IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

A STUDY OF GROWTH OF FOREIGN DIRECT INVESTMENT IN DIFFERENT SECTORS OF INDIAN ECONOMY – A DESCRIPTIVE AND ANALYTICAL STUDY

Dr. Ghousia Khatoon
Associate Professor,College of Business Administration,Women's Campus,Prince Sultan University,Riyadh, Kingdom of Saudi Arabia.

Abstract
In the last two decades world has seen an extensive inflow of FDI or foreign direct investment into developing countries. More and more developing countries are competing with each other to attract this investment. Restrictions which were earlier in place on these investments are now being removed as the importance of FDI is being realized.

FDI has a major role to play in India's economic development. Over the past few years, many sectors have seen the growth of foreign investment. The Government is also coming out with new reforms to promote more and more of this investment. Foreign expertise can be an important factor in improving the existing technical processes, quality of products, create jobs, and reduce unemployment problems in the country. Thus this piece of research papers throws light on FDI Equity inflows into India Year-Wise, Sector-Wise and Country-Wise.

Introduction
Foreign Direct Investment is an investment made by a company or entity based in one country, into a company or entity based in another country. The investing company may make its overseas investment in a number of ways - either by setting up a subsidiary or associate company in the foreign country, by acquiring shares of an overseas company, or through a merger or joint venture. An increase in FDI may be associated with improved economic growth due to the influx of capital and increased tax revenues for the host country. Host countries often try to channel FDI investment into new infrastructure and other projects to boost development. Greater competition from new companies can lead to productivity gains and greater efficiency in the host country and it has been suggested that the application of a foreign entity's policies to a domestic subsidiary may improve corporate governance standards. Furthermore, foreign investment can result in the transfer of soft skills through training and job creation, the availability of more advanced technology for the domestic market and access to research and development resources. The local population may be able to benefit from the employment opportunities created by new businesses.

Literature Review
Jainta Chomtoranin (2004) in her study, "A Comparative Analysis of Japanese and American Foreign Direct Investment in Thailand" assesses the determinants of Japanese and American FDI in Thailand during 1970-2000. In this analysis, the short and long-term determinants of both FDI are estimated. This study concludes that, in the short and the long run, Japanese FDI is found to be driven by trade factors and the yen appreciation. While the American FDI is driven by market factor, specifically the income level of Thai people. Japanese FDI is trade – oriented, whereas the American FDI is market – seeking oriented.

Salisu A. Afees (2004) in his study "The Determinants and Impact of Foreign Direct Investment on economic Growth in Developing Countries: A study of Nigeria" examines the determinants and impact of Foreign Direct Investment on economic Growth in Developing Countries using Nigeria as a case study. The study observed that inflation, debt burden, and exchange rate significantly influence FDI flows into Nigeria. The study suggests the government to pursue prudent fiscal and monetary policies that will be geared towards attracting more FDI and enhancing overall domestic productivity, ensure improvements in infrastructural facilities and to put a stop to the incessant social unrest in the country. The study concluded that the contribution of FDI to economic growth in Nigeria was very low even though it was perceived to be a significant factor influencing the level of economic growth in Nigeria.

Iyare Sunday et.al (2004), in their work "Explaining FDI Inflows to India, China and the Caribbean: An Extended Neighbourhood Approach" find out that FDI flows are generally believed to be influenced by economic indicators like market size, export intensity, institutions, etc, irrespective of the source and destination countries. This paper looks at FDI inflows in an alternative approach based on the concepts of neighbourhood and extended neighbourhood. The study shows that the neighbourhood concepts are widely applicable in different contexts particularly for China and India, and partly in the case of the Caribbean. There are significant common factors in explaining FDI inflows in select regions. While a substantial fraction of FDI inflows may be explained by select economic variables, country – specific factors and the idiosyncratic component account for more of the investment inflows in Europe, China, and India.

Tomsaz Mickiewicz et.al (2005), in their study, "The Value of Diversity: Foreign Direct Investment and Employment in Central Europe during Economic Recovery", examine the role of FDI in job creation and job preservation as well as their role in changing the structure of employment. Their analysis refers to Czech Republic, Hungary, Slovakia and Estonia. They present descriptive stage model of FDI progression into Transition economy. They analyzed the employment aspects of the model. The study concluded that the role of FDI in employment creation/ preservation has been most successful in Hungary than in Estonia. The paper also find out that the increasing differences in sectoral distribution of FDI employment across countries are closely relates to FDI inflows per capita. The bigger diversity of types of FDI is more favorable for the host economy. There is higher likelihood that it will lead to more diverse types of spillovers and skill transfers. If policy is unable to maximize the scale of FDI inflows then policy makers should focus much more on attracting diverse types of FDI.

Korhonen Kristina (2005) in her study "Foreign Direct Investment in a changing Political Environment" compares Finnish Investment during the restrictive period in 1984- 1997, with the liberal period in 1998-2002. The study reveals that the political environment of the firm in the host country may have a special role among the other parts of the firm's environment because of the supremacy of the host government to use its political power in order to intervene in FDI. The study states that TNC may not need to bargain alone but may lobby from its home government. Therefore, the study adds the concept of authority services to the list of TNC's bargaining techniques. The empirical results of the study suggest that the change in the political environment in Korea in 1998 had a clear impact on Finnish investment in Korea. The findings indicate that repeat investments had been engaged regardless of the investment policy liberalization, but the acquisitions had not taken place without the change in Korea's investment policy. The results also suggest that the modified strategy performance model can be successfully used to assess the impact of change in the firm's external environment. The results indicate that firms scan their political environment continuously in order to anticipate and respond to possible changes.

Nirupam Bajpai et.al (2006) in their paper "Foreign Direct Investment in India: Issues and Problems", attempted to identify the issues and problems associated with India's current FDI regimes, and more importantly the other associated factors responsible for India's unattractiveness as an investment location. Despite India offering a large domestic market, rule of law, low labour costs, and a well working democracy, her performance in attracting FDI flows have been far from satisfactory. The conclusion of the study is that a restricted FDI regime, high import tariffs, exit barriers for firms, stringent labor laws, poor quality infrastructure, centralized decision making processes, and a very limited scale of export processing zones make India an unattractive investment location.

Emrah Bilgic (2006) in her study "Causal Relationship between Foreign Direct Investment and Economic Growth in turkey", examines the possible causal relationship between FDI and Economic Growth in Turkey. The study finds out that there is neither a long run nor a short run effect of FDI on economic growth of Turkey. Thus the study could not find any patterns for each hypothesis of "FDI led Growth" and "Growth driven FDI" in Turkey. The main reason of this result is that the country had unstable growth performances and very low FDI inflows for the period under analysis. The study suggests that in order to have a sustained economic development the government should improve the investment environment with the ensured political and economic stability in the country.

Balasubramanyam V.N Sapsford David (2007) in their article "Does India need a lot more FDI" compares the levels of FDI inflows in India and China, and found that FDI in India is one tenth of that of china. The paper also finds that India may not require increased FDI because of the structure and composition of India's manufacturing, service sectors and her endowments of human capital. The requirements of managerial and organizational skills of these industries are much lower than that of labour intensive industries such as those in China. Also, India has a large pool of well – Trained engineers and scientists capable of adapting and restructuring imported know – how to suit local factor and product market condition all of these factors promote effective spillovers of technology and know- how from foreign firms to locally own firms.

Basu P., Nayak N.C et.al (2007) in their paper "Foreign Direct Investment in India: Emerging Horizon", intends to study the qualitative shift in the FDI inflows in India in – depth in the last fourteen odd years as the bold new policy on economic front makes the country progress in both quantity and the way country attracted FDI. It reveals that the country is not only cost – effective but also hot destination for R&D activities. The study also finds out that R&D as a significant determining factor for FDI inflows for most of the industries in India. The software industry is showing intensive R&D activity, which has to be channelized in the form of export promotion for penetration in the new markets. The study also reveals strong negative influence of corporate tax on FDI inflows.

Jing Zhang (2008) in his work, "Foreign Direct Investment, Governance, and the Environment in China: Regional Dimensions" includes four empirical studies related to FDI, Governance, economic growth and the environment. The results of the thesis are, first, an intra-country pollution haven effect does exist in China. Second, FDI is attracted to regions that have made more effort on fighting against corruption and that have more efficient government. Third, government variables do not have a significant impact on environmental regulation. Fourth, economic growth has a negative effect on environmental quality at current income level in China. Lastly, foreign investment has positive effects on water pollutants and a neutral effect on air pollutants.

Sapna Hooda (2011) in their study titled “A Study of FDI and Indian Economy” concluded that developing countries have made their presence felt in the economies of developed nations by receiving a decent amount of FDI in the last three decades. Although India is not the most preferred destination of global FDI, but there has been a generous flow of FDI in India since 1991. It has become the 2nd fastest growing economy of the world. India has substantially increased its list of source countries in the post – liberalisation era. India has signed a number of bilateral and multilateral trade agreements with developed and developing nations. India as the founding member of GATT, WTO, a signatory member of SAFTA and a member of MIGA is making its presence felt in the economic landscape of globalised economies. The economic reform process started in 1991 helps in creating a conducive and healthy atmosphere for foreign investors and thus, resulting in substantial amount of FDI inflows in the country.

Mahanta Devajit (2012) in their study titled “Impact of Foreign Direct Investment on Indian Economy” stressed 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 (R & D) etc. Government should design the FDI policy such a way where FDI inflow can be utilized as means of enhancing domestic production, savings and exports through the equitable distribution among states by providing much freedom to states, so that they can attract FDI inflows at their own level. FDI can help to raise the output, productivity and export at the sectoral level of the Indian economy. However, it can observed the result of sectoral level output, productivity and export is minimal due to the low flow of FDI into India both at the macro level as well as at the sectoral level. Therefore for further opening up of the Indian economy, it is advisable to open up the export oriented sectors and higher growth of the economy could be achieved through the growth of these sectors.

Priya Dwivedi et.al (2013) in their study titled “Impact of FDI Inflow on Service Sector In India: An Empirical Analysis” concluded that 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 (R&D), etc. The current study showed a positive and significant impact of foreign capital inflows on Indian economy. In future work, effect of FDI will be studied by taking other micro-economic factors (trade openness, interest rates, exchange rates, inflation, etc.) A computational model will be designed to enhance the accuracy of our growth model using micro-economic factors.

R.Renuka et.al (2013) in their paper “Impact of FDI in Indian Economy with Special reference to Retail Sector in India” analysed that India had to open up the retail trade sector to foreign investors. India is allowing only those foreign retail who first invest in back end supply chain .Infrastructure would be slowed to set up multi brand retail outlets in the country with an idea that firms must create jobs for rural India before they venture multi brand retail. Advantages attached to investment in retail through FDI in India can evidently outweigh the disadvantages attached to it. In the beginning, FDI in the retail sector may met with incessant protests but later, it turned out to be one of the most promising political and economical decision of the government and led to commendable rise in level of employment and development of country.

Statement of the problem

Developing economies face the problems such as poverty, unemployment, high dependence on Agriculture, lack of Industries and Enterprises, lack of Capital and Technology, lack of basic Infrastructures, underutilized natural resources etc. One of the causes for such state of affairs could be lack capital to boost various sectors of the economy. The remedy is inflows of foreign direct investment. Thus this study is undertaken to study the FDI inflows from various countries and into various sectors of Indian Economy.

Objectives of the study

1. To study the year-wise inflows of FDI in India.
2. To study the sector-wise inflows of FDI in India.
3. To study the country-wise inflows of FDI in India from top ten countries.

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

Methodology of Research

- **Type of Research**

The study is Analytical and Descriptive in nature

- **Sources of data collection**

The study makes use of secondary data which were relied upon journals and websites. The statistical data were collected from DIPP's FDI data base (Department of Industrial Policy and Promotion)

Scope of the Study

The scope of the study is restricted to the study of FDI in India from 2004-2005 to 2013-2014. It is also restricted to Sector-wise FDI, Country-Wise FDI and Year-Wise FDI.

Limitations

- Time and resource constraint was a major limitation
- The Study is based on data taken from Websites and Journals.

Tools of analysis

Trend Percentages have been used to analyze and interpret the data. Trend Analysis is the financial parameter which compares current data with that of a previous year, or base year. Base-year analysis allows for comparison between current performance and historical performance. Base-year analysis is important to be able to determine whether growth is on the rise or shrinking. **Trend analysis** calculates the percentage change for one account over a period of time of two years or more. A base year is normally set to an arbitrary level of 100. Any year can be chosen as a base year, but typically recent years are chosen. In this study the year 2004-05 is taken as base year where in the trend percentage is taken at 100%

Analysis and Interpretation of data

Table 1: FDI Equity inflows in Services Sector (Financial & Non-Financial Sector)

Amount Rs. In Crore

Year (April- March)	Amount	Trend Percentages
2004-05	2106	100
2005-06	2399	114
2006-07	21047	999
2007-08	26589	1263
2008-09	28516	1354
2009-10	19945	947
2010-11	15053	715
2011-12	24656	1171
2012-13	26306	1249
2013-14	13294	631

Source: As per DIPP's FDI data base

Table 2: FDI Equity inflows in Construction Development (Township, Housing, Built-Up Infrastructure)

Amount Rs. In Crore

Year (April- March)	Amount	Trend Percentages
2004-05	-	-
2005-06	-	-
2006-07	-	-
2007-08	-	-
2008-09	-	-
2009-10	-	-
2010-11	5600	100
2011-12	15236	272
2012-13	7248	129
2013-14	7508	134

Source: As per DIPP's FDI data base

Table 3: FDI Equity inflows in Telecommunications (Radio, Paging, Cellular Phone, Basic telephone services)

Amount Rs. In Crore

Year(April- March)	Amount	Trend Percentages
2004-05	588	100
2005-06	2776	472
2006-07	2155	366
2007-08	5103	868
2008-09	11727	1994
2009-10	12270	2087
2010-11	7542	1283
2011-12	9012	1533
2012-13	1654	281
2013-14	7987	1358

Source: As per DIPP's FDI data base

Table 4: FDI Equity inflows in Computer Software and Hardware

Amount Rs. In Crore

Year(April- March)	Amount	Trend Percentages
2004-05	-	-
2005-06	6172	100
2006-07	11786	191
2007-08	5623	91
2008-09	7329	119
2009-10	4127	68
2010-11	3551	58
2011-12	3804	62
2012-13	2656	43
2013-14	6896	112

Source: As per DIPP's FDI data base

Table 5: FDI Equity inflows in Drugs & Pharmaceuticals

Amount Rs. In Crore

Year(April- March)	Amount	Trend Percentages
2004-05	1343	100
2005-06	-	0
2006-07	-	0
2007-08	-	0
2008-09	-	0
2009-10	1006	75
2010-11	961	72
2011-12	14605	1087
2012-13	6011	448
2013-14	7191	535

Source: As per DIPP's FDI data base

Table 6: FDI Equity inflows in Automobile Industry

Amount Rs. In Crore

Year (April- March)	Amount	Trend Percentages
2004-05	-	-
2005-06	630	100
2006-07	1254	199
2007-08	2697	428
2008-09	5212	827

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

2009-10	5893	935
2010-11	5864	931
2011-12	4347	690
2012-13	8384	1330
2013-14	9027	1433

Source: As per DIPP's FDI data base

Table 7: FDI Equity inflows in Chemicals other than fertilizers
Amount Rs. In Crore

Year(April- March)	Amount	Trend Percentages
2004-05	909	100
2005-06	1731	190
2006-07	930	102
2007-08	920	101
2008-09	3427	377
2009-10	1726	190
2010-11	10612	1167
2011-12	18422	1587
2012-13	1596	176
2013-14	4738	521

Source: As per DIPP's FDI data base

Table 8: FDI Equity inflows in Power
Amount Rs. In Crore

Year (April- March)	Amount	Trend Percentages
2004-05	759	100
2005-06	386	50
2006-07	713	94
2007-08	3875	511
2008-09	4382	577
2009-10	6138	809
2010-11	5796	764
2011-12	7678	1012
2012-13	2923	385
2013-14	6519	859

Source: As per DIPP's FDI data base

Table 9: FDI in Equity inflows Metallurgical Industries
Amount Rs. In Crore

Year(April- March)	Amount	Trend Percentages
2004-05	881	100
2005-06	6540	742
2006-07	7866	893
2007-08	4686	532
2008-09	4157	472
2009-10	1999	227
2010-11	5023	570
2011-12	8348	948
2012-13	7878	894
2013-14	3436	390

Source: As per DIPP's FDI data base

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

Table 10: FDI Equity inflows in Hotel & Tourism

Amount Rs. In Crore

Year(April- March)	Amount	Trend Percentages
2004-05	-	-
2005-06	64	100
2006-07	401	627
2007-08	5729	8952
2008-09	1931	3017
2009-10	1297	2027
2010-11	1405	2195
2011-12	4754	7428
2012-13	17777	27777
2013-14	2949	4608

Source: As per DIPP's FDI data base

Table 11: FDI Equity Inflows in India

Amount Rs. In Crore

Year (April- March)	Amount	Percentage of growth over previous year
2000-01	10733	-
2001-02	18654	(+)74
2002-03	12871	(-) 31
2003-04	10064	(-) 22
2004-05	14653	(+)46
2005-06	24584	(+)68
2006-07	56390	(+)129
2007-08	98642	(+) 75
2008-09	142829	(+) 45
2009-10	123120	(-)14
2010-11	97320	(-)21
2011-12	165146	(+) 70
2012-13	121907	(-)26
2013-14	147518	(+)21

Source: As per DIPP's FDI data base

Table 12: FDI Equity Inflows in India – Country Wise

Amount Rs. In Crore

Year / Country	2009-10 (April-March)	2010-11 (April-March)	2011-12 (April-March)	2012-13 (April-March)	2013-14 (April-March)	Cumulative inflows	% to total inflows	Rank
Mauritius	49633	31855	46710	51564	29360	209122	37	I
Singapore	11295	7730	24712	12594	35625	91956	16	II
UK	3094	12235	36428	5797	20426	77980	14	III
Japan	5670	7063	14089	12243	10550	49615	9	IV
USA	9230	5353	5347	3033	4807	27770	5	VI
Netherlands	4283	5501	6698	10054	13920	40456	7	V
Cyprus	7728	4171	7722	2658	3401	25680	4	VII
Germany	2980	908	7452	4684	6093	22117	4	VII
France	1437	3349	3110	3487	1842	13225	2	VIII
UAE	3017	1569	1728	987	*1364	8665	2	VIII
Total FDI inflows from all the countries	**98367**	**79734**	**153996**	**107101**	**127388**	**566586**		

Source: As per DIPP's FDI data base

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

*the figures are up to December 2013

Discussions

1. From the Tables 1-10 it could be observed that the top ten sectors attracting highest FDI inflows such as Services Sector, Construction Development, Telecommunications, Computer Hardware & Software, Drugs & Pharmaceuticals, Automobile Industry, Chemicals other than fertilizers, Power Sector, Metallurgical Industries and Hotel & Tourism have been taken into consideration for analysis.
2. The services sector with an around 57 per cent contribution to the gross domestic product (GDP), has made rapid strides in the last few years and emerged as the largest and fastest-growing sector of the economy. Table 1 reveals the FDI inflows in India in the Service Sector (both financial & Non-financial). The trends analysis indicates increasing trends from 2004 – 2014. For the Year 2004-05 the FDI inflows is 2106 crore which is the least (100%) and for the year 2008-09 it is the highest i.e. 28516 crore (1354%). This goes to say that service sector is a booming sector of Indian Economy and FDI investment in this sector is on the rise.
3. The construction sector is labour-intensive and, including indirect jobs, provides employment to more than 35 million people. The Construction industry of India is an important indicator of the development as it creates investment opportunities across various related sectors. The construction industry has contributed an estimated ₹ 6708 billion to the national GDP in 2011-12 (a share of around 9%). According to PricewaterhouseCoopers India report the total construction market in India for FY2014 was US$157 billion, an increase of US$4 billion over FY2013. Infrastructure accounts for 49 percent, housing and real estate 42 percent and industrial projects 9 percent.
   Table 2 indicates the FDI inflows in India towards Construction Development which includes Township, Housing and Built-Up Infrastructure. The FDI inflows from 2004-05 to 2009-10 is nil. In the year 2010-11 it is 5600 crore (100%), 2011-12 it has grown to 15236 crore (272%). It fell in the year 2012-13 from 272% to 129% and134% in 2013-14.
4. As per IBEF (India Brand Equity foundation) August 2013 report, India has a subscriber base of nearly 898 million, which makes India the second-largest telecom network in the world. With 25.3 million internet subscriptions, India stood third-highest in terms of total internet users in 2012. Availability of affordable smart phones and lower rates are expected to drive growth in the Indian telecom industry. Table 3 portrays FDI in telecommunication which includes Radio, paging, Cellular phone, Basic telephone services. The FDI inflows in India in Telecommunications sector for the year 2004-05 is 588 crore (100%). It has enormously grown to 12270 corore (2087%) till 2009-10. From 2010-11 onwards the growth is slow & sluggish
5. The computer industry, or information technology (IT) industry, is the range of businesses involved in developing computer software, designing computer hardware and computer networking infrastructures, the manufacture of computer components and the provision of information technology (IT) services. Table 4 portrays FDI in India in computer hardware and software. The trend percentages have shrunk from 100% (6172 crore) in 2004-05 to 91%(5623 crore) in 2007-08 and further decreased to 43%(2656 crore) in 2012-13. This is not a healthy trend with respect to FDI in this sector
6. The Pharmaceutical industry in India is the world's third-largest in terms of volume. According to Department of Pharmaceuticals of the Indian Ministry of Chemicals and Fertilizers, the total turnover of India's pharmaceuticals industry between 2008 and September 2009 was US$21.04 billion. While the domestic market was worth US $12.26 billion. The industry holds a market share of $14 billion in the United States. According to India Brand Equity Foundation, the Indian pharmaceutical market is likely to grow at a compound annual growth rate (CAGR) of 14-17 per cent in between 2012-16. India is now among the top five pharmaceutical emerging markets of the world
   Table 5 portrays FDI in India in Drugs & Pharmaceuticals sector. In the year 2004-05 the FDI is 1343 crore (100%) which has gone down drastically to zero till 2008-09. The FDI in this sector is highest in 2011-12 i.e. 14605 crore (1087%) but the overall trend is not up to the mark
7. The Automobile industry accounts for 22 per cent of the country's manufacturing gross domestic product (GDP). The auto sector is one of the biggest job creators, both directly and indirectly. It is estimated that every job created in an auto company leads to three to five indirect ancillary jobs. India is expected to become a major automobile manufacturing hub and the third largest market for automobiles by 2020, according to a report published by Deloitte. India is currently the seventh-largest automobiles producer in the world with an average annual production of 17.5 million vehicles, and is on way to become the fourth largest automotive market by volume, by 2015.

   Automobile industry consist of passenger cars Auto ancillaries etc. Table 6 depicts the FDI inflows in India in Automobile Industry. For the year 2004-05 the FDI in India in Automobile Industry is 630 crore (100%) which has gradually increased to 9025 crore in 2013-14. The trend is healthy and quite satisfactory.

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

8. As per IBEF (India Brand Equity foundation) August 2013 report, Indian chemical industry stood as 3rd largest producer in Asia in 2011 in terms of volume. The chemical industry in India is a key constituent of Indian economy, accounting for about five per cent of the GDP. India accounts for approximately 7 per cent of the world production of dyestuff and dye intermediates, particularly for reactive acid and direct dyes.

   Table 7 gives a picture of FDI inflows in India in Chemicals other than fertilizers. From the Table it could be observed that for the year 2011-12 the FDI is highest i.e. 18422 crores and for the year 2004-05 it is the least i.e. 909 crore. We can infer that the FDI in this sector has grown over a period of time

9. India with a production of 1,006 terawatt hours (TWh), is the fifth largest producer and consumer of electricity in the world. In India sources for power generation range from commercial sources such as coal, lignite, natural gas, oil, hydro and nuclear power to other viable non-conventional sources such as wind, solar, and agriculture and domestic waste. The key components of Power sector include Renewable Energy, Wind Energy and Solar Power. The Working group on power for formulation of the 12th Five Year Plan has estimated total fund requirement of Rs 1,372,580 crore (US$ 227.98 billion) for the power sector. The industry attracted foreign direct investment (FDI) worth Rs 40,417.6 crore (US$ 6.72 billion) during April 2000 to January 2014.

   Table 8 portrays the FDI in India in Power Sector. For the year 2004-05 the FDI stands at 759 crore (100%). It has fallen to 386 crore (50%) in 2005-06 and it stood at 713 crore (94%) in 2006-07. It has gradually increased from 2007-08 onwards.

10. India boasts of one of the largest metallurgical industries in the world. A credit for this can be given to the presence of several Iron and Steel factories in India and its massive iron ore deposits. In recent past, the industry has performed really well and provided an impetus to the market. India can be said to be the founder of World Metallurgical Industry. Many people are ignorant of the fact that the art of bronze casting is in practice in India since centuries long. A metal image of the dancing girl that was unearthed at Mohenjo-Daro holds testimony to this.

    Some of the various products of Metallurgical Industry in India that warrant special mention here are: Foundry, Casting and Forging Devices, Minerals Exploration Equipments, Wires, Tubes and Pipes, Power and Hardware Tools, Refractories, Chemicals, Additives, Metal Working Devices, Safety and Rescue Equipments

    Table 9 reveals the FDI investment in India in Metallurgical Industries. In the year 2004-05 the FDI is 881 crore (100%). There is a steady growth in FDI in Metallurgical Industry right from the base year (2004-05) till 2013-14. The highest FDI being in the year 2011-12 which stood at 8348 crore (948%) which is a quite healthy trend
11. Table 10 depicts the FDI Equity inflows in Hotel & Tourism industry. It could be observed from the Table that the FDI for the year 2005-06 it is the least i.e. 64 crore which has tremendously increased to 17777 crore in the year 2012-13. This goes to say that Hotel & Tourism sector in India has shown an enormous growth over a period of time.
12. Table 11 reveals the total FDI inflows in India for the past 14 years i.e. 2000 – 2014. FDI inflows for the year 2003-04 is the least (10064 Crore) and it is the highest in the year 2011-12 (165146 Crore). Though there are little ups and downs in FDI inflows in India when each year's figure is compared with the previous year, the overall increase from 2000 – 2014 is tremendous.
13. Table 12 indicates that 67% of FDI received by India comes from Mauritius, Singapore and UK. Foreign countries invest in India to take advantage of cheaper wages, special investment privileges like tax exemptions. Rise in the standard of living of people, growing awareness of consumerism and great Indian brands like Tata, Birla, Reliance, Wipro etc have changed the perception of foreign countries about India. Mauritius ranked first with respect to FDI inflows in India contributing 37% of total FDI inflows in the country. Singapore ranked 2nd contributing 16% of total FDI inflows. UK acquired 3rd position contributing to the extent of 14% of total FDI inflows. Japan occupied 4th position with 9% followed by Netherlands with 7%, USA with 5%, Cyprus & with 4%, France and UAE ranked the least with 2%.

Suggestions

- The Government has to play a vital role in boosting FDI inflows by providing additional incentives to foreign investors to invest in sectors where the level of FDI inflows is stumpy
- Government should play a crucial role in having a check on red-tapism, corruption which will in turn boost the confidence of foreign investors

- Amongst ten top investors (countries) considered for the study, only three countries such as Mauritius, Singapore and UK have contributed the maximum amount (67%). The other countries could also be targeted by the government by offering special benefits.
- Wind energy is the largest renewable energy source in India; projects like the Jawaharlal Nehru National Solar Mission (aims to generate 20,000 MW of solar power by 2022). They also help build a positive environment to attract investors to India.
- India has vast potential for solar energy and is quickly developing itself as a major manufacturing hub for solar power plants. Besides, it is expected that the annual PV-installed capacity will grow at a CAGR of around 49.5 per cent during 2010–2014 to reach 1,500 MW.
- The Travel & Tourism industry provides tremendous opportunity to India in terms of contribution to its GDP and employment generation. According to CII estimates, an additional 1 million visitors can help generate revenues of Rs.4,300 crore annually. Thus, Government policies, which would focus at increasing tourist arrivals in the country and facilitate investments in tourism infrastructure, would lead to significantly higher multiplier effect on the key economic parameters of the Indian economy.

Conclusion

To conclude I would say FDI is of vital importance to an Indian economy as it leads to not only capital formation but also increased employment opportunities, transfer of technology, higher standard of living, access to global managerial skills, optimum utilization of human capabilities and natural resources,, access to international quality of goods etc.

References

1. Sapna Hooda, “A Study of FDI and Indian Economy” PhD thesis submitted to Department of Humanities & Social Sciences National Institute of Technology (Deemed University) Kurukshetra –Haryana, 2011
2. Shalini aggarwal et.al, “Foreign Direct Investment in India”, international Journal of Computational Engineering and Management, Vol. 15, Issue 5, Sept. 2012.
3. Urmila Patil, “To study the trends in FDI in different sectors in India”, International Journal of Scientific Research, Vol. 2, Issue 11, November 2013
4. Renuka Sagar et.al, “Sectoral Trends and patterns of FDI in India”, International Journal of Marketing, Financial Services and Management Research, Vol. 2, No. 7, July 2013.
5. Jasbir Singh et.al, “Role of Foreign Direct Investment in India: An Analytical Study”, Research Inventy: International Journal of Engineering and Science, Vol. 1, Issue 5 , October 2012.
6. M.Shahul Hameedu et.al, “Foreign Direct Investment, the Indian scenario”, International Journal of Scientific and Research Publications, Volume 4, Issue 2, February 2014.