



INTERNATIONAL JOURNAL OF RESEARCH IN COMPUTER APPLICATION AND MANAGEMENT

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	TWO DECADES OF STUDYING CHARISMA: THE LEADERSHIP DIMENSION SAJEET PRADHAN & DR. RABINDRA KUMAR PRADHAN	1
2.	AN INVESTIGATION ON PREFERRED CHOICE OF MEDIA AMONG INTERNATIONAL STUDENTS IN MALAYSIA SARAVANAN RAMAN & SUBHASENI CHINNIAH	5
3.	AWARENESS ABOUT CONSUMER RIGHTS IN INDIA IN THE GLOBALIZED BUSINESS ENVIRONMENT - AN EMPIRICAL INVESTIGATION OF ANDHRA PRADESH STATE DR. K. JAYACHANDRA REDDY, DR. D. HIMACHALAM & DR. N. PRAVEEN KUMAR REDDY	10
4.	MOBILE SERVICE PROVIDER – A STUDY WITH SPECIAL REFERENCE TO NAWARAS LLC DR. M. KRISHNA MURTHY & S. VARALAKSHMI	16
5.	THE PRELIMINARY STUDY OF BUSINESS CHALLENGING AS INTERMEDIARY IN ASSOCIATION OF GRAB MARKET OPPORTUNITIES AND BUSINESS INDEPENDENT: MALAYSIA CREATIVE INDUSTRY MUHAMMAD ABI SOFIAN ABDUL HALIM, DR. MOHD SHALADDIN MUDA & DR. WAN ABD AZIZ WAN MOHD AMIN	22
6.	THE ROLE OF INDEPENDENT DIRECTORS IN CORPORATE GOVERNANCE - A CRITICAL EVALUATION MOHD. AKBAR ALI KHAN & A. KOTISHWAR	27
7.	A STUDY ON CUSTOMER SATISFACTION AND LOYALTY TOWARDS AIRCEL PRE AND POST PAID CUSTOMERS IN TAMILNADU WITH SPECIAL REFERENCE TO TIRUCHIRAPPALLI CITY DR. K. SIVAKUMAR	35
8.	INFLUENCE OF DEMOGRAPHY ON STORE PATRONAGE BEHAVIOUR OF CHENNAI SHOPPERS T. THIRUVENKADAM & DR. N. PANCHANATHAM	39
9.	MOBILE PHONE PURCHASE GETS ON SPEED DIAL – CAPTURING THE FACTORS AFFECTING THE USAGE OF MOBILE PHONE AMID GENERATION X AND Y S. MAHALAKSHMI & DR. K. JAWAHAR RANI	43
10.	LATENT TALENTS - A STUDY ON TALENT MANAGEMENT IN GLOBAL SCENARIO DR. K. V. RAMANA MURTHY & DR. VANISREE TALLURI	48
11.	STRESS COPING STRATEGIES: AN EXPERIENTIAL EXPLORATION OF BANK EXECUTIVES DR. PARVEZ ABDULLA, DR. A. M. SHAH & AFAQ ALAM KHAN	55
12.	DITERMINANTS OF EMPLOYEES MOTIVATION IN 21ST CENTURY ERA: AN EMPIRICAL STUDY DR. D. S. CHAUBEY, SHIVANI JOSHI & VIKASH TRIVEDI	64
13.	EMERGING ROLE OF TECHNOLOGY IN RETAIL SECTOR N. SANTOSH RANGANATH, DR. T. KAMA RAJU & P. TRINADHA RAO	71
14.	WHITHER DERIVATIVES IN INDIA? DR. T. SATYNARAYANA CHARY & B. RAJ KUMAR	76
15.	HISTORICAL PERSPECTIVE OF URBAN COOPERATIVE BANKS IN INDIA E. GNANASEKARAN & DR. M. ANBALAGAN	83
16.	AN ANALYSIS ON PRODUCTION AND MARKETING OF TURMERIC AND CHILLI IN ERODE DISTRICT C. SENTHIL KUMAR & DR. L. MANIVANNAN	88
17.	WIRELESS SENSOR NETWORK OPTIMIZATION AND HIGH ACCURACY IN NETWORKING TESTBED DR. BANTA SINGH JANGRA, YOGESH KUMAR, KUNTAL SAROHA & SHEELA SHARMA	91
18.	PROSPECTS FOR EXPORT OF AYURVEDIC PRODUCTS TO RUSSIA DR. RAJENDRA KUMAR JAIN	95
19.	WHERE ARE CURRENT PERFORMANCE MEASUREMENT FRAMEWORKS LEADING COMPANIES TO: FROM ACADEMIC AND PRACTITIONER PERSPECTIVES DR. RAKHI GUPTA, DIVYA GUPTA CHOUDHRY & DR. S. N. P. GUPTA	98
20.	A COMPARATIVE STUDY OF CELLULAR SERVICE PROVIDER OPERATING IN THE SPORT CITY OF PUNJAB, JALANDHAR VIPAN BANSAL & BINDU BANSAL	102
21.	IMPACT OF SERVICE QUALITY ON SATISFACTION IN HEALTHCARE DR. SHANTHI RANGASAMY	111
22.	ATTRITION VS. MANAGEMENT OF TALENTS: AN ELUSIVE DELUSION - A STUDY ON INDIAN WORKING WOMEN IN BPO AND ITES INDUSTRY JHILAM RUDRA DE	116
23.	FDI SCENARIO IN INDIA AND ITS GROWTH LINKAGES DR. VIRENDER PAL	122
24.	SERVICE QUALITY IN PRIVATE BANKS: AN ASSESSMENT BASED ON SERVQUAL MEASURES DR. ANITA PATRA	126
25.	A NOVEL ALGORITHM FOR IMAGE CONTRAST ENHANCEMENT USING HISTOGRAM EQUALIZATION KAMAL DHILLON & BINDU GOYAL	130
	REQUEST FOR FEEDBACK	136

CHIEF PATRON

PROF. K. K. AGGARWAL

Chancellor, Lingaya's University, Delhi
Founder Vice-Chancellor, Guru Gobind Singh Indraprastha University, Delhi
Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

PATRON

SH. RAM BHAJAN AGGARWAL

Ex. State Minister for Home & Tourism, Government of Haryana
Vice-President, Dadri Education Society, Charkhi Dadri
President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

CO-ORDINATOR

MOHITA

Faculty, Yamuna Institute of Engineering & Technology, Village Gadholi, P. O. Gadhola, Yamunanagar

ADVISORS

PROF. M. S. SENAM RAJU

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

PROF. S. L. MAHANDRU

Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR

PROF. R. K. SHARMA

Dean (Academics), Tecnia Institute of Advanced Studies, Delhi

CO-EDITOR

MOHITA

Faculty, Yamuna Institute of Engineering & Technology, Village Gadholi, P. O. Gadhola, Yamunanagar

EDITORIAL ADVISORY BOARD

DR. AMBIKA ZUTSHI

Faculty, School of Management & Marketing, Deakin University, Australia

DR. VIVEK NATRAJAN

Faculty, Lomar University, U.S.A.

DR. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

PROF. PARVEEN KUMAR

Director, M.C.A., Meerut Institute of Engineering & Technology, Meerut, U. P.

PROF. H. R. SHARMA

Director, Chhatrapati Shivaji Institute of Technology, Durg, C.G.

PROF. MANOHAR LAL

Director & Chairman, School of Information & Computer Sciences, I.G.N.O.U., New Delhi

PROF. ANIL K. SAINI

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

PROF. R. K. CHOUDHARY

Director, Asia Pacific Institute of Information Technology, Panipat

DR. ASHWANI KUSH

Head, Computer Science, University College, Kurukshetra University, Kurukshetra

DR. BHARAT BHUSHAN

Head, Department of Computer Science & Applications, Guru Nanak Khalsa College, Yamunanagar

DR. VIJAYPAL SINGH DHAKA

Head, Department of Computer Applications, Institute of Management Studies, Noida, U.P.

DR. SAMBHAVNA

Faculty, I.I.T.M., Delhi

DR. MOHINDER CHAND

Associate Professor, Kurukshetra University, Kurukshetra

DR. MOHENDER KUMAR GUPTA

Associate Professor, P. J. L. N. Government College, Faridabad

DR. SAMBHAV GARG

Faculty, M. M. Institute of Management, Maharishi Markandeshwar University, Mullana

DR. SHIVAKUMAR DEENE

Asst. Professor, Government F. G. College Chitguppa, Bidar, Karnataka

DR. BHAVET

Faculty, M. M. Institute of Management, Maharishi Markandeshwar University, Mullana

ASSOCIATE EDITORS

PROF. ABHAY BANSAL

Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida

PROF. NAWAB ALI KHAN

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

DR. ASHOK KUMAR

Head, Department of Electronics, D. A. V. College (Lahore), Ambala City

ASHISH CHOPRA

Sr. Lecturer, Doon Valley Institute of Engineering & Technology, Karnal

SAKET BHARDWAJ

Lecturer, Haryana Engineering College, Jagadhri

TECHNICAL ADVISORS

AMITA

Faculty, E.C.C., Safidon, Jind

MOHITA

Faculty, Yamuna Institute of Engineering & Technology, Village Gadholi, P. O. Gadholi, Yamunanagar

FINANCIAL ADVISORS

DICKIN GOYAL

Advocate & Tax Adviser, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS

JITENDER S. CHAHAL

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT

SURENDER KUMAR POONIA

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the area of Computer, Business, Finance, Marketing, Human Resource Management, General Management, Banking, Insurance, Corporate Governance and emerging paradigms in allied subjects like Accounting Education; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Monetary Policy; Portfolio & Security Analysis; Public Policy Economics; Real Estate; Regional Economics; Tax Accounting; Advertising & Promotion Management; Business Education; Business Information Systems (MIS); Business Law, Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labor Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; Public Administration; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism, Hospitality & Leisure; Transportation/Physical Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Digital Logic; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Multimedia; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design. The above mentioned tracks are only indicative, and not exhaustive.

Anybody can submit the soft copy of his/her manuscript **anytime** in M.S. Word format after preparing the same as per our submission guidelines duly available on our website under the heading guidelines for submission, at the email addresses, infoijrcm@gmail.com or info@ijrcm.org.in.

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____

THE EDITOR

IJRCM

Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF _____.

(e.g. Computer/IT/Finance/Marketing/HRM/General Management/other, please specify).

DEAR SIR/MADAM

Please find my submission of manuscript titled ' _____ ' for possible publication in your journal.

I hereby affirm that the contents of this manuscript are original. Furthermore it has neither been published elsewhere in any language fully or partly, nor is it under review for publication anywhere.

I affirm that all author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if our/my manuscript is accepted, I/We agree to comply with the formalities as given on the website of journal & you are free to publish our contribution to any of your journals.

NAME OF CORRESPONDING AUTHOR:

Designation:

Affiliation with full address & Pin Code:

Residential address with Pin Code:

Mobile Number (s):

Landline Number (s):

E-mail Address:

Alternate E-mail Address:

2. **INTRODUCTION:** Manuscript must be in British English prepared on a standard A4 size paper setting. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of the every page.
3. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.
4. **AUTHOR NAME(S) & AFFILIATIONS:** The author (s) full name, designation, affiliation (s), address, mobile/landline numbers, and email/alternate email address should be in italic & 11-point Calibri Font. It must be centered underneath the title.
5. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para.
6. **KEYWORDS:** Abstract must be followed by list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.
7. **HEADINGS:** All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
8. **SUB-HEADINGS:** All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.
9. **MAIN TEXT:** The main text should be in a 8 point Calibri Font, single spaced and justified.
10. **FIGURES & TABLES:** These should be simple, centered, separately numbered & self explained, and titles must be above the tables/figures. Sources of data should be mentioned below the table/figure. It should be ensured that the tables/figures are referred to from the main text.
11. **EQUATIONS:** These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.
12. **REFERENCES:** The list of all references should be alphabetically arranged. It must be single spaced, and at the end of the manuscript. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per following:
 - All works cited in the text (including sources for tables and figures) should be listed alphabetically.
 - Use **(ed.)** for one editor, and **(ed.s)** for multiple editors.
 - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
 - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
 - The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
 - For titles in a language other than English, provide an English translation in parentheses.
 - The location of endnotes within the text should be indicated by superscript numbers.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio," Ohio State University.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

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

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITE

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Economic and Political Weekly, Viewed on July 05, 2011 <http://epw.in/user/viewabstract.jsp>

FDI SCENARIO IN INDIA AND ITS GROWTH LINKAGES

DR. VIRENDER PAL

ASST. PROFESSOR

DEPARTMENT OF M.B.A.

GEETA INSTITUTE OF MANAGEMENT & TECHNOLOGY

KANIPLA – 136 131

ABSTRACT

Foreign direct investment (FDI) plays a multidimensional role in the overall development of the host economies. It may generate benefits through bringing in non-debt-creating foreign capital resources, technological upgrading, skill enhancement, new employment, spill-overs and allocative efficiency effects. While FDI is expected to create positive outcomes, it may also generate negative effects on the host economy. The costs to the host economy can arise from the market power of large firms and their associated ability to generate high profits. Much of the existing empirical evidence suggests that the positive effects offset negatives, thus providing net economic benefits for the host economies. Foreign direct investment (FDI) has played an important role in the process of globalisation during the past two decades. The rapid expansion in FDI by multinational enterprises since the mid-eighties may be attributed to significant changes in technologies, greater liberalisation of trade and investment regimes, and deregulation and privatization of markets in many countries including developing countries like India. Capital formation is an important determinant of economic growth. While domestic investments add to the capital stock in an economy, FDI plays a complementary role in overall capital formation and in filling the gap between domestic savings and investment. At the macro-level, FDI is a non-debt-creating source of additional external finances. At the micro-level, FDI is expected to boost output, technology, skill levels, employment, and linkages with other sectors and regions of the host economy. The present study aims at providing a detailed understanding of the spatial and sectoral spread of FDI-enabled production facilities in India and their linkages with the rural and suburban areas. The corresponding impact on output, value added, capital and employment in the regions receiving FDI has also been worked out.

KEYWORDS

FDI, Economies, Market, Globalisation.

INTRODUCTION

Foreign direct investment (FDI) refers to cross-border investment made by a resident in one economy (the direct investor) with the objective of establishing a lasting interest in an enterprise (the direct investment enterprise) that is resident in a country other than that of the direct investor (OECD 2008). The motivation of the direct investor is strategic "lasting interest" in the management of the direct investment enterprise with at least 10 per cent voting power in decision-making.

The host country aspires to receive FDI inflows because of the potential benefits, the most established benefit being that FDI supplements the domestic savings of a nation. Other payoffs include access to superior international technologies, exposure to better management and accounting practices, and improved corporate governance. FDI is likely to expand and/or diversify the production capacity of the recipient country, which, in turn, is expected to enhance trade. On the other side, foreign investors are motivated by profits and access to natural resources. Therefore, large and growing domestic markets are likely to receive more FDI. Countries with abundant natural resources such as mines, oil reserves, and work force appear prominently on the investment maps of foreign investors. While the objectives of FDI can be different from the home and the host country's perspectives, one of the major aims of attracting FDI is overall development of the recipient country keeping some specific strategy in view. This can be done by achieving higher FDI inflows, maximising technology spillover into the domestic economy, or imposing local content requirements.

OBJECTIVES OF THE CURRENT STUDY

While empirical and econometric work on testing various theoretical hypotheses is embedded in the extant literature on FDI, there has been no comprehensive attempt to examine the spatial and sectoral spread of FDI-enabled production facilities in India and their linkages with rural and suburban areas. The majority of the population, both urban and rural, is expected to gain, indirectly and differentially, from FDI. While FDI may benefit the economy at both macroeconomic and microeconomic levels through bringing in non-debt-creating foreign capital resources, technological upgrading, spill-over and allocative efficiency effects, it is equally important to probe whether people in the rural and suburban areas get affected through such benefits. FDI in relatively labour-intensive sectors including food processing, textiles and readymade garments, leather and leather products, and light machine tools, with plants set up in small cities close to rural and suburban areas, would tend to have relatively high employment-generating potential. The present study makes a modest contribution by providing a comprehensive analysis of the various aspects of the impact of FDI on the Indian economy. The objectives of the study are as follows:

1. To bring out sectoral clustering across the states and sub-state regions.
2. To enable a comprehensive understanding of the value-added features of the FDI-linked production facilities.
3. To assess the share of export-seeking FDI in various sectors of production.
4. To study the impact of FDI in service sectors.
5. To document the sectoral distribution of FDI through Automatic route and Prior Government Approval route.

METHODOLOGY

The major source of information is the database available at the Department of Industrial Policy and Promotion (DIPP), Department of Industry, Ministry of Commerce and Industry, Government of India. The study has used the Capitalize database of Capital Market that provides information on listed and unlisted Indian companies. The major focus of our analysis has been the manufacturing sectors. However, we have also provided descriptive and perspective features of FDI-enabled firms in service sectors.

TRENDS AND DISCUSSION

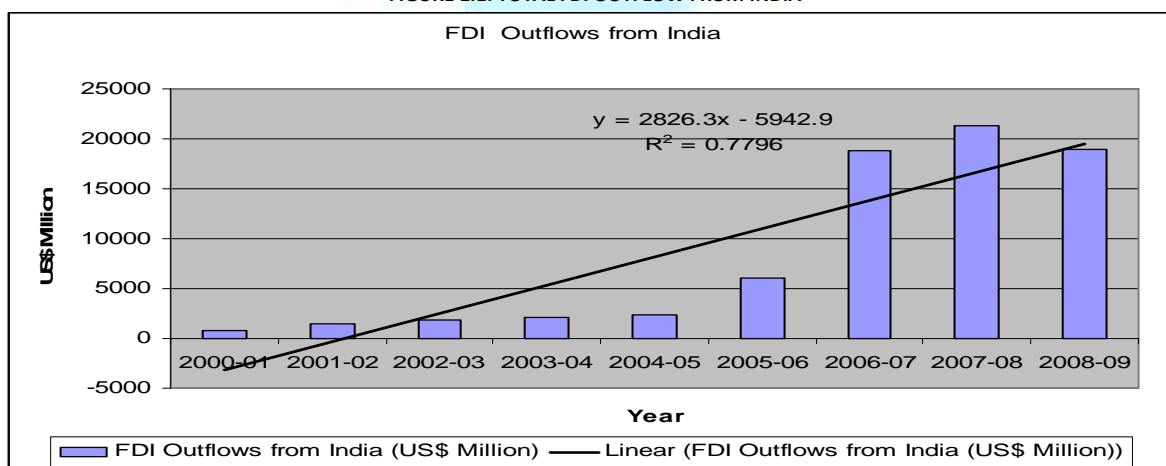
FDI inflows grew steadily through the first half of the 90s but stagnated between 1996-97 and 2003-04 (Table 1.1). The year-on-year fluctuations until 2003-04 make it difficult to identify a clear trend; however, inflows have been increasing continuously since 2004-05. During 2008-09, India registered FDI inflows of \$33.6 billion and total cumulative inflows from August 1991 to March 2009 have been to the tune of \$155 billion.

TABLE 1.1: FDI INFLOWS (1990-91 TO 2009-10)

Year	Rs.(Crore)	US\$ Million	% age growth (in terms of US\$)
1990-91	185	103	-
1991-92	326	133	(+)29.13%
1992-93	1713	559	(+)320.30%
1993-94	13026	4153	(+)642.93%
1994-95	16133	5138	(+)23.72%
1995-96	16364	4892	(-)-4.79%
1996-97	21773	6133	(+)25.37%
1997-98	20014	5385	(-)-12.20%
1998-99	10101	2401	(-)-55.41%
1999-2k	22450	5781	(+)140.77%
2000-01	31015	6789	(+)17.44%
2001-02	38874	8151	(+)20.06%
2002-03	20105	6014	(-)-26.22%
2003-04	72139	15699	(+)161.04%
2004-05	94981	21463	(+)36.72%
2005-06	135080	29829	(+)38.98%
2006-07	248017	61633	(+)106.62
2007-08	97863	21313	(-)-65.42%
2008-09	123378	33613	(+)57.71%

Source: Secretariat for Industrial Assistance, Various FDI Fact Sheets.

FIGURE 1.1: TOTAL FDI OUTFLOW FROM INDIA



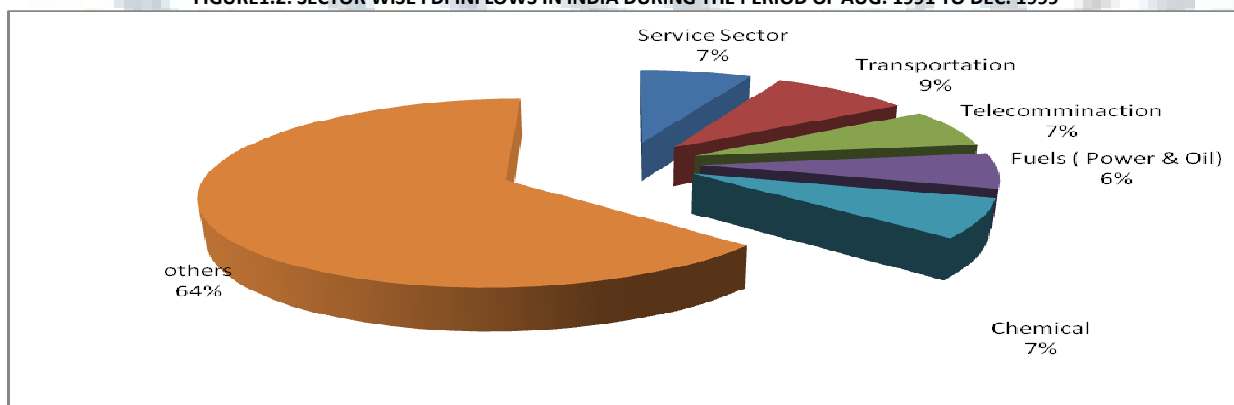
Source: Handbook of Statistics on Indian Economy; RBI Bulletin July 2010.

Indian companies are reaching overseas destinations to tap new markets and acquire technologies. While some of the investment has gone into greenfield projects, a major portion of Indian overseas investment went into acquiring companies abroad. Acquisitions bring with them major benefits such as existing customers, a foothold in the destination market and the niche technologies they require. Due to the rapid growth in Indian companies' M&A activity, Indian companies are acquiring international firms in an effort to acquire new markets and maintain their growth momentum, buy cutting-edge technology, develop new product mixes, improve operating margins and efficiencies, and take worldwide competition head-on. It has emerged as the most acquisitive nation in emerging nations, according to global consultancy KPMG (2008) in their Emerging Markets International Acquisitions Tracker. Figure 1.1 shows that FDI outflows from India have increased consistently since 2000 at US\$18.5 billion in 2008-09, compared to only US\$1.4 billion in 2001-02. A linear best fit line has fitted which indicated the increasing trend of FDI ($Y=2826.3x - 5942.9$, $R^2 = 0.741$) during the period of study.

SECTOR- WISE FDI INFLOWS

Over the recent past, the sector-wise inflows of FDI have undergone a change. This is clear from the variation in the sector ranks based on their share in total FDI inflows. For comparison, we divide the period from August 1991 to March 2009 into two sub-periods of approximately the same length: the initial period of August 1991 to December 1999 and the second sub-period of 2000 to the latest available (which is the reference period of this study).

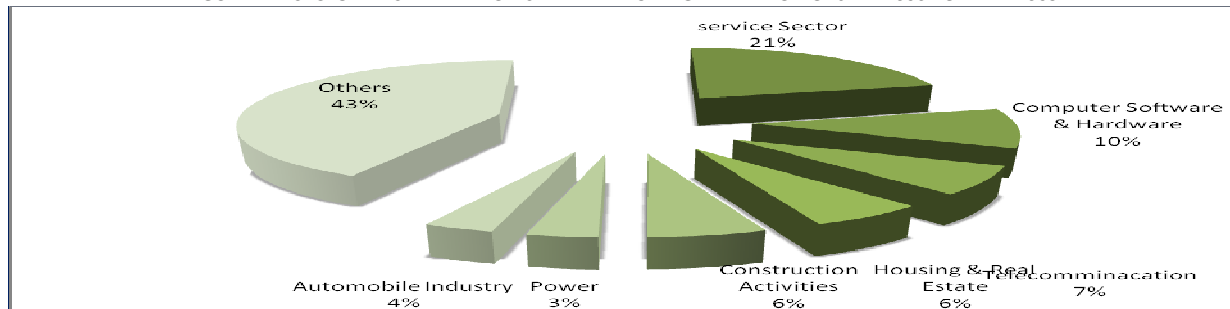
FIGURE 1.2: SECTOR WISE FDI INFLOWS IN INDIA DURING THE PERIOD OF AUG. 1991 TO DEC. 1999



Source: SIA Newsletters, January 2005 and April 2009.

Figure 1.2 and Figure 1.3 depicts, names and shares of FDI inflows for the top sectors and miscellaneous industries as reported in SIA publications. The figures are reported for the two cumulative periods and the year 2008 for which the latest information is available. During the initial sub-period, namely, August 1991 to December 1999, the 21 sectors constituted 69.3 per cent of total FDI inflows, whereas during the second sub-period, namely, January 2000 to March 2009, these sectors constitute 84.3 per cent of the total FDI inflows.

FIGURE 1.2: SECTOR-WISE FDI INFLOWS IN INDIA DURING THE PERIOD OF JAN. 2000 TO MAR. 2009



Source: SIA Newsletters, January 2005 and April 2009.

The emergence of the service sector is clear from a comparison of the shares over the two sub-periods. Other new sector entrants in the list of top five recipient sectors include computer software & hardware, construction activities and housing & real estate.

FDI IN SERVICES

Table 1.2 presents FDI inflows in the service sector in India during 2005-08. It can be seen that FDI inflows into the service sector have shown tremendous growth during this period. Of the total cumulative FDI in different categories of the service sector, financial services constitutes almost half the total foreign direct investment, followed by banking and other services with 10% and 21.5%, respectively. Due to the increase in FDI in services, its share in total FDI inflows in India increased from 16.4 per cent in 2005 to an astounding 35.4 per cent in 2006, but this share declined in 2007 to 18 percent, yet maintaining the net increase over the period 2005-08. Surprisingly, the share of services in total FDI inflows stood at 24.4 per cent for the year 2008. The 24.6 per cent share of the service sector's FDI is dominated by the financial sector (12.1), non-financial services (2.6), banking services (1.9), and other services (3.3).

Among the countries heading the list of FDI inflows into India is Mauritius. This could be attributed to the double taxation treaty that India has signed with Mauritius and to the fact that most US investment into India is being routed through Mauritius.

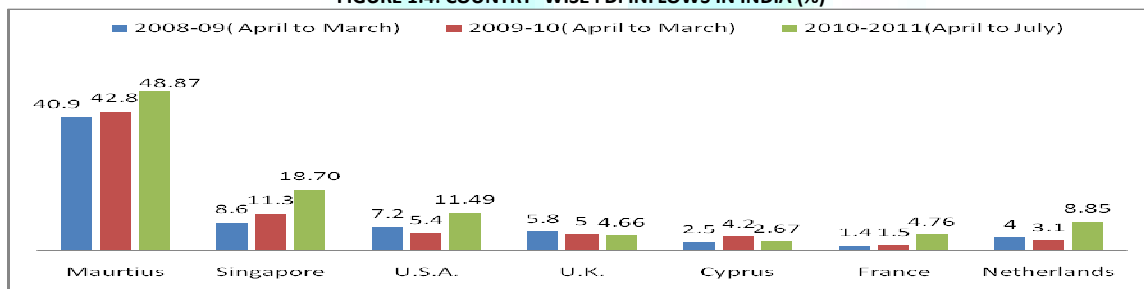
TABLE 1.2: SHARE OF SERVICE SECTOR FDI INFLOWS IN TOTAL FDI INFLOW TO INDIA

Category	2005	2006	2007	2008
Financial	7.9	17.2	7	12
Non Financial	0	0.4	3	2.6
Banking Service	1.9	1.2	2.9	1.9
Insurance	1.6	0.7	1.4	2.1
Outsourcing	0.3	0.3	0.7	1.1
Research & Development	0.5	0.3	0.4	1.3
Other Service Sector	4.2	15.3	2.6	3.3
Total	16.6	35.4	18	24.4

Source: Classified by NCAER using DIPP data.

COUNTRY-WISE FDI INFLOWS

FIGURE 1.4: COUNTRY- WISE FDI INFLOWS IN INDIA (%)



Source: Fact Sheet on Foreign Direct Investment (FDI) From August 1991 to July 2010

However, Singapore is the second largest investor in India followed by the US and other developed countries like the UK and the Netherlands, which are India's major trading partners. Figure 1.4 shows the share of the top investing countries in India's FDI for the two sub-periods defined earlier. While the significance of Germany and Japan has declined in terms of their share in FDI inflows into India, Cyprus and the UAE have entered the list of top 10 investing countries during the recent cumulative period.

FDI POLICY FRAMEWORK

Prior to 1991, the FDI policy framework in India was highly regulated. The government aimed at exercising control over foreign exchange transactions. All dealings in foreign exchange were regulated under the Foreign Exchange Regulation Act (FERA), 1973, the violation of which was a criminal offence. Through this Act, the government tried to conserve foreign exchange resources for the economic development of the nation. Consequently the investment process was plagued with many hurdles including unethical practices that became part of bureaucratic procedures. Under the deregulated regime, FERA was consolidated and amended to introduce the Foreign Exchange Management Act (FEMA), 1999. The new Act was less stringent and aimed at improving the capital account management of foreign exchange in India. The Act sought to facilitate external trade and payments and to promote orderly development and maintenance of the foreign exchange market in India. It resulted in improved access to foreign exchange.

FDI-RELATED INSTITUTIONS

There are three primary institutions in India that handle FDI-related issues: the Foreign Investment Promotion Board (FIPB), the Secretariat for Industrial Assistance (SIA), and Foreign Investment Implementation Authority (FIIA). The Foreign Investment Promotion Board (FIPB), Department of Economic Affairs (DEA), Ministry of Finance is the nodal single-window agency for all matters relating to FDI as well as promoting investment in the country. The Secretary, Industry (Department of Industrial Promotion and Policy), chairs it. Its objective is to promote FDI in India:

- i) by undertaking investment promotion activities in India and abroad;

- ii) by facilitating investment in the country by international companies, non-resident Indians and other foreign investors;
- iii) through purposeful negotiations/discussions with potential investors;
- iv) through early clearance of proposals submitted to it; and
- v) by reviewing policies and putting in place appropriate institutional arrangements, transparent rules and procedures and guidelines for investment promotion and approvals.

FOREIGN INVESTMENT POLICY

Foreign investment is permitted in virtually every sector, except those of strategic concern such as defence (opened up recently to a limited extent) and rail transport. Foreign companies are permitted to set up 100 per cent subsidiaries in India. No prior approval from the exchange control authorities (RBI) is required, except for certain specified activities. According to the current policy, FDI can come into India in two ways.

(i) Automatic route:

FDI in sectors/activities to the extent permitted under the automatic route does not require any prior approval either by the government or the Reserve Bank of India (RBI). The investors are only required to notify the concerned regional office of the RBI within 30 days of receipt of inward remittances and file the required documents with that office within 30 days of issue of shares to foreign investors.

(ii) Prior Government Approval route

In the limited category of sectors requiring prior government approval, the proposals are considered in a time-bound and transparent manner by the Foreign Investment Promotion Board (FIPB) under the Department of Economic Affairs, Ministry of Finance. Approvals of composite proposals involving foreign investment/ foreign technical collaboration are also granted on the recommendations of the FIPB.4

LEGAL FRAMEWORK FOR FDI

Foreign Direct Investments under Automatic Approval and Government Approval are regulated by the Foreign Exchange Management Act. If a foreigner or foreign company or a person resident outside India wants to invest in India either in the manufacturing sector or service sector, including the housing sector, insurance, banking, telecommunications, etc., the foreigner, foreign company or a person resident outside India has to pay due attention to the conditions, regulations and procedures which are laid down in different notifications by the Reserve Bank of India issued in terms of Section 6 of FEMA.

CONCLUDING REMARKS

India has been receiving increasing amounts of FDI since 1991-92. It received about \$129 million FDI in 1991-92, which went up to \$613 million in 2001-02 and further up to \$35.1 billion in 2008-09. The government has facilitated inflows of FDI by making its policies relatively liberal since 1991-92. FDI inflows have complemented domestic investment and hence contributed to capital formation as well as to bringing in new technologies and global linkages. Despite the global financial crisis and economic slowdown, it is expected that FDI inflows during 2008-09 would touch the amounts received during 2007-08. Total FDI inflows are estimated at US\$90 billion during April 2000 to March 2009. Services sector; computer hardware & software; telecommunications; real estate; construction; automobiles; power; metallurgical industries; petroleum and natural gas; and chemicals received.

REFERENCES

- [1] Aggarwal, Aradhna (2001), "Liberalisation, multinational enterprises and export performance: Evidence from Indian manufacturing", (ICRIER Working Paper No. 69), Indian Council for Research on International Economic Relations. New Delhi.
- [2] Aggarwal, Aradhna (2007, February). The influence of labour markets on FDI: Some empirical explorations in export oriented and domestic market seeking FDI across Indian states. Paper presented at the seminar on India and Globalisation: A Seminar in Honour of Professor N.S. Siddharthan, New Delhi.
- [3] Alfaro, Laura (2003), "Foreign Direct Investment and growth: Does the sector matter", Harvard Business School Working Paper, Harvard, USA.
- [4]. Bergman, Annika (2006), "FDI and spillover effects in the Indian pharmaceutical industry", Research and Information System for Developing Countries, New Delhi.
- [5] Bloodgood, Laura (2007), Competitive conditions for Foreign Direct Investment in India. U.S. International Trade Commission.
- [6] Borenzstein, Eduardo(1998), "How does Foreign Direct Investment affect economic growth", Journal of International Economics, pp. 115-135.
- [7] Government of India (2003), "Technical Monitoring Group on Foreign Direct Investment: First Action Taken Report", Department of Industrial Promotion and Policy, Ministry of Commerce and Industry. New Delhi.
- [8] Government of India (March 2004), "Manual on Foreign Direct Investment in India - Policy and Procedures", Secretariat for Industrial Assistance.
- [9] Government of India(2009-10), "Annual Report", Ministry of Commerce, New Delhi.
- [10] Government of India, "Economic Survey 2009-10, Ministry of Finance, New Delhi.
- [11] Government of India (various issues), "Annual Survey of Industries", Ministry of Statistics and Programme Implementation. , New Delhi.
- [12] Reserve Bank of India (2009), "Handbook of Statistics on Indian Economy". Mumbai.
- [13] Reserve Bank of India (various issues), Monthly Bulletin. Mumbai.
- [14] Secretariat for Industrial Assistance (SIA) (various issues). "Annual Issue", DIPP, Ministry of Commerce and Industry, Government of India.

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Computer Application and Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mails i.e. **infoijrcm@gmail.com** or **info@ijrcm.org.in** for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator