

### **Performance of foreign subsidiaries in India in FY20**

On April 1, 2021, Reserve Bank of India released the Annual Census on Foreign Liabilities and Assets of Indian Direct Investment Entities for the year 2019-20. This Census carries revealing data on the performance of foreign companies in India, in terms of sales, exports, imports and other parameters. The Census covered 30,753 companies, both in the listed and unlisted space and out of these 23,737 companies had received foreign direct investment (FDI). Out of these 23,737 companies, only 219 or 0.9% are listed companies, while the remaining 99.1% firms are unlisted companies. Out of 23,737 companies, 76% are operating as subsidiaries of foreign companies in India, while others operate as Associate companies in India. In simple term, a subsidiary company is one where the foreign parent company holds more than 50% of equity, while in case of an associate company, the foreign investor does not hold majority stake.

UK became the largest source of FDI into India in 2020, by replacing USA, which was the top source of investment in the previous year. The other leading sources of foreign direct investment are: USA, Mauritius, Singapore, Netherlands, Japan, Switzerland, Germany and South Korea.

Manufacturing sector received 56% of FDI equity, while services received 27%, with the remaining 17% going to electricity, gas, mining and other sectors. Among the manufacturing sectors, automobiles, chemicals, machineries, pharmaceuticals and food processing received maximum FDI. These five sectors cumulatively received 24% FDI, with automobiles attracting 6%, pharmaceuticals 5%, machinery 4%, food processing 3% and chemicals 2%.

In terms of sales, companies in electronics, automobiles, electrical equipment, machineries and chemicals together accounted for 28% of the total turnover of 14,300 foreign subsidiary companies in India that reported sales.

Out of the 18,000 odd foreign subsidiary companies in India, 10,252 firms reported exports, which amounted to Rs. 9.9 lakh crore or 10% higher than their export in the previous year. In other words, exports of these 10,252 companies constitute 26% of India's goods and services exports. FDI companies in pharmaceuticals and chemicals exported 50% of their total sales, while for wearing apparel companies the corresponding figure was 46%, for FDI companies in printing and recorded media, exports constitute 58% of overall sales. Among services sector, IT companies had the maximum share of exports in total sales, which was 75%.

Imports of 5,869 foreign subsidiary companies, that reported this data, declined 1.3% from the previous year to Rs. 7.2 lakh crore. On an average, imports accounted for 45% of total purchase of FDI companies in 2020. This figure was highest for foreign subsidiaries engaged in electronics manufacturing (at 78%), followed by furniture manufacturers (61%), chemicals manufacturers (56%) and electrical equipment manufacturers (49%).

The complete dataset of the census can be accessed from:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=51367#T1](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51367#T1)

## Notifications

### PIB

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<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1709875>

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Indian chemicals industry set to reach USD 304 billion by 2025

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### CBIC

Customs (Verification of Identity and Compliance) Regulations, 2021

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-nt2021/csnt41-2021.pdf;jsessionid=E1FA1333C3F0A8D8FC937AFAB640C977>

Anti-dumping duty on Flexible slabstock polyol imported from Saudi Arabia and UAE

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-add2021/csadd20-2021.pdf;jsessionid=98EF41036A6D44445BE2E2EB47CB1117>