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July 11, 2013

## Survey on Foreign Collaboration in Indian Industry: 2007- 2010

The Reserve Bank of India today released, on its website, [the data](#) related to the results of the Survey on Foreign Collaboration in Indian Industry: 2007-2010.

The survey captures comprehensive information relating to the nature, pattern, and operations of Indian companies having technical collaboration with foreign companies valid during the period April 2007 to March 2010 or part thereof. Apart from the information related to technical collaboration agreement, the survey also collected the information on equity participation as at end-March 2007-2010.

Out of 836 Indian companies that responded to the survey, as per the [Schedule](#), 158 companies reported 160 foreign technical collaboration agreements.

The highlights of the survey results based on such foreign technical collaboration agreements are presented in section I and the results based on all 836 reporting companies having foreign equity participation and/or technical collaboration are presented in section II below:

### Highlights: 8<sup>th</sup> Round

#### I. Foreign Technical Collaboration Companies

- **Coverage:** Out of the 158 companies which had entered into foreign technical collaboration agreements during the period 2007-08 to 2009-10, 129 were subsidiaries, 19 were associates having equity participation and 10 had pure technical collaboration (PTCC) **(Table 1).**
- **Industry-wise distribution of agreements:** Foreign collaboration companies indicated that the share of manufacturing sector in the total foreign technical collaboration agreements had declined from the seventh round of the survey period to the present eighth round of survey while the share of service sector had increased **(Table 2).**
- **Country-wise distribution of agreements:** The top four countries, in terms of source of technology transfer, were United States, Germany, United Kingdom and Japan in the present round of survey **(Table 3).**
- **Type of assets transferred:** Agreements providing know-how transfer accounted for a major share of the foreign technical collaboration agreements. However, the share of agreements providing only know-how transfer declined from the seventh round of survey to the present survey **(Table 4).**

- **Modes of Payment:** The share of agreements involving royalty, lump-sum technical fees and both royalty and lump-sum technical fees stood at 26.3 per cent, 28.7 per cent and 45.0 per cent, respectively, according to the survey **(Table 5)**.
- **Export restrictive clauses:** The proportion of foreign technical collaboration agreements with export restrictive clauses declined significantly in the manufacturing sector as per the present survey. The survey also highlighted that the share of agreements with export restrictive clauses declined in most of the countries **(Table 6 and 7)**.
- **Provision of exclusive rights:** The proportion of agreements providing the exclusive rights on assets transferred under the agreements declined as per the survey except for the textile and electrical equipment sector. The provision of exclusive rights provided in the foreign collaboration agreement to an Indian company restricts the foreign collaborator from transferring such assets to any other parties operating in India **(Table 8)**.
- **Value of Production:** The total value of production reported by the foreign collaboration companies covered in the present survey increased from ₹ 604.8 billion in 2007-08 to ₹ 822.4 billion in 2009-10. The share of manufacturing sector in the total production declined but the share of services sector in total production improved mainly due to increase in computer and related services **(Table 9 and 10)**.
- **Employment:** The number of employees in the responding foreign collaboration companies increased from 62,166 in 2007-08 to 71,268 in 2010 **(Table 11)**.
- **Profitability:** The profitability of foreign collaboration companies measured by ratio of gross profit to the capital employed declined from 14.1 per cent in 2007-08 to 6.9 per cent in 2008-09; however it recovered to 12.8 per cent in 2009-10 **(Table 12)**.
- **Exports:** Total exports of the foreign collaboration companies covered in the present survey increased from ₹120.7 billion in 2007-08 to ₹ 156.7 billion in 2009-10. Manufacturing sector had a dominant share in exports **(Table 13)**.
- **Imports:** Total imports made by the foreign collaboration companies covered in the present survey increased from ₹ 275.0 billion in 2007-08 to ₹ 342.3 billion in 2008-09 but declined to ₹ 299.0 billion in 2009-10. Import payments were dominantly made by the manufacturing sector among the foreign collaboration companies **(Table 14)**.
- **R&D Expenditure:** R&D intensity measured as the ratio of R&D expenditure to the value of production declined for both manufacturing as well as service sector from 2007-08 to 2009-10 **(Table 15)**.

## II. All Companies (Having Technical and/or Non-Technical Collaboration)

- **Coverage:** Out of the 836 companies which had entered into foreign technical collaboration and /or non-technical collaboration in terms of equity participation as on end March 2007-2010, 672 were subsidiaries, 111 were associates and 53 were other category companies. Subsidiary companies had a dominant share of 80.4 per cent in the total number of companies **(Table 16).**
- **Foreign Equity:** Among the 836 reporting companies, foreign equity as percentage of total paid-up capital had increased from 70.1 per cent as on end-March 2008 to 78.4 per cent as on end-March 2010. The relative share of subsidiaries in total foreign equity stock of the companies increased from 90.2 per cent as on end-March 2008 to 93.0 per cent as on end-March 2010 **(Table17).**
- **Industry wise-Foreign Equity:** Data on companies covered in the present survey showed an increase in the share of foreign equity participation in services sector. The services sector and construction sector recorded a considerable increase in the foreign equity participation. The subsidiary companies had reflected similar trend during 2007-2010 **(Table18 and Table19).**
- **Country-wise distribution of Inward FDI:** According to the survey, Mauritius was the biggest source of FDI in Indian subsidiary companies followed by the UK. **(Table 20).**
- **Imports:** Total imports of the subsidiary companies covered under the present survey increased from ₹ 243.6 billion in 2007-08 to ₹ 374.7 billion in 2009-10. Import payments were largely made by the manufacturing sector among subsidiary companies **(Table 21).**
- **Exports:** Total exports made by the subsidiary companies covered under the present survey increased from ₹ 296.2 billion in 2007-08 to ₹ 404.4 billion in 2009-10. Service sector dominated exports. **(Table 22).**
- **Value of Production:** Total value of production reported by foreign subsidiary companies covered under the present survey increased from ₹ 589.0 billion in 2007-08 to ₹ 954.2 billion in 2009-10. The share of manufacturing sector declined from 2007-08 to 2009-10 and the same for services sector improved mainly due to increase in computer and related services **(Table 23).**
- **Profit Margin:** Profit margin of foreign subsidiary companies measured by ratio of net profit to the total value of production decreased from 19.8 per cent in 2007-08 to 7.1 per cent in 2009-10 in the aftermath of the global crisis **(Table 24).**