

6.2.3 U.S.A.

(1) Results of Replies

The number of mailed questionnaires and replies by industry of 1st and 2nd Phase survey, as well as that of interviews are shown below in Table 6.2.5.

Table 6.2.5 : Results of Questionnaires

Industry	1st Phase			2nd Phase			3rd Phase Interviewed
	Mailed	Replied	Rate of Reply%	Mailed	Replied	Rate of Reply%	
Food & Kindred Products	194	30	15.5	60	2	3.3	1
Tobacco Products	87	2	2.3	21	0	0.0	0
Textile Mill Products	350	27	7.7	71	1	1.4	3
Apparel & Other Textile	254	18	7.1	56	2	3.6	3
Lumber & Wood Products	162	9	5.6	33	3	9.1	1
Furniture & Fixtures	185	15	8.1	42	4	9.5	0
Paper & Allied Products	78	11	14.1	19	0	0.0	1
Printing & Publishing	346	24	6.9	71	1	1.4	0
Chemicals & Allied Products	280	32	11.4	70	1	1.4	3
Petroleum & Coal Products	102	13	12.7	22	0	0.0	2
Rubber & Misc. Plastics Products	172	14	8.1	38	1	2.6	1
Leather & Leather Products	196	15	7.7	41	1	2.4	1
Stone, Clay, & Glass Products	300	24	8.0	61	3	4.9	0
Primary Metal Industries	253	27	10.7	59	2	3.4	3
Fabricated Metal Products	323	35	10.8	78	8	10.3	4
Industrial Machinery	289	33	11.4	71	2	2.8	3
Electronic & Other Electrical Equipment	246	30	12.2	63	2	3.2	3
Transportation Equipment	105	5	4.8	21	1	4.8	1
Instruments & Related Products	136	15	11.0	34	2	5.9	2
Misc. Manufacturing Industries	207	12	5.8	44	2	4.5	3
Transportation & Public Utilities	134	4	3.0	25	0	0.0	0
Total	4,399	395	9.0	1,000	38	3.8	35

Of all 4,399 companies surveyed in the 1st Phase, 395 have replied with a rate of reply of 9.0%. Of the companies replied, 209 companies or 52.9% had 1,000 or more of employees. Regarding sales revenue, 244 companies or 61.8% had annual sales of \$10 billion or more. The 2nd Phase survey was conducted on 1,000 companies including the 35 interested companies from the 1st Phase and from internal source, and 38 or 3.8% replied. Interviews were carried out on 35 companies from the results of the 1st and 2nd Phase surveys and internal source.

(2) Investment requirements and Evaluation of India

The 38 companies were asked about the importance of the following 6 items - Political and Social Environment, Economic Conditions and Governmental Policies, Geographic location, Market, Resources, Infrastructure, which include subcategories. In regard to foreign investment in general, the most important factor was the political and social environment. The least important was geographic location. In regard to India in specific, the political and social environment, economic conditions and governmental policies, and the infrastructure were all seen to be important.

The 6 major items were broken into the following subcategories.

Political and Social Environment:	Political stability Public order and safety Labor union activities
Economic Conditions & Governmental Policies:	Stable economic situation Consistency in Policies Bureaucracy Facilitated (Simplified) administrative procedures Tax incentives Other incentives
Geographic Location:	Climatic Condition Distance from the U.S. Distance from Export market
Market:	Size of local markets Proximity to local markets Access to overseas markets
Resources:	Quality of labor Cost of labor Availability of skilled labor Supporting industries Availability of raw materials Availability of parts
Infrastructure:	Stable power supply Water supply and effluent treatment Telecommunication facilities Airport Port facilities Rail transport Road transport

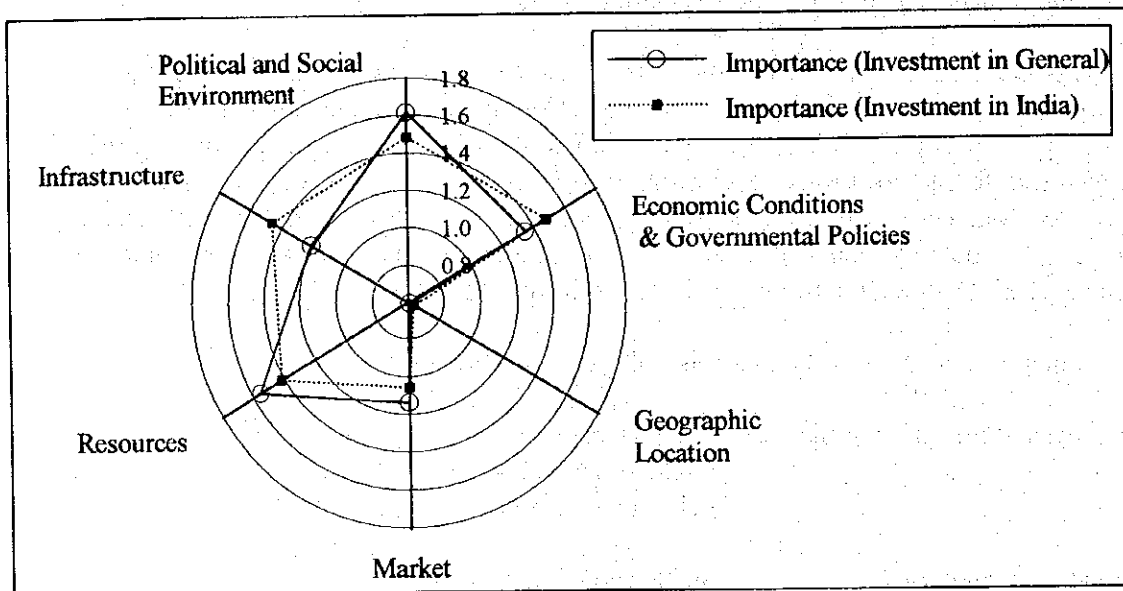


Figure 6.2.2 : Investment Requirements

(3) First Phase Survey Results (The U.S.)

(a) Developments in Overseas Business

Of the 395 replied companies, 286 or 72.4% had already expanded overseas business or had experience in technical collaborations with other companies.

By industry classification, the apparel and other textile products, the chemical and allied products, the industrial machinery and equipment, the electronic and other electric equipment, and the instruments and related products industries had higher rates of experience in overseas business, but many of the lumber and wood products, the stone, clay, and glass products, and the transportation and public utilities industries had no experience.

(b) Plans of Overseas Investments

Regardless of prior experience in overseas expansion or overseas technical collaborations, 285 companies, which constitute 72.2% of the 395 replied companies had plans of overseas investments.

By industry classification, the apparel and other textile products, the paper and allied products, the chemicals and allied products, the primary metal, fabricated metal products, the industrial machinery and equipment, the electronic and other electric equipment, and the instruments and related product industries had high rates of plans of overseas investment. On the other hand, the printing and publishing, the stone, clay and glass product, and the transportation and public utilities industries had high rates of replies of not having plans in overseas investment.

(c) Plans of Investment in Southeast or South Asia

202 companies which constitute about one half of 395 replied companies with investment plans had plans in Southeast or South Asia.

The chemicals and allied products, the industrial machinery and equipment, the electronic and other electric equipment, and the instruments and related products industries especially had high rates of having plans of investments in Southeast or South Asia. The textile mill products, the apparel and other textile products, the printing and publishing, the petroleum and coal products, the leather and leather products, the stone, clay, and glass products, and the transportation and public utilities industries mostly replied as no plans of overseas investments.

(d) Attractiveness of the Indian market

Of 395 replied companies, 209 which constitute 52.9% noted the Indian market as attractive.

By industry classification, the chemicals and allied products, the rubber and misc. plastics products, the electronic and other electric equipment, and the instruments and related products industries regarded the India as an attractive market.

(e) Possibilities in Investments in India

Of the 395 replied companies, 113 or 28.6% have considered investments in India. Trading companies had higher replies of having considered investment in the Indian market.

By industry classification, the chemicals and allied products and the electronic and other electric equipment industries had higher replies of having considered investment in the Indian market.

(f) Possibilities of a Joint Ventures or Technical Collaborations with India

Of the 395 replied companies, 227 or 57.5% consider joint venture or technical collaborations with India if they received such proposal from India.

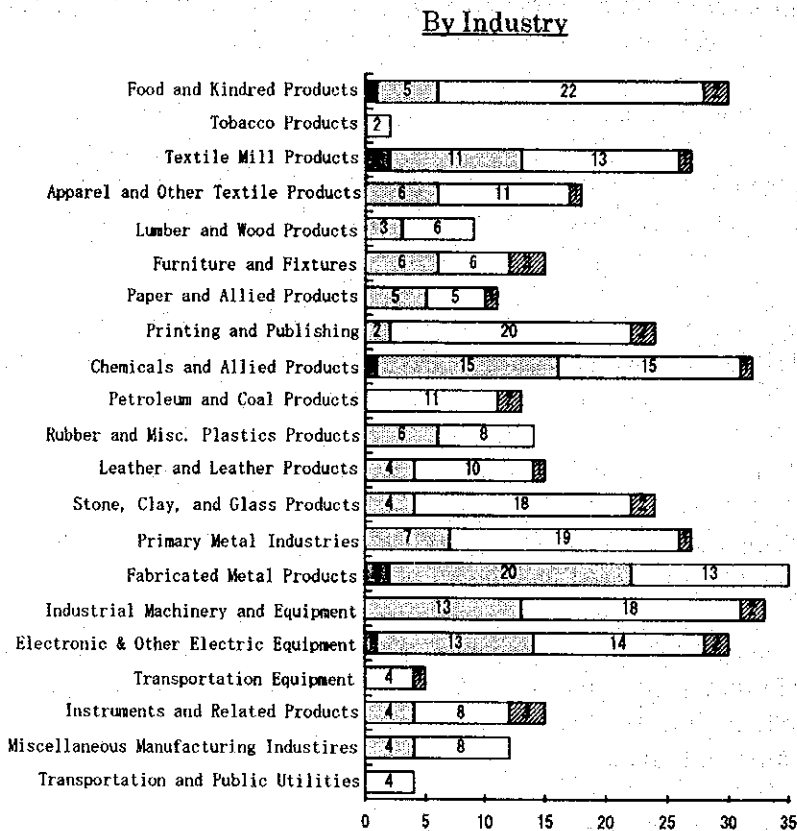
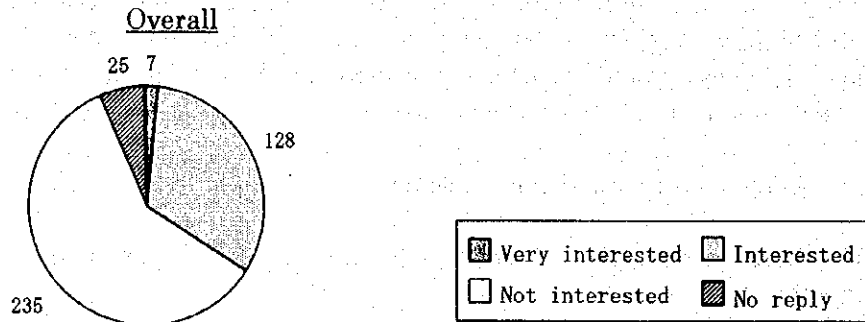
By industry classification, the furniture and fixture, the fabricated metal products, the industrial machinery and equipment, and the electronic and other electric equipment industries have especially high rates of replies that they would consider a joint venture or a technical collaboration with India.

(g) Plans of Constructing the IMT in India

Of 395 replied companies, 42 or 10.6% replied of having heard of plans of construction of an IMT. On the other hand, 347 companies or 87.9% replied they had not heard about the IMT, indicating a low rate of knowledge of IMT.

(h) The Possibility of Investment in the Industrial Estate in India

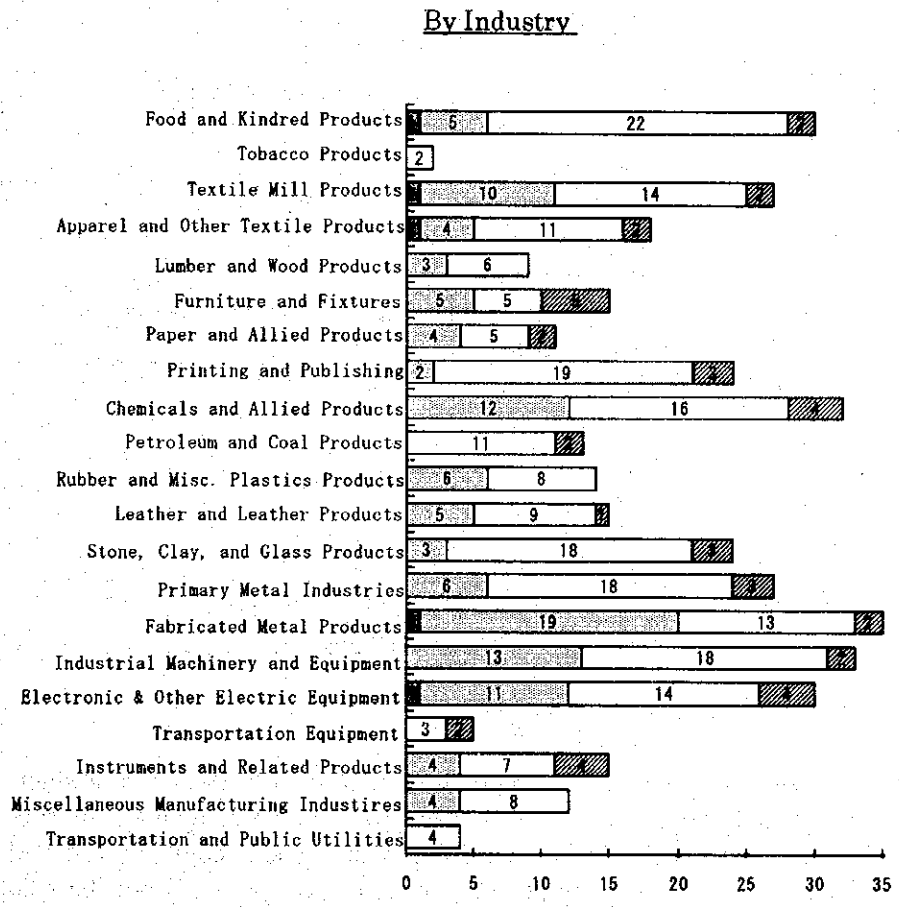
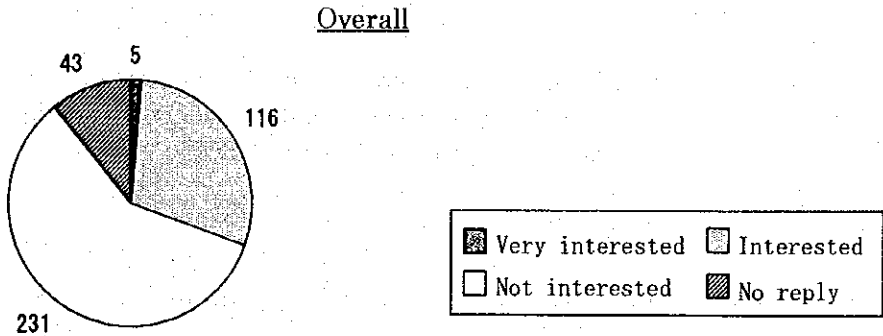
Of 825 replied companies, 135 which comprise 34.2% replied as either very interested or interested in the industrial estate in India. More than half of the companies in the chemicals and allied products and the fabricated metal products industries expressed interests in the industrial estate in India.



(i) The possibility of investment in the IMT

Of 395 replied companies, 121 which comprise or 30.6% replied as either very interested or interested in the investment in the IMT.

By industry classification, the fabricated metal products industry had high rates of replies of "very interested" or "interested" in the investment in the IMT.



(4) Second Phase Survey Results (The U.S.)

Of 1,000 companies surveyed, 38 or 3.8% have responded.

(a) Level of Interests in the IMT in India

Of 13 companies which considered planning investments in India, 7 which is about half were either very interested or interested in the IMT at Gurgaon, near New Delhi, and 4 companies (30.8%) had no interests in the IMT.

By industry classification, lumber and wood products, furniture and fittings, printing and publishing, chemical and allied products, fabricated metal products, industrial machinery and equipment and transportation equipment industries showed interests.

(b) Potential Products for the IMT Facilities

The products of the 7 interested companies that would consider producing in the IMT are listed below.

Production Items

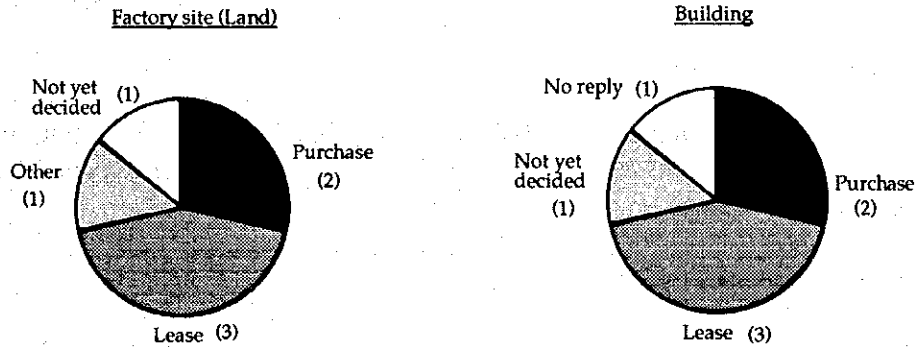
Industry	Planned Products in IMT
Lumber and Wood Products, Printing and Publishing	- Envelopes - Printing
Furniture and Fixtures	- Faucet - Flush valves - Brass hinges
Printing and Publishing	- Offset Lithographic Plates-Negative + Positive Type - Offset Chemicals
Chemicals and Allied Products	- Oxygen - Nitrogen - Argon
Fabricated Metal Products	- Welded link product - For hand electric - Small steel forges
Industrial Machinery and Equipment	- Power generation turbine components - Aircraft engine components

(c) Selling of Products Manufactured in the IMT

Of the 7 interested companies, 2 or 28.6% replied as more than 75% of the products from the IMT would be sold domestically rather than exported. 3 companies (42.9%) replied as 50 - 75% of products would be sold domestically, and 1 company (14.3%) replied as less than 25%. One company (14.3%) replied as all products will be sold solely to the domestic market.

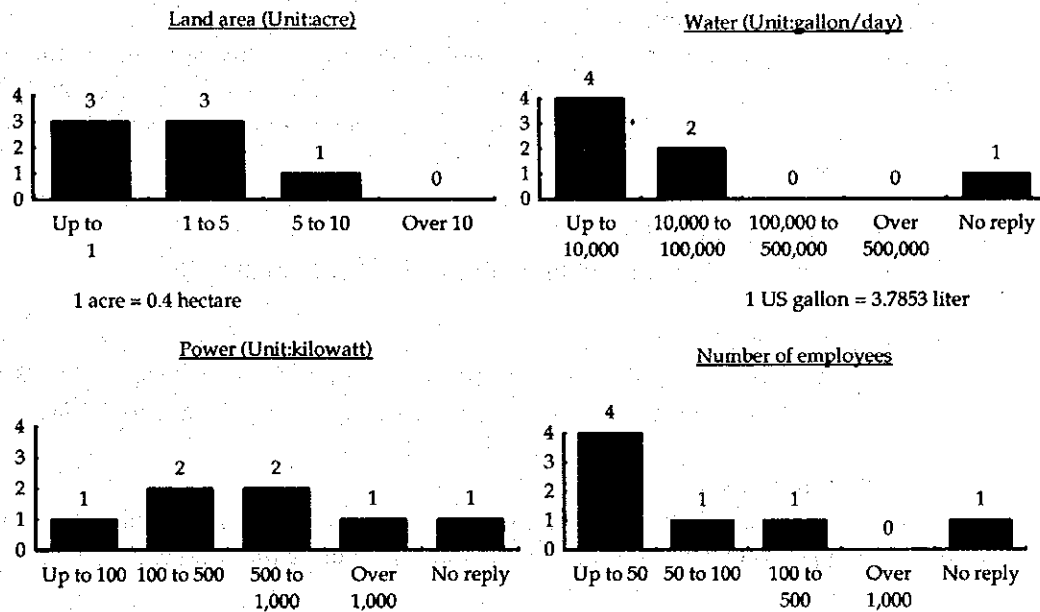
(d) Land/Buildings

Of the 7 interested companies, 2 (28.6%) preferred purchase of land, and 3 (42.9%) preferred the land to be leased. Two companies (28.6%) preferred to build their own building, and 3 (42.9%) preferred the building to be leased.



(e) Necessary Facilities in the IMT

The facility requirements of the 7 interested companies are shown below.



(f) Expected Living Conditions and Recreational Facilities

The 7 interested companies regarded living accommodations, shopping center, medical facilities, American schools, recreational facilities (golf, tennis, pool) and vocational training facilities as important items.

(g) Price of the IMT Estate

Of the 7 interested companies, 2 (28.6%) showed interests in participating in the IMT at twice the price (US\$40/m²) than the price of certain existing neighboring industrial estates, provided the infrastructure is at international levels, and 3 said they would not be interested. The expected price of the "No" respondents was US\$20 or US\$22/m².

(h) Type of Investments

Of the 7 interested companies, 4 (40.0%) preferred joint ventures with more than 51% foreign investment, and 2 (20.0%) preferred licensing arrangement with local companies.

(i) Local Companies by Type

Of the 7 interested companies, 5 companies (71.4%) preferred independent reputed large-size company, and 1 company (14.3%) preferred small to medium-sized local companies.

(j) Others (Investments to India)

1) Planned time for investments

13 (34.2%) of 38 replied companies had considered of investments in India. Of 13 companies, 3 (23.0%) plan to set up in India within 1 year, and 5 (38.5%) plan to set up within 2 years. 5 companies have yet decided on the time period.

2) Type of investment in India

Of 13 companies, all plan to set up in the same field as in the U.S.

3) Amount of planned investment

Of 13 companies, 7 (53.8%) plan to invest within 5 million US\$, 2 (15.4%) between 5 to 15 million US\$, and 1 (7.7%) plans more than 50 million US\$.

4) Method of investment

Of 16 companies, 12 (92.3%) plan to invest in developed industrial town. 1 company (7.7%) plans to secure and develop the site by themselves.

(5) Interview Results (The U.S.)

(a) Summary of Interview Results

Generally, investments in India are lower in priority for US companies. The Central and South American countries have already served as the manufacturing base for exports lower labor to the US market, and the U.S. companies are interested in schedule of North American Free Trade Agreement (NAFTA).

Regarding foreign investments, China, Southeast Asia and the NAFTA countries have

higher priorities. Of the U.S. companies, the multi national enterprises, with business experience in India evaluate the market as one with the highest potential in the world. Most of these companies already have some production base and are willing to increase investments in India.

Investments in India is mostly to develop the domestic market, and few companies plan exporting from India.

many of the companies interested in India already have prior experience such as exporting products to India, technical collaborations, licensing arrangement a joint ventures with local companies.

(b) Results of Interviews

Interview result is shown in Table 6.2.6.

(c) Considerations for investments in India and the IMT in Gurgaon

1) Main considerations to be examined for investments in India

The main provisions in investments in India by the U.S. companies are listed below.

a) Investment procedure

Many companies strongly requested simplified procedures and more efficient approval of the investment agencies. More companies raised this issue than other countries.

b) Improvements in infrastructure

Many respondents expect well-maintained roads for transport, stable power supply, communication facilities (telephone and fax) are requirements for investment.

In addition, the companies in the U.S. place higher importance to distribution infrastructure than other countries.

c) Geographic location

Some companies pointed out India and U.S. are too distant. The Central and South American countries including the Caribbean region have advantage as the export center to the U.S. market in terms of costs.

d) Tariffs

Some respondents referred to high import tariffs raw on imported materials and parts and production facilities though there is a trend in decreased tariffs. Reduction in tariffs is recommended, for the domestic selling prices will have to reflect high import tariffs.

e) Difficulties in supplies of raw materials and parts from local markets

Many of the companies planning to sell to the domestic market prefer to increase domestic supply of raw materials and parts also because of high

import tariffs. The processing and assembling industry using parts of high quality and technology would first use imported parts until the growth of supporting industries reaches the level of domestic supplies.

2) Comments to the IMT of Gurgaon

a) Location

A majority of companies consider location is one of the important factors in terms of accessibility to India's domestic market, for the products will be sold domestically.

Gurgaon therefore, is the most potential candidate site as it is close to New Delhi.

b) Development in related industries

Investments will likely be encouraged with those of relevant industry and improvements in quality.

c) Others

The industrial model town is preferred by a majority of companies in terms of the level of infrastructure.

More support by the governmental agency dedicated to promotion of foreign investment is desired.

Table 6.2.6 Results of Interviews (United States - 1/2)

SIC	Survey Result*		Investment Possibility(%)		Time Frame (Year)	Industry	Capital (\$ Mil.)	Product 1	Product 2	Land (Acre)	Employees	Land Price (\$/sq.meter)
	Phase I	Phase II	India	Gurgaon								
1	20	N	-	100	50	Same	5-15	Consumer foods	Spices & herbs	1-5	50-100	NA
2	22	I	-	25	25	Same	15-30	Polypropylene fabrics		~1	50-100	~40
3	22	I	-	10	10	Same	5-15	Bedding		~1	50-100	~40
4	22	-	-	50	10	Same	5-15	Textiles		5-10	1000~	NA
5	23	-	-	10	~5	NA	NA	NA		NA	NA	NA
6	23	I	-	10	~5	NA	NA	Pants	Shirts	1-5	~50	NA
7	23	-	-	10	~5	NA	NA	NA		1-5	1000~	NA
8	24	I	-	10	~5	NA	NA	NA		NA	NA	NA
9	26	I	I	10	10	Same	NA	Envelopes	Printing	1-5	100-500	NA
10	28	N	-	25	10	Same	~5	Textiles	Specialty chemicals	NA	~50	NA
11	28	I	VI	50	25	Same	50	Oxygen	Hydrogen / Argon	1-5	~50	~20
12	28/27	-	I	10	10	Same	~5	Offset lithographic	Offset chemicals	~1	~50	~20
13	29	-	-	50	25	Same	30-50	Fabricating unit		5-10	50-100	NA
14	29	-	-	10	~5	NA	NA	NA		NA	NA	NA
15	30	I	-	100	~5	Same	5-15			NA	NA	NA
16	31	I	-	10	~5	NA	NA			NA	NA	NA
17	33	-	-	25	10	NA	NA			NA	NA	NA
18	33	I	-	25	~5	NA	NA			NA	NA	NA
19	33/34	I	I	10	~5	Same	~5	Welded link chain	Hard electric	~1	~50	~20
20	34/25	I	I	25	10	Same	~5	Faucets	Valves	1-5	NA	NA
21	34	I	-	10	~5	NA	NA			1-5	50-100	~40
22	34	I	-	10	10	NA	NA			NA	NA	NA
23	34	I	-	10	~5	NA	NA			NA	NA	NA
24	35	-	-	10	~5	Same	NA			NA	NA	NA
25	35	I	I	10	10	Same	~5	Power turbine components	Aircraft engine components	5-10	50-100	18-22
26	35	I	-	10	~5	NA	NA			NA	NA	NA
27	36	I	-	75	10	NA	NA	Industrial pumps	Compressors	1-5	100-300	NA
28	36	-	-	50	10	Same	~5			NA	~50	NA
29	36	I	-	25	25	Same	15-30	Telecommunications back up		1-5	50-100	~40

Note * : VI ... (Very interested in investing to IMT)
 I ... (Interested in investing to IMT)
 N ... (Not interested in investing to IMT)

Table 6.2.6 Results of Interviews (United States - 2/2)

SIC	Survey Result*		Investment Possibility(%)		Time Frame (Year)	Industry	Capital (\$ Mil.)	Product 1	Product 2	Land (Acre)	Employees	Land Price (\$/sq. meter)
	Phase I	Phase II	India	Gurgaon								
30	-	VI	50	~5	1-2	Same	NA			1-5	~50	NA
31	I	-	10	~5	NA	NA	NA			NA	NA	NA
32	-	-	75	25	~1	Same	15-30	Care packaging		NA	100-300	NA
33	-	-	75	50	~1	Same	NA	Cooling towers		1-5	~50	NA
34	-	-	75	25	~1	NA	50-			NA	NA	NA
35-39	-	-	75	50	~1	Same	50-	Infrastructure	Power plants	10-	50-100	NA

Note * : VI ... (Very interested in investing to IMT)

I ... (Interested in investing to IMT)

N ... (Not interested in investing to IMT)

6.2.4 UNITED KINGDOM

(1) Results of Replies

The number of mailed questionnaires and replies by industry of 1st and 2nd Phase survey, as well as that of interviews are shown below in Table 6.2.7.

Table 6.2.7 : Results of Questionnaires (U.K.)

Industry	1st Phase			2nd Phase			3rd Phase
	Mailed	Replied	Rate of Reply%	Mailed	Replied	Rate of Reply%	Interviewed
Food & Kindred Products	263	20	7.6	55	3	5.5	2
Tobacco Products	15	2	13.3	1	1	100.0	0
Textile Mill Products	224	21	9.4	23	1	4.3	6
Apparel & Other Textile	130	12	9.2	7	2	28.6	3
Lumber & Wood Products	111	7	6.3	5	0	0.0	3
Furniture & Fixtures	47	1	2.1	1	1	100.0	1
Paper & Allied Products	44	5	11.4	6	1	16.7	2
Printing & Publishing	54	0	0.0	13	0	0.0	0
Chemicals & Allied Products	276	24	8.7	67	4	6.0	5
Petroleum & Coal Products	49	2	4.1	0	0	—	1
Rubber & Misc. Plastics Products	143	21	14.7	11	1	9.1	4
Leather & Leather Products	46	4	8.7	2	0	0.0	1
Stone, Clay, & Glass Products	224	17	7.6	22	5	22.7	2
Primary Metal Industries	131	11	8.4	42	4	9.5	0
Fabricated Metal Products	151	14	9.3	199	5	2.5	4
Industrial Machinery & Equipment	449	34	7.6	255	9	3.5	3
Electronic & Other Electrical Equipment	177	11	6.2	136	4	2.9	5
Transportation Equipment	146	10	6.9	83	8	9.6	2
Instruments & Related Products	102	9	8.8	92	5	5.4	3
Misc. Manufacturing Industries	135	14	10.4	7	0	0.0	3
Special Trade Contractors	15	3	20.0	0	0	—	0
Total	2,932	242	8.3	1,027	54	5.3	50

Of all 2,932 companies surveyed in the 1st Phase, 242 have replied with a rate of reply of 8.3%. Of the companies replied, 83 companies or 34.3% had 1,000 or more of employees. Regarding sales revenue, 100 companies or 41.8% had annual sales of US\$100 million or more. The 2nd Phase survey was conducted on 1,027 companies including the 37 interested companies from the 1st Phase and from internal source, and 54 or 5.3% replied. Interviews were carried out on 50 companies from the results of the 1st and 2nd Phase surveys and internal source.

(2) Investment Requirements and Evaluation of India

The 54 companies were asked about the importance of the following 6 items - Political and Social Environment, Economic Conditions and Government Policies, Geographic location, Market, Resources, Infrastructure, which include subcategories. The most important item for both foreign investment in general and in India was the political and social environment. The least important item was the geographic location.

The 6 major items were broken into the following subcategories.

Political and Social Environment:	Political stability Public order and safety Labor union activities
Economic Conditions & Governmental Policies:	Stable economic situation Consistency in Policies Bureaucracy Facilitated (Simplified) administrative procedures Tax incentives Other incentives
Geographic Location:	Climatic Condition Distance from the U.K. Distance from Export market
Market:	Size of local markets Proximity to local markets Access to overseas markets
Resources:	Quality of labor Cost of labor Availability of skilled labor Supporting industries Availability of raw materials Availability of parts
Infrastructure:	Stable power supply Water supply and effluent treatment Telecommunication facilities Airport Port facilities Rail transport Road transport

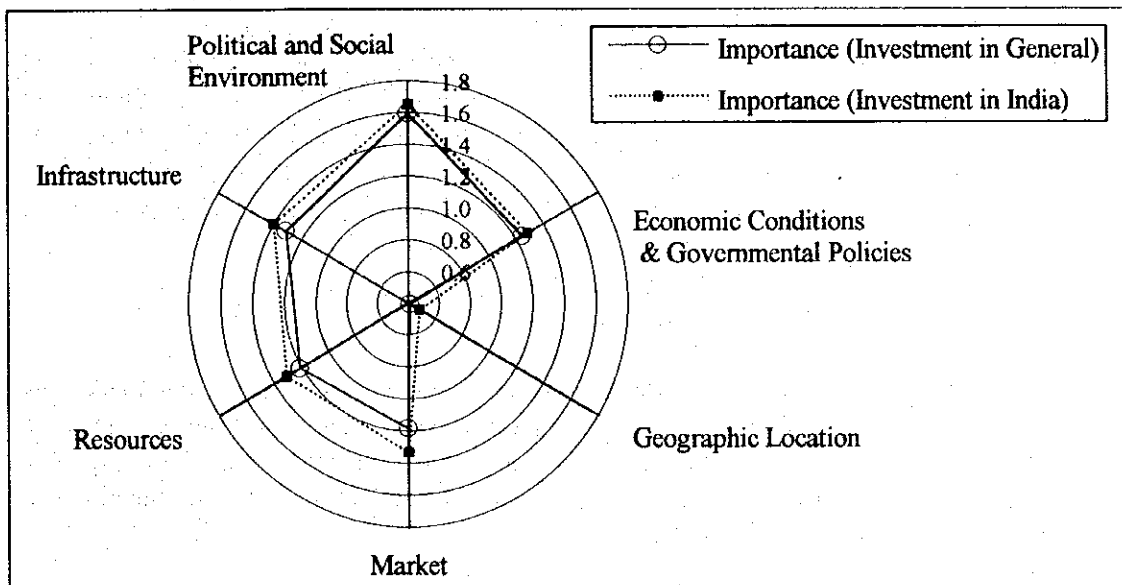


Figure 6.2.3 : Investment Requirements

(3) First Phase Survey Results (The U.K.)

(a) Developments in Overseas Business

Of the 242 replied companies, 164 or 67.8% had already expanded overseas business or had experience in technical collaborations with other companies.

By industry classification, the transportation equipment, the chemicals and allied products, the instruments and related products and the miscellaneous manufacturing industries had higher rates of expanded overseas. On the other hand, the food and kindred products industry and the textile mill products industry had high rates of replies in not having expanded overseas.

(b) Plans of Overseas Investments

Regardless of prior experience of overseas expansion or overseas technical collaborations, 146 companies, which constitute 60.3% of the 242 replied companies had plans of overseas investment.

By industry classification, the chemicals and allied products, the rubber and miscellaneous plastic products and the electronic and other electric equipment industries had high rates of plans of overseas investment. On the other hand, the food and kindred products industry had high rates of replies of not having plans in overseas investment.

(c) Plans of Investment in Southeast or South Asia

113 companies which constitutes about one half of 242 replied companies with investment plans had plans in Southeast or South Asia. This also constitutes 77.4% of

146 companies who replied they had new plans of overseas investment.

The tobacco products, the chemicals and allied products, the petroleum and coal products, the leather and leather products, the electronic & other electric equipment and the instruments and related products industries especially had high rates of having plans of investments in Southeast or South Asia. On the other hand, the textile mill products, the paper and allied products and the miscellaneous manufacturing industries had high rates of replies of not having plans of overseas investments.

(d) Attractiveness of the Indian Market

Of 242 replied companies, 212 which constitute 87.6% noted the Indian market as attractive. Furthermore, of the 113 companies who replied of having plans of investment in Southeast or South Asia, 107 which constitutes 94.7% of the companies replied India as an attractive market which implies the Indian market to be indeed very attractive to the companies in the U.K.

By industry classification, the petroleum and coal products, the industrial machinery and equipment and the electronic and other electric equipment and the primary metal industries regarded Indian as attractive market.

(e) Possibilities in Investments in India

Of the 242 replied companies, 61 which constitute 25.2% have considered investments in India. Of the 113 companies who replied of having plans of investment in Southeast or South Asia, 55 companies, about half of the companies, have considered of investment in India. This indicates that many companies have interest in the investment in the Indian market.

By industry classification, the petroleum and coal products, the electronic and other electric equipment and the instruments and related products industries had high rates of replies of having considered investment in the Indian market.

(f) Possibilities of a Joint Venture or Technical Collaborations with India

Of the companies replied 242, 133 or 55.0% consider joint venture or technical collaborations with India if they received such proposal from India. Furthermore, of the 113 companies who replied of having plans of investment in Southeast or South Asia, 87 which constitutes 77.0% of the companies replied they would consider a joint venture or a technical collaboration with India if they received such proposal from India. Many companies having no plans of investment in India replied they would consider a joint venture or a technical collaboration.

By industry classification, the textile mill products, the lumber and wood product, the primary metal, the fabricated metal products and the instruments and related products industries would consider a joint venture or a technical collaboration with India.

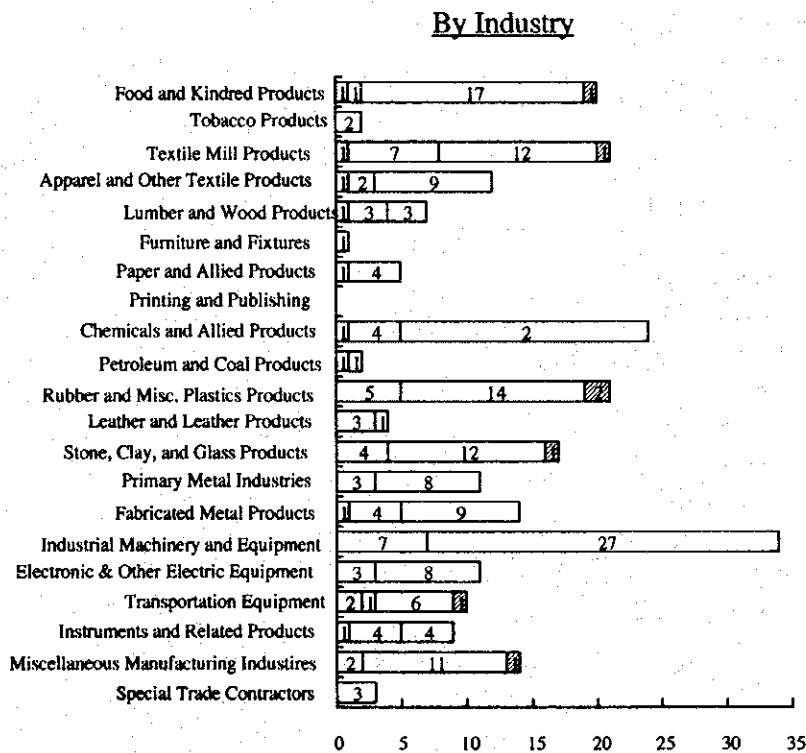
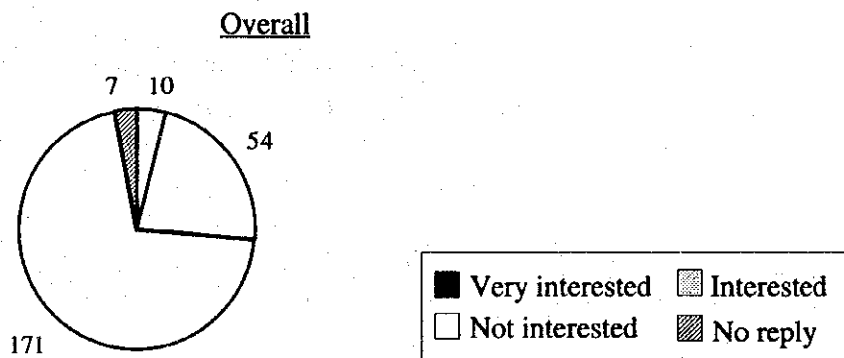
(g) Plans of Constructing the IMT

Of all 242 replied companies, 37 or 15.3% replied of having heard of plans of construction of an Industrial Model Town. On the other hand, 204 or 84.3% replied they had not heard about the Industrial Model Town, indicating a low rate of knowledge of the IMT.

(h) The Possibility of Investment in the Industrial Estate in India

Of all replies 242 companies, 64 which comprise 26.5% replied as either very interested or interested in the IMT in India. Of the 113 companies who replied of having plans of investment in Southeast or South Asia, 46 or 40.7% replied they were either very interested or interested in the investment in the industrial estate in India.

By industry classification, the textile mill products industry and the industrial machinery and equipment industries showed an interest in the industrial estate in India.

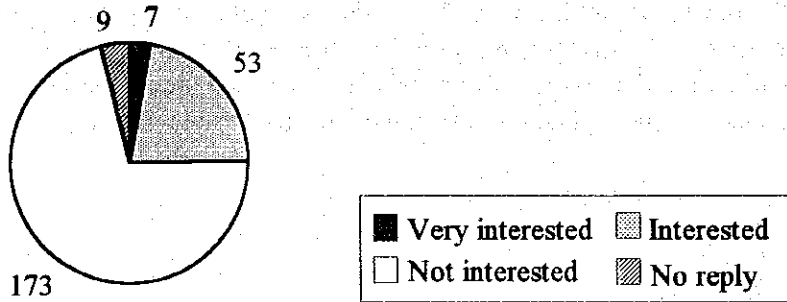


(i) The possibility of Investment in the IMT (located near New Delhi)

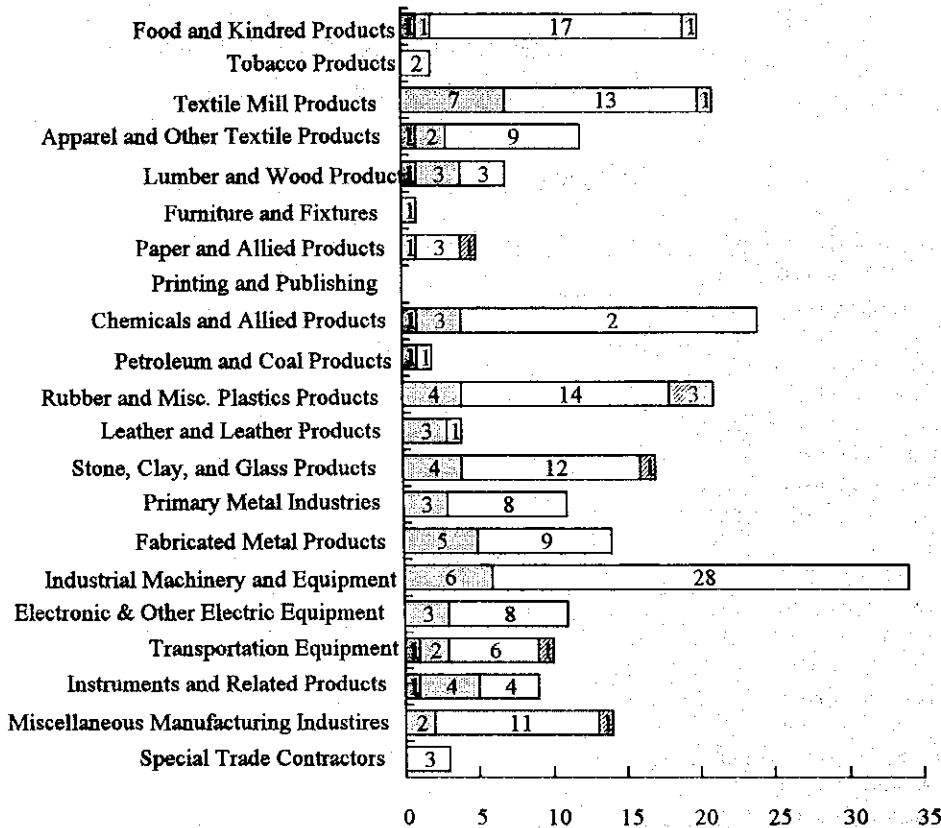
Of all replies (242 companies), 60 which companies 24.8% replied as either very interested or interested in the investment in the IMT at Gurgaon.

The textile mill products and the industrial machinery and equipment industries had high rates of replies of "very interested" or "interested" in the investment in the IMT.

Overall (Survey Results in The U.K.)



By Industry



(4) Second Phase Survey Results (The U.K.)

Of 1,027 companies surveyed, 54 or 5.3% have responded.

(a) Level of Interests in the IMT

Of 13 companies, 7 were either very interested or interested in the IMT at Gurgaon, near New Delhi, and 6 companies (46.2%) had no interests in the IMT.

By industry classification, apparel and other textile products, primary metals and transportation equipment, and textile mills products industries showed interests.

(b) Potential Products for the IMT Facilities

The products of the 7 interested companies that would consider producing in the IMT are listed below.

Production Items

Industry	Products
Textile Mill Products/Chemical Products	- Engineering thermoplastics
Apparel and Other Textile Products	- Clothing - Knitted fabrics - Garments - Cut panels
Fabricated Metal Products	- Structural steel
Transportation Equipment	- Cable assemblies - Exhaust systems - Catalytic converters - Metal fuel tanks

(c) Selling of Products Manufactured in the IMT

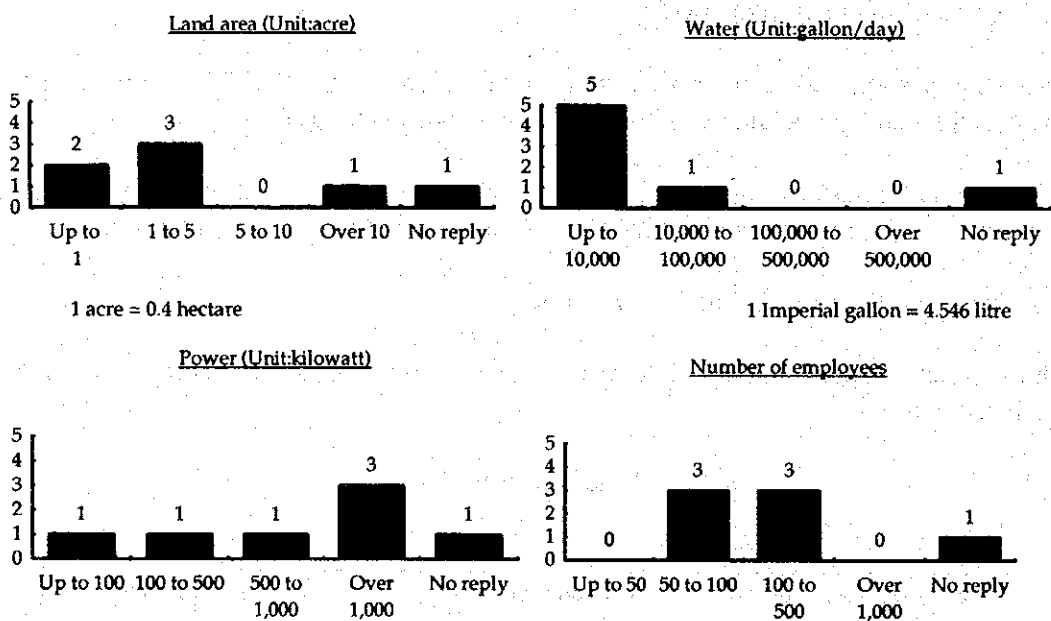
Of the 7 interested companies, 2 or 28.6% replied as more than 75% of the products from the IMT would be sold domestically rather than exported. Each company replied to each of all domestic sales, all exports, 50 - 75%, 25 - 50%, less than 25% of domestic sales.

(d) Land/Buildings

Of the 7 interested companies, 3 (42.9%) preferred purchase of land, and 4 companies were undecided. In regard to buildings, 2 companies (28.6%) preferred to build on their own rather than lease, and the remaining 5 companies were undecided.

(e) Necessary Facilities in the IMT

The facility requirements of the 7 interested companies are shown below.



(f) Expected Living Conditions and Recreational Facilities

The 7 interested companies regarded living accommodations, shopping center, medical facilities, schools, recreational facilities (golf, tennis, pool) and vocational training facilities as important items.

(g) Price of the IMT Estate

Of the 7 interested companies, 3 showed interests in participating in the IMT at twice the price (US\$40/m²) than the price of certain existing neighboring industrial estates, provided the infrastructure is at international levels, and 2 said they would not be interested. The expected price of the "No" respondents was US\$25 and US\$30/m².

(h) Type of Investments

3 companies preferred each of joint ventures with 50% foreign investment, the two with more than 51% foreign investment, and 100% ownership. 1 company preferred 26 - 49% foreign investment, and 1 company preferred licensing arrangement with local companies.

(i) Local Companies by Type

Of the 7 interested companies, 4 (57.1%) preferred independent reputed large-sized companies. 1 company (14.3%) preferred small to medium-sized local companies, and 2 (28.6%) preferred reputed local companies within a major conglomerate.

(j) Others (Investments to India)

1) Planned time for investments

13 (24.1%) of 54 replied companies had considered of investments in India. Of 13 companies, 3 (23.1%) plan to set up in India within 1 year, 5 (38.5%) plan to set up within 2 years, and 2 (15.4%) in after 2 years. 2 companies have yet decided on the time period.

2) Type of investment in India

Of 13 companies, all plan to set up in the same field as in U.K.

3) Amount of planned investment

Of 13 companies, 7 (53.8%) plan to invest within 5 million US\$, 2 (15.4%) between 5 and 15 million US\$, and 1 (7.7%) plans between 15 and 30 million US\$.

4) Method of investment

Of 13 companies, 11 (84.6%) plan to invest in developed industrial town. 1 company (7.7%) plans to secure and develop the site by themselves.

(5) Interview Results (The U.K.)

(a) Summary of Interview Results

Interviews were carried out to companies responded to either Phase 1 or Phase 2 survey by questionnaire. UK's investment in India is reflects its long historical relationship with India and close economic and personal exchange between the two countries, which are way ahead of other countries.

Most of the companies interested in India are those with contacts with India such as in exports to India, technology collaborations, sales arrangements, joint ventures, or companies under private management by British of Indian-origin or those with employees of Indian-origin. Majority of companies interested in India mentioned the size and growth of the market. However, no specific plans have been obtained as they are in gathering information or in studies on investment climate rather than working out the framework of investment plans.

Most of companies in the U.K. consider investments in India to develop and secure the domestic market, and only few consider exports from India in the future. Consequently, selection of reliable joint venture partner is considered the most important from the point of investment in technology collaborations and establishing sales network.

In addition, some companies commented investments in India to strengthen exports to India rather than to establish a production base. Many referred to China as another attractive market for foreign investments, and some companies prefer China over India.

(b) Results of Interviews

Interview results are shown in Table 6.2.8.

Table 6.2.8 Results of Interviews (United Kingdom - 1/2)

SIC	Survey Result*		Investment Possibility(%)	Time Frame (Year)	Industry	Capital (\$ Mil.)	Product 1	Product 2	Land (Acre)	Employees	Land Price (\$/sq. meter)
	Phase I	Phase II									
1	20	N	10	~5	Same	NA	Food colorings		NA	NA	NA
2	20	N	10	~5	Same	NA			NA	NA	NA
3	22	-	10	10	Same	NA	Cotton	Lyera	NA	NA	NA
4	22	I	25	25	Same	NA	Narrow fabrics		NA	NA	NA
5	22	N	10	10	Same	NA	Carpets		NA	NA	NA
6	22	I	10	10	Same	~5	Tarpaulins	Nets	~1	~50	NA
7	22	N	10	~5	Same	NA	Curtain tape		NA	NA	NA
8	22	-	50	25	Same	NA	Engineering thermoplastics	Cellular foams	1-5	50-100	~40
9	23	N	10	10	1-2	~5	Clothing		~1	100-500	25
10	23	N	10	~5	NA	NA			NA	NA	NA
11	23	VI	75	25	1-2	~5	Baby garments	Dyes	1-5	100-500	~40
12	24	N	10	~5	NA	NA			NA	NA	NA
13	24	I	10	~5	NA	NA	Seals		NA	NA	NA
14	24	VI	10	~5	Same	NA	Window frames	Concrete products	NA	NA	NA
15	25	-	10	~5	Same	NA	Bathrooms	Kitchens	NA	NA	NA
16	26	-	10	10	Same	~5	Wall paper	Wall coverings	NA	NA	NA
17	26	N	10	~5	NA	NA			NA	NA	NA
18	28	N	10	~5	NA	NA	Flavors	Fragrances	NA	NA	NA
19	28	-	10	~5	NA	NA			NA	NA	NA
20	28	-	10	10	Same	NA	Window profiles		NA	NA	NA
21	28	-	10	~5	Same	NA			NA	NA	NA
22	28	N	10	~5	NA	NA			NA	NA	NA
23	29/22	I	10	10	Same	5-15	Textiles		NA	NA	NA
24	30	N	10	~5	Same	NA	Tires	Rubber mountings	NA	NA	NA
25	30/36	-	10	~5	Same	~5	Power tools	Household foods	NA	NA	NA
26	30	-	10	~5	NA	NA			NA	NA	NA
27	30/29	VI	25	25	~1	15-30			NA	NA	NA
28	31	I	10	10	Same	NA	Luggage	Leather goods	NA	NA	NA
29	32	N	10	10	Same	NA	Asphalt	Aggregates	5-10	50-100	NA

Note * : VI ... (Very interested in investing to IMT)
 I ... (Interested in investing to IMT)
 N ... (Not interested in investing to IMT)

Table 6.2.8 Results of Interviews (United Kingdom - 2/2)

SIC	Survey Result*		Investment Possibility(%)		Time Frame (Year)	Industry	Capital (\$ Mil.)	Product		Land (Acre)	Employees	Land Price (\$/sq. meter)
	Phase I	Phase II	India	Gurgaon				1	2			
30	I	-	10	10	NA	Same	NA	Pipes	Building products	NA	NA	NA
31	N	-	10	~5	NA	Same	NA	Mechanical fasteners		NA	NA	NA
32	-	-	10	~5	~1	Same	~5	Fastenings		NA	NA	NA
33	I	-	10	50	~1	Same	~5	Fasteners	Fasteners for computers	NA	NA	NA
34	I	I	75	25	1~2	Same	5-15	Structural steel		10~	100-500	NA
35	N	-	10	~5	NA	NA	NA	Diaphragm		NA	NA	NA
36	I	-	25	10	~1	Same	NA	Control valves	Rail valves	NA	NA	NA
37	N	-	10	~5	NA	Same	NA			NA	NA	NA
38	I	-	10	10	3~5	Same	NA	Cold controls		NA	NA	NA
39	I	-	10	~5	NA	Same	NA			NA	NA	NA
40	I	I	25	10	1~2	Same	~5	Cable assemblies		~1	50-100	25-30
41	N	-	100	100	2~	Same	NA	Battery		10~	NA	NA
42	I	-	25	~5	1~2	Same	NA	Electric components	Computer sub-assemblies	NA	NA	NA
43	I	I	10	10	NA	NA	NA	Vehicle bodies		1~5	50-100	5
44	VI	I	25	10	2~	Same	~5		Catalysts	1~5	50-100	~40
45	I	-	10	~5	NA	NA	NA	Tripods	Pedestrials	NA	NA	NA
46	-	-	10	10	NA	NA	NA	Electro-optics		NA	NA	NA
47	N	-	100	~5	~1	Same	~5			NA	NA	NA
48	N	-	10	~5	NA	Same	NA			NA	NA	NA
49	I	-	10	~5	NA	NA	NA			NA	NA	NA
50	N	-	10	~5	NA	NA	NA			NA	NA	NA

Note * : VI ... (Very interested in investing to IMT)

I ... (Interested in investing to IMT)

N ... (Not interested in investing to IMT)

(c) Considerations for investments in India and the IMT in Gurgaon

1) Main considerations to be examined for investments in India
Factors associated with investment in India are listed below.

a) Selection of partners

Many British companies consider selection of reliable joint venture partners the most important in entering into the India's domestic market which makes thorough management essential including securing of domestic distribution and quality control.

b) Selection of management personnel

The quality of the middle management is known to be low in India. An important aspect of company management is in improved local management for the supervision of personnel due to culture being very different from that of U.K. This comment is from their experience in India.

c) Reduction of tariffs

At present, many British companies expect reduction of tariffs on imported raw materials, parts and manufacturing facilities.

d) Supplies and quality improvements of raw materials and parts from local markets

The processing and assembling industry using parts of high quality and technology would first use imported parts until the growth of supporting industries reach the level of domestic supplies. However, many companies prefer foreign based companies as suppliers of parts due to higher technology and language.

e) Improvements in infrastructure

Stable power supply, well maintained roads for transport and communication systems (telephone and fax) are essential for investments.

2) Comments on the IMT at Gurgaon

The comments on the IMT are raised in the below order.

a) Closeness to the airport is favorable but the IMT is distant from ports

b) The IMT project should not be delayed since it has been observed in other industrial estates where the schedule was significantly delayed and infrastructure failed to meet the plans.

c) There investment may risk the loss of opportunity because of unclear development schedule.

d) In investing in India and/or in the IMT, it is recommendable to carry out the domestic market study carefully in conjunction with other countries and to select reliable partners.

e) More support is needed by the governmental agency dedicated to promotion of foreign investments.

6.2.5 GERMANY

(1) Results of Replies

The number of mailed questionnaires and replies by industry of 1st and 2nd Phase survey, as well as that of interviews are shown below in Table 6.2.9.

Table 6.2.9 : Results of Questionnaires (Germany)

Industry	1st Phase			2nd Phase			3rd Phase
	Mailed	Replied	Rate of Reply%	Mailed	Replied	Rate of Reply%	Interviewed
Food & Kindred Products	367	5	1.4	43	4	9.3	2
Tobacco Products	26	0	0.0	2	0	0.0	0
Textile Mill Products	300	7	2.3	24	1	4.2	1
Apparel & Other Textile	0	0	0.0	19	0	0.0	0
Lumber & Wood Products	151	3	2.0	8	1	12.5	1
Furniture & Fixtures	334	1	0.3	13	0	0.0	1
Paper & Allied Products	275	4	1.5	29	1	3.4	1
Printing & Publishing	295	2	0.7	100	2	2.0	1
Chemicals & Allied Products	300	6	2.0	90	4	4.4	1
Petroleum & Coal Products	204	2	1.0	17	0	0.0	0
Rubber & Misc. Plastics Products	300	8	2.7	35	1	2.9	3
Leather & Leather Products	164	2	1.2	11	2	18.2	2
Stone, Clay, & Glass Products	465	5	1.1	48	3	6.3	1
Primary Metal Industries	300	12	4.0	49	5	10.2	1
Fabricated Metal Products	0	0	0.0	68	6	8.8	2
Industrial Machinery & Transportation Equipment	415	18	4.3	221	18	8.1	6
Electronic & Other Electrical Equipment	300	16	5.3	101	8	7.9	4
Instruments & Related Products	295	2	0.7	50	1	2.0	0
Misc. Manufacturing Industries	348	1	0.3	26	1	3.8	1
Transportation & Public Utilities	203	3	1.5	37	2	5.4	1
Total	5,042	97	1.9	991	60	6.1	29

Of all 5,042 companies surveyed in the 1st Phase, 97 have replied with a rate of reply of 1.9%. Of the companies replied, 31 companies or 32.0% had 1,000 or more of employees. Regarding sales volume, 43 companies or 44.3% had annual sales of US\$100 million or more.

The 2nd Phase survey was conducted on 991 companies including the 26 interested companies from 1st Phase and from internal source, and 60 or 6.1% replied. Interviews were carried out on 29 companies from the results of the 1st and 2nd Phase surveys and internal source.

(2) Investment requirements and Evaluation of India

The 60 companies were asked about the importance of the following 6 items - Political and Social Environment, Economic Conditions and Governmental Policies, Geographic location, Market, Resources, Infrastructure, which include subcategories. The most important factor for foreign investment in general was the market, and the least important factor was the geographic location. With regard to India in specific, the infrastructure was very important.

The 6 major factors were broken into the following subcategories.

Political and Social Environment:	Political stability Public order and safety Labor union activities
Economic Conditions & Governmental Policies:	Stable economic situation Consistency in Policies Bureaucracy Facilitated (Simplified) administrative procedures Tax incentives Other incentives
Geographic Location:	Climatic Condition Distance from Germany Distance from Export market
Market:	Size of local markets Proximity to local markets Access to overseas markets
Resources:	Quality of labor Cost of labor Availability of skilled labor Supporting industries Availability of raw materials Availability of parts
Infrastructure:	Stable power supply Water supply and effluent treatment Telecommunication facilities Airport Port facilities Rail transport Road transport

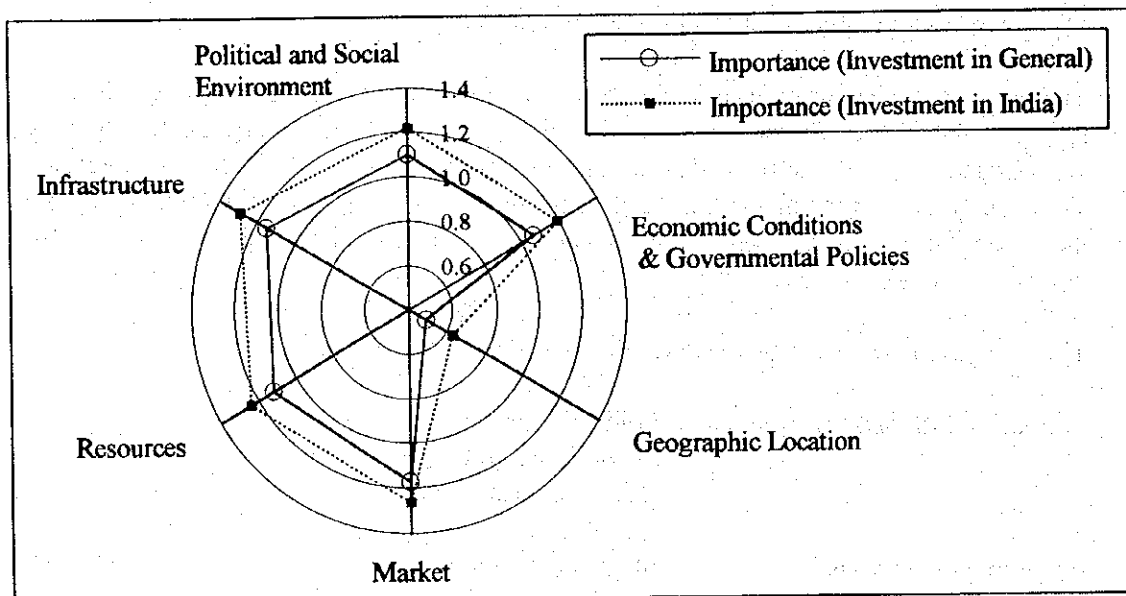


Figure 6.2.4 : Investment Requirements

(3) First Phase Survey Results (Germany)

(a) Developments in Overseas Business

Of the 97 replied companies, 63 or 65.0% had already expanded overseas business or had experience in technical collaborations with other companies.

By industry classification, the primary metal, fabricated metal products and the electronic and other electric equipment industries had high rates of experience in overseas business, but the stone, clay and glass products industry had high rates of replies in not having expanded overseas.

(b) Plans of Overseas Investments

Regardless of prior experience in overseas expansion or overseas technical collaborations, 70 companies, which constitute 72.2% of the 97 replied companies had plans of overseas investments.

By industry classification, the textile mill products, the primary metal, fabricated metal products, the chemicals and allied products, the industrial machinery and transportation equipment and the electronic and other electric equipment industries had high rates of plans of overseas investment. The furniture and fixtures industry mostly replied as no plans in overseas investment.

(c) Plans of Investment in Southeast or South Asia

56 companies which constitute 57.7% of 97 replied companies with investment plans had plans in Southeast or South Asia.

Of 70 companies who replied they had plans of overseas investment, 52 companies or 74.3% had plans.

The textile mill products, the primary metal, fabricated metal products and the electronic and other electric equipment industries had high rates of plans of investments in Southeast or South Asia.

(d) Attractiveness of the Indian Market

Of 97 replied companies, 46 which constitute 47.4% noted the Indian market as attractive. Furthermore, of the 52 companies who replied of having plans of investment in Southeast or South Asia, 38 companies (73.1%) replied India as being an attractive market, which implies the Indian market very attractive.

By industry classification, the electronic and other electric equipment industry regarded Indian as an attractive market.

(e) Possibilities of Investments in India

Of the 97 replied companies, 25 or 25.8% have considered investments in India. Out of the 52 companies who replied of having plans of investment in Southeast or South Asia, 20 companies (38.5%) have considered investment in India.

By industry classification, the electronic and other electric equipment industry had higher replies of having considered investment in the Indian market.

(f) Possibilities of a Joint Ventures or Technical Collaborations with India

Of the companies replied (97), 43 or 44.3% would consider joint venture or technical collaborations with India if they received such a proposal from India. Furthermore, of the 52 companies who replied of having plans of investment in Southeast or South Asia, 36 companies (69.3%) replied they would favorably consider a joint venture or a technical collaboration with India if they were to receive such a proposal from India.

By industry classification, the industrial machinery and transportation equipment industry would consider joint ventures or a technical collaborations with India.

(g) Plans of constructing the IMT in India

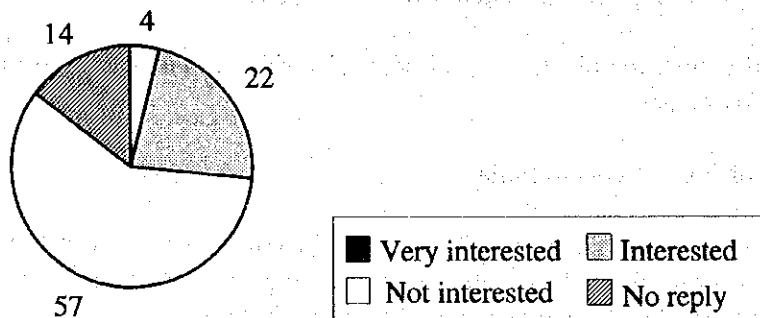
Of all 97 replied companies, 6 or 6.2% replied of having heard of plans of construction of an IMT. On the other hand, 86 or 88.7% replied they had not heard about the Industrial Model Town, indicating a low rate of knowledge of the IMT.

(h) The Possibility of Investment in the Industrial Estate in India

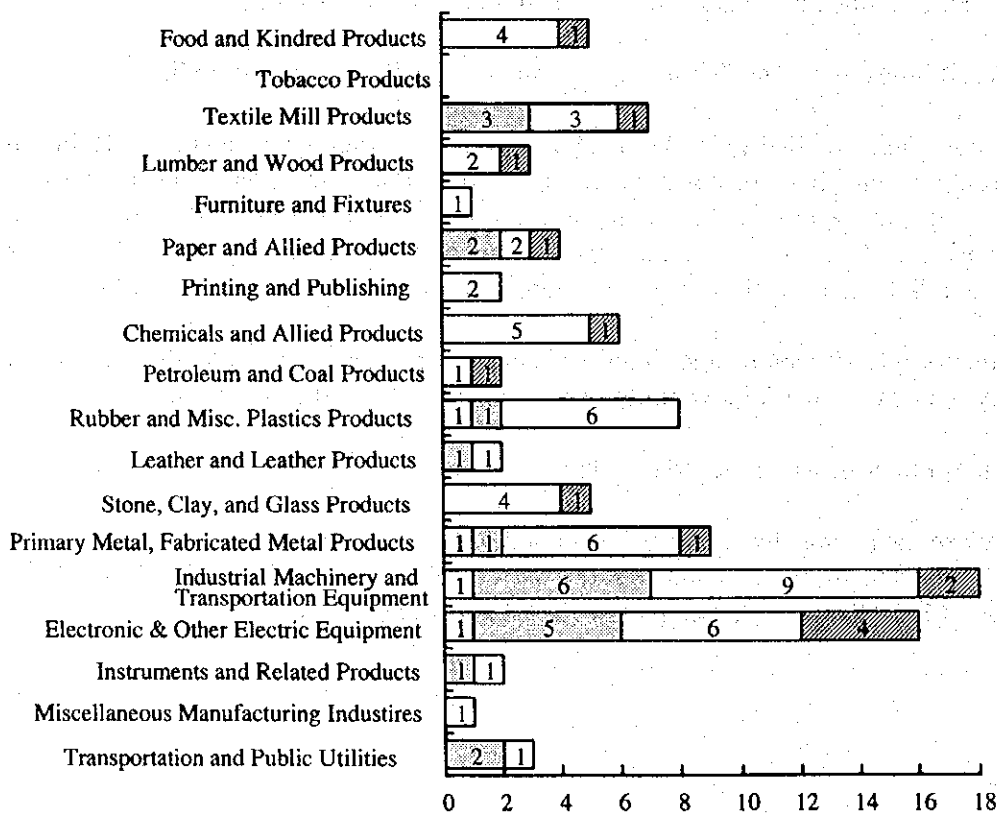
Of all 97 replied companies, 26 which comprise 26.8% replied as either very interested or interested in the industrial estate in India. Of the 52 companies who replied of having plans of investment in Southeast or South Asia, 23 (44.2%) replied they were either very interested or interested in the investment in the industrial estate in India.

By industry classification, the industry machinery and transportation equipment and the electronic and other electric equipment industries showed interests in the industrial estate in India.

Overall (Survey Results in Germany)



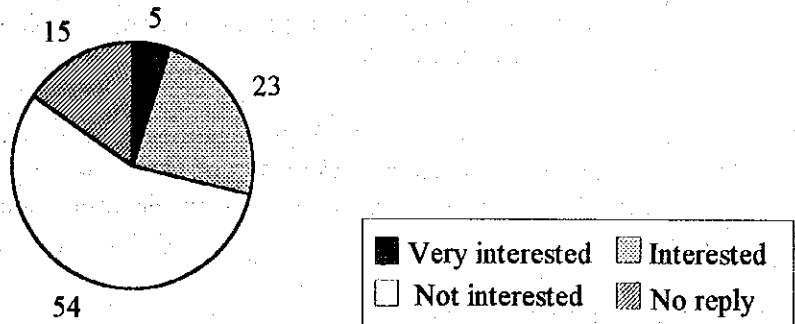
By Industry



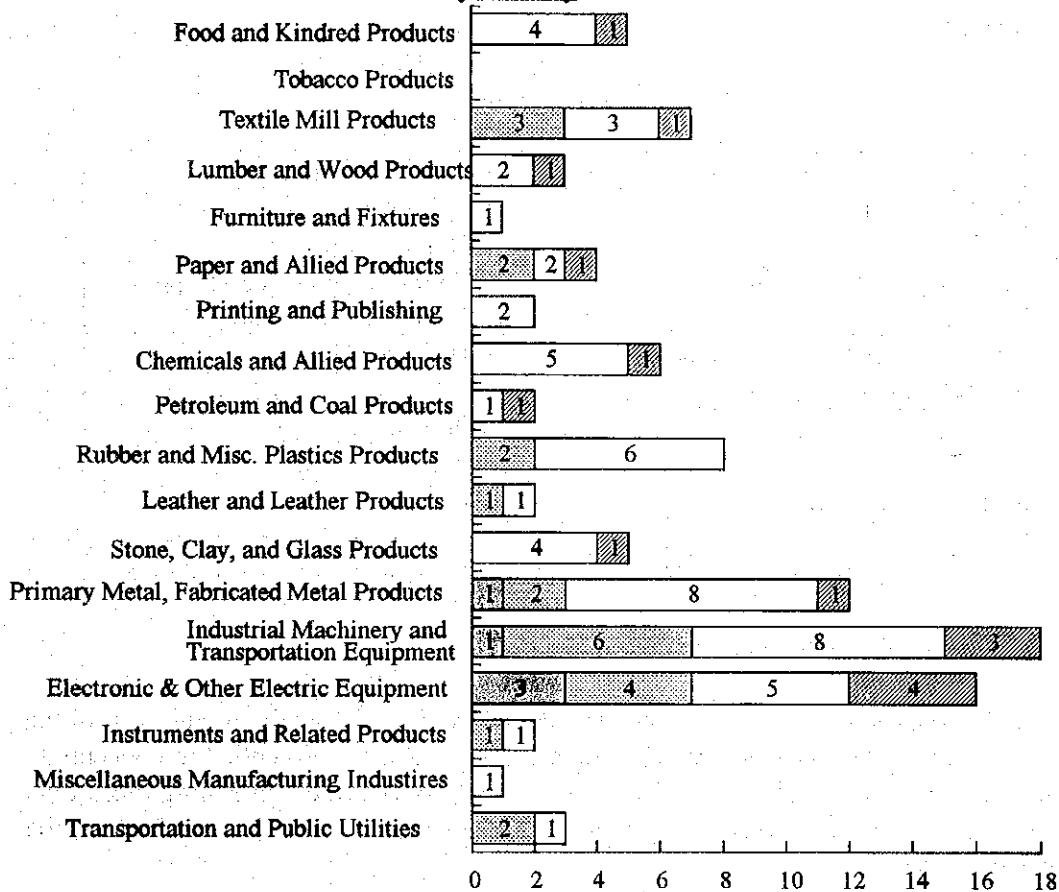
(i) The possibility of investment in the IMT at Gurgaon (located near New Delhi)

Of all replies (97 companies), 28 which comprise 28.9% replied as either very interested or interested in the investment in the IMT.

Overall (Survey Results in Germany)



By Industry



(4) Second Phase Survey Results (Germany)

Of 991 companies surveyed, 60 or 6.1% have responded.

(a) Level of Interests in the IMT

Of 10 companies who replied to have a plan or consideration of investing in India, 8 (80.0%) were either very interested or interested in the IMT at Gurgaon, near New Delhi, and 2 companies (20.0%) had no interests in the IMT.

By industry classification, apparel and other textile products, chemical and allied products, rubber and misc. plastic products, leather and leather products, primary metals, industrial machinery and equipment and electronic and other electrical equipment industries showed interests.

(b) Potential Products for the IMT Facilities

The products of the 8 interested companies that would consider producing in the IMT are listed below.

Production Items

Industry	Products
Textile Mill Products	- Lower outer wear - Upper outer wear
Lumber and Wood Products	- Concrete poles and sleepers - Insulation materials
Chemicals and Allied Products	- Hair cosmetics
Rubber and Misc. Plastics Products	- School computers
Leather and Leather Products	- Shoe uppers - Shoes
Industrial Machinery	- Roller bearing - Trucks, cars, motorcycles
Electronic & Other Electric Equipment	- Electrical low voltage switches

(c) Selling of Products Manufactured in the IMT

Of the 8 interested companies, 4 or 50.0% replied as 50 - 75% of the products from the IMT would be sold domestically rather than exported, 2 (25.0%) replied to concentrate solely on the domestic market, 1 company (12.5%) concentrated on selling more than 75% to the domestic market. 1 company (12.5%) would sell less than 25% to the domestic market.

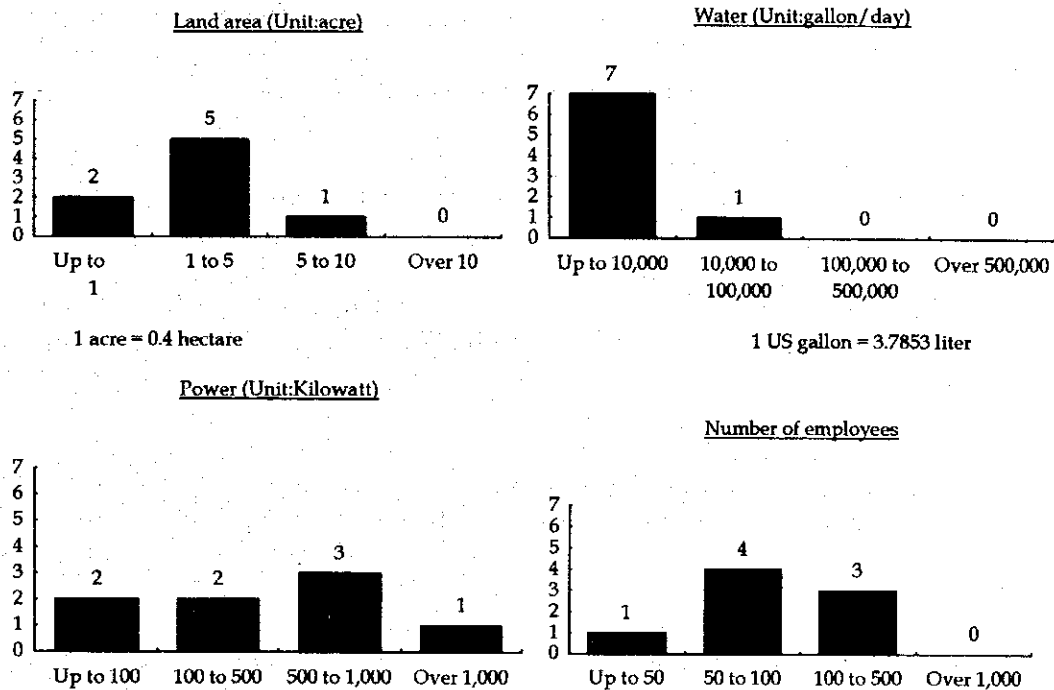
(d) Land/Buildings

Of the 8 interested companies interested in investing in India, 4 (50%) preferred purchase of land, and 4 (50%) preferred the land to be leased.

In regard to buildings, 4 companies preferred the building be leased, and 4 preferred to build on their own. Out of the 4 companies who wanted to build the factory, 2 would build on leased land, and 2 would build on purchased land.

(e) Necessary Facilities in the IMT

The facility requirements of the 8 interested companies are shown below.



(f) Expected Living Conditions and Recreational Facilities

The 8 interested companies regarded living accommodations, housing, medical facilities, schools, shopping center, recreational facilities (golf, tennis, pool) and vocational training facilities as important items.

(g) Price of the IMT Estate

Of the 8 interested companies, 2 (25.0%) showed interests in participating in the IMT at twice the price (US\$40/m²) than the price of certain existing neighboring industrial estates, provided the infrastructure is at international levels, and 4 said they would not be interested. The expected price of the "No" respondents was US\$20/m².

(h) Type of Investments

Of the 8 companies interested in investing in IMT, 7 (87.5%) preferred joint ventures with more than 51% foreign investment, and 1 (12.5%) preferred 100% foreign investment.

(i) Local Companies by Type

Of the 8 interested companies, 5 (55.6%) preferred to have joint venture with independent reputed large-sized companies. 3 companies (33.3%) preferred small to medium-sized local companies.

(j) Others (Investments to India)

1) Planned time for investments

10 (16.7%) of 60 replied companies had considered of investments in India. Of 10 companies, 4 (40.0%) plan to set up in India within 1 year, 4 (40.0%) plan to set up within 2 years, and 1 (10.0%) in after 2 years.

2) Type of investment in India

Of 10 companies, all plan to set up in the same field as in Germany.

3) Amount of planned investment

Of 10 companies, 6 (60.0%) plan to invest within 5 million US\$, 3 (30.0%) between 5 and 15 million US\$, and 1 (10.0%) plans between 30 to 50 million US\$.

4) Method of investment

Of 10 companies, 6 (60.0%) plan to invest in developed industrial town. 2 companies (20.0%) plan to secure and develop the site by themselves.

(5) Interview Results (Germany)

(a) Summary of Interview Results

Investments to overseas market from Germany have slowed down because of increased burden from Germany unification, support to the Eastern Europe and the new EEC market.

Most companies showing interests in investment in India are interested in the IMT project. It is notable that most companies regard the land price of the IMT as reasonable provided it has adequate infrastructure. The infrastructure has a higher priority in the investment decision for German companies than other countries.

Support by the governmental investment promotion agencies is strongly requested by the German companies probably from lack of information in India and time-consuming registration procedure.

The main purpose of investment in India is development of the domestic market, but some companies are interested in future export. German companies are behind in Asian markets than other countries and regard India as a first step to enter into Asian markets which is not observed in other countries.

Many companies interested in India are those with experience in export to India, technical collaborations, sales arrangements and forming joint ventures with local companies. The companies with no experience in business in India are mostly within

the level of information gathering regardless of the degree of interests.

(b) Interview Results

Interview results are shown in Table 6.2.10.

(c) Main Considerations for Investments in India and the IMT in Gurgaon

The following are the main comments to investments to industrial estates in India.

1) Stability of policies

Many companies regard the political stability and continuation of policies in India as important. Changes in policies in finance, industry and trade from year 1991 aimed for more open market to attract investments are highly valued among the German companies.

2) Improvements in infrastructure

Development of infrastructure in India, especially stable power supply, roads, and communication facilities (telephone and fax) are of high importance.

3) Reduction of tariffs

Many companies request reduced tariff on raw materials, parts and manufacturing facilities to segregate from other Asian countries.

4) Living conditions of transferees

Availability of sufficient public health and safety in India is very important, and many companies expect IMT outstands other industrial estates in this point.

5) Others

Improved quality of workers (especially middle management)
Difficulties in closing of firms and termination of employment.
Procurement of local raw materials and improved quality of parts

(d) Comments to the IMT in Gurgaon

1) Distance from ports

Industries using barge to import raw materials and parts and to export products prefer Bombay and Madras in terms of accessibility to ports. Improved transport facilities (by road and rail) from Bombay to Gurgaon are requested.

2) Infrastructure

Most companies are interested in industrial estates with adequate infrastructure. The price of land is of less concern provided it is reasonable with the level of infrastructure.

Table 6.2.10 Results of Interviews (Germany)

SIC	Survey Result*		Investment Possibility(%)		Time Frame (Year)	Industry	Capital (\$ Mil.)	Product 1	Product 2	Land (ha)	Employees	Land Price (\$/sq. meter)
	Phase I	Phase II	India	Gurgaon								
1	20	-	-	25	2-25	Same	~5			~0.4	~50	15
2	20	-	-	50	25	NA	NA			~0.4	NA	NA
3	22	-	I	50	25	NA	1-2			NA	NA	NA
4	24/32	-	I	25	25	Same	~5			2-4	50-100	NA
5	25/34	-	-	10	10	Same	~5			~0.4	50-100	~40
6	26	I	-	10	10	Same	~5			~0.4	~50	~40
7	27	-	-	10	10	Same	~5			~0.4	~50	~40
8	28	-	-	10	~5	NA	NA			NA	NA	NA
9	30	I	I	100	50	Same	~5	Shoe components		~0.4	50-100	20
10	30/26	I	-	75	50	Same	~5	Erasers	Pencils	~0.4	~50	NA
11	30	-	-	10	10	Same	~5			~0.4	~50	~40
12	31	-	VI	100	50	Same	~5			~0.4	~50	NA
13	31	I	-	25	25	Same	~5			~0.4	~50	~40
14	32	N	-	50	10	Same	~5	Natural crystal		~0.4	~50	10-15
15	33	-	-	25	10	NA	NA			~0.4	NA	NA
16	34	-	I	100	25	Same	~5	Fasteners		0.4-2	50-100	NA
17	34	VI	-	10	10	Same	~5			~0.4	50-100	~40
18	35	-	-	25	25	Same	~5	Shrink machine		~0.4	~50	NA
19	35	-	-	25	25	Same	~5	GC		~0.4	~50	15
20	35	I	-	100	50	Same	5-15	Pumps		0.4-2	100-500	NA
21	35	VI	VI	10	10	Same	5-15			0.4-2	100-500	NA
22	35	-	-	10	~5	Same	~5			~0.4	~50	~40
23	35	-	-	25	25	Same	~5			2-4	100-500	10-15
24	36	VI	-	75	75	Same	~5	Small and simple machine		~0.4	~50	NA
25	36	-	-	25	25	Same	~5	Electrotechnical connection parts		~0.4	~50	NA
26	36	-	-	10	10	Same	~5			0.4-2	50-100	~40
27	36	-	-	25	25	Same	5-15			2-4	100-500	NA
28	39/28	-	I	10	10	Same	~5	Chemicals		0.4-2	50-100	~40
29	40	-	-	100	50	Same	~5	Passive & successive components		~0.4	~50	NA

Note * : VI ... (Very interested in investing to IMT)

I ... (Interested in investing to IMT)

N ... (Not interested in investing to IMT)

6.2.6 SINGAPORE

(1) Results of Replies

The number of mailed questionnaires and replies by industry of 1st and 2nd Phase survey, as well as that of interviews are shown below in Table 6.2.11.

Table 6.2.11 : Results of Questionnaires (Singapore)

Industry	1st Phase			2nd Phase			3rd Phase
	Mailed	Replied	Rate of Reply %	Mailed	Replied	Rate of Reply%	Inter-viewed
Food & Kindred Products	28	1	3.6	77	1	1.3	0
Tobacco Products	4	0	0.0	1	0	0.0	0
Textile Mill Products	7	0	0.0	5	0	0.0	0
Apparel & Other Textile	54	0	0.0	38	0	0.0	0
Lumber & Wood Products	8	0	0.0	12	0	0.0	0
Furniture & Fixtures	76	4	5.3	45	1	2.2	0
Paper & Allied Products	19	0	0.0	73	1	1.4	0
Printing & Publishing	11	0	0.0	11	0	0.0	1
Chemicals & Allied Products	37	6	16.2	155	2	1.3	4
Petroleum & Coal Products	40	4	10.0	19	0	0.0	2
Rubber & Misc. Plastics Products	206	4	1.9	43	2	4.7	0
Leather & Leather Products	40	1	2.5	23	1	4.3	1
Stone, Clay, & Glass Products	50	3	6.0	25	0	0.0	1
Primary Metal Industries	40	3	7.5	48	0	0.0	1
Fabricated Metal Products	157	2	1.3	48	2	4.2	0
Industrial Machinery & Equipment	87	4	4.6	114	5	4.4	7
Electronic & Other Electrical Equipment	134	2	1.5	180	4	2.2	6
Transportation Equipment	62	2	3.2	18	0	0.0	1
Instruments & Related Products	93	1	1.1	28	1	3.6	0
Misc. Manufacturing Industries	90	4	4.4	30	1	3.3	1
Transportation & Public Utilities	205	7	3.4	13	0	0.0	1
Total	1,448	48	3.3	1,006	21	2.1	26

Of all 1,448 companies surveyed in the 1st Phase, 48 have replied with a rate of reply of 3.3%. Most of replied companies, specifically 33 companies (68.8%) had 300 or less number of employees and 26 companies (54.2%) had sales revenue of \$20 million or less.

The 2nd Phase survey was conducted on 1,006 companies including the 26 interested companies from the 1st Phase and from internal source, and 21 or 2.1% replied.

Interviews were carried out on 26 companies from the results of the 1st and 2nd Phase surveys and internal source.

(2) Investment Requirements and Evaluation of India

The 21 companies were asked about the importance of the following 6 items -- Political and Social Environment, Economic Conditions and Governmental Policies, Geographic location, Market, Resources, Infrastructure, which include subcategories. The most important item for foreign investment in general was the political and social environment. The least important item was the geographic location. In regard to India specifically, the political and social environment as well as the economic conditions and governmental policies were considered important.

The 6 major items were broken into the following subcategories.

Political and Social Environment: Political stability
Public order and safety
Labor union activities

Economic Conditions
& Governmental Policies: Stable economic situation
Consistency in Policies
Bureaucracy
Facilitated (Simplified) administrative procedures
Tax incentives
Other incentives

Geographic Location: Climatic Condition
Distance from Singapore
Distance from Export market

Market: Size of local markets
Proximity to local markets
Access to overseas markets

Resources: Quality of labor
Cost of labor
Availability of skilled labor
Supporting industries
Availability of raw materials
Availability of parts

Infrastructure: Stable power supply
Water supply and effluent treatment
Telecommunication facilities
Airport
Port facilities
Rail transport
Road transport

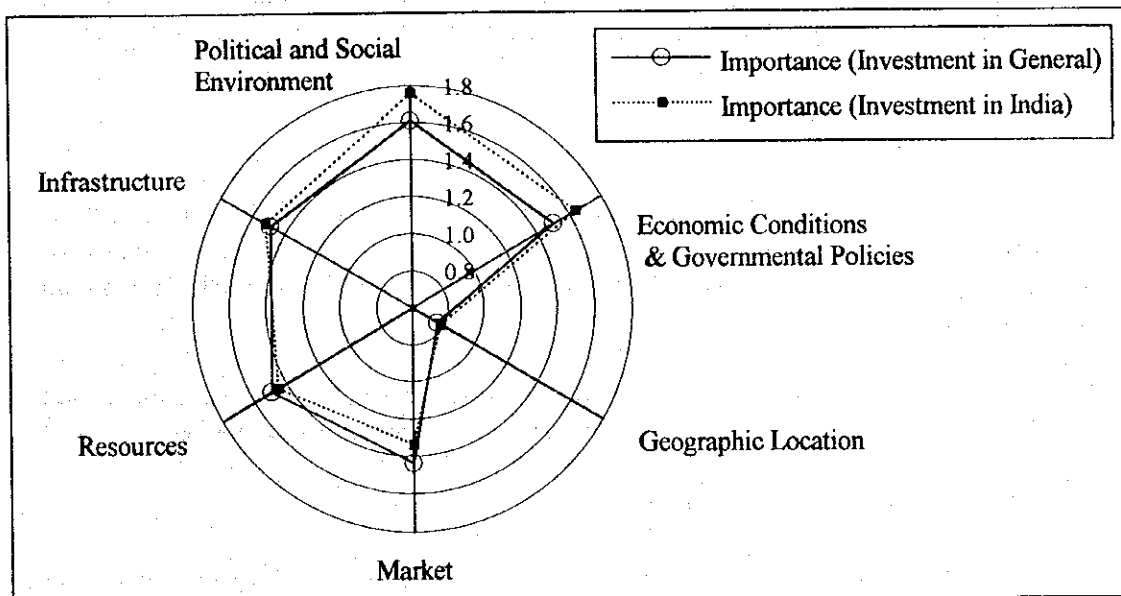


Figure 6.2.5 : Investment Requirements

(3) First Phase Survey Results (Singapore)

(a) Developments in Overseas Business

Of the 48 replied companies, 30 or 62.5% had already expanded overseas business or had experience in technical collaborations with other companies.

By industry classification, the furniture and fixture, the chemicals and allied products and the transportation and public utilities industries had higher rates of experience in overseas business.

(b) Plans of Overseas Investments

Regardless of prior experience in overseas expansion or overseas technical collaborations, 38 companies, which constitute 79.2% of the 48 replied companies had plans of overseas investments.

By industry classification, the furniture and fixture, the chemicals and allied products, the rubber and miscellaneous products and the transportation and public utilities industries had higher rates of plans of overseas investment.

(c) Plans of Investment in Southeast or South Asia

35 companies which constitute 72.9% of 48 replied companies had plans in Southeast or South Asia. This constitutes 92.1% of 38 companies who replied they had plans of overseas investment.

By industry classification, the chemicals and allied products and the rubber and miscellaneous plastic products industries especially had higher rates of plans of investments in Southeast or South Asia.

(d) Attractiveness of the Indian Market

Of 48 replied companies, 33 which constitute 68.8% noted the Indian market as attractive. Furthermore, of the 35 companies who replied of having plans of investment in Southeast or South Asia, 30 companies (85.7%) replied India as an attractive market.

By industry classification, the petroleum and coal products and the rubber and miscellaneous plastic product industries regarded India as an attractive market.

(e) Possibilities of Investments in India

Of the 48 replied companies, 20 or 41.7% have considered investments in India. Out of the 35 companies who replied of having plans of investment in Southeast or South Asia, 20 companies (57.1%) have considered of investment in India.

By industry classification, the transportation and public utilities industry had higher replies of having considered investment in the Indian market.

(f) Possibilities of a Joint ventures or Technical Collaborations with India

Of the companies replied (48), 28 or 53.8% would consider joint venture or technical collaborations with India if they received such a proposal from India. Furthermore, of the 35 companies who replied of having plans of investment in Southeast or South Asia, 25 companies (71.4%) replied they would consider joint ventures or technical collaboration with India. Many companies having no plans of investment in India replied they would consider joint ventures or technical collaborations.

By industry classification, the petroleum and coal products, the rubber and miscellaneous plastic product, the stone, clay and glass product industries would consider joint ventures or technical collaborations.

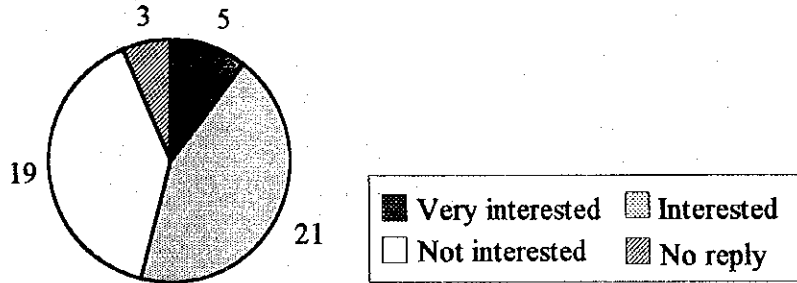
(g) Plans of Constructing the IMT

Of all replied 48 companies, 8 or 16.7% replied of having heard of plans of construction of an IMT in India. On the other hand, 38 companies or 79.2% of the companies replied they have not heard about the IMT.

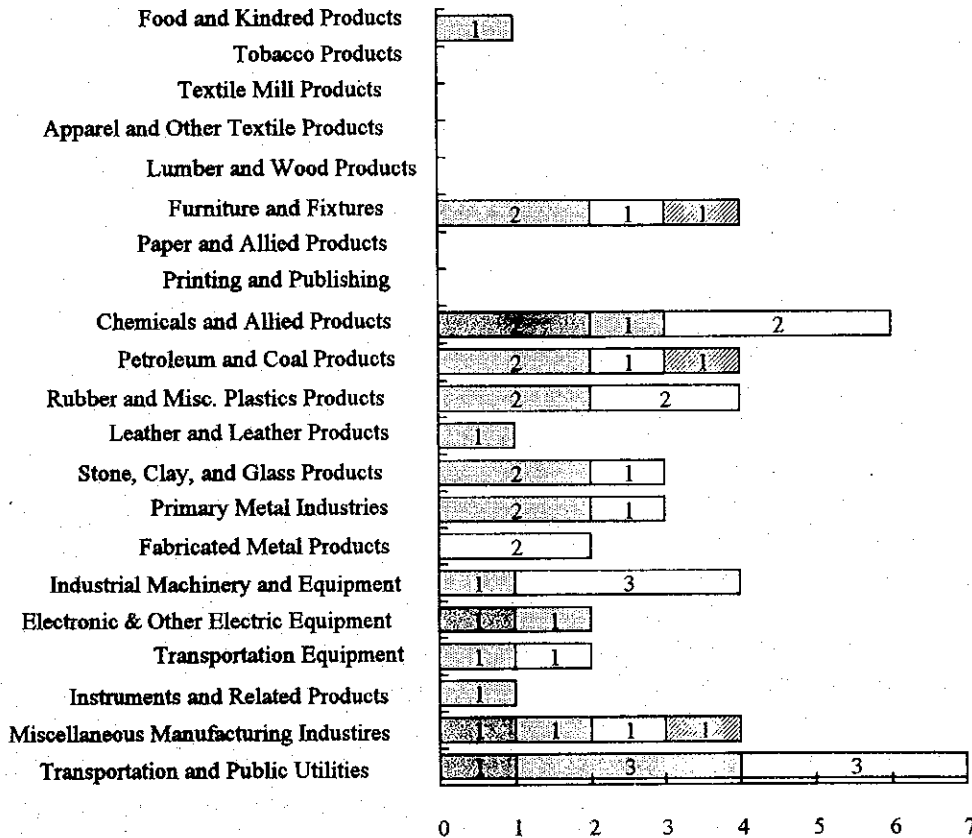
(h) The Possibility of Investment in the Industrial Estate in India

Of all replies (48 companies), 26 which comprise 54.2% replied as either very interested or interested in the industrial estate in India. Of the 35 companies who replied of having plans of investment in Southeast or South Asia, 24 companies (68.6%) replied they were either very interested or interested in the investment in the industrial estate in India.

Overall (Survey Results in Singapore)



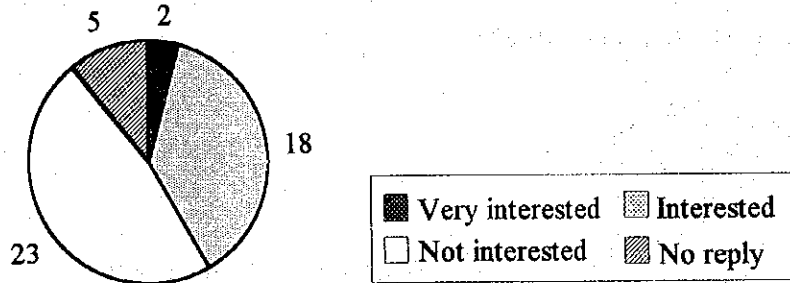
By Industry



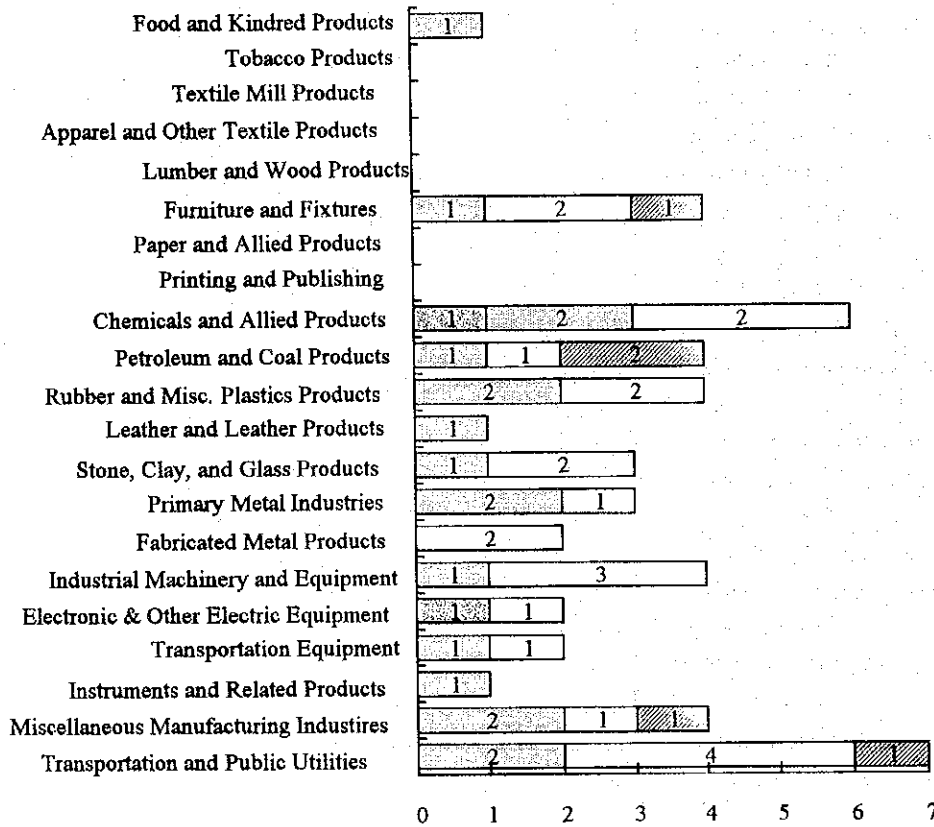
(i) The Possibility of Investment in the IMT

Of all replies (48 companies), 20 which comprise 41.7% replied as either very interested or interested in the investment in the IMT at Gurgaon.

Overall (Survey Results in Singapore)



By Industry



(4) Second Phase Survey Results (Singapore)

Out of 1,006 companies surveyed 21 or 2.1% have responded.

(a) Level of Interests in the IMT

Of 3 companies who replied having plans of investments in India, 2 were interested in the IMT at Gurgaon, near New Delhi.

By industry classification, leather and leather products and industrial machinery and equipment industries showed interests.

(b) Potential Products for the IMT Facilities

The products of the 2 interested companies that would consider producing in the IMT are listed below.

Production Items

Industry	Products
Leather and Leather Products	Safety boot uppers
Industrial Machinery and Equipment	Welding fixtures Steel components

(c) Selling of Products Manufactured in the IMT

Of the 2 companies interested in the IMT, the industrial machinery and equipment producer replied as more than 75% of the products would be sold at the local market, and the leather and leather goods producer would sell the products solely for exporting.

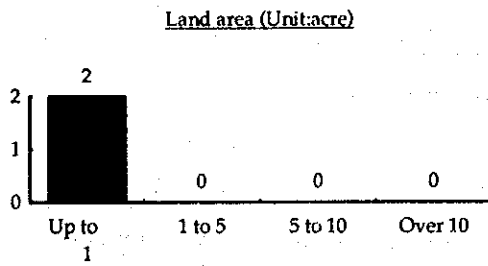
(d) Land/Buildings

Of the 2 companies interested in investing in India, 1 preferred purchase of land, and 1 preferred the land to be leased.

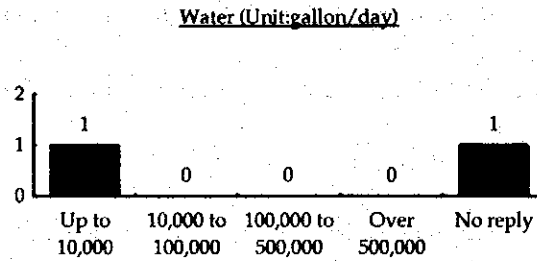
With regard to buildings, both companies preferred to build on their own.

(e) Necessary Facilities in the IMT

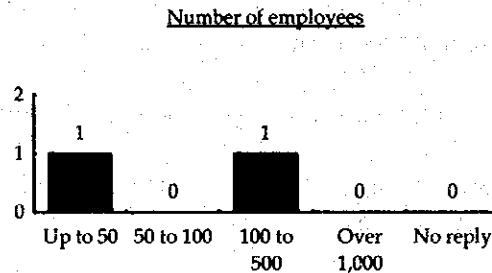
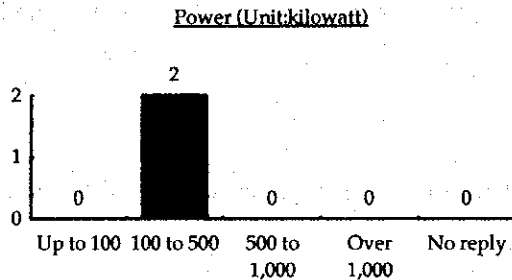
The facility requirements of the 2 interested companies are shown below.



1 acre = 0.4 hectare



1 Imperial gallon = 4.546 litre



(f) Expected Living Conditions and Recreational Facilities

The 2 interested companies regarded living accommodations, shopping center, medical facilities, schools, vocational training facilities and recreational facilities (golf, tennis, pool) as important items.

(g) Price of the IMT Estate

Of the 2 interested companies, none showed interests in participating in the IMT at twice the price (US\$40/m²) than the price of certain existing neighboring industrial estates, provided the infrastructure is at international levels. The expected price was US\$ 30/m².

(h) Type of Investments

The leather and leather product producer preferred 100% foreign investment, and the industrial machine and equipment producer preferred either 100% or at least 51%.

(i) Joint Ventures with Local Companies

Of the 2 companies interested in investing in India, the industrial machine and equipment producer preferred joint ventures with an independent reputed company.

(j) Others (Investments to India)

1) Planned time for investments

3 (14.3%) of 21 companies had considered of investments in India. Of 3 companies, 1 plan to set up in India within 1 year, and 1 plan to set up within 2 years.

2) Type of investment in India

Of 3 companies, all plan to set up in the same field as in Singapore.

3) Amount of planned investment

Of 3 companies, 2 plan to invest within 5 million US\$, and 1 is not yet decided.

4) Method of investment

Of 3 companies, 2 would plan to invest in developed industrial town.

(5) Interview Results (Singapore)

(a) Summary of Interview Results

Some companies had no knowledge in policy changes in India in 1991, for example, the resolved foreign currency balance issue, showing less interests in India.

The companies in Singapore tend to consider the numerical aspects such as economic condition, market size and growth, availability of the labor, and procurement of raw materials and parts.

In addition to secure and development of the local market, possibilities of export processing are also expected for investments in India. The unfavorable provision such as incentives to export processing by the Indian government and inaccessibility to ports from the IMT in Gurgaon are the probable reasons to low level of interest.

Companies interested in investing to India are those with experience in technical collaborations, sales agreements, joint venture formations, and other business contacts with India.

Most of the interviewed companies already have some kind of production base (i.e., production subsidiaries, joint ventures, OEM plants) in the NIES, ASEAN and other countries (i.e., Pakistan). They plan to invest in China, Indonesia and Vietnam as the next prospective locations for production base, and India is ranked behind these countries. (These comments with lack of information on India are the reasons to low recognition of India.)

They refer to the benefit of investing in India as follows.

- Large market (population) size and high growth potential
- The New Economic Policy by the government
- Future deregulation
- Many high-quality technicians
- Private companies with higher potential than the state owned companies
- Closer to Singapore geographically

(b) Interview Results

Interview results are shown in Table 6.2.12.

Table 6.2.12 Results of Interviews (Singapore)

SIC	Survey Result*		Investment Possibility(%)		Time Frame (Year)	Industry	Capital (\$ Mil.)	Product 1	Product 2	Land (Acre)	Employees	Land Price (\$/sq.meter)
	Phase I	Phase II	India	Gurgaon								
1	27	-	75	~5	NA	Same	~5			NA	NA	NA
2	28	-	10	~5	NA	Same	~5			NA	NA	NA
3	28	I	100	~5	1-2	Same	NA	Pharmaceuticals	Chemicals	NA	NA	NA
4	28	-	25	10	2~	Same	~5			NA	NA	NA
5	28	-	100	10	~1	Same	~5			NA	NA	NA
6	29/35	-	50	10	1-2	NA	5-15	Generators	Patching	1-5	100-500	NA
7	29	-	10	~5	NA	NA	NA			NA	NA	NA
8	31	I	100	100	~1	Same	~5	Computer related products		~1	100-500	NA
9	32/36	I	50	75	1-2	NA	~5	Generators		~1	50-100	24-26
10	33/35	-	100	10	1-2	Same	~5	Generators		1-5	~50	NA
11	35	-	10	~5	NA	Same	5-15			NA	NA	NA
12	35	-	10	10	NA	NA	NA	Telecommunication	Building security automation	~5	100-500	15
13	35	I	100	~5	1-2	Same	NA			NA	NA	NA
14	35	-	75	50	1-2	Same	~5	Welding & fixtures		~1	~50	30
15	35/36	-	75	10	NA	Same	~5			NA	NA	NA
16	35	-	10	10	2~	Same	~5			~1	~50	
17	35	-	10	10	1-2	Same	~5	Industrial fans	Fan components	1-5	~50	10
18	36	-	100	~5	~1	Same	5-15	Consumer electronics		NA	NA	NA
19	36	-	10	~5	NA	Same	~5			NA	NA	NA
20	36	-	100	~5	~1	Same	5-15	TV		NA	NA	NA
21	36	-	100	10	~1	NA	NA	Motors	Switch gears	NA	NA	NA
22	36	-	10	10	NA	Same	~5			NA	NA	NA
23	36	-	100	10	NA	Same	5-15			NA	NA	NA
24	37	-	25	10	3~	Same	~5			NA	NA	NA
25	39	I	25	25	1-2	Same	~5	Power speakers		1-5	50-100	20
26	40	-	10	10	NA	Same	~5			NA	NA	NA

Note * : I... (Interested in investing to IMT)

(c) Considerations for investments in India and the IMT at Gurgaon

The following are the main comments on investments in India

1) Improvements in infrastructure

Many have specified that a stable power supply, well-maintained roads and communication facilities (telephone and fax) of the local area are the requirements for investment.

2) Incentives to corporate taxes

Incentives to corporate tax are requested to India and Haryana governments as Singapore has provided incentives when promoting investments to itself.

3) Integration of supporting industries

Many companies consider well-developed supporting industries as important selection base to investment.

4) Amount of information

Improved accessibility to information on India and Gurgaon is requested.

5) Difficulties in closing of firms and termination of employment

Many companies objected the "Exit Policy" does not meet the needs of those who prefer flexibility in production base and labor adjustments to respond to changes in managerial environment.

(d) Comments to the IMT

1) Distance from ports

Since the location is far from ports, improved on-shore transport facilities are requested.

2) Infrastructure

As mentioned previously, adequate infrastructure is strongly requested. Comments included "No knowledge of infrastructural conditions in Gurgaon", and "Should improve the infrastructure first and then provide information to promote investments as it has been for Singapore."

3) Others

The land price of the IMT at Gurgaon is important to the instruments and related products and consolidated hi-tech industries that require much plant area.

Further deregulation by the government and incentives to industries other than producers such as in trading, distribution and service industries are also recommended.

6.2.7 The Summary of Companies Interested in the IMT

The survey of the companies in India, Japan, the U.S., the U.K., Germany and Singapore interested in the IMT are summarized.

(1) Results of the 1st Phase Survey

Table 6.2.13 shows the number of companies interested in the Industrial Model Town among those responded to the 1st Phase survey.

(2) Results of the 2nd Phase Survey

Table 6.2.14 shows the number of companies interested in the IMT among those who responded to the 2nd Phase survey including those shown interests at the 1st Phase survey.

Table 6.2.13 : Results of 1st Phase Survey (List of Potential Investment Field)

Unit: Number of Company

SIC Code	Short Title	India	Japan	The U. S.	The U. K.	Germany	Singapore	Total
20	Food & Kindred Products	(6/8)	(0/2)	(1/5)	(1/1)	(0/0)	(0/1)	(8/17)
21	Tobacco Products	(0/0)	(0/0)	(0/0)	(0/0)	(0/0)	(0/0)	(0/0)
22	Textile Mill Products	(5/22)	(0/2)	(1/10)	(0/7)	(0/3)	(0/0)	(6/41)
23	Textile Products	(9/10)	(0/2)	(1/4)	(1/2)	(0/0)	(0/0)	(11/18)
24	Lumber & Wood Products	(4/5)	(0/0)	(0/3)	(1/3)	(0/0)	(0/0)	(5/11)
25	Furniture & Wood Products	(5/4)	(0/1)	(0/5)	(0/0)	(0/0)	(0/1)	(5/10)
26	Paper & Allied Products	(3/4)	(0/0)	(0/4)	(0/1)	(0/2)	(0/0)	(3/11)
27	Printing & Publishing	(0/2)	(0/0)	(0/2)	(0/0)	(0/0)	(0/0)	(0/4)
28	Chemicals & Allied Products	(8/27)	(0/1)	(0/12)	(1/3)	(0/0)	(1/2)	(10/45)
29	Petroleum & Coal Products	(2/4)	(0/0)	(0/0)	(1/0)	(0/0)	(0/1)	(3/5)
30	Rubber & Plastics Products	(4/15)	(0/2)	(0/6)	(0/4)	(0/2)	(0/2)	(4/31)
31	Leather & Leather Products	(6/9)	(0/1)	(0/5)	(0/3)	(0/1)	(0/1)	(6/20)
32	Stone, Clay & Glass products	(4/6)	(0/2)	(0/3)	(0/4)	(0/0)	(0/1)	(4/16)
33	Primary Metal Industries	(7/14)	(0/3)	(0/6)	(0/3)	(0/0)	(0/2)	(7/28)
34	Fabricated Metal Products	(4/4)	(0/4)	(1/19)	(0/5)	(1/2)	(0/0)	(6/34)
35	Machinery & Equipment	(8/16)	(0/6)	(0/13)	(0/6)	(1/5)	(0/1)	(9/47)
36	Electronic & Electric Equipment	(10/14)	(0/11)	(1/11)	(0/3)	(3/4)	(0/0)	(14/43)
37	Transportation Equipment	(9/9)	(0/2)	(0/0)	(1/2)	(0/1)	(0/1)	(10/15)
38	Instrument & Related Products	(8/10)	(0/4)	(0/4)	(1/4)	(0/1)	(0/1)	(9/24)
39	Miscellaneous Mfg. Industries	(3/9)	(0/0)	(0/4)	(0/2)	(0/0)	(0/2)	(3/17)
	OTHERS	(1/1)	(1/3)	(0/0)	(0/0)	(0/2)	(0/2)	(2/8)
	Total	(106/193)	(1/46)	(5/116)	(7/53)	(5/23)	(2/18)	(126/449)

Note: The number in (A/B): A shows number of companies which were very interested in a IMT.
 B shows number of companies which were interested in a IMT.

Table 6. 2. 14 : Results of 2nd Phase Survey (List of Potential Investment Field)

Unit: Number of Company

SIC Code	Short Title	India	Japan	The U.S.	The U.K.	Germany	Singapore	Total
20	Food & Kindred Products	(1/1)	(0/1)	(0/0)	(0/0)	(0/0)	(0/0)	(1/2)
21	Tobacco Products	(0/0)	(0/0)	(0/0)	(0/0)	(0/0)	(0/0)	(0/0)
22	Textile Mill Products	(0/0)	(0/1)	(0/0)	(0/1)	(0/1)	(0/0)	(0/3)
23	Textile Products	(1/1)	(0/0)	(0/0)	(1/1)	(0/0)	(0/0)	(2/2)
24	Lumber & Wood Products	(0/0)	(0/0)	(0/1)	(0/0)	(0/1)	(0/0)	(0/2)
25	Furniture & Wood Products	(0/0)	(0/0)	(0/1)	(0/0)	(0/0)	(0/0)	(0/1)
26	Paper & Allied Products	(0/0)	(0/0)	(0/0)	(0/0)	(0/0)	(0/0)	(0/0)
27	Printing & Publishing	(0/0)	(0/0)	(0/1)	(0/0)	(0/0)	(0/0)	(0/1)
28	Chemicals & Allied Products	(0/2)	(0/1)	(1/0)	(0/0)	(0/1)	(0/0)	(1/4)
29	Petroleum & Coal Products	(0/0)	(0/0)	(0/0)	(0/0)	(0/0)	(0/0)	(0/0)
30	Rubber & Plastics Products	(2/1)	(0/1)	(0/0)	(0/0)	(0/1)	(0/0)	(2/3)
31	Leather & Leather Products	(1/0)	(0/0)	(0/0)	(0/0)	(1/0)	(0/1)	(2/1)
32	Stone, Clay & Glass products	(1/0)	(0/1)	(0/0)	(0/0)	(0/0)	(0/0)	(1/1)
33	Primary Metal Industries	(0/1)	(0/1)	(0/0)	(0/0)	(0/0)	(0/0)	(0/2)
34	Fabricated Metal Products	(0/0)	(0/0)	(0/1)	(0/1)	(0/1)	(0/0)	(0/3)
35	Machinery & Equipment	(0/1)	(0/0)	(0/1)	(0/0)	(1/0)	(0/1)	(1/3)
36	Electronic & Electric Equipment	(0/2)	(0/0)	(0/0)	(0/0)	(1/0)	(0/0)	(1/2)
37	Transportation Equipment	(2/1)	(0/1)	(1/0)	(0/3)	(0/0)	(0/0)	(3/5)
38	Instrument & Related Products	(1/3)	(0/2)	(0/0)	(0/0)	(0/0)	(0/0)	(1/5)
39	Miscellaneous Mfg. Industries	(0/0)	(1/0)	(0/0)	(0/0)	(0/0)	(0/0)	(1/0)
	OTHERS	(0/1)	(0/2)	(0/0)	(0/0)	(0/0)	(0/0)	(0/3)
	Total	(9/14)	(1/10)	(2/5)	(1/6)	(3/5)	(0/2)	(16/42)

Note: The number in (A/B): A shows number of companies which were very interested in a IMT.
 B shows number of companies which were interested in a IMT.

6.3 Potential Investment Demand

6.3.1 Foreign Investments in India

The average annual amount of approved foreign investment for the period from 1981 to 1985 was Rs 749 million which increased by 2.4 times to Rs 1,789 million during the period from 1986 to 1990. Adjusted by the foreign exchange rate between the U.S. dollar and Rupee during the period, however, the increase is only by 1.6 times which shows the liberalization policies of the government have been less effective.

The total average foreign investments for 1991 and 1992 were Rs 5,341 and 38,875 million, respectively, making the annual average of these 2 years Rs 22,108 million about 12 times than that of the previous five years' average. Adjusted by the foreign exchange rate for this period, the amount becomes lower but is still 6.6 times. In addition, the amount reached Rs 88,593 million in 1993, indicating it has more than doubled from that of the previous year which is a substantial increase.

(1) Country-wise foreign investment record

For foreign investments in terms of country, the U.S. shows stronger interests. Germany ranked second during the 1980's, but the amount has decreased from 1990. The Chamber of Commerce and Industry of Germany has reported that the total foreign investment outlays in 1992 dropped by 14% from that of the previous year due to the domestic economic recession and has anticipated the future foreign investments would primarily be assigned to European Community members and the Eastern European countries. The investment from Japan in the year 1991-92 ranked third after the U.S. and Swiss because of large investments by these two countries in the oil refining industries. However in the year 1992-93, the investments from Japan were lagging behind the U.S., UK, Middle-East countries, Swiss, Thailand and Netherlands.

The amount of investment in 1993 is still 17 times than that of 1991 when it has consistently increased from July of 1991 in response to the new industrial policies after many years of stagnation due to concerns in political stability.

Table 6.3.1 : Trends in Foreign Investment Approvals in India by Country

(Rupees in Million)

Country	1990	1991	1992	1993
Investment Approved	1,283.2	5,341.1	38,875.4	88,593.3
USA	344.8	1,858.5	12,315.0	34,618.8
NRI	52.4	197.0	4,391.3	10,433.1
UK	90.6	321.0	1,176.7	6,227.3
Oman	N.A.	N.A.	N.A.	5,429.8
Switzerland	135.0	355.0	6,897.6	4,094.9
UAE	N.A.	22.0	64.5	4,004.9
Thailand	1.6	N.A.	25.2	3,684.2
The Netherlands	N.A.	N.A.	3.2	3,216.5
Japan	50.0	527.1	6,102.3	2,574.3
Mexico	N.A.	N.A.	N.A.	2,389.8
Germany	195.1	418.0	862.7	1,759.3
Ireland	N.A.	N.A.	N.A.	1,656.4
France	88.8	193.3	296.4	1,290.9
Mauritius	N.A.	N.A.	N.A.	1,242.4
Italy	68.2	178.2	893.9	1,173.5
Hong Kong	11.5	211.7	570.8	879.5
Singapore	12.5	13.7	602.1	667.4

Source: SIA

(2) Sector-wise Foreign Investment and Technical Collaborations

The foreign investment and technical collaboration approvals in terms of industrial sectors from August 1991 to July 1993 are shown in Table 6.3.2. The power and fuel-related industries have dominated foreign investments (41% of the total) followed by the food industry, chemicals, and electric and electronic industries.

Table 6.3.2 : Sector-wise Foreign Investment and Technical Collaboration Approvals : From August 1991 to July 1993

Sector	(Rs. 100 Million)	%
Power	201.4	(22.0)
Fuels	174.8	(19.1)
Food Industry	112.9	(12.3)
Chemicals	66.2	(7.2)
Electrical Equipment	60.3	(6.6)
Metallurgical Industry	57.6	(6.3)
Transportation	32.4	(3.5)
Hotel and Tourism	26.0	(2.8)
Industrial Machine	21.9	(2.4)
Telecommunications	13.5	(1.5)
Glass and Ceramics	10.5	(1.2)
Commercial Equipment	6.8	0.7)
Medical and S. Appliances	5.8	(0.6)
Drugs and Pharmaceuticals	4.8	(0.5)
Cement and Gypsum	1.9	(0.2)
Papers and Pulp	2.2	(0.2)
Trade	2.0	(0.2)
Others	116.6	(12.7)
Total	917.6	(100.0)

Source: SIA

(3) Trend of Approved Cooperation of Foreign Firms in India (1991-1993)

The total number of approved cooperation of foreign firms in India has increased nearly 1.5 times from 950 in 1991 to 1,519 in 1992. There were 1,476 cases in 1993, a slight decrease from that of the previous year.

The cooperation can be classified by type, foreign country and region in India. In terms of type, there are capital contributions and technical collaborations. The number of capital contributions has increased by 2.4 times from 291 in 1991 to 690 in 1992 followed by a 13% increase to 780 cases in 1993, which shows this category is continually increasing. Technical collaborations have increased by 25% from 659 in 1991 to 829 in 1992 but have decreased by 17% to 691 cases in 1993.

Of the foreign countries, Japan, U.S.A., U.K., Germany and Singapore constitute the majority. The capital contributions from the five countries in 1991 were 152 which have

increased 2.6 times to 398 in 1992 but have decreased to 363 in 1993. It is notable that the sum of financial collaboration from those 5 countries had been above 50% of the total capital contributions until 1992 when it has fallen short in 1993. Technical collaborations with the five countries in 1991 were 470 which have increased by 1.2 times to 479 in 1992 followed by a 14% decrease to 414 in 1993. Those of the five countries have maintained above 60% of the total technical collaborations during the last three years.

By region in India, 44% of the total capital contributions and 58% of the technical collaborations were located in the states of Delhi, Rajasthan, Uttar Pradesh, Himachal, and Haryana in 1993. Of these states, capital contributions and technical collaborations from the above mentioned five countries were 14% and 14%, respectively.

Table 6.3.3 : Foreign Investment Approvals in the Area of Delhi and The Neighboring 4 states in 1993

(Number of Companies)

	Financial	Technical	Total
Japan, U.S.A., U.K., Germany, Singapore	113	98	211
Others	143	72	215
Total	256	170	426

Source: JICA Study Team based on the data from IIC

Table 6.3.4 : Foreign Investment Approvals in 1990 to 1993

(Number of Companies)

	1990			1991			1992			1993		
	Finan- cial	Tech- nical	Total	Finan- cial	Tech- nical	Total	Finan- cial	Tech- nical	Total	Finan- cial	Tech- nical	Total
Japan, U.S.A., U.K., Germany, Singapore	112	302	414	152	470	559	398	479	857	363	414	777
Other Countries	84	168	252	139	252	391	312	350	662	422	277	699
Total	196	470	666	291	659	950	690	829	1,519	785	691	1,476

Source: JICA Study Team based on the data from JETRO New Delhi

For the reference purpose, the product-wise foreign investment and technical collaboration approvals in 1991 are summarized in Table 6.3.5.

Table 6.3.5 Product-wise Foreign Investment and Technical Collaboration Approvals (1991)

(Number of Companies)

	Japan	U.S.	U.K.	Other	Total
	U.S.	Germany	Singapore	Coun-tries	
Vegetable Products, Oil and Fats	3			12	15
Food Processing	8			9	17
Mineral Products including Cement	2			2	4
Drugs and Pharmaceuticals	6			7	13
Fertilizers	1			2	3
Soaps, Cosmetics and Toilet Preparation	0			2	2
Other Chemicals	48			22	70
Plastics and its Products	15			15	30
Rubber and its Products	3			3	6
Leather and Leather Goods	5			4	9
Wood and its Products	3			1	4
Pulp, Paper and its Products	4			4	8
Textile and its Products	8			3	11
Glass, Ceramic and their products including Stone products	17			1	18
Precious Stones Metals and Imitation Jewelry	5			4	9
Metallurgical Industries	14			10	24
Industrial Machinery and Mechanical Appliances	89			69	158
Machine Tools	19			14	33
Electrical Machinery and Equipment	27			19	46
Electronics and Telecommunication	41			34	75
Transportation Equipment	43			21	64
Instruments (including Medical, Surgical, Optical, Photographic etc.)	18			6	24
Miscellaneous Mechanical and Engineering Industries, Consumer Durables and Construction Equipment, Industrial Valves, etc.	28			20	48
Total	407			284	691

Source: JICA Study Team based on the data from IIC

Table 6.3.6 : Foreign Investment Approvals

(Number of Companies)

	Total 1974 to 1993	Total 1984 to 1993	Total 1991 to 1993	1993
U.K.	2,079 (15.2%)	1,315 (13.5%)	492 (12.5%)	172 (11.7%)
U.S.A.	2,803 (20.5%)	1,985 (20.4%)	807 (20.5%)	298 (20.2%)
Germany	2,455 (18.0%)	1,637 (16.8%)	529 (13.4%)	174 (11.8%)
Japan	1,134 (8.3%)	844 (8.7%)	271 (6.9%)	92 (6.2%)
Singapore	N.A.	N.A.	94 (2.4%)	41 (2.8%)
Others	6,172 (38.0%)	3,936 (40.6%)	1,752 (44.3%)	699 (47.3%)
Total	13,643	9,717	3,945	1,476

The approved collaborations with companies of Japan totaled 1,134 during the 20 years from 1974 to 1993 (annual average of 57) which was 8.3% of worldwide. The number was 271 from 1991 to 1993 which was 6.9% and was 92 in 1993 which was 6.2% of worldwide.

(4) Potential Investment Demand of others besides the Five Surveyed 5 Countries

The number of companies of the five countries and that of others in the Delhi area in 1993 were similar at 211 and 215 as describe in Table 6.3.3, respectively, and the average of India from 1991 to 1993 as well as 1993 shown in Table 6.3.6 is also at the ratio of 1 : 1.

The potential demand of investment in IMT from other countries besides the 5 surveyed countries, i.e., Japan, the U.S., the U.K., Germany and Singapore, has been assumed to be similar to that of the 5 countries.

6.3.2 Summary of the Potential Demand for Investment

This section summarizes the potential demand for investment.

(1) Potential Investors to the IMT

Table 6.3.7 shows the summary of potential investors interested in the IMT.

Table 6.3.7 : Potential Investors to the IMT

(Number of Companies)

	Japan	U. S.	U. K.	Germany	Singapore	S-Total	India	Total
1st Phase Survey(Questionnaire Survey)								
Mailed	4,772	4,399	2,917	5,042	1,448	18,578	4,339	22,917
Reply	825	396	242	97	48	1,608	460	2,068
IMT								
Very Interested	1	5	7	5	2	20	106	126
Interested	46	116	53	23	18	256	193	449
Total	47	121	60	28	20	276	299	575
(% in Reply)	(5.7%)	(30.6%)	(24.8%)	(28.9%)	(41.7%)	(17.2%)	(65.0%)	(27.8%)
2nd Phase Survey(Questionnaire Survey)								
Mailed	816	1,000	1,027	991	1,006	4,840	1,026	5,866
Reply	109	38	54	60	21	282	43	325
IMT								
Very Interested	1	2	1	3	0	7	9	16
Interested	10	5	6	5	2	28	14	42
Total	11	7	7	8	2	35	23	58
(% in Reply)	(10.1%)	(18.4%)	(13.0%)	(13.3%)	(10.0%)	(12.4%)	(53.5%)	(17.8%)
3rd Phase Survey(Interview Survey)								
No. of Interviews	43	35	50	29	26	183	33	216
A: (Average %)	39	33	19	39	53	34	-	-
B: (Average %)	14	12	9	24	15	14	Depends on J/V	

Note A: Possibility of Investment in India

B: Possibility of Investment in IMT

(a) The potential investment demand of other countries besides Japan, U.S., U.K., Germany and Singapore are assumed to be similar as also mentioned in (4) of 6.3.1.

(b) Summary of the Interviews

The common opinion to the IMT among the companies in the respective target countries can be summarized as below.

1) Companies with plans to invest around the Delhi area are hoping for immediate completion of the IMT in light of their timing for investment, as the IMT is an other option.

Companies with stronger interests in the IMT mention the timing of investment as within 1-3 yrs.

2) Gurgaon has the advantage of being close to the airport and to the large consumption area but is located unfavorably away from sea ports. It is therefore expected to establish an adequate traffic system such as roads and railways so as to facilitate access to sea ports.

- 3) It is essential for the IMT to provide stable supply of electricity, water and communication facilities.
- 4) The price appraisal of the IMT, however, totally depends on its level of industrial infrastructure.
As the price level of the real estate of industrial zones is a key factor to make decisions for the selection of site, the land price of the IMT is desired to be competitive with the price of neighboring industrial estates.
- 5) In order to attract foreign investors to the IMT, it is necessary not only to promote the advantage of the India but also to identify the IMT from other industrial estates in India.
- 6) India's new economic policies are not known by many companies, and much effort is necessary in promotion of advertisement activities.
- 7) Drastic policies and investment promotion organization to invite foreign firms and foreign investments are desired to make future potential demand realistic.

(2) Screening for Potential Investment Demand

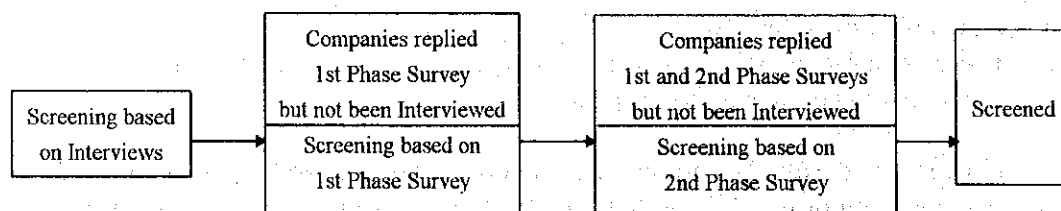
The level of potential investment demand has been estimated by screening the industrial organizations with possibility of investments in terms of questionnaire and interview response.

(a) Purpose

The investment possibilities have been classified in 5 ranks from A to D as listed in Table 6.3.8 based on results of surveys. The screening results will be applied to re-evaluation in Chapter 7.

(b) Premises of Screening

The screening was carried out based on the following procedure.



(c) Screening Criteria on the Results of the Interviews

- 1) Companies with high possibility of investment in the IMT are ranked "A" if they hold conditions as below.
Intention to invest : Companies indicated interests in investment with over 50% possibility in India and/or the IMT in response to interview.

2) Companies with some possibility of investment in the IMT are ranked as "B" if they hold conditions as below.

Intention to invest : Companies indicated interests in investment with over 25% possibility in India and about 25% in the IMT in response to interview.

3) Companies with less possibility of investment in the IMT are ranked as "C" if they hold condition as below.

Intention to invest : Companies indicated interest with over 25% possibility in India and about 10% or above in the IMT in response to interview.

4) Companies with low possibility of investment in the IMT are ranked as "D" if they fall short of condition as below.

Intention to invest : Companies indicated interest in investment with 10% or below possibility in India and around 10% or below in the IMT in response to interview.

5) Other companies which does not meet the above criteria are ranked as no possibility of investment in the IMT and are excluded.

(d) Screening Criteria of the Results of 1st Phase Survey by Questionnaire.

A Rank Cross-section analysis : Companies that satisfy the below listed conditions (1) through (7) and those indicated strong interests to (8) and (9).

B Rank : Companies with either strong interests to the key (8) and (9) or satisfy (1) through (7) with indications in (8) and (9).

C Rank : Companies that satisfy six or more conditions of (1) through (7) with interests to (8) and (9).

D Rank : Companies not meeting two or more conditions listed below as to (1) through (7) but positive indications in (9).

The others are assumed to have no possibilities and have been deleted from the table.

Conditions used for cross-section analysis are as follows.

- (1) Has experience in overseas investments
- (2) Has a plan for overseas investment
- (3) Has a plan to shift supply base to a lower cost country or manufacture goods primarily to service the local market
- (4) Has a plan for investment in the Asian region
- (5) Sees India as an attractive market
- (6) Plans to invest in India
- (7) Will consider a technical or financial collaboration with Indian companies if requested
- (8) Has interests in investing to industrial estate(s) in India

(9) Has interests in the IMT

(e) Screening Criteria of the Results of 2nd Phase Survey by Questionnaire

"A" Rank : Companies that satisfy below listed condition (1) through (5) with strong interests to (6).

"B" Rank : Companies that satisfy below listed condition (1) through (5) with indicated interests to (6).

"C" Rank : Companies that satisfy below listed condition or (1) through (4), indicated negative to (5), but strong interests or some interests to (6).

"D" Rank : Companies that do not meet "A", "B" or "C" but interests to (6) are ranked as "D".

The others are assumed to have no possibilities and have been deleted from the table.

The analysis results by industry are listed in Table 6.3.8.

Conditions used for cross-section analysis are as follows.

- (1) Has experience in overseas investments
- (2) Has a plan in overseas investment
- (3) Has interests in setting industrial estate(s) in case of investment in India
- (4) Has intention to sell products manufactured in the IMT to the Indian market or to transfer production base to India
- (5) Has interests in the IMT price with US\$40/m²
- (6) Has interest in investment in the IMT

(f) Results of Potential Investment Demand Study

1) Assumptions in estimation of investment demand

- a) The infrastructure of the IMT is to meet the international level to be distinguished from other industrial estates.
- b) The price of the IMT is to be competitive with those of the other industrial estates near the Delhi area.
- c) Many companies responded as investments in the IMT or India would be within 1 - 3 years which does not match with the construction schedule of the IMT. However, similar results will be obtained if surveyed during the construction period assuming the trend in investment demand does not change significantly due to the steady increase of foreign collaboration approvals during last 20 years.
- d) Many companies in India are towards joint venture formation and/or technical collaborations with foreign industries, for only 5% responded as not interested during the 1st Phase survey where the sample size is larger. The potential investment demand of companies in India is assumed to be included

in that of foreign companies to avoid double-accounting.

- e) The potential investment demand of other countries besides the surveyed Japan, U.S., U.K., Germany and Singapore is assumed to be similar as mentioned in (4) of 6.3.1.
- f) The unit area requirement of each industry surveyed in Japan is used to estimate necessary area, and a small adjustment is made by using the unit area in Table 7.2.4 shown in later Chapter 7 as well as in questionnaire and interviews.
- g) The potential investment demand is classified into four ranks of possibilities by the method described in (2) of 6.3.2, and the possibilities of rank A is estimated at 60%. Similarly, the possibilities of ranks B, C, and D are 25%, 10%, and 5%, respectively.

2) Potential Investment Demand

The demand of investment by companies in Japan, U.S., U.K., Germany and Singapore is 52 companies which will require 173 hectares of industrial area, and that of other countries is estimated at 47 companies with 156 hectares. The total demand will be 99 companies and 329 hectares of plant area.

Table 6.3.8 : Potential Investors in the INT (1/4)
(Japan, United States, United Kingdom, Germany, Singapore)

SIC Code	Short Title	Unit Area (ha)	Rank					Potential Area (ha)				Total	
			A	B	C	D	Total	Probability of investment					
			(number of companies)					A 60%	B 25%	C 10%	D 5%		
20	FOOD & KINDRED PRODUCTS		2	6	4	3	15						
	200	1.2	0	2	0	0	2	0.0	2.4	0.0	0.0		
	201 Meat Products	5.0	0	1	1	0	2	0.0	5.0	5.0	0.0		
	202 Dairy Products	3.0	1	0	1	0	2	3.0	0.0	3.0	0.0		
	203 Preserved Fruits & Vegetables	2.0	1	0	0	0	1	2.0	0.0	0.0	0.0		
	204 Grain Mill Products	1.8	0	1	1	0	2	0.0	1.8	1.8	0.0		
	206 Sugar & Confectionery Products	4.4	0	1	0	1	2	0.0	4.4	0.0	4.4		
	208 Beverages	5.0	0	1	1	0	2	0.0	5.0	5.0	0.0		
	209 Misc. Food & Kindred Products	0.7	0	0	0	2	2	0.0	0.0	0.0	1.4		
	(Calculated Area)							5.0	18.6	14.8	5.8	44.2	
	Potential Area Required (ha)							3.0	4.7	1.5	0.3	9.4	
21	TOBACCO PRODUCTS		0	0	0	0	0						
	(Calculated Area)	0.0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0
	Potential Area Required (ha)							0.0	0.0	0.0	0.0	0.0	
22	TEXTILE MILL PRODUCTS		0	10	4	13	27						
	220	2.2	0	1	1	0	2	0.0	2.2	2.2	0.0		
	221 Broadwoven Fabric Mills, Cotton	2.0	0	1	0	0	1	0.0	2.0	0.0	0.0		
	223 Broadwoven Fabric Mills, Wool	2.0	0	0	0	1	1	0.0	0.0	0.0	2.0		
	224 Narrow Fabric Mills	2.0	0	1	1	1	3	0.0	2.0	2.0	2.0		
	225 Knitting Mills	0.5	0	2	1	3	6	0.0	1.0	0.5	1.5		
	226 Textile Finishing, Except Wool	2.2	0	1	1	1	3	0.0	2.2	2.2	2.2		
	227 Carpets & Rugs	2.0	0	0	0	2	2	0.0	0.0	0.0	4.0		
	228 Yarn & thread Mills	1.0	0	0	0	2	2	0.0	0.0	0.0	2.0		
	229 Miscellaneous Textile Goods	2.0	0	4	0	3	7	0.0	8.0	0.0	6.0		
	(Calculated Area)							0.0	17.4	6.9	19.7	44.0	
	Potential Area Required (ha)							0.0	4.4	0.7	1.0	6.0	
23	APPAREL & OTHER TEXTILE PRODUCTS		0	3	2	6	11						
	230	0.3	0	0	0	0	0	0.0	0.0	0.0	0.0		
	231 Men's & Boy's Suits & coat	0.4	0	1	0	2	3	0.0	0.4	0.0	0.8		
	232 Men's & Boy's Furnishing	2.0	0	0	1	0	1	0.0	0.0	2.0	0.0		
	233 Women's & Misses' Outerwear	2.0	0	1	0	1	2	0.0	2.0	0.0	2.0		
	235 Hats, Caps, & Millinery	1.0	0	0	1	0	1	0.0	0.0	1.0	0.0		
	236 Girls' & Children's Outerwear	4.0	0	0	0	1	1	0.0	0.0	0.0	4.0		
	238 Miscellaneous Apparel & Accessories	1.0	0	1	0	1	2	0.0	1.0	0.0	1.0		
	239 Misc. Fabricated Textile Products	0.7	0	0	0	1	1	0.0	0.0	0.0	0.7		
	(Calculated Area)							0.0	3.4	3.0	8.5	14.9	
	Potential Area Required (ha)							0.0	0.9	0.3	0.4	1.6	
24	LUMBER & WOOD PRODUCTS		0	0	3	3	6						
	240	4.0	0	0	1	0	1	0.0	0.0	4.0	0.0		
	243 Millwork, Plywood & Structural Members	2.8	0	0	0	1	1	0.0	0.0	0.0	2.8		
	245 Wood Buildings & Mobile Homes	7.7	0	0	0	1	1	0.0	0.0	0.0	7.7		
	249 Miscellaneous Wood Products	0.9	0	0	2	1	3	0.0	0.0	1.8	0.9		
	(Calculated Area)							0.0	0.0	5.8	11.4	17.2	
	Potential Area Required (ha)							0.0	0.0	0.6	0.6	1.2	
25	FURNITURE & FIXTURES		0	1	4	2	7						
	250	1.2	0	0	1	0	1	0.0	0.0	1.2	0.0		
	251 Household Furniture	4.0	0	1	1	0	2	0.0	4.0	4.0	0.0		
	253 Public Build. & Related Furniture	1.5	0	0	1	0	1	0.0	0.0	1.5	0.0		
	259 Miscellaneous Furniture & Fixtures	1.1	0	0	1	2	3	0.0	0.0	1.1	2.2		
	(Calculated Area)							0.0	4.0	7.8	2.2	14.0	
	Potential Area Required (ha)							0.0	1.0	0.8	0.1	1.9	

Table 6.3.8 : Potential Investors in the IMT (2/4)
(Japan, United States, United Kingdom, Germany, Singapore)

SIC Code	Short Title	Unit Area (ha)	Rank					Potential Area (ha)				Total	
			A	B	C	D	Total	Probability of investment					
			(number of companies)					A 60%	B 25%	C 10%	D 5%		
26	PAPER & ALLIED PRODUCTS		1	2	1	4	8						
	260	2.9	0	0	0	0	0	0.0	0.0	0.0	0.0		
	262 Paper Mills	0.4	0	0	0	1	1	0.0	0.0	0.0	0.4		
	267 Misc. Converted Paper Products	1.5	1	2	1	3	7	1.5	3.0	1.5	4.5		
	(Calculated Area)							1.5	3.0	1.5	4.9	10.9	
	Potential Area Required (ha)							0.9	0.8	0.2	0.2	2.0	
27	PRINTING & PUBLISHING		0	0	1	2	3						
	270	0.3	0	0	0	1	1	0.0	0.0	0.0	0.3		
	275 Commercial Printing	0.4	0	0	1	0	1	0.0	0.0	0.4	0.0		
	276 Manifold Business Forms	0.4	0	0	0	1	1	0.0	0.0	0.0	0.4		
	(Calculated Area)							0.0	0.0	0.4	0.7	1.1	
	Potential Area Required (ha)							0.0	0.0	0.0	0.0	0.1	
28	CHEMICALS & ALLIED PRODUCTS		3	10	7	6	26						
	280	7.4	0	0	0	0	0	0.0	0.0	0.0	0.0		
	281 Industrial Inorganic Chemicals	7.6	0	2	1	0	3	0.0	15.2	7.6	0.0		
	282 Plastic Materials & Synthetic	1.6	0	0	0	1	1	0.0	0.0	0.0	1.6		
	283 Drugs	3.0	0	0	2	0	2	0.0	0.0	6.0	0.0		
	284 Soap, Cleaners, & Toilet Goods	2.5	0	3	0	2	5	0.0	7.5	0.0	5.0		
	285 Paints & Allied Products	2.5	2	2	0	1	5	5.0	5.0	0.0	2.5		
	286 Industrial Organic Chemicals	15.8	0	0	1	1	2	0.0	0.0	15.8	15.8		
	287 Agricultural Chemicals	7.0	0	0	1	0	1	0.0	0.0	7.0	0.0		
	289 Misc. Chemical Products	3.0	1	3	2	1	7	3.0	9.0	6.0	3.0		
	(Calculated Area)							8.0	36.7	42.4	27.9	115.0	
	Potential Area Required (ha)							4.8	9.2	4.2	1.4	19.6	
29	PETROLEUM & COAL PRODUCTS		0	3	0	0	3						
	290	4.7	0	1	0	0	1	0.0	4.7	0.0	0.0		
	295 Asphalt Paving & Roofing Materials	4.0	0	1	0	0	1	0.0	4.0	0.0	0.0		
	299 Misc. Petroleum & Coal Products	2.0	0	1	0	0	1	0.0	2.0	0.0	0.0		
	(Calculated Area)							0.0	10.7	0.0	0.0	10.7	
	Potential Area Required (ha)							0.0	2.7	0.0	0.0	2.7	
30	RUBBER & MISC. PLASTICS PRODUCTS		1	4	6	6	17						
	300	1.9	0	0	1	0	1	0.0	0.0	1.9	0.0		
	301 Tires & Inner Tubes	13.7	0	1	0	0	1	0.0	13.7	0.0	0.0		
	302 Rubber & Plastics Footwear	0.8	1	0	0	0	1	0.8	0.0	0.0	0.0		
	305 Hose & Belting & Gaskets & Packing	2.0	0	1	0	0	1	0.0	2.0	0.0	0.0		
	306 Fabricated Rubber Products, NEC	1.0	0	0	1	3	4	0.0	0.0	1.0	3.0		
	308 Miscellaneous Plastics Products, NEC	3.0	0	2	4	3	9	0.0	6.0	12.0	9.0		
	(Calculated Area)							0.8	21.7	14.9	12.0	49.4	
	Potential Area Required (ha)							0.5	5.4	1.5	0.6	8.0	
31	LEATHER & LEATHER PRODUCTS		2	2	2	5	11						
	310	0.6	0	0	0	0	0	0.0	0.0	0.0	0.0		
	313 Footwear Cut Stock	1.0	0	0	1	0	1	0.0	0.0	1.0	0.0		
	314 Footwear, Except Rubber	0.5	1	1	1	1	4	0.5	0.5	0.5	0.5		
	315 Leather Gloves & Mittens	0.5	0	0	0	1	1	0.0	0.0	0.0	0.5		
	316 Luggage	0.5	0	0	0	1	1	0.0	0.0	0.0	0.5		
	317 Handbags & Personal Leather Goods	0.4	0	0	0	1	1	0.0	0.0	0.0	0.4		
	319 Leather Goods, NEC	0.6	1	1	0	1	3	0.6	0.6	0.0	0.6		
	(Calculated Area)							1.1	1.1	1.5	2.5	6.2	
	Potential Area Required (ha)							0.7	0.3	0.2	0.1	1.2	

Table 6.3.8 : Potential Investors in the IMT (3/4)
(Japan, United States, United Kingdom, Germany, Singapore)

SIC Code	Short Title	Unit Area (ha)	Rank					Potential Area (ha)				
			A	B	C	D	Total	Probability of investment				Total
			(number of companies)					A 60%	B 25%	C 10%	D 5%	
32	STONE, CLAY, & GLASS PRODUCTS		1	1	4	7	13					
	320	3.7	0	0	0	0	0	0.0	0.0	0.0	0.0	
	321 Flat Glass	3.0	0	0	0	1	1	0.0	0.0	0.0	3.0	
	322 Glass & Glassware, Pressed or Blown	3.0	1	0	1	0	2	3.0	0.0	3.0	0.0	
	324 Cement Hydraulic	4.0	0	0	0	1	1	0.0	0.0	0.0	4.0	
	325 Structural Clay Products	2.0	0	1	0	1	2	0.0	2.0	0.0	2.0	
	326 Pottery & Related Products	1.8	0	0	0	1	1	0.0	0.0	0.0	1.8	
	327 Concrete, Gypsum, & Plaster Products	2.0	0	0	0	1	1	0.0	0.0	0.0	2.0	
	328 Cut Stone & Stone Products	2.0	0	0	1	0	1	0.0	0.0	2.0	0.0	
	329 Misc. Nonmetallic Mineral Products	3.8	0	0	2	2	4	0.0	0.0	7.6	7.6	
	(Calculated Area)							3.0	2.0	12.6	20.4	38.0
	Potential Area Required (ha)							1.8	0.5	1.3	1.0	4.6
33	PRIMARY METAL INDUSTRIES		1	2	8	5	16					
	330	1.7	0	1	2	2	5	0.0	1.7	3.4	3.4	
	331 Basic Steel Products	6.4	0	1	1	0	2	0.0	6.4	6.4	0.0	
	332 Iron & Steel Foundries	3.3	0	0	2	0	2	0.0	0.0	6.6	0.0	
	334 Secondary Nonferrous Metals	6.3	0	0	0	1	1	0.0	0.0	0.0	6.3	
	335 Nonferrous Rolling & Drawing	6.6	1	0	2	0	3	6.6	0.0	13.2	0.0	
	336 Nonferrous Foundries (Castings)	1.4	0	0	0	1	1	0.0	0.0	0.0	1.4	
	339 Miscellaneous Primary Metal Products	2.0	0	0	1	1	2	0.0	0.0	2.0	2.0	
	(Calculated Area)							6.6	8.1	31.6	13.1	59.4
	Potential Area Required (ha)							4.0	2.0	3.2	0.7	9.8
34	FABRICATED METAL PRODUCTS		0	11	6	13	30					
	340	2.0	0	0	1	0	1	0.0	0.0	2.0	0.0	
	341 Metal Cans & Shipping Containers	2.0	0	0	1	0	1	0.0	0.0	2.0	0.0	
	342 Cutlery, Handtools, & Hardware	7.0	0	0	2	1	3	0.0	0.0	14.0	7.0	
	343 Plumbing & Heating, Except Electric	1.7	0	1	0	3	4	0.0	1.7	0.0	5.1	
	344 Fabricated Structural Metal Products	2.5	0	3	2	1	6	0.0	7.5	5.0	2.5	
	346 Metal Forging & Stampings	1.0	0	1	0	2	3	0.0	1.0	0.0	2.0	
	347 Metal Services, NEC	3.0	0	1	0	1	2	0.0	3.0	0.0	3.0	
	349 Misc. Fabricated Metal Products	1.0	0	5	0	5	10	0.0	5.0	0.0	5.0	
	(Calculated Area)							0.0	18.2	23.0	24.6	65.8
	Potential Area Required (ha)							0.0	4.6	2.3	1.2	8.1
35	INDUSTRIAL MACHINERY & EQUIPMENT		2	10	15	14	41					
	350	2.0	0	2	2	3	7	0.0	4.0	4.0	6.0	
	351 Engines & Turbines	4.0	0	0	1	1	2	0.0	0.0	4.0	4.0	
	353 Construction & Related Machinery	3.7	0	1	1	3	5	0.0	3.7	3.7	11.1	
	354 Metalworking Machinery	1.9	1	0	0	1	2	1.9	0.0	0.0	1.9	
	355 Special Industry Machinery	4.0	0	1	2	0	3	0.0	4.0	8.0	0.0	
	356 General Industrial Machinery	3.0	0	2	3	0	5	0.0	6.0	9.0	0.0	
	357 Computer & Office Equipment	1.5	0	2	4	2	8	0.0	3.0	6.0	3.0	
	358 Refrigeration & Service Machinery	5.0	0	0	1	1	2	0.0	0.0	5.0	5.0	
	359 Industrial Machinery, NEC	1.3	1	2	1	3	7	1.3	2.6	1.3	3.9	
	(Calculated Area)							3.2	23.3	41.0	34.9	102.4
	Potential Area Required (ha)							1.9	5.8	4.1	1.7	13.6

Table 6.3.8 : Potential Investors in the IMT (4/4)
(Japan, United States, United Kingdom, Germany, Singapore)

SIC Code	Short Title	Unit Area (ha)	Rank					Potential Area (ha)				Total	
			A	B	C	D	Total	Probability of investment					
			(number of companies)					A 60%	B 25%	C 10%	D 5%		
36	ELECTRONIC & OTHER ELECTRIC EQUIPMENT		6	15	15	7	43						
	360	1.3	1	2	1	2	6	1.3	2.6	1.3	2.6		
	361 Electric Distribution Equipment	5.0	0	4	0	2	6	0.0	20.0	0.0	10.0		
	362 Electrical Industrial Apparatus	5.0	1	2	3	0	6	5.0	10.0	15.0	0.0		
	363 Household Appliances	4.0	2	3	2	0	7	8.0	12.0	8.0	0.0		
	365 Household Audio & Video Equipment	4.0	0	0	1	0	1	0.0	0.0	4.0	0.0		
	366 Communications Equipment	4.0	0	1	2	1	4	0.0	4.0	8.0	4.0		
	367 Electronic Components & Accessories	5.0	1	2	3	1	7	5.0	10.0	15.0	5.0		
	369 Misc. Electrical Equipment & Supplies	4.0	1	1	3	1	6	4.0	4.0	12.0	4.0		
	(Calculated Area)							23.3	62.6	63.3	25.6	174.8	
	Potential Area Required (ha)							14.0	15.7	6.3	1.3	37.2	
37	TRANSPORTATION EQUIPMENT		2	1	4	3	10						
	370	4.1	0	0	1	1	2	0.0	0.0	4.1	4.1		
	371 Motor Vehicles & Equipment	50.0	1	0	0	0	1	50.0	0.0	0.0	0.0		
		5.0	1	1	2	1	5	5.0	5.0	10.0	5.0		
	373 Ship & Boat Building & Repairing	7.1	0	0	1	0	1	0.0	0.0	7.1	0.0		
	379 Miscellaneous Transportation Equipment	1.9	0	0	0	1	1	0.0	0.0	0.0	1.9		
	(Calculated Area)							55.0	5.0	21.2	11.0	92.2	
	Potential Area Required (ha)							33.0	1.3	2.1	0.6	36.9	
38	INSTRUMENT & RELATED PRODUCTS		2	5	7	3	17						
	380	1.1	0	1	0	0	1	0.0	1.1	0.0	0.0		
	382 Measuring & Controlling Devices	2.0	0	3	1	0	4	0.0	6.0	2.0	0.0		
	384 Medical Instruments & Supplies	2.0	1	1	3	0	5	2.0	2.0	6.0	0.0		
	385 Ophthalmic Goods	0.8	0	0	1	2	3	0.0	0.0	0.8	1.6		
	386 Photographic Equipment & Supplies	1.2	0	0	0	1	1	0.0	0.0	0.0	1.2		
	387 Watches, Clocks, Watchcases & Parts	1.1	1	0	2	0	3	1.1	0.0	2.2	0.0		
	(Calculated Area)							3.1	9.1	11.0	2.8	26.0	
	Potential Area Required (ha)							1.9	2.3	1.1	0.1	5.4	
39	MISCELL. MANUFACT. INDUSTRIES		2	4	1	4	11						
	390	1.0	0	0	0	0	0	0.0	0.0	0.0	0.0		
	393 Musical Instruments	1.7	0	1	0	0	1	0.0	1.7	0.0	0.0		
	394 Toys & Sporting Goods	0.8	0	1	0	1	2	0.0	0.8	0.0	0.8		
	395 Pens, Pencils, Office, & Art Supplies	0.8	0	1	0	2	3	0.0	0.8	0.0	1.6		
	396 Costume Jewelry & Notions	0.7	0	0	1	0	1	0.0	0.0	0.7	0.0		
	399 Miscellaneous Manufactures	1.9	2	1	0	1	4	3.8	1.9	0.0	1.9		
	(Calculated Area)							3.8	5.2	0.7	4.3	14.0	
	Potential Area Required (ha)							2.3	1.3	0.1	0.2	3.9	
Total			25	90	94	106	315						
Potential Companies			15	23	9	5	52						
(Calculated Area, ha)								114.4	250.1	303.4	232.3	900.2	
Potential Area Required (ha)								68.6	62.5	30.3	11.6	173.1	



Chapter 7

Conceptual Development of the IMT



Chapter 7 Conceptual Development of IMT

7.1 Basic Concept for the Development of IMT

The IMT development follows the basic concept of the Master Plan Study and also incorporates the results of this feasibility study and the Investment Demand Survey explained in the previous chapter. The development concept for the IMT is described as follows.

1. The site for the IMT is the same as that mentioned in the Master Plan Study.
2. In terms of land-use, the total area will be divided into industrial zone and urban zone.
3. High-growth industries such as electronics, etc., will be the main target industries for the IMT. Also, supporting industries for these high-growth industries mainly in the manufacturing and distribution activities will be targeted.
4. The industries which are conducive to the characteristics of the IMT site such as availability of raw materials, marketability of products in the National Capital Region, transportation, potential for inducing industrial growth etc., will be considered when selecting the industries for the IMT. Also, full consideration shall be given to intentions of the potential industries (as described in the previous chapter on Investment Demand Survey) and local demands of the Haryana State.
5. Large to medium scale industries including multinational and foreign companies will be the target industries for the IMT. Small scale local industries will not be considered for the IMT.
6. Industries such as coastal industries which require large amount of water and electricity per industrial unit will not be eligible for entrance to IMT.
7. The basic facilities and services required by the potential industries in the IMT, for manufacturing, transportation and usage of their products, will be located within the IMT after taking into consideration the facilities and services available in the surrounding area.
8. Basic infrastructure such as main roads, water supply etc. will be developed in the first stage of development. Further facilities will be developed in a phased manner according to the actual requirements and the growth in the number of industries in the IMT.

Also, the type of potential industries and their scale as described in the Master Plan Study will be reviewed.

7.2 Selection of Suitable Industries for IMT

The selection of suitable industries for the IMT will be done based on the overall evaluation of the results of (i) analysis of suitability of industries and, (ii) Investment Demand Survey, as shown in Fig 7.2.1.

Since there are numerous types of industries, the candidate industries for the IMT are first short-listed. From these candidate industries, industries suitable for the IMT are selected as follows.

7.2.1 Short-listing of Candidate Industries

In order to short-list the candidate industries, the industries are classified into 10 broad groups. This classification of industries is based on several criteria including the business climate of the area, the characteristics of the IMT site such as closeness to raw materials and markets, type and availability of infrastructure such as electricity, roads, water supply etc., and industrial policy of Haryana and Central governments. The various factors and their relationships which were used in the classification of the industries into the 10 broad groups are shown in Fig. 7.2.2. The industries belonging to any one of the 10 broad groups are short-listed as a candidate industry for the IMT.

These 10 broad group of industries and their characteristics are as follows:

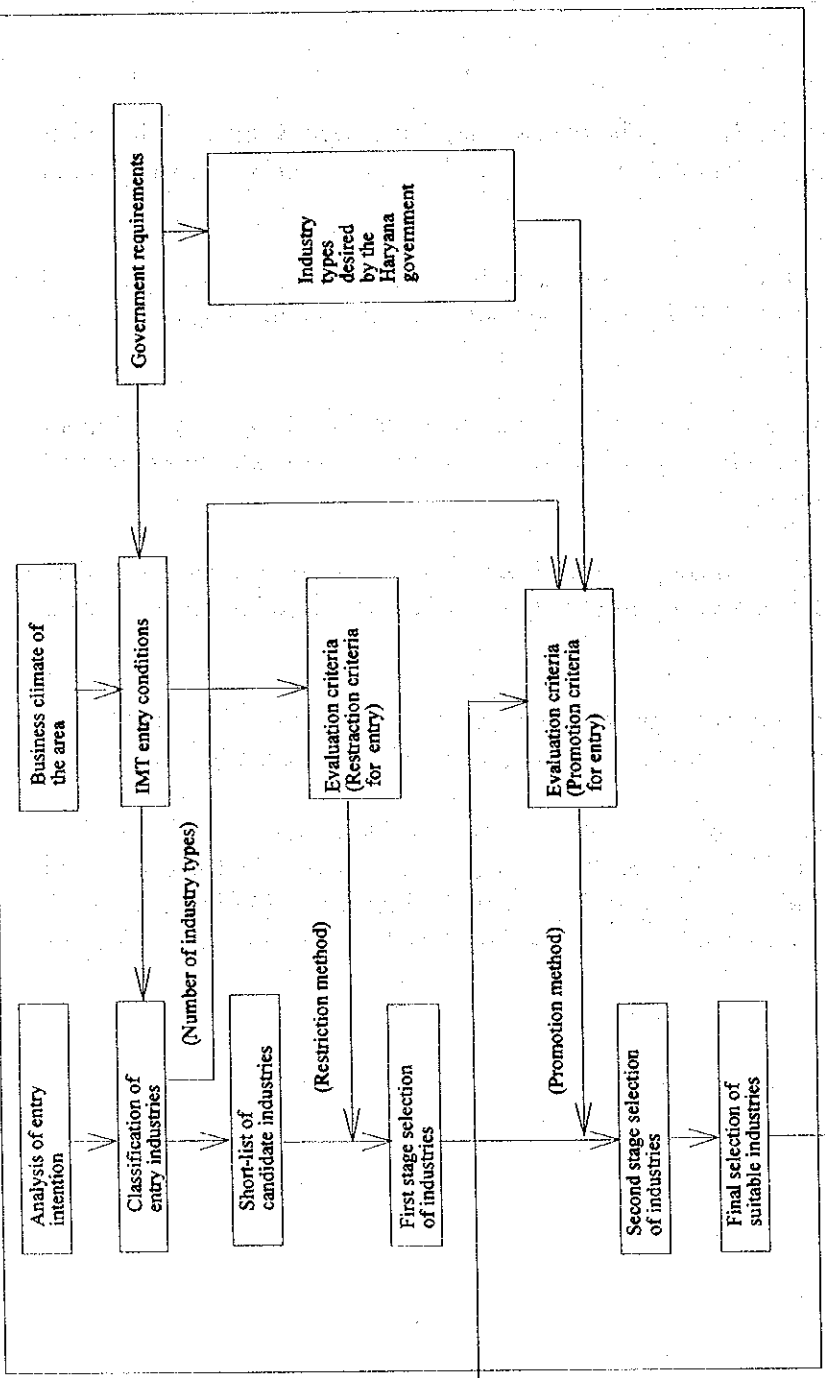
1. **Metro-dependent Industries** : These industries are mainly dependent on the marketability of their products in large and metropolitan areas and are located in and around them. They mainly consist of light industries.
2. **High-Tech industries** : These industries require high and advanced technologies for manufacturing, and are located in good physical environment. They consist mainly of machinery and chemical industries.
3. **Distribution and processing industries** : These industries mainly depend on distribution and processing of goods as opposed to manufacturing and are located at sites close to their markets having good transport facilities.
4. **Airport-dependent industries** : These industries are dependent on airport for transporting their goods or consist of aircraft related industries. They are located near airports.
5. **Technical collaboration industries**: These industries are located in areas where there are a large number of industries and availability of technology. They consist mainly of machinery and chemical industries.
6. **Information-technology industries** : These industries are located in and around large cities, where there are large numbers of information-technology industries. They mainly consist of software and publishing industries.

7. **Industrial collaboration industries** : These industries have joint ventures with other industries for manufacturing or distribution of their products and mainly consist of small to medium scale industries.
8. **Resource-dependent industries** : These industries are located in areas having a good supply of resources such as electricity, water supply etc., and mainly consist of food processing and chemical industries.
9. **Labor-intensive industries** : Production in these industries require a large supply of labor as opposed to machines and mainly consist of light and machinery industries in and around large metropolitan population bases.
10. **Subsidiary industries** : These industries, located near their parent companies, take orders for production of parts or for processing from their parent company and are mainly small or affiliated companies.

The detailed list of all the different types of industries is shown in Table 7.2.1. The "Japan Standard Industrial Classification" system has been used to classify the industries.

The industries belonging to any one of the 10 broad groups of industries are short-listed as candidate industries for the IMT. The short-listed industries are also shown in Table 7.2.1 and are marked with a bold circle (● symbol). Out of the total 155 industries, 137 industries (131 manufacturing and 6 non-manufacturing) have been short-listed as candidate industries for the IMT.

(Chapter 7 Selection of Industry Types for Entry to IMT)



(Chapter 6 Investment Demand Survey)

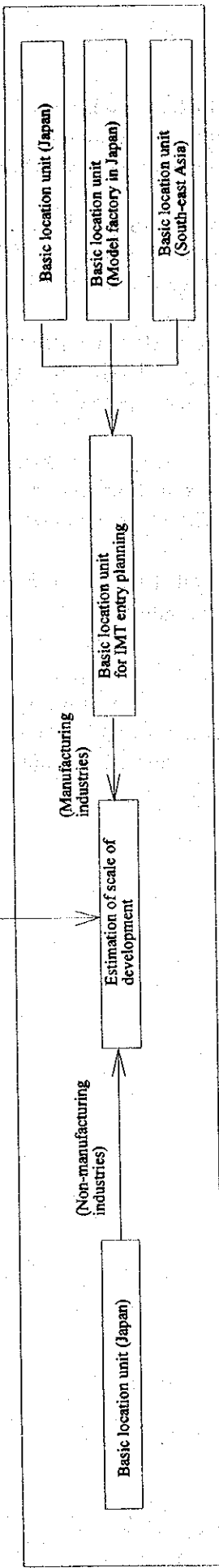
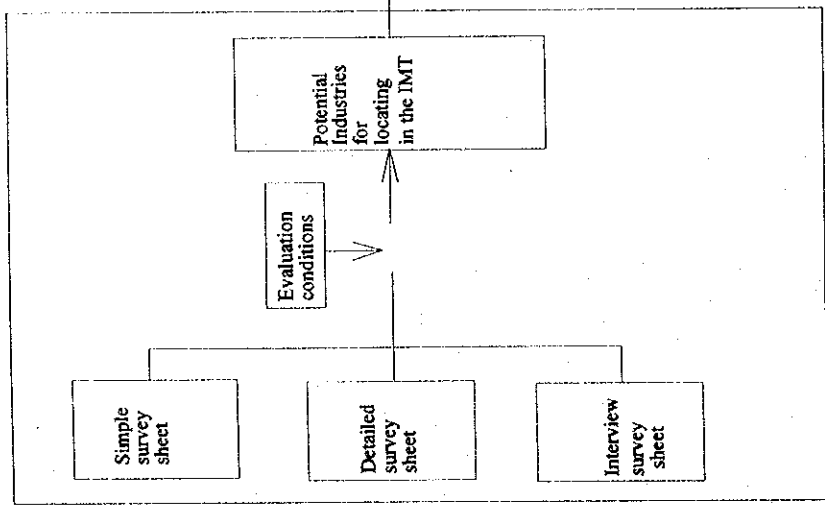


Fig. 7.2.1 : Flow chart for selection of suitable industries for the IMT and scale of development

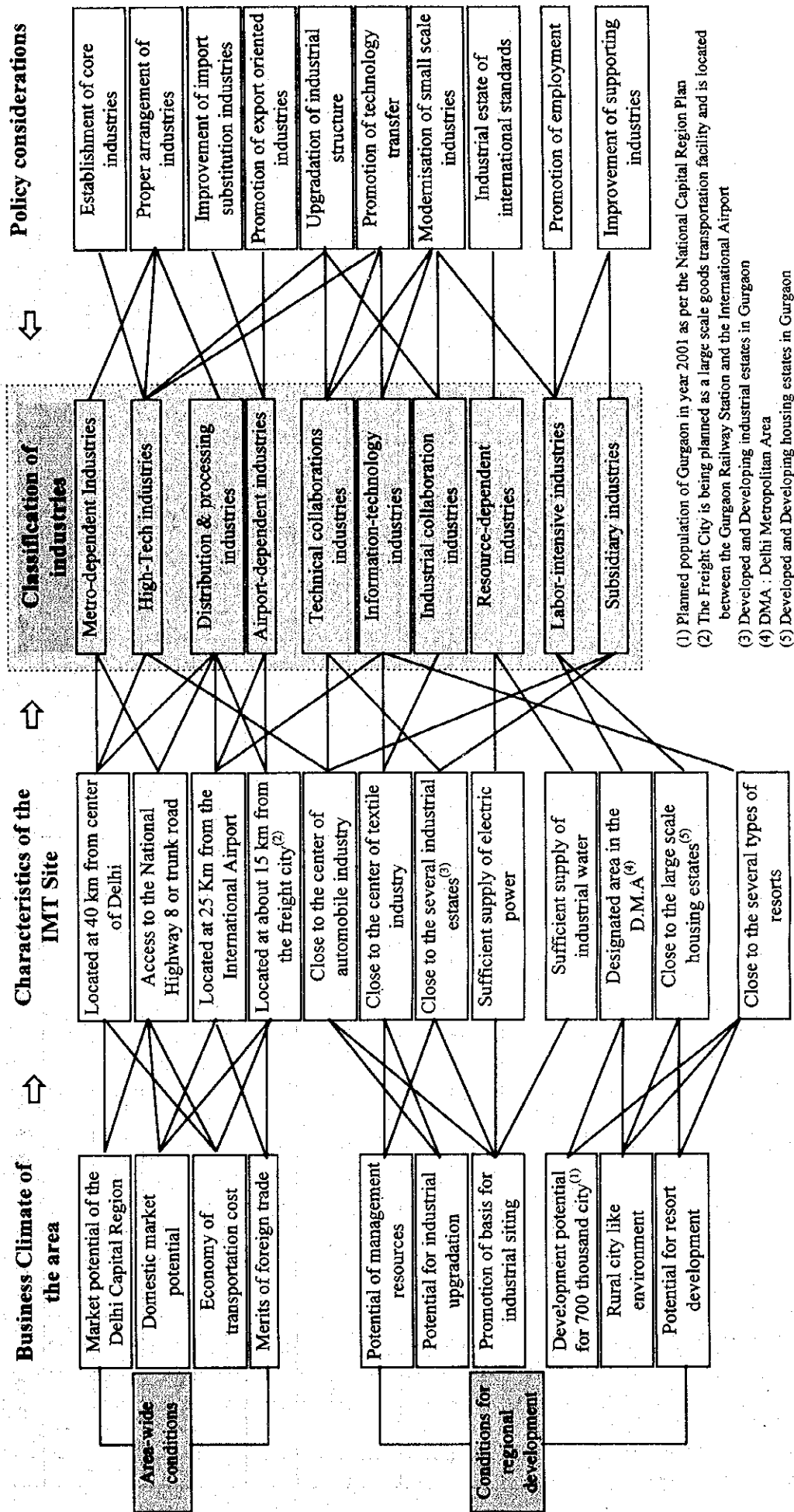


Fig 7.2.2 : Relational diagram for the classification of industries

Table 7.2.1 : Short-Listing of Candidate Industries

Classified group of Industries List of Industries	Metro-Dependent	High-Tech	Distribution & Processing	Airport-Dependent	Technical Collaboration	Information-Technology	Industrial Collaboration	Resource-Dependent	Labor-Intensive	Subsidiary	Short-Listed
(Manufacturing)											
Food, Beverage, Feed											
Live-stock products							✓	✓			●
Seafood processing							✓				●
Vegetables canned								✓			●
Seasonings	✓						✓				●
Suger processing								✓			●
Flour & Grainmill	✓										●
Bakery & Confectionary							✓		✓		●
Oils & Fats	✓							✓			●
Miscel. food								✓			●
Soft drinks, Carb.wat.			✓								●
Alcoholic beverage							✓				●
Tea & Coffee								✓			●
Ice								✓			●
Animal foods & Fertil											●
Tobacco											●
Textile & Apparel											
Silk relling								✓			●
Spinning mills								✓			●
Twisting & Bulky yarns								✓			●
Woven fabric mills			✓				✓	✓			●
Knitting mills							✓		✓		●
Dyed, finished textile							✓	✓			●
Ropes & Nettings											●
Lace & other Textile											●
Miscel. textile mill							✓				●
Outer garment	✓		✓				✓		✓		●
White shirt, underwear									✓		●
Fur apparel & acessor.	✓										●
Hats	✓								✓		●
Miscel. fabricated tex.											●
Lumber & Furniture											
Sawing, planing mills							✓				●
Millwork, Plywood	✓										●
Wooden containers										✓	●
Miscel. wood products											●
Furniture & Fixture	✓				✓						●
Religious furniture									✓		●
Sliding doors & screen											●
Miscel. furniture											●

List of Industries	Classified group of Industries										
	Metro-Dependent	High-Tech	Distribution & Processing	Airport-Dependent	Technical Collaboration	Information-Technology	Industrial Collaboration	Resource-Dependent	Labor-Intensive	Subsidiary	Short-Listed
Paper											
Pulp								✓			●
Paper								✓			●
Coated & glazed paper	✓							✓			●
Paper products	✓										●
Paper containers										✓	●
Miscel. pulp, paper								✓			●
Publishing, Printing											
Newspaper						✓			✓		●
Publishing	✓								✓		●
Printing	✓										●
Plate making	✓										●
Book-binding, Print. mat									✓		●
Service industries											●
Chemical											
Chemical fertilizers								✓			●
Inorganic chemicals					✓			✓			●
Organic chemicals					✓			✓			●
Chemical fibres								✓			●
Oil & Fat prod., Soaps					✓						●
Drugs & Medicines		✓		✓					✓		●
Miscel. chemical	✓								✓		●
Petroleum & Coal											
Petroleum refining								✓			●
Lubricating oils	✓				✓						●
Coke								✓			●
Briquettes & br. Balls									✓		●
Paving materials								✓			●
Miscel. petroleum								✓			●
Plastic											
Plates, bars, rods, tubes	✓							✓			●
Films, sheets	✓							✓			●
Indust. plastic prod.	✓									✓	●
Foamed & reinforced	✓							✓		✓	●
Compounding pl. mater.	✓										●
Miscel. plast. prod.	✓										●
Rubber products											
Tyres & Tubes											●
Rub. & plast. Footwear	✓										●
Rubber belts & Hoses	✓										●
Miscel. rubber prod.	✓										●

List of Industries	Classified group of Industries										
	Metro-Dependent	High-Tech	Distribution & Processing	Airport-Dependent	Technical Collaboration	Information-Technology	Industrial Collaboration	Resource-Dependent	Labor-Intensive	Subsidiary	Short-Listed
Leather											
Tanning & Finishing	✓							✓			●
Mechanical leather pr.	✓										●
Boot, Shoe stock, Find.	✓										●
Footwear	✓										●
Gloves & Mittens	✓								✓		●
Luggage	✓										●
Handbags	✓										●
Fur skins											●
Miscel. leather prod.	✓										●
Celamic, Stone											
Glass			✓		✓			✓	✓		●
Cement								✓			●
Structural clay								✓	✓		●
Pottery		✓					✓	✓			●
Clay refractories								✓			●
Carbon & Graphite								✓			●
Abrasive									✓		●
Aggregate & Stone							✓	✓	✓		●
Miscel. ceramic, stone	✓							✓			●
Iron, Steel											
With blast furnaces								✓			●
Without blast furnaces								✓			●
Steel, with rolling f.								✓			●
Steel materials	✓							✓			●
Coated steel	✓							✓			●
Steel forgings, casting								✓			●
Iron castings								✓			●
Miscel. iron & steel	✓		✓				✓				●
Nonferrous metals											
Primary smelting, ref.								✓			●
Secondary smelt., ref.	✓							✓			●
Rolling of nonf. metals								✓			●
Electric wire & cable		✓									●
Nonferrous foundries							✓	✓			●
Miscel. nonfer. metal	✓							✓		✓	●
Fabricated-metal											
Tin cans											●
Tableware, Cutlery							✓				●
Heating apparatus											●
Constructional	✓		✓								●

List of Industries	Classified group of Industries										
	Metro-Dependent	High-Tech	Distribution & Processing	Airport-Dependent	Technical Collaboration	Information-Technology	Industrial Collaboration	Resource-Dependent	Labor-Intensive	Subsidiary	Short-Listed
Fabricated-metal(cont.)											
Powder metallurgy	✓										●
Fabricated wire								✓			●
Bolts, nuts, rivets										✓	●
Miscel. fab. metal prod.	✓									✓	●
General machinery											
Boilers, Engines	✓				✓						●
Agricultural machinery					✓						●
For construction					✓						●
Metal working machin.	✓				✓						●
Textile machinery					✓						●
Special ind. machinery					✓						●
General ind. machinery					✓						●
Office, service ind. mac					✓						●
Miscel. machinery	✓	✓			✓					✓	●
Electrical machinery											
Generating, Transmiss.	✓				✓						●
Household appliances					✓						●
Bulbs & lighting fix.					✓						●
Communication equip.					✓						●
Data processing mach.		✓			✓						●
Electronic equip.		✓			✓	✓					●
Measuring instr.	✓				✓					✓	●
Parts for elect. appl.	✓	✓		✓	✓						●
Miscel. elect. mach. equi	✓				✓						●
Transportation equipment											
Motor vehicles			✓		✓						●
Railroad equip.	✓				✓						●
Bicycles & parts	✓										●
Ship building & repair					✓						●
Aircraft & parts		✓		✓	✓						●
Miscel. transport.										✓	●
Precision instruments											
Measuring, analytical					✓						●
Surveying inst.	✓				✓						●
Medical inst.	✓				✓						●
Physical & chemical	✓				✓				✓		●
Optical inst. & lenses					✓						●
Ophthalmic goods							✓		✓		●
Watches, clocks					✓						●

List of Industries	Classified group of Industries										
	Metro-Dependent	High-Tech	Distribution & Processing	Airport-Dependent	Technical Collaboration	Information-Technology	Industrial Collaboration	Resource-Dependent	Labor-Intensive	Subsidiary	Short-Listed
Others											
Precious metal prod.				✓							●
Musical instruments					✓						●
Toys & Sporting goods	✓						✓				●
Pens, Stationery	✓										●
Jewellery, Accessories											●
Lacquer ware							✓				●
Ind. not classified											●
(Non-Manufacturing)											
Warehouse estate			✓	✓							●
Energy distribution center			✓								●
Mart place	✓		✓			✓					●
Cleaning factory	✓										●
Car repair factory	✓										●
Soft ware park		✓			✓						●