

## Executive Summary

### Introduction

This report presents the stock position of Foreign Liabilities & Assets and Foreign Investment in Pakistan as on 31st December 2005 and pertains to the 41st surveys of such type carried out so far. The survey covers:

- (i) companies registered or incorporated abroad and functioning in Pakistan,
- (ii) companies incorporated in Pakistan having foreign participation and
- (iii) partnerships operating in Pakistan in which non-residents hold interest.

The requisite information were collected through a questionnaire from the above mentioned three categories of respondents under sub-section (I) of section IV of the International Monetary Fund and Bank Act, 1950 and the Gazette Notification No.3 (3) – IMF 56 of 4th October, 1956 (Appendix-I). Out of 840 entities surveyed, 593 responded representing a response rate of 70.60 per cent. In addition to the above information, data relating to:

- (a) holdings of foreign securities & shares by resident individuals and
- (b) net position of Pakistani firms/companies operating abroad

was obtained from the Exchange Policy Department of the State Bank of Pakistan.

The comparative position of the respondents is given in the table-1.

**Table – 1**  
**Number of Companies Covered in the Survey**

Respondent	2005	2004
Firms/Companies registered or incorporated outside Pakistan	97	97
Companies incorporated in Pakistan in which foreigners hold interest	496	484
Partnerships in which foreigners hold interest	-	-
<b>Total</b>	<b>593</b>	<b>581</b>

Total number of respondents increased from 581 to 593 during the year under review. The number of companies incorporated in Pakistan in which foreigners hold interest, increased from 484 to 496 (foreign interest ceased to exist in 5 companies as against 17 fresh entrant). The number of branches of foreign firms/companies operating in Pakistan remains 97. One company ceased operation in Pakistan and one new entrant. No Partnership Company exits during the year.

### Overall Net Debtor Position

The total net foreign indebtedness increased by Rs. 9,039.0 million (3.1 %) from Rs. 291,939.4 million in 2004 to Rs. 300,978.4 million in 2005 (table-2). Pakistani Joint Stock Companies having foreign participation continued to account for most of the foreign liabilities, which increased from Rs. 214,021.4 million to Rs. 217,202.8 million or by Rs. 3,181.4 million (1.5 %) in 2005. The net foreign liabilities of the branches of foreign firms/companies incorporated/registered abroad increased from Rs. 84,223.4 million to Rs. 100,087.5 million and its relative share increased from 28.8 percent to 33.2 percent in 2005. The position of the partnerships having foreign participation stood nil in 2005. Holdings of foreign securities by Pakistan nationals changed from Rs. 1,254.6 million to Rs. 1,560.5 million in 2005. The net creditor position of Pakistani firms/Companies operating abroad reflected an increase of Rs. 9,700.6 million from Rs. 5,050.8 million to Rs. 14,751.4 million over the year.

In U.S. dollars total net foreign liabilities increased by \$ 129.8 million (2.6 %) from \$ 4,902.6 million in 2004 to \$ 5,032.4 million in 2005. The liabilities of Pakistani Joint Stock Companies having foreign participation increased from \$ 3,594.1 million in 2004

to \$3,631.7 million in 2005. The net foreign liabilities on account of branches of foreign firms/Companies incorporated abroad increased from \$ 1,414.4 million to \$1,673.5 million in 2005 while its relative share increased from 28.8 percent to 33.2 percent of the total in 2005. The net position of the partnerships having foreign participation was nil in 2005. Holdings of foreign securities by Pakistani nationals increased by \$ 5.0 million and stood at \$ 26.1 million in 2005.

**Table – 2**

**Net Debtor Position by Category of Firms/Companies**

Category	2005		2004	
	Amount	% of total	Amount	% of total
Firms/Companies registered or incorporated outside Pakistan	100,087.5 (\$1,673.5)	33.2	84,223.4 (\$ 1,414.4)	28.8
Pakistani Joint stock companies having foreign participation	217,202.8 (\$ 3,631.7)	72.2	214,021.4 (\$ 3,594.1)	73.3
Partnerships having foreign participation	0	0		0
Holdings of foreign securities by Pakistani nationals	-1,560.5 (\$ -26.1)	-0.5	-1,254.6 (\$ -21.1)	-0.4
Pakistani firms/Companies operating abroad	-14,751.4 (\$ -246.6)	-4.9	-5,050.8 (\$ -84.8)	-1.7
<b>Total</b>	<b>300,978.4 (\$ 5,032.4)</b>	<b>100.0</b>	<b>291,939.4 (\$ 4,902.6)</b>	<b>100.0</b>

The net creditor position of Pakistani Firms/Companies operating abroad increased from \$ 84.8 million to \$ 246.6 million over the year 2005.

**Overall Net Debtor Position by Economic Group**

According to nature of economic activity of the companies the “Power” group contributed a major

portion of the net foreign liabilities. Its total liabilities decreased from Rs. 94,055.7 million to Rs. 84,711.3 million or by Rs. 9,344.4 million (9.9%) and its relative share decreased from 32.2 percent to 28.1 percent of the total (table-3, fig-1).

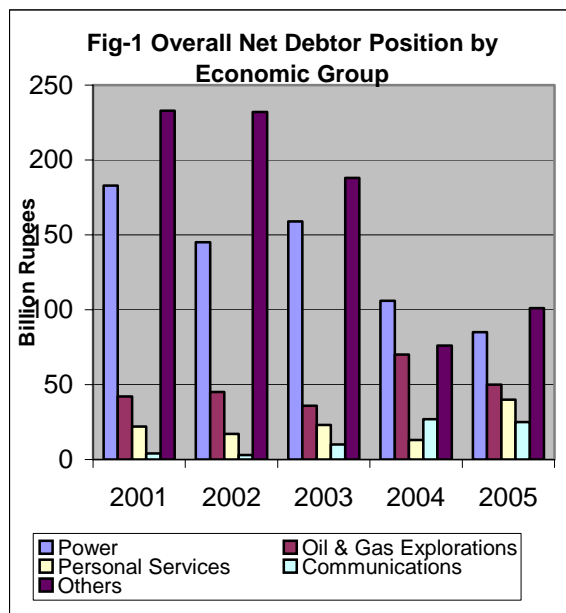
Net debtor position of “Oil & Gas Explorations” group increased from Rs. 48,773.5 million to Rs. 49,799.4 million in 2005 while its relative share decreased nominally from 16.7 percent to 16.5 of total.

**Table – 3**  
**Net Debtor Position by Major Economic Group**

Economic Group	2005		2004	
	Amount	% of Total	Amount	% of Total
Power	84,711.3	28.1	94,055.7	32.2
Oil & Gas Explorations	49,799.4	16.5	48,773.5	16.7
Personal Services	40,378.0	13.4	12,842.4	4.4
Communication	24,817.4	8.2	26,654.6	9.1
Trade	13,740.6	4.6	20,909.3	7.2
Financial Business	13,549.9	4.5	23,967.3	8.2
Chemicals	9,264.4	3.1	10,438.8	3.6
Others	64,717.4	21.5	54,297.8	18.6
<b>Total</b>	<b>300,978.4</b>	<b>100.0</b>	<b>291,939.4</b>	<b>100.0</b>

The net foreign liabilities of the “Personal Services” group, increased from Rs. 12,842.4 million to Rs. 40,378.0 million in 2005 and its relative share increased from 4.4 percent to 13.4 percent of the total in 2005. The net external liabilities of the “Communications” group decreased from Rs. 26,654.6 million to Rs. 24,817.4 million and relative share decreased from 9.1 percent to 8.2 percent of the total in 2005. The “Trade” group net foreign liabilities decreased from Rs. 20,909.3 million to Rs. 13,740.6 million in 2005. The net debtor position of “Financial Business” decreased from Rs. 23,967.3 million to Rs. 13,549.9 million and its relative share decreased from 8.2 percent to 4.5 percent during the year 2005. The net foreign liabilities on account of “Chemicals” group decreased from Rs. 10,438.8 million to Rs.

9,264.4 million during the year 2005. The liabilities of the residual group “Others” increased from Rs. 54,297.8 million to Rs. 64,717.4 million in 2005 and its relative share stood at 21.5 percent of the total in 2005.



### Net Debtor Position by Creditor

Creditor-wise position revealed that the total claims of USA decreased from Rs. 75,711.5 million to Rs. 65,173.4 million and its relative share decreased from 25.9 percent to 21.7 percent during the year 2005.

The claim of Cayman Islands increased from Rs. 1,064.9 million to Rs. 34,288.4 million in 2005 and its relative share increased from 0.4 percent to 11.4 percent which is due to investment in KESC. Claim of Mauritius increased from Rs. 21,770.7 million to Rs. 26,110.5 million and its relative share increased from 7.5 percent to 8.7 percent during the year 2005. Claim of UK decreased from Rs. 35,671.8 million to Rs. 25,820.6 million and its relative shares decreased from 12.2 percent to 8.6 percent during the year 2005. Claim of UAE increased from Rs. 13,319.0 to Rs. 22,827.4 million, during the year 2005 and the relative share increased from 4.6 percent to 7.6 percent, during the year 2005. Claim of Saudi Arabia decreased from Rs. 23,113.7 million to Rs. 20,603.3 million and its

relative share decreased from 7.9 percent to 6.8 percent during the year 2005.

**Table – 4**  
**Overall Net Debtor Position by Creditors**

Creditors	2005		2004	
	Amount	% of Total	Amount	% of Total
USA	65,173.4	21.7	75,711.5	25.9
Cayman Island	34,288.4	11.4	1,064.9	0.4
Mauritius	26,110.5	8.7	21,770.7	7.5
UK	25,820.6	8.6	35,671.8	12.2
UAE	22,827.4	7.6	13,319.0	4.6
Saudi Arabia	20,603.3	6.8	23,113.7	7.9
Netherlands	17,044.2	5.7	9,749.9	3.3
Japan	14,029.4	4.7	2,998.0	1.0
International Financial Institutions	10,891.9	3.6	20,729.6	7.1
Switzerland	10,698.3	3.6	9,222.9	3.2
Germany	9,887.2	3.3	10,886.5	3.7
Kuwait	9,012.1	3.0	9,057.3	3.1
Australia	6,281.8	2.1	7,517.6	2.6
Austria	5,358.6	1.8	5,368.6	1.8
France	4,373.9	1.5	4,420.6	1.5
Iceland	2,223.2	0.7	2,203.2	0.8
Luxemburg	2,171.5	0.7	2,764.1	0.9
Malaysia	2,001.7	0.7	3,156.7	1.1
Hong Kong	1,958.2	0.6	244.3	0.1
Sweden	1,930.9	0.6	96.4	0.0
Others	8,291.9	2.8	32,872.1	11.3
<b>Total</b>	<b>300,978.4</b>	<b>100.0</b>	<b>291,939.4</b>	<b>100.0</b>

Claim of Netherlands increased from Rs. 9,749.9 million to Rs. 17,044.2 million and its relative share increased from 3.3 percent to 5.7 percent during the year 2005. Claim of Japan increased from Rs. 2,998 million to Rs. 14,029.4 million and its relative share increased from 1.0 percent to 4.7 percent during the year 2005. Claim of International Financial Institution decreased from Rs. 20,729.6 million to Rs. 10,891.9 million and its relative share decreased from 7.1 percent to 3.6 percent during the year 2005. There is minor change in the claims of Switzerland, Germany, Kuwait and Australia which is from Rs.9,222.9 million to Rs. 10,698.3 million, Rs. 10,886.5 million to Rs 9,887.2 million, Rs., 9,057.3

million to Rs. 9,012.1 million and Rs 7,517.6 to Rs. 6,281.8 million respectively during the year 2005 while their respective shares changed from 3.2 percent to 3.6 percent, 3.7 percent to 3.3 percent, 3.1 percent to 3.0 percent and 2.6 percent to 2.1 percent during the year 2005.

#### Net Debtor Position of Branches of Foreign Firms and Companies

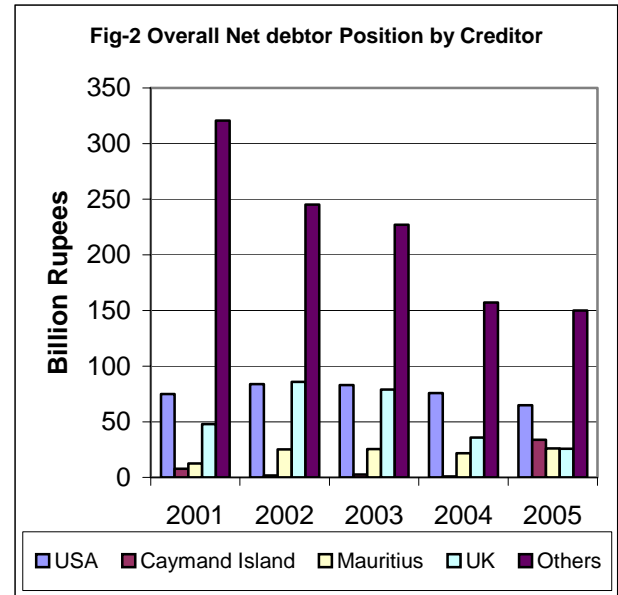
The indebtedness of branches of foreign firms and companies which stood at Rs. 84,223.4 million forming 28.8 percent of the total foreign indebtedness in 2004 increased by Rs 15,864.1 million (18.8%) to Rs. 100,087.5 million 2005. Distribution of the net liabilities according to economic activity (table-5) revealed that liabilities under “Oil & Gas Exploration” group decreased from Rs. 47,211.6 million to Rs. 46,412.7 or by Rs. 798.9 million (1.7%) in 2005. The net position of “Financial Business” group increased from Rs. 17,392.7 million to Rs. 29,776.7 million or by Rs. 12,384.0 million (71.2%) during the year 2005. The net position of “Trade” group increased from Rs. 6,371.5 million to Rs. 7,434.8 million or by

**Table – 5**  
**Net Debtor Position of Foreign Firms and Companies by Economic Groups**

Economic Group	2005		2004	
	Amount	% of Total	Amount	% of Total
Oil & Gas Explorations	46,412.7	46.4	47,211.6	56.1
Financial Business	29,776.7	29.8	17,392.7	20.6
Trade	7,434.8	7.4	6,371.5	7.6
Transport	5,941.8	5.9	5,941.8	7.0
Construction	3,912.7	3.9	1,070.5	1.3
Power	3,530.6	3.5	3,530.6	4.2
Communication	1,799.9	1.8	911.6	1.1
Others	1,278.3	1.3	1,793.1	2.1
<b>Total</b>	<b>100,087.5</b>	<b>100.0</b>	<b>84,223.4</b>	<b>100.0</b>

Rs. 1,063.3 million (16.7%) during the year 2005. The net position of “Transport” group unchanged from Rs. 5,941.8 million to Rs. 5,941.8 million during the year 2005. The net position of “Power” group was Rs. 3,530.6 million during the year 2005. The net position

of “Construction” group increased from Rs. 1,070.5 million to Rs. 3,912.7 million or by Rs. 2,842.2 million (265.5%) during the year 2005.



The indebtedness of “Others” group decreased from Rs. 1,793.1 million to Rs. 1,278.3 million or by Rs. 514.8 million (28.7%) during the year 2005.

Creditor-wise position exhibited that USA was the most prominent creditor (table-6).

**Table – 6**  
**Net Debtor Position of Foreign Firms and Companies by Creditors**

Creditors	2005		2004	
	Amount	% of Total	Amount	% of Total
USA	34,665.1	34.6	37,412.8	44.4
Netherlands	12,134.7	12.1	5,246.5	6.2
UK	10,391.1	10.4	17,771.9	21.1
Germany	6,514.2	6.5	5,935.1	7.0
Austria	5,292.5	5.3	5,303.5	6.3
Saudi Arabia	4,498.9	4.5	6,350.2	7.5
Switzerland	3,755.2	3.8	1,605.0	1.9
UAE	3,057.0	3.1	2,045.0	2.4
Australia	2,647.5	2.6	3,888.5	4.6
Hong Kong	2,328.6	2.3	243.0	0.3
Japan	2,268.6	2.3	-6,226.9	-7.4
Bahrain	2,193.4	2.2	-4,657.9	-5.5
Others	10,340.9	10.3	9,306.7	11.2
<b>Total</b>	<b>100,087.5</b>	<b>100.0</b>	<b>84,223.4</b>	<b>100.0</b>

The liabilities decreased by Rs. 2,747.7 million (7.3%) from Rs. 37,412.8 million to Rs. 34,665.1 million in

2005. The liabilities of Netherlands increased by Rs. 6,888.2 million from Rs. 5,246.5 million to Rs. 12,134.7 million in 2005. The liabilities of U.K' companies decreased from Rs. 17,771.9 million to Rs. 10,391.1 million during the year 2005 and their relative shares decreased from 21.1 percent to 10.4 percent during the year 2005. The liabilities of Saudi Arabia, Germany and Austria changed from Rs. 6,350.2 million to Rs. 4,498.9 million, Rs. 5,935.1 million to Rs. 6,514.2 million and Rs. 5,303.5 million to Rs. 5,292.5 million respectively during the year 2005. The Foreign Liabilities on account of U.A.E increased from Rs. 2,045 million to Rs. 3,057 million, during the year 2005. The liabilities to Switzerland increased from Rs. 1,605 million to Rs. 3,755.2 during the year 2005. The Liabilities of others increased from Rs. 9,306.7 million to Rs. 10,340.9 million during the year 2005.

### Gross Foreign Liabilities of Pakistani Joint Stock Companies

The gross foreign liabilities of Pakistani Joint Stock Companies (table 7-(a)) increased by Rs. 40,319.8 million (17.4%) from Rs. 231,776.5 million to Rs. 272,096.3 and mainly consisted of long term liabilities such as "Equity Capital" and "long-term Debt". Together, they increased from Rs. 184,070.6 million to Rs. 215,809.9 million or by Rs. 31,739.3 million (17.2%) and its relative share remains almost at the same level.

**Table – 7(a)**

#### Gross Foreign Liabilities of Pakistani Joint Stock Companies

Liabilities	2005		2004	
	Amount	% of Total	Amount	% of Total
Equity Capital	132,093.7	48.6	91,389.3	39.4
Short Term Debt	56,286.4	20.7	47,705.9	20.6
Long Term Debt	83,716.2	30.7	92,681.3	40.0
<b>Total</b>	<b>272,096.3</b>	<b>100.0</b>	<b>231,776.5</b>	<b>100.0</b>

The "Equity Capital" increased by Rs. 40,704.4 (44.5%) from Rs. 91,389.3 million to Rs. 132,093.7 million. "Long-term Debt" decreased by 8,965.1 (9.7%) from 92,681.3 million to 83,716.2 million. "Short-term Debt" increased from Rs. 47,705.9 million to Rs. 56,286.4 million or by Rs. 8,580.5 million (18.0%) and its relative share increased from 20.6 to 20.7 percent of total in 2005.

The foreign assets of Pakistani Joint Stock Companies (table-7(b)) consisting of "Deposit abroad", "Loan and Advances" and "Securities, Shares and Debenture" increased by Rs. 37,138.4 million (209.2%) from Rs. 17,755.1 million to Rs. 54,893.5 million in 2005. The Ratio of assets to liabilities increased from 7.7% to 20.2% during the year 2005. "Deposits abroad" increased from Rs. 12,576.1 million to Rs. 15,482.5 million and its relative share decreased from 70.8 percent to 28.2 percent. "Loan and Advances" increased by Rs. 28,092.8 million (708.2%) from Rs. 3,966.8 million to Rs. 32,059.6 million in 2005 and its relative share increased from 22.3 percent to 58.4 percent of the total in 2005. "Securities, Shares and Debenture" stood at Rs. 7,351.4 million in 2005.

**Table – 7(b)**  
**Gross Foreign Assets of Pakistani Joint Stock Companies**

Asset	2005		2004	
	Amount	% of Total	Amount	% of Total
Deposit Abroad	15,482.5	28.2	12,576.1	70.8
Loan And Advances	32,059.6	58.4	3,966.8	22.4
Securities, Shares and Debentures	7,351.4	13.4	1,212.2	6.8
<b>Total</b>	<b>54,893.5</b>	<b>100.0</b>	<b>17,755.1</b>	<b>100.0</b>
<b>Ratio of asset to Liabilities (%)</b>	<b>20.2</b>		<b>7.7</b>	

### Net Debtor Position of Pakistani Joint Stock Companies

The total net indebtedness of Pakistani Joint Stock Companies increased by Rs. 3,181.4 million (1.5%) from Rs. 214,021.4 million to Rs. 217,202.8 million in

2005. According to economic group the net debtor position of “Power” decreased from Rs. 90,525.0 million to Rs. 81,180.7 million in 2005 and its relative share decreased from 42.3 percent to 37.4 percent of total during the year 2005. Net debtor position of “Personal Services” increased from Rs. 12,805.3 million to Rs. 40,340.9 million while its relative share increased from 6.0 percent to 18.6 percent during the year 2005. The net debtor position of “Communication” decreased from Rs. 25,742.9 million to Rs. 23,917.4 million and its relative share decreased from 12.0 percent to 11.0 percent of the total during the year 2005. The net debtor position of “Trade” increased from Rs. 19,588.6 million to Rs. 21,057.2 million and its relative share increased from 9.2 percent to 9.7 percent of the total during the year 2005. The net liabilities of the companies engaged in “Chemicals” decreased by Rs. 1,174.4 million (11.2%) from Rs. 10,438.8 million to Rs. 9,264.4 million during the year 2005. The net liabilities of the companies engaged in “Pharmaceuticals and OTC Products” increased

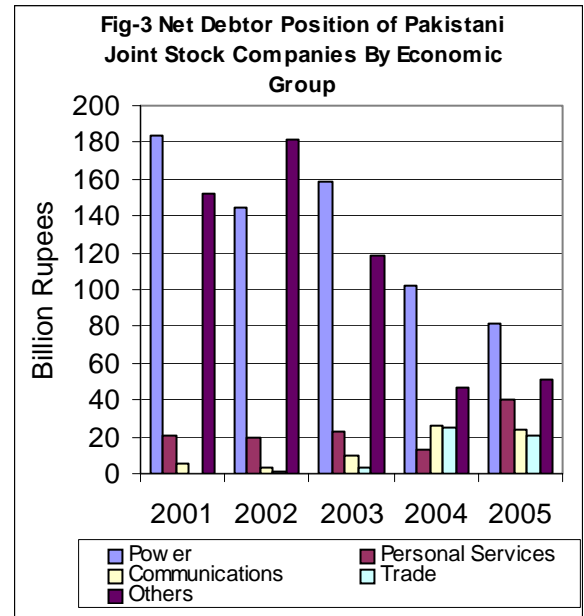
Table – 8

**Net Debtor Position of Pakistani Joint Stock Companies by Major Economic Groups**

Economic Group	2005		2004	
	Amount	% of Total	Amount	% of Total
Power	81,180.7	37.4	90,525.0	42.3
Personal Services	40,340.9	18.6	12,805.3	6.0
Communications	23,917.4	11.0	25,743.0	12.0
Trade	21,057.2	9.7	19,588.6	9.2
Chemicals	9,264.4	4.3	10,438.8	4.9
Pharmaceuticals & OTC Products	8,076.6	3.7	7,098.6	3.3
Petroleum Refining	7,720.3	3.6	3,457.5	1.6
Others	25,645.3	11.7	44,364.4	20.7
<b>Total</b>	<b>217,202.8</b>	<b>100.0</b>	<b>214,021.4</b>	<b>100.0</b>

by Rs. 978.0 million from Rs. 7,098.6 million to Rs. 8,076.6 million and its relative share increased from 3.3 percent to 3.7 percent of total net debtor position of Pakistani joint stock companies during the year

2005. The net liabilities of the companies engaged in “Petroleum Refining” increased by Rs. 4,262.8



million (123.3%) from Rs. 3,457.5 million to Rs. 7,720.3 million during the year 2005 (table-8, fig-3).

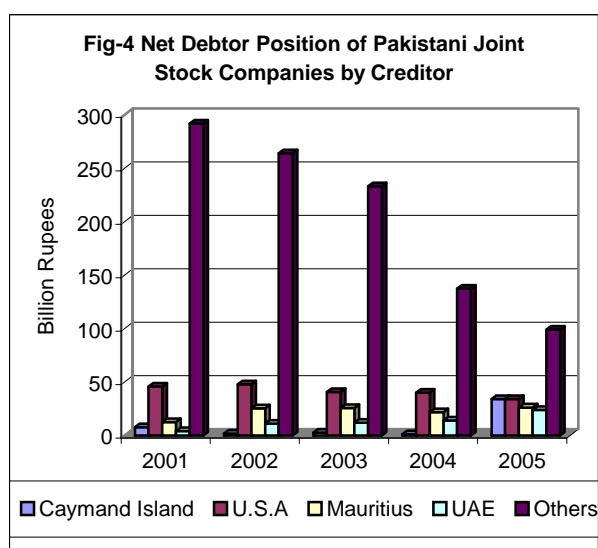
Classification of indebtedness by creditors shows that Caymand Island was the most prominent creditor during the year 2005 and its total claims increased from Rs. 1,050.1 million to Rs. 34,265.2 million while its relative shares increased from 0.5 percent to 15.8 percent during the year 2005 which is due to investment in KESC (table-9, fig-4).

Claims of U.S.A decreased from Rs. 40,115.4 million to Rs. 34,166.8 million and its relative share decreased from 18.7 percent to 15.7 percent during the year 2005. The liabilities of Mauritius increased from Rs. 21,775.8 million to Rs. 26,115.7 million and its relative share vary from 10.2 percent to 12.0 percent during year 2005. Claims of UAE increased from Rs. 14,227.3 million to Rs. 23,940.9 million and its relative share increased from 6.6 percent to 11.0 percent during the year 2005.

**Table – 9**  
**Net Debtor Position of Pakistani Joint Stock Companies by Creditors**

Creditors	2005		2004	
	Amount	% of Total	Amount	% of Total
Cayman Islands	34,265.2	15.8	1,050.1	0.5
USA	34,166.8	15.7	40,015.4	18.7
Mauritius	26,115.7	12.0	21,775.8	10.2
UAE	23,940.9	11.0	14,227.3	6.6
Saudi Arabia	16,295.7	7.5	16,931.6	7.9
UK	16,185.2	7.5	18,306.7	8.6
Japan	11,760.8	5.4	9,224.9	4.3
Int'l Financial Institutions	10,891.9	5.0	20,729.6	9.7
Kuwait	8,897.2	4.1	8,622.4	4.0
Switzerland	7,004.9	3.2	7,635.1	3.6
Netherlands	5,047.0	2.3	4,657.6	2.2
France	4,218.7	1.9	4,247.6	2.0
Austria	3,634.3	1.7	65.1	0.0
Germany	3,464.0	1.6	4,942.1	2.3
Luxemburg	2,171.4	1.0	2,764.0	1.3
Malaysia	1,953.6	0.9	3,096.9	1.4
Sweden	1,930.2	0.9	21.9	0.0
Netherlands Antilles	1,225.1	0.6	1,225.1	0.6
Denmark	1,111.0	0.5	554.4	0.3
Others	2,923.2	1.3	33,927.8	15.9
<b>Total</b>	<b>217,202.8</b>	<b>100.0</b>	<b>214,021.4</b>	<b>100.0</b>

Claims of Saudi Arabia decreased from Rs. 16,931.6 million to Rs. 16,295.7 million during the year 2005



and its relative share vary from 7.9 percent to 7.5 percent during the year 2005. Claims of UK decreased

from Rs. 18,306.7 million to Rs. 16,185.2 million and its relative share decreased from 8.6 percent to 7.5 percent during the year 2005. Claims of “ International Financial Institutions “ decreased from Rs. 20,729.6 million to Rs. 10,891.9 million during the year 2005 and their relative shares vary from 9.7 percent to 5.0 percent during the year 2005. Claims of Switzerland, France and Germany decreased from Rs. 7,635.1 million to Rs. 7,004.9 million, Rs. 4,247.6 million to Rs. 4,218.7 million and Rs. 4,942.1 million to Rs. 3,464.0 million respectively during the year 2005 and their relative shares decreased from 3.6 percent to 3.2 percent, 2.0 percent to 1.9 percent and 2.3 percent to 1.6 percent respectively during the year 2005. Claims of Luxembourg, and Netherlands changed from Rs. 2,764.0 million to Rs. 2,171.4 million and Rs. 4,657.6 million to Rs. 5,047.0 million respectively during the year 2005. The Claim of Kuwait changed from Rs 8,622.4 million to Rs. 8,897.2 million with its relative share 4.0 percent and 4.1 percent during the year 2005. The claims of the residual group of countries represented as “Others” decreased from Rs. 33,927.8 million to Rs. 2,923.2 million during the year 2005.

Pakistani Joint Stock Companies are segregated into Direct and Portfolio groups on the basis of extent of foreign interest. Companies whose 10 percent or more common stock is held by foreigner are classified as the Direct Investment group and rest as Portfolio group. The net debtor position of the companies in the Direct Investment group increased by Rs. 6,902.0 (4.0%) million from Rs. 171,881.4 million to Rs. 178,783.4 million and its relative share increased from 80.3 percent to 82.3 percent of total net indebtedness of Pakistani Joint Stock Companies in 2005. As much as 96.6 percent of their liabilities were of long-term nature having maturity period of more than one year. These liabilities increased by Rs. 15,527.8 million (9.9%) from Rs. 157,217.7 million to Rs. 172,745.5 million in 2005.

The inflow of gross foreign investment comprising “Cash Brought in”, “Capital Equipment Brought in” and “Reinvested Earnings” increased by Rs. 75,373.1 million (114.3%) from Rs. 65,963.7 million in 2004 to Rs. 141,336.8 million in 2005 (table-10). Item wise analysis indicated that “Cash Brought in” recorded an increase of Rs. 81,876.3 million from Rs. 45,545.1 million to Rs. 127,421.4 million in 2005 and its relative share increased from 69.0 percent to 90.2 percent of the total inflow. “Capital Equipment Brought in” stood at Rs. 315.4 million whereas it was Rs. 960.8 million in 2004. “Reinvested Earnings” decreased from Rs. 19,457.8 million to Rs. 13,600.0 million or by Rs. 5,857.8 million (30.1%) and its relative share decreased from 29.5 percent to 9.6 percent of the total inflow. Foreign Investment outflow consisting mainly of “Cash Repatriated”

**Table – 10**  
**Foreign Investment Inflow/Outflow by Type**

Type	2005		2004	
	Amount	% of Total	Amount	% of Total
<b>Inflow</b>				
Cash Brought In	127,421.4	90.2	45,545.1	69.0
Capital Equipment Brought In	315.4	0.2	960.8	1.5
Reinvested Earnings	13,600.0	9.6	19,457.8	29.5
<b>Total</b>	<b>141,336.8</b>	<b>100.0</b>	<b>65,963.7</b>	<b>100.0</b>
<b>Outflow</b>				
Cash Repatriated	75,673.9	99.9	12,559.6	68.0
Capital Equipment taken out	35.1	0.1	-	-
Disinvestments	-	-	5,901.8	32.0
<b>Total</b>	<b>75,709.0</b>	<b>100.0</b>	<b>18,461.4</b>	<b>100.0</b>
<b>Ratio of outflow to inflow</b>	<b>53.6</b>		<b>28.0</b>	

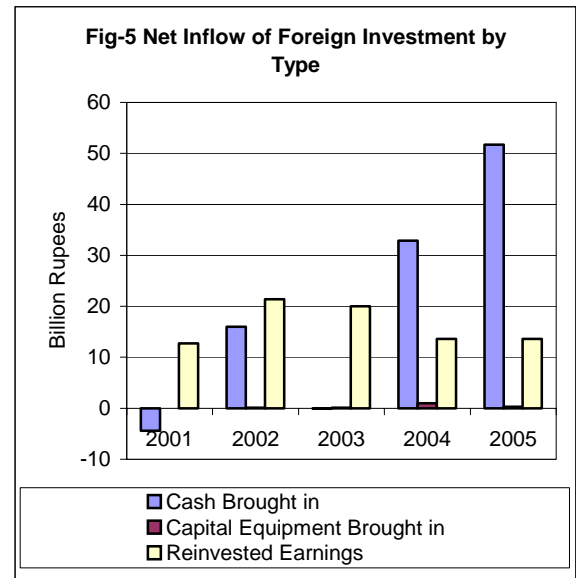
depicted an increase of Rs. 63,114.3 million (502.5%) from Rs. 12,559.6 million to Rs.75, 673.9 million over the year. “Capital Equipment Taken out” stood very minor during the year 2005. “Disinvestments” stood nil during the year 2005 while at Rs. 5,901.8 million in

2004. The ratio of gross outflow to inflow increased from percent to 28.0 percent to 53.6 percent in 2005. The total net inflow of foreign investment increased by Rs. 18,125.5 million (38.1%) from Rs. 47,502.3 million to Rs. 65,627.8 million in 2005 (table-11, fig-5).

**Table – 11**  
**Net Inflow of Foreign Investment by Type**

Type	2005		2004	
	Amount	% of Total	Amount	% of Total
Cash Brought In	51,747.5	78.9	32,985.5	69.4
Capital Equipment Brought In	280.1	0.4	960.8	2.0
Reinvested Earnings	13,600.2	20.7	13,556.0	28.6
<b>Total</b>	<b>65,627.8</b>	<b>100.0</b>	<b>47,502.3</b>	<b>100.0</b>

The “Cash Brought in” (net) increased from Rs. 32,985.5 million to Rs. 51,747.5 million or by Rs. 18,762.0



million with its relative share increased from 69.4 percent to 78.9 percent in year 2005.

“Capital Equipment Brought in” (net) stood at Rs. 280.1 million in year 2005 where as it was Rs. 960.8 million in 2004. “Reinvested Earnings” (net) increased from Rs. 13,556.0 million to Rs. 13,600.2 million while its relative share decreased from 28.6 percent to 20.7 percent during the year 2005.



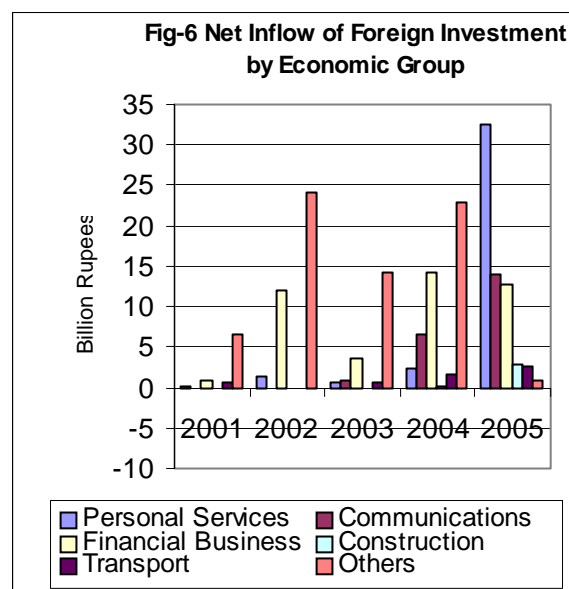
Table – 12

**Net Inflow of Foreign Investment by  
Economic Group**

Economic Group	2005		2004	
	Amount	% of Total	Amount	% of Total
Personal Services	32,793.0	50.0	2,252.9	4.7
Communication	13,968.5	21.3	6,567.3	13.8
Financial Business	12,708.5	19.4	14,321.9	30.2
Construction	2,831.2	4.3	45.4	0.1
Transport Equip.	2,714.3	4.1	2,253.0	4.8
Petroleum Refining	2,564.2	3.9	447.2	0.9
Chemical	2,363.2	3.6	1,108.5	2.3
Others	-4,315.1	-6.6	20,506.1	43.2
<b>Total</b>	<b>65,627.8</b>	<b>100.0</b>	<b>47,502.3</b>	<b>100.0</b>

By economic group, “Personal Services” was the main sector, where net inflow of foreign investment increased from Rs. 2,252.9 million to Rs. 32,793.0 million during the year 2005 (table-12, fig-6).

Investment in “Communications” group increases from Rs. 6,567.3 million to Rs. 13,968.5 million during the year 2005. The “Financial Business” was the 3rd main group, which stood at Rs. 12,708.5 million while it was Rs. 14,321.9 million in the year 2004. The “Construction” group increased from Rs. 45.4 million to Rs. 2,831.2 million during the year 2005. The “Transport Equipment” group stood at 5th for net inflow of Rs. 2,714.3 million in the year 2005 and it was Rs. 2,253.0 million in 2004. The “Petroleum Refining” group attracted net inflow of Rs. 2,564.2 million in the year 2005. The group “Chemicals” net inflow stood at Rs. 2,363.2 million in the year 2005, as it was Rs. 1,108.5 million in the year 2004. The net inflow of “Other” group of Rs. 20,506.1 in the year 2004 was replaced by outflow of Rs. 4,315.1 million in the year 2005.

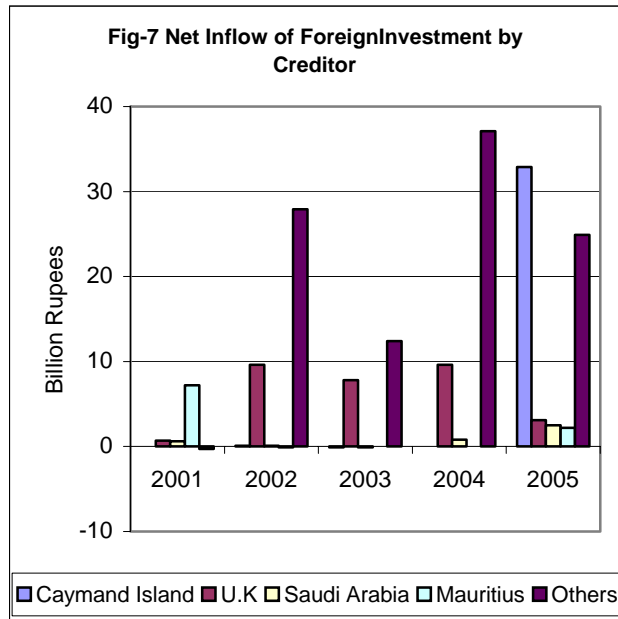


The country-wise position of net foreign investment revealed that the Cayman Island takes the prominent position and contributed 50.2 percent of the total flow of foreign investment during the year 2005 (table-13, fig-7). Contribution in the flow of foreign investment of UK decreased from Rs. 9,580.3 million to Rs. 3,146.6 million during the year 2005. The net inflow of foreign investment of Saudi Arabia, Mauritius, Sweden and Germany has increased from Rs. 820.3 million to Rs. 2,489.3 million, Rs. 0.0 million to Rs. 2,233.5 million, Rs. 0.0 million to Rs. 1,813.9 million and Rs. 491.8 million to Rs. 1,992.9 million during the year 2005.

**Table – 13  
Net Inflow of Foreign Investment by  
Creditor**

Creditor	2005		2004	
	Amount	% of Total	Amount	% of Total
Cayman Islands	32,924.7	50.2	0	0.0
UK	3,146.6	4.8	9,580.3	20.2
Saudi Arabia	2,489.3	3.8	820.3	1.7
Mauritius	2,233.5	3.4	0.0	0.0
Germany	1,992.9	3.0	491.8	1.0
Sweden	1,813.9	2.8	0.0	0.0
USA	1,516.7	2.3	16,897.8	35.6
Hong Kong	1,451.0	2.2	669.4	1.4
Others	18,059.2	27.5	19,042.7	40.1
<b>Total</b>	<b>65,627.8</b>	<b>100.0</b>	<b>47,502.3</b>	<b>100.0</b>

While the net inflow of USA has decreased from Rs. 16,897.8 million to Rs. 1,516.7 million and the relative share of 35.6 percent to 2.3 percent of the total during the year 2005.



The inflow of Others at Rs. 19,042.7 million during the year 2004 is replaced by inflow of Rs. 18,059.2 million during the year 2005.