INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

IJRCM

IJRCM

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories
Indexed & Listed at:
Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.,
Open J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)],
Index Copernicus Publishers Panel, Polandwith IC Value of 5.09 &number of libraries all around the world.
Circulated all over the world & Google has verified that scholars of more than 2501 Cities in 155 countries/territories are visiting our journal on regular basis.
Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA
http://ijrcm.org.in/

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	**PUBLIC POLICIES, BUSINESS ENVIRONMENT, AND ECONOMIC GROWTH IN DEVELOPING COUNTRIES** *MINH QUANG DAO*	1
2.	**NEED OF CORPORATE SOCIAL RESPONSIBILITY EMERGES FROM AN ANALYSIS OF GROSS DOMESTIC PRODUCT WITH RESPECT TO HUMAN DEVELOPMENT INDEX IN INDIA** *DR. JAYRAJSINH JADEJA & DR. KEDAR SHUKLA*	5
3.	**WOMEN ENTREPRENEURSHIP FROM A GLOBAL PERSPECTIVE** *ANU PANDEY, A. VENKAT RAMAN & VIJAY KUMAR KAUL*	10
4.	**AN EVALUATIVE STUDY OF THE CAUSES OF DIFFERENTIAL FDI INFLOWS IN ROADS & BRIDGES LEADING TO INEQUALITY IN REGIONAL ECONOMIC GROWTH IN INDIA** *SESHANWITA DAS, TAPAS DAS & DR. RAJIV UPADHYAYA*	17
5.	**AN ECONOMETRIC ANALYSIS OF ENERGY CONSUMPTION IN INDIA** *P. MANI*	21
6.	**BOARD MEMBERSHIP AND THE SOCIAL SECURITY BENEFITS: A COMPARATIVE STUDY OF KERALA AND TAMIL NADU** *DR. ABDUL NASAR VP & DR. MUHAMMED BASHEER UMMATHUR*	24
7.	**WORK LIFE BALANCE: A STUDY ON UNIVERSITY FACULTY OF SRI PADMAVATHI MAHILA VISVAVIDYALAYAM, TIRUPATI** *DR. B.VIJAYALAKSHMI & G. LATHA*	37
8.	**ELECTRONIC GOVERNMENT SERVICES AND BENEFITS IN THE PRIVATE AND PUBLIC CONTEXT: A JORDANIAN CASE STUDY** *DR. MAHMOUD M. ABU ARA & DR. MUSTAFA S. AL-SHAIKH*	42
9.	**EFFECT OF EMOTIONAL INTELLIGENCE ON SALESPERSON'S EMPLOYEE ENGAGEMENT AND INTENTION TO QUIT: AN EMPIRICAL STUDY** *DR. RUPALI SHEKHAR KHANOLKAR*	50
10.	**ANALYTICAL STUDY OF FARMER SUICIDE IN INDIAN AGRICULTURE SECTOR** *DR. JASBIR SINGH*	58
11.	**IMPACT OF FORGING DIRECT INVESTMENT ON INDIAN ECONOMY** *DR. ADGAONKAR GANESH & DR. JOSHI V.N.*	66
12.	**PROFILES OF KVI ARTISANS IN MANIPUR** *DR. KH. DHIREN MEETEI & O. DEEPAKKUMAR SINGH*	69
13.	**WORKPLACE VIOLENCE: AWARENESS, PREVENTION AND STRATEGIC ISSUES** *DR. SUPRIYA CHOUDHARY*	72
14.	**BUSINESS PRACTICES IN EMERGING ECONOMIES** *DR. NITU SRIVASTAVA*	79
15.	**THE IMPACT OF MONETARY POLICY OVER THE INTEREST RATE: AN EMPIRICAL STUDY** *DR. TNR. KAVITHA & S.JAMUNA.*	83
16.	**FDI POLICY AND RETAILING IN INDIA: PROS AND CONS** *DR. G. NAGARAJA*	85
17.	**MICROFINANCE: A SUSTAINABLE TOOL FOR ECONOMIC GROWTH** *DR. T. VIJAYARAGAVAN*	89
18.	**TEA INDUSTRY IN INDIA: REGION-WISE ANALYSIS** *DR. R. SIVANESAN*	92
19.	**IMPACT OF CO-OPERATIVE LOAN ON SMALL AND MARGINAL FARMERS OF E.G.DISTRICT OF ANDHRA PRADESH** *DR. R. UMA DEVI*	96
20.	**AN ECONOMIC ANALYSIS OF DISORDERS AND MENTAL HEALTH STATUS OF HIGH SCHOOL STUDENTS IN VISAKHAPATNAM DISTRICT** *DR .V V S RAMA KRISHNA*	103
21.	**SIMULATION BASED STUDY AND INVESTIGATING THE THROUGHPUT OF WSN BY GRID BASED PATH PLANNING** *REECHA SOOD & SUMEET K.SEHRA*	108
22.	**THE DETERMINANTS OF LEVERAGE OF THE LISTED COMPANIES IN SRI LANKA: AN EMPIRICAL STUDY** *S. ANANDASAYANAN, V.A.SUBRAMANIAM, A.SIREERANHAN & M.RAVEESWARAN D*	111
23.	**IMPACT ASSESSMENT OF AGE ON PROFESSIONAL STRESS OF ACTUARIAL AND INSURANCE EDUCATORS IN INDIA** *SUBHRANSU SEKHAR JENA*	116
24.	**THE EFFECTS OF ENTREPRENEURSHIP AND WORK ENVIRONMENT TO PERFORMANCE WITH INDIVIDUAL INNOVATION CAPABILITY AS INTERVENING VARIABLE AT PT. PAKERIN GROUP, INDONESIA** *LILIANA DEWI, BUDIMAN CHRISTIANANTA & LENA ELLITAN*	122
25.	**CORPORATE TAXATION, INVESTMENT DECISIONS AND ECONOMIC GROWTH: A STUDY OF SELECTED MANUFACTURING COMPANIES IN NIGERIA** *ABDULSALAM S. ADEMOLA*	127
26.	**BUSINESS PROCESS REENGINEERING IN HIGHER EDUCATION INSTITUTIONS: THE CASE OF ADDIS ABABA UNIVERSITY AND BAHIR DAR UNIVERSITY** *ASCHALEW DEGOMA DURIE*	133
27.	**EVALUATION OF MICRO FINANCE FINANCIAL AND OPERATIONAL PERFORMANCE: A CASE STUDY OF DCSI** *Y. L. LAVANYA*	139
28.	**LABOUR WELFARE PRACTICES AND SOCIAL SECURITY IN INDUSTRIES** *K.B.RAVINDRA*	150
29.	**AN ARDL BOUNDS TESTING APPROACH TO DETERMINANTS OF WETLAND FISH PRODUCTION: A CASE OF TEMPERATE VALLEY OF KASHMIR, INDIA** *ISHFAQ AHMAD MANDLOO*	155
30.	**PROBLEMS AND PROSPECT OF ENTREPRENEURS IN INDUSTRIAL ESTATES IN KERALA: A STUDY WITH REFERENCE TO KOTTAYAM DISTRICT** *DEEPTHY L*	165
	REQUEST FOR FEEDBACK	167

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; 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; Rural Economics; Co-operation; Demography: Development Planning; Development Studies; Econometrics; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour 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; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** ***anytime*** in ***M.S. Word format*** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website (***FOR ONLINE SUBMISSION, CLICK HERE***).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____________

THE EDITOR
IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF.**

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled '____' for possible publication in your journals.

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 elsewhere.

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

NAME OF CORRESPONDING AUTHOR:
Designation:
Affiliation with full address, contact numbers & Pin Code:
Residential address with Pin Code:
Mobile Number (s):
Landline Number (s):
E-mail Address:
Alternate E-mail Address:

NOTES:
a) The whole manuscript is required to be in ***ONE MS WORD FILE*** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
b) The sender is required to mentionthe following in the **SUBJECT COLUMN** of the mail:
New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)
c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
d) The total size of the file containing the manuscript is required to be below **500 KB**.
e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE**: The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **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.

4. **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. Abbreviations must be mentioned in full.

5. **KEYWORDS**: Abstract must be followed by a 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.

6. **MANUSCRIPT**: Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. 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 every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.

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 follow the following sequence:

   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

   It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed ***5000 WORDS***.

10. **FIGURES &TABLES**: These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure**. **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. 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 the 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, Nigeria.

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.

WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

IMPACT OF FORGING DIRECT INVESTMENT ON INDIAN ECONOMY

DR. ADGAONKAR GANESH
ASST. PROFESSOR
KALIKADEVI ART'S, COMMERCE & SCIENCE COLLEGE
SHIRUR (KA)

DR. JOSHI V.N.
ASSOCIATE PROFESSOR
N. S. B. COLLEGE
NANDED

ABSTRACT

Foreign direct investment (FDI) is a key element in international economic integration. FDI creates direct, stable and long-lasting links between economies. It encourages the transfer of technology and know-how between countries, and allows the host economy to promote its products more widely in international markets. FDI is also an additional source of funding for investment and, under the right policy environment; it can be an important vehicle for enterprise development.

KEYWORDS
Direct Investment, development, economic, inflows.

INTRODUCTION

Foreign Direct Investment (FDI) is fund flow between the countries in the form of inflow or outflow by which one can able to gain some benefit from their investment whereas another can exploit the opportunity to enhance the productivity and find out better position through performance. The effectiveness and efficiency depends upon the investors perception, if investment with the purpose of long term then it is contributes positively towards economy on the other hand if it is for short term for the purpose of making profit then it may be less significant. Depending on the industry sector and type of business, a foreign direct investment may be an attractive and viable option. Any decision on investing is thus a combination of an assessment of internal resources, competitiveness, and market analysis and market expectations. The FDI may also affect due to the government trade barriers and policies for the foreign investments and leads to less or more effective towards contribution in economy as well as GDP of the economy. The studies try to find out the implications which affect the economic scenario and also measure the level of predominance by the factors for economic contribution to India.

OBJECTIVES

The present study is mainly proposed to examine the following objectives.

- To know the concept, structure and determinants of FDI
- To know the extent of inflow FDI into India.
- To evaluate the impact of FDI on the Indian economy.
- To know the flow of investment in India.

RESEARCH METHODOLOGY

DATA COLLECTION

This study is based on secondary data. The required data have been collected from various sources, i.e., World Investment Reports, Asian Development Bank's Reports, various Bulletins of Reserve Bank of India, publications from Ministry of Commerce, Govt. of India, Economic and Social Survey of Asia and the Pacific, United Nations, Asian Development Outlook, Country Reports on Economic Policy and Trade Practice- Bureau of Economic and Business Affairs, US Department of State and from websites of World Bank, IMF, WTO, RBI, UNCTAD, EXIM Bank, etc.It is a time series data and the relevant data have been collected for the period 2006 to 2011.

DETERMINANTS OF FDI

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

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

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

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

4. Basic Infrastructure: India though is a developing country, it has developed special economic zone where there have focused to build required infrastructure such as roads, effective transportation and registered carrier departure worldwide, Information and communication network/technology, powers, financial institutions, and legal system and other basic amenities which are must for the success of the business. A sound legal system and modern infrastructure supporting an efficient distribution of goods and services in the host country.

5. Unexplored Markets: In India there is large scope for the investors because there is a large section of markets have not explored or unutilized. In India there is enormous potential customer market with large middle class income group who would be target group for new markets. Example: BPO was one sector where the investors had large scope exploring the markets where the service was provided with just a call, with almost customer satisfaction.

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

FOREIGN DIRECT INVESTMENT FLOWS TO INDIA

FDI inflows to India witnessed significant moderation in 2010-11 while other EMEs in Asia and Latin America received large inflows. This had raised concerns in the wake of widening current account deficit in India beyond the perceived sustainable level of 3.0 per cent of GDP during April-December 2010. This also assumes significance as FDI is generally known to be the most stable component of capital flows needed to finance the current account deficit. Moreover, it adds to investible resources, provides access to advanced technologies, assists in gaining production know-how and promotes exports.

A perusal of India's FDI policy *vis-à-vis* other major emerging market economies (EMEs) reveals that though India's approach towards foreign investment has been relatively conservative to begin with, it progressively started catching up with the more liberalized policy stance of other EMEs from the early 1990s onwards, *inter alia* in terms of wider access to different sectors of the economy, ease of starting business, repatriation of dividend and profits and relaxations regarding norms for owning equity. This progressive liberalization, coupled with considerable improvement in terms of macroeconomic fundamentals, reflected in growing size of FDI flows to the country that increased nearly 5 fold during first decade of the present millennium.

Though the liberal policy stance and strong economic fundamentals appear to have driven the steep rise in FDI flows in India over past one decade and sustained their momentum even during the period of global economic crisis (2008-09 and 2009-10), the subsequent moderation in investment flows despite faster recovery from the crisis period appears somewhat inexplicable. Survey of empirical literature and analysis presented in the paper seems to suggest that these divergent trends in FDI flows could be the result of certain institutional factors that dampened the investors‟ sentiments despite continued strength of economic fundamentals. Findings of the panel exercise, examining FDI trends in 10 select EMEs over the last 7 year period, suggest that apart from macro fundamentals, institutional factors such as time taken to meet various procedural requirements make significant impact on FDI inflows. This paper has been organised as follows: Section 1 presents trends in global investment flows with particular focus on EMEs and India. Section 2 traces the evolution of India's FDI policy framework, followed by cross-country experience reflecting on India's FDI policy vis-à-vis that of select EMEs. The last section presents the conclusions.

SECTION 1: TRENDS IN FDI INFLOWS

Widening growth differential across economies and gradual opening up of capital accounts in the emerging world resulted in a steep rise in cross border investment flows during the past two decades. This section briefly presents the recent trends in global capital flows particularly to emerging economies including India.

GLOBAL TRENDS IN FDI INFLOWS

During the period subsequent to dotcom burst, there has been an unprecedented rise in the cross-border flows and this exuberance was sustained until the occurrence of global financial crisis in the year 2008-09. Between 2003 and 2007, global FDI flows grew nearly four -fold and flows to EMEs during this period, grew by about three-fold. After reaching a peak of US$ 2.1 trillion in 2007, global FDI flows witnessed significant moderation over the next two years to touch US$ 1.1 trillion in 2009, following the global financial crisis. On the other hand, FDI flows to developing countries increased from US$ 565 billion in 2007 to US$ 630 billion in 2008 before moderating to US$ 478 billion in 2009.

The decline in global FDI during 2009 was mainly attributed to subdued cross border merger and acquisition (M&A) activities and weaker return prospects for foreign affiliates, which adversely impacted equity investments as well as reinvested earnings. According to UNCTAD, decline in M&A activities occurred as the turmoil in stock markets obscured the price signals upon which M&As rely. There was a decline in the number of green field investment cases as well, particularly those related to business and financial services.

From an institutional perspective, FDI by private equity funds declined as their fund raising dropped on the back of investors‟ risk aversion and the collapse of the leveraged buyout market in tune with the deterioration in credit market conditions. On the other hand, FDI from sovereign wealth funds (SWFs) rose by 15 per cent in 2009. This was apparently due to the revised investment strategy of SWFs - who have been moving away from banking and financial sector towards primary and manufacturing sector, which are less vulnerable to financial market developments as well as focusing more on Asia.

As the world economic recovery continued to be uncertain and fragile, global FDI flows remained stagnant at US $ 1.1 trillion in 2010. According to UNCTAD‟s Global Investment Trends Monitor (released on January 17, 2011), although global FDI flows at aggregate level remained stagnant, they showed an uneven pattern across regions – while it contracted further in advanced economies by about 7 per cent, FDI flows recovered by almost 10 per cent in case of developing economies as a group driven by strong rebound in FDI flows in many countries of Latin America and Asia. Rebound in FDI flows to developing countries has been on the back of improved corporate profitability and some improvement in M&A activities with improved valuations of assets in the stock markets and increased financial capability of potential buyers.

Improved macroeconomic conditions, particularly in the emerging economies, which boosted corporate profits coupled with better stock market valuations and rising business confidence augured well for global FDI prospects. According to UNCTAD, these favorable developments may help translate MNC‟s record level of cash holdings (estimated to be in the range of US$ 4-5 trillion among developed countries‟ firms alone) into new investments during 2011. The share of developing countries, which now constitutes over 50 per cent in total FDI inflows, may increase further on the back of strong growth prospects. However, currency volatility, sovereign debt problems and potential protectionist policies may pose some risks to this positive outlook. Nonetheless, according to the Institute of International Finance (January 2011), net FDI flows to EMEs was projected to increase by over 11 per cent in 2011. FDI flows into select countries are given in Table 1.

TABLE 1: COUNTRIES WITH HIGHER ESTIMATED LEVEL OF FDI INFLOWS THAN INDIA IN 2010

	Amount (US$ billion)				Variation (Per cent)		
	2007	**2008**	**2009**	**2010 (Estimates)**	**2008**	**2009**	**2010 (Estimates)**
World	2100.0	1770.9	1114.2	1122.0	-15.7	-37	**0.7**
Developed Economies	1444.1	1018.3	565.9	526.6	-29.5	44.4	6.9
United States	266.0	324.6	129.9	186.1	22.0	-60.0	43.3
France	96.2	62.3	59.6	57.4	-35.2	-4.3	-3.7
Belgium	118.4	110.0	33.8	50.5	-7.1	-69.3	49.4
United Kingdom	186.4	91.5	45.7	46.2	-50.9	-50.1	1.1
Germany	76.5	24.4	35.6	34.4	-68.1	45.9	-3.4
DevelopingEconomies	564.9	630.0	478.3	524.8	11.5	-24.1	9.7
China	83.5	108.3	95.0	101.0	29.7	-12.3	6.3
Hong Kong	54.3	59.6	48.4	62.6	9.8	-18.8	29.3
Russian Federation	55.1	75.5	38.7	39.7	37.0	-48.7	2.6
Singapore	35.8	10.9	16.8	37.4	-69.6	54.1	122.6
Saudi Arabia	22.8	38.2	35.5	-	67.5	-7.1	-
Brazil	34.6	45.1	25.9	30.2	30.3	-42.6	16.6
India	**25.0**	**40.4**	**34.6**	**23.7**	61.6	-14.4	-31.5

Source: World Investment Report, 2010 and Global Investment Trends Monitor, UNCTAD.

SECTION 1.2: TRENDS IN FDI INFLOWS TO INDIA

With the tripling of the FDI flows to EMEs during the pre-crisis period of the 2000s, India also received large FDI inflows in line with its robust domestic economic performance. The attractiveness of India as a preferred investment destination could be ascertained from the large increase in FDI inflows to India, which rose from around US$ 6 billion in 2001-02 to almost US$ 38 billion in 2008-09. The significant increase in FDI inflows to India reflected the impact of liberalization of the economy since the early 1990s as well as gradual opening up of the capital account. As part of the capital account liberalization, FDI was gradually allowed in almost all sectors, except a few on grounds of strategic importance, subject to compliance of sector specific rules and regulations. The large and stable FDI flows also increasingly financed the current account deficit over the period. During the recent global crisis, when there was a significant deceleration in global FDI flows during 2009-10, the decline in FDI flows to India was relatively moderate reflecting robust equity flows on the back of strong rebound in domestic growth ahead of global recovery and steady reinvested earnings (with a share of almost 25 per cent) reflecting better profitability of foreign companies in India.

However, when there had been some recovery in global FDI flows, especially driven by flows to Asian EMEs, during 2010-11, gross FDI equity inflows to India witnessed significant moderation. Gross equity FDI flows to India moderated to US$ 20.3 billion during 2010-11 from US$ 27.1 billion in the preceding year.

TABLE 2: EQUITY FDI INFLOWS TO INDIA

Sectors	2006-07	2007-08	2008-09	2009-10	2010-11
Sectoral shares (Per cent)					
Manufactures	17.6	19.2	21.0	22.9	32.1
Services	56.9	41.2	45.1	32.8	30.1
Construction, Real estate and mining	15.5	22.4	18.6	26.6	17.6
Others	9.9	17.2	15.2	17.7	20.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Equity Inflows (US$ billions)					
Manufactures	1.6	3.7	4.8	5.1	4.8
Services	5.3	8.0	10.2	7.4	4.5
Construction, Real estate and mining	1.4	4.3	4.2	6.0	2.6
Others	0.9	3.3	3.4	4.0	3.0
Total Equity FDI	**9.3**	**19.4**	**22.7**	**22.5**	**14.9**

From a sectoral perspective, FDI in India mainly flowed into services sector (with an average share of 41 per cent in the past five years) followed by manufacturing (around 23 per cent) and mainly routed through Mauritius (with an average share of 43 per cent in the past five years) followed by Singapore (around 11 per cent). However, the share of services declined over the years from almost 57 per cent in 2006-07 to about 30 per cent in 2010-11, while the shares of manufacturing, and „others‟ largely comprising „electricity and other power generation‟ increased over the same period . Sectoral information on the recent trends in FDI flows to India show that the moderation in gross equity FDI flows during 2010-11 has been mainly driven by sectors such as „construction, real estate and mining‟ and services such as „business and financial services‟. Manufacturing, which has been the largest recipient of FDI in India, has also witnessed some moderation.

CONCLUSIONS

An analysis of the recent trends in FDI flows at the global level as well as across regions/countries suggests that India has generally attracted higher FDI flows in line with its robust domestic economic performance and gradual liberalization of the FDI policy as part of the cautious capital account liberalization process. Even during the recent global crisis, FDI inflows to India did not show as much moderation as was the case at the global level as well as in other EMEs. However, when the global FDI flows to EMEs recovered during 2010-11, FDI flows to India remained sluggish despite relatively better domestic economic performance ahead of global recovery. This has raised questions especially in the backdrop of the widening of the current account deficit beyond the sustainable level of about 3 per cent. In order to analyze the factors behind such moderation, an empirical exercise was undertaken which did suggest the role of institutional factors (Government's to implement quality policy regime) in causing the slowdown in FDI inflows to India despite robustness of macroeconomic variables.

REFERENCES

1. Ahluwalia, M. S. (2011), "FDI in multi-brand retail is good, benefits farmers", The Times of India.
2. Ahn, Choong Yong (2008), "New Directions of Korea's Foreign Direct Investment Policy in the Multi-Track FTA Era: Inducement and Aftercare Services", OECD Global Forum for International Investment, March.
3. Aitken, B. G. H. Hansen and A. E. Harrison (1997) Spillovers, Foreign Investment and Export Behaviour. Journal of International Economics, 43, pp. 103-32.
4. Alam M. S. (2000): "FDI and Economic Growth of India and Bangladesh: A comparative study", Indian Journal of Economics, vol. Lxxx, part 1 no 316, 1-15.
5. Mahanta Devajit (2012) Impact of Foreign Direct Investment on Indian economy Research Journal of Management Sciences Vol. 1(2), 29-31, September (2012)
6. Ministry of Finance, Report of the economic survey, Government of India, New Delhi (2003-o4)
7. Ms. Sapna hooda (2011) a study of FDI and Indian Economy; Doctor of philosophy from National institute of technology (deemed university) Haryana.
8. Weisskof T.E., The impact of foreign capital inflow on domestic savings in underdeveloped countries, Journal of International Economics, 2, 25-38 (1972)
9. World Bank (2010), ''Doing Business'' Various Issues.
10. World Bank (2010), ''Investing Across Borders - A Survey of 87 Economies''.

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, Economics 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-mail **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

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals