

Executive Summary

Introduction

This report presents the stock position of Foreign Liabilities & Assets and Foreign Investment in Pakistan as on 31st December 2006 and pertains to the 42nd 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 850 entities surveyed, 624 responded representing a response rate of 73.41 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	2006	2005
Firms/Companies registered or incorporated outside Pakistan	95	97
Companies incorporated in Pakistan in which foreigners hold interest	529	496
Partnerships in which foreigners hold interest	-	-
Total	624	593

Total number of respondents increased from 593 to 624 during the year under review. The number of companies incorporated in Pakistan in which foreigners hold interest, increased from 496 to 529 (foreign interest ceased to exist in 3 companies as against 36 fresh entrant). The number of branches of foreign firms/companies operating in Pakistan decreases from 97 to 95. Five company ceased operation in Pakistan and three new entrants. Partnership companies were absent from the survey due to the evidence of foreign investment there in.

Overall Net Debtor Position

The total net foreign indebtedness increased by Rs. 125,646.1 million (41.7 %) from Rs. 300,978.4 million in 2005 to Rs. 426,624.5 million in 2006 (table-2). Pakistani Joint Stock Companies having foreign participation continued to account for most of the foreign liabilities, which increased from Rs. 217,202.8 million to Rs. 358,543.3 million or by Rs. 141,340.5 million (65.1 %) in 2006. The net foreign liabilities of the branches of foreign firms/companies incorporated/registered abroad decreased from Rs. 100,087.5 million to Rs. 92,196.3 million and its relative share decreased from 33.2 percent to 21.6 percent in 2006. Holdings of foreign securities by Pakistan nationals changed from Rs. 1,560.5 million to Rs. 845.2 million in 2006. The net creditor position of Pakistani firms/Companies operating abroad reflected an increase of Rs. 8,518.5 million from Rs. 14,751.4 million to Rs. 23,269.9 million over the year.

In U.S. dollars total net foreign liabilities increased by \$ 1,974.3 million (39.2 %) from \$ 5,032.4 million in 2005 to \$ 7,006.7 million in 2006. The liabilities of Pakistani Joint Stock Companies having foreign participation increased from \$ 3,631.7 million in 2005 to \$5,888.6 million in 2006. The net foreign liabilities

on account of branches of foreign firms/companies incorporated abroad decreased from \$ 1,673.5 million to \$1,514.2 million in 2006. Holdings of foreign securities by Pakistani nationals decreased by \$ 12.2 million and stood at \$ 13.9 million in 2006.

Table – 2

Net Debtor Position by Category of Firms/Companies

Category	2006		2005	
	Amount	% of total	Amount	% of total
Firms/Companies registered or incorporated outside Pakistan	92,196.3 (\$1,514.2)	21.6	100,087.5 (\$1,673.5)	33.2
Pakistani Joint stock companies having foreign participation	358,543.3 (\$5,888.6)	84.0	217,202.8 (\$ 3,631.7)	72.2
Partnerships having foreign participation	0	0	0	0
Holdings of foreign securities by Pakistani nationals	-845.2 (\$-13.9)	-0.2	-1,560.5 (\$ -26.1)	-0.5
Pakistani firms/Companies operating abroad	-23,269.9 (\$-382.2)	-5.4	-14,751.4 (\$ -246.6)	-4.9
Total	426,624.5 (\$7,006.7)	100.0	300,978.4 (\$ 5,032.4)	100.0

The net creditor position of Pakistani Firms/Companies operating abroad increased from \$ 246.6 million to \$ 382.2 million in the year 2006.

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. 84,711.3 million to Rs. 81,814.7 million or by Rs. 2,896.6 million (3.4%) and its relative share decreased from 28.1 percent to 19.2 percent of the total (table-3, fig-1).

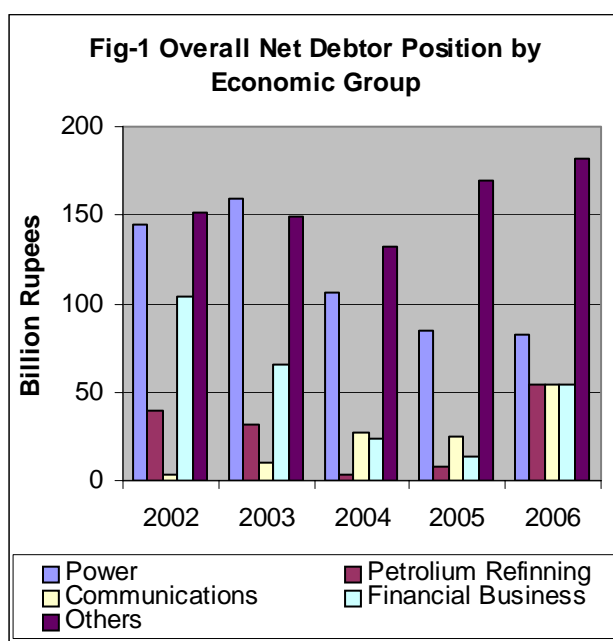
Net debtor position of “Petroleum Refining” group increased from Rs. 7,720.3 million to Rs. 54,270.1

million in 2006 while its relative share increased from 2.6 percent to 12.7 of total.

Table – 3
Net Debtor Position by Major Economic Group

Economic Group	2006		2005	
	Amount	% of Total	Amount	% of Total
Power	81,814.7	19.2	84,711.3	28.1
Petroleum Refining	54,270.1	12.7	7,720.3	2.6
Communications	54,075.8	12.7	24,817.4	8.2
Financial Business	53,773.8	12.6	13,549.9	4.5
Oil & Gas Explorations	53,656.6	12.6	49,799.4	16.5
Personal Services	41,373.3	9.7	40,378.0	13.4
Chemicals	7,823.3	1.8	9,264.4	3.1
Others	79,837.0	18.7	70,737.7	23.5
Total	426,624.5	100.0	300,978.4	100.0

The net foreign liabilities of the “Communications” group, increased from Rs. 24,817.4 million to Rs. 54,075.8 million in 2006 and its relative share increased from 8.2 percent to 12.7 percent of the total in 2006. The net external liabilities of the “Financial Business” group increased from Rs. 13,549.9 million to Rs. 53,773.8 million and relative share increased from 4.5 percent to 12.6 percent of the total in 2006. The “Oil & Gas Explorations” group net foreign liabilities increased from Rs. 49,799.4 million to Rs. 53,656.6 million in 2006. The net debtor position of “Personal Services” increased from Rs. 40,378.0 million to Rs. 41,373.3 million and its relative share decreased from 13.4 percent to 9.7 percent during the year 2006. The net foreign liabilities on account of “Chemicals” group decreased from Rs. 9,264.4 million to Rs. 7,823.3 million during the year 2006. The liabilities of the residual group “Others” increased from Rs. 70,737.7 million to Rs. 79,837.0 million in 2006 and its relative share stood at 18.7 percent of the total in 2006.



Net Debtor Position by Creditor

Creditor-wise position revealed that the total claims of UK increased from Rs. 25,820.6 million to Rs. 88,724.0 million and its relative share increased from 8.6 percent to 20.8 percent during the year 2006.

The claim of USA increased from Rs. 65,173.4 million to Rs. 79,487.7 million in 2006 and its relative share decreased from 21.6 percent to 18.6 percent. Claim of UAE increased from Rs. 22,827.4 million to Rs. 43,994.4 million and its relative share increased from 7.6 percent to 10.3 percent during the year 2006. Claim of Cayman Island increased from Rs. 34,288.4 million to Rs. 37,408.4 million and its relative shares decreased from 11.4 percent 8.8 percent during the year 2006. Claim of Mauritius decreased from Rs. 26,110.5 to Rs. 23,769.4 million, during the year 2006 and the relative share decreased from 8.7 percent to 5.6 percent, during the year 2006. Claim of Saudi Arabia increased from Rs. 20,603.3 million to Rs. 22,884.4 million and its relative share decreased from 6.8 percent to 5.4 percent during the year 2006.

Table – 4
Overall Net Debtor Position by Creditors

Creditors	2006		2005	
	Amount	% of Total	Amount	% of Total
UK	88,724.0	20.8	25,820.6	8.6
USA	79,487.7	18.6	65,173.4	21.6
UAE	43,994.4	10.3	22,827.4	7.6
Cayman Island	37,408.4	8.8	34,288.4	11.4
Mauritius	23,769.4	5.6	26,110.5	8.7
Saudi Arabia	22,884.4	5.4	20,603.3	6.8
Germany	16,493.6	3.9	9,887.2	3.3
Sweden	14,135.0	3.3	1,930.9	0.6
Netherlands	13,712.6	3.2	17,044.2	5.7
International Financial Institutions	13,073.7	3.1	10,891.9	3.6
Kuwait	10,087.9	2.4	9,012.1	3.0
France	7,431.7	1.7	4,373.9	1.4
Malaysia	7,050.4	1.6	2,001.7	0.7
Japan	5,601.6	1.3	14,029.4	4.7
Austria	5,337.1	1.2	5,358.6	1.8
Switzerland	4,425.5	1.0	10,698.3	3.6
Luxemburg	4,318.8	1.0	2,171.5	0.7
Ireland	4,233.3	1.0	568.6	0.2
Korea	4,139.9	1.0	132.8	0.0
Australia	3,774.6	0.9	6,281.8	2.1
Others	16,540.5	3.9	11,771.9	3.9
Total	426,624.5	100.0	300,978.4	100.0

Claim of Germany increased from Rs. 9,887.2 million to Rs. 16,493.6 million and its relative share increased from 3.3 percent to 3.9 percent during the year 2006. Claim of Sweden increased from Rs. 1,930.9 million to Rs. 14,135.0 million and its relative share increased from 0.6 percent to 3.3 percent during the year 2006. Claim of Netherlands decreased from Rs. 17,044.2 million to Rs. 13,712.6 million and its relative share decreased from 5.7 percent to 3.2 percent during the year 2006. The claim of International Financial Institutions increased from Rs. 10,891.9 million to Rs. 13,073.7 million and its relative share decreased from 3.6 percent to 3.1 percent during the year 2006. There is minor change in the claims of Kuwait, France, Austria and Luxemburg which is from Rs.9,012.1 million to Rs. 10,087.9 million, Rs. 4,373.9 million to

Rs. 7,431.7 million, Rs. 5,358.6 million to Rs. 5,337.1 million and Rs. 2,171.5 to Rs. 4,318.8 million respectively during the year 2006 while their respective shares changed from 3.0 percent to 2.4 percent, 1.4 percent to 1.7 percent, 1.8 percent to 1.2 percent and 0.7 percent to 1.0 percent during the year 2006.

Net Debtor Position of Branches of Foreign Firms and Companies

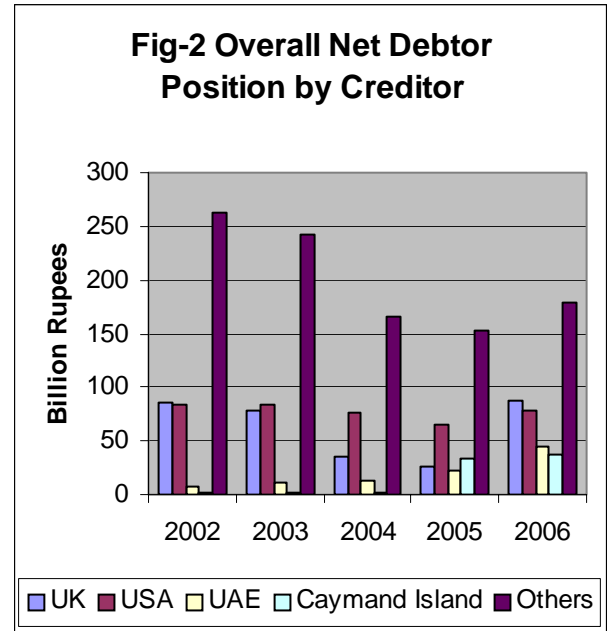
The indebtedness of branches of foreign firms and companies which stood at Rs. 100,087.5 million forming 33.2 percent of the total foreign indebtedness in 2005 decreased by Rs. 7,891.2 million (7.9%) to Rs. 92,196.3 million 2006. Distribution of the net liabilities according to economic activity (table-5) revealed that liabilities under “Oil & Gas Exploration” group increased from Rs. 46,412.7 million to Rs. 52,158.3 or by Rs. 5,745.6 million (12.4%) in 2006. The net position of “Financial Business” group decreased from Rs. 29,776.7 million to Rs. 16,497.2 million or by Rs. 13,279.5 million (44.6%) during the year 2006. The net position of “Transport” group increased from Rs. 5,941.8 million to Rs. 7,578.2 million or by Rs. 1,636.4 million (27.5%) during the

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

Economic Group	2006		2005	
	Amount	% of Total	Amount	% of Total
Oil & Gas Explorations	52,158.3	56.6	46,412.7	46.4
Financial Business	16,497.2	17.9	29,776.7	29.8
Transport	7,578.2	8.2	5,941.8	5.9
Trade	6,261.9	6.8	7,434.8	7.4
Construction	3,900.3	4.2	3,912.7	3.9
Power	3,530.6	3.8	3,530.6	3.5
Communication	900.0	1.0	1,799.9	1.8
Others	1,369.7	1.5	1,278.3	1.3
Total	92,196.3	100.0	100,087.5	100.0

Year 2006. The net position of “Trade” group decreased from Rs. 7,434.8 million to Rs. 6,261.9 million during the year 2006. The net position of

“Construction” group was Rs. 3,900.3 million during the year 2006. The net position of “Power” group remained unchanged to Rs. 3,530.6 million during the year 2006.



The indebtedness of “Others” group increased from Rs. 1,278.3 million to Rs. 1,369.7 million or by Rs. 91.4 million (7.1%) during the year 2006.

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

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

Creditors	2006		2005	
	Amount	% of Total	Amount	% of Total
USA	37,698.8	40.9	34,665.1	34.6
Netherlands	8,709.9	9.4	12,134.7	12.1
Germany	6,928.9	7.5	6,514.2	6.5
Austria	5,287.5	5.7	5,292.5	5.3
U.K	5,029.2	5.5	10,391.1	10.4
Saudi Arabia	4,871.0	5.3	4,498.9	4.5
Australia	3,769.2	4.1	2,647.5	2.6
Ireland	3,632.8	3.9	0.1	0.0
UAE	3,093.2	3.4	3,057.0	3.1
Malaysia	2,938.9	3.2	0.1	0.0
Japan	2,855.8	3.1	2,268.6	2.3
Korea	1,646.5	1.8	0.1	0.0
Others	5,734.5	6.2	18,617.7	18.6
Total	92,196.3	100.0	100,087.5	100.0

USA increased by Rs. 3,033.5 million (8.7%) from Rs. 34,665.1 million to Rs. 37,698.8 million in 2006. The liabilities of Netherlands decreased by Rs. 3,424.8 million from Rs. 12,134.7 million to Rs. 8,709.9 million in 2006. The liabilities of German companies increased from Rs. 6,514.2 million to Rs. 6,928.9 million during the year 2006 and their relative shares increased from 6.5 percent to 7.5 percent during the year 2006. The liabilities of Austria, Saudi Arabia and Australia changed from Rs. 5,292.5 million to Rs. 5,287.5 million, Rs. 4,498.9 million to Rs. 4,871.0 million and Rs. 2,647.5 million to Rs. 3,769.2 million respectively during the year 2006. The Foreign Liabilities on account of UK decreased from Rs. 10,391.1 million to Rs. 5,029.2 million, during the year 2006. The liabilities to UAE increased from Rs. 3,057.0 million to Rs. 3,093.2 during the year 2006. The Liabilities of others decreased from Rs. 18,617.7 million to Rs. 5,734.5 million during the year 2006.

Gross Foreign Liabilities of Pakistani Joint Stock Companies

The gross foreign liabilities of Pakistani Joint Stock Companies (table 7-(a)) increased by Rs. 177,626.3 million (65.3%) from Rs. 272,096.3 million to Rs. 449,722.6 and mainly consisted of long term liabilities such as "Equity Capital" and "long-term Debt". Together, they increased from Rs. 215,809.9 million to Rs. 335,642.4 million or by Rs. 119,832.5 million (55.5%) and its relative share changed from 79.3% to 74.6%. The "Equity Capital" increased by

Table – 7(a)

Gross Foreign Liabilities of Pakistani Joint Stock Companies

Liabilities	2006		2005	
	Amount	% of Total	Amount	% of Total
Equity Capital	240,457.6	53.5	132,093.7	48.6
Short Term Debt	114,080.2	25.4	56,286.4	20.7
Long Term Debt	95,184.8	21.1	83,716.2	30.7
Total	449,722.6	100.0	272,096.3	100.0

Rs. 108,363.9 million (82.0%) from Rs. 132,093.7 million to Rs. 240,457.6 million. "Long-term Debt" increased by Rs. 11,468.6 (13.7%) from Rs. 83,716.2 million to Rs. 95,184.8 million. "Short-term Debt" increased from Rs. 56,286.4 million to Rs. 114,080.2 million or by Rs. 57,793.8 million (102.7%) and its relative share increased from 20.7 to 25.4 percent of total in 2006.

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. 36,285.7 million (66.1%) from Rs. 54,893.5 million to Rs. 91,179.2 million in 2006. The ratio of assets to liabilities increased from 20.2% to 20.3% during the year 2006. "Deposits Abroad" increased from Rs. 15,482.5 million to Rs. 54,535.6 million and its relative share increased from 28.2 percent to 59.8 percent. "Loan and Advances" decreased by Rs. 15,843.7 million (49.4%) from Rs. 32,059.6 million to Rs. 16,215.9 million in 2006 and its relative share decreased from 58.4 percent to 17.8 percent of the total in 2006. "Securities, Shares and Debenture" stood at Rs. 20,427.7 million in 2006.

Table – 7(b)

Gross Foreign Assets of Pakistani Joint Stock Companies

Asset	2006		2005	
	Amount	% of Total	Amount	% of Total
Deposit Abroad	54,535.6	59.8	15,482.5	28.2
Loan and Advances	16,215.9	17.8	32,059.6	58.4
Securities, Shares and Debentures	20,427.7	22.4	7,351.4	13.4
Total	91,179.2	100.0	54,893.5	100.0
Ratio of asset to Liabilities (%)	20.3		20.2	

Net Debtor Position of Pakistani Joint Stock Companies

The total net indebtedness of Pakistani joint stock companies increased by Rs. 141,340.5 million (65.1%) from Rs. 217,202.8 million to Rs. 358,543.3 million in

2006. According to economic group the net debtor position of “Power” decreased from Rs. 81,180.7 million to Rs. 78,284.0 million in 2006 and its relative share decreased from 37.4 percent to 21.8 percent of total during the year 2006. Net debtor position of “Petroleum Refining” increased from Rs. 7,720.3 million to Rs. 54,270.1 million while its relative share increased from 3.6 percent to 15.1 percent during the year 2006. The net debtor position of “Communication” increased from Rs. 23,917.4 million to Rs. 53,175.8 million and its relative share increased from 11.0 percent to 14.8 percent of the total during the year 2006. The net debtor position of “Personal Services” increased from Rs. 40,340.9 million to Rs. 41,336.2 million and its relative share decreased from 18.5 percent to 11.5 percent of the total during the year 2006. The net liabilities of the companies engaged in “Financial Business” increased by Rs. 53,503.3 million from Rs. -16,226.9 million to Rs. 37,276.6 million during the year 2006. The net liabilities of the companies engaged in “Trade”

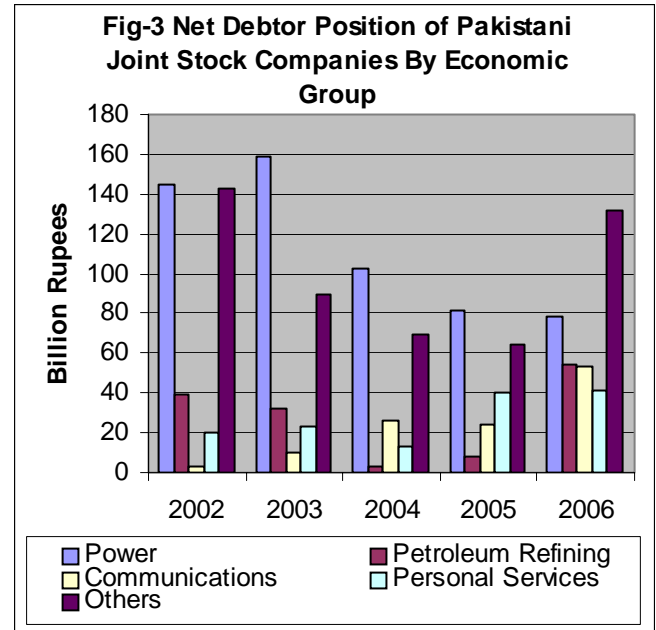
Table – 8

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

Economic Group	2006		2005	
	Amount	% of Total	Amount	% of Total
Power	78,284.0	21.8	81,180.7	37.4
Petroleum Refining	54,270.1	15.1	7,720.3	3.6
Communications	53,175.8	14.8	23,917.4	11.0
Personal Services	41,336.2	11.5	40,340.9	18.5
Financial Business	37,276.6	10.4	-16,226.9	-7.5
Trade	23,592.4	6.6	21,057.2	9.7
Chemicals	7,823.3	2.2	9,264.4	4.3
Others	62,784.8	17.6	49,948.8	23.0
Total	358,543.3	100.0	217,202.8	100.0

increased by Rs. 2,535.2 million from Rs. 21,057.2 million to Rs. 23,592.4 million and its relative share decreased from 9.7 percent to 6.6 percent of total net debtor position of Pakistani joint stock companies

during the year 2006. The net liabilities of the companies engaged in “Chemicals” decreased by Rs. 1,441.1 million (15.6%) from Rs. 9,264.4 million



to Rs. 7,823.3 million during the year 2006 (table-8, fig-3). Classification of indebtedness by creditors shows that UK was the most prominent creditor during the year 2006 and its total claims increased from Rs. 16,185.2 million to Rs. 84,524.6 million while its relative shares increased from 7.5 percent to 23.6 percent during the year 2006. (table-9, fig-4).

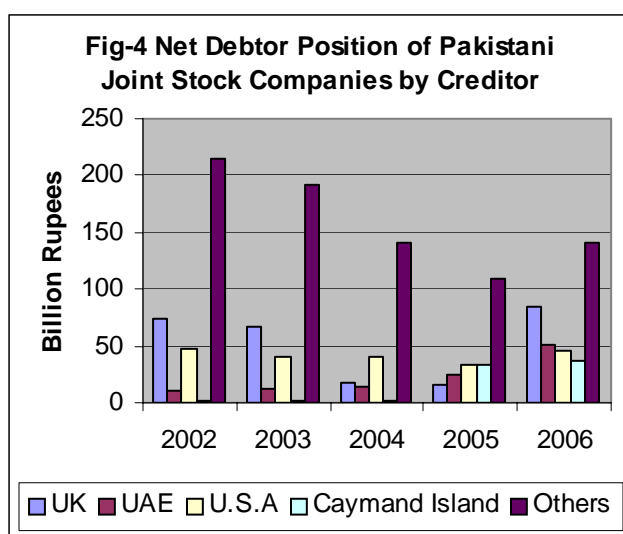
Claims of UAE increased from Rs. 23,940.9 million to Rs. 51,384.0 million and its relative share increased from 11.0 percent to 14.3 percent during the year 2006. The liabilities of USA increased from Rs. 34,166.8 million to Rs. 45,708.5 million and its relative share vary from 15.7 percent to 12.7 percent during year 2006. Claims of Cayman Island increased from Rs. 34,265.2 million to Rs. 37,375.5 million and its relative share decreased from 15.8 percent to 10.4 percent during the year 2006.

Table – 9

Net Debtor Position of Pakistani Joint Stock Companies by Creditors

Creditors	2006		2005	
	Amount	% of Total	Amount	% of Total
UK	84,524.6	23.6	16,185.2	7.5
UAE	51,384.0	14.3	23,940.9	11.0
USA	45,708.5	12.7	34,166.8	15.7
Cayman Island	37,375.5	10.4	34,265.2	15.8
Mauritius	23,769.4	6.6	26,115.7	12.0
Saudi Arabia	18,005.9	5.0	16,295.7	7.5
Sweden	14,099.2	3.9	1,930.2	0.9
Int'l Financial Institutions	13,073.8	3.6	10,891.9	5.0
Kuwait	9,979.5	2.8	8,897.2	4.1
Germany	9,692.5	2.7	3,464.0	1.6
France	7,346.3	2.1	4,218.7	1.9
Netherlands	5,003.9	1.4	5,047.0	2.3
Switzerland	4,372.5	1.2	7,004.9	3.2
Luxemburg	4,318.2	1.2	2,171.4	1.0
Malaysia	4,144.1	1.2	1,953.6	0.9
Oman	3,548.7	1.0	-224.7	-0.1
Japan	2,745.8	0.8	11,760.8	5.4
Korea	2,493.4	0.7	132.7	0.1
China	2,003.5	0.6	207.8	0.1
Others	14,954.2	4.2	8,777.8	4.1
Total	358,543.3	100.0	217,202.8	100.0

Claims of Mauritius decreased from Rs. 26,115.7 million to Rs. 23,769.4 million during the year 2006



and its relative share vary from 12.0 percent to 6.6 percent during the year 2006. Claims of Saudi Arabia increased from Rs. 16,295.7 million to Rs. 18,005.9

million and its relative share decreased from 7.5 percent to 5.0 percent during the year 2006. Claims of “International Financial Institutions” increased from Rs. 10,891.9 million to Rs. 13,073.8 million during the year 2006 and their relative shares vary from 5.0 percent to 3.6 percent during the year 2006. Claims of Netherlands, Switzerland and Japan decreased from Rs. 5,047.0 million to Rs. 5,003.9 million, Rs. 7,004.9 million to Rs. 4,372.5 million and Rs. 11,760.8 million to Rs. 2,745.8 million respectively during the year 2006 and their relative shares decreased from 2.3 percent to 1.4 percent, 3.2 percent to 1.2 percent and 5.4 percent to 0.8 percent respectively during the year 2006. Claims of Sweden, and Kuwait changed from Rs. 1,930.2 million to Rs. 14,099.2 million and Rs. 8,897.2 million to Rs. 9,979.5 million respectively during the year 2006. The Claim of Germany changed from Rs. 3,464.0 million to Rs. 9,692.5 million with its relative share 1.6 percent and 2.7 percent during the year 2006. The claims of the residual group of countries represented as “Others” increased from Rs. 8,778.8 million to Rs. 14,954.2 million during the year 2006. 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. 117,040.6 (65.5%) million from Rs. 178,783.4 million to Rs. 295,824.0 million and its relative share increased from 82.3 percent to 82.5 percent of total net indebtedness of Pakistani joint stock companies in 2006. As much as 97.3 percent of their liabilities were of long-term nature having maturity period of more than one year. These liabilities increased by Rs. 115,132.6 million (66.6%) from Rs. 172,745.5 million to Rs. 287,878.1 million in 2006.

The inflow of gross foreign investment comprising “Cash Brought in”, “Capital Equipment Brought in” and “Reinvested Earnings” increased by Rs. 75,295.5 million (53.3%) from Rs. 141,336.8 million in 2005 to Rs. 216,632.3 million in 2006 (table-10). Item wise analysis indicated that “Cash Brought in” recorded an increase of Rs. 54,050.4 million from Rs. 127,421.4 million to Rs. 181,471.8 million in 2006 and its relative share decreased from 90.2 percent to 83.8 percent of the total inflow. “Capital Equipment Brought in” stood at Rs. 288.6 million whereas it was Rs. 315.4 million in 2005. “Reinvested Earnings” increased from Rs. 13,600.0 million to Rs. 34,871.9 million or by Rs. 21,271.9 million (156.4%) and its relative share increased from 9.6 percent to 16.1 percent of the total inflow. Foreign Investment outflow consisting mainly of “Cash Repatriated”

Table – 10
Foreign Investment Inflow/Outflow by Type

Type	2006		2005	
	Amount	% of Total	Amount	% of Total
Inflow				
Cash Brought In	181,471.8	83.8	127,421.4	90.2
Capital Equipment Brought In	288.6	0.1	315.4	0.2
Reinvested Earnings	34,871.9	16.1	13,600.0	9.6
Total	216,632.3	100.0	141,336.8	100.0
Outflow				
Cash Repatriated	98,632.3	100.0	75,673.9	99.9
Capital Equipment taken out	-	-	35.1	0.1
Disinvestments	-	-	-	-
Total	98,632.3	100.0	75,709.0	100.0
Ratio of outflow to inflow	45.5		53.6	

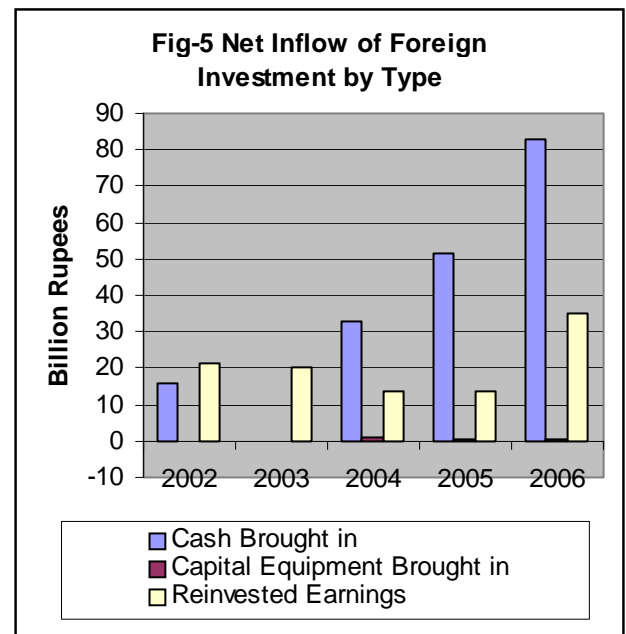
depicted an increase of Rs. 22,958.4 million (30.3%) from Rs. 75,673.9 million to Rs.98,632.3 million over the year. “Capital Equipment Taken out” stood nil during the year 2006. “Disinvestments” stood nil during the year 2006. The ratio of gross outflow to

inflow decreased from 53.6 to 45.5 percent in 2006. The total net inflow of foreign investment increased by Rs. 52,372.2 million (79.8%) from Rs. 65,627.8 million to Rs. 118,000.0 million in 2006 (table-11, fig-5).

Table – 11
Net Inflow of Foreign Investment by Type

Type	2006		2005	
	Amount	% of Total	Amount	% of Total
Cash Brought In	82,839.5	70.2	51,747.5	78.9
Capital Equipment Brought In	288.6	0.2	280.1	0.4
Reinvested Earnings	34,871.9	29.6	13,600.2	20.7
Total	118,000.0	100.0	65,627.8	100.0

The “Cash Brought in” (net) increased from Rs. 51,747.5 million to Rs. 82,839.5 million or by Rs.



31,092.0 million with its relative share decreased from 78.9 percent to 70.2 percent in year 2006.

“Capital Equipment Brought in” (net) stood at Rs. 288.6 million in year 2006 where as it was Rs. 280.1 million in 2005. “Reinvested Earnings” (net) increased from Rs. 13,600.0 million to Rs. 34,871.9 million while its relative share increased from 20.7 percent to 29.6 percent during the year 2006.

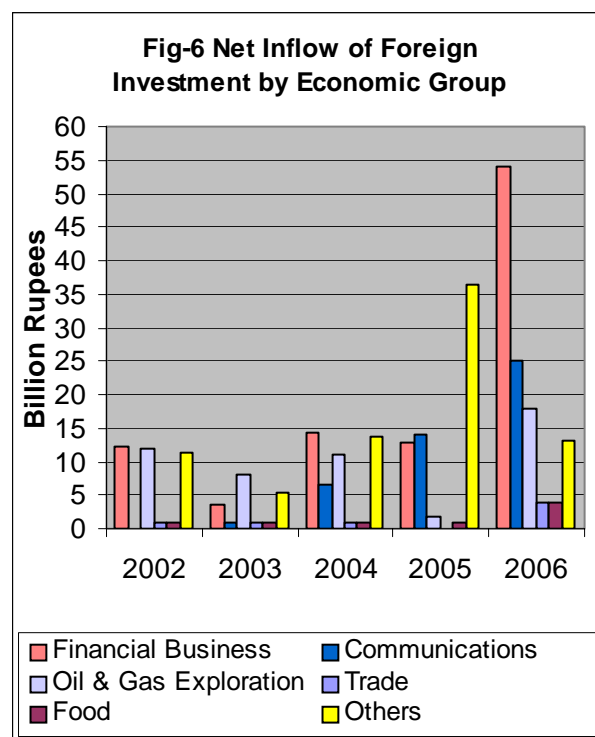
Table – 12

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

Economic Group	2006		2005	
	Amount	% of Total	Amount	% of Total
Financial Business	53,680.4	45.5	12,708.5	19.4
Communication	24,899.9	21.1	13,968.5	21.3
Oil & Gas Explorations	18,551.0	15.7	1,697.5	2.6
Trade	4,378.9	3.7	26.3	0.0
Food	4,150.4	3.5	944.2	1.4
Transport Equip.	3,652.2	3.1	2,714.3	4.1
Transport	3,499.1	3.0	74.9	0.1
Others	5,188.1	4.4	33,493.6	51.1
Total	118,000.0	100.0	65,627.8	100.0

By economic group, “Financial Business” was the main sector, where net inflow of foreign investment increased from Rs. 12,708.5 million to Rs. 53,680.4 million during the year 2006 (table-12, fig-6).

Investment in “Communications” group increases from Rs. 13,968.5 million to Rs. 24,899.9 million during the year 2006. The “Oil & Gas Explorations” was the 3rd main group, which stood at Rs. 18,551.1 million while it was Rs. 1,697.5 million in the year 2005. The “Trade” group increased from Rs. 26.3 million to Rs. 4,378.9 million during the year 2006. The “Food” group stood at 5th for net inflow of Rs. 4,150.4 million in the year 2006 and it was Rs. 944.2 million in 2005. The “Transport Equipments” group attracted net inflow of Rs. 3,652.2 million in the year 2006. The group “Transport” net inflow stood at Rs. 3,499.1 million in the year 2006, as it was Rs. 74.9 million in the year 2005. The net inflow of “Other” group of Rs. 33,493.6 in the year 2005 was replaced by inflow of Rs. 5,188.2 million in the year 2006.

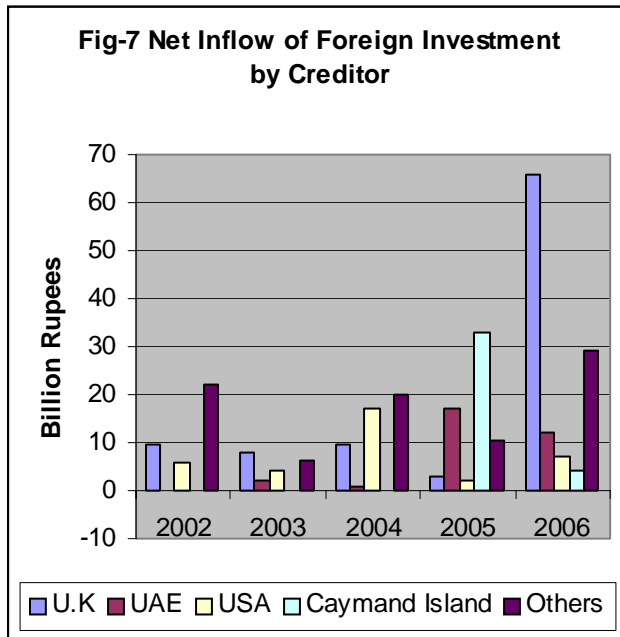


The country-wise position of net foreign investment revealed that the UK takes the prominent position and contributed 56.4 percent of the total flow of foreign investment during the year 2006 (table-13, fig-7). Contribution in the flow of foreign investment of UAE decreased from Rs. 16,731.3 million to Rs. 12,297.3 million during the year 2006. The net inflow of foreign investment of USA, Malaysia and Germany has increased from Rs. 1,516.7 million to Rs. 6,737.5 million, Rs. 44.3 million to Rs. 2,455.5 million, and Rs. 1,992.9 million to Rs. 2,131.2 million during the year 2006.

Table – 13
Net Inflow of Foreign Investment by
Creditor

Creditor	2006		2005	
	Amount	% of Total	Amount	% of Total
UK	66,565.2	56.4	3,146.6	4.8
UAE	12,297.3	10.4	16,731.3	25.5
USA	6,737.5	5.7	1,516.7	2.3
Cayman Island	3,564.2	3.0	32,924.7	50.2
Malaysia	2,455.5	2.1	44.3	0.1
Australia	2,331.9	2.0	-9.4	0.0
Germany	2,131.2	1.8	1,992.9	3.0
Saudi Arabia	2,001.4	1.7	2,489.3	3.8
Others	19,915.9	16.9	6,791.4	10.3
Total	118,000.0	100.0	65,627.8	100.0

While the net inflow of Cayman Island has decreased from Rs. 32,924.7 million to Rs. 3,564.2 million and the relative share of 50.2 percent to 3.0 percent of the total during the year 2006.



The inflow of Others at Rs. 6,791.4 million during the year 2005 is replaced by inflow of Rs. 19,915.9 million during the year 2006.