Growth of Corporate Investment in 2000-01*

Introduction

Capital investment is essential for modernisation of productive capacity and adding new capacity for current and future industrial growth. Projections of capital investment in the private corporate sector provide important insights into the business expectations about performance of economy in general and the manufacturing sector in particular.

An attempt has been made in this study to capture the likely growth of corporate investment based on data on phasing details of projects sanctioned assistance by the major all-India financial institutions and also a few select top public sector banks. The approach is essentially based on the methodology developed by Dr. C. Rangarajan in an article captioned "Forecasting Capital Expenditure in the Corporate Sector" published in the December 13, 1970 issue of the 'Economic and Political Weekly'.

The study is organized into three sections. Section I elaborates on the methodology of projection. Limitations and challenges being faced in making the projections are dealt with in Section II. Salient features of the corporate projects sanctioned assistance by the major financial institutions and public sector banks during 1999–2000 according to industry, size of investment, location of project etc. are presented in Section III.

SECTION I

Methodology of projection

The method of estimating corporate investment should ideally be based on the available means of financing an investment project. Where capital markets are not well-developed and financial instruments available for intermediation are limited, it is best to meet the project cost by internal accruals and mostly loans from term lending institutions, particularly for corporates with large project outlays. The bulk of the major projects in the Indian private corporate sector have been financed by the leading all India term lending institutions namely the Industrial Development Bank of India (IDBI), the Industrial Credit and Investment Corporation of India (ICICI), the Industrial Finance Corporation of India (IFCI), and the Industrial Investment Bank of India (IIBI). The Infrastructure Development Finance Company Ltd. (IDFC) and some of the major public sector banks have also started financing some of the major corporate projects.

Since a majority of large projects taken up by the private corporate sector in India approach the term lending institutions for financing the project cost, at least partially, the phasing details of capital expenditure available in the project reports submitted by them would provide a base for estimation of likely capital expenditure in the private corporate sector.

In the 1990s, with the introduction of a number of far reaching economic reforms, the financial and corporate sectors have undertaken major initiatives towards re-structuring and re-engineering. As a consequence, the financing pattern of corporate projects has undergone some changes. By the mid 1990s, some corporate units could tap other resources for funding their projects. The concept of universal banking has also started to take roots. Financial institutions have begun providing short-term capital for inventory financing purposes, while some leading commercial banks have begun to participate in the financing of large projects. It is also possible that complementarity between long-term and short-term sources of funds has come into play in the Indian private corporate sector, in the sense that a portion of the short-term funds is used for long-term purposes, and *vice versa*. Thus, there seems to be some overlap of the purpose of deployment of these two types of funds. For a more detailed discussion on the appropriateness of the methodology adopted and a review of alternative approaches for projection of corporate investment, a reference may be made to the previous study for 1999–2000[1] .

The financial sector reforms in the 1990s have, in effect, enlarged the sources of financing corporate projects; in particular, commercial banks have, in recent years, started providing financial support to corporate projects. In pursuit of the objective of higher coverage, an endeavour has been made, in the present study, to cover the projects financed by the IDFC, the State Bank of India, and four major public sector banks, namely, Bank of India, Punjab National Bank, Bank of Baroda and Syndicate Bank.

SECTION II

Assumptions and Limitations

The estimation of capital investment in this study is based on the assumption that most of the companies in the private corporate sector approach the term lending institutions and major public sector banks for financing their projects. The capital costs of the projects assisted by term lending institutions and major public sector banks to these companies, by and large, reflect the trends in investment pattern of the private corporate sector.

Aggregate capital expenditure on assisted projects in any given year comprises i) expenditure on all projects sanctioned in the previous years, and ii) expenditure on projects sanctioned in that and subsequent years. When we project the aggregate capital expenditure for the latest year, the data relating to the first component are available from the phasing details of the projects, whereas for the second component the estimate is essentially in the nature of a projection as we do not have the details of the data on the projects sanctioned in the reference year. In the judgemental estimation, the factors that are taken into account are the major operating factors such as availability of necessary inputs, the performance of the infrastructure sectors like power, transport and coal and the state of industrial relations. In other words the estimate of investment in the current year is judgemental depending upon the investment 'climate' prevalent in that year.

SECTION III

As already elaborated, this study attempts to estimate the likely growth of corporate investment in the reference year 2000–01, solely based on the envisaged phasing of capital projects assisted by term lending institutions and major commercial banks. The steps that were employed are the following. The basic premise for arriving at the broad idea of corporate investment is that, by suitably aggregating the data on the phasing of capital expenditures over the individual years for the duration of projects, it should, at the beginning of any year, be possible to indicate the investment that is likely to have been made in the course of that year on all the projects for which assistance has been sanctioned by the respective financial institutions/ banks, upto the end of the previous year.

Accordingly, for the current study, data on the phasing of capital expenditures on projects sanctioned by the all-India financial institutions and major public sector banks were collected and aggregated. Where a company approached more than one institution for project assistance, care was taken to avoid duplication in the compilation. Revisions introduced subsequent to granting of loans were also incorporated based on the data available with the term lending institutions; such consolidated data year wise are presented in Table l. When horizontally read, it shows the capital expenditures that are expected to be incurred in various years on projects for which assistance was sanctioned in a given year. Vertically read, it shows the capital expenditures that are expected to be incurred in a year on projects to which assistance had been sanctioned in that year and in previous years.

Apart from the project expenditures, the companies also report the normal capital expenditures likely to be incurred in subsequent years. These expenditures are added to the project expenditures so as to obtain total capital expenditure planned by the private corporate sector. Besides providing project loans, assistance is also provided by the IDBI under Bills Rediscounting Scheme.

Total sanctions under this scheme have been collected separately and incorporated in the investment estimates. Moreover, IDBI was a nodal agency for sanctioning assistance under the Technical Development Fund Scheme (TDFS). However, because of liberalisation of import of capital goods, this scheme operates mainly towards import of technology. As a result, no amount under TDFS was reported to have been sanctioned by IDBI from 1995-96 onwards.

TABLE 1: PHASING OF CAPITAL EXPENDITURE OF PROJECTS SANCTIONED ASSISTANCE BY TERM LENDING INSTITUTIONS

(Rs. crore

Year of Sanction	**1989-90**	**1990-91**	**1991-92**	**1992-93**	**1993-94**	**1994-95**	**1995-96**	**1996-97**	**1997-98**	**1998-99**	**1999-2000**	**2000-0**
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**1**
Upto March 1990	11,645	11,738	6,804	3,395	2,723	1,583	1,620	1,399	1,205	309		
1990-91	3,913	5,452	3,969	2,207	912	704	711	717	662	439	90	
1991-92	5	1,311	8,276	8,103	4,746	1,387	720	648	600	540	454	
1992-93		19	527	11,492	10,041	3,074	2,677	762	787	661	527	
1993-94				1,121	13,319	13,714	6,943	1,885	708	564	752	76
1994-95					837	18,511	22,331	14,315	6,859	1,366	441	45
1995-96					10	2,519	26,531	24,442	12,590	3,971	892	77
1996-97						69	2,326	21,917	20,044	8,592	2,800	58
1997-98						8	1,165	4,444	23,621	23,989	14,523	7,75
1998-99					313	414	657	1,408	6,561	25,731	24,112	13,98
1999-2000							2	13	256	8,297	13,557	15,48
Total upto 1999-2000	**15,563**	**18,520**	**19,576**	**26,318**	**32,901**	**41,982**	**65,683**	**71,950**	**73,892**	**74,459**	**58,148**	**39,80**
2000-01											3,500$	22,000
Total	**15,563**	**18,520**	**19,576**	**26,318**	**32,901**	**41,982**	**65,683**	**71,950**	**73,892**	**74,459**	**61,648**	**61,80**
TDF & BRS@	453	559	308	459	461	216	191	280	192	108	80	100

Grand Total #	**16,016**	**19,079**	**19,884**	**26,777**	**33,362**	**42,198**	**65,874**	**72,230**	**74,084**	**74,567**	**61,728**	**61,90**
Percentage change	98.2	19.1	4.2	34.7	24.6	26.5	56.1	9.6	2.6	0.7	-17.2	0.3(E

$ Estimated capital expenditures incurred in 1999-2000 and likely to be incurred in 2000-01 on the projects to be sanctioned in 2000-01 and 2001-02.

E Estimated

@ Technical Development Fund and Bills Rediscounting Scheme.

The estimates of Corporate Investment here are *ex ante* and differ in scope and methodology from the *ex post* estimates of corporate fixed investment as available in National Accounts Statistics (NAS). See also the Technical Note attached to 'Growth of Corporate Investment: An attempt at projection for 1999-2000' published in the Monsoon 1999 issue of the Reserve Bank of India Occasional Papers for details.

Recently the Government of India announced a special purpose scheme namely the Technology Upgradation Fund Scheme (TUFS), for modernisation of textile, jute and cotton ginning and pressing industries. The scheme became operational for 5 years with effect from 1st April 1999 and IDBI has been designated as the nodal agency under the scheme for the textile industry (excluding SSI) and is co-ordinating with all other institutions/ banks as well as government agencies. The TUFS, however, operates as an integral part of a bigger project undertaken by the companies in the textile industry for modernisation and upgradation of their production units, unlike the earlier Technology Development Fund Scheme. As the amount disbursed under the TUFS towards meeting capital expenditures by the target corporates in the textile industry would be, by and large, covered in the project finance data collected from the major AIFIs and banks, the total amount disbursed under the TUFS is not included separately.

Project expenditure during 1999-2000

The details of phasing of capital expenditure in each of the years 1990-91 to 2000-01 in respect of projects sanctioned by the Financial Institutions and top selected commercial banks are presented in the Table 1. Capital expenditure of Rs.44,591 crore was expected to have been incurred during 1999-2000 in respect of the projects sanctioned up to 1998-99. The project proposals submitted during 1999-2000 envisaged capital expenditure of Rs.13,557 crore during that year. In addition, it is expected that fresh project assistance during 2000-01, would cover a few large projects where some capital expenditure is already incurred in 1999-2000. This is placed at around Rs.3,500 crore. Thus, a total of Rs.61,648 crore would have been incurred as investment expenditure during 1999-2000. Besides, the term lending institutions meet the investment requirements of the companies under the Bills Rediscounting Scheme. Under this scheme, Rs.80 crore was disbursed during 1999-2000. The total capital expenditure that might have been incurred during 1999–2000 thus worked out to Rs.61,728 crore, as compared with Rs.74,567 crore in 1998–99, the decline being 17.2 per cent.

Projects sanctioned during 1999-2000

This study covers 373 projects sanctioned by term lending institutions and banks during 1999-2000 with an aggregate project cost of Rs.53,581 crore, spread over a nine year period spanning 1995-96 to 2003-04. The number of projects covered for 1998-99 was higher at 620, with much higher aggregate project cost at Rs.79,181 crore. The normal capital expenditure of the 373 projects amounted to Rs.2,825 crore phased out over the eight year period 1998–99 to 2005–06. The total capital expenditure of these projects amounted to Rs.56,406 crore (Table 2).

TABLE 2: PHASED PROJECT AND NORMAL CAPITAL EXPENDITURE OF PROJECTS SANCTIONED IN 1998-99 AND 1999-2000

(Rs. crore)

Project Expenditure	1993-94 to 1997-98	1998-99	1999-2000	2000 – 01	2001 – 02	2002 – 03	2003 – 04	2004-05 to 2006-07	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
I : 1998-99				**Number of projects: 620**					
i) Phased capital exp	9,339	25,320	23,620	13,486	4,664	1,618	1,134	—	79,181
	(11.8)	(32.0)	(29.8)	(17.0)	(5.9)	(2.0)	(1.4)		(100.0)
ii) Normal capital exp	14	411	492	499	528	568	1,575	—	4,087
Total	9,353	25,731	24,112	13,985	5,192	2,186	2,709		83,268
	(11.4)	(30.9)	(29.0)	(16.8)	(6.2)	(2.6)	(3.2)		(100.0)
II : 1999-2000				**Number of projects: 373**					
i) Phased capital exp	271	8,214	13,357	15,095	10,333	6,114	197	—	53,581
	(0.5)	(15.3)	(24.9)	(28.2)	(19.3)	(11.4)	(0.4)		(100.0)
ii) Normal capital exp	—	83	200	394	420	484	498	746	2,825
Total	**271**	**8,297**	**13,557**	**15,489**	**10,753**	**6,598**	**695**	**746**	**56,406**
	(0.5)	**(14.7)**	**(24.0)**	**(27.5)**	**(19.1)**	**(11.7)**	**(1.2)**	**(1.3)**	**(100.0)**

N.B. (—) : Nil/negligible.

The phasing details of the projects sanctioned during 1999–2000 showed that a share of 24.0 per cent (Rs.13,557 crore) in total expenditure was proposed to be incurred in 1999-2000 and another 27.5 per cent (Rs.15,489 crore) during 2000–01. This phasing pattern differed significantly from that of the projects sanctioned in 1998–99. In respect of projects sanctioned in 1998–99, 30.9 per cent of the total expenditure was planned to be spent in the initial year of sanction *i.e.*, 1998–99 and another 29.0 per cent in the following year. It may be mentioned that in respect of projects sanctioned assistance in 1999–2000, expenditure in the preceding year 1998–99, amounted to Rs.8,297 crore accounting for 14.7 per cent of total cost of these projects.

A discernable feature of phasing of projects in the post-liberalisation period is that, some of the corporates have been investing considerably large amounts in capital expenditure even before approaching financial institutions for assistance. It is possible that these funds were from their own resources, or were obtained as short-term funds from banks/ financial institutions on a roll over basis.

In fact, the share of expenditure incurred on projects in the year prior to the year of sanction has been on the rise. The share rose from 5.5 per cent in 1997-98 to 7.9 per cent in 1998-99 and further up to 14.7 per cent in 1999-2000 (Table 3). This aspect, has also to be factored in while arriving at the one year ahead forecast of corporate investment.

TABLE 3: CAPITAL EXPENDITURE IN THE YEAR OF SANCTION AND THE PRECEDING YEAR

(Rs. crore)

Year of sanction	Number of projects	Capital expenditure				
		Amount			Per cent share in total project cost	
		Aggregate project cost	Year prior to the year of sanction	Year of sanction	Year prior to the year of sanction	Year of sanction
1	2	3	4	5	6	7
1996-97	1117	58,940	2,326	21,917	3.9	37.2
1997-98	899	81,533	4,444	23,621	5.5	29.0
1998-99	620	83,268	6,561	25,731	7.9	30.9
1999-2000	373	56,406	8,297	13,557	14.7	24.0

Industrial pattern of projects

The industrial classification of projects adopted for this study is based on the industrial activity as indicated in the project reports. Partly induced by policy, infrastructure projects comprising power, telecom, storage, roads and ports (41 projects) predominated with an aggregate cost of Rs.26,750 crore, accounting for as much as 49.9 per cent as against 48 projects in 1998-99 with a share of 53.1 per cent (Table 4); power sector (21 projects) alone accounted for 29.7 per cent.

TABLE 4: INDUSTRY-WISE DISTRIBUTION OF PROJECTS AND THEIR COST, 1998-99 AND 1999-2000

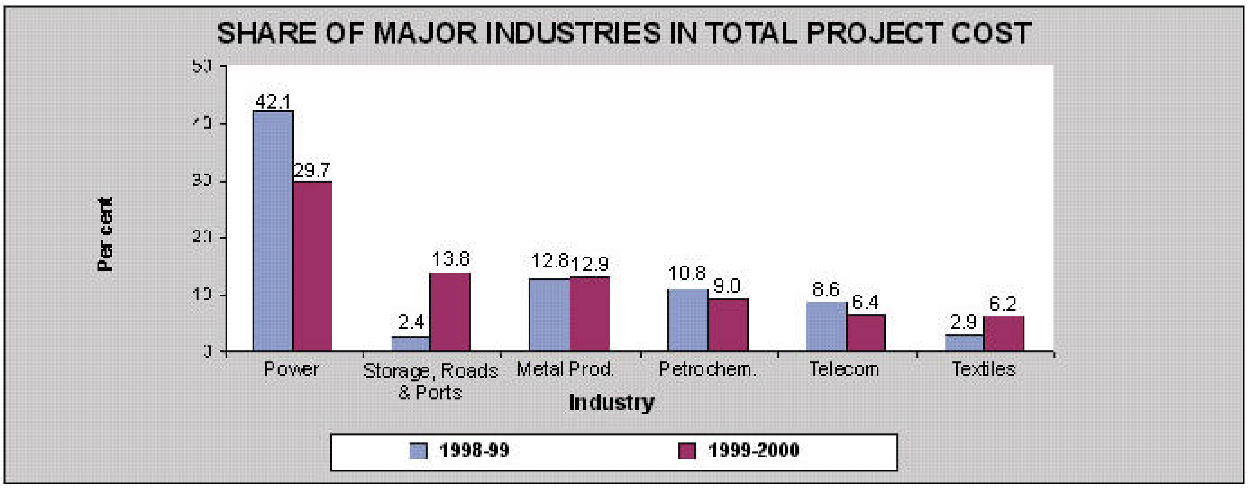
(Rs.crore)

Industry	1998-99			1999-2000		
		Project cost			Project cost	
	Number of projects	Amount	Per cent share	Number of Projects	Amount	Per cent share
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Infrastructure (i + ii + iii)	**48**	**42,080**	**53.1**	**41**	**26,750**	**49.9**
i) Power	27	33,360	42.1	21	15,925	29.7
ii) Telecom	13	6,825	8.6	4	3,409	6.4
iii) Storage, roads and ports	8	1,895	2.4	16	7,416	13.8
2. Engineering (i + ii + iii + iv)	**115**	**15,761**	**20.0**	**69**	**8,508**	**15.9**
i) Metals and metal products	56	10,100	12.8	23	6,917	12.9
ii) Automobiles and auto-ancilliaries	35	4,955	6.3	22	566	1.1
iii) Electrical equipments	12	252	0.3	14	380	0.7
iv) Non-electrical machinery	12	454	0.6	10	644	1.2
3. Chemicals (i + ii + iii)	**98**	**10,574**	**13.3**	**35**	**4,940**	**9.2**
i) Petrochemicals and chemicals	72	8,580	10.8	27	4,823	9.0
ii) Pharmaceuticals and drugs	23	230	0.3	8	117	0.2
iii) Pesticides and fertilizers	3	1,764	2.2	—	—	—
4. Mining and Quarrying	—	—	—	5	794	1.5

5. Cement	18	1,171	1.5	8	1,627	3.0
6. Textiles (other than jute)	94	2,284	2.9	82	3,335	6.2
7. Sugar	27	975	1.2	22	998	1.9
8. Paper and paper products	23	787	1.0	12	457	0.9
9. Electronics	24	773	1.0	9	490	0.9
10. Hotels and restaurants	28	992	1.2	13	1,603	3.0
11. Transport Services	11	533	0.7	3	663	1.2
12. Others *	134	3,251	4.1	74	3,415	6.4
Total	620	79,181	100.0	373	53,581	100.0

* Comprises industries, each with a share of less than 1 per cent in total project cost in 1998-99 and 1999-2000.

N.B. (—) Nil/negligible



Share of engineering as well as chemical industries declined by 4.1 percentage points each to 15.9 per cent and 9.2 per cent respectively in 1999-2000. The three major industry groups *viz.*, infrastructure, engineering and chemicals together claimed three-fourths of the total project cost (75.0 per cent) in 1999-2000 as compared with 86.4 per cent in 1998-99. Among the individual industries, storage, roads and ports occupied the second position with a share of 13.8 per cent, followed by metals and metal products with a share of 12.9 per cent, and petrochemicals and other chemicals with a share of 9.0 per cent.

Other prominent industries where new projects were sanctioned during 1999-2000 are telecom (6.4 per cent) and textiles (6.2 per cent). The shares of industries such as hotels and restaurants, cement, sugar, mining and quarrying, non-electrical machinery, transport services and automobiles and auto-ancillaries varied between 1 per cent and 3 per cent.

Size-wise pattern of projects

Very large projects each costing Rs.100 crore and above, numbering 76, dominated the scene with an aggregate project cost of Rs.46,240 crore claiming 86.3 per cent of the total project cost in 1999-2000 (Table 5). In the preceding year, such projects, numbering 78, accounted for 87.1

per cent of the total project cost. Projects in the size classes of Rs.50 crore to Rs.100 crore (42 projects) and Rs.20 crore to Rs.50 crore (90 projects) had a share in total project cost of 5.4 per cent and 5.3 per cent respectively.

In fact, 24 mega projects, each with a cost of Rs.500 crore and above, accounted for 65.7 per cent (Rs. 35,181 crore) in 1999-2000.

TABLE 5: SIZE-WISE DISTRIBUTION OF PROJECTS AND THEIR COST, 1998-99 AND 1999-2000

(Rs.crore)

Size of projects (Rs. Crore)	1998-99			1999-2000		
	Number of projects	Project cost		Number of projects	Project Cost	
		Amount	Per cent share		Amount	Per cent Share
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Less than 5.0	111	313	0.4	38	114	0.2
2. 5.0 - 7.5	74	460	0.6	29	181	0.3
3. 7.5 - 10.0	52	454	0.6	22	191	0.4
4. 10.0 - 15.0	89	1,103	1.4	38	462	0.9
5. 15.0 - 20.0	60	1,012	1.3	38	645	1.2
6. 20.0 - 50.0	101	3,099	3.9	90	2,849	5.3
7. 50.0 - 100.0	55	3,787	4.8	42	2,898	5.4
8. 100.0 & above	78	68,953	87.1	76	46,240	86.3
Total	**620**	**79,181**	**100.0**	**373**	**53,581**	**100.0**

State-wise pattern of projects

The state-wise classification of projects is based on the location of the projects as stated by the companies in their project reports. Tamil Nadu occupied the top position with a share of 24.3 per cent (Rs.13,017 crore) in 1999-2000, followed by Maharashtra (Rs.10,987 crore) in the second position, with a share of 20.5 per cent in 1999-2000 (Table 6). The next three slots were occupied by Gujarat (12.5 per cent), Andhra Pradesh (11.1 per cent) and Orissa (7.3 per cent). Karnataka accounted for 4.4 per cent in the total project cost during 1999-2000, followed by Punjab and West Bengal, each accounting for 4.0 per cent.

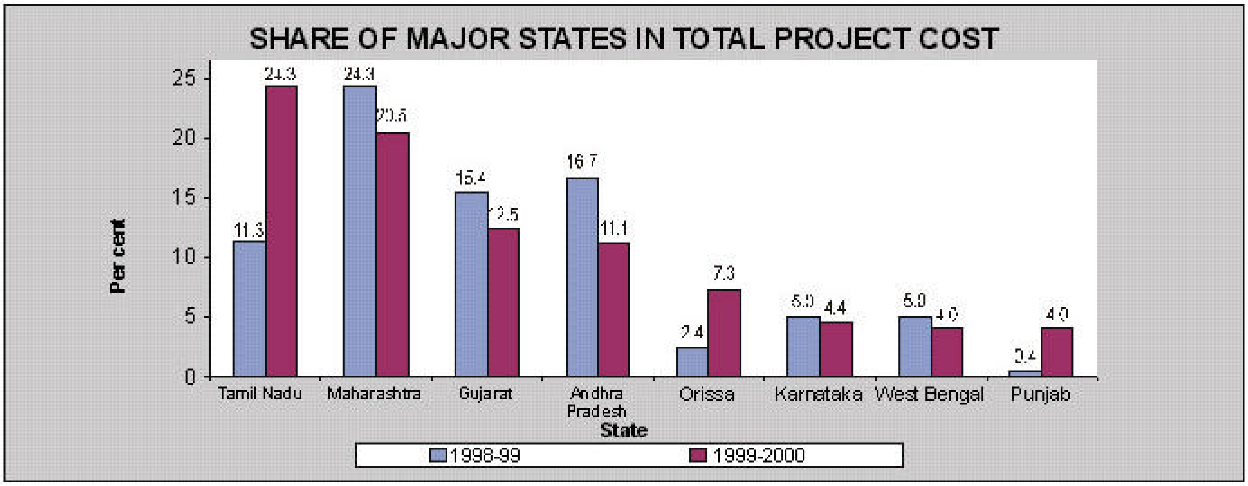


TABLE 6: STATE-WISE DISTRIBUTION OF PROJECTS AND THEIR COST, 1998-99 AND 1999-2000

(Rs.crore)

State/Union Territory		1998-99			1999-2000		
		Number of projects	Project Cost Amount	Project Cost Per cent share	Number of projects	Project cost Amount	Project cost Per cent share
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Andhra Pradesh	59	13,261	16.7	30	5,927	11.1
2.	Bihar	16	2,656	3.4	4	42	0.1
3.	Delhi	—	—	—	7	971	1.8
4.	Gujarat	58	12,174	15.4	35	6,707	12.5
5.	Haryana	28	1,771	2.2	20	466	0.9
6.	Karnataka	26	4,023	5.0	18	2,366	4.4
7.	Kerala	16	901	1.1	5	581	1.1
8.	Madhya Pradesh	16	1,210	1.5	11	1,289	2.4
9.	Maharashtra	107	19,253	24.3	66	10,987	20.5
10.	Orissa	8	1,940	2.4	3	3,926	7.3
11.	Punjab	17	332	0.4	16	2,123	4.0
12.	Tamil Nadu	90	8,936	11.3	82	13,017	24.3

13.	Uttar Pradesh	50	6,153	7.8	26	1,946	3.6
14.	West Bengal	54	3,948	5.0	16	2,146	4.0
15.	Others @	75	2,623	3.3	34	1,085	1.8
	Total	**620**	**79,181**	**100.0**	**373**	**53,581**	**100.0**

@ Comprise states/ union territories, each with share of less than 1 per cent in total project cost in 1998-99 and 1999-2000. They are Arunachal Pradesh, Assam, Chandigarh, Goa, Himachal Pradesh, Jammu and Kashmir, Rajasthan, Sikkim, Tripura, Andaman and Nicobar Islands, Chandigarh, Diu and Daman and Pondicherry.
N.B. (—) Nil/negligible

Purpose-wise project expenditure

New projects numbering 117 costing Rs.31,291 crore, accounted for about three-fifths of total project cost (58.4 per cent), little higher than the share of such projects (57.5 per cent) in the previous year (Table 7).

Cost of 135 projects for expansion amounted to Rs.12,443 crore, accounting for 23.2 per cent in 1999-2000. Cost overrun of 38 projects at Rs.6,245 crore during 1999-2000 accounted for 11.7 per cent (13.6 per cent in 1998–99). Projects for diversification claimed a higher share (4.0 per cent) as against 0.6 per cent in the previous year.

Corporate Investment in 2000-01

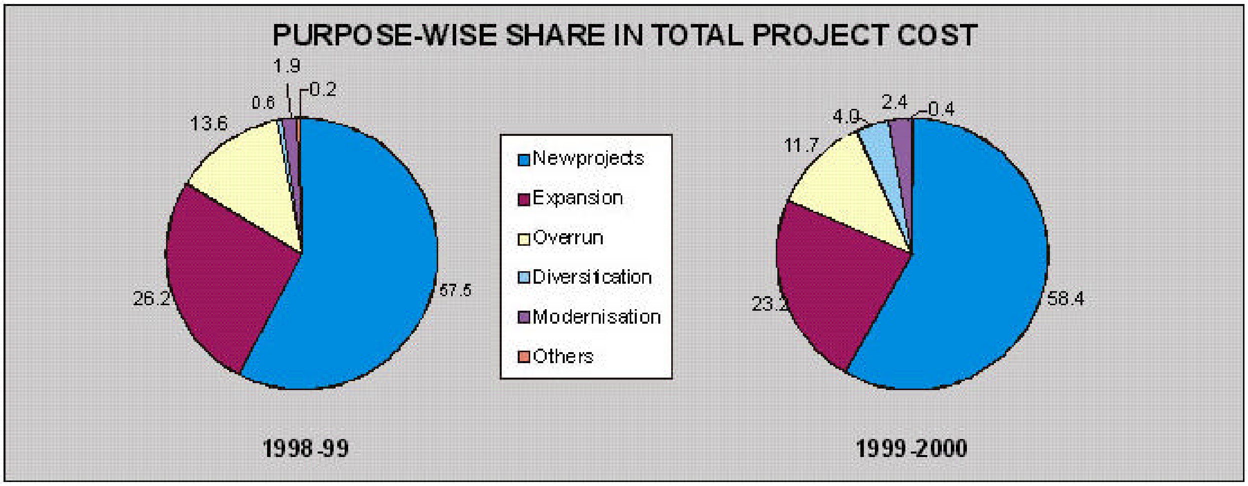
The aggregate capital expenditure for the reference period comprises i) expenditure on all projects sanctioned in the previous years, and ii) expenditure on projects sanctioned in that year.

TABLE 7: PURPOSE-WISE DISTRIBUTION OF PROJECTS AND THEIR COST, 1998-99 AND 1999-2000

(Rs.crore)

	Purpose	1998-99			1999-2000		
		Number of Projects	Project cost Amount	Project cost Per cent share	Number of projects	Project cost Amount	Project cost Per cent share
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	New projects	256	45,554	57.5	117	31,291	58.4
2.	Expansion	208	20,724	26.2	135	12,443	23.2
3.	Overrun	49	10,776	13.6	38	6,245	11.7
4.	Diversification	19	480	0.6	16	2,124	4.0

5.	Modernization	78	1,501	1.9	52	1,277	2.4
6.	Others	10	146	0.2	15	202	0.4
	Total	**620**	**79,181**	**100.0**	**373**	**53,581**	**100.0**



Some of the major factors leading to lower quantum of fixed capital investment in 1999–2000, *inter alia*, could have been the loss in momentum in production of capital goods in the later part of the year, substantial decline in import of capital goods, and some slow down in the sanction of assistance for projects by the financial institutions. The investment growth of private corporate sector during 2000-01 is worked out based on planned capital expenditure of projects sanctioned assistance up to 1999-2000, and the perceptions regarding the state of economy in 2000-01. The total envisaged project expenditure in 2000-01 for which sanctions were accorded up to 1999-2000, amounted to Rs.39,801 crore. Some crucial indications of the dampening of corporate investment in 2000–01 are: deceleration in the production of capital goods, a discernible shift in favour of working capital finance by financial institutions like the IDBI, ICICI etc., and lesser emphasis on financing traditional industries. On the other hand, there have also been a few signals favouring investment, such as positive stance of the Government towards power and telecom sectors, change over to revenue sharing in telecom sectors, etc. Against this backdrop, the likely capital expenditure in 2000–01, on projects sanctioned during 2000–01, could be placed at around Rs.22,000 crore. Assuming that the assistance under Bills Rediscounting Scheme would be of the order of Rs.100 crore, the aggregate capital expenditure in 2000-01 would be almost at the same level as in the previous year, at around Rs. 62,000 crore. It may, however, be emphasized that projection of private corporate investment in 2000-01 attempted in this article may be viewed more as providing a prognostic view indicating broad direction and dimension of the growth of corporate investment that might have taken place during April 2000 to March 2001.

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[1] **Satyanarayana, R. and Bose, S. (1999) "Growth of Corporate Investment: An attempt at projection for 1999-2000",** ***RBI Occasional Papers*****, Volume 20, No. 2, Monsoon 1999.**