



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)

Website : [www.rbi.org.in](http://www.rbi.org.in)

ई-मेल email: [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 22660358

February 11, 2014

**RBI releases its Monthly Bulletin for February 2014**

The Reserve Bank of India today released the [February 2014](#) issue of its monthly Bulletin. The Bulletin includes two special articles: (1) Annual Census on Foreign Liabilities and Assets of Indian Companies: 2012-13; and (2) Performance of Private Corporate Business Sector during First Half of 2013-14

**1. [Annual Census on Foreign Liabilities and Assets of Indian Companies: 2012-13](#)**

The article covers Indian companies which submit comprehensive information on market value of foreign liabilities and assets of Indian companies arising on account of foreign direct investment (FDI) in India, their overseas direct investment (ODI) and other investments. These are reported in the Annual Return on Foreign Liabilities and Assets (FLA), which was made mandatory in March 2011 under the Foreign Exchange Management Act, 1999 for the Indian companies which have received FDI and/or made direct investment overseas in the previous year(s) including the latest year. These data are also used for reporting to Coordinated Direct Investment Survey (CDIS) – a worldwide statistical data collection effort led by the IMF – which is designed to improve the availability and quality of FDI data, both overall and by immediate counterpart economy. This article is the first in the series after such reporting was made mandatory.

In the 2012-13 FLA round, 14,557 companies have reported so far, of which 13,291 companies had FDI/ODI in their balance sheet as at end-March 2013. Out of these, 11,028 companies received only FDI, 1,712 had only ODI and 551 companies had bi-directional direct investment. Of the 11,579 companies that reported inward direct investment, 7,528 companies were subsidiaries of foreign companies (single foreign investor holding is more than 50% of total equity), which also report information on their sales, purchase, exports and imports.

**Main findings:**

- **Coverage:** An overwhelming majority of the responding companies (94.1 per cent) was unlisted and most of the companies received only inward FDI. Nearly 4 per cent of companies had bi-directional direct investment. Non-financial companies had a larger share of foreign equity participation (₹1,960.4 billion at face value) as compared with financial companies (₹567.8 billion) as at end-March 2013.

- **Inward/Outward direct investment:** Total inward FDI stood at ₹11,977.9 billion (at market value) as at end-March 2013 (₹11,160.4 billion a year ago). A substantial share (93.9 per cent) of FDI was held in equity. Total ODI was placed at ₹4,364.3 billion (at market value) as at end-March 2013 (₹3,777.0 billion a year ago). In ODI too, equity participation had a large share (81.2 per cent). At market value, the ratio of outward to inward direct investment increased from 33.8 per cent to 36.4 per cent during this period.
- **Other Investment:** Other investment liabilities, which include trade credit, loans, currency and deposits and other payable with unrelated (third party) non-resident entity, stood at ₹8,119.9 billion at end-March 2013 (₹7,137.3 billion a year ago). Corresponding overseas assets accounted for 37.6 per cent of these liabilities.
- **Source/destination countries of inward and outward FDI:** Among the source countries for FDI, Mauritius had the largest share (26.4 per cent) followed by UK (16.4 per cent), USA (15.0 per cent), Singapore (7.9 per cent) and Japan (7.0 per cent). The destination for Indian companies' ODI was largely shared by Singapore (26.6 per cent), Mauritius (14.5 per cent), Netherlands (13.9 per cent) and USA (8.6 per cent).
- **Activity/Sector-wise of inward FDI:** Both manufacturing and services sectors attracted foreign equity participation. As at end-March 2013, the total FDI stock at market value in the manufacturing and services sectors stood at ₹5,989.3 billion (₹5,868.1 billion a year ago) and ₹4,682.1 billion (₹3,910.0 billion a year ago). While manufacturing sector accounted for half of the total FDI at market prices, information and communication services (15.5 per cent) and financial and insurance activities (13.6 per cent) were other major activities attracting FDI.
- **Sale/Purchase of subsidiary companies:** Total sales, including exports, of subsidiaries companies increased by 19.3 per cent from ₹9,606.2 billion in 2011-12 to ₹11,463.9 billion in 2012-13. The total value of their purchase, including imports, increased by 20.1 per cent from ₹6,263.1 billion in 2011-12 to ₹7,524.7 billion in 2012-13. As such, their value of purchase to sales ratio remained around 65 per cent.
- **Export/imports of subsidiary companies:** Total exports of subsidiaries companies increased by 19.9 per cent from ₹2,927.6 billion in 2011-12 to ₹3,509.5 billion in 2012-13. Exports amounted to 30.6 per cent of total sales of subsidiary companies. Among major sectors, exports accounted for 78.6 per cent in Information and communication companies' sales. Total imports of subsidiary companies increased by 23.4 per cent from ₹2,686.7 billion in 2011-12 to ₹3,316.0 billion in 2012-13. Imports accounted for 44.1 per cent of total purchase of these companies.

Accompanying [Statements 1 to 12](#) are being released with this press release.

Please also see data tables on India's Foreign Liabilities and Assets for the Mutual Fund Companies – 2012-13 released separately with [Press Release No.1602](#) of February 10, 2014.

## 2. Performance of Private Corporate Business Sector during First Half of 2013-14

The article analyses the performance of the private (non-financial) corporate business sector during the first half (April-September) 2013-14 based on the earnings results of 2,731 companies, along with the evolving trend in sales, expenditure and profit margins of the corporate sector over a longer horizon. Besides analysing the aggregate performance, it provides a brief analysis by size and major industry groups.

### **Main findings:**

- The aggregated sales growth of the private (non-financial) corporate business sector moderated during H1:2013-14. However, an upturn is noticed during the second quarter of 2013-14, reversing the trend of previous six quarters. This improvement is primarily due to better performance of the large sized companies, even as contraction in sales of small companies continued.
- Moderation in the sales growth continued in the manufacturing sector for four consecutive half years. The services (other than IT) sector also witnessed lower demand.
- The improvement in sales growth observed in the second quarter is not reflected in the profitability. EBITDA (Earnings before Interest Tax Depreciation and Amortisation) and net profit margins remained low in Q2:2013-14 and dropped significantly during the first half of 2013-14.
- Long term trend analysis reveals that for the manufacturing sector, cost of raw materials to sales ratio increased in the recent period while staff cost and interest to sales ratio declined from the levels observed in 2000-01. Staff costs and interest expenses increased for the non-IT services sector.
- EBITDA and net profit margins recorded decline in H1:2013-14 for the manufacturing and the services (other than IT) sector. The performance of the IT sector remained better, with higher sales growth and profit margins.