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   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

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   APPENDIX/ANNEXURE

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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
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- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

TRENDS AND PATTERNS OF FDI: A COMPARATIVE ANALYSIS OF INDIA AND CHINA

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ABSTRACT
FDI is the process whereby residents of one country (the home country) acquire ownership of assets for the purpose of controlling the production, distribution and other activities of a firm in another country (the host country. According to the BPM5, FDI is the category of international investment that reflects the objective of obtaining a lasting interest by a resident entity in one economy in an enterprise resident in another economy. The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence by the investor on the management of the enterprise. The present study analyzes the inflow and outflow of funds in India and China. The data is obtains from various reports of IMF, RBI, economic journals of China and India. The obtained data is compiled and T test is used to obtain the results. After compilation it can be said that a substantial amount of money has been invited in both the countries and there is a significant difference in the amount and patterns of investment of funds

KEYWORDS
Internationalization, Investment, Investigate, International Mutual Fund.

INTRODUCTION
Most of the present day underdeveloped countries of the world have set out a planned programme for accelerating the pace of their economic development. In a country planning for industrialization and aiming to achieve a target rate of growth, there is a need for resources. The resources can be mobilized through domestic as well as foreign sources. So far as, the domestic sources are concerned, they may not be sufficient to acquire the fixed rate of growth. Generally domestic savings are less than the required amount of investment. Also the very process of industrialization calls for import of capital goods which can not be locally produced. Hence comes the need for foreign sources. They not only supplement the domestic savings but also provide the recipient country with extra foreign exchange to buy imports essential for filling the saving investment gap and foreign exchange gap. The means of getting foreign resources available to a developing country are mainly three:

1. Through export of goods and services
2. External aid
3. Foreign investment

Export of goods and services do contribute to foreign resources but they can meet only a small part of the total demand for foreign resources. External Aid from foreign governments and international institutions, by increasing the rate of home savings and removing the foreign gap allows the utilization of previously under utilized resources and capacity. But generally the aid is tied and distorts the allocation of resources. So its use has been on the decline.

REVIEW OF LITERATURE
Meyer (2003) discussed the relation between institutions in emerging markets and the entry strategies chosen by foreign direct investors. The merits of alternative strategies from investors' perspective as well as the impact on the host economy are investigated. For this purpose, FDI strategies are investigated and compared in four important emerging markets India, Egypt, South Africa and Vietnam. **Singh (2005)** defined that the Concept of Foreign Direct Investment is now a part of India's economic future but the term remains vague to many, despite the profound effects on the economy. Despite the extensive studies on FDI, there has been little illumination forthcoming and it remains a contentious topic. The paper explores the uneven beginnings of FDI, in India and examines the developments (economic and political) relating to the trends in two sectors: Industry and Infrastructure and sub sector Telecom, to illustrate that. **Denisia (2010)** defined the main trends in FDI theory and highlight how these theories were developed, the motivations that led to the need for new approaches to enrich economic theory of FDI. Although several researchers have tried to explain the phenomenon of FDI, we cannot say there is a generally accepted theory, every new evidence adding some new elements and criticism to the previous ones. **Rao and Dhar (2011)** explained the divergence from the earlier trend. At the outset, the paper dwells on the ambiguities surrounding the definition and the non-adherence of international norms in measuring the FDI inflows. The study finds that portfolio investors and round tripping investments have been important contributors to India's reported FDI inflows thus blurring the distinction between direct and portfolio investors on one hand and foreign and domestic investors on the other. These observations acquire added significance in the context of the substantial fall in the inflows seen during 2010-11.In most countries, particularly those that have faced chronic current account deficits, obtaining stable long term FDI flows was preferred over volatile portfolio investments. This distinction between long term FDI and the volatile portfolio investments has now been removed in the accepted official definition of FDI. **Devajit (2012)** defined that Foreign direct investment (FDI) as a strategic component of investment is needed by India for achieving the economic reforms and maintains the pace of growth and development of the economy. The paces of FDI inflows in India initially were low due to regulatory policy framework but there is a sharp rise in investment flows from 2005 towards because of the new policy has broadened. The study tries to find out how FDI seen as an important economic catalyst of Indian economic growth by stimulating domestic investment, increasing human capital formation and by facilitating the technology transfers. The main purpose of the study is to investigate the impact of FDI on economic growth in India.

RESEARCH METHODOLOGY
The objective of this research is to study the inflows and outflows of Foreign Direct Investment in India and China and also to study the contribution in GDP of India and China. In this study secondary data has been used and data collected through various reports such as IMF report and RBI report from the time period of 1990 to 2012 and to analyse the data T test have been applied.

STATEMENT OF THE PROBLEM
In the present scenario FDI is a necessity, no nation can survive in such a tough economic environment without FDI.FDI has served up as a source of income and revenue to nations, FDI has brought lots of jobs. So this research emphasizes on various aspects of flow of money in and out of the countries that is India and China.

OBJECTIVES
The present study is conducted to achieve the following objectives:

1. To study the inflows of Foreign Direct Investment in India and China.
2. To study the outflows of Foreign Direct Investment in India and China.
3. To study the contribution in GDP of India and China.

RESEARCH HYPOTHESIS

H_{01}: There is no significant difference between the FDI inflow of India and China.

SOURCE OF DATA PLAN AND SAMPLE PLAN

The study is based on the data collection from the primary sources. The secondary data was collected through various report.

DATA ANLYSIS

1. COMPARISON OF INDIA AND CHINA

TABLE 1: TOTAL INFLOWS OF FOREIGN DIRECT INVESTMENT (in US billion $)

Sr. No	Year	India		China	
		Inflow	Trend	Inflow	Trend
1	1991	73537638	100.00	4366000000	100.00
2	1992	276512439	376.01	11156000000	255.52
3	1993	550370025	748.42	27515000000	630.21
4	1994	973271469	1323.50	33787000000	773.87
5	1995	2143628110	2915.01	35849200000	821.10
6	1996	2426057022	3299.07	40180000000	920.30
7	1997	3577330042	4864.63	44237000000	1013.22
8	1998	2634651658	3582.73	43751000000	1002.08
9	1999	2168591054	2948.95	38753000000	887.61
10	2000	3584217307	4874.00	38399300000	879.51
11	2001	5471947158	7441.02	44241000000	1013.31
12	2002	5626039508	7650.56	49307976629	1129.36
13	2003	4322747673	5878.28	47076718733	1078.26
14	2004	5771297153	7848.09	54936483255	1258.28
15	2005	7269407226	9885.29	104108693870	2384.53
16	2006	20029119267	27236.56	124082035620	2842.00
17	2007	25227740887	34305.89	156249335200	3578.78
18	2008	43406277076	59025.93	171534650310	3928.87
19	2009	35581372930	48385.25	131057052870	3001.77
20	2010	26502000000	36038.69	243703434560	5581.85
21	2011	32190000000	43773.50	220143285430	5042.22
Mean		10943148364		79258769832	
Df		20			
t-stat.		-5.472			
P-Value		0.000			
t-Value		2.086			

Source:-IMF REPORT 2012

significant level: 5 Percent

Table 1:- shows the total inflows of foreign direct investment in India and China during the period under study. 1991 is taken as a base year of India and China then calculates the trend from 1991 to 2011. The growth of inflow in India and China increased to 376.01 percent and 255.52 in 1992. From 1992 to 1997 the trend of inflow in India and China is respectively increased to 4864.63 percent and 1013.22 percent but in 1998 and 1999 the trend of inflow decreased to 3582.73 percent and 2948.95 percent in India and 1002.08 percent and 887.61 percent in China. After 1999 trend of inflow in India respectively increase in 2000 (4874.00) percent, in 2001 (7441.02) percent, in 2002 (7650.56)percent and but in China trend of inflow decrease to 879.51percent in 2000 then again increase the trend of inflow in China 1013.31percent in 2001 and 1129.36percent in 2002. In 2003 both country trend also decrease to 5878.28percent and 1078.26percent. After that in 2004 to 2008 respectively increased to 59025.93 percent and 3928.87 percent in 2008 but again decreased to 48385.25 percent and 3001.77 percent in 2009. In 2011 growth of trend inflow is 43733.50 percent in India and 5042.22 percent in china. The average of inflow of foreign direct investment in India is 10943148364 USD and in China are 79258769832 USD. The value of t-statistics reveals that there is a significant difference in the growth in the total inflows of foreign direct investment in India and China. But there is no significant difference between the growth in the total inflows of foreign direct investment in India and China because calculated value (-5.472) is less than table value (2.086).

2 . CONTRIBUTION IN GDP OF INDIA AND CHINA

TABLE 2:- CONTRIBUTION IN GDP OF INDIA AND CHINA

Sr. No	Year	India		China	
		GDP	Trend	GDP	Trend
1	1991	2.75	100.00	3.79	100.00
2	1992	2.93	106.55	4.23	111.61
3	1993	2.84	103.27	4.40	116.10
4	1994	3.33	121.09	5.59	147.49
5	1995	3.66	133.09	7.28	192.08
6	1996	4.00	145.45	8.56	225.86
7	1997	4.23	153.82	9.53	251.45
8	1998	4.28	155.64	10.19	268.87
9	1999	4.64	168.73	10.83	285.75
10	2000	4.75	172.73	11.98	316.10
11	2001	4.92	178.90	13.25	349.60
12	2002	5.23	190.18	14.54	383.64
13	2003	6.18	224.73	16.41	432.98
14	2004	7.22	262.55	19.32	509.76
15	2005	8.34	303.27	22.57	595.51
16	2006	9.49	345.09	27.13	715.83
17	2007	12.39	450.55	34.94	921.90
18	2008	12.24	445.09	45.22	1193.14
19	2009	13.61	494.91	49.91	1316.89
20	2010	16.84	612.36	59.31	1564.91
21	2011	18.48	672.00	73.18	1930.87
Mean		7.254761905		21.53142857	
Df		20			
t-stat.		-4.339			
P-Value		0.000			
t-Value		2.086			

Source:- TAC, MOFCOM and UNCTAD, IMF report 2012

significant level: 5 Percent

Table 2:- shows the Contribution on GDP of India and China during the period under study. 1991 is taken as a base year of India and China then calculates the trend from 1991 to 2011. The contribution of GDP in India and China increased to 106.55 percent and 111.61 in 1992. In 1993 the contribution of GDP in India decline From 106.55 to 103.27 and in China it increased from 11.61 to 116.10.From 1994 to 2007 the contribution of GDP increased in India and in China it increased from 1994 to 2000 up to 168.61 percent. In 2008 the contribution of GDP decline in India 0.15 percent than 2007. The value of t-statistics reveals that there is a significant difference in the contribution in GDP of India and China. But there is no significant difference between the contribution on GDP of India and China. The calculated value (-4.339) is less than table value (2.086); therefore, null hypothesis is rejected. At 5percent significant level P-Value is 0.000 and degree of freedom is 20.

3. TOTAL OUTFLOWS OF FOREIGN DIRECT INVESTMENT

TABLE 3: TOTAL OUTFLOWS OF FOREIGN DIRECT INVESTMENT

Sr. No	Year	India		China	
		Outflow	Trend	Outflow	Trend
1	1991	NA	NA	913000000	100.00
2	1992	NA	NA	4000000000	438.12
3	1993	350640.56	100.00	4400000000	481.93
4	1994	82583302.7	23552.12	2000000000	219.06
5	1995	117189079.2	33421.43	2000000000	219.06
6	1996	239324706.5	68253.57	2114000000	231.54
7	1997	112918990.4	32203.63	2563000000	280.72
8	1998	47593027.49	13573.17	2634000000	288.50
9	1999	79357457.32	22632.14	1775000000	194.41
10	2000	509532974.7	145314.90	916000000	100.33
11	2001	1397985815	398694.84	6884000000	754.00
12	2002	1678143517	478593.7	2518407450	275.84
13	2003	1878609247	535765.00	11993358.63	1.31
14	2004	2179109086	621465.21	1963372533	215.04
15	2005	2977772976	849238.00	13729566303	1503.80
16	2006	14343661512	4090702.32	23932198468	2621.27
17	2007	17281023004	4928415.30	17154799702	1878.95
18	2008	19256527246	5491814.00	56742276630	6214.93
19	2009	15927071400	4542278.70	43889985500	4807.23
20	2010	13151021113	3750570.42	57953599366	6347.60
21	2011	0	0	49694597037	5443.00
Mean		4345703576		14180466493	
Df		20			
t-stat.		-2.87			
P-Value		0.009			
t-Value		2.086			

Source:- IMF REPORT 2012

Significant level: 5 Percent

Table 3:- shows the total outflows of foreign direct investment in India and China during the period under study. 1991 is taken as a base year of India and China then calculates the trend from 1991 to 2011. The growth of outflow in India from year 1991 to 1996 increased as 0 to 68253.57and in China it increased from 1991 to 1993.Then in India declining trend comes in 1997 and 1998 and in China the trend declines in year 1994 and remains constant in 1995.In India rising trend start from year 1999 to 2001 and in China trend increased from 1996 to 1998.Then a subsequent fall was observed in the year 1999 and 2000.After 2000 a comparative rise from 100.33 in year 2000 to 754 in 2001 then a fall to 275.84 in year 2002 and 1.31 in 2003.Since the year 2001to 2008 in case of India an increase in trend was observed subsequently an increase in trend of GDP of china has been seen from 2003 to 2008.From 2009 to 2011 India has witnessed a decline in trend whereas china's GDP in 2009 then increased in 2010 and again decrease in 2011. The average of outflow of foreign direct investment in India is 4345703576 USD and in China are 14180466493USD.the calculated value -2,87 is less than the tabulated value that is 2,086 Hence we can say a significant difference is seen.

4. COUNTRY WISE FDI INFLOW

TABLE 4:- COUNTRY WISE FDI INFLOW (Us$ Billion 2012)

Sr. No.	Country	India	China
1	Japan	0.057581	7.38
2	Singapore	0.077588	6.539
3	USA	0.047889	3.13
4	Germany	0.020828	1.471
5	UK	0.074661	1.031
Mean		0.0557094	3.9102
Df		4	
t-stat.		-2.974	
P-Value		0.041	
t-Value		2.776	

Source:- China Foreign Investment Report 2012, Ministry of Commerce and ***RBI‟s Bulletin May 2012***

Table 4:-Depicts a country wise FDI inflow .From the data it was observed that India received 0.057581 from Japan and China received 7.38 billion USD from Japan. India received 0.077588 from Singapore and China received 7.38 billion USD from Singapore. India received 0.047889 from USA and China received 3.13 billion USD from USA. India received 0.020828 from Germany and China received 1.471 billion USD from Germany. India received 0.0557094 from UK and China received 3.91 billion USD from UK.

The value of t-statistics reveals that there is a significant difference in the **Country Wise Inflow** of foreign direct investment in India and **China because** calculated value (-2.974) is less than table value (2.776); therefore, null hypothesis is rejected. At 5percent significant level P-Value is 0.000 and degree of freedom is 4

5.GROWTH RATE

TABLE 5:- GROWTH RATE

Time Period	Growth rate %	
	India	China
Pre reform period(10 years)	5.5	5.7
Post reform period(10years)	10.1	5.9

Sources: World Development Indicators, World Bank

Table 5:-Displays the growth rate of India and china in pre and post reform period. It is observed that India had a growth rate of 5.5 percent in pre reform period whereas china had 5.7 percent. Post reforms India had a substantial growth of 10.1 percent but china had recorded a rate of 5.9 percent hence it can be said that growth rate of India is greater than china.

FINDINGS AND SUGGESTIONS

FINDINGS

- The average of inflow of foreign direct investment in India is 10943148364 US$ and in China are 79258769832 US$. Thus a significant difference is seen in the amount of inflow of funds in India and China. China has received funds more than India.
- The average contribution of India's GDP is 7.25 and the average contribution of China's GDP is 21.53. the value of t-statistics reveals that there is a significant difference in the contribution in GDP of India and China. But there is no significant difference between the contribution on GDP of India and China.
- The average of outflow of foreign direct investment in India is 4345703576 US$ and in China are 14180466493 US$.The calculated value is less than the tabulated value .Hence we can say that a significant difference is seen.
- There is a significant difference in the country wise inflow of foreign direct investment in India and China.
- India growth rate of 5.5 percent in pre reform period whereas China had 5.7 percent. Post reforms India had a substanial growth of 10.1 percent but China had recorded a rate of 5.9 percent hence it can be said that growth rate of India is greaer than China.

SUGGESTIONS

- The Indian Government must encourage certain relaxations in the import and export policies so as to attract more and more sectors and companies to invest in India.
- The Government must educate its own citizens regarding FDI and its benefits so that internal fictions may reduce.
- The Government and RBI must modify its rules so as to encourage more and more investors.
- The Government must increase or relax the share of investing foreign investors in the every sector so that more and more capital could be brought in.

CONCLUSION

After critically analyzing the data it can be concluded that FDI has served up as a major source of finance and money source for both India and china.

FDI has been the triggering source that has aided in development of these two Asian giants.

China has for years received more funds as compared to India .The net GDP of china is more than that of india. But india score an edge when it comes to growth.

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