FOREWORD

I am presenting the 11th issue of the SIA NEWSLETTER – ANNUAL ISSUE 2008. During the last 10 years, the issue has evolved into an authentic and important reference material for the industry, economists and academia. The Annual Issue was started as a mere compilation of the monthly newsletters containing information on approvals and inflows of foreign direct investment. Through the years, other features have been introduced like policy update, analysis on data comprising of source country analysis, FDI flow’s sectoral direction, sectoral analysis etc. to make the issue more comprehensive and of greater utility as a policy tool.

2. The Annual Issue, 2008 contains details, analysis & the final figures of Foreign Direct Investment (FDI) inflows¹ for the calendar year 2008, financial year 2008-09 and also the cumulative FDI inflows since August 1991. It has incorporated analysis of top sectors receiving FDI inflows and brief of FDI inflows from various regions like the EU, ASEAN, etc.

3. The year 2008 witnessed unprecedented FDI equity inflows of US$ 33.0 billion which was the highest in any calendar year since 1991. During the financial year 2008-09 FDI equity inflows received amounted to US$ 27.3 billion as against US$ 24.6 billion

¹ FDI inflows data represent only ‘equity capital component’ and do not include ‘re-invested earnings’ and ‘other capital’ components of FDI.
received in 2007-08. Along with reinvested earnings and other capital, the total inflow during 2008-09 was US$ 35.2 billion.

4. While the top investing country into India continued to be Mauritius with 43% share in the total FDI, Singapore increased to 11% as the second top investing country, followed by U.S.A. (with 5%), U.K. (with 5%) & Cyprus (with 4%).

5. Services sector remained the top recipient of FDI inflows during the year with 24% share in the total FDI inflows, followed by Telecommunications Sector as a second in ranks with 24% share in the total FDI inflows. A Significant inflow was directed to the Housing and Real estate sector (with 8%) along with Construction activities (with 7%) which together constituted 15% of the total inflows.

6. Progressive policy liberalisation measures, initiatives towards reforming investment approvals and implementation procedures, and renewed focus on the development of the infrastructure real estate sector have further improved the investment climate in the country. India has continued to remain the 2nd most attractive investment destination as per various reports including the UNCTAD’s World Investment Report 2008.

7. I hope this Annual Issue would serve as a useful reference publication for industry, investors, academics and others interested in the economic growth of India. A feedback on the utility value of the publication and suggestions would enable us to bring in further improvements and serve the cause better.

(AJAY SHANKAR)

New Delhi