex table 1. India: outward FDI stock, 1990, 2000, 2008, 2009

(US$ billion)

Economy	**1990**	**2000**	**2008**	**2009**
India	0	2	62	77
Memorandum: comparator economies				
Brazil	41	52	162	158
China	4	28	148	230
Russia	-	20	203	249
Singapore	8	57	207	213

Source: UNCTAD's FDI/TNC database, available at: http://stats.unctad.org/fdi/.

Annex table 2. India: outward FDI flows, 2000-2009

(US$ billion)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
India	0.5	1.4	1.7	1.9	2.2	3.0	14.3	17.2	18.5	14.9
Memorandum: comparator economies										
Brazil	2.3	-2.3	2.5	0.2	9.8	2.5	28.2	7.1	20.5	-10.1
China	0.9	6.9	2.5	2.9	5.5	12.3	21.2	22.5	52.2	48.0
Russia	3.2	2.6	3.5	9.7	13.8	12.8	23.2	45.9	56.1	46.1
Singapore	5.9	20.0	2.3	2.7	10.8	11.2	18.8	27.6	-8.5	6.0

Source: UNCTAD's FDI/TNC database, available at: http://stats.unctad.org/fdi/.

Annex table 2a. India: outward FDI flows, 1991-1999

(US$ billion)

Economy	1991-1996[a]	1997	1998	1999
India	0.1	0.1	0.1	0.1
Memorandum: comparator economies				
Brazil	0.5	1.1	2.8	1.7
China	2.6	2.6	2.6	1.8
Russia	0.5	3.2	1.3	2.2
Singapore	3.0	9.0	0.4	5.4

Source: UNCTAD's FDI/TNC database, available at: http://stats.unctad.org/fdi/.

[s] Annual average.

Annex table 3. India: distribution of outward FDI flows, by economic sector and industry,[a] selected years

(US$ billion, and percent of total outflows)

Sector/industry	2000/2001	2004/2005	Cumulative 2000-01 to 2004-05	2008/2009	2009/2010	Cumulative 2005-06 to 2009-10
Total	1.4	2.8	10.1	22.1	14.3	77.5
Manufacturing	0.4 (27%)	2.0 (72%)	6.4 (63 %)	10.4 (47%)	6.0 (42%)	31.9 (41%)
Financial services	0.0 (1%)	0.0 (0%)	0.1 (0.1%)	0.3 (1%)	0.1 (0.7%)	0.7 (0.9%)
Non-financial services	0.9 (63%)	0.6 (21%)	2.7 (27%)	1.2 (6%)	1.5 (10.5%)	14.4 (19%)
Trade	0.1 (7%)	0.1 (2%)	0.4 (4%)	1.9 (9%)	0.8 (5.6%)	25.5 (33%)
Others	0.0 (2%)	0.2 (5%)	0.4 (4%)	8.3 (37%)	5.9 (41.3%)	4.8 (6%)

Source: Indian Ministry of Finance www.finmin.nic.in/the_ministry/dept_eco_affairs/icsection/icsec_index.html

[a] This table relies on investment approval data, since the Government does not yet publish a sectoral breakdown of outflows. Data are by fiscal year (1 April – 31 March).

Annex table 4a. India: geographical distribution of outward FDI flows,[a] 1996-2010

Region/economy	Shares in %			US$ million		
	1996-2002	**2002-09**	**2009-10**	**1996-2002**	**2002-09**	**2009-10**
World	**100**	**100**	**100**	**7,525**	**75,985**	**10,623**
Developed economies	**35**	**52**	**32**	**5,267**	**39,487**	**3,384**
Europe	**11**	**40**	**20**	**827**	**30, 715**	**2,134**
European Union	11	32	17	806	24,199	1,844
Austria	1	0	0	78	91	7
Cyprus	-	6	5	-	4,679	556
Ireland	1	0	0	44	91	2
Italy	1	1	0	42	530	35
Netherlands	2	14	6	158	10,714	591
United Kingdom	5	7	3	411	5,624	277
Other European economies	0	9	3	21	6,516	290
Channel Island	0	7	2	14	5,446	158
Switzerland	0	1	1	7	1,070	133
North America	**21**	**10**	**11**	**1,546**	**7,185**	**1191**
Canada	0	1	0	6	568	47
United States	21	9	11	1541	6,617	1,144
Other developed economies	**3**	**2**	**1**	**248**	**1,587**	**59**
Australia	0	1	0	7	799	12
Bermuda	3	1	0	233	746	46
Japan	0	0	0	6	23	2
Developing economies	**65**	**48**	**68**	**-**	**36,498**	**7,239**
Africa	**10**	**12**	**14**	**750**	**9,321**	**1,521**
North Africa	1	3	0	54	2739	9
Egypt	0	1	0	9	821	7
Libya	0	0	0	13	143	1
Morocco	0	0	-	33	36	-
Nigeria	0	0	-	7	301	-
Sudan	-	2	-	-	1,191	-
West Africa	0	1	0	29	542	11
Central Africa	-	0	-	-	85	-
East Africa	9	8	14	638	6342	1430
Mauritius	8	8	13	618	6,165	1,426

Kenya	0	0	-	13	149	-
Southern Africa	0	0	1	29	154	72
South Africa	0	0	1	22	118	69
Asia and Oceania	**21**	**28**	**46**	**1544**	**21,032**	**4,923**
Asia	**21**	**28**	46	1544	**21,032**	**4,923**
West Asia	5	4	7	362	2,817	707
Oman	3	0	0	205	271	14
United Arab Emirates	2	3	6	110	2,232	665
East Asia	6	3	1	484	2,003	74
China	1	1	0	38	949	24
Hong Kong (China)	6	1	1	445	999	49
South Asia	3	1	0	224	654	47
South East Asia	6.3	20.5	38.6	474.5	15,559.0	4096.5
Singapore	2	19	38	153	14,384	4,017
Vietnam	3	0	0	229	341	2
Oceania	-	-	-	-	-	-
South East Europe/ Commonwealth of Independent States	**24**	**5**	**1**	**1,787**	**3,448**	**76**
South East Europe	-	-	-	-	-	-
CIS	24	5	1	1,787	3,448	76
Russia	23	4	1	1,749	3,106	73
Latin America and Caribbean	**11**	**4**	**7**	**821**	**2,697**	**718**
South and Central America	**0**	**1**	**0**	**31**	**766**	**46**
South America	0	1	0	30	622	14
Brazil	0	1	0	13	508	11
Uruguay	-	0.1	-	-	91	-
Central America	0	0	0	1	144	32
Caribbean and other America	11	3	6	**790**	**1930**	672
British Virgin Islands	10	2	5	777	1,627	567
Cayman Islands	0	0	1	12	221	104

*Source***:** Author's calculations, using data published by the Department of Economic Affairs in the Indian Ministry of Finance.

[a] This table relies on investment approval data, since the Indian Government does not yet publish a geographic breakdown of outward FDI flows. Data are by fiscal year (April 1 – March 31).

Annex table 4b. India's top 15 outward FDI destinations,[a] 1996-2002 and 2002-2009

1996-2002			2002-2009		
Economy	**Outflows received** (%)	**Outflows received** (US$ billion)	**Economy**	**Outflows received** (%)	**Outflows received** (US$ billion)
1. Russia	23.8	1.7	1. Singapore	20.8	14.2
2. United States	20.5	1.5	2. Netherlands	15.4	10. 6
3. British Virgin Islands	10.3	0.8	3. Mauritius	8.1	5. 6
4. Mauritius	8.2	0.6	4. Channel Island	7.9	5.4
5. Hong Kong (China)	5.9	0.4	5. United Kingdom	7.6	5.2
6. United Kingdom	5.5	0.4	6. United States	7.4	5. 1
7. Bermuda	3.1	0.2	7. Cyprus	6.8	4. 7
8. Vietnam	3.0	0.2	8. United Arab Emirates	3.1	2.1
9. Oman	2.7	0.2	9. Russia	2.0	1. 4
10. Netherlands	2.1	0.1	10. Sudan	1.7	1. 2
11. Singapore	2.0	0.1	11. Switzerland	1.6	1. 1
12. United Arab Emirates	1.5	0.1	12. China	1.3	0.9
13. Austria	1.0	0. 1	13. British Virgin Islands	1.2	0. 9
14. Nepal	0.9	0. 1	14. Egypt	1.2	0.8
15. Sri Lanka	0.8	0. 1	15. Denmark	1.2	0.8

Source: Author's calculations, using data published by the Department of Economic Affairs in the Indian Ministry of Finance,

[a] Rankings are based on the cumulative stock of outward investment approvals for each period.

Annex table 5. India: principal foreign affiliates, ranked by foreign assets, 2006

(US$ million)

Rank	Name	Industry	Foreign assets
1	Oil and Natural Gas Corporation (ONGC)	Oil and gas operations	4,700
2	Tata Group of companies	Conglomerate	4,200
3	Videocon Industries	Conglomerate	1,600
4	Ranbaxy Laboratories	Pharmaceuticals	1,000
5	Dr. Reddy's Laboratories	Pharmaceuticals	870
6	HCL Technologies	IT services	780
7	Hindalco Industries	Aluminum manufacturer	580
8	Sun Pharmaceuticals	Pharmaceuticals	280
9	Reliance Industries	Oil and gas	250
10	Suzlon Energy	Power and energy	140
11	Larsen and Toubro	Engineering and construction	130
12	WIPRO Technologies	IT services	130
13	Bharat Forge	Auto component solution provider (forging)	110
14	Patni Computer Systems	IT services	81
15	Hexaware Technologies	IT services	70
16	Biocon Limited	Pharmaceuticals	50
17	i-Gate Global Solutions	IT services	49
18	Max India Limited	Conglomerate	37
19	Mahindra & Mahindra	Automobile manufacturer	35
20	NIIT Limited	IT services	31
21	Piramal Healthcare Limited	Pharmaceuticals	26
22	Birlasoft (India) Limited	IT services	21
23	Raymond Limited	Fabric manufacturer	18
24	Infosys Technologies Limited	IT services	9

Source: Indian School of Business' and Vale Columbia Center on Sustainable International Investment's ranking of Indian multinationals, 2009, available at http://www.vcc.columbia.edu/files/vale/documents/India_2009.pdf

Annex table 6. India: main M&A deals, by outward investing firm, 2007-2009

Rank	Year	Acquiring company	Target company	Target industry	Target economy	Shares acquired (%)	Value (US$ billion)
1	2007	Tata Steel	Corus Goup	Metals and mining	United Kingdom	100%	12.2
2	2007	Hindalco Industries	Novelis	Metals and mining	Canada	100%	6.0
3	2008	Oil and Natural Gas Commission	Imperial Energy	Energy and power	United Kingdom	100%	2.8
4	2008	Tata Motors	Jaguar and Land Rover	Automotives	United States	100%	2.3
5	2007	Suzlon Energy	REpower Systems	Energy and power	Germany	66%	1.7
6	2007	Essar Global	Algoma	Metals and mining	Canada	100%	1.6
7	2007	Tata Power	Kaltim Prima Coal	Metals and mining	Indonesia	100%	1.3
8	2007	United Spirits	Whyte and Mackay	Food and beverage	United Kingdom	100%	1.2
9	2008	GMR Infrastructure	Intergen	Energy and power	Netherlands	50%	1.1
10	2008	Tata Chemicals	General Chemical Industrial	Plastic and chemicals	United States	100%	1.1
11	2007	JSW Steel	Jindal United Steel/ Saw Pipes	Metals and mining	United States	90%	0.9
12	2008	HCL-EAS	Axon Group	IT & ITES	United Kingdom	100%	0.8
13	2007	Wipro Technologies	Infocrossing	IT & ITES	United States	100%	0.6
14	2007	Rain Calcining	CII Carbon	Energy and power	United States	100%	0.6
15	2007	DS Constructions[a]	Globeleq (Latin America business)	Energy, power, and infrastructure	Bermuda	100%	0. 6
16	2008	Tata Consultancy Services	Citigroup Global Services	IT & ITES	India	100%	0.5
17	2007	Videocon/Bharat Petro Resources	Encana Brasil Petroleo	Energy and power	Brazil	50%	0.4
18	2007	Firstsource Solutions	MedAssist Inc	IT & ITES	United States	100%	0.3
19	2007	Reliance Communications	Yipes Holding Inc	Telecommunications	United States	100%	0.3
20	2009	Kiri Dyes and Chemicals	DyStar Group (selective assets)	Plastics and chemicals	Germany	100%	0. 2
21	2009	Essar Group	Warid Telecom (Uganda/Congo ops)	Telecommunications	Uganda/ Congo	51%	0. 2
22	2009	Inox India	Cryogenic Vessel Initiatives	Logistics	United States	51%	0. 1
23	2009	S. Kumar's	Hartmarx Corporation	Textiles and apparels	United States	100%	0.1

Source: Grant Thornton Deal Tracker (2007, 2008, 2009); Thomson One Banker, Thomson Reuters; and press reports.

[a]DS Constructions undertook this acquisition in a 50:50% JV with Israel Corporation.

Annex table 7. India: top 25 greenfield projects, by outward investing firm, 2007-2009

(US$ million)

Rank	Year	Investing company	Sector	Host economy	Estimated / announced transaction value
1	2008/09	National Thermal Power Corporation	Coal, oil and natural gas	Iran	5,150
2	2007	GAIL India	Chemicals	Saudi Arabia	4,150
3	2008	Tata Group	Metals	Vietnam	3,500
4	2008	ONGC	Coal, oil and natural gas	Iran	3,000
5	2006	ONGC	Coal, oil and natural gas	Iran	2,000
6	2008	Era Group	Coal, oil and natural gas	Zambia	1,800
7	2007	Mahindra Satyam *(earlier known as Satyam Computers Services)*	Software and ITES	Malaysia	1,714[a]
8	2009	Essar Group	Coal, oil and natural gas	Kenya	1,701[a]
9	2007	Videocon Industries	Consumer Electronics	Poland	1,700
10	2007	Ispat Industries	Metals	Philippines	1,600
11	2008	Essar Group	Metals	United States	1,600
12	2007	Videocon Industries	Consumer Electronics	Italy	1,576
13	2008	National Aluminium Company	Coal, oil and natural gas	Indonesia	1,500
14	2008/09	ONGC	Coal, oil and natural gas	Iraq	1,450
15	2008	SKIL Infrastructure	Real estate	Oman	1,200
16	2007	Ispat Industries	Coal, oil and natural gas	Montenegro	1,100
17	2007	Reliance Industries	Chemicals	Egypt	1,000
18	2007	Jindal Organisation	Metals	United States	1,000
19	2008	BSEL Infrastructure Realty	Real estate	Malaysia	940
20	2007	Tata Group	Automotive OEM	Argentina	905
21	2006/07	Darvash Group	Metals	United Arab Emirates	817
22	2008	Indian Farmers' Fertiliser Cooperative (IFFCO)	Minerals	Australia	800
23	2009	Sanghi	Coal, oil and natural gas	Kenya	749[a]
24	2008	Jindal Organisation	Metals	Indonesia	700
25	2007	Krishak Bharati Cooperative	Chemicals	Oman	675[a]

*Source***:** fDi Intelligence, a service from the Financial Times Ltd.

[a] Estimated.