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    REVIEW OF LITERATURE
    NEED/IMPORTANCE OF THE STUDY
    STATEMENT OF THE PROBLEM
    OBJECTIVES
    HYPOTHESES
    RESEARCH METHODOLOGY
    RESULTS & DISCUSSION
    FINDINGS
    RECOMMENDATIONS/SUGGESTIONS
    CONCLUSIONS
    LIMITATIONS
    SCOPE FOR FURTHER RESEARCH
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- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

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FINANCIAL ANALYSIS OF FOREIGN DIRECT INVESTMENT COMPANIES IN INDIA

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ABSTRACT

The Multi National Corporations established by different countries have set up a large number of branches and subsidiaries in developing countries and have brought with them new technological expertise, machinery and equipment, better management and organisation, superior marketing techniques, etc. In fact, this is the main advantage of having direct foreign investment in developing countries. As a result of various measures taken by government, India received lot of Foreign Direct Investment inflows (including equity inflows, re-invested earnings and other capital) of US$ 331,923 million during the period April 2000-May 2014, according to data published by Department of Industrial Policy and Promotion (DIPP), Government of India. However, it is not just enough to attract Foreign Direct Investment the financial performance of these companies should be more efficient so that further investment can be attracted. The present study has made to analyse the Liquidity, Solvency, Efficiency and Profitability performance of Foreign Direct Investment Companies in India, for which data has been collected from the various monthly bulletins of RBI. The study covered a period of 12 years from 1999-2000 to 2010-2011.

KEYWORDS
Efficiency, Foreign Direct Investment Companies, Liquidity, Profitability, Solvency.

INTRODUCTION
Global flow of physical resources such as capital and equipment, and transmission of intangible resources such as skills, technicques and entrepreneurship is a universal phenoomenon. The developing economies stand to gain considerably from the rich experiences of the developed countries. Foreign capital and foreign collaborattion are vital for the acceleration of growth mechanism in developing economies. Foreign capital takes two main forms: (1) private foreign investment and (2) foreign aid. Private foreign investment can either be direct foreign investment or indirect foreign investment. As far as direct foreign investment is concerned, the private foreign investor either sets up a branch or a subsidiary in the recipient country. These corporations have set up a large number of branches and subsidiaries in these countries and have brought with them new technological expertise, machinery and equipment, better management and organisation, superior marketing techniques, etc. In fact, this is the main advantage of having direct foreign investment in developing countries. Apart from the above favourable factors, these corporations have huge financial resources with which they can easily turn all circumstances in its favour, they maintain a high level of funds utilisation by generating funds in one country and using them in another; easy access to external capital markets. Due to these reasons only, the government of India has been announcing a number of tax concessions, lower rates of taxation for certain designated priority industries, tax holiday on profits for a certain period to new industrial undertakings etc. since independence. NRIs investing in India were allowed higher investment limits, priority allotment of items in short supply, permission to buy shares in Indian companies etc. As a result of these measures taken by government, India received cumulative FDI inflows (including equity inflows, re-invested earnings and other capital) of US$ 331,923 million during the period April 2000-May 2014, according to data published by Department of Industrial Policy and Promotion (DIPP), Government of India. Total FDI equity inflows in India (including amount remitted through RBI's-NRI Schemes) during April 2000-May 2014 stood at US$ 222,890 million. Among different countries, Singapore led the share of top investing countries by FDI equity inflows into India with US$ 5,985 million during FY 14, followed by Mauritius (US$ 4,859 million), the UK (US$ 3,215 million) and the Netherlands (US$ 2,270 million). It is not just enough to attract FDI, the financial performance of FDI companies should be more efficient so that further investment can be attracted and a proper competitive environment in the domestic industry. Keeping in view the above objective, in the present study an attempt has made to analyse the Liquidity, Solvency, Efficiency and Profitability of Foreign Direct Investment Companies in India. Before stating the objectives and methodology of the study, a brief review of literature is presented.

REVIEW OF LITERATURE
Bhunia (2010) has analysed the financial performance of public sector drug & pharmaceutical enterprises listed on BSE. This study seeks to dwell upon mainly to assess the shortterm and longterm solvency, the liquidity and profitability position and trend, the efficiency of financial operations and the factors determining the behavior of liquidity and profitability. The study has been undertaken for the period of twelve years from 1997-98 to 2008-09. **Dr. Srinivasan & Tiripura Sundari (2011)** studied the Z-score to measure the financial health of fourteen south Indian Cement industries. For measuring the corporate financial performance, accounting profitability measures and shareholders' value based measures are to be considered. In this study, an attempt has been made to study the value creation of selected cement companies in India to its shareholders. **Malyadri & Sudheer Kumar (2013)** study aimed to throw light on the present situation of the Indian sugar industry, discussing the indicate details of the industry from financial and micro economic profit of view etc; this study aims to provide and insight in to the financial viability and profitability of Indian sugar industry. Since, the financial performance of different industrial units and industries is different from each other, an attempt has been made to anlyse the financial performance of FDI companies in terms of Liquidity, Solvency, Efficiency and Profitability aspects during 1999-2000 to 2010-11, i.e., 12 years study period.

IMPORTANCE OF THE PROBLEM
Economic development of India can be improved by developing the industrial sector, which depends upon the development of infrastructure facilities in the country. Development of infrastructure facilities requires a huge amount of capital investment. Since, India is unable to build infrastructure facilities with domestic capital it has been depending on foreign capital. To attract foreign capital to India, Government has been opening different sectors to the foreign investors through its various policy measures. Several Multinational Organisations have been established in India since independence. Just establishing companies by different countries does not serve the purpose of the economy. The financial performance of FDI companies established by different countries should be more efficient so that it will help the economy to attract further foreign capital. If the financial efficiency of these organisations is poor, it discourages the other parties not to invest in India. Therefore, the present study is an attempt made to analyse the financial performance of Foreign Direct Investment Companies in India.

OBJECTIVES OF THE STUDY
This study has been undertaken with the following specific objectives;
1. To analyse the liquidity position of FDI companies.
2. To analyse solvency position of the FDI companies.
3. To analyse efficiency in ultilising different assets, i.e., both current assets and fixed assets, of the FDI companies.
4. To analyse profitability of the FDI companies.

HYPOTHESES

1. The liquidity position of the FDI companies is bettter than the Indian companies.
2. The solvency position of the FDI companies is better than the Indian companies.
3. The efficiency of the FDI companies is better than the Indian companies.
4. The profitability position of the FDI companies is better than the Indian companies.

RESEARCH METHODOLOGY

To test the above hypotheses, an attempt has been made in this study to analyse the financial performance of FDI companies. The analysis is made in two stages; in the first stage, the performance of the total FDI companies is compared with the total Indian companies and in the second step the performance of companies of Top Eight countries, such as Maritius, Netherland, France, Japan, Switzerland, Germany, USA and UK, was compared with the total FDI companies. For this purpose, secondary data published by RBI in its various monthly bulletins has been collected. Various Statistical techniques such as Mean, Standard Deviation, Coefficient of Variation, Correlation and t-test have been used to analyse, compare and draw meaningful conclusion. This study covered a period of 12 years, i.e., from 1999-00 to 2010-11.

RESULTS AND DISCUSSION

1. LIQUIDITY ANALYSIS

Liquidity analysis has been done with the help of current ratio, quick ratio, current assets to total net assets ratio, sundry creditors to current assets ratio and sundry creditors to net working capital ratio and presented below.

TABLE 1: CURRENT ASSETS TO TOTAL NET ASSETS RATIO

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	38.65	50.4	30.1	6.17	15.95	-0.73	0.00
Netherland	59.27	73.3	51.3	8.47	14.29	-0.74	0.01
France	44.67	53.1	39.6	3.62	8.11	0.45	0.00
Japan	44.49	56.9	33.2	7.98	17.94	0.92	0.01
Switzerland	55.44	68.7	40.8	9.80	17.68	-0.77	0.09
Germany	64.03	67.9	59.7	2.60	4.07	-0.41	0.00
USA	56.11	63.5	39.4	7.09	12.63	0.70	0.00
UK	51.26	60.5	44.2	4.88	9.51	0.85	0.01
All FDI Cos.	48.63	53.5	44.3	3.51	7.22	-0.09	
Indian Cos	44.57	47.6	42	1.86	4.16		

The current assets to total net assets ratio of FDI companies was ranged between a minimum of 44.3 and a maximum of 53.5 per cent and registered 48.63 per cent on an average, which is higher than that of Indian companies (44.57 per cent). Countrywise analysis indicates that the average ratios of Maritius, France and Japan companies are lesser than that of FDI companies.

TABLE 2: CURRENT ASSETS TO CURRENT LIABILITIES RATIO

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	1.13	1.3	0.9	0.14	12.06	-0.26	0.00
Netherland	1.43	1.6	1.3	0.11	7.99	-0.51	0.00
France	1.20	1.6	0.9	0.22	18.46	0.42	0.19
Japan	1.12	1.5	0.9	0.21	18.64	0.49	0.01
Switzerland	1.38	1.5	1.1	0.12	8.63	-0.26	0.03
Germany	1.54	1.9	1.2	0.24	15.76	0.08	0.00
USA	1.54	1.7	1.3	0.12	8.04	0.35	0.00
UK	1.36	1.6	1.2	0.11	7.98	0.47	0.02
All FDI Cos.	1.28	1.3	1.2	0.04	3.03	-0.22	
Indian Cos	1.22	1.3	1.1	0.07	5.90		

The ratio of current assets to current liabilities indicates that the average ratio of FDI companies was 1.28 times, which was higher than that of Indian companies (1.22 times). Among the companies of different countries, the average ratios of the companies of Japan, France and Maritius were lesser than that of FDI companies during the study period.

TABLE 3: QUICK ASSETS TO CURRENT LIABILITIES RATIO

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	55.69	73.6	38.7	11.10	19.92	0.03	0.01
Netherland	78.25	97.3	66.6	8.17	10.44	-0.61	0.00
France	70.82	84.4	55.4	10.13	14.30	0.19	0.16
Japan	56.53	69.8	38.2	9.40	16.63	0.55	0.00
Switzerland	72.83	91	41.2	15.37	21.11	-0.28	0.22
Germany	85.47	114.8	69.4	16.03	18.75	0.42	0.00
USA	83.68	103.1	64.1	10.43	12.46	0.60	0.00
UK	65.93	77.4	37.5	11.87	18.00	0.67	0.87
All FDI Cos.	66.40	72.9	57.5	4.16	6.26	-0.08	
Indian Cos	54.72	62.6	50.8	3.64	6.66		

The Quick assets to current liabilities ratio of the FDI companies shows that it was fluctuated between 57.5 and 72.9 per cent registered on an average 66.40 per cent in FDI companies which is higher than the indian companies (54.72 per cent). Country-wise analysis indicates that the average ratios of the companies of Maritius, Japan and UK were lesser than that of FDI companies.

TABLE 4: SUNDRY CREDITORS TO CURRENT ASSETS RATIO

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	28.48	39.3	22.7	4.14	14.52	-0.08	0.08
Netherland	35.61	40.3	29.2	3.43	9.63	-0.22	0.01
France	36.28	45.9	26.4	6.36	17.53	0.19	0.02
Japan	30.82	40.5	21.6	5.74	18.61	-0.27	0.84
Switzerland	31.58	36.6	20.5	4.50	14.25	-0.32	0.82
Germany	28.05	39	23.1	4.93	17.58	0.75	0.01
USA	25.43	30.6	18.5	4.58	18.00	0.83	0.00
UK	35.57	45.6	27.8	4.91	13.81	0.56	0.00
All FDI Cos.	31.22	34.2	27.9	2.20	7.04	0.05	
Indian Cos	27.81	31.4	25.5	2.06	7.42		

The proportion of current assets financed by the sundry creditors in FDI companies was 31.22 per cent, which is higher than Indian companies (27.81 per cent) and fluctated between 27.9 and 34.2 per cent during the study period. Countrywide analysis indicates that the average ratios of France, Netherland, U.K, and Switzerland are higher than that of FDI companies.

TABLE 5: SUNDRY CREDITORS TO NET WORKING CAPITAL RATIO

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	155.67	239.6	82.5	61.41	39.45	0.29	0.29
Netherland	120.14	160.7	83.6	23.16	19.27	-0.58	0.13
France	138.38	242.2	89.6	63.10	45.60	-0.52	0.81
Japan	184.50	349.1	65.5	140.13	75.95	-0.85	0.47
Switzerland	109.05	143.9	66.5	23.21	21.29	-0.32	0.02
Germany	83.34	177.6	52.6	39.81	47.77	0.17	0.00
USA	72.65	96.7	43.5	17.39	23.93	0.12	0.00
UK	142.28	257.2	71.4	49.62	34.88	0.36	0.66
All FDI Cos.	136.14	154	107.2	14.81	10.88	0.13	
Indian Cos	168.51	258.9	111.3	52.51	31.16		

The average ratio of sundry creditors to net working capital of FDI companies (136.14 per cent) was less than that of Indian companies (168.51 per cent) during the study period. Among the different countries, the average ratios of Maritius, France, Japan and UK were higher than that of total FDI companies.

TABLE 6: SHORT TERM BANK BORROWINGS TO INVENTORIES RATIO

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	101.79	131.1	78.2	13.41	13.17	0.19	0.00
Netherland	34.69	51.5	11.2	13.21	38.07	-0.34	0.00
France	68.94	174	21.6	43.91	63.69	0.49	0.26
Japan	70.08	164.1	33.7	37.02	52.83	0.85	0.11
Switzerland	26.77	68.8	3.9	18.51	69.17	-0.48	0.00
Germany	31.47	47.1	17.1	9.87	31.38	0.58	0.00
USA	37.94	77.5	14.4	19.45	51.27	0.05	0.02
UK	31.47	42.6	18.8	7.60	24.17	-0.40	0.00
All FDI Cos.	55.36	71.8	42.9	9.93	17.93	0.89	
Indian Cos	78.73	117.3	61.4	15.75	20.00	1.00	

The ratio of short term bank borrowings to inventories of FDI companies (55.36 per cent) was less than that of Indian companies (78.73 per cent) on an average. Countrywise analysis indicates, except the companies of Maritius, Japan and France, the average ratios of other countries were lesser than that of FDI companies.

2. SOLVENCY ANALYSIS

Solvency analysis has been done with the help of Net Fixed Assets to Total Net Assets, Net Worth to Total Net Assets, Debt to Equity ratio and Total outside Liabilities to Networth ratio so as to measure longterm financial liquidity and presented below:

TABLE 7: NET FIXED ASSETS TO TOTAL NET ASSETS

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	49.53	65.9	34.5	11.02	22.25	0.54	0.00
Netherland	35.00	45.9	17.3	10.47	29.92	0.39	0.22
France	42.96	51.5	26.8	7.97	18.56	-0.10	0.11
Japan	38.57	48.8	30.8	5.59	14.50	0.15	0.92
Switzerland	36.22	50.4	23.3	8.57	23.66	0.30	0.31
Germany	26.77	35.6	21.5	4.20	15.69	0.64	0.00
USA	29.88	33.9	22.5	3.42	11.46	0.46	0.00
UK	35.99	44	31.2	3.99	11.09	0.20	0.04
All FDI Cos.	38.73	42.4	36.6	1.73	4.46	0.66	
Indian Cos	42.53	49.3	34.6	4.50	10.59		

Net Fixed Assets to Total Assets Ratio indicates that it varied between 36.6 per cent and 42.4 per cent during the study period and registered on an average 38.73 percent in FDI companies, which is lower than the average of Indian companies (42.53 per cent). Among companies in different countries, except companies of Maritius and France, the average ratios of remaining countries were lower than the average of FDI companies.

TABLE 8: NET WORTH TO TOTAL NET ASSETS RATIO

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	40.43	49.4	28	7.73	19.12	0.91	0.03
Netherland	48.27	55.9	38.6	5.20	10.77	-0.18	0.05
France	46.79	59.8	39.8	6.54	13.98	-0.46	0.32
Japan	46.59	54.4	39	5.06	10.87	-0.28	0.25
Switzerland	46.01	51.5	41.4	3.53	7.67	-0.51	0.31
Germany	48.40	59.4	38.3	7.17	14.82	-0.22	0.11
USA	53.04	59.2	46.4	3.55	6.69	0.26	0.00
UK	49.23	54.2	44.8	3.17	6.44	0.22	0.00
All FDI Cos.	44.45	47.8	40.7	2.27	5.11	0.72	
Indian Cos	41.88	45.9	36.9	3.11	7.43	1.00	

The ratio of Net Worth to Total Net Assets was 44.45 per cent in FDI companies on an average which was higher than that of Indian companies (41.88 per cent) during the study period. Countrywise companies analysis indicates that except average ratio of Maritius companies, all other companies of different companies were higher than that of FDI companies.

TABLE 9: DEBT TO EQUITY RATIO

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	67.93	119	35.5	32.00	47.10	0.40	0.01
Netherland	22.26	48.6	3.1	17.04	76.56	-0.18	0.01
France	32.97	58.3	17	13.40	40.64	0.17	0.11
Japan	30.20	57.7	12.6	16.03	53.09	-0.38	0.10
Switzerland	28.98	47.3	11.4	11.05	38.14	-0.51	0.34
Germany	19.11	31.9	7.1	8.85	46.31	-0.38	0.00
USA	20.05	31.5	13.3	5.14	25.63	-0.09	0.00
UK	25.74	47.6	12.5	11.75	45.63	0.27	0.90
All FDI Cos.	39.70	51.7	31.3	5.12	12.89	-0.09	
Indian Cos	51.28	69.2	38.6	11.84	23.09		

The debt equity ratio indicates that the average ratio of FDI cos was 39.70 per cent which was less than that of Indian companies (51.28 per cent) during the study period. Countrywise anlysis indicates that except companies of Maritius, the average ratios of all other companies were less than the average of FDI companies.

TABLE 10: TOTAL OUTSIDE LIABILITIES TO NETWORTH RATIO

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	130.91	174.7	102.2	29.74	22.72	0.81	0.22
Netherland	109.48	159	79	23.68	21.63	-0.19	0.08
France	117.17	150.7	67.2	27.75	23.69	-0.47	0.43
Japan	116.94	156.3	83.6	24.34	20.81	-0.33	0.36
Switzerland	118.39	141.4	94	16.42	13.87	-0.49	0.35
Germany	110.75	161.2	68.1	31.32	28.28	-0.17	0.18
USA	89.27	115.6	68.8	13.00	14.56	0.26	0.00
UK	103.89	123	84.4	13.27	12.77	0.19	0.00
All FDI Cos.	125.37	145.7	109	11.80	9.41	0.68	
Indian Cos	141.65	182.2	117.8	21.05	14.86		

The total outside liabilities to networth ratio in FDI companies was varied between 145.7 and 109 per cent and registered 125.37 per cent on an average, which was lesser than that of Indian companies (141.65 per cent) during the study period. Countrywise analysis indicates that the average ratios of all companies of other coutries, except the companies of Maritius, were less than that of FDI companies.

3. EFFICIENCY ANALYSIS

The efficiency analysis has been done with the help of Sales to Total Net Assets ratio, Sales to Gross Fixed Assets Ratio, Inventories to Sales Ratio, Sundry Debtors to Sales Ratio and Rawmaterials Consumed to Value of Production Ratio so as to know the efficiency in utilising different assets and presented below:

TABLE 11: SALES TO TOTAL NET ASSETS RATIO

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	62.72	80.8	46.3	11.68	18.63	-0.37	0.00
Netherland	111.04	130.1	89.5	12.75	11.49	-0.13	0.01
France	102.96	139.1	67.4	30.82	29.94	-0.76	0.44
Japan	133.43	165.1	89.9	28.62	21.45	0.36	0.00
Switzerland	107.41	136.4	76.4	22.99	21.40	-0.40	0.13
Germany	100.10	113.3	83.5	10.52	10.51	0.82	0.01
USA	90.24	100.9	77.3	8.32	9.22	0.77	0.07
UK	102.86	127.5	71.1	21.49	20.89	0.68	0.10
All FDI Cos.	93.74	105.9	80.5	8.61	9.18	0.45	
Indian Cos	77.06	91.2	68.5	7.25	9.41		

The ratio of sales to total net assets ranged between 80.5 and 105.9 per cent recording on an average 93.74 per cent during the study period and this was higher than that of Indian companies (77.06 per cent). Countrywise analysis reveals that the average sales to total net assets ratios of all countries, except USA and Maritius, were higher than that of FDI companies during the study period.

TABLE 12: SALES TO GROSS

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	96.31	153.6	62.4	33.77	35.07	0.20	0.00
Netherland	187.75	366.5	117.9	79.90	42.56	-0.20	0.19
France	172.50	246.7	108.3	53.80	31.19	0.13	0.24
Japan	186.53	238.5	131.8	42.22	22.64	0.53	0.05
Switzerland	161.00	266.8	81.8	65.42	40.64	0.02	0.68
Germany	183.05	253.9	135.5	41.43	22.63	0.09	0.04
USA	179.79	200.2	157.4	11.77	6.55	0.12	0.00
UK	163.49	191.6	127.4	25.84	15.80	-0.04	0.23
All FDI Cos.	152.59	164.2	132.6	9.39	6.15	0.10	
Indian Cos	119.87	142.3	100.6	14.14	11.80		

FIXED ASSETS RATIO

The ratio of sales to gross fixed assets has fluctuated between 132.6 and 164.2 per cent and recorded on average 152.59 per cent during the study period in FDI companies. This was much higher than that of Indian companies (119.87 per cent). Countrywise analysis indicates that the average ratios of all countries, except Maritius, were higher than that of FDI companies during the study period.

TABLE 13: INVENTORIES TO SALES RATIO

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	14.37	18.2	11	2.45	17.02	0.46	0.63
Netherland	14.59	21.9	10.1	4.05	27.74	-0.06	0.94
France	12.48	23.7	5.3	6.68	53.55	0.56	0.23
Japan	11.00	20.3	6.8	4.81	43.71	0.88	0.01
Switzerland	14.38	17.9	10.9	2.60	18.09	0.34	0.68
Germany	20.73	28.9	15.2	4.85	23.38	-0.23	0.00
USA	18.87	30.1	13.3	5.41	28.66	0.07	0.02
UK	16.67	27.3	13	4.91	29.47	0.00	0.63
All FDI Cos.	14.68	17.2	13.2	1.33	9.07	0.93	
Indian Cos	17.26	22.9	14	2.96	17.18		

The ratio of inventories to sales indicates that ratio was fluctuated between 13.2 and 17.2 per cent and registered on an average 14.68 per cent, which was lower than that of Indian companies (17.26 per cent). Countrywise analysis reveals that the average ratios of Germany, USA and UK, were higher than that of FDI companies.

TABLE 14: SUNDRY DEBTORS TO SALES RATIO

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	18.28	21.4	16.7	1.31	7.16	0.15	0.00
Netherland	16.09	22.3	12.2	2.59	16.10	0.60	0.52
France	21.13	30.3	12.5	6.68	31.60	0.71	0.01
Japan	10.18	18.5	6	4.68	45.96	0.87	0.00
Switzerland	16.09	19.4	12.8	2.12	13.15	-0.62	0.70
Germany	22.48	28.2	18.6	3.02	13.43	0.10	0.00
USA	18.43	26.6	12.4	5.16	27.98	0.91	0.03
UK	12.72	16.3	10.1	1.86	14.59	0.79	0.00
All FDI Cos.	15.70	17.8	13.4	1.64	10.42	0.78	
Indian Cos	15.66	19.5	13.2	2.31	14.74		

The ratio of sundry debtors to sales indicates that the average ratio of FDI companies was 15.70 per cent, which fluctuated between 13.4 and 17.8 per cent, during the study period. The average ratio of Indian companies (15.66 per cent) was slightly lesser than FDI companies. Countrywise analysis reveals that the average ratios of UK and Japan, were lesser than that of FDI companies.

TABLE 15: RATIO OF RAWMATERIALS CONSUMED TO VALUE OF PRODUCTION

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	41.41	56	29.4	9.12	22.01	0.90	0.00
Netherland	57.56	62	54	3.01	5.23	-0.05	0.00
France	58.02	76.6	35.7	17.04	29.36	-0.21	0.20
Japan	65.57	71.2	58.6	5.06	7.71	0.74	0.00
Switzerland	48.89	54.2	40.1	5.20	10.63	0.16	0.22
Germany	51.63	55.5	46.2	3.23	6.26	0.14	0.61
USA	47.99	53.3	41.4	3.54	7.38	0.76	0.00
UK	47.10	54.3	40.4	4.62	9.81	0.67	0.00
All FDI Cos.	50.99	55.9	46	3.17	6.21	0.24	
Indian Cos	52.05	55	48.8	2.13	4.10		

The proportion of rawmaterials consumed to value of production in FDI companies was ranged between 46 and 55.9 per cent and recorded on an average 50.99 per cent during the study period which is lower that of Indian companies (52.05 per cent). Countrywise analysis reveals that the average ratios of Japan, France, Netherland and Germany were higher than the average of FDI companies.

4. PROFITABILITY ANALYSIS

Profitability of FDI companies has analysed with the help of Gross Profit to Total Net Assets Ratio, Gross Profit to Sales Ratio, Profit After Tax to Networth ratio and presented below.

TABLE 16: GROSS PROFIT (PBIT) TO TOTAL NET ASSETS RATIO

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	7.85	10.4	5	1.78	22.62	0.24	0.00
Netherland	9.62	15.3	3.5	3.99	41.45	0.09	0.28
France	9.38	20.3	0.7	6.62	70.67	0.29	0.42
Japan	12.28	19.6	2.8	5.46	44.43	0.81	0.34
Switzerland	12.73	20.1	3.6	5.48	43.06	0.47	0.25
Germany	11.89	18.4	9.3	2.63	22.14	0.30	0.22
USA	12.66	16.3	9.9	1.98	15.61	0.37	0.01
UK	15.02	18	12.2	2.10	13.99	-0.39	0.00
All FDI Cos.	10.94	12.3	9.4	0.98	8.92	0.71	
Indian Cos	9.77	12.8	6.8	2.07	21.22		

Gross Profit to total net assets ratio indicates that it was ranged between 9.4 and 12.3 per cent and registered on an average 10.94 per cent during the study period. This was higher than that of Indian companies (9.77 per cent). Countrywise analysis revealed that the average ratios of companies of Maritius, France and Netherland were lesser than that of FDI companies.

TABLE 17: GROSS PROFIT (PBIT) TO SALES RATIO

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	12.69	17.7	10	2.29	18.08	0.46	0.35
Netherland	8.67	12.7	3	3.39	39.10	0.86	0.00
France	8.18	15.6	1.1	4.50	55.08	0.74	0.00
Japan	9.23	12.2	3.8	2.40	26.01	0.39	0.00
Switzerland	11.54	16.5	4.7	3.59	31.10	0.88	0.43
Germany	12.18	16.3	8.9	2.10	17.21	0.34	0.90
USA	14.46	20.4	10.9	3.15	21.81	0.92	0.00
UK	15.62	20.5	10.2	4.17	26.71	0.86	0.00
All FDI Cos.	12.09	15.1	10.1	1.60	13.21	0.88	
Indian Cos	12.62	15.9	9.5	2.17	17.19		

The gross profit to sales ratio indicates that it was ranged between 10.1 and 15.1 per cent and registered on an average 12.09 per cent in FDI companies which is lesser than that of Indian companies (12.62 per cent). Countrywise analysis reveals that the average ratios of France, Netherland, Japan and Switzerland were lesser than that of FDI companies during the study period.

TABLE 18: PROFIT AFTER TAX TO NET WORTH

	Mean	Maximum	Minimum	S.D	C.V	Correlation	t-test
Maritius	9.64	13.9	1.9	3.97	41.20	0.55	0.00
Netherland	13.00	20.3	4.6	5.72	43.98	0.17	0.31
France	13.92	29.4	1.6	9.99	71.76	0.28	0.78
Japan	14.98	26.2	0.7	7.98	53.31	0.86	0.83
Switzerland	19.47	29.8	4.1	8.73	44.83	0.27	0.15
Germany	14.91	21.7	11.5	3.23	21.66	0.16	0.77
USA	15.57	20.3	11.9	2.50	16.08	0.57	0.17
UK	20.03	26.8	14.5	3.28	16.37	0.03	0.00
All FDI Cos.	14.59	18.1	10.8	2.48	17.01	0.81	
Indian Cos	13.18	19.5	5.3	5.00	37.93		

The ratio of profit after tax to networth revels that it was ranged between 10.8 and 18.1 per cent and registered on an average 14.59 per cent which is higher than that of Indian companies (13.18 per cent). Countrywise analysis revealed that the average ratios of Maritius, Netherland and France were lesser than that of FDI companies during the study period.

FINDINGS

1. The ratio of current assets to total net assets and the current assets to current liabilities were better in FDI companies, except France, Maritius and Japan.
2. The Quick Ratio was better in FDI companies of all countries.
3. The ratio of sundry creditors to current assets was better in FDI companies of all countries, except USA companies.
4. The ratio of sundry creditors to net working capital was better in FDI companies of all countries, except in companies of Japan.
5. The ratio of short term bank borrowings to inventories was better in FDI companies of all countries, except in companies of Maritius.
6. The ratio of net fixed assets to total net assets and the ratio of networth to total net assets were better in FDI companies of all countries, except in companies of Maritius.
7. The ratio of debt to equity and total outside liabilities to networth ratio were better in FDI companies of all countries, except companies of Maritius.
8. The sales to total net assets ratio and the sales to gross fixed assets ratio were better in FDI companies of all countries, except in companies of Maritius.
9. The ratio of inventories to sales was better in FDI companies of all countries, except in companies of Germany, USA, UK.
10. The debtor to sales ratio was poor in FDI companies, except companies of Japan and UK.
11. The ratio of raw materials consumed to value of production was better in all FDI companies, except in companies of Netherland, France, Japan, and Germany.
12. The ratio of gross profit to total net assets was better in FDI companies of all countries, except in companies of Maritius, Netherland and France.
13. The ratio of gross profit to sales was poor in FDI companies, except in companies of UK, USA, Maritius.
14. The ratio of profit after tax to net worth was better in FDI companies, except in companies of Maritius, Netherland and France.

TESTING OF HYPOTHESES

1. Since Liquidity position of FDI companies was better than Indian companies, the first hypothesis was accepted.
2. The second hypothesis was also accepted as the solvency of the FDI companies was better than that of Indian companies.

3. The efficiency of FDI companies was also better than that of Indian companies, except in debtor turnover ratio, hence the third hypothesis was also accepted.
4. The profitability was also better in FDI companies, hence the last hypothesis was also accepted.

CONCLUSION

From the above financial analysis of FDI companies, it can be concluded that the Liquidity was better in all countries, but some improvement is required in companies of Maritius, Japan and France. As far as Solvency is concerned, the performance of all countries is better, except Maritius. The efficiency analysis reveals that effort is required in companies of all countries. Profitability of FDI companies was comparatively better than the Indian companies, except in Maritius, Netherland and France, during the study period. Therefore, FDI companies have been contributing more to the development of the Indian economy and creating favourable competition to the domestic industry through their financial efficiency. This will help the economy not only in attracting further FDI investment, but also change the industrial environment.

SUGGESTIONS

1. Efficiency in utilising different factors, i.e., inventories, debtors, and rawmaterial consumption, should be improved further in FDI companies.
2. The profitability, especially in relation to sales, should be improved in FDI companies so that the profitability can be improved further.

LIMITATIONS

1. This study was limited to total industries and country-wise anlysis, hence, the conclusions may not be applicable to individual units and industry categories.
2. The findings and conclusions of the study are purely based on the average ratios of the different countries for the study period.

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