

# A Comparative Study of Large Domestic and FDI Non-Government, Non-financial Companies in India

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# **A Comparative Study of Large Domestic and FDI Non-Government, Non-Financial Companies in India**

*K.S. Chalapati Rao, M.R. Murty, K.V.K. Ranganathan\**

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*[Abstract: The study was conducted in the context of India's continued struggle to develop an internationally competitive manufacturing sector even after three decades of initiating the process of economic liberalisation. The well-acknowledged need for a strong and vibrant domestic sector provided an additional context. Since the corporate sector, in particular its private sector component, occupies an overwhelmingly important place in organised manufacturing, this study makes an attempt to understand the relative position and a few important operational aspects of different types of companies in the large private sector, which can be reasonably expected to include leading enterprises in different branches of the manufacturing sector. The study underlines that the experience of the past three decades exposed the limitations of open and hands-free FDI-focused approach coupled with the liberalised trade and strong IPR regimes. Following the unexpected and almost simultaneous exposure to external and internal competition, most of the leading domestic private sector, far from equipping itself to meet the competition, preferred to give way to its foreign counter-part. Even new companies which emerged in the top league in the post-liberalisation period preferred low-technology services rather than getting into high-end manufacturing. Within manufacturing, their preference was for medium and medium low technology areas. The study also underlined the shortcomings of corporate disclosures which seriously hamper analysis of corporate data for policy-relevant research.]*

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**Keywords:** Corporate Sector, Manufacturing, FDI, Domestic Enterprises, entrepreneurship, R&D, Corporate Disclosures, Trading, Infrastructure

## **1. The Context**

Thirty years after initiating economic reforms with focus on the manufacturing sector, two decades after throwing open practically the entire manufacturing sector for free entry of FDI, twelve years after consciously setting the goal of substantially raising the share of the

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sector in GDP and more than five years after the launch of “Make in India” initiative, India is still seeking solutions for the vexatious problem of making the Indian manufacturing sector globally competitive. Increasing the sector’s share in GDP is only one dimension of the problem. It might then be in order to briefly recapitulate some of the important developments since 1991. A common underlying rationale for the Industrial Licencing System (ILS) under the Industries Development and Regulation Act, 1951 (IDRA), Monopolies and Restrictive Trade Practices Act, 1969 (MRTP) and the Foreign Exchange Regulation Act, 1973 (FERA) was that the Indian large house and foreign majority companies should focus on heavy investment, technology intensive and export-oriented industries.<sup>1</sup> Under the ILS, the small scale sector was to be protected through ownership restrictions and product reservation. Also, the restrictions on MRTP/FERA companies provided indirect protection to the medium scale enterprises.

The drastic measures relating to IDRA, MRTP and public sector reserved areas taken up under India’s economic reforms programme sought to shift the balance in favour of the private sector away from the public sector and in the process also gave up indirect protection available to the medium scale industries. Besides whittling away reservation for the public sector, direct measures were also taken in the form of privatisation of public enterprises, though in a halting manner. Domestic enterprises were also exposed to external competition by substantially lowering trade protection. The de-reservation of items reserved for the small scale sector followed a few years later consequent to India’s entry into the WTO and removal of quantitative restrictions. The number of items reserved for the sector, which stood at 821 in 1988-89, was reduced mainly from April 1997. The protection was completely removed in 2014-15 when all the remaining 21 items were de-reserved.<sup>2</sup> Ownership restrictions on small scale units were completely removed thus allowing even 100% foreign ownership.

In 1991, it was projected that while a freer regime will help the Indian entrepreneurs to get the best technologies and the competitive environment unleashed by removal of the licencing system and entry of new foreign investors will force Indian enterprises to invest more in R&D and pave the way for India’s technological advancement. It was not until 2011 that India did not reintroduce a mechanism to regulate mergers and acquisitions (M&As). This was expected to help domestic companies, most of which were vastly small in relation to their developed country counterparts, to grow in size. Inducing the domestic sector to face competition is an implied objective of this approach.

Along with vastly enhancing the scope for the private sector both in the manufacturing sector and services by dismantling the earlier regulatory mechanism, India progressively allowed FDI to play a major role in the economy. In the process, FERA was replaced with the Foreign Exchange management Act, 1999 (FEMA).<sup>3</sup> Beginning with raising the limit on

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<sup>1</sup> S.K. Goyal, et. al., *Functioning of the Industrial Licencing System*, Corporate Studies Group, 1982.

<sup>2</sup> <http://dcmsme.gov.in/publications/reserveditems/resvex.htm>

<sup>3</sup> The objective of FEMA is to “facilitating external trade and payments and for promoting the orderly

foreign shares in existing companies to majority, the areas open for FDI were expanded significantly ever since. Terms governing foreign technology agreements were also liberalised. There has been unmistakable emphasis on FDI's potential contribution to India's industrial development. The Consolidated FDI Policy 2020, underlined that

... FDI infuses long term sustainable capital in the economy and contributes towards technology transfer, development of strategic sectors, greater innovation, competition and employment creation amongst other benefits.<sup>4</sup>

The Economic Survey 2019-20, went a step further and made the reliance on FDI amply clear when it said that

A pro-active FDI policy is also critical as MNEs are the leading vehicles for the country's entry into global production networks while local firms play a role as subcontractors and suppliers of intermediate inputs to MNEs.<sup>5</sup>

This important additional dimension of official thinking implies further and greater emphasis on the lead role to be played by FDI in Indian industry. The recent production-linked incentive schemes also do not show explicit preference for domestic enterprises. There is thrust on attracting MNCs wishing to shift base from China.

### **Simultaneous Emphasis on Infrastructure Development**

India has long been recognised as suffering from poor infrastructure which adversely affected the manufacturing sector's development. Developing essential infrastructure through engaging private sector also thus received the policymakers' attention. The Industrial Policy Statement of 1991 declared that "[W]hereas some reservation for the public sector is being retained there would be no bar for areas of exclusivity to be opened up to the private sector selectively".<sup>6</sup> Schedule B to the Industrial Policy Resolution 1956, which mainly consisted of manufacturing industries, certain minerals as also sea and road transport in which private sector had been allowed "the opportunity to develop" along with the public sector, was totally abolished thus removing the preference for public sector in these industries. Further, Schedule A which consisted of 17 Industries/services in which the government reserved the right to set up new units was pruned to eight. The de-reserved ones were:

1. Iron and steel
2. Heavy castings and forgings of iron and steel
3. Heavy plant and machinery required for iron and steel production, for mining, for machine tool manufacture and such other industries as may be specified by the Central Government

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development and maintenance of foreign exchange market in India".

<sup>4</sup> India, Department for Promotion of Industry and Internal Trade, *Consolidated FDI Policy (Effective from October 15, 2020)*, October 15, 2020.

<sup>5</sup> India, Ministry of Finance, *Economic Survey, 2019-20*, Volume 1, p. 125.

<sup>6</sup> India, Ministry of Industry, "Statement on Industrial Policy", July 24, 1991.

4. Heavy electrical plant including large hydraulic and steam turbines
5. Aircraft
6. Air transport
7. Shipbuilding
8. Telephones and telephone cables, telegraph and wireless apparatus (excluding radio receiving sets)
9. Generation and distribution of electricity<sup>7</sup>

The Eighth Five Year Plan (1992-97), which was finalised after the reforms process was set into motion, said even more categorically that

The physical infrastructure, particularly in the areas of energy, transport, communication and irrigation, has traditionally been provided by the public sector. Since the scale of construction in these areas is very large and these are of direct and indirect benefit to large sections of the society, the public sector will continue to play a dominant role in this area and will have the ultimate responsibility of meeting the demands. However, if private initiative comes forward to participate in creating such infrastructure like power plants, roads, bridges, medium and minor irrigation projects, social housing, industrial estates, on reasonable terms and with full protection of people's interests, such initiative must be positively encouraged.<sup>8</sup>

It was also specified that

The public sector should make investments only in those areas where investment is of an infrastructural nature which is necessary for facilitating growth and development as a whole and where private sector participation is not likely to come forth to an adequate extent within a reasonable time perspective...<sup>9</sup>

Subsequently during 1992-93, oil exploration and refining was removed from the list of industries reserved for the public sector. Minerals was removed from the list during the next year, bringing the number down to six. Notably, the de-reservation affected telecom, civil aviation, electricity generation and distribution, and petroleum. Presently, only atomic energy and railways remain reserved. More recently, certain railway routes were thrown open to the private sector.<sup>10</sup>

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<sup>7</sup> The retained ones were: 1. Arms and ammunition and allied items of defence equipment, Defence aircraft and warships. 2. Atomic Energy. 3. Coal and lignite. 4. Mineral oils. 5. Mining of iron ore, manganese ore, chrome ore, gypsum, sulphur, gold and diamond. 6. Mining of copper, lead, zinc, tin, molybdenum and wolfram. 7. Minerals specified in the Schedule to the Atomic Energy (Control of Production and Use) Order, 1953. 8. Railway transport.

<sup>8</sup> India, Planning Commission, Eighth Five Year Plan, 1992-1997, volume I, p. 14. Accessed at [http://14.139.60.153/bitstream/123456789/2056/1/EIGHTH%20FIVE%20YEAR%20PLAN%201992-97\\_D-7346.pdf](http://14.139.60.153/bitstream/123456789/2056/1/EIGHTH%20FIVE%20YEAR%20PLAN%201992-97_D-7346.pdf)

<sup>9</sup> Ibid. p. 16.

<sup>10</sup> <https://indianexpress.com/article/explained/explained-why-private-firms-are-being-invited-to-run-trains-in-india-6531252/>

While over the years the importance of development financial institutions (DFIs) was reduced and eventually two of the main DFIs were converted into banks, specialised institutions set up for infrastructure financing/development gained importance. The Infrastructure Leasing & Financial Services Ltd (IL&FS), which was incorporated in 1987, grew rapidly. Another institution namely, Infrastructure Development Finance Company Limited (IDFC) was set up in 1997. Even before it ceased to be the apex DFI in 2004, the Industrial Development Bank of India (IDBI), drastically reduced its term lending support to industry. Industrial Credit and Investment Corporation of India (ICICI), the other major DFI quickly shifted its portfolio of lending to services and infrastructure away from manufacturing before it ceased to exist as a DFI. The share of services, power, telecom, and transportation increased from 16.2% in 1996-97 to 27.8% by the end of 2000-01. Their share was as much as 38.8% in the increased lending by the ICICI during this period.<sup>11</sup> Infrastructure finance got another boost in the mid-2000s when the foreign investment policy was liberalised to allow 100% FDI in “townships, housing, built-up infrastructure, and construction-development projects”.<sup>12</sup>

All these changes and the overall policy thrust offered multiple choices to the domestic private sector which felt that the sudden opening up did not give them enough time to adjust to the increased internal and external competition.<sup>13</sup> Importantly, the scope for foreign collaboration was becoming increasingly difficult in the liberal FDI policy regime. The domestic sector indeed sought a level playing field in multiple forms. It had an option whether to compete with the much larger global counterparts or to engage in infrastructure building which does not demand high technology and where government patronage has a role to play. Also, external finance was available due to initial limited opening up of sectors like telecom, because unlike manufacturing there was scope for forming JVs with foreign companies in these activities. The FDI policy also facilitated investments by global financial investors, thus offering an additional source of finance.

While foreign capital did flow in significantly, compared to the pre-liberalisation period, especially since the mid-2000s, its focus on the manufacturing sector remained limited. Even this has been heavily concentrated in a few sectors. Further, a good part of that was utilised to acquire Indian companies, including many well-running ones.<sup>14</sup> It is relevant to note here that while the manufacturing sector was almost entirely opened to FDI, the scope for FDI increased further in the services sector. Thus, progressively domestic companies had to face competition from FDI in services too.

While India increasingly placed its reliance on FDI, there have also been important reminders about the adverse implications of the liberal FDI policy for the domestic industry and

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<sup>11</sup> Based on <https://www.sec.gov/Archives/edgar/data/1092947/000095010301501394/ltd20f-final.pdf>

<sup>12</sup> Press Note No. 2, 2005.

<sup>13</sup> For an elaboration see Chapter 5.

<sup>14</sup> Ibid.

enterprises.<sup>15</sup> There has been a parallel strand of literature which underlines the importance of domestic enterprises and on adopting a calibrated approach towards FDI.<sup>16</sup> The views expressed by the Prime Minister's Group in the erstwhile National Manufacturing Competition Council (2008) and the more recent Discussion Paper on Industrial Policy (2017) wherein the problems with FDI were indicated and a review of the FDI policy was recommended, should be seen in this light.<sup>17</sup>

Keeping these contexts in view, we planned to analyse different characteristics of large number of manufacturing companies. The exercise, however, had to be deferred because it would take considerable time to correct the multiple inconsistencies noted in ownership and product classifications, even to a reasonable extent. The present exercise, therefore, is restricted to studying ownership and sectoral characteristics of the largest 500 private companies identified from the ProwessIQ database, with emphasis on the manufacturing sector. It is expected that even this truncated exercise would have practical relevance as the composition of large enterprises which should take lead roles reflects its strengths and weaknesses of the economy. Since this and Chapter 5 are complementary to each other, some overlap could not be avoided. Given the seriousness of data issues, we tried to elaborate/illustrate to caution the users make the authorities *acutely* aware of the severity and initiate remedial action.

## 2. Relative Position of PCS in the Post-liberalisation Period

### Position of PCS in Joint Stock Companies

The share of private corporate sector (PCS) in the paid-up capital (PUC) of joint stock companies increased from 26.6% at the end of March 1990 to 67.7% by 1999-00. After reaching a high of 75.1% at the end of 2009-10, it fell to 63.4% towards the end of 2018-19 because of the incorporation of a few large non-manufacturing government companies.<sup>18</sup> These changes were accompanied by major sectoral shift in the PUC. Over the years, the share of manufacturing sector in the outstanding paid-up capital of joint stock companies declined sharply. The share of this sector which stood at 73.6% in 1990-91 in case of non-government companies declined to 36.3% in 2009-10—to almost half of its share in 1990-91. Major gains were recorded by finance, insurance, real estate and business services. Each of the other services as well as utilities too gained in the process. Interestingly, there has

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<sup>15</sup> India, NMCC, Supra note 5.

<sup>16</sup> For a short discussion see Chapter 5.

<sup>17</sup> India, National Manufacturing Competitiveness Council. *Report of the Prime Minister's Group, Measures for Ensuring Sustained Growth of the Indian Manufacturing Sector*, September 2008. India, Ministry of Commerce and Industry, Department of Industrial Policy and Promotion, *Industrial Policy – 2017: A Discussion Paper*, August 29, 2017.

<sup>18</sup> Seventeen new government companies in construction, transport, storage and telecommunications accounted for as much as 85.5% of the authorised capital of all the joint stock companies registered during 2015-16. Incidentally, the Smart City mission was launched in June 2015.

been a change in the sectoral distribution of PUC of Government companies too. While the share of manufacturing sector fell from 49.58% to 30.0%, the fall was even more spectacular in case of mining & quarrying – from 32.2% per cent to 5.2%. Substantial gains were made by electricity gas & water supply and construction sectors. Major shift has also taken place in favour of Community, Personal and Social Services.

Share of manufacturing sector in the paid-up capital of non-government companies fell further to 28.2% at the end of 2012-13. The Ministry of Corporate Affairs has, however, not been providing activity-wise distribution of paid-up capital for the recent years. One of the possible reasons for the discontinuation could be that there is serious mismatch between the company classification contained in the Company Identification Numbers (CIN) and the ongoing (principal) activity of companies as reported in their annual reports. A few examples are given in Annexure-1 to indicate the severity of the problem. There is some confusion between NIC 2008 and NIC 2004 as can be seen in case of Indian Oil Corporation and HPCL-Mittal Energy: CINs contain NIC 2004 code and in the filings the companies followed NIC 2008. We have also noticed that the CIN number is not a good identifier of foreign subsidiaries; not only the indirect ones, even direct subsidiaries as FTC/FLC is missing for many such companies.<sup>19</sup> If one strictly goes by FTC/FLC, one would miss the entire network of MNCs in India. See Annexure-2 for a few relevant cases. Also listed separately are cases where majority foreign shares are held by an MNC but none of the shareholders have more than 50% each. Such cases, along with indirect subsidiaries would not have been included in the Annual Census of Foreign Liabilities and Assets (FLA) conducted by the RBI. Interestingly, we noticed that in Hindustan Unilever Ltd, Siemens Ltd and Syngenta India Ltd no single foreign shareholder no longer owns majority. These would not figure in the next FLA. If companies like ACC Ltd and Hindustan Coca-Cola Beverages Pvt Ltd, whose controlling stakes are directly owned by companies registered in India instead of the foreign parent, are also not part of FLA, the Census would miss some very sectorally important companies.

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<sup>19</sup> One of the possible reasons is that the industry classification in CIN number is the one that was assigned at the time of registration based on the proposed activities and the classification in use. Second, not only the classification system changed over time but also companies might have changed their activities due to diversification and M&As. Similarly, ownership changes due to acquisitions are not being reflected properly. A company get converted from private to public as also unlisted to listed and vice versa. Government companies become private companies when privatised. Companies can shift their registered offices from one state to another. In essence, in terms of uniqueness, the CIN is ill-designed. If linked sequentially, however, CIN can help trace changes in the corporate sector. For the issues relating to industrial classification one may refer to India, Central Statistical Office, *Final Report of the Sub-Committee on Private Corporate Sector including PPPs*, 2015.

CIN numbers of some of the prominent foreign subsidiaries do not contain either FLC or FTC, which would have indicated their status as foreign subsidiary.

FTC stands for “Private limited foreign company incorporated in India” and FLC for Public limited foreign company incorporated in India.

An indication of the classification problem is probably reflected in the fact that the share of “Community, Personal & Social Services” in the PUC of government companies increased from 0.17% in 1990-91 to 8.32% in 1999-00 while the number of companies increased from 61 to 116. That is, such companies accounted for half of the additional companies in the category (55 out of 109). It is highly unlikely that the average PUC of such a company will be equal to that of a manufacturing company and nearly three times that of an average company in the “Finance, Personal & Social Services”. It should be noted in this context that the industry code of ONGC, BHEL and Balco contained in the CIN number is 74899. Incidentally, Hindustan Coca-Cola Beverages and Sony India too have 74899 in their CINs. Apart from the absurdity of such diverse companies having the same industry code, we could not trace the code to any of the classifications namely, NIC 2008, NIC 2004, NIC 1998, NIC 1987 and NIC 1970.<sup>20</sup> It is relevant in this context to refer to the methodology of the New Series of National Accounts Statistics. It is apparent that the estimates are based on the activity code (NIC 2004) contained in the 21 digit CIN.<sup>21</sup>

### **PCS's Position in the National Economy**

As a result of the shift away from the public sector, the PCS has come to occupy increasingly important place in the Indian economy. The National Accounts Statistics show some very important changes in respect of the role and place of private corporate sector during the past few years. Studies covering the early years after liberalisation did underline the substantial jump in the sector's share.<sup>22</sup> However, keeping in view the controversy surrounding the new base of 2011-12<sup>23</sup> and the conceptual changes,<sup>24</sup> we are not attempting any comparison with the earlier years. The share of PCS increased both in gross output and gross value added during 2011-12 and 2018-19. (Table-1) While a slight increase was recorded in case of gross value added in manufacturing (77.9% to 80.4%), substantial increases were recorded in case of mining and quarrying (14.6% to 20.9%) and financial services (48.0% to 55.0%). Maximum gain was noticed in case of real

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<sup>20</sup> Even in NIC 1970 and NIC 1987 there was no 748. 749 stood for Storage and warehousing, n.e.c.

<sup>21</sup> India, Ministry of Statistics & Programme Implementation, Changes in Methodology and Data Sources in the New Series of National Accounts Base Year 2011-12, June 2015., June 2015, para 3.11, p. 37.

<sup>22</sup> J Dennis Rajakumar, “Size and Growth of Private Corporate Sector in Indian Manufacturing, *Economic and Political Weekly*, APRIL 30-MAY 6, 2011, Vol. 46, No. 18, pp. 95-101.

<sup>23</sup> See for instance: R. Nagaraj, Seeds of Doubt on New GDP Numbers”, *Economic and Political Weekly*, Vol. L, No. 13, March 28, 2015, pp. 14-17 and Dennis Rajakumar and S.L. Shetty, “Some Puzzling Features of India's Recent GDP Numbers”, *Economic and Political Weekly*, Vol. LI, No. 2, pp. 79-82.

<sup>24</sup> In the new series the private corporate sector includes not only joint stock companies registered under the Companies Act but also limited liability partnerships, quasi-corporations maintaining books of accounts and cooperatives. See: Dennis Rajakumar, “Private Corporate Sector in the New NAS Series: Need for a Fresh Look”, *Economic and Political Weekly*, July 18, 2015, pp. 149-153. Also in case of the manufacturing sector instead of factory as the unit to enterprise. See: Ravindra H. Dholakia, R Nagaraj and Manish Pandya, “Manufacturing Output in the New GDP Series”, *Economic and Political Weekly*, Vol. LIII, No. 35, September 1, 2018, pp. 10-13.

estate, dwelling and professional services (42.5% to 53.8%). At 80.4%, the share of PCS was the highest in manufacturing in 2018-19. The next highest were financial services (55.0%) and real estate, ownership of dwelling and professional services (53.8%). These are followed by trade, repair, hotels and restaurants (42%) and transport, storage and communications (37%). On the other hand, there was substantial decline in the share of manufacturing sector in PCS's output and value added. (Table-2)

**Table-1: National Accounts Statistics: Share of the Private Corporate Sector in Gross Output and Gross Value Added at Current Prices (2011-12 & 2018-19)**

SN	Economic Activity	(Percentages)			
		Gross Output		Gross Value Added	
		2011-12	2018-19	2011-12	2018-19
	(1)	(2)	(3)	(4)	(5)
1	Agriculture, forestry & fishing	2.8	3.8	2.4	2.7
2	Mining & quarrying	31.2	37.2	14.6	20.9
3	Manufacturing	79.4	81.0	77.9	80.4
4	Electricity, gas, water supply and other utility services	36.1	39.7	25.3	28.6
5	Construction	24.0	23.4	16.0	15.7
6	Trade, repair, hotels and restaurants	43.6	44.8	41.5	42.0
7	Transport, storage, communication & services related to broadcasting	45.4	46.0	35.7	37.0
8	Financial services	52.5	58.1	48.0	55.0
9	Real estate, ownership of dwelling and professional services	52.5	65.4	42.5	53.8
10	Public administration and defence	0.0	0.0	0.0	0.0
11	Other services	40.0	43.3	32.1	36.4
	Total	48.8	50.7	33.9	38.0

Source: Based on <http://mospi.gov.in/publication/national-accounts-statistics-2020>

The share of the sector in gross value added reached close to one-third from two-fifths. The gain in case of real estate dwelling and professional services<sup>25</sup> almost matches the fall in respect of the manufacturing sector. This suggests a further shift away from manufacturing to services. However, these observations have to be seen in the context of the controversy surrounding the new series of National Accounts Statistics (NAS), in particular the estimates relating to the private corporate sector.<sup>26</sup>

<sup>25</sup> The economic activities covered in this sector are (1) Real Estate Services (activities of all types of dealers such as operators, developers and agents connected with real estate). (2) Renting of machinery and equipment without operator and of personal and household goods (3) Computer and related activities (4) Accounting, book keeping and related activities (5) Legal Services (6) Scientific Research and development and (7) Ownership of dwellings (occupied residential houses).

<sup>26</sup> See for instance, Ravindra H Dholakia, R Nagaraj and Manish Pandya, op. cit.



**Table-2: National Accounts Statistics: Activity-wise Distribution of Select Aggregates  
of the Private Corporate Sector in Gross Output and Gross Value Added at Current Prices  
(2011-12 & 2018-19)**

SN.	<i>Economic Activity</i>	<i>Gross Output</i>		<i>Gross Value Added</i>	
		2011-12	2018-19	2011-12	2018-19
	(1)	(2)	(3)	(4)	(5)
1	Agriculture, forestry & fishing	0.6	0.8	1.3	1.2
2	Mining & quarrying	1.6	1.4	1.4	1.3
3	Manufacturing	60.3	52.0	40.0	34.4
4	Electricity, gas, water supply and other utility services	2.2	2.6	1.7	2.0
5	Construction	6.0	4.9	4.5	3.3
6	Trade, repair, hotels and restaurants	6.7	7.8	13.4	13.5
7	Transport, storage, communication & services related to broadcasting	6.6	6.6	6.9	6.1
8	Financial services	4.0	4.3	8.4	8.1
9	Real estate, ownership of dwelling and professional services	8.4	14.4	16.2	22.2
10	Public administration and defence				
11	Other services	3.6	5.0	6.2	8.0
	Total	100	100	100	100

Source: Based on <http://mospi.gov.in/publication/national-accounts-statistics-2020>

### PCS in Organised Manufacturing Sector

It was indicated above that the share of PCS in manufacturing sector's gross value added was 80.4% in 2018-19. Further understanding of the place of the PCS in manufacturing can be obtained from the Annual Survey of Industries.<sup>27</sup> Its share in net value added in the sector was 78.6% in 2017-18; the public sector and others contributing the remaining with shares of 10.8% and 10.6% respectively.<sup>28</sup> The corresponding shares in 2016-17 were 77.0%, 12.7% and 8.2% respectively. Net value added also closely resembles this distribution.<sup>29</sup> Thus, the PCS and others shared the decline in the share of government companies.

Unit-level data of Annual Survey of Industries enables one to better understand industry-wise relative position of different organisational forms. The results of an analysis of the unit-wise data for the year 2016-17 are presented in Table-3. While at the aggregate level the share of PCS was 76.3%, there are major differences at the individual industry level. The shares were overwhelmingly high at more than 90% in case of motor vehicles; other transport equipment; computers, electronics, etc.; pharmaceuticals; and beverages. Those falling between 85% and 90% are: paper and paper products; rubber, plastics and products,

<sup>27</sup> Here again, methodological issues cropped up. See for instance,

<sup>28</sup> <http://microdata.gov.in/nada43/index.php/catalog/149/download/1813>.

<sup>29</sup> <http://microdata.gov.in/nada43/index.php/catalog/145/download/1792>

non-metallic mineral products, electrical equipment; machinery and equipment; repair and maintenance. Besides coke and petroleum products, public sector has some important place only in case of basic metals.

**Table-3: Shares of Different Types of Companies in the Net Value Added Annual Survey of Industries 2016-17**

(Percentages)

ISIC Rev. 4 Code & Description	Factories Owned by			Share of Companies with Foreign Investment in Non-Government Cos
	Government Cos	Non-Government Cos	Others	
(1)	(2)	(3)	(4)	(5)
10 Food Products	1.1	69.2	29.7	17.2
11 Beverages	4.0	90.2	5.8	37.6
12 Tobacco Products	-0.1	81.8	18.2	68.3
13 Textiles	0.4	84.3	15.2	7.8
14 Wearing Apparel	1.2	64.3	34.5	6.5
15 Leather etc.	0.6	69.0	30.4	20.4
16 Wood & Wood Products	0.6	68.8	30.6	2.2
17 Paper & Paper Products	-5.1	86.2	18.9	17.8
18 Printing and related service activities	0.4	81.2	18.3	5.6
19 Coke & Refined Petroleum	68.5	31.3	0.2	29.1
20 Chemical & Chemical Products	8.5	83.0	8.6	19.3
21 Pharmaceuticals	2.4	91.3	6.3	22.8
22 Rubber & Plastic Products	1.1	86.6	12.3	27.5
23 Non-Metallic Mineral Products	0.4	86.7	12.9	19.1
24 Basic Metals	11.7	83.8	4.5	42.4
25 Fabricated Metal Products	4.9	77.0	18.2	16.5
26 Computer, electronics, etc.	3.6	93.9	2.6	48.2
27 Electrical Equipment	7.8	85.0	7.3	33.2
28 Machinery & Equipment	2.8	86.4	10.8	32.7
29 Motor Vehicles	0.1	96.4	3.5	57.0
30 Other Transport Equipment	3.0	93.0	4.0	24.1
31 Furniture	0.3	76.5	23.2	9.8
32 Other Manufacturing	0.3	71.5	28.1	12.6
33 Repair, Maintenance, etc.	6.9	85.3	7.8	21.2
All Industries	13.0	76.3	10.6	28.3
Memorandum Items:#				

ISIC Rev. 4 Code & Description	Factories Owned by			Share of Companies with Foreign Investment in No-Government Cos
	Government Cos	Non-Government Cos	Others	
– High R&D Intensity	2.7	92.0	5.3	29.7
– Medium High R&D Intensity	4.5	88.1	7.3	33.7
– Medium R&D Intensity	5.5	83.6	10.9	30.0
– Medium Low R&D Intensity	26.1	59.3	14.6	20.2

Note: Excluding 'factories' falling outside the manufacturing sector.

# Follows the classification proposed in Fernando Galindo-Rueda, Fabien Verger, *OECD Taxonomy of Economic Activities Based on R&D Intensity*, 2016. Accessed at [https://www.oecd-ilibrary.org/oecd-taxonomy-of-economic-activities-based-on-r-d-intensity\\_5jl73sqqp8r.pdf?itemId=%2Fcontent%2Fpaper%2F5jl73sqqp8r-en&mimeType=pdf](https://www.oecd-ilibrary.org/oecd-taxonomy-of-economic-activities-based-on-r-d-intensity_5jl73sqqp8r.pdf?itemId=%2Fcontent%2Fpaper%2F5jl73sqqp8r-en&mimeType=pdf)

Source: Based on Annual Survey of Industries Unit-level data.

It is evident from Table-3 that the share of PCS is the highest in case of industries in which advanced countries relatively spend high on R&D and the share reduces progressively as one moves to lower R&D spending industries. The ASI data has a field which tells whether the factory owner has foreign investment. However, surprisingly, we could not find any explanation as to how this information was to be collected by the field staff and interpreted by the users. The Manual merely states that

**3.3.8 Block B: item 8: whether the share capital of the company includes share of foreign entities?** It relates to the availability of foreign investment in the unit. If the share capital of the unit includes share of foreign entities, code 1 will be recorded in such cases. Otherwise, code 2 will be recorded.<sup>30</sup>

A straightforward interpretation by the respondents would have meant that many factories owned by PCS and even some by government companies would have replied in the affirmative. This is because an overwhelming number of listed companies (government and non-government) would have foreign portfolio investments. If the interpretation was restricted to foreign subsidiaries, the number would be far fewer. It is relevant to note that 73 of the 1,462 factories owned by government companies and appearing in the unit-wise database have foreign investment and they accounted for 12.8% NVA of all government factories. Since in the petroleum refining sector factories with foreign investment accounted for only 26.3% of total output and 11.8% of the NVA, it is possible that the information was used in a somewhat restrictive manner. Otherwise, the share would have been far higher since Indian Oil Corp, HPCL, BPCL and ONGC are all listed and have *some amount of foreign investment*.<sup>31</sup>

<sup>30</sup> India, Ministry of Statistics & P.I., Instruction Manual Annual Survey of Industries (Concepts, Definitions and Procedures), November 2018, p. 23.

<sup>31</sup> As on September 30, 2020, foreign portfolio investors held 6.0% of the equity capital of Indian Oil Corp Ltd. The corresponding shares for BPCL and HPCL are 12.0% and 15.5%.

In spite of such vagueness we decided to take a close look at it due to its extreme relevance. For the sake of convenience we will be referring to this part of the corporate sector as PCSF. Overall, PCSF has a share of 28.3% of the NVA of the PCS. Understandably, PCSF had higher shares of NVA in case of tobacco products as ITC, VST and Godfrey Philips have foreign equity. Other industries with somewhat high shares were motor vehicles, computers, electronics, etc. basic metals, beverages, electrical and non-electrical machinery and equipment. It may be noted that automobile sector attracted the largest inflow of FDI within the manufacturing sector and most of the global automobile manufacturers have operations in India. The high share in basic metals indicates that factories owned by NRI groups, namely Vedanta and Essar would have been treated as foreign. A further detailed three-digit level presentation given in the Annexure-3 supports this interpretation.

In selected branches of manufacturing, PCSF figures among the top five factories in terms of NVA. (Annexure-3) The presentation also raises some questions because of the absence of PCSF in case of non-metallic mineral products and consumer electronics. It is well known that a number of cement manufacturing companies were taken over (e.g. ACC, Ambuja Cement, Mysore Cements, My Home Industries as also L&T Concrete). In spite of these limitations, this exercise does seem to reflect the relative importance of PCSF in India's manufacturing sector.

### 3. Large Private Sector Companies

In view of the observation that the PCS contributes bulk of the manufacturing sector's output it becomes imperative that for understanding the state of the sector it will be useful to analyse the characteristics of the sector using companies, the decision-making entities, as units of study, instead of factories. As seen above, the ASI data did provide some tentative indications of the relative position of FDI in different segments of the manufacturing sector. The observed tell-tale inconsistencies also do indicate the need to closely address the issue. It was therefore decided to collect data of a large number of manufacturing companies belonging to the PCS so that analysis of companies in different size ranges as also varying types of ownership, in particular involvement of FDI, could be taken up. In order to cover a large canvas, extensive attempts were made to identify companies from different sources like D&B Hoovers, in addition to the ProwessIQ of CMIE. To begin with, more than 17,000 manufacturing and about 7,500 non-manufacturing companies were identified from various sources. However, extensive checks on industry classification and ownership affiliations revealed some serious problems.<sup>32</sup> In view of the long time required to improve upon the given classifications, this exercise was deferred.

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<sup>32</sup> For instance, initially, Maruti Suzuki India Ltd was classified under components by D&B Hoovers. We did try to bring the classification issues to the vendors and the same has since been corrected to "Motor Vehicle Manufacturing" – from ISIC Rev. 4, 2930 to 2910. Another problem that still remains is that of United Spirits Ltd whose mainstay is "Distilled alcoholic beverage manufacturing services" which is classified under "Manufacture of other food products n.e.c." – ISIC Rev. 4 code 1079.

## Classification Issues

Use of ProwessIQ (or Capitaline, the other popular corporate database) alone would no doubt have enabled analysis of reasonably large set of companies. But, even here industry and ownership classifications posed a major problem. It would be relevant to mention here that while private sector companies are categorised into specific 'Groups', 'Private (Indian)' and 'Private (Foreign)' by these databases, there is never any clarity regarding such classification, especially what forms a 'Group' and what a standalone/independent company is. Most of the 'Groups' did not exist under the MRTP Act. Obviously, the group affiliations given by the databases would not have any legal basis nor would they have followed some uniform criteria.<sup>33</sup> It may be mentioned here that in spite of this serious ambiguity many studies take this categorisation by the data vendors for granted.<sup>34</sup> Further,

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Tata Cummins Pvt Ltd is a 50:50 joint venture of Tata Motors Ltd and Cummins Inc., USA. The database associates Tatas Cummins Pvt Ltd neither with Tata Motors nor with Cummins.

Bhabha Atomic Research Centre provides an extreme case, as it is shown under "Grocery Wholesale". According to the database

Bhabha Atomic Research Centre is primarily engaged in buying and/or marketing grain (such as corn, wheat, oats, barley, and unpolished rice); dry beans; soybeans, and other inedible beans. Country grain elevators primarily engaged in buying or receiving grain from farmers are included, as well as terminal elevators and other merchants marketing grain.

Another major problem is that income figures are not uniformly reported. For some, where they are applicable, the reported figures are consolidated and in others they are standalone. As a result, one cannot compare companies within industries or in general. As of now, the reported data can mainly be used as a starting point because there is no other way of scanning through the lakhs of companies.

<sup>33</sup> We do not find any standard criteria for classifying a company as a group company or as an independent one. Some of the companies may be referred to as group companies as per their own claims. Actually, in most cases there will be more than one company within the fold of controlling families. Out of the 667 'groups' covering 6,169 companies in 2018-19 for which financial data were available in ProwessIQ, in case of 164 groups there was only one company. On the other hand, both 20 Microns Limited and its subsidiary 20 Microns Nano Minerals Limited are shown as independent companies. 20 Microns Ltd had five subsidiaries at the end of 2018-19, three of which were in other countries. Prospectus of the company issued in 2008 listed as many as eight companies "that are part of our Group." All of the eight exist now, though with different names. Six of them are located at two addresses. One would have expected the companies would have been put together in one group.

<sup>34</sup> See for instance Jordan Siegel and Prithwiraj Choudhury, "A Reexamination of Tunneling and Business Groups: New Data and New Methods", *The Review of Financial Studies*, June 2012, Vol. 25, No. 6 (June 2012), pp. 1763-1798. The authors specifically mention that "[A]gain like Bertrand, Mehta, and Mullainathan (2002), we rely on CMIE's designation of a given firm as independent or as a member of a business group", (p. 1768).

Vikas Kumar, Ajai S. Gaur and Chinmay Pattnaik, *Product Diversification and International Expansion of Business Groups: Evidence from India*, *Management International Review*, 2012, Vol. 52, No. 2, *Multinationals and the Changing Rules of Competition: Challenges for IB research* (2012), pp. 175-192, speaks of as many as 487 "business groups" identified from Prowess.

Rakesh Basant and Pulak Mishra, "Trends in Strategies and Performance of the Indian Corporate Sector What has Changed in Two Decades of Economic Reforms?", *Indian Institute of Management, Working*

apart from gross misclassification of many foreign subsidiaries, the practice has been to include joint ventures with foreign companies as independent or in domestic partner's 'Group'. What is, however, more difficult to understand is the classification of foreign subsidiaries as 'Private (Indian)'. We identified 32 such companies out of the top 500 manufacturing companies. This is in addition to the 32 companies classified as JVs by us and which the database either termed as Private (Indian)' or an Indian Group. These are given in Annexure-4. The 32 subsidiaries accounted for 22.3% of the total income of all the foreign subsidiaries identified by us. As many as 20 of these are in medium high R&D category. It is easy to understand how such misclassifications would lead to serious incorrect conclusions and inappropriate policy prescriptions.

In any case, classification involves some judgement on part of the researchers, depending upon the objective a study, which the databases cannot be expected to incorporate in their classifications. For instance, ITC Ltd with 30.86% shareholding by British companies is known to follow an independent path and the company in its filings with the Stock Exchanges makes it clear that the promoter shareholding is "Nil". We did not treat ITC as an FDI company in this exercise. On the other hand, the promoter shareholding to the extent of 21.36% out of the total 36.7% in Cipla is held abroad by members of the promoter family. We treated this company as NRI-associated. Since re-classifying large number of companies would take a long time, the present exercise is restricted to understanding the relative position of top 500 companies in the PCS identified from ProwessIQ.

This study is in continuation of an earlier one<sup>35</sup> which examined the changes in the composition of non-financial large private corporate sector in terms of the relative position of the erstwhile large houses, older companies/groups, new entrants and foreign companies among the largest 500 companies. The exercise was based on total assets in 1989-90 and 2009-10. The present study has a somewhat larger scope as it also examines the composition of the large private corporate sector from the point of total income. As mentioned earlier, restrictions were removed on large houses and services involving large capital outlays were thrown open to the private sector. The year 2000 marked the near complete freedom for FDI in India's manufacturing sector. On the other hand, there were still some restrictions on foreign shares in many services. The domestic companies while facing the threat of increased competition and grossly reduced scope for forging JVs with foreign investors also had the option to expand in services where some degree of restriction existed on foreign shares. Thus, by including non-manufacturing companies the study would provide an indication of the possible shift of domestic PCS entities from manufacturing to services and also reflect on the behaviour of domestic companies that emerged in the new policy era. The study thus seeks to compare the position that existed

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Paper No. 2016-03-31, March 2016. Accessed at <https://web.iima.ac.in/assets/snippets/workingpaperpdf/2989005512016-03-31.pdf>

<sup>35</sup> M.R. Murthy and K.V.K. Ranganathan, "Structural Characteristics of the Large Indian Private Corporate Sector in the Post-liberalisation Period", ISID Working Paper No. 2013/03, February 2013.

in 1999-00 with 2018-19, the latest year for which data on operations of individual companies is available.

As in the case of the earlier study, the present exercise also relies heavily on the ProwessIQ database of the CMIE. In specific, the study discusses the relative position of FDI and domestic companies among the top 500 non-financial non-government companies in terms of total assets and income. The analysis is further carried out in respect of top 500 manufacturing companies in terms of their income. The domestic companies are further distinguished on the basis of their affiliation with the erstwhile MRTP houses, companies incorporated after 1990 *i.e.*, in the post-liberalisation period, the industries and sectors in which they operate, the nature of industries based on R&D intensity and possible contribution of mergers to the growth of FDI and domestic companies. For arriving at technology intensity of the companies such as low, medium and high technology, etc. classification of activities based on R&D intensity suggested in the OECD document referred to earlier was relied upon.<sup>36</sup> Due to diversification, company industry/activity classifications are generally based on the largest contribution of a product/service to a company's income. This obviously distorts industry distribution when large diversified companies are involved.

The exercise would have other obvious limitations that emanate from the weaknesses of the information base of the Indian corporate sector – e.g. poor representation of private limited companies and bias towards the stock exchange listed segment. More importantly, during the intervening period (in particular since the middle of 2010s) corporate disclosures have undergone repeated changes and in the process reporting of the crucial information on transactions in foreign exchange became highly tenable. The sharp deterioration since the middle of 2010s becomes obvious from the RBI's Company Finance Studies. For instance, in case of non-government non-financial public limited companies the share of imports fell from about 82% in 2012-13 to 10.2% in 2018-19. On the other hand, share of "Others" increased from about 18% to 90% during the same period. When "Others" account for such a high proportion, there is hardly anything one can infer about the composition of the expenditure. While the number of companies covered increased from 1,790 in 2012-13 to 16,045 in 2018-19, the imports fell from about Rs. 6 lakh crore to 1.5 lakh crore. (See Annexure-5) The fact that for the same set of 24,612 companies, imports fell from Rs. 6.6 lakh crore to Rs. 1.7 lakh crore during 2014-15 to 2016-17 and the corresponding total expenditure in foreign currencies declined from Rs. 15.3 lakh crore to about Rs. 10 lakh crore, it should have rung alarm bells in the official circles. Since it did not happen and the RBI has been reporting results of its company finance studies without any qualification shows that this exercise is being conducted routinely without concern about its practical use.

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<sup>36</sup> Fernando Galindo-Rueda, Fabien Verger, *OECD Taxonomy of Economic Activities Based on R&D Intensity*, 2016. Accessed at [https://www.oecd-ilibrary.org/oecd-taxonomy-of-economic-activities-based-on-r-d-intensity\\_5jlv73sqqp8r.pdf?itemId=%2Fcontent%2Fpaper%2F5jlv73sqqp8r-en&mimeType=pdf](https://www.oecd-ilibrary.org/oecd-taxonomy-of-economic-activities-based-on-r-d-intensity_5jlv73sqqp8r.pdf?itemId=%2Fcontent%2Fpaper%2F5jlv73sqqp8r-en&mimeType=pdf)

As a result of this deterioration, even the popular corporate databases are not in a position to offer reliable information in this regard. This has seriously hampered the scope and quality of analysis. We, however, tried to improve upon the data provided by ProwessIQ by referring to company annual reports to a limited extent so that reasonable approximations could be arrived at. We intend to extend this approach to the maximum possible number of companies in our subsequent exercise by following the segment/consolidated approach.

#### **4. Composition of Top 500 Non-Government Non-Financial Companies (NGNFs)**

Table-4 provides a snapshot of the changes in the composition of large non-financial non-government companies during the post-liberalisation period in terms of assets. In the first twenty years after opening up, the manufacturing sector lost heavily with the services sector gaining prominence. Also, there were many new entrants in electricity generation and distribution. A similar trend continued in the next decade. The main difference, however, is that though the number of manufacturing companies declined further, the decline was not as steep as it was in the previous period. This is notwithstanding the shorter second period. The number of companies in electricity generation increased relatively the most -- about 50% reflecting the shift in emphasis towards infrastructure. In terms of share in assets, however, there was much stability for services whereas the share of manufacturing sector declined further, even if slightly. This probably shows consolidation of manufacturing companies into relatively bigger entities and slow emergence of electricity companies.

In the following we provide a more detailed activity-wise distribution of the large non-financial PCS in terms of both assets and total income in 2018-19. (Table-5) As noted above, in terms of assets, manufacturing companies constituted a little less than half of the total 500 companies. Construction & engineering companies, and electricity generation and distribution were the next two important categories. There were as many as 189 companies, directly related to infrastructure activities (construction, telecommunications, electricity and transport services), with 37.4% share in assets. However, telecommunications, with far fewer number of companies had a higher share in assets compared to these categories of companies. The picture is somewhat different when the same is looked at from the income angle. Manufacturing companies account for nearly two-thirds of the total and their share in income was 60%. A surprising second in terms of both number of companies and share and in income was those falling under trading. Information technology was much lower with 9.7% share followed by construction & engineering sector companies. The share of electricity companies was just 3.3 per cent. Manufacturing sector holds its place both in terms of assets and income compared to infrastructure and other services. Thus while considerable investment went into electricity generation, its low share in income might indicate the problems the sector might be facing.



**Table-4: Distribution of Top 500 Non-Government Companies and their Assets According to Broad Sectors: 1989-90, 2009-10 & 2018-19**

<i>Activity</i>	<i>Number of Companies</i>			<i>Share in Assets (%)</i>		
	<i>1989-90</i>	<i>2009-10</i>	<i>2018-19</i>	<i>1989-90</i>	<i>2009-10</i>	<i>2018-19</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>	<i>(7)</i>
Manufacturing	422	270	233	84.8	52.9	50.5
Services	69	191	207	11.3	39.9	40.2
Electricity Generation & Distribution	9	39	60	3.9	7.2	9.3
Total	500	500	500	100.00	100.00	100.0

Source: Based on CMIE Prowess Database and M.R. Murthy and K.V.K. Ranganathan, "Structural Characteristics of the Large Indian Private Corporate Sector in the Post-liberalisation Period, ISID Working Paper No. 2013/03, February 2013.

**Table-5: Activity-wise Distribution of Top 500 NGNFM Companies According to Assets and Income: 2018-19**

<i>Activity</i>	<i>Assets</i>		<i>Income</i>	
	<i>No. of Companies</i>	<i>Share in Assets</i>	<i>No. of Companies</i>	<i>Shares in Income</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>
Manufacturing	233	50.5	291	60.2
Trading	33	3.5	70	13.2
Information Technology	25	6.7	31	9.7
Construction & Engineering	78	11.7	35	6.1
Telecommunications	19	11.8	14	4.3
Electricity	70	10.7	27	3.3
Transport Services	22	3.2	11	1.5
Media	9	1.0	5	0.6
Other Services	11	0.9	13	1.1
Primary			3	0.2
<b>Grand Total</b>	500	100	<b>500</b>	100.0

The emergence of trading companies is an important development because to understand the market structures, focusing on manufacturing companies alone will not be sufficient. As we shall see later, sales of some manufacturing companies comprise significant amount of traded items. Some companies may actually be dealing entirely in imported products. Sony India, which at one time had some manufacturing facility, now declares in its Annual Report that it is engaged in "Wholesale of Electronic equipment and parts".

A further grouping of the companies has been attempted by classifying them according to the R&D intensity suggested in the OECD paper.<sup>37</sup> (Table-6) Within the manufacturing sector maximum number of companies fall under the medium high R&D spending category followed by the medium spending category. Understandably, an overwhelming number of non-manufacturing companies fall in the low spending category. There do exist 46 companies in the medium high and medium low categories accounting for 38% of the assets. There were just 3 companies in the highest spending group but their share is extremely small at 0.7%. The position in respect of services in income is somewhat similar except that in case of medium high spending category have a much larger share in income compared to medium low spenders unlike in case of assets.

**Table-6: Distribution of Top NGNFM Companies according to R&D Intensity: 2018-19**

Sector/R&D Intensity	Total Assets		Total Income	
	No. of Companies	Share in Assets (%)	No. of Companies	Share in Income (%)
(1)	(2)	(3)	(4)	(5)
<b>Manufacturing</b>	<b>233</b>	<b>50.5</b>	<b>292</b>	<b>60.2</b>
1-High	35	12.3	34	9.2
2-Medium High	85	23.8	126	36.7
3-Medium	61	30.9	69	24.9
4-Medium Low	52	33.1	63	29.2
<b>Services</b>	<b>267</b>	<b>49.5</b>	<b>205</b>	<b>39.6</b>
1-High	3	0.7	2	0.6
2-Medium High	24	13.4	32	24.8
4-Medium Low	22	24.6	15	11.1
5-Low	218	61.3	156	63.5
<b>Primary</b>			<b>3</b>	<b>0.2</b>
4-Medium Low			1	34.8
5-Low			2	65.2
<b>All Sectors</b>	<b>500</b>	<b>100.0</b>	<b>500</b>	<b>100.0</b>

New domestic companies had a much higher share in services than in manufacturing, in sharp contrast to the older ones. The two are somewhat closer in case of services. (Table-7) Thus, while the older companies were still focused on manufacturing, newer ones are more into non-manufacturing activities. A few companies are controlled by non-resident Indians. Overall, foreign companies have a much larger share in income compared to their share in assets in case of both manufacture and services. This need not necessarily be due to better use of assets as trading could be an important contributing factor. Among the Indian companies other than JVs and those having strong bonds with NRIs, older companies have considerably larger share, both in assets and income.

<sup>37</sup> Ibid.

**Table-7: Share of Various Ownership Categories in Different Types of Activities:  
Assets and Sales 2018-19**

Ownership Category	Share in Assets (%)					Share in Income (%)				
	No of Cos.	Mfg. Cos.	Manu- facturing	Services	All Cos.	No of Cos.	Mfg. Cos.	Manu- facturing	Services & Primary	All Cos.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Foreign Subsidiaries	102	56	18.2	11.7	15.0	144	83	28.8	26.2	27.8
Domestic Cos – New	162	32	8.5	46.0	27.0	118	40	9.1	39.1	21.0
Domestic Cos – Older	177	114	57.5	23.3	40.5	177	129	48.0	23.7	38.4
Joint Ventures	29	15	6.3	16.1	11.2	27	15	5.9	7.7	6.6
Non-resident Indians	30	16	9.5	3.0	6.3	34	25	8.3	3.3	6.3
<b>All Categories</b>	<b>500</b>	<b>233</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>500</b>	<b>292</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

So far we have tried to indicate the relative importance of manufacturing sector and services in the large PCS. There were major differences in the sectoral distribution of companies according to assets and income on one hand and ownership types on the other. Manufacturing sector being the prime focus of this study, in order to have a better understanding of the characteristics of the large PCS in the manufacturing sector and the changes that have occurred during the more recent period of almost two decades, we have identified the largest 500 manufacturing companies (NGNFM) from those covered by ProwessIQ. The reference points were 1999-00 and 2018-19. As was noted earlier, by 2000 practically the entire manufacturing sector was open for 100% foreign ownership. The first reference point coincides with this important change.

On the face of it, there appears to be quite a bit of stability of the composition of the top manufacturing companies in terms of technology dimension between the two years. (Table-8) However, overall, the number of domestic companies including NRI-related companies fell from 379 to 341. Within these, however, older companies lost heavily while newer companies gaining in numbers. There was also creeping increase in the number of NRI-affiliated companies. (Table-9)

There was indeed a lot of churning during the nearly two decades. About 60% of the companies (297) which formed part of the top 500 in 1999-00 did not find a place in 2018-19. (Table-10) Out of the 297 companies which did not figure in the set of 2018-19, 75 companies were merged into other companies. A further 21 were either struck-off or were liquidated. Even if these are excluded, 201 companies failed to remain at the top in 2018-19. In all, excluding FDI companies and JVs, there were 236 which exited in 2018-19. Out of the 236 as many as 216 were incorporated prior to 1991 or were formed to takeover older

businesses.<sup>38</sup> Consequently, compared to 339 older Indian companies of 1999-00 there were only 216 such companies in 2018-19. On the other hand, the number of new companies increased from 26 in the 1999-00 to 95 in 2018-19. The number of foreign subsidiaries also increased substantially from 85 to 126. While the number of JVs reduced from 36 to 30, those associated with NRI promoters increased from 14 to 25. Overall, the number of foreign associated companies, including the non-resident associated companies, increased from 135 to 181. This in a way reflects the increasing external control over top Indian manufacturing sector.

**Table-8: Changes in the Composition of Top 500 Manufacturing Companies between 1999-00 and 2018-19**

<i>Category of Industry</i>	<i>1999-00</i>		<i>2018-19</i>	
	<i>No.</i>	<i>Share in Total Income</i>	<i>No.</i>	<i>Share in Total Income</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>
High R&D	53	6.9	49	8.9
Medium High R&D	178	43.1	199	36.5
Medium R&D	128	22.1	129	25.6
Medium Low R&D	141	28.0	123	29.0
<b>Grand Total</b>	<b>500</b>	<b>100.0</b>	<b>500</b>	<b>100.0</b>

**Table-9: Changes in the Ownership Pattern of Top 500 Companies according to Total Income**

<i>Type of Company</i>	<i>1999-00</i>	<i>2018-19</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>
Indian	379	341
Older Companies	339	216
New Companies	26	88
Non-Resident Indians	14	37
Foreign Affiliated Companies	121	159
Foreign Subsidiaries	85	127
Joint Ventures	36	32
<b>Grand Total</b>	<b>500</b>	<b>500</b>

<sup>38</sup> A very important example in this regard is Bajaj Auto Ltd. From the cover page of the company's Annual Report 2019-20 it is obvious that the company has been operating since 1945. But the Annual report was Thirteenth! As it was 'incorporated in 2007. Going by the CIN number its industrial classification is 65993 representing "Non-operating financial holding companies (Investment Companies)". Thus a large company with Rs. 30,000 crore revenue deriving 95.3% of its income from sale of automobiles is classified as a financial company. One can imagine the distortions that it can introduce in sectoral level analysis. ProwessIQ gives its industry code as 61209, which according to NIC2008 stands for "Activities of other wireless telecommunications activities". ProwessIQ's own classification, however, places it correctly in the automobile segment but going by the year of incorporation the company is placed under the Age Group "After 1991". Similarly, United Breweries and United Spirits were supposed to have been incorporated in 1999.

**Table-10: Changes in the Relative Importance of different Types of Top Companies  
Based on R&D Intensity of the Respective Industries**

Type of Company/R&D Category	1999-00	2018-19	Exits between 1999-00 and 2018-19	Entrants in 2018-19 over 1999-00	Share in Income (%)	
					1999-00	2018-19
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Foreign Affiliated Cos	121	<b>159</b>	61	97	25.7	34.0
High R&D	14	15	9	9	30.7	48.1
Medium High R&D	72	95	36	58	39.8	48.5
Medium R&D	14	16	6	9	11.5	15.4
Medium Low R&D	21	33	10	21	14.1	27.8
Domestic Cos	379	<b>341</b>	236	200	74.3	66.0
High R&D	39	34	26	22	69.3	52.2
Medium High R&D	106	104	59	54	60.1	51.4
Medium R&D	114	113	69	70	88.5	84.8
Medium Low R&D	120	90	82	54	85.9	72.6
Grand Total	500	<b>500</b>	297	297	100.0	100.0

Note: Due to change in ownership and industrial classification of a few companies, the difference between columns 2 and 4 do not exactly match that between columns 5 and 6.

Between 1999-00 and 2018-19, 61 FDI companies, including joint ventures, exited while 97 companies entered. There was a net addition of 35 companies after change in ownership classification has been taken into account. Out of the 61 as many as 25 were amalgamated and three were either struck-off or were kept under liquidation. Importantly, the share of FDI companies in total income increased from about one-fourth to one-third. Relative shares of FDI companies increased in all the sub-categories based on R&D intensity, the maximum gain being recorded in the high R&D spending category. In fact, out of the eight companies which exited from the latter group, as many as six were merged with other companies and one was struck off. FDI companies also gained substantially in case of the low spending category. Importantly, they control almost half of the income in the two top R&D spending categories. In terms of numbers, however, maximum increase was in case of medium-high category followed by low spenders. Thus, FDI companies gained at the expense of domestic companies, both in terms of numbers and income.

Income-wise, the number of companies affiliated with the erstwhile MRTP houses (excluding JVs and NRI-affiliated ones), increased from 73 to 88 during the past two decades, 59 being the continuing ones. About (30) of the continuing ones were engaged in 68 mergers within which 62 were intra-group mergers. Relatively fewer non-MRTP house continuing companies were engaged in mergers and in their case intra-group mergers were also relatively fewer. Though new entrants belonging to the houses were engaged in fewer mergers, in their case too intra-group mergers were overwhelming. Though,

relatively fewer new non-house entrants were engaged in mergers, intra-group mergers played an important role accounting for about 72% of the mergers involving them. Out of the 88 MRTP house companies as many as 50 were in infrastructure industries, 18 in consumer durables, 10 in capital goods, 9 in consumer non-durables and 1 in primary goods. The corresponding numbers in case of the 216 non-MRTP house companies were: 104, 26, 8, 75 and 3 respectively.

Overall, the FDI companies strengthened their position among the largest 500 PCS companies in the manufacturing sector, especially in high R&D spending industries -- in terms of both numbers as well as their share in different sets of companies. A majority of those FDI companies which entered in 2018-19, fall under the medium-high R&D category – 58 out of 97. In contrast, majority of the domestic new entrants belong to medium and medium low R&D categories – 124 out of 200.

This period also coincides with high share of acquisitions in manufacturing FDI inflows – 35.3% during 2002-03 to 2018-19.<sup>39</sup> Since acquisition-related inflows formed a significant portion of the inflows into the manufacturing sector, an attempt was made to identify the FDI and NRI controlled companies<sup>40</sup> (inflows on their account are also categorised as FDI) according to the manner in which the external investors gained control over them. For instance, Coca-Cola's business in India was built on the foundations of Parle's soft drink business. One is also aware that foreign collaborators bought over the shares of Indian partners in JVs. In some others they joined the already running ventures as partners. There are two important aspects that need to be kept in mind while looking at this classification. Some Indian promoters are known to have shifted their residence abroad. Such companies have been treated as NRI-controlled ones. Second, even if an FDI company entered India by establishing new business it might have grown subsequently on the strength of acquisitions. For the present exercise, these are not treated as acquisition-based companies.<sup>41</sup>

It can be seen from Table-11 that acquisitions played a very important role as acquired companies accounted for a little less than half of the income of the foreign-controlled companies. While direct acquisitions had 27.3% share, buying out Indian partners was the next important mode contributing 15.5%. Even if NRIs' control is ignored, acquired FDI companies by themselves account for 47.9% of the group's income.

Categorisation of companies based on R&D intensity at the broad 2-digit level has some inherent disadvantages. For instance, chemicals includes a variety of chemicals as also chemical-based consumer goods. An attempt has therefore been made to classify the companies according to the end use of their output. Based on a close approximation to the

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<sup>39</sup> See Chapter 5 for details.

<sup>40</sup> <https://www.forbes.com/sites/anuraghunathan/2018/10/03/indias-richest-2018-tycoons-moving-abroad-while-retaining-their-business-ties/#2827f5b94f12>

<sup>41</sup> Cargill India for instance, which acquired many domestic companies/businesses.

classification followed by the CSO, the companies were classified into capital goods, intermediate goods, and consumer goods. In view of the difficulty in suitably identifying companies under infrastructure/construction goods, they were combined with intermediate goods. The results are presented in Table-12.

**Table-11: Share of Acquisition-based Companies in Total Income of FDI and NRI Companies: 2018-19**

<i>R&amp;D Category</i>	<i>Direct Acquisitions</i>	<i>Buying out Joint Venture Partners</i>	<i>Joining as Partners in Existing Ventures</i>	<i>All Categories (2+3+4)</i>	<i>Excluding NRIs</i>
(1)	(2)	(3)	(4)	(5)	(6)
High R&D	13.4	3.4	0.0	16.8	18.5
Medium High R&D	11.4	28.4	2.2	42.0	41.2
Medium R&D	46.6	1.0	26.0	73.6	79.7
Medium Low R&D	53.9	5.3	0.9	60.2	62.2
All Companies	27.3	15.5	6.2	49.1	47.8

**Table-12: Use-Based Classification of Top Companies in 2018-19**

<i>Use-based Classification of Industries</i>	<i>No. of Companies</i>			<i>Share in Income (%)</i>			<i>Share of FDI Cos. In Respective Industry Group (%)</i>	<i>Share of Acquisition-based FDI Cos. In FDI Cos' Income</i>
	<i>FDI Cos</i>	<i>Domestic</i>	<i>All Cos</i>	<i>FDI Cos</i>	<i>Domestic</i>	<i>All Cos</i>		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1 Primary Goods	2	5	7	8.1	16.9	13.9	19.8	95.8
2 Intermediate Goods	58	181	239	22.7	42.1	35.5	21.8	51.3
3 Capital Goods	30	19	49	11.5	6.4	8.1	48.1	54.7
4 Consumer Durables	31	47	78	35.7	16.8	23.3	52.2	39.1
5 Consumer Non-Durables	38	89	127	22.0	17.7	19.2	39.0	36.9
Other Non-Durables	3	6	9	0.7	0.6	0.7	37.8	0.0
Fast Moving Consumer Goods	29	54	83	19.4	10.8	13.7	48.0	35.4
Pharmaceuticals	6	29	35	1.9	6.3	4.8	13.2	67.7
<b>Grand Total</b>	<b>156</b>	<b>344</b>	<b>500</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>34.0</b>	<b>47.8</b>

Note: The use-based classification is based on [http://mospi.nic.in/sites/default/files/publication\\_reports/IIP\\_Manual\\_3apr18.pdf](http://mospi.nic.in/sites/default/files/publication_reports/IIP_Manual_3apr18.pdf)

Consumer durables with 35.7% share are the main source of income for FDI companies. While the share of intermediates was 22.7%, consumer non-durables follow closely with 22.0% share. Thus, majority of their income (57.7%) is attributable to consumer goods. The share of capital goods was quite low at 11.6%. In contrast, domestic companies derive maximum revenue (42%) from intermediate goods. In their case, consumer non-durables,

consumer durables and primary goods have almost equal shares of about 17% each. Capital goods come last with just 6.4% share. Thus, in the overall, capital goods received least attention with a share of just 8.1%. FDI companies have major shares in consumer durables, capital goods and FMCG. Acquisitions played a major role in primary goods, pharmaceuticals, capital and intermediate goods. Acquisitions also contributed to other categories of industries, except other non-durables, which in any case were least significant in terms of their share in total income. Within the top 500 companies, FDI companies accounted for over half of the income attributable to consumer durables followed by capital goods and fast moving consumer goods.

A limitation of this exercise is that some companies do not sell on their own account directly to consumers. Some of the prominent among these are what are termed as electronics manufacturing services (EMS) companies. For instance, customers of Dixon Technologies India Ltd.<sup>42</sup>, the sole domestic company under the consumer durables category among the top 500, include Xioami, Gionee, Karbonn, Samsung, LG Panasonic, TCL, Lloyd, Godrej, Philips, Toshiba, Hisense, Haier and Nokia. If Dixon's sales are excluded, FDI companies would account for 100% of the income. On the hand, if Suzuki Motor Gujarat, which supplies to Maruti Suzuki, is excluded, the share of domestic companies would rise. We intend to take note of such double counting in the expanded follow-up exercise to the extent possible.

We now turn to a more detailed examination of the relative position of FDI companies in different industries. Table-13 provides broad as well as specific industry-level shares. FDI companies enjoy significant shares in many industries, in particular electronics and communication equipment, electrical and non-electrical machinery, motor vehicles, beverages and toilet preparations where brand names are quite important. Further, in most industries an average domestic company is much smaller than a FDI company thereby further indicating the dominant position enjoyed by FDI companies. While in some industries all the top positions are enjoyed by FDI companies, in many other branches they are multiple times larger than their largest domestic counterpart or are very close to it. The situation noticed in the use-based classification is thus further corroborated and shows the gap between the two types of companies.

**Table-13: Industry-wise Distribution of Top FDI and Domestic Manufacturing Companies and their Relative Shares in Income: 2018-19**

	<i>Industries</i>	<i>FDI Cos</i>	<i>Domestic Cos</i>	<i>All Cos</i>	<i>Ratio</i>	<i>Share of FDI Cos in Industry's Income (%)</i>
	<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
<b>1</b>	<b>Food, Beverages &amp; Tobacco Products</b>	<b>23</b>	<b>51</b>	<b>74</b>		<b>42.3</b>
	<i>Grain Mill Products &amp; Other Food Prods</i>	7	24	31	0.2	24.5

<sup>42</sup> Incidentally, Vachanis, the promoters of Dixon, were once running a leading consumer electronics company Weston Electronics Ltd (since liquidated).



	Industries	FDI Cos	Domestic Cos	All Cos	Ratio	Share of FDI Cos in Industry's Income (%)
	(1)	(2)	(3)	(4)	(5)	(6)
	<i>Vegetable and Animal Oils &amp; Fats</i>	5	12	17	2.3	44.3
	<i>Beverages</i>	8	2	10	3.6	88.2
	<i>Tobacco Prods</i>	1	2	3	0.1	4.9
	<i>Processing of Meat, Fruits &amp; Vegetables</i>		7	7	0.0	0.0
	<i>Dairy Prods</i>	2	4	6	4.5	60.2
<b>2</b>	<b>Yarn, Textiles, apparel &amp; Leather Prods</b>	<b>1</b>	<b>23</b>	<b>24</b>	<b>0.3</b>	<b>3.6</b>
<b>3</b>	<b>Paper, Paper &amp; Wood Prods</b>	<b>3</b>	<b>5</b>	<b>8</b>	<b>0.3</b>	<b>26.1</b>
<b>4</b>	<b>Refined Petroleum &amp; Coke oven Prods</b>	<b>2</b>	<b>5</b>	<b>7</b>	<b>0.2</b>	<b>19.8</b>
<b>5</b>	<b>Chemicals and Chemical Products</b>	<b>23</b>	<b>48</b>	<b>71</b>		<b>31.6</b>
	<i>Fertilizers</i>	7	17	24	0.3	20.5
	<i>Soaps, Detergents &amp; Toilet Preparations</i>	6	7	13	6.0	66.2
	<i>Basic Chemicals</i>	4	16	20	0.2	10.8
	<i>Manmade Fibres</i>		5	5	0.0	0.0
	<i>Paints, Varnishes, etc.</i>	3	2	5	0.3	34.6
	<i>Other Chemical Prods</i>	3	1	4	1.0	63.7
<b>6</b>	<b>Pharmaceuticals</b>	<b>8</b>	<b>33</b>	<b>41</b>	<b>0.9</b>	<b>16.2</b>
<b>7</b>	<b>Rubber Products</b>	<b>2</b>	<b>9</b>	<b>11</b>		<b>8.2</b>
	<i>Tyres &amp; Tubes</i>	2	7	9	0.2	8.8
	<i>Other Rubber Prods</i>		2	2	0.0	0.0
<b>8</b>	<b>Plastic Products</b>	<b>1</b>	<b>13</b>	<b>14</b>	<b>0.5</b>	<b>6.3</b>
<b>9</b>	<b>Non-Metallic Mineral Prods</b>	<b>7</b>	<b>20</b>	<b>27</b>		<b>25.1</b>
	<i>Cement, lime &amp; plaster</i>	5	17	22	0.9	22.7
	<i>Glass &amp; Other non-metallic mineral prods</i>	2	3	5	0.4	42.5
<b>10</b>	<b>Basic Metals</b>	<b>6</b>	<b>45</b>	<b>51</b>	<b>1.1</b>	<b>19.0</b>
<b>11</b>	<b>Casting of Metals</b>		<b>12</b>	<b>12</b>	<b>0.0</b>	<b>0.0</b>
<b>12</b>	<b>Other Fabricated Metal Prods</b>	<b>4</b>	<b>6</b>	<b>10</b>	<b>0.5</b>	<b>30.4</b>
<b>13</b>	<b>Electronic components, Computers, etc.</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>3.7</b>	<b>88.7</b>
<b>14</b>	<b>Communication Equipment</b>	<b>4</b>		<b>4</b>	<b>~</b>	<b>100.0</b>
<b>15</b>	<b>Electric motors, generators, etc</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>1.9</b>	<b>67.0</b>
<b>16</b>	<b>Batteries and accumulators</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>0.6</b>	<b>38.9</b>
<b>17</b>	<b>Wires, cables, lighting equipment, etc.</b>	<b>4</b>	<b>10</b>	<b>14</b>		<b>21.4</b>
	<i>Wires &amp; cables</i>		9	9	0.0	0.0
	<i>Lighting equipment, etc.</i>	4	1	5	0.6	56.5
<b>18</b>	<b>Domestic appliances &amp; other electrical equipment</b>	<b>3</b>	<b>9</b>	<b>12</b>		<b>37.8</b>
	<i>Domestic appliances</i>	2	7	9	1.4	44.0

	Industries	FDI Cos	Domestic Cos	All Cos	Ratio	Share of FDI Cos in Industry's Income (%)
	(1)	(2)	(3)	(4)	(5)	(6)
	<i>Other electric equipment</i>	1	2	3	0.5	20.1
<b>19</b>	<b>General Purpose Machinery</b>	<b>16</b>	<b>9</b>	<b>25</b>		<b>68.2</b>
	<i>Pumps, compressors, etc.</i>	8	5	13	4.3	76.5
	<i>Other general purpose machinery</i>	4	3	7	0.5	41.4
	<i>Bearings, gears, etc.</i>	2	1	3	1.6	73.2
	<i>Lifting and handling equipment</i>	2		2		100.0
<b>20</b>	<b>Special Purpose Machinery</b>	<b>10</b>	<b>4</b>	<b>14</b>		<b>73.4</b>
	<i>Mining, quarrying, construction</i>	9		9	~	100.0
	<i>Tractors</i>	1	3	4	0.5	17.4
	<i>Other machinery</i>		1	1	0.0	0.0
<b>21</b>	<b>Transport Equipment</b>	<b>36</b>	<b>21</b>	<b>57</b>		<b>55.7</b>
	<i>Motor Vehicles</i>	12	2	14	1.6	78.5
	<i>Two-wheelers</i>	4	5	9	0.8	29.5
	<i>Commercial vehicles</i>	3	3	6	0.2	18.6
	<i>Parts and accessories</i>	15	10	25	2.4	67.8
	<i>Railway locomotives &amp; rolling stock</i>	2	1	3	1.3	72.1
<b>22</b>	<b>Jewellery &amp; related articles</b>		<b>14</b>	<b>14</b>	<b>0.0</b>	<b>0.0</b>
	<b>Grand Total</b>	<b>159</b>	<b>341</b>	<b>500</b>		<b>34.0</b>

At another level, many FDI and domestic companies were involved in merging other companies with themselves. (Table-14) While acquisitions played a major role in the top manufacturing FDI companies, they also were involved in merging other entities. The same was true with respect to the domestic companies. Out of the 500 companies 186 had merged other companies since 1999-00. The number of mergers were 423. Out of these as many as 297 were intra-group mergers. But for those intra-group mergers probably even fewer companies would have been among the top 500 in 2018-19. There is however, an important caveat to this analysis. One, an independent company after acquisition becomes a group company. If that company is merged with the acquirer at a later stage, it is more likely to be treated as an intra-group merger.<sup>43</sup> Had the same been merged straightaway it would have been treated as a merger of a non-group company. In view of the time required

<sup>43</sup> For instance, ACC Ltd acquired IDCOL Cement Ltd from Industrial Development Corporation of Orissa Ltd (IDCOL) towards the end of December 2003 making the acquired company its subsidiary. IDCOL Cement ceased to be a government company. The subsidiary's name was changed subsequently to Bargarh Cement Ltd (BCL). The company became a wholly-owned subsidiary of ACC Ltd when it acquired the shareholding of UTI and its associates in BCL. The merger of BCL with ACC was approved by the High Court in December 2005 i.e., two after it was acquired by ACC Ltd. ProwessIQ treated it as "Merger-Group".

to identify each of the merged entities, the analysis in this paper is based on the classification provided by ProwessIQ. It does appear that domestic companies were relatively more involved in intra-group mergers. The same holds good in respect of number of merging companies too. To further understand the process, we tried to distinguish older and new domestic companies. There does not seem to be much difference in this respect.

**Table-14: Relative Importance of Intra-group Mergers for FDI and Domestic Companies**

<i>Type of Company</i>	<i>Total No of Cos</i>	<i>All Cos. in which Other Cos were Merged</i>	<i>No of Cos. With Intra-Group Mergers</i>	<i>Total No. of Mergers</i>	<i>No. of Intra-Group Mergers</i>	<i>Share of Intra-Group Mergers (%)</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
FDI Companies	127	41	25	94	53	56.4
Domestic – New Companies	88	35	24	90	67	74.4
Domestic – Older Companies	216	88	65	177	128	72.3
Joint Ventures	32	9	7	32	27	84.4
Non-Resident Indians	37	13	10	30	22	73.3
<b>Grand Total</b>	<b>500</b>	<b>186</b>	<b>131</b>	<b>423</b>	<b>297</b>	<b>70.2</b>

Source: based on the mergers reported in ProwessIQ.

## 5. A Few Important Behavioural Aspects

### Trading Element

While companies have been identified as manufacturing ones, based on the largest contributing item to the income, a number of companies also trade in manufactured items along with their own output. We attempted a preliminary analysis of the importance of the trading component for different types of companies to the extent that it is captured by ProwessIQ. In this context, it should be relevant to refer to two companies namely Johnson & Johnson and Oppo Mobiles India, which are classified as manufacturing ones by Prowess IQ. In all its classifications the database showed the two companies as manufacturing ones. Hence we too categorised them under manufacturing. But on a close examination of the segment information while analysing the trading dimension, we realised that both were depending almost entirely on trading. In case of the financial statement of Johnson & Johnson, ProwessIQ reported 93.8% of the income coming from traded items. In contrast, in case of Oppo Mobiles India, no trading income was reported in ProwessIQ. However, since checking for the actual extent of trading component in the income of all the 500 companies will be extremely time-consuming, the reported data was taken as granted. The results are presented in Table-15.

**Table-15: Share of Trading Income in Total Income**

<i>Type Industry</i>	<i>FDI Cos.</i>		<i>Domestic Cos</i>		<i>Share of Trading Income in Total Income (%)</i>	
	<i>All</i>	<i>Reporting Trading Income</i>	<i>All</i>	<i>Reporting Trading Income</i>	<i>FDI</i>	<i>Domestic</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Primary Goods	2	1	5	2	15.2	26.8
Intermediate Goods	58	21	181	55	8.8	5.4
Capital Goods	30	13	19	4	15.0	10.8
Consumer Durables	31	20	47	13	15.8	19.5
Consumer Non-Durables	38	17	89	26	31.4	8.6
Other Non-Durables	3	1	6	3	43.1	16.7
Fast Moving Consumer Goods	29	14	54	16	31.1	5.8
Pharmaceuticals	6	2	29	7	27.8	12.2
Grand Total	159	72	341	100	16.3	8.2

It can be seen that relatively larger proportion (45%) of FDI companies are engaged in traded items. The corresponding ratio in case of domestic companies was 29.3%. While at the aggregate level share of trading income for FDI companies is double that for domestic companies the gap is quite large in case of consumer non-durables. Domestic companies also seem to be relying on traded items in case of durable items, even more than FDI companies. It would have been quite relevant to know the extent of imported items among these. However, it was not possible to pursue this aspect because of the extremely tenuous data on foreign exchange transactions. It is possible that the trading element reflected in the above table is an underestimate.

### **FDI Companies and Export-Propensity**

In view of the many issues affecting the disclosure of transactions in foreign exchange, we tried to reconstruct the data at times referring to segment reporting and related party transactions. The extent of filling the gaps in annual reports can be gauged by the fact that while we could identify 136 exporting companies, ProwessIQ reported exports only in case of 38 companies (goods and/or services). Similar exercise was not possible for imports. While it would be extremely relevant to know the export performance of domestic companies also in different industries, once again due to the extremely problematic data on foreign exchange transactions the exercise had to be restricted to FDI companies only especially because most of the exports would not show up in related party transactions in case of domestic companies. In their case geographical distribution, to the extent reported, is the only alternative left. FDI companies did show some comparatively better export-orientation in some industries. However, given the fact that some export-oriented companies were acquired ones, this should be viewed in that light.

Using information on different types of acquisitions referred to earlier, we found that acquisitions did play a major role in the observed export-orientation of FDI companies except in case of FMCG, where the difference was very little and other consumer non-durables where exports relative to total income were almost negligible. In all the industry groups acquired companies showed better performance thereby suggesting that FDI companies could have acquired those which were already major exporters. (Table-16) Mylan Laboratories (earlier Matrix laboratories) in pharmaceuticals and Nayara Energy (earlier Essar Oil, an SEZ unit) in case of petroleum products are prime examples in this regard. It is relevant note here that in a few cases export obligations, often due to import of capital goods under the Export Promotion Capital Goods (EPCG) scheme, did seem to have played a role in the exports by FDI companies. Interestingly, contrary to the general impression Ford India and Hyundai exhibit far greater export-orientation compared to Maruti Suzuki India, both in absolute and relative terms. The relevant extracts from the respective companies' annual reports are given in Annexure-6. The newer companies are doing far better than the long established market leader implying that other factors are at play than foreign ownership per se. For example, Ford could not penetrate Indian market and hence exports are a way out. Suzuki on the other hand, decided to serve the European markets from its base in Hungary, following which its export thrust from India ebbed.<sup>44</sup>

**Table-16: FDI Companies Export-Orientation: Acquired Companies vs. Others**

<i>Type of Industry</i>	<i>Acquisition as the Base</i>	<i>All Types of Acquisitions</i>	<i>Other FDI Companies</i>	<i>All Companies</i>
(1)	(2)	(3)	(4)	(5)
Primary Goods	27.2	27.2	0.4	26.4
Intermediate Goods	4.7	11.6	10.8	11.3
Capital Goods	11.8	25.8	19.1	22.9
Consumer Durables	23.5	19.9	10.5	13.3
Consumer Non-Durables	11.0	10.2	4.0	6.3
Other Consumer Non-durables			0.4	0.4
Fast Moving Consumer Goods	4.2	3.8	4.3	4.1
Consumer Non-Durables Pharms	55.9	50.5	2.8	35.8
<b>All Industries</b>	<b>17.4</b>	<b>18.5</b>	<b>9.7</b>	<b>13.6</b>

### Access to Imported Technologies

Royalty payments by MNCs have often been in the news for transfer of resources, especially by those listed in stock exchanges as they are perceived to provide a means of denying the non-promoter shareholders their due. While this may be an important explanation for royalty payments, there is also indication that MNCs substituted dividend payments with royalties and other forms payments like technology licencing fee, etc. For unaffiliated domestic companies, however, such payments indicate the genuine efforts to acquire

<sup>44</sup> See: "Hyundai overtakes Maruti on Export Track", *Indian Express*, May 1, 2007. ISID-PCA.

imported technologies. Again, we had to make extensive efforts to collect data from the annual reports, many of them from the Ministry of Corporate Affairs. Thus, against 10 companies out of the 159 FDI companies for which ProwessIQ reported royalty/know-how payments, we could identify as many as 92 instances.

Consumer goods dominate royalty payments both in terms of amount and ratio. Capital goods companies also pay relatively high amounts. (Table-17) Overall, 106 out of the 159 FDI companies pay such payments. In sharp contrast, only 19 out of the 341 domestic companies pay royalties, etc. Obviously, it makes little sense in calculating the ratio of royalty to income in their case. This further confirms the limited access to imported technologies for domestic companies in the liberal FDI policy regime.

**Table-17: Royalty Payments by FDI and Domestic Companies in Different Types of Industries**

	FDI Companies				Domestic Cos.	
	All FDI Cos	Reporting Royalty/Tech Payments	Royalty/Tech Payment (Rs Cr.)	Royalty/Income Ratio (%)	Reporting Royalty Payments	Royalty/Tech Payment (Rs. Cr.)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Primary Goods	2	1	111.4	0.1		
Intermediate Goods	58	34	1,832.0	0.6	12	479
Capital Goods	30	25	2,305.5	1.6	1	642
Consumer Durables	31	25	12,859.1	2.8	4	1,205
Consumer Non-Durables	38	21	5,822.1	2.0	2	122
Other Non-Durables	3	3	126.8	1.3		
Fast Moving Consumer Goods	29	17	5,675.9	2.3	2	122
Pharmaceuticals	6	1	19.4	0.1		
<b>Grand Total</b>	<b>159</b>	<b>106</b>	<b>22,930.0</b>	<b>1.8</b>	<b>19</b>	<b>2,448</b>

### R&D Expenditures

While low R&D expenditures by FDI companies may not matter much for them because they are expected to have access to the capabilities of their foreign parents' network, it is of crucial importance to domestic companies particularly because, as seen above, they do not seem to be able to purchase technology from abroad as much as they would have liked. This is in line with the findings of annual surveys on foreign collaboration conducted by the RBI. In fact, the expectation of policymakers in 1991 was that the competitive conditions created by the economic reforms will spur domestic companies to pay more attention to R&D. Keeping this in context, we tried to analyse the reported R&D expenditures (capital and current) of both domestic and FDI companies. It can be seen from Table-18 that the proportion of companies spending on R&D is higher in R&D intensive industries and that

in each of the sub-categories domestic companies spend relatively more compared to their FDI counterparts. Even so, about 30% of companies in medium high R&D category do not spend on R&D. Except in high R&D intensive industries, the difference between domestic and FDI companies is quite narrow. As in the case of exports, acquired FDI companies spend relatively more on R&D thereby further confirming that FDI targets well-running companies with good potential.

**Table-18: R&D Expenditure by FDI and Domestic Companies in Different R&D Intensity Categories**

<i>R&amp;D Intensity Category</i>	<i>FDI</i>			<i>Domestic</i>		<i>R&amp;D as % of Total Expenditure</i>		
	<i>All Cos.</i>	<i>R&amp;D Spenders</i>	<i>Spenders-Acquired</i>	<i>All Cos.</i>	<i>R&amp;D Spenders</i>	<i>All FDI Spenders</i>	<i>FDI Spenders-Acquired</i>	<i>Domestic</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All Companies</b>	<b>159</b>	<b>71</b>	<b>29</b>	<b>341</b>	<b>187</b>	<b>0.62</b>	<b>0.75</b>	<b>1.29</b>
High R&D	15	8	4	34	30	1.12	5.05	6.34
Medium High R&D	95	46	16	104	73	0.89	1.29	1.50
Medium R&D	16	6	3	113	48	0.14	0.06	0.24
Medium Low R&D	33	11	6	90	36	0.08	0.04	0.49

Probably a better way to understand the position of domestic companies who should be striving to meet competition from their FDI counterparts would be to compare their expenditures at least in relative terms because in absolute terms global companies being quite large, the amounts would also be far larger. Table-19 provides a comparison at a disaggregated level. As expected, in all the industries average expenditures remain below that of the chosen standard even if only R&D spending companies are chosen for comparison purposes. Some individual companies do spend reasonable amounts even if they remain far below the respective standards. The notable among these belong to pharmaceuticals, machinery & equipment, chemicals and chemical products, motor vehicles and other transport equipment and textiles. The policymakers should pay special attention to relatively high and reasonable spenders and address their problems on one hand and treat their acquisitions by MNCs differently.

Only 258, or a little more than half, of the total 500 companies reported spending on R&D. The total expenditure was about Rs. 28,000 crore. There were 8,126 non-manufacturing companies in ProwessIQ in 2018-19, other than the top 500 analysed above, which could be in manufacturing. Only 952 of these reported some R&D expenditure. The corresponding expenditure was about Rs. 5,800 crore. This further reflects the poor R&D orientation of the Indian private corporate sector.

**Table-19: Comparative Spending on R&D by Top Domestic Manufacturing Companies Against a Global Benchmark**

ISIC Rev.4 Code & Description	No. of Companies		Ratio of R&D Spending to Total Income (%)		Top R&D Ratio (%)	Benchmark R&D Ratio (%)
	All Cos.	R&D Spenders	All Cos	Spenders		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
10 Food Products	47	13	0.07	0.23	0.45	1.44
11 Beverages	2		0.00			1.44
12 Tobacco Products	2	1	0.33	0.36	0.36	1.44
13 Textiles	18	10	0.18	0.34	0.66	1.73
14 Wearing Apparel	4	1	0.01	0.08	0.08	1.40
15 Leather and Related Prods	1	1	0.15	0.15	0.15	1.65
16 Wood & Products of Wood	1		0.00			0.70
17 Paper and Paper Products	4	3	0.05	0.06	0.12	1.58
19 Coke & Refined Petroleum Prods	5	3	0.56	0.57	0.58	1.17
20 Chemicals & Chemical Prods.	48	28	0.40	0.62	2.53	6.52
21 Pharmaceuticals, medicinal chemicals, etc.	33	29	6.01	6.41	13.90	28.00
22 Rubber and plastics prods	22	15	0.61	0.78	1.76	3.58
23 Non-metallic mineral prods	20	11	0.09	0.12	0.67	2.24
24 Basic Metals	57	21	0.07	0.13	0.60	2.07
25 Fabricated Metal Prods	6	4	0.43	0.60	0.81	1.19
26 Computers & electronic prods	1	1	0.22	0.22	0.22	24.10
27 Electrical Equipment	22	16	0.39	0.50	1.90	6.22
28 Machinery & Equipment, nec.	13	11	1.19	1.35	5.41	7.89
29 Motor Vehicles	15	12	2.45	2.67	5.47	15.40
30* Other transport equipment	6	6	1.72	1.72	3.43	5.72
32 Other Manufacturing	14	1	0.02	0.14	0.14	2.85
<b>Grand Total</b>	<b>341</b>	<b>187</b>	<b>0.93</b>	<b>1.30</b>		

\*

Once again, it would be instructive to reflect upon the weakness of the corporate disclosure/data capture mechanism. The Office of the Principal Scientific Adviser to Government of India observed that MCA XBRLs yielded Rs. 3,918 crore expenditure on R&D by non-government companies for the year 2016-17. It underlined that the figure was far lower than Rs. 44,000 crore reported by the Department of Science and Technology and suggested that



The summary point is that this huge discrepancy needs to be addressed by examining the financial statements of each R&D incurring company.<sup>45</sup>

Going by ProwessIQ, 1,624 non-government companies spent a little more than Rs. 37,000 crore during the year 2016-17. On the other hand, RBI in its studies of Finances of Non-Government Companies reports that the R&D expenditure by 2,61,463 companies was Rs. 21,505 crore. Thus, the RBI found more from the MCA filings than the MCA itself!<sup>46</sup> RBI's tabulations included non-XBRL filings also. In any case, both were reporting less than ProwessIQ! The situation has not improved to the desirable extent since then. Current expenditure on R&D reported by 2,45,000 non-government non-financial public and private limited companies for the year 2018-19 was about Rs. 28,600 crore. According to ProwessIQ, the corresponding amount was Rs. 38,600 crore by 20,370 companies. Surprisingly, only 1,421 of these companies reported such spending.

Incidentally, ASI unit level data says that 1,662 out of 27,056 operating factories (census + sample) belonging to the PCS spent Rs. 5,188 crore on R&D in 2016-17. However, some of the companies owning factories may be having separate R&D units. Thus, factory-level information on R&D activity may not be of practical relevance. A more relevant question that could have been asked is whether the company that owns the factory has an R&D unit in the same line of business.

Not only the R&D activity is confined to only a few companies, but the official agencies are also not able to provide reliable information on this crucial dimension of the Indian private corporate sector. In fact, a question arises why in spite of collecting information on R&D, foreign shares, export share, etc. summary tabulations on these highly pertinent dimensions are not released by the CSO. Is it due to lack of reliability? On its part, the MCA has been withholding sectoral distribution of PUC in spite of MCA making considerable progress. These failings on part of the official agencies clearly reflect the surrounding uncertainty.

In the context of low R&D expenditures and little access to imported technologies it is relevant to note that a case was made that there is an increase in domestic transfer of technology.<sup>47</sup> Since the overall expenditures are quite low, a question arises about the significance of such transfers. Keeping this context in view we have examined the reported fixed assets in the form of intangible assets and the expenditure on royalties, know-how etc., from the expenditure statement. At the broad level there does not seem to me much difference between FDI and domestic companies as the shares of gross intangible assets in

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<sup>45</sup> Economic Advisory Council to the Prime Minister, *R&D Expenditure Ecosystem: Current Status & Way Forward*, July 2019, p. 37.

<sup>46</sup> RBI would not have relied entirely on the XBRL filings. According to the EAC, out of the 7,13,088 companies 46,567 companies filed their financial statements in XBRL format. Out of these, the total number of registered and active companies incurring expenditure on R&D were only 6,104, the reported expenditure being Rs. 3918.3 crore. Ibid.

<sup>47</sup> Basant, *supra* note 34.

gross fixed assets were 8.03% and 9.09% respectively. While there is much higher share in case of licences and trade related rights and to some extent for brands/trade marks for domestic companies, it is the other way round in case of the more important patents and copyrights. (Table-20) the distribution of expenditure, however, exhibits the stark difference between the two types of companies. (Table-21) While out of the 159 FDI companies 112 companies reported expenditure on technology and licencing, only 66 out of the 341 domestic companies reported such expenditure. Further, FDI companies accounted for about three-fourths of the expenditure on royalty and know-how fee, they accounted for 95% of the licence fee. Thus, there does not seem to be sufficient evidence for domestic transfer of technology.

**Table-20: Share of Different Forms of Intangible Assets in Gross Fixed Assets (2018-19)**

	<i>FDI Cos</i>	<i>Domestic Cos</i>	<i>All Cos</i>
(1)	(2)	(3)	(4)
Gross Fixed Assets	100.00	100.00	100.00
Intangible Assets	8.03	9.09	8.87
– Goodwill	2.63	1.54	1.77
– Software	0.62	0.46	0.49
– Mining rights/intangible exploration and evaluation assets	0.06	0.55	0.45
– Licences & trade related rights	0.06	2.68	2.14
– Brands / trademark	0.51	1.06	0.95
– Patents & copyrights	1.50	0.02	0.33
– Technical knowhow including product designs / formulae etc.	1.33	1.34	1.34
– Other intangible assets	1.32	1.44	1.42

**Table-21: Expenditure on Technology-related Payments by FDI and Domestic Companies (2018-19)**

	<i>Number of Companies</i>			<i>Expenditure (Rs. mn).</i>			<i>Share of FDI Cos. in Expenditure (%)</i>
	<i>FDI</i>	<i>Domestic</i>	<i>All Cos</i>	<i>FDI Cos</i>	<i>Domestic Cos</i>	<i>All Cos</i>	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All Companies	159	341	500	159	341	500	
Of which, those reporting							
Expenditure on Royalty, Technical Fee and Licence Fee	112	66	178	218666	77196	295862	73.9
– Royalty	101	58	159	202510	74963	277473	73.0
– Technical Fee	19	7	26	5638	1723	7361	76.6
– Licence Fee	6	6	12	10518	510	11028	95.4

## 6. By Way of Summing Up

This study has been conducted in the context of India's struggle to "attain international competitiveness", the core objective of the Statement on Industrial Policy, 1991 and the

imperative for a strong and vibrant domestic manufacturing sector. In specific, the Statement spoke of encouraging entrepreneurship, developing indigenous technology through investment in research and development and bringing in new technology. The private sector, which also incorporates the foreign-owned entities, has been assigned the lead role and public sector progressively was relegated to the background. The threat of privatisation has been hanging on the public sector even more during the recent years. The reforms process unexpectedly exposed the domestic private corporate sector to internal and external competition. It also provided them an opportunity to enter and expand into many industries as also infrastructure activities.

While initially a very wide canvas was proposed to be covered, due to serious classification and comparison issues this exercise had to be restricted, in the first stage, to an analysis of composition and a few characteristics of large private corporate entities. The public sector has been deliberately kept out because of the policy thrust over the years on the private sector. The study is expected to complement other studies under the research programme which are based on industry and trade data. An attempt has also been made to look at the ASI to bring out the relative position of the PCS in the organised manufacturing sector. The results of NAS and ASI have been reported notwithstanding their extensively discussed methodological limitations. The insights obtained here and the data issues identified will be taken into account while executing the originally planned exercise, in the next phase of our research.

### **Growing Importance of PCS: NAS & ASI**

Overall, while the share of PCS in the corporate sector increased substantially in terms of PUC, there are clear indications that share of the manufacturing sector within the PCS declined appreciably. This is a major indication of the shift in the focus of the PCS. This conclusion should, however, be seen in the context of classification issues and non-availability of more recent sectoral distribution of PUC. Even so, paid-up capital is a weak indicator of a company's size compared to assets and income. India's national income data suggests that, the share of PCS in gross value added recorded 80.4% in 2018-19. On the other hand, the share of manufacturing sector itself in the value added in the PCS was far lower at about one-third. During the past few years, the share actually declined further. Again, besides the coverage, there is the distinct possibility of the shares being influenced by the company classification to which we have alluded above.

The Annual Survey of Industries also shows the substantial share of PCS in the organised manufacturing sector – a little more than three-fourths, public sector and the others accounting in almost equal measure for the remaining. Thus even if NAS data suffers from classification issues, the importance of PCS in the organised manufacturing sector cannot be discounted heavily. Within the organised manufacturing sector, the share of PCS is overwhelmingly high in industries like beverages, pharmaceuticals, computer, electronics, etc., motor vehicles and other transport equipment. It was moderately high in a number of

industries including machinery on one hand and textiles and tobacco products on the other. Its share was the least in coke and refined petroleum products in which public sector is the main contributor. In general, PCS's share in high R&D intensity industries is as high as 92%. In other relatively less R&D intensive sectors it ranged between 80% and 90%. Even in the least R&D intensive category its share was nearly three-fifths.

Though there is quite a bit of ambiguity regarding companies whose shareholders include "foreign entities", a little less than 30% of the value added can be attributed to factories owned by companies having foreign investment. Expectedly, the share was quite high in case of tobacco products, basic metals, computers, electronics, etc. machinery and equipment as well as transport equipment. A more disaggregated level analysis does highlight the possible issues with the classification. Besides the distinct possibility of NRI-controlled companies being treated as foreign, it fails to show foreign invested factories in case of consumer electronics and non-metallic mineral products (especially, cement). Further, one is not sure how indirectly owned foreign companies were treated. This is because there are quite a few important downstream investments by FDI holding companies. A more precise definition obviously would have enabled one to get valuable insights into the role of FDI in organised manufacturing and the relative roles and performance of domestic and foreign-owned factories.

## **Large Constituents of PCS**

### ***Manufacturing vs. Services***

Given the importance of PCS in the organised manufacturing sector, analysis at company level could provide valuable insights about the sector and the role and place of different types of companies in it. Keeping this in view, the exercise examined a few important characteristics of the largest constituents of the PCS. Asset-based collection of top 500 companies at different points of time starting with 1989-90 clearly show the shift in large PCS from manufacturing sector to services. The fall however, slowed down during the last decade compared to the first two decades. A somewhat different picture emerges when the set of top 500 companies are identified on the basis of their income. Manufacturing companies do figure in much larger numbers and they have a larger share in income too. But surprisingly the second place, both in terms of numbers and income, was occupied by trading companies. These were not just trading companies of the new era but some of them were manufacturing companies which turned into trading companies like Sony India. Their emergence is even more pertinent because, they occupy a far higher position compared to even the IT companies. As we shall describe a little later, even some of the manufacturing companies are simultaneously engaged in trading to a significant extent.

The lower share of services is a matter that needs further examination as the huge investments in infrastructure did not convert into corresponding levels of income. Only 12.3% of the assets are accounted by high R&D category companies and their share was even smaller from the income perspective. Interestingly, while the number of

manufacturing companies decreased in lower levels of R&D intensity, their shares in assets behaved in the opposite manner. Bulk of the assets and income is accounted for by companies in the lowest R&D intensity category.

### ***Churning in Manufacturing Companies During 1999-00 to 2018-19***

On the face of it, there was quite a bit of stability in terms of R&D intensity wise distribution of top companies both in numbers as well as income at the two points, namely 1999-00 and 2018-19. Incidentally, 2000 is the year in which FDI was permitted practically free entry into the manufacturing sector. However, there was a lot of churning amongst ownership groups. Nearly 60% of the companies which were in 1999-00 did not figure in the top 500 of 2018-19. Older domestic companies (incorporated prior to 1991) gave way to new domestic companies and foreign affiliated companies. Also increased is the importance of companies associated with non-resident Indians. The relative shares of FDI companies (including JVs) increased in all categories especially in the highest R&D spending category. More importantly, they control almost half of the income in the two highest spending categories. A majority of the FDI companies which entered in 2018-19, fall under the medium-high R&D category – 58 out of 91. In contrast, majority of the corresponding domestic companies belong to medium and medium low R&D categories – 124 out of 200.

### ***Mergers & Acquisitions***

Out of the 500 companies, 186 had merged other companies since 1999-00. Many FDI and domestic companies were involved in merging other companies with themselves. Domestic companies, both old and newer ones, were involved in relatively more of intra-group mergers. Thus, instead of genuine growth contributing to their entry into the top 500, group restructuring would have helped them to a considerable extent. But for such intra-group mergers, probably even fewer domestic companies would have been among the top 500 in 2018-19.

Acquisitions played a very important role as such companies accounted for half of the income of the foreign-affiliated companies. While direct acquisitions had 27.3% share, buying out Indian partners was the next important mode contributing to 15.5%. Even if NRIs' control is ignored, acquired FDI companies by themselves account for 47.9% of the group's income. In case of FDI companies, acquisitions played a major role in primary goods, pharmaceuticals, capital and intermediate goods, thus cutting across various industry types.

### ***Sectoral Distribution***

FDI companies enjoy significant shares in many industries, in particular electronics and communication equipment, electrical and non-electrical machinery, motor vehicles, beverages and toilet preparations. Further, in most industries, an average domestic

company is much smaller than an FDI company thereby further indicating the dominant position enjoyed by FDI companies. While in some industries all the top positions are occupied by FDI companies, in many other branches they are multiple times larger than their largest domestic counterparts or are very close to them.

Majority of the income of FDI companies (57.7%) is attributable to consumer goods led by consumer durables (35.7%). While the share of intermediates was 22.7%, the share of capital goods was quite low at 11.6%. In contrast, domestic companies derive maximum revenue (42%) from intermediate goods. In their case, consumer non-durables, consumer durables and primary goods have almost equal shares of about 17%. Capital goods again come last with just 6.4% share. Thus, in the overall, capital goods received least attention of top companies with a share of just 8.1%. Within the top 500 companies, FDI companies accounted for over half of the income attributable to consumer durables followed by capital goods and fast moving consumer goods.

### **Trading Element**

A number of companies also trade in manufactured items along with their own output. A relatively larger proportion (45%) of FDI companies are engaged in traded items. The corresponding ratio in case of domestic companies was 29.3%. While at the aggregate level share of trading income for FDI companies is double that for domestic companies, the gap is quite large in case of consumer non-durables. Domestic companies also seem to be relying on traded items in case of durable items, even more than FDI companies. It is possible that the trading element is an underestimate and it would be useful to know the source of traded items: local affiliates, unaffiliated suppliers/support manufacturers or imported goods.

### **FDI Companies & Exports**

FDI companies did show some comparatively better export-orientation in some industries over others. However, acquisitions again played a major role in the export-orientation of FDI companies except in case of FMCG, where the difference was very little. In all the industry groups acquired companies showed better performance thereby suggesting that FDI companies could have acquired those which were already major exporters. It is relevant to note here that in a few cases export obligations, in particular due to import of capital goods under the Export Promotion Capital Goods (EPCG) scheme, seem to have played an important role in the exports by FDI companies.<sup>48</sup> Thus, there is a need to carefully interpret the observed export performance of FDI companies which are supposed to take the lead as they are expected to possess advanced technologies, brand names and

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<sup>48</sup> Hyundai Motor is one such important case. See: "Hyundai to fulfil export obligation ahead of schedule", *Business Standard*, November 4, 1998 and Competition Commission of India, Case No. 34 of 2017 <https://www.cci.gov.in/sites/default/files/34%20of%202017.pdf>

access to markets. Severe data gaps restricted us from extending this exercise to domestic companies.

### **Payments for Technology Use**

There is indication that MNCs substituted dividend payments with royalties and other forms of payments like technology licencing fee, etc. For unaffiliated domestic companies, however, such payments abroad indicate genuine desire to acquire better technologies from abroad. Consumer goods dominate royalty payments both in terms of amount and ratio. Capital goods companies also pay relatively high amounts. Over all, 106 out of the 159 FDI companies made such payments. In sharp contrast, only 19 out of the 341 domestic companies paid royalties, etc. Even more importantly, the amounts were negligible in their case. This further confirms the limited access to imported technologies by domestic companies in the liberal FDI policy regime. It is also important to note that the share of intangible assets relating to patents, copyrights, and technical know-how in gross fixed assets is quite low. Domestic companies fare much lower in respect of all forms of technology-related payments suggesting even domestic transfer of technology may not be taking place to a meaningful extent.

### **R&D Expenditures**

While low R&D expenditures by FDI companies may not matter much for them because they are expected to have access to the capabilities of their parents, it is of crucial importance to domestic companies particularly because they have very limited access to imported technologies in spite of the fact that foreign collaboration terms have been eased significantly. There is no doubt that the proportion of companies spending on R&D is higher in R&D intensity industries and that in each of the sub-categories domestic companies spend relatively more compared to their FDI counterparts. Except in high R&D intensive industries, the difference between domestic and FDI companies is quite narrow. As in the case of exports, acquired FDI companies spend relatively more on R&D thereby further confirming that FDI targets well-running companies with good potential. It is also a fact that MNCs have tended to set up R&D units through separately incorporated wholly-owned subsidiaries so that they can have better control over technology/IPRs as also charge their other affiliates in India for technology.

Domestic companies should actually be spending far more to meet competition from their FDI counterparts. However, as many as 233 companies did not report any expenditure on R&D. In case of another 9 companies, it was practically nil and was less than Rs. 1 crore in case of 14 companies. Thus, in majority of the cases the expenditure was either nil or negligible. In all the industries, average expenditures remain below that of the chosen norm even if only R&D spending companies are chosen for comparison purposes. Some individual companies do spend reasonable amounts even if they remain far below the respective benchmarks. The notable among these belong to pharmaceuticals, machinery &

equipment, chemicals and chemical products, motor vehicles and other transport equipment and textiles. The policymakers should pay special attention to relatively high and reasonable spenders and address their problems on one hand and treat their acquisitions by MNCs differently.

### **Joint Action by MCA, CSO and RBI is Needed**

This exercise, though limited in its scope threw up some important trends as also reinforced some of the acknowledged ones. But for the extent of disarray in information on the corporate sector the analysis could have been far more conclusive and based on a very large canvas. One can well imagine the distortions that have crept into National Accounts Statistics because of the faulty classification of companies. We sincerely hope that the Ministry of Corporate Affairs reviews corporate disclosures thoroughly and without losing much time. One would expect that such suggestion would have emanated from the RBI and the CSO. At present there seems to be no scrutiny or internal consistency checks built into some of the disclosures. We are well aware that we are not the only ones to point out the problems. Therefore, we provided concrete examples to indicate, at various places, the multiple problems afflicting corporate disclosures – industry/ownership classifications, age, receipts and payments in foreign exchange and M&As -- ignoring which could lead to wrong inferences and inappropriate policy prescriptions. The inconsistencies affect a wide range of statistics, in particular transactions in foreign exchange which are vital to understand progress and trends in the sector. One would be highly obliged to the MCA if it initiates steps to streamline corporate disclosures in consultation with the user community, beyond officials and professional bodies. On its part, the CSO would do a great deal of good by bringing precision and purpose into the reporting system for ASI. This is all the more critical because the corporate sector, which is so vital for the manufacturing sector, has been languishing.

Even the highly organised corporate databases are found wanting/faltering. On the other hand, users of corporate databases could improve their analysis by refining the data provided by them instead of relying on them uncritically. The database vendors, howsoever reputed they might be, cannot be expected to provide tailor-made classifications.

### **In Sum**

Experience of the past three decades has exposed the limitations of open and hands-free FDI-focused approach coupled with the liberalised trade and strong IPR regimes. Withdrawal from RCEP trade deal is one clear indication of the state of India's manufacturing sector to which MNCs had unfettered access for two decades. Following the sudden and almost simultaneous exposure to external and internal competition, most of the leading domestic private sector, far from equipping itself to meet the competition, preferred to give way to its foreign counter-part. Even new companies which emerged in



the top league in the post-liberalisation period preferred low-technology services rather than getting into high-end manufacturing. Within manufacturing, their preference was for medium and medium low technology areas. Importantly, majority of the domestic companies which were incorporated in the new period and which were either completely acquired or were converted into JVs belong to high/medium high R&D category industries.

The policymakers would have done well to understand the problems of domestic manufacturers as also tighten regulations regarding cross-border acquisitions so that India would not be deprived of future potential winners. The fact that the Economic Survey 2019-20 assigned domestic enterprises a secondary role as suppliers of inputs and intermediates and the recent measures do not have preference for domestic companies show may give rise to the impression that the policymakers have given up on the ability of the domestic entrepreneurs. The public sector being relegated to the background by the policymakers, this approach does not seem to augur well for establishing a strong manufacturing base. When the domestic entrepreneurship has not come up to expectations, it is even more important that the public sector should be revitalised instead of setting it up on the path of privatisation or keeping it in suspended animation. Three decades is long enough to try a different paradigm. It is time to review the reforms and wherever necessary press the reset button. The merit of the policy should be seen in promoting domestic entrepreneurship while keeping a check on cronyism.

## Annexures

### Annexure-1: Select List of Companies Illustrating the Problems in Industrial Classification

Industry Code in CIN No.	Reported by the Company		Company Name
	NIC Code	Product/Service	
74899	06	Crude Oil & Natural Gas	Oil and Natural Gas Corporation Ltd
99999	42	Construction of roads and railways & utility projects	Larsen and Toubro Ltd
17110	192	Manufacture of refined petroleum products	Reliance Industries Ltd
23201	192	Refining	Indian Oil Corporation Ltd
23201	192	Manufacture of refined petroleum products	HPCL-Mittal Energy Ltd
15140	202	Soaps Detergents, Cosmetics & Toiletries	Hindustan Unilever Ltd
85195	210	Pharmaceuticals	Dr. Reddy's Laboratories Ltd
27100	241	Manufacture of basic iron & steel	Tata Steel Ltd
27102	241	Hot Rolled Steel strips/sheets, plates, bars, rods, etc.	JSW Steel Ltd
74899	241	Manufacture of basic iron & steel	Tata Steel BSL Ltd
13209	242	Copper, aluminium and products	Vedanta Ltd
74220	282	Agricultural Equipment	John Deere India
65990	291	Manufacture of passenger cars & Commercial Vehicles	Mahindra And Mahindra Ltd
27109	330	HR Coils, HR Plates, CR Coils, Pipes and Electric Sheets, etc. bars, rods, etc.	Steel Authority of India Ltd
31200	351	Electric power generation and distribution	Torrent Power Ltd
01100	477	Retail sale of food products, apparel, consumer durables and other products	Reliance Retail Ltd
74899	612	Wireless telecommunications activities	Bharti Airtel Ltd
32100	0612	wireless telecommunication services	Vodafone Idea Ltd
22210	620	Computer Programming, Consultancy and Related Activities	Tata Consultancy Services Ltd
85110	620	Computer Programming, Consultancy and Related Activities	Infosys Ltd
64200	620	Computer Programming, Consultancy and Related services	Tech Mahindra Ltd
26941	1101	Manufacturing of Alcohol & Alcoholic products	Radico Khaitan Ltd
01551	1101	Distilling, rectifying and blending of spirits; ethyl alcohol production from fermented material	United Spirits Ltd
65191	2394	Manufacturing of Cement	Dalmia Cement Bharat
26943	2394	Cement & Clinker	Shree Cement Ltd
26940	2523	Cement	Ultratech Cement Ltd
28920	2910	Manufacturing of Motor Vehicles	Tata Motors Ltd
65993	3091	Manufacture of Motorcycles, three-wheelers	Bajaj Auto Limited.
74999	3211	Jewellery	Titan Company Ltd

Industry Code in CIN No.	Reported by the Company		Company Name
	NIC Code	Product/Service	
28920	3510	Power supply and transmission Charges	Tata Power Co Ltd (1)
74899	4220	Construction of power plant (30%)	Bharat Heavy Electricals Ltd
74900	4510	Commercial vehicles	VE Commercial Vehicles (2)
72300	6020	Business of broadcasting, soliciting advertisements and marketing and distribution of Non-News and Current Affairs TV channel	Star India Pvt Ltd
31909	9983	Other information technology and computer service activities	Cisco SyStems
92100	9984	Telecommunications Network Infrastructure Services	Indus Towers Ltd
74899	11011	Manufacturing, trading, export and import of all kinds of alcoholic and non-alcoholic beverages.	Pernod Ricard India Pvt Ltd
36999	11031	Manufacture of Beer	United Breweries Ltd
11100	19201	Refining and Marketing	Nayara Energy Ltd
24299	20119	Manufacture and Sale of Purified Terephthalic Acid	MCPI Pvt Ltd
24240	20119	Soda Ash	Nirma Ltd
24220	20221	Paints, Varnishes, Enamels or Lacquers	Asian Paints Ltd
67120	22111	Manufacture of Tyres, Tubes & Flaps	JK Tyre & Industries
74899	24202	Aluminium Production	Bharat Aluminium Co Ltd
31900	26305	Handheld Phones	Samsung India Electronics Pvt Ltd
74899	28243	Manufacture of Excavators, Loaders & Construction Equipment	JCB India Ltd
34103	29101	Manufacture of passenger cars	Maruti Suzuki India Ltd
29309	29101	manufacture of passenger cars	Hyundai Motor India Ltd
85110	29104	Fuel injection, equipment and components	Bosch Ltd
34300	29304	Wiring Harness and components	Motherson Sumi Systems Ltd
40101	35102	Electric power generation by coal based thermal power plant	NTPC Ltd
85110	35102	Generation of Electricity	Karnataka Power Crop Ltd
15114	45101	Wholesales of New Motor Vehicles	Honda Cars India Ltd (3)
30007	46511	Apple Products and variety of related software	Apple India Pvt Ltd
99999	51101	Transportation of passengers by air	Jet Airways (India) Ltd
85110	62099	Other information technology and computer service activities	Capgemini Technology Services India
70100	64192	financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes	Housing Development Finance Corporation Ltd
99999	64200	Activities of holding company	Tata Sons Pvt Ltd
74899	224+202	Beverages	Hindustan Coca-Cola Beverages
32102	620?	IT Software, Services and related activities	Wipro Ltd
72200	710+420	Construction & Civil Engineering	NCC Ltd

## Annexure-2: CIN Need Not Provide Guidance Regarding the Foreign Subsidiary Status

### A: Foreign Subsidiaries whose CIN Numbers do not Contain FTC or FLC

[FTC: Private Limited Foreign Subsidiary. FLC: Public Limited Foreign Subsidiary]

Name of the Subsidiary Company	Owner-ship Code in CIN	Reference Month	Majority Foreign Shareholder	Shares Held (%)
3M India Ltd	PLC	03/19	3M Co, USA	75.00
ABB India Ltd.	PLC	12/18	ABB Asea Brown Boveri Ltd, Switzerland	75.00
Abbott Healthcare Pvt Ltd	PTC	03/19	Abbott Asia Holdings Ltd, UK	100.00
ADM Agro Industries India Pvt Ltd.	PTC	03/19	ADM InterOceanic Ltd, Mauritius	95.77
Amazon Seller Services Pvt Ltd.	PTC	03/19	Amazon Corporate Holdings Pvt Ltd, Singapore	99.99
Ambuja Cements Ltd.	PLC	12/18	Holderind Investments Ltd, Mauritius.	63.11
American Express (I) Pvt Ltd.	PTC	03/19	American Express International Inc. USA	99.99
Apple India Pvt Ltd.	PTC	03/19	Apple Operations International, Ireland.	99.00
Astrazeneca Pharma India Ltd.	PLC	09/20	Astrazeneca Pharmaceuticals Ab	75.00
Atlas Copco India Ltd.	PLC	03/19	Atlas Copco Ab, Sweden	96.30
Avantor Performance Materials India Ltd	PLC	03/18	Avantor Performance Materials Mauritius II Ltd	99.99
Avery India Ltd.	PLC	06/09	Avery Weigh-Tronix International Ltd	53.44
Basf India Ltd,	FLC	03/20	Basf Societas Europa, Germany + BASF Schweiz AG, Switzerland	73.33
Bata India Ltd.	PLC	09/20	Bata (BN) BV	52.96
Bayer Vapi Pvt Ltd.	PTC	03/19	Bayer SAS, France	100.00
Blue Dart Express Ltd.	PLC	09/20	Dhl Express (Singapore) Pte Ltd	75.00
BMW India Pvt Ltd	PTC	03/19	Bmw Holdings Bv, Netherlands	99.00
Bosch Ltd.	PLC	03/19	Robert Bosch GMBH, Germany UHC	69.00
Cargill India Ltd.	PTC	03/19	Cargill Mauritius Ltd., Cargill Intl Tdg, Pte Ltd & Cargill Asia Pacific Holdings Pte Ltd, Singapore	100.00
Castrol India Ltd.	PLC	09/20	Castrol Ltd	51.00
Cisco Systems (I) Pvt Ltd.	PTC	03/19	Cisco Systems Intl Bv, Netherlands.	98.62
CLP India Pvt Ltd.	PTC	03/19	Clp (Mauritius) Holdings Ltd	60.00
CLP Windfarms India Pvt Ltd.	PTC	03/18	Clp India Pvt Ltd, India	100.00
Cummins India Ltd	PLC	03/18	Cummins Inc., USA	51.00
Daimler India Commercial Vehicles Pvt Ltd	PTC	03/19	Daimler Ag, Germany.	100.00
DBOI Global Services Pvt Ltd	PTC	12/19	Deutsche Bank AG, Germany	100.00
Denso Haryana Pvt Ltd	PTC	03/20	Denso Corporation, Japan	99.99
Deutsche CIB Centre Pvt Ltd	PTC	12/19	Deutsche Knowledge Services Pte. Ltd, Singapore	100.00
Deutsche India Holdings Pvt Ltd	PTC	12/19	Deutsche Asia Pacific Holdings Pte Ltd, Singapore	100.00
Deutsche Investments India Pvt Ltd	PTC	12/19	Deutsche Asia Pacific Holdings Pte Ltd, Singapore	100.00
EI Du Pont India Pvt Ltd.	PTC	03/19	Dupont India Ltd., USA	99.90
Elentec India Pvt Ltd	PTC	03/19	Elentec India Pvt Ltd, South Korea	55.27
Emerson Climate Technologies (I) Pvt Ltd.	PTC	03/18	Copeland Corporation, LLC, USA	99.99
Ericsson India Global Services (I) Pvt Ltd	PTC	03/19	Telefonakitebolaget Lm Ericsson, Sweden	99.99

<i>Name of the Subsidiary Company</i>	<i>Owner-ship Code in CIN</i>	<i>Reference Month</i>	<i>Majority Foreign Shareholder</i>	<i>Shares Held (%)</i>
Ericsson India Pvt Ltd	PTC	03/19	Telefonakitebolaget Lm Ericsson, Sweden + Ericsson India Global Services Pvt Ltd	99.99
Flipkart India Pvt Ltd.	PTC	03/19	Flipkart Pvt Ltd. Singapore.	100.00
Ford India	PTC	03/19	Ford Motor Co USA	84.12
GE India Industrial Pvt Ltd.	PTC	03/19	Ge Aviation Holdings Netherlands	99.99
Genpact India Pvt Ltd.	PTC	03/19	Genpact Consulting (Singapore) Pte Ltd	99.99
Harman Connected Services Corp (I) Pvt Ltd.	PTC	03/19	Global Symphony Technology Group Pvt Ltd, Mauritius	98.40
Hitachi India Pvt Ltd.	PTC	03/19	Hitachi Asia Ltd, Singapore	100.00
Honda Cars India Ltd.	PLC	03/19	Honda Motor Co. Ltd., Japan + Asian Honda Motor Co., Ltd., Thailand	99.95
Honda R&D India Ltd	PTC	03/19	Honda R&D Co. Ltd., Japan	99.99
Hyundai Motor India Ltd	PLC	03/19	Hyundai Motor Co, & Nominees	100.00
IBM India Ltd	PTC	03/19	Ibm World Trade Corporation, USA	99.90
India Yamaha Motor Pvt Ltd	PTC	12/19	Yamaha Motor Co Ltd., & Mitsui & Co. Ltd, Japan	100.00
Ingram Micro India Pvt Ltd.	PTC	03/19	Ingram Micro Worldwide Holdings SARL Luxembourg	99.99
JCB India Ltd	PLC	03/19	JC Bamford Excavators Ltd, UK	100.00
Jiangsu Zhongtian Technologies Co., Ltd	PTC	03/18	Jiangsu Zhongtian Technologies Co., Ltd, China	100.00
John Deere India Pvt Ltd.	PTC	03/19	John Deere Asia (Singapore) Pte. Ltd	99.99
Johnson & Johnson Pvt Ltd.	PTC	03/18	Johnson & Johnson USA+ Depuy Synthes Inc	100.00
JP Morgan Services India Pvt Ltd	PTC	03/19	JP Morgan Chase Holdings LLC, USA	99.99
Kansai Nerolac Paints Ltd.	PLC	03/19	Kansai Paint Co., Ltd., Japan	74.99
KKR Capital Markets India Pvt Ltd	PTC	09/14	KKR Mauritius PE Investments	100.00
Lanxess India Pvt Ltd.	PTC	03/19	LANXESS Deutschland GMBH, Germany	100.00
Louis Dryfus Co India Pvt Ltd.	PTC	03/19	Louis Dreyfus Co Asia Pte Ltd., Singapore	99.99
Luminous Power Technologies Pvt Ltd.	PTC	03/20	Schneider Electric South East Asia (HQ) Pte. Ltd, Singapore	100.00
Macmillan Publishers India Pvt Ltd	PTC	12/18	Springer Nature Holdings Ltd., UK	99.04
Maruti Suzuki India Ltd.	PLC	03/19	Suzuki Motor Corp, Japan	56.21
Mercedes Benz India Pvt Ltd	PTC	03/19	Daimler Ag, Germany	100.00
Mobis India Ltd.	PLC	03/19	Hyundai Mobis Korea Ltd	100.00
Oppo Mobiles India Pvt Ltd	PTC	03/19	Glory Concept Intl, Hong Kong	99.97
Oppo Mobiles Telangana Pvt Ltd	PTC	03/19	Song Weiquang, China	99.98
Pepsico India Sales Pvt Ltd.	PTC	03/18	Pepsico India Holdings Pvt Ltd	99.99
Pernod Ricard India Pvt Ltd.	PTC	03/19	Peri Mauritius	100.00
Procter & Gamble Health Ltd.	PLC	09/20	Procter & Gamble Overseas India BV	51.81
Procter & Gamble Hygiene & Healthcare Ltd.	PLC	09/20	Procter & Gamble Overseas India BV	68.72
Reichhold India Pvt Ltd.	PTC	03/19	Reichhold Mauritius Ltd	93.39
Roquette India Pvt Ltd	PTC	03/18	Roquette Frères, France	100.00
Samsung Engineering India Pvt Ltd.	PTC	03/19	Samsung Engineering Co Ltd, Korea	100.00
Samsung India Electronics Pvt Ltd.	PTC	03/19	Samsung Electronics Co Ltd, Korea	100.00

<i>Name of the Subsidiary Company</i>	<i>Owner-ship Code in CIN</i>	<i>Reference Month</i>	<i>Majority Foreign Shareholder</i>	<i>Shares Held (%)</i>
Samsung R&D Institute India - Bangalore Pvt Ltd.	PTC	03/16	Samsung Electronics Co Ltd, Korea	99.99
Sanofi India Ltd.	PLC	12/19	Hoechst GMBH, Germany	60.40
Sharp India Ltd.	PLC	03/18	Sharp Corporation, Japan	75.00
Siemens Healthcare Pvt Ltd.	PTC	03/18	Siemens Diagnostics Holding II BV, Netherlands	100.00
Sony India Pvt Ltd.	PTC	03/19	Sony Overseas Holding BV, Netherlands + Sony Mobile Communications, AB, Sweden	98.90
Star India Pvt Ltd.	PTC	03/19	Buzzer Investments Ltd, Mauritius + Star Entertainment Holdings, BVI	81.61
Tasty Bite Eatables Ltd.	PLC	09/20	Preferred Brands Foods (I) Pvt Ltd	74.22
Tata Hitachi Construction Machinery Co Pvt Ltd.	PTC	03/19	Hitachi Construction Machinery Co Ltd	60.00
United Spirits Ltd.	PLC	03/19	Relay BV, Netherlands	54.78
Yazaki India Pvt Ltd	PTC	03/19	Yazaki Corp, Japan + YGP Pte. Ltd, Singapore	100.00
Zuari Cement Ltd	PLC	12/19	Ciments Français SA, France.	96.91

**B: C: Foreign Companies whose Majority Shares are Indirectly Held by Foreign Parents**

- The CIN Numbers do not contain FTC or FLC.
- Neither be covered in RBI's Annual Census on Foreign Liabilities and Assets
- Nor will be automatically treated as Foreign Subsidiaries in classifications based on CIN Numbers

<i>Name of the Subsidiary Company</i>	<i>Owner-ship Code in CIN</i>	<i>Reference Month</i>	<i>Parent FDI Company in India</i>	<i>Shares Held (%)</i>
ACC Ltd.	PLC	12/19	Ambuja Cements Ltd.	50.05
ACC Mineral Resources Ltd.	PLC	12/19	Ambuja Cements Ltd./ACC Ltd	100.00
Adcock Ingram Ltd	PLC	03/18	Medreich Ltd, India	50.06
Adidas India Marketing Pvt Ltd.	PTC	03/19	Adidas India Pvt Ltd	98.62
American Express Business Solutions (I) Pvt Ltd.	PTC	03/19	American Express(I) Pvt Ltd	100.00
Bekaert Mukand Wire Industries Pvt Ltd.	PTC	12/19	Bekaert Industries Pvt Ltd	100.00
Bharat Aluminium Co Ltd	PLC	03/19	Vedanta Ltd	51.00
Biddle Sawyer Ltd.	PLC	03/20	Glaxosmithkline Pharmaceuticals Ltd.	100.00
BNP Paribas Securities India Pvt Ltd	FTC	03/17	BNP Paribas India Holding Pvt Ltd	79.99
BT Global Communications India Pvt Ltd	PTC	03/19	BT Telecom India Pvt Ltd	100.00
Bulk Cement Corpn. (I) Ltd.	PLC	12/19	Ambuja Cements Ltd./ACC Ltd	94.65
Cargill Business Services India Pvt Ltd	PTC	03/19	Cargill India Pvt Ltd	100.00
Chemical Limes Mundwa Pvt. Ltd.	PTC	12/18	Ambuja Cements Ltd.	100.00
Crisil Risk & Infrastructure Solutions Ltd	PLC	12/19	Crisil Ltd.	100.00
CRISIL Ratings Ltd	PLC	12/19	Crisil Ltd.	100.00
Pragmatix Services Private Ltd	PTC	12/19	Crisil Ltd.	100.00
Cummins Research & Technology India Pvt Ltd	PTC	03/19	Cummins India Ltd.& Cummins INC, USA 50% each	100.00
Cummins Sales & Service Pvt. Ltd.	PTC	03/20	Cummins India Ltd.	100.00
Daverashola Estates Pvt. Ltd.	PTC	03/20	Hindustan Unilever Ltd.	100.00
Deutsche Asset Management (I) Pvt Ltd	PTC	12/19	Deutsche India Holdings Pvt Ltd	100.00
Deutsche Equities India Pvt Ltd	PTC	12/19	Deutsche India Holdings Pvt Ltd	100.00

<i>Name of the Subsidiary Company</i>	<i>Owner-ship Code in CIN</i>	<i>Reference Month</i>	<i>Parent FDI Company in India</i>	<i>Shares Held (%)</i>
Deutsche Equities India Pvt Ltd .	PTC	12/19	Deutsche India Holdings Pvt Ltd	100.00
Deutsche Investor Services Pvt Ltd	PTC	12/19	Deutsche India Holdings Pvt Ltd	100.00
Deutsche Securities (I) Pvt Ltd	PTC	12/19	Deutsche India Holdings Pvt Ltd	100.00
Deutsche Trustee Services (I) Pvt Ltd	PTC	12/19	Deutsche India Holdings Pvt Ltd	100.00
Dirk India Pvt. Ltd.	PTC	12/19	Ambuja Cements Ltd.	100.00
Eaton Power Quality Pvt Ltd	PTC	03/19	Eaton Technologies Pvt Ltd	100.00
Federal-Mogul TPR (I) Ltd.	PLC	03/20	Federal-Mogul Goetze (I) Ltd.	51.00
FIS Payment Solutions & Services India Pvt Ltd.	PTC	03/19	FIS Global Business Solutions India Pvt Ltd	99.99
GE Diesel Locomotive Pvt Ltd	PTC	03/19	Ge Global Sourcing India Pvt Ltd	75.00
GE Power Boilers Services Ltd.	PLC	03/20	G E Power India Ltd.	100.00
Genovo Development Services Ltd.	PLC	03/18	Medreich Ltd	100.00
Gokak Sugars Ltd.	PLC	03/20	Shree Renuka Sugars Ltd.	93.64
Hindustan Coca-Cola Beverages Pvt Ltd	PTC	03/19	Hindustan Coca Cola Holdings Pvt Ltd	90.38
Hitachi Hi-Rel Power Electronics Pvt Ltd.	PTC	03/18	Hitachi India Pvt Ltd, India [remaining by Hitachi Ltd, Japan]	64.87
Hyundai Motor India Engineering Pvt Ltd	PTC	03/19	Hyundai Motor India Ltd	100.00
Hyundai Steel Pipe India Pvt Ltd	PTC	03/19	Hyundai Steel India Pvt Ltd	55.00
ICC International Agencies Ltd.	PLC	03/20	Indian Card Clothing Co. Ltd.	100.00
Jamnagar Properties Pvt. Ltd.	PTC	03/20	Hindustan Unilever Ltd.	100.00
JJ Impex (Delhi) Pvt. Ltd.	PTC	03/20	Maruti Suzuki India Ltd.	50.87
Karamsad Holdings Ltd.	PLC	03/20	GMM Pfaudler Ltd.	100.00
Karamsad Investments Ltd.	PLC	03/20	GMM Pfaudler Ltd.	100.00
KBK Chem-Engineering Pvt. Ltd.	PTC	03/20	Shree Renuka Sugars Ltd.	100.00
KKR India Financial Services Pvt Ltd	PLC	03/18	KKR Capital Markets India Pvt Ltd	100.00
Lakme Lever Pvt. Ltd.	PTC	03/20	Hindustan Unilever Ltd.	100.00
Lucky Minmat Ltd.	PLC	12/19	Ambuja Cements Ltd./ACC Ltd	100.00
Mahle Anand Filter Systems Pvt Ltd	PTC	03/19	Mahle Holding (I) Pvt Ltd	50.0001
Mantas India Pvt. Ltd.	PTC	03/20	Oracle Financial Services Software Ltd.	100.00
Medreich Lifecare Ltd.	PLC	03/18	Medreich Ltd	100.00
MGT Cements Pvt. Ltd.	PTC	12/19	Ambuja Cements Ltd.	100.00
Monica Trading Pvt. Ltd.	PTC	03/20	Shree Renuka Sugars Ltd.	100.00
Morgan Stanley India Co Pvt Ltd.	PTC	03/17	Morgan Stanley India Securities Pvt Ltd	100.00
National Lime Stone Co. Pvt. Ltd.	PTC	12/19	Ambuja Cements Ltd.	100.00
Neogenetics Foods Pvt Ltd.	PTC	03/19	Noveltech Feeds Pvt Ltd	100.00
Nutrikraft India Pvt Ltd.	PTC	03/19	Noveltech Feeds Pvt Ltd	100.00
OneIndia BSC Private Limited	PTC	12/18	Ambuja Cements Ltd.	50.00
Oracle (OFSS BPO Services Ltd.	PLC	03/20	Oracle Financial Services Software Ltd.	100.00
Oracle (OFSS) ASP Pvt. Ltd.	PTC	03/20	Oracle Financial Services Software Ltd.	100.00
Oracle (OFSS) Processing Services Ltd.	PLC	03/20	Oracle Financial Services Software Ltd.	100.00
Philips Home Care Services India Pvt Ltd	PTC	03/19	Philips India Ltd	100.00
Pioneer Distilleries Ltd.	PLC	03/20	United Spirits Ltd.	75.00
Pond'S Exports Ltd.	PLC	03/20	Hindustan Unilever Ltd.	90.00
Preethi Kitchen Appliances Pvt Ltd	PTC	03/19	Philips India Ltd	100.00
Reckitt Benckiser Healthcare India Pvt Ltd.	PTC	03/19	Reckitt Benckiser (I) Pvt Ltd	100.00
Royal Challengers Sports Pvt. Ltd.	PTC	03/20	United Spirits Ltd.	100.00
RREEF India Advisors Pvt Ltd	PTC		Deutsche India Holdings Pvt Ltd	100.00
Shivraj Sugar & Allied Products Pvt. Ltd.	PTC	03/20	Indian Card Clothing Co. Ltd.	94.00

<i>Name of the Subsidiary Company</i>	<i>Owner-ship Code in CIN</i>	<i>Reference Month</i>	<i>Parent FDI Company in India</i>	<i>Shares Held (%)</i>
Shree Renuka Agri Ventures Ltd.	PLC	03/20	Shree Renuka Sugars Ltd.	100.00
Shree Renuka Tunaport Pvt. Ltd.	PTC	03/20	Shree Renuka Sugars Ltd.	100.00
Siemens Rail Automation Pvt. Ltd.	PTC	09/19	Siemens Ltd.	100.00
Singhania Minerals Pvt. Ltd.	PTC	12/19	Ambuja Cements Ltd./ACC Ltd	100.00
Sovereign Distilleries Ltd.	PLC	03/20	United Spirits Ltd.	100.00
TeamF 1 Networks Pvt. Ltd.	PTC	03/20	D-Link (I) Ltd.	99.99
Tern Distilleries Pvt. Ltd.	PTC	03/20	United Spirits Ltd.	100.00
True Value Solutions Ltd.	PLC	03/20	Maruti Suzuki India Ltd.	100.00
Unilever India Exports Ltd	PLC	03/20	Hindustan Unilever Ltd	100.00
Zoetis India Ltd.	PLC	03/19	Zoetis Pharmaceutical Research Pvt Ltd	99.99

**C: Foreign Companies whose Majority Shares are Held Ultimately by Foreign Parents.**

**None of the Individual Shareholders Have Majority Shares**

- The CIN Numbers do not contain FTC or FLC.
- Neither be covered in RBI's Annual Census on Foreign Liabilities and Assets
- Nor will be automatically treated as Foreign Subsidiaries in classifications based on CIN Numbers

<i>Name of the Company</i>	<i>Owner-ship Code in CIN</i>	<i>Reference Month</i>	<i>Relevant Foreign Shareholders</i>	<i>Shares Held (%)</i>
Asian Hotels (North) Ltd.	PLC	09/20	Fineline Holdings Ltd	23.09
	PLC	09/20	Yans Enterprises (H.K) Ltd.	27.43
Bayer Cropscience Ltd.	PLC	03/18	Bayer SAS, France.	19.28
	PLC	03/18	Bayer Cropscience AG, Germany	15.59
	PLC	03/18	Bayer Vapi Pvt Ltd, India	23.42
Capgemini Technology Services India Ltd.	PLC	03/20	Capgemini America Inc., USA	43.10
	PLC	03/20	Capgemini North America Inc., USA	21.58
	PLC	03/20	Capgemini Se, France	35.09
Clariant Chemicals (I) Ltd.	PLC	09/20	Colorants International AG	33.19
	PLC	09/20	Ebito Chemiebeteteiligungen AG	17.80
Colgate-Palmolive (I) Ltd.	PLC	03/19	Colgate-Palmolive Co., USA	40.06
	PLC	03/19	Colgate-Palmolive (Asia) Pte Singapore	10.94
Crisil Ltd.	PLC	09/20	S&P Global Asian Holdings Pte. Ltd.	15.88
	PLC	09/20	S&P India LLC	43.03
Esab India Ltd.	PLC	09/20	Esab Holdings Ltd	37.31
	PLC	09/20	Exelvia Group India BV	36.41
Gillette India Ltd.	PLC	09/20	Gillette Diversified Operations Pvt Ltd	34.87
	PLC	09/20	Procter And Gamble Overseas India BV	40.12
Glaxosmithkline Consumer Healthcare Ltd.	PLC	03/19	Horlicks Ltd, UK	43.16
	PLC	03/19	Glaxosmithkline Pte Ltd. Singapore	29.29
Glaxosmithkline Pharmaceuticals Ltd.	PLC	03/19	Glaxo Ltd., UK	35.99
	PLC	03/19	Glaxosmithkline Pte Ltd. Singapore	28.14
Global Vectra Helicorp Ltd.	PLC	09/20	Aaa Rotor Ltd	27.00
	PLC	09/20	Vectra Investments Pvt Ltd	48.00
Goodricke Group Ltd.	PLC	09/20	Assam Dooars Investments Ltd.	48.10
	PLC	09/20	Western Dooars Investments Ltd.	25.90
Grindwell Norton Ltd.	PLC	09/20	Saint Gobain Abrasives Inc	26.76
	PLC	09/20	Spafi-Societe De Participations Financieres Et Industrielles	24.55



<i>Name of the Company</i>	<i>Owner- ship Code in CIN</i>	<i>Reference Month</i>	<i>Relevant Foreign Shareholders</i>	<i>Shares Held (%)</i>
Hindustan Unilever Ltd.	PLC	09/20	Unilever Plc	47.43
	PLC	09/20	Brooke Bond Group Ltd	4.54
	PLC	09/20	Unilever Overseas Holdings Bv	0.80
	PLC	09/20	Unilever Overseas Holdings Ag	2.93
	PLC	09/20	Unilever Uk&Cn Holdings Ltd	2.56
	PLC	09/20	Brooke Bond South India Estates Ltd	2.24
	PLC	09/20	Brooke Bond Assam Estates Ltd	1.40
Indo Rama Synthetics (I) Ltd.	PLC	09/20	Brookgrange Investments Ltd	20.51
	PLC	09/20	Indorama Netherlands Bv	38.56
James Warren Tea Ltd.	PLC	12/20	Ashdene Investments Ltd	35.03
	PLC	12/20	Isis Enterprises Ltd	31.07
Meyer Apparel Ltd.	PLC	09/20	Thakral Brothers (Pvt) Ltd	28.32
	PLC	09/20	Thakral Holdings (Mauritius) Ltd	22.79
	PLC	09/20	Til Investments Pvt. Ltd.	11.04
Morganite Crucible (I) Ltd.	PLC	09/20	Morgan Terrassen BV	36.50
	PLC	09/20	Morganite Crucible Ltd	38.50
Nestle India Ltd.	PLC	09/20	Maggi Enterprises Ltd	28.48
	PLC	09/20	Nestle SA	34.28
Pfizer Ltd.	PLC	09/20	Pfizer East India BV	39.75
	PLC	09/20	Wyeth LLC	12.27
Ricoh India Ltd.	PLC	09/19	NRG Group Ltd	27.55
	PLC	09/19	Ricoh Co Ltd	46.04
Saint-Gobain Sekurit India Ltd.	PLC	09/20	Saint Gobain India Pvt Ltd	26.74
	PLC	09/20	Saint-Gobain Sekurit France	48.26
Schaeffler India Ltd.	PLC	09/20	Fag Kugelfischer GMBH	27.28
	PLC	09/20	Industriewerk Schaeffler Ina- Ingenieurdienst GMBH	11.26
	PLC	09/20	Schaeffler Buhl Verwaltungs GMBH	20.56
	PLC	09/20	Schaeffler Verwaltungsholding Sechs GMBH	15.01
Siemens Ltd.	PLC	09/20	Siemens Gas and Power Holding BV	24.00
	PLC	09/20	Siemens International Holding BV	47.70
SKF India Ltd.	PLC	09/20	Ab SKF	45.84
	PLC	09/20	SKF UK. Ltd	6.33
Syngenta India Ltd.	PLC	03/19	Syngenta Participation AG	49.32
	PLC	03/19	Syngenta South Asia AG	43.81
Vedanta Ltd	PLC	03/19	Twin Star Holdings Ltd, Mauritius	34.44
	PLC	03/19	Twin Star Holdings Ltd, Swaziland	2.67
	PLC	03/19	Finsider International Co Ltd, UK	10.80
	PLC	03/19	Westglobe Ltd, Mauritius	1.19
	PLC	03/19	Welter Trading Ltd, Cyprus	1.03

**Annexure-3: Shares of Factories Owned by Non-Government Companies with  
“Foreign Investment” in Different Industries**

<i>NIC Code</i>	<i>Industry</i>	<i>No of Factories in Top 5#</i>	<i>Share (%) in the NVA of Top 5</i>	<i>Location</i>
101	Processing and preserving of meat			
102	Processing and preserving of fish, crustaceans and molluscs			
103	Processing and preserving of fruit & vegetables	4	91.0	PB, MH, KN
104	vegetable and animal oils and fats	1	15.1	MH
105	dairy products	2	49.0	PB, MH
106	grain mill products, starches and starch products	2	33.8	UK, AP
107	other food products			
108	prepared animal feeds	2	22.8	TN
110	beverages	2	77.0	MH
120	tobacco products	3	85.9	UP, MH, KN
131	Spinning, weaving and finishing of textiles			
139	other textiles	2	50.2	GJ, GO
141	wearing apparel, except fur apparel			
142	Articles of fur			
143	knitted and crocheted apparel			
151	Tanning and dressing of leather; luggage, handbags, saddlery			
152	footwear	4	85.8	AP, TN
161	Sawmilling and planing of wood			
162	products of wood, cork, straw and plaiting materials			
170	paper and paper products	1	17.3	MH
181	Printing and service activities related to printing			
182	Reproduction of recorded media	1	177.4*	KN
191	coke oven products			
192	refined petroleum products	4	28.3	UP, MP, GJ
201	basic chemicals, fertilizer and nitrogen compounds, plastics	1	6.6	AP
202	other chemical products	2	35.8	RJ, GJ
203	man-made fibres			
210	pharmaceuticals, medicinal chemical and botanical products	1	14.6	GJ

NIC Code	Industry	No of Factories in Top 5#	Share (%) in the NVA of Top 5	Location
221	rubber products	1	19.1	KN
222	plastics products	3	76.3	MH, KN
231	glass and glass products	3	52.0	HR, MH, TN
239	non-metallic mineral products n.e.c.			
241	basic iron and steel	3	78.4	JH, OR, KN
242	basic precious and other non-ferrous metals	3	72.3	UK, OR, TN
243	Casting of metals			
251	structural metal products, tanks, reservoirs & steam			
252	weapons and ammunition	1	66.9	MH
259	other fabricated metal products; metalworking service	2	31.7	RJ
261	electronic components	2	51.2	KN
262	computers and peripheral equipment	2	78.0	KN, TN
263	communication equipment	4	95.5	MH, AP, TN
264	consumer electronics			
265	measuring, testing, navigating and control equipment;	1	19.1	MH
266	irradiation, electro-medical & electrotherapeutic	2	5.2	MH, KN
267	optical instruments and equipment	1	42.5	RJ
268	magnetic and optical media			
271	electric motors, generators, transformers and electricity	1	63.4	MH
272	batteries and accumulators	3	76.8	MH, AP, KN
273	wiring and wiring devices	2	37.3	RJ, DN
274	electric lighting equipment	2	34.6	GJ, TN
275	domestic appliances	2	35.8	PB, HR
279	other electrical equipment	3	66.6	RJ, MH
281	general purpose machinery	2	61.4	KN
282	special-purpose machinery	1	19.9	UK
291	motor vehicles	4	89.5	HR, RJ, TN
292	bodies (coachwork) for motor vehicles;	2	27.4	MH, KN
293	parts and accessories for motor vehicles	3	57.8	MH, KN, TN
301	Building of ships and boats	1	41.1	KN
302	railway locomotives and rolling stock	1	30.1	GJ

<i>NIC Code</i>	<i>Industry</i>	<i>No of Factories in Top 5#</i>	<i>Share (%) in the NVA of Top 5</i>	<i>Location</i>
303	air and spacecraft and related machinery	3	77.2	KN, TG
304	military fighting vehicles			
309	transport equipment, n.e.c.	2	24.1	HR, KN
310	furniture	1	15.9	WB
321	jewellery, bijouterie and related articles			
322	musical instruments			
323	sports goods			
324	games and toys	2		MH, GO
325	medical and dental instruments and supplies	1	21.6	MH
329	Other manufacturing n.e.c.	1	15.5	MH
331	Repair of fabricated metal products, machinery and equipment	1	14.2	TN
332	Installation of industrial machinery and equipment			

# In case there is no company with foreign investment, the respective cells are left blank.

\* Three out of the four factories reported negative NVA

Note: Some states have more than one factory.

**Annexure-4: Foreign Majority Companies Reclassified from 'Private (Indian)'/  
'Group' to FDI Companies**

<i>Name of the Company</i>	<i>Name and Share of the Foreign Parent</i>
1. Adama India Pvt. Ltd.	Adama Agriculture, B.V., Netherlands (99.99%). UHC: China National Chemical Co Ltd
2. Alstom Transport India Ltd.	ALSTOM Transport Holdings B.V. Netherlands. (100%) UHC: Alstom SA, France
3. Ashirvad Pipes Pvt. Ltd.	Glynwed Holding B.V. Netherlands (96.98%). UHC: Aliaxis S.A, Belgium
4. Bombardier Transportation India Pvt. Ltd.	Bombardier Transportation (Holdings) Singapore Pte. Ltd (99.99%) UHC: Bombardier Inc., Canada
5. Carlsberg India Pvt. Ltd.	South Asian Breweries Pte. Ltd, Singapore (Holding Company) including its nominee (100%) UHC: Carlsberg A/S, Denmark
6. Continental Automotive Components (India) Pvt. Ltd.	Continental Automotive Gmbh, Germany (99.99%) UHC: Continental AG, Germany
7. Cummins Technologies India Pvt Ltd	Cummins Turbo Technologies Ltd., United Kingdom (50%) and Cummins Inc. USA (50%) UHC: Cummins Inc., USA
8. Daimler India Commercial Vehicles Pvt. Ltd.	Daimler AG, Germany (100%). Also UHC.
9. Denso Haryana Pvt. Ltd.	Denso Corporation, Japan (100%)
10. Firmenich Aromatics Production (India) Pvt. Ltd.	Firmenich Trading Corporation., Switzerland (99.99%) UHC: Firmenich International S.A, Switzerland
11. G E Power Systems India Pvt. Ltd.	GE Power Netherlands BV, (51%). GE India Industrial Pvt Ltd (49%) UHC: General Electric Company, United States
12. Gemini Edibles & Fats India Pvt. Ltd.	1. Golden Agri International India Holding Pte. Ltd, Singapore (56.27%). 2. Black River Food 2 Pte. Ltd, Singapore (25%). 3. Alka Chowdhry, India (11.55%), 4. Investment and Commercial Enterprise Ptr. Ltd (6.60%) UHC: Golden Agri –Resources Ltd., Singapore.
13. Gland Pharma Ltd.	1. Fosun Pharma Industrial Pte. Ltd (74%). 2. Gland Celsus Bio Chemicals Pvt Ltd, India (12.97%), 3. RP Advisory Services Pvt Ltd., India (5.08%) UHC: Shanghai Fosun Pharmaceutical (Group) Co., Ltd, China
14. Hwashin Automotive India Pvt. Ltd.	Hwashin Co.Ltd., South Korea (99.99%). Also UHC
15. Hyundai Steel India Pvt. Ltd.	Hyundai Steel Co. Ltd. South Korea (100%). Also UHC
16. India Yamaha Motor Pvt. Ltd.	Yamaha Motor o. Ltd, Japan (85%) and Mitsui & Co. Ltd, Japan (15%).
17. Komatsu India Pvt. Ltd.	Komatsu Asia Pacific Pte Ltd., Singapore (55%) and Komatsu Ltd, Japan (45%) UHC: Komatsu ltd., Japan

<i>Name of the Company</i>	<i>Name and Share of the Foreign Parent</i>
18. Lear Automotive India Pvt. Ltd.	Lear Corporation (Mauritius) Ltd Mauritius (99.99%), UHC: Lear Corporation Inc., USA
19. Lenovo (India) Pvt. Ltd.	Lenovo (Asia Pacific) Ltd. (99.99%) Hong Kong UHC: Lenovo Group Limited, Hong Kong, China: Global HQRS in China
20. Luminous Power Technologies Pvt. Ltd.	Schneider Electric South East Asia (HQ) Pte. Ltd.,Singapore UHC: Schneider Electric Industries SAS, France
21. Mobis India Ltd.	Hyundai Mobis Korea Ltd (100%) UHC: Hyundai Mobis Co. Ltd., Korea
22. Nayara Energy Ltd. (Earlier Essar Oil Ltd)	Roseneft Singapore Pte. Lt (Formerly 'Petrol Complex Pte Limited') (49.13%) and Kesani Enterprises Company Limited (49.13%).
23. Philips Lighting India Ltd. (now Signify Innovations Ltd)	Signify Holding B.V. (Formerly Philips Lighting Holding B.V.), Netherlands (96.13%) UHC: Signify N.V. Netherlands (formerly Philips Lighting N.V.)
24. Posco India Holdings Pvt. Ltd.	POSCO CO Ltd, South Korea (93.34%)
25. Roquette India Pvt. Ltd.	Roquette Frères and its nominees, France (100%)
26. Schindler India Pvt. Ltd.	Schindler Holdings Ltd, Switzerland, (99.99%),
27. Shree Renuka Sugars Ltd.	Wilmar Sugar Holdings Pte. Ltd. Singapore (58.34%). The remaining are held by the outgoing Indian promoters and general public. UHC: Wilmar International Ltd., Singapore
28. Suzuki Motor Gujarat Pvt. Ltd.	Suzuki Motor Corporation, Japan (100%). Also UHC
29. Tirumala Milk Products Pvt. Ltd.	BSA International, Belgium (99.99%) UHC: BSA SA, France
30. Vestas Wind Technology India Pvt. Ltd.	Vestas India Holdings A/s. Denmark (99.99%) UHC: Vestas Wind Systems A/S, Denmark
31. Vivo Mobile India Pvt. Ltd.	Multi Accord Ltd, Hong Kong (99.99%) UHC: Lucky City International Ltd, Hong Kong
32. Yazaki India Pvt. Ltd.	Yazaki Corporation, Japan (55.98%) and YGP Pte. Ltd, Singapore (44.02%). UHC: Yazaki Corporation, Japan

UHC: Ultimate Holding Company.

**Annexure-5: Finances of Non-Government Non-Financial Public Limited Companies**

(Rs. Crore)

Year	No. of Cos	Expenditure	Imports	Others	Imports/ Total Expenditure (%)	Others/ Total Expenditure (%)	Earnings	Exports (Goods)	Exports/ Total Earnings (%)
2010-11	3014	641960	541128	100832	84.3	15.7	534569	405107	75.8
2011-12	3014	812763	689247	123516	84.8	15.2	689770	523616	75.9
2012-13	3014	907161	758650	148510	83.6	16.4	787393	585694	74.4
2011-12	4388	830327	706603	123724	85.1	14.9	704373	511445	72.6
2012-13	4388	919141	769398	149744	83.7	16.3	822497	581346	70.7
2013-14	4388	973364	792962	180403	81.5	18.5	948866	656283	69.2
2012-13	1790	735124	605712	129412	82.4	17.6	632071	432711	68.5
2013-14	1790	755975	599860	156116	79.3	20.7	732308	486814	66.5
2014-15	1790	739897	568452	171445	76.8	23.2	724074	456187	63.0
2013-14	19602	779056	532316	246740	68.3	31.7	637331	458436	71.9
2014-15	19602	730322	446142	284180	61.1	38.9	598310	408864	68.3
2015-16	19602	495575	358577	136998	72.4	27.6	576763	349254	60.6
2014-15	24612	1533529	659663	873866	43.0	57.0	845193	805302	95.3
2015-16	24612	1315916	528219	787698	40.1	59.9	802870	601375	74.9
2016-17	24612	998932	173158	825774	17.3	82.7	888833	353806	39.8
2015-16	16130	1341579	541558	800022	40.4	59.6	798875	615298	77.0
2016-17	16130	985869	151937	833932	15.4	84.6	893437	371908	41.6
2017-18	16130	1018983	116114	902869	11.4	88.6	936860	339761	36.3
2016-17	16045	1091525	166218	925307	15.2	84.8	964391	396241	41.1
2017-18	16045	1166313	136529	1029783	11.7	88.3	1011991	365226	36.1
2018-19	16045	1469764	150586	1319178	10.2	89.8	1190006	401674	33.8

Source: RBI Finances of Non-Government Non-Financial Public Limited Companies for various years available at <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics>

**Annexure-6: Reporting of Exports Sales by Ford India, Hyundai Motor India  
and Maruti Suzuki India: 2018-19**

**Ford India**

Lakhs of INR

Domestic sale manufactured goods	6,07,092	21,19,818
Domestic sale traded goods	67,857	80,673
Total domestic turnover goods, gross	6,74,949	22,00,491
Export sale manufactured goods	16,92,802	0
Export sale traded goods	11,633	0
Total export turnover goods, gross	17,04,435	0
Total revenue from sale of products	23,79,384	22,00,491
Domestic revenue services	7,656	6,621
Total revenue from sale of services	7,656	6,621

**Hyundai Motor India**

Millions of INR

Domestic sale manufactured goods	(D) 286,260.71	283,887.38
Domestic sale traded goods	(E) 8,903.9	127.78
Total domestic turnover goods, gross	295,164.61	284,015.16
Export sale manufactured goods	(F) 110,375.23	98,725.11
Total export turnover goods, gross	110,375.23	98,725.11
Total revenue from sale of products	405,539.84	382,740.27
Domestic revenue services	(G) 16,447.72	14,340.96
Total revenue from sale of services	16,447.72	14,340.96

**Maruti Suzuki**

Millions of INR

Domestic sale manufactured goods	830,265	803,365
Total domestic turnover goods, gross	830,265	803,365
Total revenue from sale of products	(G) 830,265	(H) 803,365

**[613300] Notes - Operating segments**

Disclosure of geographical areas [Table]

..(I)

Unless otherwise specified, all monetary values are in Millions of INR

Geographical areas [Axis]	Country of domicile [Member]		Foreign countries [Member]	
	01/04/2018 to 31/03/2019	01/04/2017 to 31/03/2018	01/04/2018 to 31/03/2019	01/04/2017 to 31/03/2018
Disclosure of entity's operating segments [TextBlock]				
Revenue from external customers	802,897	761,736	57,306	58,208
Disclosure of geographical areas [TextBlock]				
Disclosure of geographical areas [Abstract]				
Disclosure of geographical areas [Line items]				
Revenue from external customers	802,897	761,736	57,306	58,208
Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts	174,374	161,422	0	0
Revenue from external customers	802,897	761,736	57,306	58,208



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