

An Analytical Study of FDI in India (2000-2015)

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Abstract- Foreign Direct investment plays a very important role in the development of the nation. Sometimes domestically available capital is inadequate for the purpose of overall development of the country. Foreign capital is seen as a way of filling in gaps between domestic savings and investment. India can attract much larger foreign investments than it has done in the past. The present study has focused on the trends of FDI Flow in India during 2000-01 to 2014-15 (up to June, 2015).

The study also highlights country wise approvals of FDI inflows to India and the FDI inflows in different sector for the period April 2000 to June 2015. The study based on Secondary data which have been collected through reports of the Ministry of Commerce and Industry, Department of Industrial Promotion and Policy, Government of India, Reserve Bank of India, and World Investment Report. The study concludes that Mauritius emerged as the most dominant source of FDI contributing. It is because the India has Double Taxation Avoidance Agreement (DTAA) with Mauritius and most of the foreign countries like to invest in service sector.

Index Terms- foreign direct investment; economic growth, FDI 2000 to 2015.

I. INTRODUCTION

Foreign Direct Investment (FDI) is a type of investment in to an enterprises in a country by another enterprises located in another country by buying a company in the target country or by expanding operations of an existing business in that country. In the era of globalization FDI takes vital part in the development of both developing and developed countries.

FDI has been associated with improved economic growth and development in the host countries which has led to the emergence of global competition to attract FDI.

FDI offers number of benefits like overture of new technology, innovative products, and extension of new markets, opportunities of employment and introduction of new skills etc., which reflect in the growth of income of any nation.

Foreign direct investment is one of the measures of growing economic globalization. Investment has always been an issue for the developing economies such as India. The world has been globalizing and all the countries are liberalizing their policies for welcoming investment from countries which are abundant in capital resources. The countries which are developed are focusing on new markets where there is availability of abundant labors, scope for products, and high profits are achieved. Therefore Foreign Direct Investment (FDI) has become a battle ground in the emerging markets.

Foreign investment plays a significant role in development of any economy as like India. Many countries provide many incentives for attracting the foreign direct investment (FDI). Need of FDI depends on saving and investment rate in any country. Foreign Direct investment acts as a bridge to fulfill the gap between investment and saving. In the process of economic development foreign capital helps to cover the domestic saving constraint and provide access to the superior technology that promote efficiency and productivity of the existing production capacity and generate new production opportunity.

India's recorded GDP growth throughout the last decade has lifted millions out of poverty & made the country a favoured destination for foreign direct investment. A recent UNCTAD survey projected India as the second most important FDI destination after China for transnational corporations during 2010-2015. Services, telecommunication, construction activities, computer software & hardware and automobile are major sectors which attracted higher inflows of FDI in India. Countries like Mauritius, Singapore, US & UK were among the leading sources of FDI in India.

FDI inflow routes: An Indian company may receive Foreign Direct Investment under the two routes as given under:

1. Automatic Route: FDI in sectors /activities to the extent permitted under the automatic route does not require any prior approval either of the Government or the Reserve Bank of India.

2. Government Route: FDI in activities not covered under the automatic route requires prior approval of the Government which are considered by the Foreign Investment Promotion Board (FIPB), Department of Economic Affairs, and Ministry of Finance.

FDI is not permitted in the following industrial sectors:

- Arms and ammunition.
- Atomic Energy,
- Railway Transport.
- Coal and lignite.
- Mining of iron, manganese, chrome, gypsum, sulphur, gold, diamonds, copper, zinc.
- Lottery Business
- Gambling and Betting
- Business of Chit Fund
- Agricultural (excluding Floriculture, Horticulture, Development of seeds, Animal Husbandry, Pisciculture and cultivation of vegetables, mushrooms, etc. under controlled conditions and services related to agro and

allied sectors) and Plantations activities (other than Tea Plantations) .

- Housing and Real Estate business.
- Trading in Transferable Development Rights (TDRs).
- Manufacture of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.
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II. REVIEW OF LITERATURE

Singh Kr. Arun and Agarwal P.K., (2012) "Foreign direct investment: The big bang in Indian retail". In this article they have studied the relation of foreign investment and Indian retail business. The study is based on different literatures, case studies and analysis of organised retail market. The author discusses the policy development for FDI in the two retail categories: single brand and multi brand. The author concludes that FDI in multi brand retail should be considered, better technology and employment. The paper also concludes that openness of FDI in India would help India to integrate into worldwide market.

Dr. Mamata Jain and Mrs. Meenal Lodhana Sukhlecha, (2012), "FDI in multi brand retail: Is it the need of the hour?" The paper studies the need of the retail community to invite FDI in retailing. The study is under taken through analysis of positive and negative impacts of reforms. The study shows various advantages of FDI, which suggests for foreign participation in retailing, but the author also suggests that the ceiling should not exceed 51% even for single brands to ensure check and control on business operations.

Rajalakshmi K. and Ramachandran F., (2011), "Impact of FDI in India's automobile sector with reference to passenger car segment." The author has studied the foreign investment flows through the automobile sector with special reference to passenger cars. The research methodology used for analysis includes the use of ARIMA, coefficient, linear and compound model. The period of study is from 1991 to 2011. This paper is an empirical study of FDI flows after post liberalisation period. The author has also examined the trend and composition of FDI flow and the effect of FDI on economic growth. The author has also identified the problems faced by India in FDI growth of automobile sector through suggestions of policy implications.

Dr. S N Babar and Dr. B V Khandare, (2012), "Structure of FDI in India during globalisation period". The study is mainly focused on changing structure and direction of India's FDI during globalisation period. The study is done through analysis of benefits of FDI for economic growth. The study has been done through sectoral analysis of FDI participation, as well as through study of country wise flow of foreign inflow in India till 2010.

Singh (2009) stated in their study that foreign direct investment (FDI) policies play a major role in the economic growth of developing countries around the world. Attracting FDI inflows with conducive policies has therefore become a key battleground in the emerging markets. The paper highlighted the trend of FDI in India after the sector-wise economic reforms.

Devajit (2012) conducted the study to find out the impact of foreign direct investments on Indian economy and concluded that Foreign Direct Investment (FDI) as a strategic component of investment is needed by India for its sustained economic growth and development through creation of jobs, expansion of existing

manufacturing industries, short and long term project in the field of healthcare, education, research and development.

Sharma Reetu and Khurana Nikita (2013) in their study on the sector-wise distribution of FDI inflow to know about which has concerned with the chief share, used a data from 1991-92 to 2011-2012 (post-liberalization period). This paper also discusses the various problems about the foreign direct investment and suggests the some recommendations for the same. In this study found that, Indian economy is mostly based on agriculture. So, there is a most important scope of agriculture services. Therefore, the foreign direct investment in this sector should be encouraged.

III. FDI POLICY FRAMEWORK IN INDIA

Policy regime is one of the key factors driving investment flows to a country. Apart from underlying overall fundamentals, ability of a nation to attract foreign investment essentially depends upon its policy regime - whether it promotes or restrains the foreign investment flows.

This section undertakes a review of India's FDI policy framework. There has been a sea change in India's approach to foreign investment from the early 1990s when it began structural economic reforms about almost all the sectors of the economy.

a) Pre-Liberalisation Period:

Historically, India had followed an extremely careful and selective approach while formulating FDI policy in view of the governance of „import-substitution strategy“ of industrialisation. The regulatory framework was consolidated through the enactment of Foreign Exchange Regulation Act (FERA), 1973 wherein foreign equity holding in a joint venture was allowed only up to 40 per cent. Subsequently, various exemptions were extended to foreign companies engaged in export oriented businesses and high technology and high priority areas including allowing equity holdings of over 40 per cent. Moreover, drawing from successes of other country experiences in Asia, Government not only established special economic zones (SEZs) but also designed liberal policy and provided incentives for promoting FDI in these zones with a view to promote exports.

The announcements of Industrial Policy (1980 and 1982) and Technology Policy (1983) provided for a liberal attitude towards foreign investments in terms of changes in policy directions. The policy was characterised by de-licensing of some of the industrial rules and promotion of Indian manufacturing exports as well as emphasising on modernisation of industries through liberalised imports of capital goods and technology. This was supported by trade liberalisation measures in the form of tariff reduction and shifting of large number of items from import licensing to Open General Licensing (OGL).

b) Post-Liberalisation Period:

A major shift occurred when India embarked upon economic liberalisation and reforms program in 1991 aiming to raise its growth potential and integrating with the world economy. Industrial policy reforms slowly but surely removed restrictions on investment projects and business expansion on the one hand and allowed increased access to foreign technology and funding on the other. A series of measures that were directed towards liberalizing foreign investment included:

1) Introduction of dual route of approval of FDI–RBI’s automatic route and Government’s approval (SIA/FIPB) route.

2) Automatic permission for technology agreements in high priority industries and removal of restriction of FDI in low technology areas as well as liberalisation of technology imports.

3) Permission to Non-resident Indians (NRIs) and Overseas Corporate Bodies (OCBs) to invest up to 100 per cent in high priorities sectors.

4) Hike in the foreign equity participation limits to 51 per cent for existing companies and liberalisation of the use of foreign “brands name”.

5) Signing the Convention of Multilateral Investment Guarantee Agency (MIGA) for protection of foreign Investments.

These efforts were boosted by the enactment of Foreign Exchange Management Act (FEMA), 1999 [that replaced the Foreign Exchange Regulation Act (FERA), 1973] which was less stringent. In 1997, Indian Government allowed 100% FDI in cash and carry wholesale and FDI in single brand retailing was allowed 51% in June, 2006. After a long debate, further amendment was made in December, 2012 which led FDI to 100% in single brand retailing and 51% in multiple brand retailing.

IV. OBJECTIVES AND METHODOLOGY

A. Research Objectives :

- To discuss the FDI policy framework in India.
- To identify the various determinants of FDI.
- To understand the need for FDI in India.
- To Study the trends of FDI Flow in India during 2000-01 to 2014-15 (up to June, 2015).
- To analysis the FDI flows as to identify country wise approvals of FDI inflows to India.
- To analysis sector wise inflow of FDI in India.
- To identify the problems relating to low inflow of FDI and to make suitable suggestions for attracting more FDI inflow to India.

B. RESEARCH METHODOLOGY :

- ❖ **Type of research:** - Quantitative & Analytical Research.
- ❖ **Data:** - Data of Manufacturing, Services & Construction, Real estate, mining sectors etc. from year April 2000 to June 2015 is considered for the study.
- ❖ **Data Collection Method:** - Secondary data from different web sites & reports of RBI, CEDAR-USIBC report on FDI, reports of Asian development bank.
- ❖ **Sources of data collection:** -

The study is based on published sources of data collected from various sources. The data was extracted from the following sources:

- Handbook of Statistics on the Indian economy, RBI.
- Economic Survey, Government of India.
- Department of Industrial Policy and Promotion (DIPP).
- Secretariat of Industrial Assistance (SIA).
- Central Statistical Organization (CSO).

This research is a descriptive study in nature. The secondary data was collected from various journals, magazines, and websites particularly from the Department of Industrial Policy & Promotion, Ministry of Commerce and Industry, India stat etc. Simple percentages have been used to defect the growth rate of India. Graphs and tables have also been used where ever required to depict statistical data of FDI during the study period. The time period of the study has been taken from the April 2000 to June 2015.

CURRENT STATUS OF FDI IN INDIA RETAIL SECTOR:-

As of June 2015, the Government of India allowed FDI in single and multi brand retailing along with the following conditions:-

1) Up to 100% FDI in single brand retail trading.

- By only one non-resident entity whether owner or the brand or otherwise.
- 30% domestic sourcing requirement eased to preferable sourcing rather than compulsory.
- Further clarification on FDI companies that cannot engage in B2C e-commerce.
- Products to be sold should be of a “single brand”. Product should be sold under the same brand internationally.
- “Single brand” product retailing would cover only products, which are branded during manufacturing.

2) Up to 51% FDI in multi brand retail trading.

- At least 100 million US\$ must be invested into Indian company.
- At least 50% of the total FDI is to be invested in back end infrastructure within 3 years.
- At least 30% of the value of procurement of processed product shall be sourced from Indian small industry.
- Fresh agriculture produce is permitted to be sold unbranded.
- Indian states have been given the discretion to accept or refuse the implementation of FDI.
- Retail outlets can be set up in cities having population of at least 1 million.
- Application needs to be approved by two levels at Department of Industrial Policy and Promotion and Foreign Investment Promotion Board.

CURRENT STATUS OF FDI IN INDIA SERVICE SECTOR:-

FDI plays a major role in the dynamic growth of the service sector. The service sector in India has tremendous growth potential and as a result it attracts huge FDI.

- The Computer Software and Hardware enjoy the permission of 100% FDI under automatic route.
- The limit of FDI in Telecom sector was increased from 49% to 74%. FDI up to 49% is permissible under automatic route but FDI in the licensee company/Indian promoters including their holding companies shall require approval of FIPB.

PROBLEMS FOR LOW FDI FLOW TO INDIA:-

India, the largest democratic country with the second largest population in the world, with rule of law and a highly educated English speaking work force, the country is considered as a safe haven for foreign investors.

Yet, India seems to be suffering from a host of self-imposed restrictions and problems regarding opening its markets completely to global investors by implementing full scale economic reforms. Some of the major impediments for India's poor performance in the area of FDI are: political instability, poor infrastructure, confusing tax and tariff policies, Draconian labour laws, well entrenched corruption and governmental regulations.

1. Lack of adequate infrastructure:

It is cited as a major hurdle for FDI inflows into India. This bottleneck in the form of poor infrastructure discourages foreign investors in investing in India. India's age old and biggest infrastructure problem is the supply of electricity. Power cuts are considered as a common problem and many industries are forced to close their business.

2. Stringent labor laws:

Large firms in India are not allowed to retrench or layoff any workers, or close down the unit without the permission of the state government. These laws protect the workers and thwart legitimate attempts to restructure business. To retrench unnecessary workers, firms require approval from both employees and state governments-approval that is rarely given. Further, Trade Unions extort huge sums from companies through over-generous voluntary retirement schemes.

3. Corruption:

Corruption is found in nearly every public service, from defense to distribution of subsidized food to the poor people, to the generation and transmission of electric power. The combination of legal hurdles, lack of institutional reforms, bureaucratic decision-making and the allegations of corruption at the top have turned foreign investors away from India.

4. Lack of decision making authority with the state governments:

The reform process of liberalizing the economy is concentrated mainly in the Centre and the State Governments are not given much power. In most key infrastructure areas, the central government remains in control. Brazil, China, and Russia are examples where regional governments take the lead in pushing reforms and prompting further actions by the central government.

5. Limited scale of export processing zones:

India's export processing zones have lacked dynamism because of several reasons, such as their relatively limited scale; the Government's general ambivalence about attracting FDI; the unclear and changing incentive packages attached to the zones; and the power of the central government in the regulation of the zones. India which established its first Export Processing Zone (EPZ) in 1965 has failed to develop the zones when compared to China which took initiative for establishment only in 1980.

6. High corporate tax rates:

Corporate tax rates in East Asia are generally in the range of 15 to 30 percent, compared with a rate of 48 percent for foreign companies in India. High corporate tax rate is definitely a major disincentive to foreign corporate investment in India.

7. Indecisive government and political instability:

There were too many anomalies on the government side during past two decades and they are still affecting the direct inflow of FDI in India such as mismanagement and oppression by the different company, which affect the image of the country and also deject the prospective investor, who is very much conscious about safety and constant return on their investment.

DETERMINANTS OF FDI:-

The determinant varies from one country to another due their unique characteristics and opportunities for the potential investors. In specific the determinants of FDI in India are:

1) Stable policies:

India stable economic and socio policies have attracted investors across border. Investors prefer countries which stable economic policies. If the government makes changes in policies which will have effect on the business. The business requires a lot of funds to be deployed and any change in policy against the investor will have a negative effect.

2) Economic factors:

Different economic factors encourage inward FDI. These include interest loans, tax breaks, grants, subsidies and the removal of restrictions and limitation. The government of India has given many tax exemption and subsidies to the foreign investors who would help in developing the economy.

3) Cheap and labour:

There is abundant labour available in India in terms of skilled and unskilled human resources. Foreign investors will to take advantage of the difference in the cost of labour as we have cheap and skilled labours. Example: Foreign firms have invested in BPO's in India which require skilled labour and we have been providing the same.

4) Basic infrastructure:

India though is a developing country, it has developed special economic zone where there have focused to build required infrastructure such as roads, effective transportation and registered carrier departure worldwide, Information and communication network/technology, powers, financial institutions, and legal system and other basic amenities which are must for the success of the business.

A sound legal system and modern infrastructure supporting an efficient distribution of goods and services in the host country.

5) Unexplored markets:

In India there is large scope for the investors because there is a large section of markets have not explored or unutilized. In India there is enormous potential customer market with large middle class income group who would be target group for new markets.

Example: BPO was one sector where the investors had large scope exploring the markets where the service was provided with just a call, with almost customer satisfaction.

6) Availability of natural resources:

As we that India has large volume of natural resources such as coal, iron ore, Natural gas etc. If natural resources are available they can be used in production process or for extraction of mines by the foreign investors.

V. NEED FOR FDI IN INDIA

As India is a developing country, capital has been one of the scare resources that are usually required for economic development. Capital is limited and there are many issues such as Health, poverty, employment, education, research and development, technology obsolesce, global competition.

The flow of FDI in India from across the world will help in acquiring the funds at cheaper cost, better technology, employment generation, and upgraded technology transfer, scope for more trade, linkages and spillovers to domestic firms. The following arguments are advanced in favour of foreign capital.

1) Sustaining a high level of investment:

As all the under-developed and the developing countries want to industrialize and develop themselves, therefore it becomes necessary to raise the level to investment substantially. Due to poverty and low GDP the saving are low. Therefore there is a

need to fill the gap between income and savings through foreign direct investments.

2) Technological gap:

In Indian scenario we need technical assistance from foreign source for provision if expert services, training of Indian personnel and educational, research and training institutions in the industry. It only comes through private foreign investment or foreign collaborations.

3) Exploitation of natural resources:

In India we have abundant natural resources such as coal, iron and steel but to extract the resources we require foreign collaboration.

4) Understanding the initial risk:

In developing countries as capital is a scare resource, the risk of investments in new ventures or projects for industrialization is high. Therefore foreign capital helps in these investments which require high risk.

5) Development of basic economic infrastructure:

In the recent years foreign financial institutions and government of advanced countries have made substantial capital available to the under developed countries. FDI will help in developing the infrastructure by establishing firm's different parts of the country.

There are special economic zones which have been developed by government for improvising the industrial growth.

6) Improvement in the balance of payments position:

The inflow FDI will help in improving the balance of payment. Firms which feel that the goods produced in India will have a low cost, will produce the goods and export the same to other country. This helps in increasing the exports.

7) Foreign firm's helps in increasing the competition:

Foreign firms have always come up with better technology, process, and innovations comparing with the domestic firms. They develop a completion in which the domestic firms will perform better it survive in the market.

VI. DATA ANALYSIS AND INTERPRETATION

Fact sheet on foreign direct investment (FDI)

Table No. 1
Total FDI Inflows
(From April, 2000 to June, 2015):-

1	CUMULATIVE AMOUNT OF FDI INFLOWS (Equity inflows + 'Re-invested earnings' +'Other capital')		US\$ 380,215 Million
2	CUMULATIVE AMOUNT OF FDI EQUITY INFLOWS (excluding, amount remitted through RBI's NRI Schemes)	Rs. 1,293,303 Crore	US\$ 258,020 Million

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Source: FDI Statistics, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India, 2015.

Table 1 shows the amount of FDI inflows from April, 2000 to June, 2015. It shows the cumulative amount of FDI Inflows both in terms of Crore and in US \$ million.

Point 1 shows the sum of equity inflows, reinvested earnings and other capital. Cumulative amount of inflows are 380,215 in US \$ million. Other than this, cumulative FDI equity inflows which excludes amount remitted through RBI's-NRI schemes are 1,293,303 in Crore and 258,020 in US \$ million.

Table No. 2
FDI Inflows during Financial Year
2015-16 (June, 2015):-

1.	TOTAL FDI INFLOWS INTO INDIA (Equity inflows + 'Re-invested earnings' + 'Other capital') (As per RBI's Monthly bulletin dated: 10.08.2015).		US\$ 2,929 Million
2.	FDI EQUITY INFLOWS	Rs. 13,115 Crore	US\$ 2,054 Million

Source: FDI Statistics, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India, 2015.

Table 2 shows the amount of FDI inflows during the Financial Year, 2015(June). It shows the total amount of FDI Inflows both in terms of Crore and in US \$ million.

Point 1 shows the sum of equity inflows, reinvested earnings and other capital. Total amount of inflows are 2,929 in US \$ million. Point 2 shows the FDI equity inflows amounted 13,115 in Crore and 2,054 in US \$ million.

Table No. 3
FDI Equity Inflows (Month-wise) during the Financial Year 2015-16:-

<i>Financial Year 2015-16</i> <i>(April-March)</i>		<i>Amount of FDI Equity inflows</i>	
		<i>(In Rs. Crore)</i>	<i>(In US\$ mn)</i>
1.	April, 2015	22,620	3,605
2.	May, 2015	24,564	3,850
3.	June, 2015	13,115	2,054
2015-16 (from April, 2015 to June, 2015)		60,299	9,508
2014-15 (from April, 2014 to June, 2014)		43,171	7,235
%age growth over last year		(+) 40 %	(+) 31%

Source: FDI Statistics, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India, 2015.

The above Table 3 shows the amount of FDI inflows during Financial Year from April, 2015 to March, 2016 (up to June, 2015). It shows the amount in Rs Crore and in US \$ mn. The highest FDI inflows in the country is in the month of May 2015 i.e. 24,564 in Rs Crore and 3,850 in US \$ mn. Followed by April, 2015 and June, 2015 with inflows 22,620 in Rs. Crore (3,605 in US\$ mn) and 13,115 in Rs. Crore (2,045 in US\$ mn) respectively. It can also be observed that there is 40% growth over last year.

Table No. 4
FDI Equity Inflows (Month-wise) during the Calendar Year 2015:

<i>Calendar Year 2015</i> <i>(Jan.-Dec.)</i>		<i>Amount of FDI Equity inflows</i>	
		<i>(In Rs. Crore)</i>	<i>(In US\$ mn)</i>
1.	January, 2015	27,880	4,481
2.	February, 2015	20,397	3,288
3.	March, 2015	13,221	2,117
4.	April, 2015	22,620	3,605
5.	May, 2015	24,564	3,850
6.	June, 2015	13,115	2,054
Year 2015 (up to June, 2015) #		121,797	19,394
Year 2014 (up to June, 2014) #		90,876	14,975
%age growth over last year		(+) 34 %	(+) 30%

Source: FDI Statistics, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India, 2015.

The above Table 4 shows the amount of FDI inflows during the Calendar Year January, 2015 to December, 2015 (up to June, 2015). It shows the amount in Rs Crore and in US \$ mn. The highest FDI inflows in the country is in the month January 2015 i.e. 27,880 in Rs Crore and 4,481 in US \$ mn. Month like January 2014 have 13,589 in Rs Crore and 2,189 in US \$ mn. Comparing both we can observe that there is a 34% growth in FDI inflow.

Table No. 5
Share of Top Investing Countries FDI Equity Inflows (Financial Years):-

Ranks	Country	Amount Rupees in Crores (US\$ in millions)				
		2013-14 (April - March)	2014-15 (April - March)	2015-16 (April, 15 - June, 15)	Cumulative Inflows (April '00 - June '15)	%age to total Inflows (in terms of US \$)
1.	MAURITIUS	29,360 (4,859)	55,172 (9,030)	13,236 (2,089)	438,892 (89,644)	35 %
2.	SINGAPORE	35,625 (5,985)	41,350 (6,742)	23,320 (3,673)	190,477 (35,861)	14 %
3.	U.K.	20,426 (3,215)	8,769 (1,447)	755 (119)	110,409 (22,329)	9 %
4.	JAPAN	10,550 (1,718)	12,752 (2,084)	2,916 (459)	96,312 (18,811)	7 %
5.	NETHERLANDS	13,920 (2,270)	20,960 (3,436)	4,123 (652)	81,381 (15,323)	6 %
6.	U.S.A.	4,807 (806)	11,150 (1,824)	3,959 (627)	70,839 (14,378)	6 %
7.	GERMANY	6,093 (1,038)	6,904 (1,125)	3,497 (554)	42,007 (8,198)	3 %
8.	CYPRUS	3,401 (557)	3,634 (598)	608 (96)	39,971 (8,140)	3 %
9.	FRANCE	1,842 (305)	3,881 (635)	877 (138)	23,465 (4,651)	2 %
10.	SWITZERLAND	2,084 (341)	2,066 (337)	598 (94)	15,812 (3,139)	1 %
TOTAL FDI INFLOWS FROM ALL COUNTRIES *		147,518 (24,299)	189,107 (30,931)	60,298 (9,508)	1,293,836 (258,141)	-

Source: FDI Statistics, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India, 2015.

The above Table No.5 depicts the country having the highest FDI in India. The report shows that the MAURITIUS country has the highest foreign investor in India with 34%. After Mauritius, Singapore and U.K. invest the highest FDI in India with 14% and 9% respectively. Japan also gets 4th position with 7% FDI in India.

Table No. 6
SECTORS ATTRACTING HIGHEST FDI EQUITY INFLOWS:

Ranks	Sector	<i>Amount in Rs. Crores (US\$ in millions)</i>				
		<i>2013-14</i> <i>(April - March)</i>	<i>2014-15</i> <i>(April - March)</i>	<i>2015-16</i> <i>(April, 15 - June, 15)</i>	<i>Cumulative Inflows</i> <i>(April '00 - June '15)</i>	<i>% age to total Inflows</i> <i>(In terms of US\$)</i>
1.	SERVICES SECTOR	13,294 (2,225)	19,963 (3,253)	4,036 (636)	209,578 43,350	17 %
2.	CONSTRUCTION DEVELOPMENT: TOWNSHIPS, HOUSING, BUILT-UP INFRASTRUCTURE	7,508 (1,226)	4,582 (758)	216 (34)	113,355 (24,098)	9 %
3.	COMPUTER SOFTWARE & HARDWARE	6,896 (1,126)	13,564 (2,200)	16,245 (2,556)	89,481 (17,575)	7 %
4.	TELECOMMUNICATIONS <small>(radio paging, cellular mobile, basic telephone services)</small>	7,987 (1,307)	17,372 (2,895)	2,517 (395)	86,609 (17,453)	7 %
5.	AUTOMOBILE INDUSTRY	9,027 (1,517)	15,794 (2,570)	6,914 (1,094)	70,906 (13,477)	5 %
6.	DRUGS & PHARMACEUTICALS	7,191 (1,279)	9,211 (1,523)	1,370 (215)	66,652 (13,336)	5 %
7.	CHEMICALS (OTHER THAN FERTILIZERS)	4,738 (878)	4,077 (669)	1,598 (251)	50,909 (10,588)	4 %
8.	POWER	6,519 (1,066)	3,985 (657)	1,717 (271)	48,357 (9,828)	4 %
9.	TRADING	8,191 (1,343)	16,962 (2,761)	5,679 (897)	49,479 (8,958)	4 %
10	METALLURGICAL INDUSTRIES	3,436 (568)	2,897 (472)	845 (133)	41,992 (8,680)	3 %

Source: FDI Statistics, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India, 2015.

The above Table No.6 depicts the sector having the highest FDI equity inflow in India. The report shows that Service sector has the highest FDI Equity inflow 17%, followed by Construction development, Computer Software and Hardware, Telecommunication, Automobile Industry sector having 9%, 7%, 7%, and 5% respectively.

Other sectors like Drugs and Pharmaceuticals carries 5% and Chemicals, Power, Trading Industries carries 4% FDI inflow each, whereas the least is of Metallurgical industries – 3%.

Table No. 7
FINANCIAL YEAR-WISE FDI INFLOWS DATA:

I. As per International Best Practices.

Amount in (US\$ in millions)

S. No.	Financial Year (April-March)	<u>FOREIGN DIRECT INVESTMENT (FDI)</u>						FDI FLOWS INTO INDIA	Investment by FII's Foreign Institutional Investors Fund (net) over previous year (in US\$ terms)
		Equity	RBI's Automatic Route/ Acquisition Route	capital of unincorporated bodies	Re-invested earnings +	Other capital +	Total FDI Flows		
FINANCIAL YEARS 2000-01 to 2015-16 (up to JUNE, 2015)									
1.	2000-01	2,339	61	1,350	279	4,029	-	1,847	
2.	2001-02	3,904	191	1,645	390	6,130	(+) 52 %	1,505	
3.	2002-03	2,574	190	1,833	438	5,035	(-) 18 %	377	
4.	2003-04	2,197	32	1,460	633	4,322	(-) 14 %	10,918	
5.	2004-05	3,250	528	1,904	369	6,051	(+) 40 %	8,686	
6.	2005-06	5,540	435	2,760	226	8,961	(+) 48 %	9,926	
7.	2006-07	15,585	896	5,828	517	22,826	(+) 155 %	3,225	
8.	2007-08	24,573	2,291	7,679	300	34,843	(+) 53 %	20,328	
9.	2008-09	31,364	702	9,030	777	41,873	(+) 20 %	(-) 15,017	
10.	2009-10	25,606	1,540	8,668	1,931	37,745	(-) 10 %	29,048	
11.	2010-11 (P)	21,376	874	11,939	658	34,847	(-) 08 %	29,422	
12.	2011-12 (P)	34,833	1,022	8,206	2,495	46,556	(+) 34 %	16,812	
13.	2012-13 (P)	21,825	1,059	9,880	1,534	34,298	(-) 26%	27,582	
14.	2013-14 (P)	24,299	975	8,978	1,794	36,046	(+) 5%	5,009	
15.	2014-15 (P)	30,933	952	8,983	3,423	44,291	(+) 23%	40,923	
16.	2015-16 (P) (Apr - June 2015)	9,508	223	2,059	572	12,362		(-) 1,642	
CUMULATIVE TOTAL (from April, 2000 to June, 2015)		259,706	11,971	92,202	16,336	380,215	-	188,949	

RBI's Bulletin July, 2015 dt.10.08.2015 (Table No. 34 – FOREIGN INVESTMENT

Source: INFLOWS).

Table No. 8

II. DIPP's – Financial Year-wise FDI Equity Inflows:

(As per DIPP's FDI data base – equity capital components only):

S. No.	Financial Year (April – March)	Amount of FDI Inflows		%age growth over previous year (in terms of US \$)
		In Rs Crores	In US\$ million	
FINANCIAL YEARS 2000-01 to 2015-16 (up to June, 2015)				
1.	2000-01	10,733	2,463	-
2.	2001-02	18,654	4,065	(+) 65 %
3.	2002-03	12,871	2,705	(-) 33 %
4.	2003-04	10,064	2,188	(-) 19 %
5.	2004-05	14,653	3,219	(+) 47 %
6.	2005-06	24,584	5,540	(+) 72 %
7.	2006-07	56,390	12,492	(+) 125 %
8.	2007-08	98,642	24,575	(+) 97 %
9.	2008-09	142,829	31,396	(+) 28 %
10.	2009-10	123,120	25,834	(-) 18 %
11.	2010-11	97,320	21,383	(-) 17 %
12.	2011-12	165,146	35,121	(+) 64 %
13.	2012-13	121,907	22,423	(-) 36 %
14.	2013-14	147,518	24,299	(+) 8%
15.	2014-15	189,107	30,931	(+) 27%
16.	2015-16 (Apr - June 2015)	60,298	9,508	
CUMULATIVE TOTAL (from April, 2000 to June, 2015)		1,293,836	258,142	-

Source: RBI's Bulletin July, 2015 dt.10.08.2015 (Table No. 34 – FOREIGN INVESTMENT INFLOWS).

The above Table No. 8 shows the total amount of FDI inflows in India during the last 15 years i.e. 2000 to 2015. The FDI inflow from 2000-2001 i.e. 10,733 Crore Rs. in 2001-02 it was 18,654 Crore rupees.

It shows the Good result in the FDI inflows in India. Little bit ups and downs in FDI inflows up to 2005-06, but after that great hike in the year 2007-08 i.e. 98,642 crore rupees as compare to earlier years.

In 2008-2009 there was a huge investment in FDI in 142,829 Crore Rupees and so on. But again there were some fluctuations in inflow of FDI in the years between 2010-2014, soon giving the highest figures in last 15 years 1,89,107 Crore Rupees FDI in 2014-2015. So we can say that the foreign investment have been on rise in India. Currently the inflow of FDI from April, 2015 to June, 2015 figures 60,298.

Table No. 9

III. RBI'S REGIONAL OFFICES (WITH STATE COVERED)
RECEIVED FDI EQUITY INFLOWS

(From April, 2000 to June, 2015)

Amount Rupees in Crores (US\$ in millions)

S. No.	RBI's - Regional Office ²	State covered	2013-14	2014-15	2015-16	Cumulative Inflows (April '00 - June '15)	%age to total Inflows (in terms of US\$)
			(April - March)	(April - March)	(April, 15 - June, 15)		
1	MUMBAI	MAHARASHTRA, DADRA &	20,595 (3,420)	38,933 (6,361)	12,538 (1,979)	365,560 (75,097)	29

		NAGAR HAVELI, DAMAN & DIU					
2	NEW DELHI	DELHI, PART OF UP AND HARYANA	38,190 (6,242)	42,252 (6,875)	19,892 (3,128)	268,915 (52,539)	20
3	CHENNAI	TAMIL NADU, PONDICHERR Y	12,595 (2,116)	23,361 (3,818)	5,828 (924)	94,595 (17,938)	7
4	BANGALORE	KARNATAKA	11,422 (1,892)	21,255 (3,444)	8,447 (1,336)	90,569 (17,456)	7
5	AHMEDABAD	GUJARAT	5,282 (860)	9,416 (1,531)	4,732 (745)	58,529 (11,786)	5
6	HYDERABAD	ANDHRA PRADESH	4,024 (678)	8,326 (1,369)	2,681 (422)	51,921 (10,437)	4
7	KOLKATA	WEST BENGAL, SIKKIM, ANDAMAN & NICOBAR ISLANDS	2,659 (436)	1,464 (239)	689 (108)	15,316 (3,089)	1
8	CHANDIGARH	CHANDIGARH, PUNJAB, HARYANA, HIMACHAL PRADESH	562 (91)	234 (39)	91 (14)	6,452 (1,345)	1
9	JAIPUR	RAJASTHAN	233 (38)	3,237 (541)	109 (17)	6,904 (1,281)	1
10.	BHOPAL	MADHYA PRADESH, CHATTISGAR H	708 (119)	601 (100)	9 (2)	6,105 (1,217)	1
11	KOCHI	KERALA, LAKSHADWEE P	411 (70)	1,418 (230)	35 (6)	6,186 (1,216)	1
12	PANAJI	GOA	103 (17)	211 (35)	81 (13)	3,949 (836)	0.3
13	KANPUR	UTTAR PRADESH, UTTRANCHAL	150 (25)	679 (110)	137 (22)	2,581 (504)	0.2
14	BHUBANESHWAR	ORISSA	288 (48)	56 (9)	3 (0.4)	1,964 (398)	0.2
15	GUWAHATI	ASSAM, ARUNACHAL PRADESH, MANIPUR, MEGHALAYA, MIZORAM, NAGALAND, TRIPURA	4 (0.6)	29 (5)	37 (6)	418 (89)	0.03
16	PATNA	BIHAR, JHARKHAND	9 (1)	68 (11)	234 (37)	501 (87)	0.03
17	JAMMU	JAMMU &	1	25	0.00	26	0.00

	KASHMIR	(0.2)	(4)	(0.00)	(4)	
18	REGION NOT INDICATED	50,283 (8,245)	37,544 (6,211)	4,754 (750)	312,814 (62,700)	24
SUB. TOTAL		147,518 (24,299)	189,107 (30,931)	60,298 (9,508)	1,293,303 (258,020)	
19	RBI'S-NRI SCHEMES <i>(from 2000 to 2002)</i>	0	0	0	533 (121)	
GRAND TOTAL		147,518 (24,299)	189,107 (30,931)	60,298 (9,508)	1,293,836 (258,141)	

The above table represents region-wise FDI equity inflows from 2000-15 both in terms of ` Crore and US \$ million. Table shows that Mumbai has registered largest FDI inflow (365,560 Crore) amounting to 29% of total inflow received in last 15 years. New Delhi is the second preferred region for FDI inflow (268,915 Crore) with 20% of total inflows received in last 15 years. This is due to good quality infrastructure and better quality of life provided in these cities.

Other regions like Bangalore (90,569 Crore), Chennai (94,595 Crore), Ahmedabad (58,529 Crore), Hyderabad (51,921 Crore) have also recorded FDI with 7%, 7%, 5% and 4% of total FDI in the country respectively.

Bangalore is the primary destination for property investment and the city has riding high on the Information Technology (IT). Other regions like Kolkata (15,316 Crore), Chandigarh (6,452 Crore), Jaipur (6,904 Crore) and Bhopal (6,105 Crore) have been able to attract very less FDI because they lack in infrastructure and information technology (IT) developments.

Sectors like service, construction developments, telecommunications and computer software & hardware have been registering highest FDI inflows in India. Therefore, Mumbai, New Delhi, Bangalore and Chennai are the favourite destinations for FDI in India.

Table No. 10
Statement on Country-wise FDI Equity Inflows
From April 2000 to June 2015

Sr.No	Name of the Country	Amount of Foreign Direct Investment Inflows		%age with Inflows
		(In Rs Crore)	(In US\$ million)	
1.	Mauritius	438,892.83	89,644.04	34.74
2.	Singapore	190,477.19	35,860.84	13.90
3.	United Kingdom	110,409.19	22,329.12	8.65
4.	Japan	96,312.05	18,811.08	7.29
5.	Netherlands	81,381.00	15,323.43	5.94
6.	U.S.A	70,838.85	14,377.97	5.57
7.	Germany	42,006.79	8,197.45	3.18
8.	Cyprus	39,971.34	8,139.55	3.15
9.	France	23,464.77	4,651.30	1.80
10.	Switzerland	15,812.31	3,138.47	1.22
11.	UAE	15,633.58	3,125.58	1.21
12.	Spain	10,938.49	2,115.93	0.82
13.	Italy	8,207.00	1,651.98	0.64

14.	South Korea	8,097.50	1,602.61	0.62
15.	Hong Kong	7,970.71	1,557.56	0.60
16.	Luxembourg	7,345.75	1,306.38	0.51
17.	Cayman Islands	5,861.47	1,214.92	0.47
18.	China	6,941.05	1,160.64	0.45
19.	Sweden	5,342.40	1,103.84	0.43
20.	Russia	5,874.87	1,070.57	0.41
21.	British Virginia	3,993.91	858.89	0.33
22.	Belgium	4,255.84	814.58	0.32
23.	Malaysia	3,894.87	744.14	0.29
24.	Australia	3,463.02	695.21	0.27
25.	Indonesia	2,902.07	623.09	0.24
26.	Poland	3,300.58	619.56	0.24
27.	Canada	2,776.75	559.60	0.22
28.	The Bermudas	2,252.20	502.07	0.19
29.	Denmark	2,085.54	417.37	0.16
30.	Oman	1,797.55	380.15	0.15
31.	Finland	1,799.71	354.10	0.14
32.	Ireland	1,759.34	332.37	0.13
33.	South Africa	1,537.33	290.01	0.11
34.	Austria	1,292.03	252.68	0.10
35.	Thailand	1,105.29	207.27	0.08
36.	Seychelles	1,107.50	183.69	0.07
37.	Norway	941.15	181.16	0.07
38.	Chile	710.49	150.23	0.06
39.	Morocco	654.96	137.85	0.05

40.	Philippines	765.53	129.03	0.05
41.	Turkey	696.10	127.70	0.05
42.	British Isles	463.88	100.65	0.04

Sr.No	Name of the Country	Amount of Foreign Direct Investment Inflows		%age with Inflows
		(In Rs Crore)	(In US\$ million)	
43.	Taiwan	512.88	99.78	0.04
44.	Israel	445.28	87.02	0.03
45.	Mexico	438.76	80.08	0.03
46.	West Indies	348.17	78.28	0.03
47.	Saudi Arabia	300.70	58.13	0.02
48.	St. Vincent	277.61	53.44	0.02
49.	New Zealand	266.11	52.01	0.02
50.	Virgin Islands(US)	278.61	50.73	0.02
51.	Bahrain	275.46	52.86	0.02
52.	Panama	204.45	43.69	0.02
53.	Bahamas	190.35	38.66	0.01
54.	Sri Lanka	189.72	37.71	0.01
55.	Korea(North)	188.88	37.22	0.01
56.	Saint Kitts & Nevis	148.66	33.66	0.01
57.	Channel Islands	173.21	31.90	0.01
58.	Portugal	160.21	31.75	0.01
59.	Jordan	159.58	29.30	0.01
60.	Kuwait	143.68	27.96	0.01
61.	Kazakhstan	134.16	26.11	0.01
62.	Brazil	116.68	23.60	0.01
63.	Kenya	102.52	21.75	0.01

64.	Czech Republic	99.97	21.37	0.01
65.	Iceland	93.72	21.14	0.01
66.	Bermuda	127.07	20.31	0.01
67.	Gibraltar	85.36	19.79	0.01
68.	Hungary	90.77	17.23	0.01
69.	Isle of Man	82.23	15.58	0.01
70.	Malta	69.10	14.65	0.01
71.	Liberia	64.54	14.56	0.01
72.	Nigeria	66.39	13.22	0.01
73.	Scotland	73.29	12.83	0.00
74.	Belarus	50.52	12.27	0.00
75.	SAMOA ISLANDS	74.13	11.83	0.00
76.	Argentina	46.35	10.17	0.00
77.	Liechtenstein	47.69	9.49	0.00
78.	Myanmar	35.75	8.96	0.00
79.	Slovenia	40.58	8.49	0.00
80.	Ghana	40.53	7.68	0.00
81.	Romania	37.86	7.01	0.00
82.	Greece	36.07	6.52	0.00
83.	Maldives	26.85	5.84	0.00
84.	Belize	25.68	5.61	0.00
85.	Slovakia	23.89	5.42	0.00
86.	Qatar	28.51	5.16	0.00
87.	Rep. of Fiji Islands	22.30	5.07	0.00

88.	Uruguay	21.38	4.49	0.00
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Sr.No	Name of the Country	Amount of Foreign Direct Investment Inflows		%age with Inflows
		(In Rs Crore)	(In US\$ million)	
89.	Tunisia	19.84	4.31	0.00
90.	Guernsey	23.84	4.30	0.00
91.	Ukraine	21.80	3.81	0.00
92.	Egypt	17.90	3.30	0.00
93.	Colombia	14.18	2.59	0.00
94.	West Africa	12.31	2.47	0.00
95.	Trinidad & Tobago	12.73	2.34	0.00
96.	Nepal	9.71	2.03	0.00
97.	Yemen	7.74	1.87	0.00
98.	Tanzania	8.35	1.74	0.00
99.	Lebanon	9.70	1.67	0.00
100	Monaco	7.49	1.52	0.00
101	SAN MARINO	9.41	1.52	0.00
102	Bulgaria	8.21	1.41	0.00
103	Uganda	5.07	1.10	0.00
104	Cuba	4.73	1.04	0.00
105	Guyana	4.60	1.00	0.00
106	Vanuatu	4.41	0.94	0.00
107	Togolese Republic	4.65	0.86	0.00
108	Botswana	3.79	0.60	0.00
109	Iran	3.30	0.57	0.00
110	Estonia	2.99	0.57	0.00
111	Congo (DR)	2.41	0.54	0.00

112	Croatia	2.29	0.52	0.00
113	Jamaica	2.70	0.50	0.00
114	TAJIKISTAN	2.87	0.46	0.00
115	Vietnam	2.33	0.43	0.00
116	Aruba	1.96	0.43	0.00
117	Anguilla	1.47	0.29	0.00
118	Lithuania	1.84	0.29	0.00
119	Yugoslavia	1.13	0.24	0.00
120	Iraq	1.02	0.22	0.00
121	Zambia	0.88	0.18	0.00
122	Peru	0.82	0.14	0.00
123	Latvia	0.52	0.10	0.00
124	Georgia	0.62	0.10	0.00
125	St. Lucia	0.61	0.10	0.00
126	SURINAME	0.54	0.09	0.00
127	Libya	0.28	0.07	0.00
128	Mongolia	0.27	0.06	0.00
129	Bangladesh	0.31	0.05	0.00
130	Sudan	0.24	0.05	0.00
131	Costa Rica	0.29	0.05	0.00
132	Afghanistan	0.12	0.03	0.00
133	Muscat	0.06	0.01	0.00
134	Venezuela	0.03	0.01	0.00

Sr.No	Name of the Country	Amount of Foreign Direct Investment Inflows		%age with Inflows
		(In Rs Crore)	(In US\$ million)	
135	Algeria	0.03	0.00	0.00
136	East Africa	0.02	0.00	0.00
137	Cameroon	0.01	0.00	0.00
138	Bolivia	0.01	0.00	0.00
139	Barbados	0.01	0.00	0.00
140	Kyrgyzstan	0.01	0.00	0.00
141	Djibouti	0.00	0.00	0.00
142	Paraguay	0.00	0.00	0.00
143	MOZAMBIQUE	0.00	0.00	0.00
144	SENEGAL	0.00	0.00	0.00
145	Ivory Coast	0.00	0.00	0.00
146	FII's	0.25	0.06	0.00
147	NRI	20,383.66	4,684.25	1.82
148	Country Details Awaited	30,875.37	6,964.32	2.70

Sub Total		1,293,302.75	258,020.10
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149	RBI'S-NRI SCHEMES (2000-2002)	533.06	121.33
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Grand Total		1,293,835.81	258,141.43
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Source: (i) RBI's Bulletin July, 2015 dt.10.08.2015.

Table No. 11
STATEMENT ON SECTOR-WISE FDI EQUITY INFLOWS
FROM APRIL, 2000 TO JANUARY, 2015

Sr. No	Sector	Amount of FDI Inflows		%age of Total Inflows
		(In Rs Crore)	(In US\$ millions)	
1	Services Sector	201,728.28	42,101.98	17.32
2	Construction Development: Townships, Housing, Built-Up Infrastructure And Construction-Development Projects	112,916.36	24,028.19	9.88
3	Telecommunications	83,697.07	16,994.68	6.99
4	Computer Software & Hardware	67,693.78	14,125.19	5.81
5	Drugs & Pharmaceuticals	63,629.47	12,856.02	5.29
6	Automobile Industry	60,725.08	11,857.11	4.88
7	Chemicals (Other Than Fertilizers)	48,641.77	10,229.69	4.21
8	Power	46,358.87	9,512.02	3.91
9	Metallurgical Industries	40,737.61	8,480.90	3.49
10	Hotel & Tourism	40,198.41	7,774.03	3.20
11	Trading	41,315.28	7,660.73	3.15
12	Petroleum & Natural Gas	31,650.29	6,519.53	2.68
13	Food Processing Industries	36,360.11	6,215.46	2.56
14	Miscellaneous Mechanical & Engineering Industries	20,572.50	3,948.17	1.62
15	Information & Broadcasting (Including Print Media)	19,156.59	3,890.94	1.60
16	Electrical Equipments	18,298.41	3,786.22	1.56
17	Non-Conventional Energy	18,524.21	3,521.78	1.45
18	Industrial Machinery	18,420.29	3,515.67	1.45
19	Cement And Gypsum Products	14,625.29	3,085.60	1.27
20	Construction (Infrastructure) Activities	14,807.38	2,923.64	1.20
21	Hospital & Diagnostic Centers	14,565.34	2,793.72	1.15
22	Consultancy Services	13,908.16	2,786.52	1.15

23	Fermentation Industries	11,347.67	2,137.36	0.88
24	Agriculture Services	8,625.15	1,744.02	0.72
25	Rubber Goods	9,445.03	1,722.64	0.71
26	Mining	8,460.61	1,668.50	0.69
27	Ports	6,730.91	1,637.30	0.67
28	Textiles (Including Dyed, Printed)	7,710.42	1,555.69	0.64
29	Electronics	6,752.74	1,417.42	0.58
30	Sea Transport	6,546.83	1,368.93	0.56
31	Prime Mover (Other Than Electrical Generators)	6,299.78	1,200.92	0.49
32	Education	5,649.81	1,071.50	0.44
33	Paper And Pulp (Including Paper Products)	4,327.04	910.25	0.37
34	Medical And Surgical Appliances	4,608.04	887.09	0.36
35	Soaps, Cosmetics & Toilet Preparations	4,430.06	848.74	0.35
36	Machine Tools	3,511.68	711.51	0.29
37	Ceramics	3,321.89	699.57	0.29

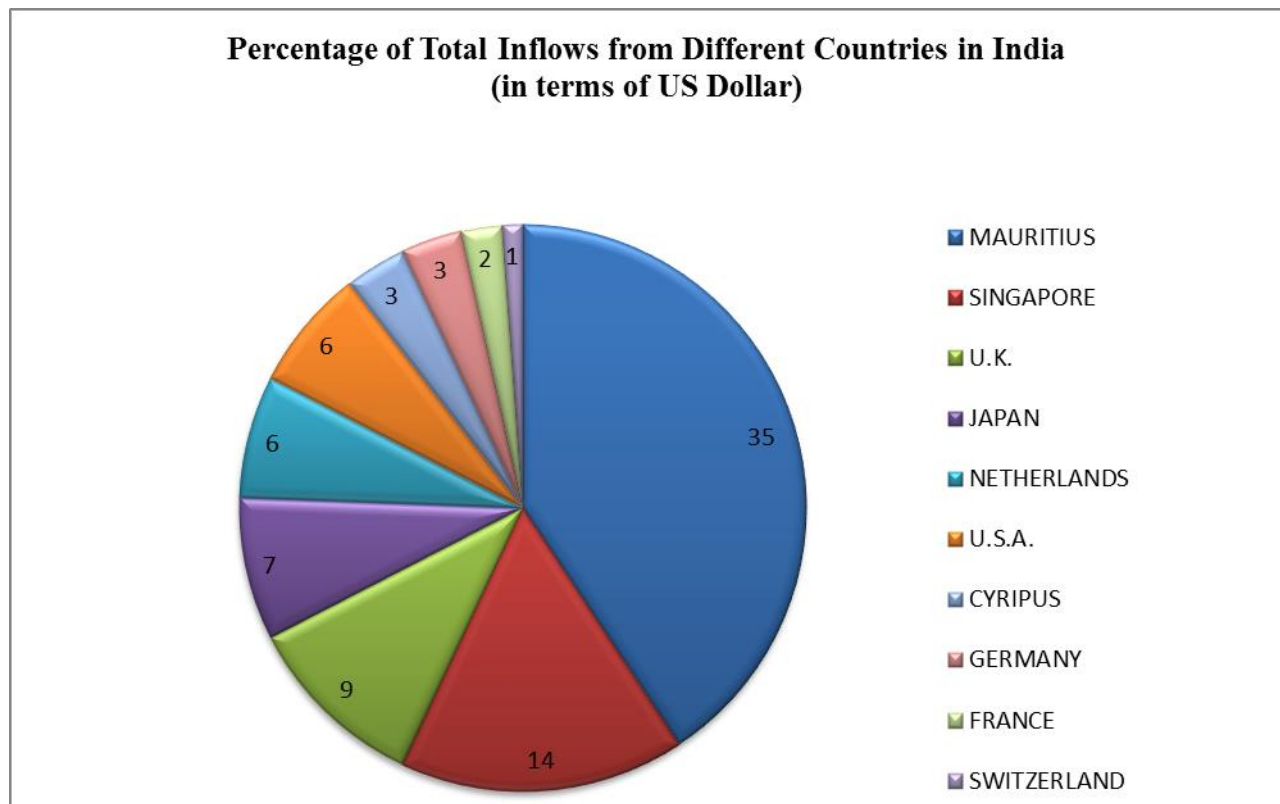
Sr.No	Sector	Amount of FDI Inflows		%age of Total Inflows
		(In Rs Crore)	(In US\$ millions)	
38	Railway Related Components	3,425.97	634.20	0.26
39	Diamond, Gold Ornaments	2,904.78	569.14	0.23
40	Air Transport (Including Air Freight)	2,720.46	562.65	0.23
41	Fertilizers	2,915.62	543.14	0.22
42	Vegetable Oils And Vanaspati	2,861.12	541.65	0.22
43	Glass	2,362.19	459.16	0.19
44	Printing Of Books (Including Litho Printing Industry)	2,326.52	446.09	0.18
45	Agricultural Machinery	2,127.62	413.93	0.17
46	Commercial, Office & Household Equipments	1,516.81	309.34	0.13
47	Retail Trading (Single Brand)	1,549.92	275.38	0.11
48	Earth-Moving Machinery	1,138.86	234.81	0.10
49	Scientific Instruments	960.98	171.98	0.07
50	Leather, Leather Goods And Pickers	709.83	137.92	0.06
51	Tea And Coffee (Processing & Warehousing Coffee & Rubber)	497.78	108.41	0.04
52	Timber Products	537.09	101.93	0.04
53	Sugar	405.65	78.07	0.03
54	Dye-Stuffs	417.28	74.38	0.03
55	Photographic Raw Film And Paper	273.76	67.29	0.03
56	Industrial Instruments	310.86	67.11	0.03
57	Boilers And Steam Generating Plants	314.80	63.33	0.03
58	Glue And Gelatin	211.68	37.86	0.02
59	Coal Production	119.19	27.73	0.01
60	Mathematical, Surveying And Drawing Instruments	39.80	7.98	0.00

61	Defense Industries	24.84	5.02	0.00
62	Coir	22.05	4.07	0.00
63	Miscellaneous Industries	42,392.57	8,975.05	3.69
	Sub Total	1,199,386.19	243,106.84	100
64	RBI's- NRI Schemes (2000-2002)	533.06	121.33	-
	Grand Total	1,199,919.25	243,228.17	

Source: (i) *RBI's Bulletin July, 2015 dt.10.08.2015.*

❖ GRAPHICAL REPRESENTATION OF THE ABOVE TABLES :-

I. Graph 1(Table 5) :-



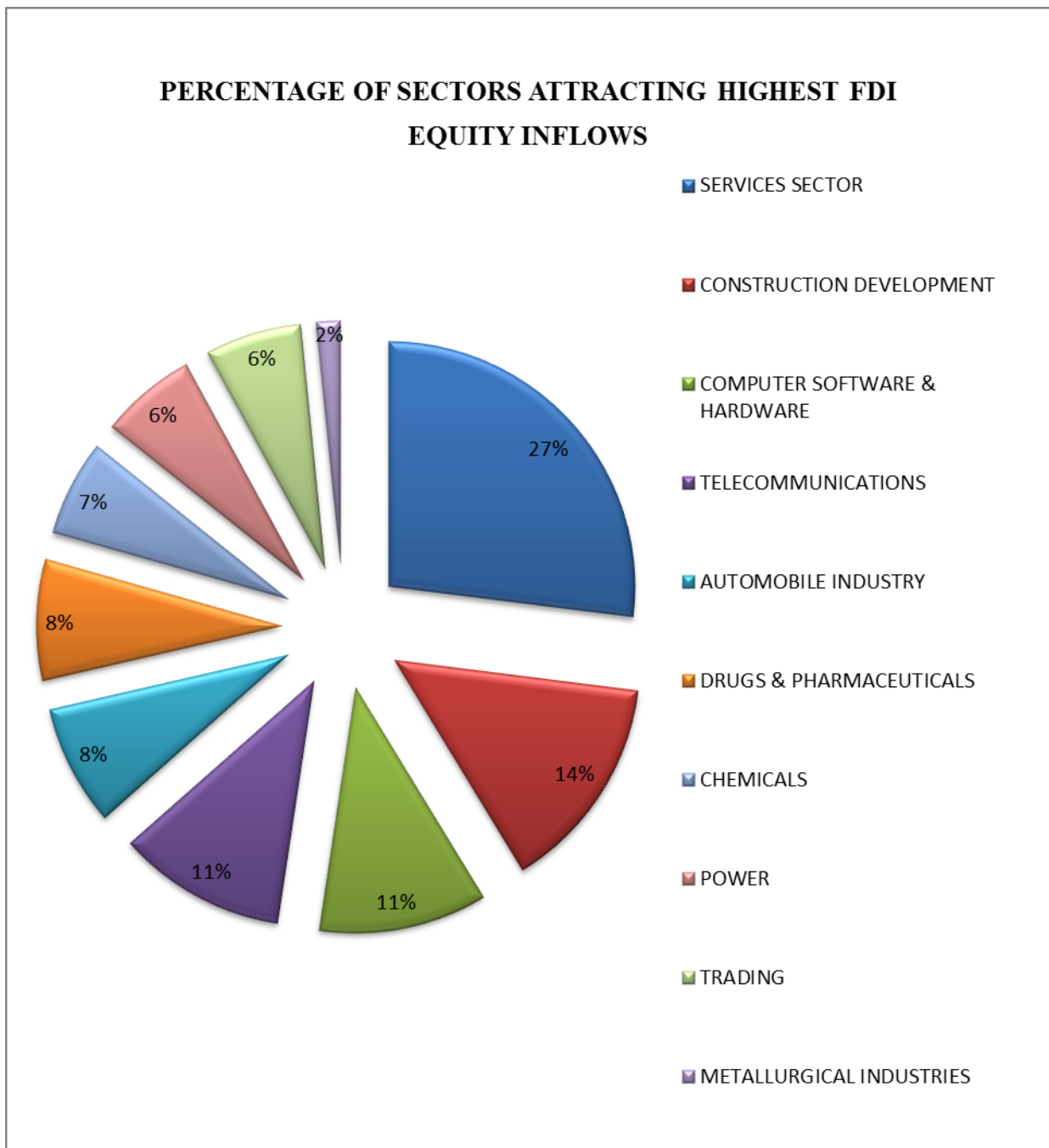
The largest inflows of FDI's over the period of April 2000 to June 2015 have been received from Mauritius, its share in these inflows have being as high as 35%. Singapore is second with a share of 14%. The other major sources of foreign direct investment are from UK, Japan, Netherlands, U.S.A., Cyprus, Germany, France, Switzerland and their respective share of inflow of FDI are 9%, 7%, 6%, 6%, 3%, 3%, 2%, and 1`% respectively.

The inflows from U.S.A are routed through Mauritius due to tax advantage. The tax advantage emanates from the double tax avoidance agreement that India has with that country USA. This agreement means that any foreign investor has the option of paying tax either in India or in Mauritius.

The tax rates in Mauritius are amongst the lowest in the world. The other big investors included Singapore, the US, Britain and the Netherlands. While investors get higher returns on their money in India, those from Mauritius “get even higher returns on their capital as we have a double taxation avoidance treaty (DTAT) (with the island nation),” Crisil principal economist, Mr. D.K. Joshi.

There have been changes in the source countries due to the change of policies in 1991. Prior to 1991, India depended on a few developed western countries for capital. These included countries like Israel, Australia, South Korea, Malaysia; Singapore etc. after the policies have been implemented countries which did not had any share in India’s FDI such as Thailand, Saudi Arabia and South Africa etc.

II. Graph 2(Table 6) :-



SECTORAL COMPOSITION OF FDI:-

The Sectoral composition of FDI over the period of April 2000 to June 2015, we can find that the largest recipient of such investment is service sector (Financial and non-financial services). The share of this sector in cumulative FDI flows is 27 % of the inflow total foreign direct investment.

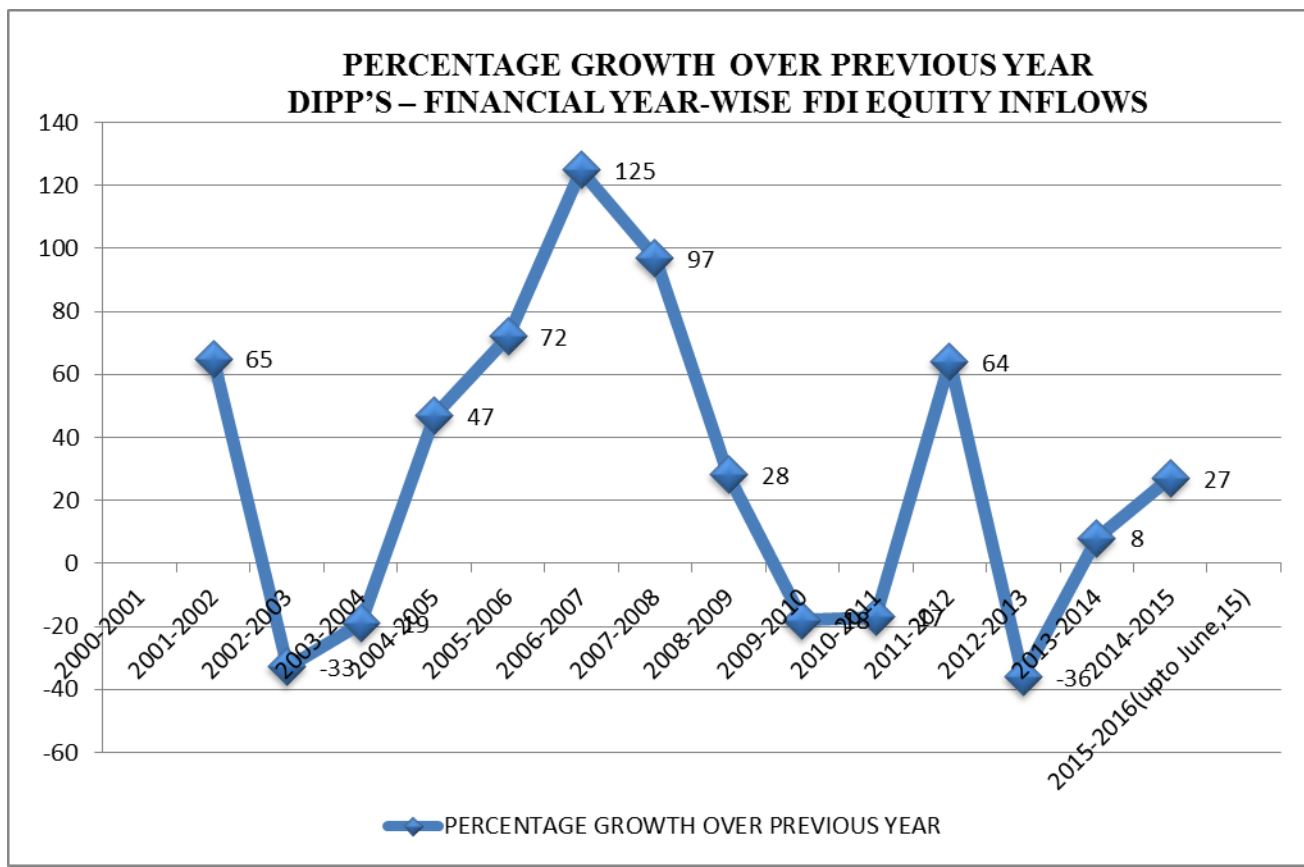
The foreign investors are interested in mainly financial services due its profit generating advantage. This sector gives scope for the foreign investor to takes back the profits to the home country. As service sector the services are consumed in the host country and there by generating outflow of funds from the host country.

The second recipient is Construction Development sector which shares 14% of total FDI. Telecommunication, Computer software and hardware, Drugs and pharmaceuticals, Automobile industry, Chemical (Other than Fertilizers),Power, Metallurgical industries, Hotel and tourism contribute 11%,11%,8%,8%,7%,6%,6%2% respectively.

The keys takeaways regarding global flows are – the increase in the relative share of developing countries as both destination and sources and flow to the sector gaining over manufacturing.

There are Sectoral limits or caps designed by the RBI to limit the foreign direct investments. 100% investment has been allowed to the following sectors- private sector banking, NBFC’S, petroleum, housing and Real estate, Hotel and tourism, road and highways, ports and harbors, advertising, films, mass raped transportation, power, drug and pharmaceuticals, pollutions control and management and special economic zones. Other sectors such as airports are allowed with 74% caps and telecommunication with 49% and insurance with 26%.

III. Graph 3(Table 8) :-



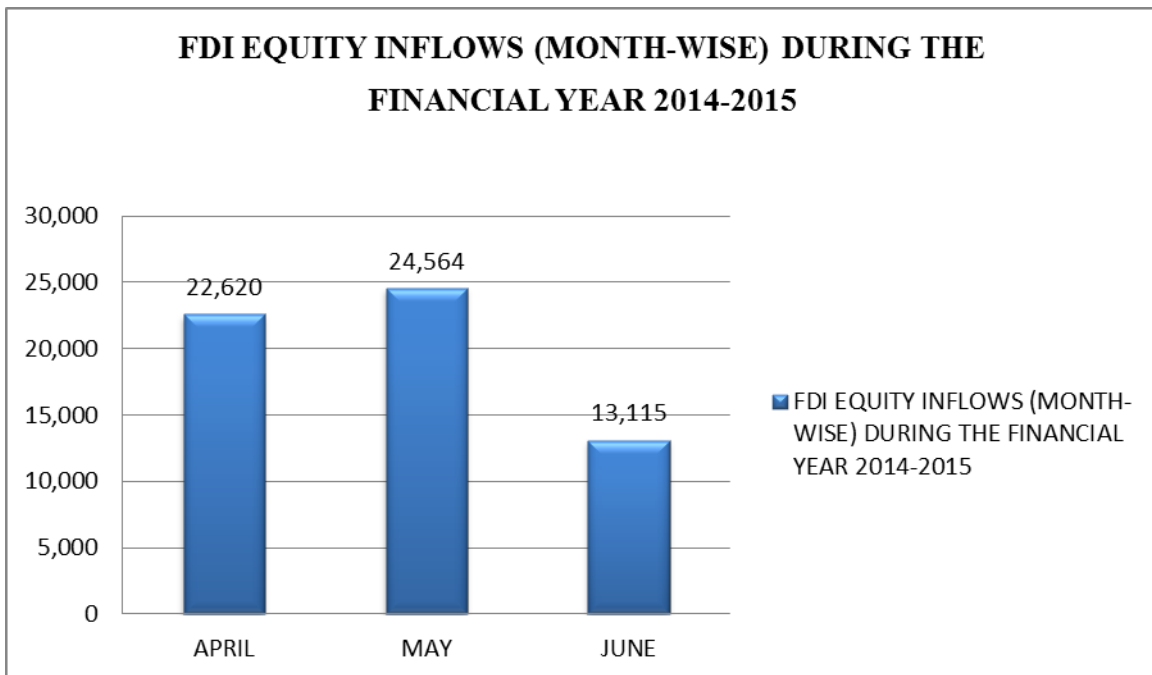
PERCENTAGE GROWTH ANALYSIS (YEAR WISE):

The above graph shows the total amount of FDI inflows in India during the last 15 years i.e. 2000 to 2015. The FDI inflow from 2000-2001 i.e. 10,733crore Rs. in 2001-02 it was 18,654 Crore rupees. It shows the Good result in the FDI inflows in India. Little bit ups and downs in FDI inflows up to 2005-06, but after that great hike in the year 2007-08 i.e. 98,642crore rupees as compare to earlier years. In 2008-2009 there was a huge investment in FDI in 142,829 Crore Rupees.

But then there was a downfall in Inflow of FDI in two consecutive years 2009-2010 and 2010-2011, with figures 123,120 and 97,320 respectively. We can analysis from the graph that in the year 2011-2012 the inflow of FDI was second highest of last 15 years i.e. 165,146. Year 2012-13 and 2013-14 the FDI inflow fluctuated from 121,907 to 147,618 respectively. In last Financial Year i.e. 2014-2015 the amount of FDI Inflow were 189,107 which is the highest FDI inflow in last 15 years. Recently in the month of June 2015 there was inflow of 60,298 Crore Rs. .

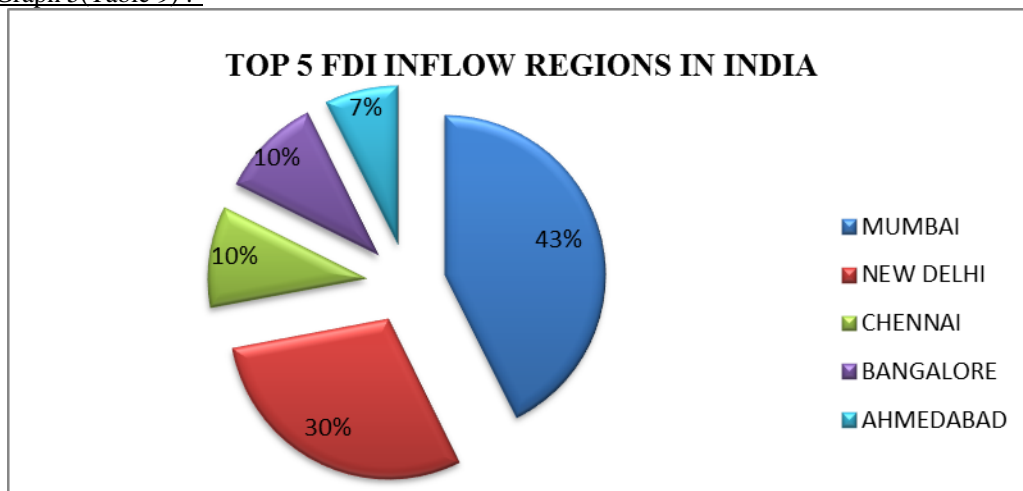
So we can say that the foreign investment have been fluctuating but rising as well in India.

IV. Graph 4(Table 3) :-



The above bar graph represents the amount of FDI inflows from April 2015 to June, 2015. It shows the amount in Crore Rs. The highest FDI inflows in the country is in the month May 2015 i.e. 24,564 in Rs Crores and 3,850 in US \$ mn. Other months shows the fluctuating trend.

V. Graph 5(Table 9) :-



The above Figure shows the top five regions in India attracting FDI. It shows that out of 51,437 of Cumulative FDI inflow in the financial year April, 2015 to June, 2015, 43% share of the total investment is carried by Mumbai region; also it continues to attract maximum foreign investments followed by 30% - New Delhi, 10% - Chennai, 10% - Bangalore and 7% - Ahmedabad.

VI. ATTRACTING LARGER FDI INFLOWS IN INDIA- PROBLEMS AND CHALLENGES

Both India and China are competing to get a larger share in world trade and investment. Although China continues to be India's major competitor, many new economies like Indonesia, Vietnam and Philippines have emerged as strong competitors.

India's main competitive advantage lies in its lower labour costs and remunerative domestic markets. But India is fast losing its competitive advantage to countries like Indonesia and Vietnam as investors are shifting FDI away from known growth engines towards these new emerging economies.

No doubt Indian government has implemented several reform measures in order to attract greater FDI but there are several studies which have highlighted India's weak spots. One such report is "Doing Business 2014", an annual report co-published by the World Bank and International Finance Corporation that brings out the differences in business regulations and their implementation across economies.

Table:

Doing Business in India	Rank
Ease of doing business	134
Starting a business	179
Dealing with construction permits	182
Getting electricity	111
Registering property	92
Getting credit	28
Protecting investors	34
Paying taxes	158
Trading across borders	132
Enforcing contracts	186
Resolving insolvency	121

Analysis of Inflows of Foreign Direct Investment in India:

The table above indicates that India is performing well only on two indicators, namely, getting credit and protecting investors. India's performance on three indicators, namely, starting a business, dealing with construction permits and enforcing contracts shows a dismal picture of the investment climate in India.

Another report "Global Competitiveness Report" published annually by "World Economic Forum" ranks 148 economies on their competitiveness with respect to indicators like infrastructure, institutions, macro-economic stability, innovation etc. India's overall rank for 2013-14 on the Global Competitiveness Index was 60.

The most problematic factors for doing business identified in the report are inadequate supply of infrastructure, corruption, inefficient government bureaucracy, policy instability, tax regulation and restrictive labor regulations.

❖ MAJOR IMPEDIMENTS:

The major deterrents to larger flows of FDI to India are listed below:

- 1) **Weak infrastructure:** Infrastructural bottlenecks continue to be a major cause of concern in India. When it comes to competition, India doesn't stand against other emerging markets in terms of ports, roads, skills sets, education etc. Even after six decades of planned economic development, India suffers from poor transport links, inadequate power

supply, poor roads, and frequent power cuts, delays in ports, water and sewerage problems and so on.

A study conducted by the Federation of Indian Chambers of Commerce and Industry in 2013, revealed that each day Indian companies are losing up to Rs. 40,000 because of power shortages; and due to power cuts, 61% companies suffer more than 10% loss in production. Warehousing and cold storage facilities are also in short supply, because of which 40% of the fruits, vegetables and other perishable products get destroyed before reaching the markets. In the World Competitiveness Index for 2013-14, India ranked 85 out of 148 countries for its infrastructure, much behind China which ranked 48.

- 2) **Complicated tax structure:** Stability and transparency in tax regime along with clarity in tax laws can have far reaching impact on investments in any country. The taxation policies in India remain inherently complex despite the fact that government has taken several steps to simplify and redesign it. In the recent years, India has witnessed several tax disputes with respect to cross border transactions involving big MNCs. According to a report in 2011-12, 30 corporations which comprise the BSE Sensex had USD 7 billion clogged in tax law suits. Again, while corporate tax rates in most of the nations are in the range of 15 to 25%, in India foreign companies are taxed at a rate of 40%.

The corporate tax rate for foreign companies is 25% in China along with tax holidays for qualified tax payers. India's indirect tax regime is also very complex, imposing several taxes such as central sales tax, VAT, service tax, central excise duty, octroi etc. and calls for a number of compliances increasing the burden on companies. Moreover, there is a lack of uniformity in the tax rates across the country increasing the complexities for tax payers.

- 3) **Restrictive labor laws:** India is known worldwide for its stringent and rigid labor laws and over-regulated labor market. Over the years, Indian government has enacted a large number of legislations to protect the interests of labor covering different aspects namely fixation and revision of wages, worker's health and safety, mode of payment of wages, payment of compensation in the event of industrial accident, provision of social security such as provident fund, gratuity, insurance and so on. Indian economy has turned highly inflexible due to these laws. These laws contain strict rules regarding overtime and imposes financial obligation on the employer upon worker retrenchment.

Laws such as taking prior permission from the government before firing any worker in an organization employing more than 100 workers continues to haunt corporations. On several occasions OECD and World Bank studies have highlighted the need to bring reforms in Indian labor laws.

- 4) **Bureaucracy, regulations and corruption:** Yet another handicap that India suffers from is bureaucracy, red tapism and corruption. It takes months to obtain licenses, approvals and permits. As per the doing business report, it takes 67 days for a company to obtain electricity connection, 16 days to obtain clearances and export goods from India, 182 days for dealing with construction permits and 1420 days for enforcing contracts. It takes 4 to 8 weeks for a new company to get itself registered in India as compared to few days in most developed and developing markets.

Many a times, the FDI approvals are kept pending for months that prompts the investor to drop out. With respect to FDI policies, even though several liberalization measures have been undertaken by the government but FDI regulations continue to remain restrictive as compared to many other nations. India has been selective in opening sectors for FDI and FDI in India is subject to sectoral caps ranging from 20 to 100%. The FDI Regulatory Restrictiveness Index 2013, prepared and published by OECD has ranked India 6th (indicate restrictive FDI policies) out of 58 countries. Again, corruption in India is rampant where; licenses, clearances, and contracts are given not on merit basis but based on bribes. Uncertain government policies and frequent changes in them, inefficient administrative, overlapping jurisdictions, excessive governance increases the transaction costs for companies making India a less preferred destination.

❖ **4.1. There are two types of implications i.e. positive and negative as per following:**

➤ **Positive Implications:**

- a) FDI provides capital which is usually missing in the target country-Long term capital is suitable for economic development.
- b) Foreign investors are able to finance their investments projects better and often cheaper.
- c) Foreign corporations create new workplaces.
- d) FDI bring new technologies that are usually not available in the target country-There is empirical evidence that there are spill-over effects as the new technologies usually spread beyond the foreign corporations.
- e) Foreign corporations provide better access to foreign markets-Ex. Foreign corporations can provide useful contacts even for their domestic subcontractors.
- f) Foreign corporations bring new know-how and managerial skills into the target country- Again, there is a spill-over effect – as people leave the corporations they leave with the knowledge and know-how they accumulated.
- g) Foreign corporations can help to change the economic structure of the target country- With a good economic strategy governments can attract companies from promising and innovative sectors.
- h) “Crowding in” effect-The foreign corporations often bring additional investors into the target country (ex. their usual subcontractors).

- i) Foreign corporations improve the business environment of the target country-Ethical business or rules of conduct.
- j) Foreign corporations bring new “clean” technologies that help to improve the environmental conditions.
- k) Foreign corporations usually help increase the level of wages in the target economy.
- l) Foreign corporations usually have a positive effect on the trade balance.

➤ **Negative Implications:**

- a) Foreign corporations may buy a local company in order to shut it down (and gain monopoly for example).
- b) “Crowding out” effect- We can see this effect if the foreign corporations target the domestic market and domestic corporations are not able to compete with these corporations.
- c) Foreign corporations may cut working positions (privatization deals or M&A transactions).
- d) Foreign corporations have a tendency to use their usual suppliers which can lead to increased imports (no problem if the production is export driven).
- e) Repatriation of the profits can be stressful on the balance of payments.
- f) The high growth of wages in foreign corporations can influence a similar growth in the domestic corporations which are not able to cover this growth with the growth of productivity- The result is the decreasing competitiveness of domestic companies.
- g) Missing tax revenues- If the foreign corporations receive tax holidays or similar provisions.
- h) The emergence of a dual economy- The economy will contain a developed foreign sector and an underdeveloped domestic sector.
- i) Possible environmental damage.
- j) “Incentive tourism”.

❖ **SUGGESTIONS FOR INCREASED FLOW OF FDI INTO THE COUNTRY:-**

1) **Flexible labour laws needed:**

China gets maximum FDI in the manufacturing sector, which has helped the country become the manufacturing hub of the world. In India the manufacturing sector can grow if infrastructure facilities are improved and labour reforms take place. The country should take initiatives to adopt more flexible labour laws.

2) **Re look at sectoral caps:**

Though the Government has hiked the sectoral cap for FDI over the years, it is time to revisit issues pertaining to limits in such sectors as coal mining, insurance, real estate, and retail trade, apart from the small-scale sector. Government should allow more investment into the country under automatic route.

Reforms like bringing more sectors under the automatic route, increasing the FDI cap and simplifying the procedural delays has to be initiated. There is need to improve SEZs in terms of their size, road and port connectivity, assured power supply and decentralized decision-making.

3) Geographical disparities of fdi should be removed:

The issues of geographical disparities of FDI in India need to address on priority. Many states are making serious efforts to simplify regulations for setting up and operating the industrial units. However, efforts by many state governments are still not encouraging. Even the state like West Bengal which was once called Manchester of India attracts only 1% of FDI inflow in the country. West Bengal, Bihar, Jharkhand, Chhattisgarh are endowed with rich minerals but due to lack of proper initiatives by governments of these states, they fail to attract FDI.

4) Promote Greenfield projects:

India's volume of FDI has increased largely due to Merger and Acquisitions (M&As) rather than large Greenfields projects. M&A's not necessarily imply infusion of new capital into a country if it is through reinvested earnings and intra company loans. Business friendly environment must be created on priority to attract large Greenfields projects. Regulations should be simplified so that realization ratio is improved (Percentage of FDI approvals to actual flows). To maximize the benefits of FDI persistently, India should also focus on developing human capital and technology.

5) Develop debt market:

India has a well developed equity market but does not have a well developed debt market. Steps should be taken to improve the depth and liquidity of debt market as many companies may prefer leveraged investment rather than investing their own cash. Therefore it is said that countries with well-developed financial markets tend to benefit significantly from FDI inflows.

6) Education sector should be opened to FDI:

India has a huge pool of working population. However, due to poor quality primary education and higher education, there is still an acute shortage of talent. FDI in Education Sector is lesser than one percent.

By giving the status of primary and higher education in the country, FDI in this sector must be encouraged. However, appropriate measure must be taken to ensure quality education. The issues of commercialization of education, regional gap and structural gap have to be addressed on priority.

7) Strengthen research and development in the country:

India should consciously work towards attracting greater FDI into R&D as a means of strengthening the country's technological prowess and competitiveness.

❖ FINDINGS:

- 1) FDI is an important stimulus for the economic growth of India.

- 2) Service sector is first and banking and insurance sector is second segment of which pick the growth in second decade of reforms.
- 3) FDI create high perks jobs for skilled employee in Indian service sector.
- 4) Mauritius and Singapore is the 2 top countries which has maximum FDI in India.
- 5) FDI plays an important role in the development of infrastructure because many countries invest in the infrastructure sector and service and banking finance sectors.
- 6) Atomic Energy and Railway Transport are some important and life line of any country. Therefore India also restricted FDI in this sector.
- 7) After above analysis, we can say that FDI has good future growth in Retailing and Real estate sector in India.

- A. India is attracting foreign investment at a good rapid rate of growth. The growth rate of FDI over last year was found to be 40 %. The main reason for this substantial growth in FDI was opening up of Indian economy to foreign investment, relaxation of norms for foreign investments and enhancing sector wise limit.
- B. In region wise analysis, Mumbai was on the top with 29% to total FDI of India. The reason behind this was the availability of service sector, infrastructure and construction development. Six regions offices which are at the top contribute 71% to the total FDI while rest of the regions add 29% to total FDI.
- C. As per the data, the sectors that attracted higher inflows were Services (17%), Construction activities (9%), Telecommunications (7%) and Computer Software and Hardware (7%).
- D. A country wise FDI inflows show that Mauritius is the country that has invested highly in India followed by Singapore, UK, Japan Netherland and USA and so on. Nine countries contribute 83% to cumulative FDI in India while remaining contributes only 17%.
- E. FDI plays an important role in the development of infrastructure because many countries invest in the infrastructure sector and banking finance sector.

VII. CONCLUSION

FDI in India has a significant role in the economic growth and development of India. FDI in India to various sectors can attain sustained economic growth and development through creation of jobs, expansion of existing manufacturing industries. The inflow of FDI in service sectors and construction and development sector, from April, 2000 to June, 2015 attained substantial sustained economic growth and development through creation of jobs in India.

Computer, Software & Hardware and Drugs & Pharmaceuticals sector were the other sectors to which attention was shown by Foreign Direct Investors (FDI). The other sectors in Indian economy the Foreign Direct Investors interest was, in fact has been quite poor.

FDI has helped to raise the output, productivity and employment in some sectors especially in service sector. Indian service sector is generating the proper employment options for skilled worker with high perks. On the other side banking and insurance sector help in providing the strength to the Indian economic condition and develop the foreign exchange system in country.

So, we can conclude that FDI is always helps to create employment in the country and also support the small scale industries also and helps country to put an impression on the world wide level through liberalization and globalization.

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