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Survey on Foreign Collaboration in Indian Industry: 2012–2014 – Data Release

The Reserve Bank of India today released, on its website, the data related to the results of the tenth round of the Survey on Foreign Collaboration in Indian Industry covering the years 2012-13 and 2013-14.

This survey captures comprehensive information on various aspects of operations of Indian companies having technical collaboration with foreign companies during the reference period as per the [schedule](#). In the tenth survey round, 866 Indian companies responded, of which, 303 companies reported 528 foreign technical collaboration (FTC) agreements. The highlights of the survey results are presented below:

Highlights:

- **Coverage:** Out of the 303 companies which reported agreements during the period 2012-14, 160 were foreign subsidiaries (single foreign investor holding more than 50 per cent of total equity), 94 were foreign associates (foreign investors holding ranging between 10 per cent and 50 per cent of total equity), 9 had pure technical collaboration and the remaining 40 companies had less than 10 per cent foreign equity participation and/or had only outward investment (**Table 1**).
- **Industry-wise distribution of agreements:** The share of manufacturing sector in the total FTC agreements increased substantially while that of services sector decreased in the tenth round. The share of construction sector and agriculture-related activities was higher when compared with the ninth round of the survey (**Table 2**).
- **Country-wise distribution of agreements:** In terms of source of technology transfer, Japan, USA and Germany were the top three countries which together accounted for 51 per cent share in total FTC agreements of responding companies during the survey period (**Table 3**).
- **Type of assets transferred:** Among the FTC agreements reported by companies, the share of agreements providing “Know-how transfer” increased to 66.9 per cent from 45.8 per cent in the ninth round of the survey (**Table 4**).
- **Modes of Payment:** The share of agreements involving (a) royalty and lump-sum technical fees, (b) only royalty and (c) only lump-sum technical fees stood at 30.5 per cent, 48.1 per cent and 21.4 per cent, respectively during the survey period (**Table 5**).

- **Export restrictive clauses:** The proportion of FTC agreements with export restrictive clauses increased marginally in the manufacturing sector, when compared with the previous survey round. An analysis of country-wise agreements shows that the share of agreements with export restrictive clauses increased with USA, United Kingdom, Italy, and Switzerland and decreased with Japan, Germany, Korea and France. **(Tables 6 and 7).**
- **Provision of exclusive rights:** Any provision of exclusive rights to an Indian company in FTC agreement restricts the foreign collaborator from transferring such assets to other parties operating in India. The proportion of agreements providing exclusive rights on assets transferred under the agreements increased significantly in manufacturing sector and services sector *vis-à-vis* the previous survey round **(Table 8).**
- **Value of Production:** Total value of production of the FTC reporting companies increased from ₹1826.7 billion in 2012-13 to ₹1954.2 billion in 2013-14. The share of manufacturing sector in the total production improved significantly, while the share of services sector shrank when compared with the previous survey round **(Tables 9 and 10).**
- **Profitability:** The average profitability of FTC reporting companies measured by ratio of gross profit to the capital employed increased from 10.0 per cent in 2010-12 to 14.8 per cent in 2012-14 **(Table 11).**
- **Exports and Imports:** Total exports of FTC reporting companies increased from ₹182.8 billion in 2012-13 to ₹203.7 billion in 2013-14 with manufacturing sector constituting the dominant share in exports. Imports of the FTC reporting companies increased marginally from ₹452.5 billion to ₹476.8 billion over this period with manufacturing sector holding the dominant share of import payments made by the FTC companies **(Tables 12 and 13).**

The previous data release covering the ninth round of the Survey on Foreign Collaboration in Indian Industry for the period 2010-12 was released on the RBI website on [April 1, 2014](#).

Table 1: Company Group-wise Number of Companies having Foreign Technical Collaboration

Company Group	Number of Companies	Per cent
Subsidiary	160	53.0
Associate	94	31.0
Pure Technical Collaboration	9	3.0
Others*	40	13.0
Total	303	100.0

*: Companies have less than 10 per cent equity participation and / or only outward investment.

Table 2: Industry-Distribution of Agreements of FTC Companies

Industry	Ninth Round (2010-11 to 2011-12)		Tenth Round (2012-13 to 2013-14)	
	Number	% of total	Number	% of total
A. Agriculture-related, Plantations & Allied activities	1	0.3	17	3.2
B. Mining and quarrying	0	0.0	1	0.2
C. Manufacturing	234	70.1	409	77.5
1. Food Products	4	1.2	8	1.5
2. Beverages	3	0.9	0	0.0
3. Textiles	0	0.0	3	0.6
4. Wearing Apparel	2	0.6	0	0.0
5. Leather and Related Products	4	1.2	2	0.4
6. Wood and Products Of Wood and Cork, Except Furniture	0	0.0	0	0.0
7. Printing and Reproduction Of Recorded Media	0	0.0	0	0.0
8. Coke and Refined Petroleum Products	4	1.2	0	0.0
9. Chemicals and Chemical Products	19	5.7	30	5.7
10. Pharmaceuticals, Medicinal Chemical & Botanical Products	5	1.5	19	3.6
11. Rubber and Plastics Products	8	2.4	11	2.1
12. Other Non-Metallic Mineral Products	2	0.6	0	0.0
13. Fabricated Metal Products, Except Machinery & Equipment	7	2.1	7	1.3
14. Computer, Electronic and Optical Products	1	0.3	3	0.6
15. Electrical Equipment	10	3.0	14	2.7
16 Machinery and Equipment N.E.C.	40	12.0	58	11.0
17. Motor Vehicles, Trailers and Semi-Trailers	42	12.6	59	11.2
18. Other Transport Equipment	10	3.0	47	8.9
19. Other manufacturing	73	21.9	148	28.0
D. Electricity, gas, steam and air conditioning supply	2	0.6	0	0.0
E. Water supply; sewerage, waste management and remediation activities	2	0.6	1	0.2
F. Construction	5	1.5	10	1.9
G. Services	90	26.9	90	17.0
1. Wholesale and retail trade; repair of motor vehicles & motorcycles	6	1.8	11	2.1
2. Accommodation and Food service activities	8	2.4	6	1.1
3. Information and communication	29	8.7	14	2.7
4. Financial and insurance activities	11	3.3	2	0.4
5. Real estate activities	0	0.0	0	0.0
6. Other service activities	36	10.8	57	10.8
Total	334	100.0	528	100.0

Note: 1. The sum of the constituent items may not add to the total due to rounding off.

2. Footnotes given in this table are also applicable to other tables.

Table 3: Country-wise Distribution of Agreements of FTC Companies

Country	Ninth Round (2010-11 to 2011-12)		Tenth Round (2012-13 to 2013-14)	
	Number	% of total	Number	% of total
Japan	75	22.5	133	25.2
United States	66	19.8	69	13.1
Germany	41	12.3	67	12.7
United Kingdom	17	5.1	31	5.9
Singapore	17	5.1	13	2.5
Italy	15	4.5	24	4.5
Mauritius	12	3.6	2	0.4
Korea, Republic of	11	3.3	22	4.2
Switzerland	11	3.3	22	4.2
France	9	2.7	31	5.9
Others	60	18.0	114	21.6
Total	334	100.0	528	100.0

Table 4: Distribution of Agreements According to Type of Assets Transferred of FTC Companies

Asset transferred	Ninth Round (2010-11 to 2011-12)		Tenth Round (2012-13 to 2013-14)	
	Number	% of total	Number	% of total
Know-how	153	45.8	353	66.9
Trademark/ Brand Name	30	9.0	51	9.6
Patent	5	1.5	11	2.1
Others	146	43.7	113	21.4
Total	334	100.0	528	100.0

Table 5: Distribution of Agreements According to Mode of Payment of FTC Companies

Mode of Payment	Ninth Round (2010-11 to 2011-12)		Tenth Round (2012-13 to 2013-14)	
	Number	% of total	Number	% of total
Royalty	68	30.4	216	48.1
Lump-sum technical fees	61	27.2	96	21.4
Both Royalty and Lump-sum technical fees	95	42.4	137	30.5
Total	224	100.0	449*	100.0

* Of the 528 agreements, 449 agreements reported along with the specific mode of payment in the present survey.

Table 6: Industry-wise Agreements with Exports Restrictive Clauses of FTC Companies

Industry	Ninth Round (2010-11 to 2011-12)			Tenth Round (2012-13 to 2013-14)		
	Total no of Agreement	Number of Agreements with Export Restrictive Clauses	% of Agreements with Export Restrictive Clauses	Total no of Agreement	Number of Agreements with Export Restrictive Clauses	% of Agreements with Export Restrictive Clauses
A. Agriculture-related, Plantations & Allied activities	1	0	0.0	17	1	5.9
B. Mining and quarrying	-	-	-	1	0	0.0
C. Manufacturing	234	84	35.9	409	151	36.9
1. Food Products	4	3	75.0	8	2	25.0
2. Beverages	3	2	66.7	0	0	-
3. Textiles	0	0	-	3	1	33.3
4. Wearing Apparel	2	0	0.0	0	0	-
5. Leather and Related Products	4	2	50.0	2	1	50.0
6. Wood and Products Of Wood and Cork, Except Furniture	0	0	-	0	0	-
7. Printing & Reproduction Of Recorded Media	0	0	-	0	0	-
8. Coke and Refined Petroleum Products	4	0	0.0	0	0	-
9. Chemicals and Chemical Products	19	4	21.1	30	5	16.7
10. Pharmaceuticals, Medicinal Chemical and Botanical Products	5	2	40.0	19	14	73.7
11. Rubber and Plastics Products	8	1	12.5	11	4	36.4
12. Other Non-Metallic Mineral Products	2	0	0.0	0	0	-
13. Fabricated Metal Products, Except Machinery and Equipment	7	2	28.6	7	2	28.6
14. Computer, Electronic & Optical Products	1	0	0.0	3	0	0.0
15. Electrical Equipment	10	6	60.0	14	9	64.3
16 Machinery and Equipment N.E.C.	40	10	25.0	58	27	46.6
17. Motor Vehicles, Trailers & Semi Trailers	42	31	73.8	59	33	55.9
18. Other Transport Equipment	10	4	40.0	47	15	31.9
19. Other manufacturing	73	17	23.3	148	38	25.7
D. Electricity, gas, steam and air conditioning supply	2	0	0.0	0	0	-
E. Water supply; sewerage, waste management & remediation activities	2	0	0.0	1	0	0.0
F. Construction	5	1	20.0	10	0	0.0
G. Services	90	7	7.8	90	8	8.9
1. Wholesale and retail trade; repair of motor vehicles and motorcycles	6	1	16.7	11	2	18.2
2. Accommodation & Food service activities	8	0	0.0	6	0	0.0
3. Information and communication	29	5	17.2	14	2	14.3
4. Financial and insurance activities	11	0	0.0	2	0	0.0
5. Real estate activities	0	0	-	0	0	-
6. Other service activities	36	1	2.8	57	4	7.0
Total	334	92	27.5	528	160	30.3

Table 7: Country-wise Agreements with Export Restrictive Clauses of FTC Companies

Country	Ninth Round (2010-11 to 2011-12)			Tenth Round (2012-13 to 2013-14)		
	Total no of agreements	No of agreements with export restrictive clauses	% of agreements with export restrictive clauses	Total no of agreements	No of agreements with export restrictive clauses	% of agreements with export restrictive clauses
Japan	75	37	49.3	133	64	48.1
Germany	41	13	31.7	67	19	28.4
United States	67	11	16.4	69	16	23.2
Korea, Republic of	11	6	54.5	22	4	18.2
Italy	15	5	33.3	24	11	45.8
United Kingdom	17	5	29.4	31	10	32.3
France	9	3	33.3	31	7	22.6
Austria	6	2	33.3	3	1	33.3
Switzerland	11	2	18.2	22	10	45.5
Others	82	8	9.8	126	18	14.3
Total	334	92	27.5	528	160	30.3

Table 8: Industry-wise Agreements with Provision of Exclusive Rights of FTC Companies

Industry	Ninth Round		Tenth Round	
	(2010-11 to 2011-12)		(2012-13 to 2013-14)	
	Number of Agreements with Exclusive Rights	% to Total Number of Agreements	Number of Agreements with Exclusive Rights	% to Total Number of Agreements
A. Agriculture-related, Plantations & Allied activities	1	100.0	12	70.6
B. Mining and quarrying	0	0.0	0	0.0
C. Manufacturing	76	32.5	162	39.6
1. Food Product	0	0.0	4	50.0
2. Beverages	2	66.7	0	-
3. Textiles	0	0.0	2	66.7
4. Wearing Apparel	1	50.0	0	-
5. Leather and Related Products	4	100.0	1	50.0
6. Chemicals and Chemical Products	9	47.4	16	53.3
7. Pharmaceuticals, Medicinal Chemical and Botanical Products	4	80.0	14	73.7
8. Rubber and Plastics Products	1	12.5	6	54.5
9. Other Non-Metallic Mineral Products	1	50.0	0	-
10. Fabricated Metal Products, Except Machinery and Equipment	2	28.6	4	57.1
11. Computer, Electronic and Optical Products	0	0.0	0	0.0
12. Electrical Equipment	4	40.0	5	35.7
13. Machinery and Equipment N.E.C.	13	32.5	22	37.9
14. Motor Vehicles, Trailers and Semi-Trailers	13	31.0	14	23.7
15. Other Transport Equipment	2	20.0	13	27.7
16. Other manufacturing	20	24.7	61	40.7
D. Electricity, gas, steam and air conditioning supply	0	0.0	0	-
E. Water supply; sewerage, waste management and remediation activities	1	50.0	0	0.0
F. Construction	1	20.0	0	0.0
G. Services	13	14.4	29	32.2
1. Information and communication	7	24.1	5	35.7
2. Other service activities	6	9.8	24	31.6
Total	92	27.5	203	38.4

Table 9: Value of Production of FTC Companies

Year	Value of Production (₹ billion)
2012-13	1826.7
2013-14	1954.2

Table 10: Industry-wise Share in Value of Production of FTC Companies

(₹ billion)

Industry	2012-13		2013-14	
	Value of Production	% of Total	Value of Production	% of Total
A. Agriculture-related, Plantations & Allied activities	19.8	1.1	27.4	1.4
B. Mining and quarrying	0.1	0.0	0.1	0.0
C. Manufacturing	1725.8	94.5	1834.3	93.9
1. Food Products	20.9	1.1	23.4	1.2
2. Beverages	0.0	0.0	0.0	0.0
3. Wearing Apparel	0.0	0.0	0.0	0.0
4. Leather and Related Products	22.7	1.2	21.0	1.1
5. Chemicals and Chemical Products	78.0	4.3	90.4	4.6
6. Pharmaceuticals, Medicinal Chemical & Botanical Products	14.0	0.8	11.1	0.6
7. Rubber and Plastics Products	14.5	0.8	15.8	0.8
8. Other Non-Metallic Mineral Products	0.0	0.0	0.0	0.0
9. Fabricated Metal Products, Except Machinery and Equipment	13.7	0.7	20.0	1.0
10. Electrical Equipment	23.7	1.3	24.3	1.2
11. Machinery and Equipment N.E.C.	80.1	4.4	79.7	4.1
12. Motor Vehicles, Trailers and Semi-Trailers	633.0	34.7	674.9	34.5
13. Other Transport Equipment	82.6	4.5	89.6	4.6
14. Other manufacturing	742.6	40.7	784.0	40.1
D. Electricity, gas, steam and air conditioning supply	0.0	0.0	0.0	0.0
E. Water supply; sewerage, waste management and remediation activities	0.0	0.0	0.0	0.0
F. Construction	10.5	0.6	11.3	0.6
G. Services	70.5	3.9	81.2	4.2
1. Wholesale and retail trade; repair of motor vehicles and motorcycles	28.1	1.5	29.2	1.5
2. Accommodation and Food service activities	0.7	0.0	2.2	0.1
3. Information and communication	7.7	0.4	10.9	0.6
4. Financial and insurance activities	1.6	0.1	1.8	0.1
5. Other service activities	32.4	1.8	37.1	1.9
Total	1826.7	100.0	1954.2	100.0

Table 11: Profitability Ratio of FTC Companies

Year	Profitability Ratio (gross profit to the capital - per cent)
2012-13	17.0
2013-14	12.6
Average (Ninth Round) (2010-2012)	10.0
Average (Tenth Round) (2012-2014)	14.8

Table 12: Industry-wise Exports of FTC Companies

(₹ billion)

Industry	2012-13		2013-14	
	Total Exports	% share of Total Exports	Total Exports	% share of Total Exports
A. Agriculture-related, Plantations & Allied activities	0.3	0.1	0.5	0.2
B. Mining and quarrying	0.0	0.0	0.0	0.0
C. Manufacturing	159.7	87.4	185.5	91.1
1. Food Products	4.0	2.2	4.7	2.3
2. Leather and Related Products	0.1	0.1	0.2	0.1
3. Chemicals and Chemical Products	4.7	2.6	7.8	3.8
4. Rubber and Plastics Products	1.0	0.6	1.3	0.6
5. Other Non-Metallic Mineral Products	0.0	0.0	0.0	0.0
6. Basic Metals	0.0	0.0	0.0	0.0
7. Fabricated Metal Products, Except Machinery and Equipment	0.1	0.0	0.0	0.0
8. Electrical Equipment	15.0	8.2	16.2	7.9
9. Machinery and Equipment N.E.C.	12.3	6.7	20.8	10.2
10. Motor Vehicles, Trailers and Semi-Trailers	61.4	33.6	61.4	30.2
11. Other Transport Equipment	9.2	5.1	11.0	5.4
12. Other manufacturing	51.9	28.4	62.1	30.5
D. Electricity, gas, steam and air conditioning supply	0.0	0.0	0.0	0.0
E. Water supply; sewerage, waste management and remediation activities	0.0	0.0	0.0	0.0
F. Construction	0.5	0.3	0.5	0.3
G. Services	22.3	12.2	17.2	8.4
1. Accommodation and Food service activities	0.4	0.2	0.4	0.2
2. Information and communication	1.1	0.6	1.5	0.7
3. Other service activities	20.7	11.3	15.3	7.5
Total	182.8	100.0	203.7	100.0

Table 13: Industry-wise Imports of FTC Companies

(₹ billion)

Industry	2012-13		2013-14	
	Total Imports	% share of Total Imports	Total Imports	% share of Total Imports
A. Agriculture-related, Plantations & Allied activities	1.9	0.4	2.2	0.5
B. Mining and quarrying	0.0	0.0	0.0	0.0
C. Manufacturing	445.5	98.5	467.6	98.0
1. Food Products	2.6	0.6	2.5	0.5
2. Beverages	0.0	0.0	0.0	0.0
3. Wearing Apparel	0.0	0.0	0.0	0.0
4. Leather and Related Products	1.6	0.3	1.6	0.3
5. Coke and Refined Petroleum Products	0.0	0.0	0.0	0.0
6. Chemicals and Chemical Products	9.6	2.1	9.9	2.1
7. Pharmaceuticals, Medicinal Chemical and Botanical Products	2.0	0.4	2.7	0.6
8. Rubber and Plastics Products	3.7	0.8	3.9	0.8
9. Other Non-Metallic Mineral Products	0.0	0.0	0.0	0.0
10. Fabricated Metal Products, Except Machinery and Equipment	13.8	3.1	23.1	4.8
11. Electrical Equipment	10.8	2.4	14.3	3.0
12. Machinery and Equipment N.E.C.	12.1	2.7	22.0	4.6
13. Motor Vehicles, Trailers and Semi-Trailers	69.2	15.3	69.3	14.5
14. Other Transport Equipment	10.1	2.2	9.7	2.0
15. Other manufacturing	310.0	68.5	308.5	64.7
D. Electricity, gas, steam and air conditioning supply	0.0	0.0	0.0	0.0
E. Water supply; sewerage, waste management and remediation activities	0.0	0.0	0.0	0.0
F. Construction	0.6	0.1	0.2	0.0
G. Services	4.4	1.0	6.9	1.5
1. Wholesale and retail trade; repair of motor vehicles and motorcycles	0.0	0.0	0.0	0.0
2. Information and communication	0.0	0.0	0.0	0.0
3. Other service activities	4.4	1.0	6.9	1.5
Total	452.5	100.0	476.8	100.0