INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT

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STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
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ANALYTICAL SURVEY OF FOREIGN DIRECT INVESTMENT IN INDIA SINCE 1991: ISSUES AND CONCERNS

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ABSTRACT
Foreign Direct Investment is an investment made by a foreign individual or company in productive capacity of another country. It is the movement of capital across national frontiers in a way that grants the investor control over the acquired asset. It has gained importance globally as an instrument of international integration. Capital is the heart of the body of national economy. As heart plays an important role in human body, similarly capital plays an important role in the economy. Foreign Direct Investment has helped India to attain a financial stability and economic growth with the help of investments in different sectors. Foreign Direct Investment has boosted the economic life of India and on the other hand there are critics who have blamed the government for ousting the domestic inflows. Now-a-days Foreign Direct Investment is considered to be a major source of funds which may contribute to increase the economic growth rate of the developing countries. Saving capital and investment along with human resources are essential for economic development. But due to shortage of domestic capital prevents the growth of developing countries. Foreign Direct Investment and foreign capital can overcome these constraints for growth of emerging countries. Foreign Direct Investment has the potential to play a major direct role for a country's development. In this paper, an attempt has been made to show the global view on Foreign Direct Investment trends in recent years. It also shows deterrents to Foreign Direct Investment flows into India and measures to improve its environment in India.

KEYWORDS
FDI, economic growth, foreign direct investment, globalization, inflows.

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1.0 INTRODUCTION
Economic development is a complex process. It is influenced by natural resources and both economic and non-economic factors. Among the economic factors which determine the development process in any country and the rate of accumulation, capital output ratio in various sectors, condition of foreign trade and economic system. The classical theory of trade has been used by economists for a long time to argue that trade between nations is always beneficial to them. Unlike neo-classical economists, Prebish looks at the relation between trade and development from the stand point of balance of payment rather than real resources. He declares that leaving aside some exceptional cases, unrestricted trade results in deficit in the balance of payments of developing countries. In addition, their terms of trade also deteriorate vis-à-vis developed countries. These disadvantages of free trade generally for outweigh any advantage with respect to more efficient allocation of resources. Foreign trade has proved to be beneficial to countries which have been able to set up industries in a relatively short period. These countries sooner or later captured international markets for their industrial products. Therefore, a developing countries should not only try to become self reliant in capital equipment as well as other industrial product as early as possible, but it should not attempt to push the development of its industries to such a high level that in course of time manufactured goods replace the primary products as the country's principal exports.

Investment provides the base and pre- requisite for economic growth and development. Apart from a nation's foreign exchange reserves, exports, government's revenue, financial position, available supply of domestic saving magnitude and quality of foreign investment are necessary for the well being of a country. Developing nations in particular, consider FDI as the safest type of international capital flows out of all the available recourses of external finance available to them.

In the modern world there is mutual interdependence of the various national economies. Today, it is hard to find the example of a closed economy. All the economies of the world have become open but the degree of openness varies from one country to another. Thus in the modern world no country is completely self sufficiency, in the sense used here, means the proposition of the goods and services consumed to their total output produced in a country. But the degree of self sufficiency varies from one country to another.

Equally important are the roles the regional and international specialization. Regional specialization means the various regions or areas in the country specialize themselves in the production of different products. International specialization means that different countries of the world specialize in producing different goods. Factors which determine regional specialization are more or less the same as those which determine international specialization. A country which produces surplus of a good, i.e. produces more than its requirements, will export it to other countries in exchange for the surplus produces in those countries.

Trade is essentially an international transformation of commodities, inputs and technology which promotes welfare in two ways. It extents the market of country's output beyond national frontier's and may ensure better prices through exports. Thus imports, it makes available commodities, input and technology which are either not available only at higher prices, thus taking consumers to a higher level of satisfaction. The foremost principle of foreign trade, viz the law of comparative costs, signifies that what country exports and imports is determined not by its character in isolation but only in relation to those of its trading partners.

Foreign Direct Investment (FDI) is a type of investment into an enterprises in a country by another enterprises located in another country by buying a company in the target country or by expanding operations of an existing business in that country. In the era of globalization, FDI takes place a vital part in the development of both developing and developed countries. FDI has been associated with improved economic growth and development in the host countries which has led to the emergence of global competition to attract FDI.

1.1 REVIEW OF LITERATURE
Dhar and Roy (1996) studied Foreign Direct Investment and domestic saving investment behavior in the developing countries. Most of the countries experience net flows on FDI; there are weak association between FDI and domestic saving investment behavior. The co-relation co-efficient is found to be positive and significance for six of the sixteen countries. Most of the remaining countries show a low co-efficient with a negative relation between FDI and domestic investment.

Charkraborty and Basu (2002) investigated the co-integration relationship between net inflows of FDI, real GDP, unit cost of labour and proportion of import duties in tax revenue for India with the method formulated by Johansen (1990). They found two long run equilibrium relationships. The first relationship is between net inflow of FDI, real GDP and the proportion of import duties in tax revenue and the second is between real GDP and unit cost labour. They find unidirectional granger causality from real GDP to net inflow of FDI.

Pradhan Jaya Prakash (2003) empirically verified the role of FDI in the growth process of developing countries found that the growth effect of domestic investment is relatively more sensitive than FDI to the level of human development. The study found that the international linkages have a major role in the growth process, if the country has a lower human development than a country with a higher human development.
Nadita Dasgupta (2007) studied the effect of international trade and investment related macro economic variables, named exports imports and FDI inflows and the outflows of FDI from India over 1970 through 2005. Unidirectional Granger causality was found from export and import to FDI outflows, but no such causality exists from FDI inflows to be corresponding outflows from India.
Gudaro, etal (2012) studied an impact of Foreign Direct Investment on economic growth- a case study of Pakistan concluded that Foreign Direct Investment in any developing country plays a positive role to pull up the investment with increase in the GDP and economic growth of the country.
Barbar and Khandare (2012) studied the structure of FDI in India during Globalised period. This study is mainly focus on changing structure and direction of India's FDI during globalised period. This study is done through analysis of benefits of FDI for economic growth. The study has been done through sectoral analysis of FDI participation as well as through study of country wise flow of foreign inflow in India till 2010.
Mora and Singh (2013) studied the role of FDI empirically in manufacturing and its contribution to trade productivity and decentralization in ten Asian countries. Their conclusion shows a positive correlation between exports and imports with FDI. A greater trade dissolution was observed in imported intermediate goods. Never the less both exports and intermediate imports have a positive correlation with per capita GDP.
Pravakar Sahoo (2014) in his topic "Making India an attractive investment destination" argues that FDI helps to fill the gap between domestic saving and investment and to boost productivity and investment growth of Indian economy. He also discussed about the policy reforms which attract FDI in India. Liberalization policy of 1991 provided structural reforms to the economy as well as some other steps like de- licensing industries, easing competition controls opening of capital markets; trade reforms etc. are responsible for attracting FDI in India.
Roy and Ghosh (2014) made the comparison between two time period pre reforms and post reforms. At the time of pre reforms (before 1991) the score of FDI was quite restricted. But on the other hand post reforms (after 1991) period were the period in which several policy changes were made by the Indian Government for attracting FDI. FDI was an important source of the economic development for the country. But some people have seen the threat of FDI in the sovereignty of host and domestic business houses. So policy makers need to ensure transparency and consistency in policy making along with comprehensive long term development strategy
Parvathi (2015) examine empirically the factors that determine FDI inflow into the country (India). According to her Foreign Direct Investment not only acts as an instrument of international capital flow but also serves as an important source of technology and productivity of a country. Her results show that the inflow of FDI into the home countries is determined by various socio-economic and political factors in the recipient countries. The economic determinants (like foreign exchange reserve and exports) having a great influence on FDI inflows into the country.
Maravi (2016) examines that Foreign Direct Investment have positive impact in the development of the nation. It helps in innovation and technology up gradation, improved management techniques accompanied by raising productivity and transferring of financial resources. It plays an important role in the development of infrastructure, service and banking finance sector. Recently Modi Government has introduced number of initiatives which attract FDI and liberalize FDI policy.
Alka, etal (2017) study the trends and patterns of Foreign Direct Investment in India. They analysed the status of FDI inflows in to India and identify the problems and issues that have made India less attractive destination as compared to other nation. They again explained India has followed an extremely alert approach after economic reforms in 1991, India has liberalized its foreign policy took several measures to attract FDI. It has large potential market, educated and skilled workforce, relatively low labour costs, liberal democratic political structure, the FDI flows in to India have remained low in comparison to other emerging market.

1.2 OBJECTIVES OF THE STUDY
1. To make an appraisal of global view on FDI trends.
2. To suggest effective and suitable policy measures for attracting more FDI inflows in India.

1.3 SCOPE OF THE STUDY
On the basis of review of literature, it is revealed that FDI is more beneficial especially for the developing countries like India. There are very few researchers studying the impact of FDI on industrial development in India. The existing studies are also limited only to study the micro impact of FDI on various sectors. Most of the literature is available in the form of research papers. Therefore, the particular study needs more attention especially at macro level, so that results may be generalized in the national context.
Therefore, a comprehensive and detailed analysis has been done and evaluated on the basis of information collected through the secondary sources of data and literature. It has been further attempted to draw some fruitful findings and logical conclusions on the basis of these evaluations and effective suggestions and policy measures has been made for an ideal destination of FDI for India.

1.4 RESEARCH METHODOLOGY
The present study is concerned with trends and determinants of FDI and foreign capital in India since 1991. However, the researcher also manipulates the casualty and consequences which is a sign of qualitative research. The present study is based on secondary data. The secondary data have been collected from different secondary sources like Reserve Bank of India Bulletins, World Investment Reports, World Development Reports, Human Development Reports, Federation of Indian Chambers of Commerce and Industry (FICCI) Survey Reports, CII Survey Reports, DIPP, GDI, UNCTAD, Publications of International Institutions like WTO, IMF, World Bank, EU, ADB, Department of Industrial Policy and Promotion and Government of India Bulletins.

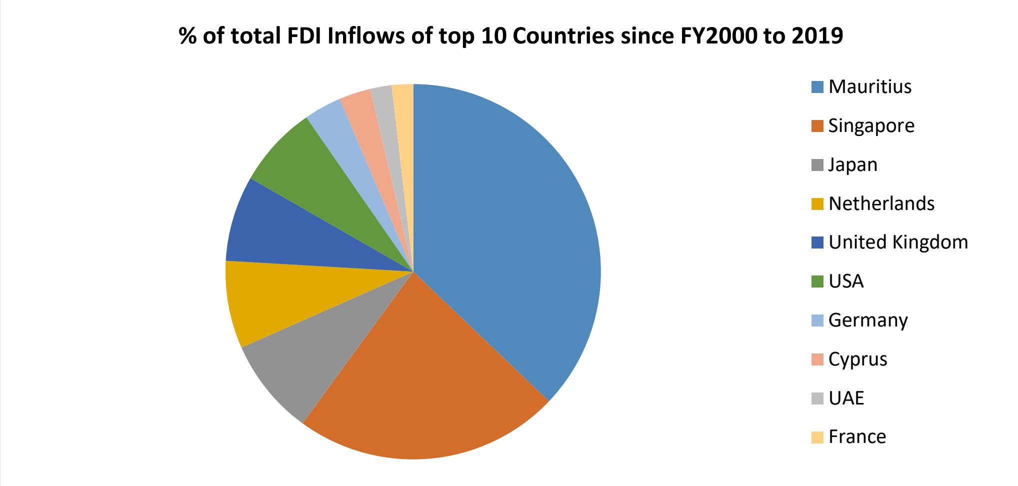
1.5 ANALYSIS OF THE STUDY

TABLE 1.5: TOTAL FDI INFLOWS OF TOP 10 COUNTRIES FROM APRIL 2000 TO MARCH 2019

Sl. No.	Country	Amount of FDI Inflows (US$ Millions)	% of total FDI Inflows
1	Mauritius	134469.19	32.93
2	Singapore	82998.40	20.33
3	Japan	30273.50	7.41
4	Netherlands	27352.32	6.70
5	United Kingdom	26789.09	6.56
6	USA	25555.99	6.26
7	Germany	11707.82	2.87
8	Cyprus	9868.99	2.42
9	UAE	6652.03	1.63
10	France	6643.09	1.63

Source: Government of India, Ministry of Commerce and Industry, Department of Industrial Policy and Promotion, Fact Sheet on FDI March 2019.

FIG. 1: PERCENTAGE OF TOTAL FDI INFLOWS IN INDIA FOR TOP 10 COUNTRIES SINCE FY2000 TO 2019



The above Table 1.5 shows that ten countries (Mauritius, Singapore, Japan, U.K., Netherland, USA, Germany, Cyprus, France, UAE accounted for 88.74 percent of the total FDI flows in India. Mauritius was at the top during the period 2000-19 in FDI inflows. Its share in actual inflows was 32.93 percent followed by Singapore 20.33 percent, Japan (7.41%), Netherland (6.70%), U.K. (6.56%), USA (6.26%), Germany (2.87%), Cyprus (2.42%), UAE (1.63%), France (1.63%), Switzerland, Caymen Islands, Hong Kong, South Korea and Spain, which had only a symbolic presence in this period. Mauritius was the top due to the fact that Mauritius is used as a tax shelter and investors belonging to several countries use it as a conduit to avoid payment of taxes.

1.6 GLOBAL VIEW ON FDI TRENDS

Recent years have witnessed a dramatic world–wide increase in foreign investment, accompanied by a marked change in the attitude of most developing countries towards inward Foreign Direct Investment. As against a highly suspicious attitude of these countries towards FDI in the past, most countries now regard FDI as beneficial for their development efforts and compete with each other to attract it. The explanation for this shift in attitude lies in the changes in political and economic systems that have occurred during the closing years of the 20th century. Many countries, particularly in Eastern Europe, have abandoned socialism in its various forms and embraced the market economy. In many of these countries, mass privatization has taken place mainly with funds from abroad. The success of East Asian economies is attributable chiefly to a high level of Foreign Investment and export promotion.

1.6.1 FDI Inflows in Selected Developed and Developing Economies during the Year 1990- 2019

TABLE 1.6.1: FDI INFLOWS (Million US$) IN SELECTED DEVELOPED AND DEVELOPING ECONOMIES DURING THE YEAR 1990-1997 (Continued…..)

Region/ Economy	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**
World	204 886.3	153 957.3	164 680.7	222 236.7	255 892.8	345 142.7	392 837.8	480 675.9
Developed Economies	170 166.9	114 508.8	109 573.0	143 522.5	151 572.2	223 381.1	240 360.6	285 477.4
United States	48 422.0	22 799.0	19 222.0	50 663.0	45 095.0	58 772.0	84 455.0	103 398.0
United Kingdom	30 461.1	14 846.2	17 236.7	16 956.7	10 235.3	23 589.6	28 448.0	33 128.4
Germany	2 962.4	4 727.2	- 2 089.4	368.2	7 134.5	12 024.5	6 572.6	12 244.6
Japan	1 806.0	1 284.3	2 755.6	210.4	888.4	41.5	228.1	3 224.6
Developing Economies	34 648.6	39 309.9	53 456.6	75 689.5	102 386.0	117 763.2	147 139.0	185 391.8
Mauritius	41.0	19.0	14.8	15.4	20.0	18.7	36.7	55.3
China	3 487.1	4 366.3	11 007.5	27 515.0	33 766.5	37 520.5	41 725.5	45 257.0
Hong Kong, China	3 275.1	1 020.9	3 887.5	6 929.6	7 827.9	6 213.4	10 460.2	11 368.1
Korea, Republic of	1 045.6	1 455.2	1 001.6	832.3	1 136.6	2 487.1	2 782.6	3 301.1
Taiwan Province of China	1 330.0	1 271.0	879.0	917.0	1 375.0	1 559.0	1 864.0	2 248.0
Malaysia	2 611.0	4 043.0	5 138.0	5 741.0	4 581.0	5 815.0	7 297.0	6 323.0
Singapore	5 574.7	4 887.1	2 204.3	4 686.3	8 550.2	11 942.8	11 432.4	15 701.7
Thailand	2 575.0	2 049.0	2 151.0	1 807.0	1 369.0	2 070.0	2 338.0	3 882.0
India	236.7	75.0	252.0	532.0	974.0	2 151.0	2 525.0	3 619.0
Argentina	1 836.0	2 439.0	4 431.0	2 793.1	3 634.9	5 609.4	6 948.5	9 160.3
Brazil	988.8	1 102.2	2 061.0	1 290.9	2 149.9	4 405.1	10 791.7	18 992.9
Chile	661.2	822.1	935.3	1 034.2	2 583.0	2 956.1	4 814.6	5 271.4
Colombia	500.0	456.9	728.7	959.1	1 446.5	968.4	3 111.7	5 562.2
Mexico	2 633.2	4 761.5	4 392.8	4 388.8	10 972.5	9 526.3	9 185.5	12 829.6

YEAR 1998-2005 (Continued…)

Region/ Economy	1998	1999	2000	2001	2002	2003	2004	2005
World	681 601.7	1 078 275.3	1 356 610.6	772 729.7	589 913.9	550 615.1	692 538.0	947 705.9
Developed Economies	499 437.9	854 901.4	1 119 099.9	548 463.3	413 629.8	337 930.6	401 643.8	585 742.2
United States	174 434.0	283 376.0	314 007.0	159 461.0	74 457.0	53 146.0	135 826.0	104 773.0
United Kingdom	65 062.0	90 033.8	115 304.0	35 948.8	19 683.1	16 590.1	61 219.7	182 927.9
Germany	24 593.2	56 075.7	198 279.3	26 402.0	53 522.3	32 376.8	- 10 192.2	47 449.8
Japan	3 192.6	12 741.3	8 322.7	6 241.6	9 239.3	6 324.0	7 815.4	2 775.8
Developing Economies	174 995.2	216 242.2	231 586.3	216 008.5	166 238.6	194 852.0	261 897.3	331 297.8
Mauritius	12.2	49.4	276.8	- 25.6	32.1	62.1	11.2	41.6
China	45 462.8	40 318.7	40 714.8	46 877.6	52 742.9	53 504.7	60 630.0	72 406.0
Hong Kong, China	13 939.4	25 355.3	54 581.9	29 060.7	3 662.2	17 830.8	29 153.8	34 057.8
Korea, Republic of	5 989.2	10 726.3	11 509.4	6 522.3	5 475.1	7 010.0	13 294.4	13 643.2
Taiwan Province of China	222.0	2 926.0	4 928.0	4 109.0	1 445.0	453.0	1 898.0	1 625.0
Malaysia	2 714.0	3 895.3	3 787.6	553.9	3 203.4	2 473.2	4 624.2	4 065.4
Singapore	5 958.7	18 853.0	14 751.8	17 301.6	5 338.4	16 353.2	22 324.9	17 747.8
Thailand	7 492.0	6 106.4	3 410.1	5 073.2	3 355.4	5 222.3	5 858.6	7 975.1
India	2 633.0	2 168.0	3 588.0	5 477.6	5 629.7	4 321.1	5 777.8	7 621.8
Argentina	7 290.7	23 987.7	10 418.3	2 166.1	2 148.9	1 652.0	4 124.7	5 265.3
Brazil	28 855.6	28 578.4	32 779.2	22 457.4	16 590.2	10 143.5	18 145.9	15 066.3
Chile	4 627.8	8 761.0	4 860.0	4 199.8	2 550.0	4 333.7	7 241.0	7 096.9
Colombia	2 828.8	1 507.9	2 436.5	2 541.9	2 133.7	1 720.5	3 115.6	10 235.0
Mexico	12 756.8	13 935.8	18 246.8	30 056.2	24 098.0	18 269.3	25 031.9	26 034.5

2006-2012 (Continued…)

Region/ Economy	2006	2007	2008	2009	2010	2011	2012
World	1 403 562.3	1 891 708.3	1 490 066.2	1 236 120.5	1 396 203.3	1 615 080.7	1 493 828.3
Developed Economies	941 067.2	1 282 083.3	794 312.6	714 028.4	710 394.4	870 823.0	762 694.7
United States	237 136.0	215 952.0	306 366.0	143 604.0	198 049.0	229 862.0	199 034.0
United Kingdom	147 372.4	176 838.6	92 158.3	89 709.1	58 200.3	42 200.4	55 446.1
Germany	55 654.6	80 212.5	8 127.0	23 805.6	65 643.0	67 513.7	28 181.1
Japan	- 6 505.8	22 548.9	24 425.1	11 938.3	- 1 251.8	- 1 758.3	1 731.5
Developing Economies	403 666.4	522 391.7	578 020.4	460 251.7	622 010.6	664 817.1	666 167.4
Mauritius	105.3	339.1	382.9	247.8	429.9	433.3	589.0
China	72 715.0	83 521.0	108 312.0	94 065.0	114 734.0	123 985.0	121 073.0
Hong Kong, China	41 810.6	58 403.5	58 315.4	55 535.2	70 540.7	96 580.8	70 179.8
Korea, Republic of	9 161.9	8 826.9	11 187.5	9 021.9	9 497.4	9 773.0	9 495.9
Taiwan Province of China	7 424.0	7 769.0	5 432.0	2 805.0	2 492.0	- 1 957.0	3 207.0
Malaysia	6 060.2	8 594.7	7 172.1	1 453.0	9 060.0	12 197.7	9 238.9
Singapore	37 480.4	42 608.9	11 810.1	18 531.9	57 460.1	39 890.4	60 103.0
Thailand	8 181.6	9 194.8	8 054.4	5 361.8	14 555.0	1 370.4	9 135.2
India	20 327.8	25 349.9	47 102.4	35 633.9	27 417.1	36 190.5	24 195.8
Argentina	5 537.3	6 473.2	9 725.6	4 017.2	11 332.7	10 839.9	15 323.9
Brazil	18 822.2	34 584.9	45 058.2	25 948.6	77 686.8	97 421.8	82 059.8
Chile	7 426.3	12 571.6	15 518.2	14 166.4	15 033.2	22 633.6	30 544.8
Colombia	6 751.0	8 886.0	10 564.0	8 035.0	6 430.0	14 647.0	15 040.0
Mexico	21 244.3	32 479.4	29 526.5	17 852.8	27 130.8	25 558.1	21 739.4

YEAR 2013-2019

Region/ Economy	2013	2014	2015	2016	2017	2018	2019
World	1 456 323.2	1 403 864.6	2 041 769.7	1 983 477.9	1 700 467.6	1 495 222.6	1 539 879.7
Developed Economies	716 491.1	669 561.2	1 274 405.3	1 265 245.0	950 149.8	761 391.4	800 239.1
United States	201 393.0	201 733.0	467 625.0	471 792.0	277 258.0	253 561.0	246 215.0
United Kingdom	51 675.9	24 690.2	39 185.7	258 698.7	101 240.7	65 299.6	59 137.1
Germany	12 776.8	- 3 204.1	30 540.9	15 633.1	60 353.7	73 569.6	36 358.6
Japan	2 303.7	12 029.8	2 975.5	19 358.8	10 977.3	9 857.6	14 552.4
Developing Economies	655 954.4	677 340.3	729 888.9	651 978.5	700 636.4	699 305.6	684 723.3
Mauritius	293.4	455.6	216.5	378.8	480.0	371.5	472.3
China	123 911.0	128 502.0	135 577.0	133 711.0	136 315.0	138 305.0	141 225.0
Hong Kong, China	74 294.2	113 037.8	174 352.9	117 387.0	110 684.5	104 245.7	68 379.0
Korea, Republic of	12 766.6	9 273.6	4 104.1	12 104.3	17 912.9	12 182.6	10 565.6
Taiwan Province of China	3 598.0	2 828.0	2 391.0	9 261.0	3 291.0	6 998.0	8 213.0
Malaysia	12 115.5	10 877.3	10 082.4	11 336.0	9 398.8	7 618.3	7 650.5
Singapore	56 671.6	73 286.6	59 700.1	68 817.9	83 603.9	79 738.4	92 080.5
Thailand	15 493.0	4 809.1	5 623.8	1 815.3	6 661.2	10 399.0	4 145.7
India	28 199.4	34 582.1	44 064.1	44 480.6	39 903.8	42 156.2	50 553.0
Argentina	9 821.7	5 065.3	11 759.0	3 260.2	11 516.9	11 872.9	6 244.4
Brazil	59 089.3	63 845.9	49 961.4	53 700.4	66 584.9	59 802.4	71 989.3
Chile	21 683.5	22 848.6	20 490.6	12 103.9	6 519.0	7 020.7	11 437.4
Colombia	16 210.0	16 169.0	11 724.0	13 848.0	13 836.7	11 535.1	14 493.1
Mexico	48 207.4	30 434.0	35 351.6	30 989.4	34 165.0	34 745.7	32 921.2

Source: www.unctad.org/fdistatistics

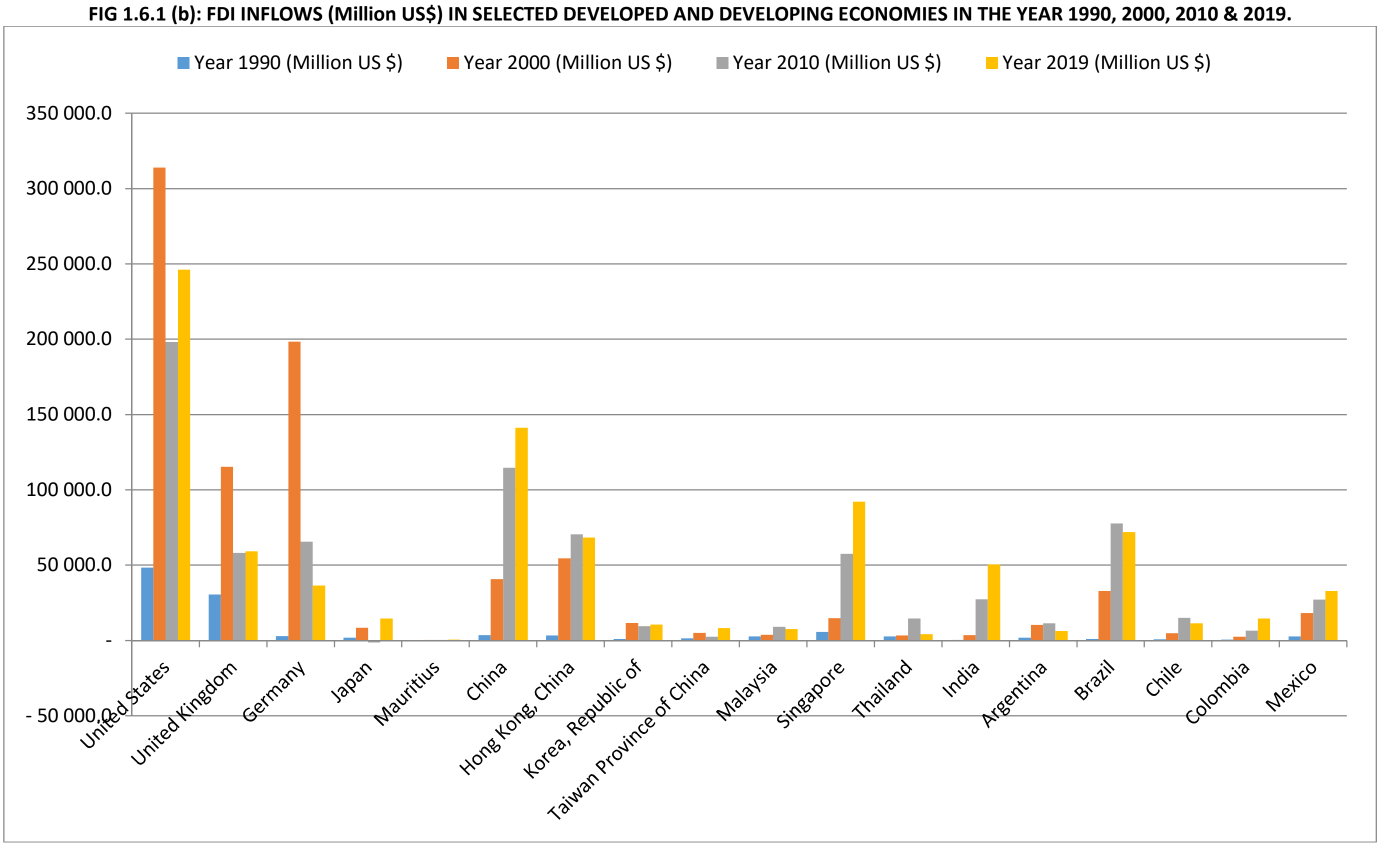
The above table 1.6.1 show FDI inflows in selected developed and developing countries from the year 1990-2019. The above tables indicate the trend of FDI inflows to selected countries of developed and developing regions of the world, clearly showing that there was an upward trend from 1993-2000 throughout the world. The trend become downward in 2001 and continued up to 2003 almost each of the selected developed and developing economy. But after 2003, FDI inflows have an increasing trend from 2004 to 2007 and little fluctuation during 2008-2018. The share of India in the world FDI inflows increased continuously after the year 1992 till 1997, but after this, it has witnessed a little decrease for three years till 2000 and then rise up to 2012. However, both India and China are expected to the global trend as they saw increase of FDI inflows during this period.

TABLE 1.6.1 (b): FDI INFLOWS (Million US$) IN SELECTED DEVELOPED AND DEVELOPING ECONOMIES IN THE YEAR 1990, 2000, 2010 & 2019

Sl. No.	Region/ Economy	Year 1990 (Million US $)	Year 2000 (Million US $)	Year 2010 (Million US $)	Year 2019 (Million US $)
1	United States	48 422.0	314 007.0	198 049.0	246 215.0
2	United Kingdom	30 461.1	115 304.0	58 200.3	59 137.1
3	Germany	2 962.4	198 279.3	65 643.0	36 358.6
4	Japan	1 806.0	8 322.7	- 1 251.8	14 552.4
5	Mauritius	41.0	276.8	429.9	472.3
6	China	3 487.1	40 714.8	114 734.0	141 225.0
7	Hong Kong, China	3 275.1	54 581.9	70 540.7	68 379.0
8	Korea, Republic of	1 045.6	11 509.4	9 497.4	10 565.6
9	Taiwan Province of China	1 330.0	4 928.0	2 492.0	8 213.0
10	Malaysia	2 611.0	3 787.6	9 060.0	7 650.5
11	Singapore	5 574.7	14 751.8	57 460.1	92 080.5
12	Thailand	2 575.0	3 410.1	14 555.0	4 145.7
13	India	236.7	3 588.0	27 417.1	50 553.0
14	Argentina	1 836.0	10 418.3	11 332.7	6 244.4
15	Brazil	988.8	32 779.2	77 686.8	71 989.3
16	Chile	661.2	4 860.0	15 033.2	11 437.4
17	Colombia	500.0	2 436.5	6 430.0	14 493.1
18	Mexico	2 633.2	18 246.8	27 130.8	32 921.2

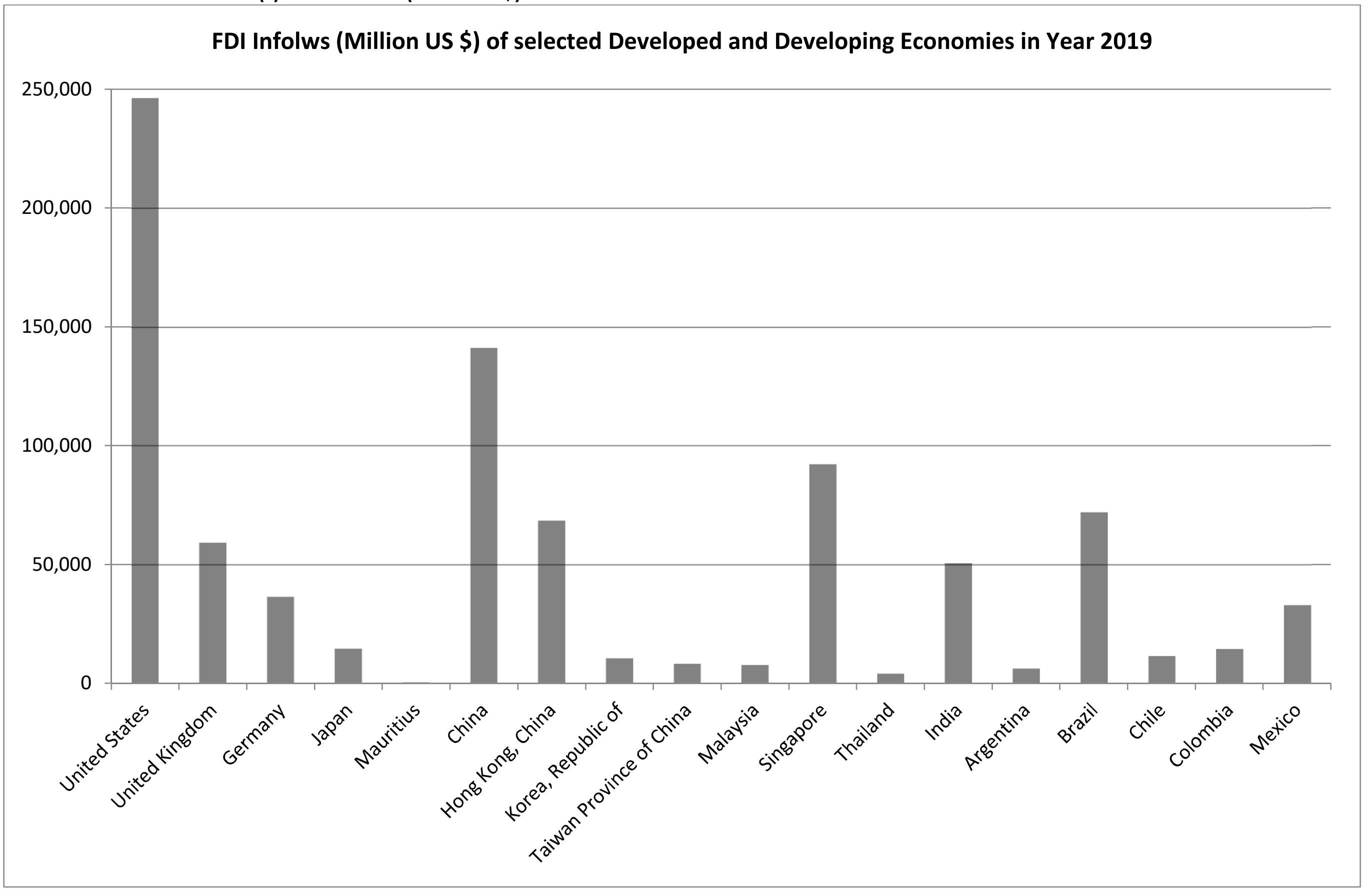
Source: www.unctad.org/fdistatistics

FIG 1.6.1 (b): FDI INFLOWS (Million US$) IN SELECTED DEVELOPED AND DEVELOPING ECONOMIES IN THE YEAR 1990, 2000, 2010 & 2019.



The above Fig 1.6.1 (b) shows the FDI inflows in the year 1990, 2000, 2010 and 2019. In the year 1990, USA was the highest attractive destination followed by United Kingdom. In the year 2000 the highest FDI destination was USA, Germany and United Kingdom were second and third respectively. This scenario had been changed in the year 2010 and 2019 and the highest destination was United States followed by China. But in case of India it has significant inflow of FDI in the year 2010 and 2019.

FIG 1.6.1 (c) FDI INFLOWS (Million US$) IN SELECTED DEVELOPED AND DEVELOPING ECONOMIES IN THE YEAR 2019



The above Fig 1.6.1 (c) shows FDI Inflows in selected Developed and Developing Economies in the Year 2019. In this year, FDI inflow was highest in the United States followed by China and then Singapore. India has its own importance to attract FDI towards it. It is also observed from the table 1.6.1 (b) that USA receives the largest share (15.98%) of FDI inflows followed by China (9.17%) but India receives only 3.28% of FDI inflows as compared to world.

1.7 DETERRENTS TO FDI FLOW INTO INDIA

Though India has one of the most transparent and liberal FDI regime among the developing countries with strong macroeconomic fundamentals, its share in FDI inflows is dismally low. The country still suffers from weaknesses and constraints, in terms of policy and regulatory framework, which restrict the inflow of FDI. In spite of the fact that India is the second largest populous country in the world with a high potential for bigger market, its share in global FDI inflows is low. The main factors which have acted as deterrent to FDI inflows are as follows:

1. Bureaucratic Controls and Procedures
2. Infrastructural Bottlenecks
3. Outmoded Labour Laws
4. Domestic Policy Constraints
5. State Obstacle
6. Reservation of Items for Exclusive Production by Small Scale Industries
7. Legal Delays

1.8 MEASURES TO IMPROVE FDI ENVIRONMENT IN INDIA:

If India has to achieve its desired goals, it must press ahead to complete economic reforms programme in the shortest possible time. Infrastructure and export sectors face serious investment constraints. These two sectors can be key drivers of productivity change and economic growth. More open and liberal policies for investment in these sectors can attract foreign investors who have easier access to capital resources and global expertise. The general policy implications towards FDI are described as under the following subheads:

1. Attitude to FDI
2. Need for Privatization
3. Revamping Publicity
4. Need for Policy Transparency
5. Need for Tax Incentives in the Form of Tax Rate Reduction
6. Need for Improved Labour Laws
7. Need for Reduction in Import Tariff
8. Maintain Conducive Policy Conditions
9. Get the Better of Procedural Bottlenecks of Custom and Trade
11. Encourage Strong Corporate Strategy
12. Need Infrastructural Development
13. Need for Improve in Agricultural Sector
14. Need for Technological Up gradation

1.9 CONCLUSION

The study concludes that government must target at attracting specific types of FDI that will be able to generate spill over's effects in the overall economy like investing in human capital, R & D activities, environmental issues, productive capacity, sectors with high income elasticity of demand. The policy makers should focus more on attracting diverse types of FDI and should design policies where foreign investment can be utilized as means of enhancing domestic production, saving and exports and also as medium of technological learning and diffusion and also in providing access to the external market.

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