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FOREIGN DIRECT INVESTMENT IN INDIA: A TREND ANALYSIS

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ABSTRACT

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International economic integration plays a significant role in the growth and development of any country, whether rich or poor. And foreign direct investment (FDI) is one of the major components in the process of achieving international economic integration in any economy. As is known, FDI serves as a link between investment and savings. This is true even in the case of India which is facing the deficit of savings and which can be addressed with the help of FDI. It (i.e., FDI) also helps in raising the growth and development of the economy. India is one of the leading markets at the global level. It has emerged as one of the attractive destinations in the world with a significant change in the inflow of FDI. The journey of FDI is very interesting with the introduction of liberalized policy through new economic policy 1991 and also other policy reforms of Government of India. It has witnessed a drastic change in the inflow and direction of foreign investment in Indian economy. In this backdrop, an attempt is made in this paper to examine country-wise, sector-wise and region-wise FDI inflows in Indian economy during last 19 years, 2000-01 to 2018-19.

KEY WORDS: *Economic Integration, Foreign Direct Investment, Developing Nations, Savings, Policy Reforms*

INTRODUCTION

Foreign Direct Investment (FDI) has been playing a crucial role as an important non-debt financial resource in the development of Indian economy. Foreign companies invest in India to take advantages of relatively lower wage rate, larger untapped market, special investment facilities such as tax exemptions, etc. On the other hand, for a country where foreign investment is being made, it enables the country to achieve technical know-how creating huge employment opportunities. The Government of India has been taking investor-friendly policy measures and the vigorous business environment has ensured that foreign capital keeps flowing into the country. On its part, the government has been initiating various policy reforms continuously such as relaxing FDI norms across sectors such as defense, PSU oil refineries, telecom, power exchanges, stock exchanges, etc.

Reports of Department for Promotion of Industry and Internal Trade (DPIIT) show that FDI equity inflow in India stood at US$ 456.79 billion during April 2000 to December 2019 taking advantage of government's initiatives to improve ease of doing business and relaxing FDI norms. It may be noted here that FDI equity inflow in India stood at US$ 36.79 billion during April-December 2019. Data for 2019-20 indicate that the service sector attracted the highest FDI equity inflow to the tune of US$ 6.52 billion followed by computer software and hardware at US$ 6.34 billion, telecommunications sector at US$ 4.29 billion and trading at US$ 3.52 billion.

Again, during 2019-20, India received the maximum FDI equity inflow from Singapore (US$ 11.65 billion) followed by Mauritius (US$ 7.45 billion), the Netherlands (US$ 3.53 billion), Japan (US$ 2.80 billion) and the USA (US$ 2.79 billion).India is going to be the most attractive emerging market for global partners (GP) investment for the coming 12 months – say, market attractiveness reports of Emerging Market Private Equity Association (EMPEA).And the annual FDI inflow in the country is expected to rise to US$ 75 billion during the next five years.

RECENT FDI POLICY AND PROCESS

Since 1991, the regulatory framework and the process to obtain FDI have continuously been alleviated to make it investor-friendly, catapulting India into the position of one of the fastest-growing economies in the world. Ranked 9th in terms of FDI inflows for 2016 by UNCTAD, India has been ranked among the top most attractive destinations for inbound foreign investments in the world. With the objective of attracting and promoting foreign investments, Indian government has put in place FDI policies in India with a framework characterized by transparent, predictable and easily understandable framework.

Foreign investment into domestic business on a strategic basis is subject to FDI regulations in India. The government of India with the assistance of Department for Promotion of Industry and internal Trade (DIPP) has consolidated the process of FDI on yearly basis. The recent reforms were made for foreign direct investment policy in India 2019. Accordingly, foreign investors can invest directly in India, either on their own or through joint ventures, in all sectors except in a very few areas where foreign investment is prohibited. And the 'automatic route' (i.e., allowing FDI without seeking any regulatory approval prior to such investment) is attracting the maximum amount of FDI. Therefore, the process to obtain FDI in most sectors does not require prior approval from the government of India. Eligible investors including of following, can invest money in various sectors in Indian economy through automatic route. Some of the features of FDI policy of India are summarized below.

(1) Any **non-resident individual entity** can invest subject to FDI policy (except in prohibited sectors). NRI resident in and Citizens of Nepal and Bhutan are allowed to invest on repatriation basis (amount of consideration for such investment shall be paid only by way of inward remittances through normal banking channels).

(2) Company, trust or partnership firm incorporated outside India and owned and controlled by NRIs.

(3) Foreign Institutional Investors and Foreign Portfolio Investors.

(4) Registered FIIs/FPIs/NRIs as per Schedules 2, 2A and 3 respectively of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 can invest through a registered broker of Indian Companies on recognized stock exchanges.

(5) SEBI registered Foreign Venture Capital Investor in any activity prescribed in Schedule 6 of Notification No. FEMA 20/2000.

FDI INVESTMENT ROUTES

In India, foreign direct investment can be made through two routes. They are automatic route and approval route.

(1) Automatic Route: Indian companies engaged in varied industries can issue shares to foreign investors up to 100% of their paid-up capital in Indian companies.

(2) Government Approval Route: Certain activities that are not included under the automatic route need advance Government approval for FDIs. These include the following:

(a) Group– 1 Sectors in which FDI is allowed to up to 100% under automatic route.

(b) Group - 2 Sectors in which FDI is allowed up to 100% under Government Route.

(c) Group - 3 Sectors in which FDI is allowed beyond certain limit with Government approval.

(d) Group - 4 Sectors wherein FDI is allowed up to certain limit under both Government and Automatic routes subject to applicable laws/ regulations security and other conditions in the country.

PROCESS FOR GOVERNMENT APPROVAL

Foreign Investment Facilitation Portal (FIFP) was initiating a new online single point interface of the Government of India for investors to facilitate FDI. This online portal is designed to assist the single window clearance of applications which are through approval route. After receiving FDI application, the Administrative Ministry/Department concerned processes the applications as per the Standard Operation Procedure. It may be noted here that subsequent to abolition of the Foreign Investment Promotion Board (FIPB) by the Government, the work of granting government approval for foreign investment under the extant FDI Policy and Foreign Exchange Management Act Regulations has been entrusted to the Administrative Ministries/Departments concerned. The 11 notified sectors which need government approval are, Mining, Defense/cases relating to FDI in small arms, Broadcasting, Print Media, Civil Aviation, Satellites, Telecom, Private Security Agencies, Trading, Financial services not regulated or regulated by more than one regulator/ Banking - Public and Private (as per FDI Policy) and Pharmaceutical sector.

FDI REPORTING REQUIREMENTS

The domestic companies which are receiving money from the foreign investors, within 30 days, are required to submit comprehensive reports to the Regional Office of Reserve Bank of India (RBI) under whose jurisdiction located in their registered offices. Within 30 days from the date of issue of shares, a report in form FC-GPR together with the following documents should be filed to the Regional Office of RBI:

(1) The Certificate from Company Secretary of the company providing information regarding accepting investment from person's resident outside.

(2) The Certificate from Statutory Auditors/Chartered Accountants relating to the way of arriving at the price of shares issued to the persons resident outside India.

It may be noted here that t*he government of India has come up with amendments to the existing FDI policy to tackle the looming threat of an "opportunistic" Chinese takeover of Indian Companies. The salient features of amendments are as follows:*

(1) 'A non-resident entity can invest in India, subject to the FDI Policy except in those sectors/activities which are restricted. Though, an entity of a country, which shares a land border with India or where the beneficial owner of investment into India is situated in or is a citizen of any such kind of country, be eligible to invest only under the Government route'.

(2) The new policy tackles the indirect possession of investments by entities based in China. With this, the Union Government of India has to clear the change in the ownership of investment. 'In the occurrence of transfer of ownership of any present or future FDI in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the purview of Para 3.1.1(a), such succeeding changes in beneficial ownership will also need Government approval' (Finance Ministry Guidelines).

LITERATURE REVIEW

This particular section covers the review of literature of some of the important studies, research papers and articles on a few dimensions of FDI in India.

Anitha (August 2012)felt that FDI plays a major role in the long-term growth and development of a country not only as a source of capital but also for increasing competitiveness of domestic economy through transfer of technology, strengthening infrastructure facilities, enhancing productivity and creating new employment opportunities in the country. India emerged as the fifth largest recipient of FDI across the globe and second largest among all other developing countries (World Investment Report 2010). The vast market size, availability of highly skilled human resources, robust economic policy, huge and diversified natural resources, etc., enable India to attract FDI. Therefore, there is an acute need to adopt innovative policies and good corporate governance practices on par with global standards, by the Government of India, to attract more and more foreign capital in different sectors of the economy to make India a developed economy in world.

After a comprehensive analysis, Jasbir Singh (October 2012) concluded that usually maximum amount of global foreign investment flow is attracted by the developed countries rather than by the developing and under-developed countries. Foreign investment flows are additional to the scarce domestic investments in developing countries especially in India. But foreign investors never adopt environment-friendly practices in the process of maximizing their profit. However, these investments met the financial requirement for building up the basic and essential infrastructure industries of priority sector in the economy. And the study finds that the highest amount of FDI has gone to financial sector, insurance sector, and real estate and business services in India.

Bhavya Malhotra (2014) felt that India's FDI policy has been gradually liberalized to make the market more foreign investor friendly. The results have been encouraging. According to a United Nations (UN) report, the country is continuously ranked among the top three global investment destinations by all international bodies including the World Bank. For Indian economy which has enormous potential, FDI has had a positive impact. FDI inflow strengthens domestic capital, as well as technology and skills of existing companies. It also helps to set up new companies. All these enable the economic growth of Indian Economy – felt the author.

Teli (2014) observed that FDI in India will bring various benefits like advancement of knowledge, skill, technology, exports, employment, management, etc. But MNCs may create forex drain from India. Indian companies will face hard competition from foreign companies. Thus, while allowing different sectors like multi-brand retailing, GoI should have to take cautious steps. Because, FDI in retail would expose the retail traders in domestic markets to unfair competition and thereby eventually leading to job losses. A stable and objective view needs to be taken in this regard and foreign investment in portfolio may be withdrawn at any time. Therefore, Government of India should stress to attract more equity investments. Additionally, the regulatory policies should be made favourable and policymakers should avoid uncertainties in the process of promoting FDI in India.

Abhishek Vijaykumar Vyas (October 2015) pointed out that FDI in India has a major role to play in its economic growth and development. FDI in India to different sectors can attain sustained economic growth and development through generation of jobs, expansion of existing manufacturing industries in the country, etc. The inflow of FDI in service sectors and construction and development sector, from April 2000 to June 2015 attained substantial sustained economic growth and development through creation of jobs in India. Computer, Software and Hardware, and Drugs and Pharmaceuticals were the other industries to which attention was shown by Foreign Direct Investors. In other industries in Indian economy, interest of Foreign Direct Investors has been quite poor.

Shikha Singh (January 2019) expressed that FDI helps the economies by bringing new growth opportunities and huge profits having spilled over effects across different sectors of the economies in terms of technical and managerial know-how, skill up-gradation, better and improved infrastructure, employment opportunities, increased competitiveness and opportunity for domestic markets to expand globally. This is one facet of FDI, other one being negative on the host economies if it leads to repatriation of profits and gives high competition to the domestic and local players thereby stealing their markets. Thus, FDIs have both positive and negative impacts on the host economies and it is important to look at their sectoral decomposition and type as it can significantly impact the future growth and performance of the economy.

OBJECTIVES OF THE STUDY

In the light of the above theoretical framework, the primary objective of the present study is to analyze the trend in FDI in India during 2000-2019. Besides, the study also aims to analyzing the trend in FDI inflows through country-wise, sector-wise and region-wise in Indian economy during 2000-2019.

METHODOLOGY

The present study is analytical in nature. The required data are collected from a few secondary sources such as the reports of Ministry of Commerce, Department for Promotion of Industry and Internal Trade and a few other websites. In addition, necessary details/data are also collected from journals, theses, business dailies, etc. The study period is 19 years from 2000-01 to 2018-19.

ANALYSIS AND INTERPRETATION

(1) Analysis of Year-wise FDI Inflows

In the light of the above framework, an attempt is here to analyse the trend in FDI inflows into India from a few perspectives. Initially, an attempt is made to analyse the year-wise FDI inflows based on the data presented in the following table (Table – 1).

Table - 1: FDI Inflow in India from April 2000 to March 2019

FDI (US $ million)	Y-O-Y Growth (%)	Year	FDI (US $ million)	Y-O-Y Growth (%)
4,029	-	2013-14	36,046	3.20
6,130	52.14	2014-15	45,148	25.25
5,035	-17.86	2015-16	55,559	23.05
4,322	-14.16	2016-17	60,220	8.38
6,150	42.29	2017-18	60,974	1.25
8,961	45.70	2018-19	64,375	5.58
22,826	154.72	Descriptive Statistics:		
34,843	52.64	Mean	32,135.11	
41,873	20.17	SD	21,112.18	
37,745	-9.85	CV	65.70	
34,847	-7.67	Skewness	-0.09	
46,556	33.60	CAGR	15.70	
34,928	-24.98			

Source: Compiled the table based on the data collected from the Department for Promotion of Industry and Internal Trade-Fact Sheet on FDI and the calculations made.

It is obvious from the above that except for few years, in all other years of the study period, the amount of FDI inflows into the country registered a continuous increase year after year. It increased from US $ 4,029 million during 2000-01 to US $ 64,375 million register an increase by US $ 60,346 million which accounts for 14.98 times. Though the rate of increase was highest during 2006-07 accounting for 154.72% increase over the immediately preceding year, the amount of FDI inflows was highest during 2018-19 with US $ 64,375 million. It is also clear that the flow of FDI was moving at slow pace up to March 2006. The Government of India launched 'Make in India' in the mid-2014 to attract more FDI. At the regional level, FDI in manufacturing sector has increased as illustrated by the automotive industry. The "Make in India" initiative, the country's government has demonstrated by automotive as a key industry in which India has the potential to become a world leader. In terms of sector-wise composition of FDI in India, manufacturing sector is gaining strength as policy efforts to revitalize the sector are sustained. However, the FDI inflow in Indian economy has been showing rising trend during this period even though it has been fluctuating on year-wise basis. It seems that India will become a favourite destination in future.

However, there is wide variation in the yearly amount of FDI inflows as indicated by 65.70% of CV (and Standard Deviation of US $ 21,112.18 million). Further, the value of Skewness is negative at 0.09 indicating the amount of FDI inflows skewed towards negative value than positive value during the study period. Thought the negative Skewness value is not an encouraging sign, the CAGR of 15.70% is a good sign. Overall, the performance of the country is appreciable in terms of attracting increasing amount of FDI inflows.

(2) Share of top 10 Sources of FDI Inflows into India

After analysing the trend in FDI inflows into India, an attempt is made here to examine the share of top 10 countries from where FDI flows into India. The relevant data for a period of three years, 2016-17 to 2018-19 and also cumulative total for 19 years from 2000-01 to 2018-19 are presented below (Table – 2).

Table – 2: Share of top 10 Countries from where FDI Flows into India

Rank Number	Name of the Country	Amount (US $ million)				Relative Share (%)
		2016-17	2017-18	2018-19	Cumulative Inflow from 2000-01 to 2018-19	
I	Mauritius	15,728	15,941	8,084	134,469	32.00
II	Singapore	8,711	12,180	16,228	82,998	19.75
III	Japan	4,709	1,633	2,965	30,274	7.20
IV	Netherlands	3,367	2,800	3,870	27,352	6.51
V	UK	1,483	847	1,351	26,789	6.37
VI	USA	2,379	2,095	3,139	25,556	6.08
VII	Germany	1,069	1,124	886	11,708	2.79
VIII	Cyprus	604	417	296	9,869	2.34
IX	UAE	675	1,050	898	6,652	1.58
X	France	614	511	406	6,643	1.58
Total FDI inflows from all countries		43,478	44,857	44,366	4,20,142	

Source: Compiled the table based on the data collected from the Department for Promotion of Industry and Internal Trade-Fact Sheet on FDI.

It is apparent from the above that Mauritius has been the largest contributor of FDI in India. During the last 19 years, it has invested US $ 1,34,469 million of FDI in India. Similarly, Singapore is the second largest contributor of FDI in India with US $ 82,998million. These countries accounted for about50% of total FDI in India. These two countries have entered into Double Taxation Avoiding Agreement (DTAA) with India. The other important countries providing FDI in India in descending order are, Japan, Netherlands, United Kingdom, USA, Germany, Cyprus, UAE and France. During this 19-year period, these 10 countries have invested US $ 3,62,310 millionin India in the form of FDI which works out to 86.24% of total FDI received by India from all countries.

Further, FDI data presented for the last three years show the trend both the country-wise trend during the last three years. It is unequivocal from the table (Table – 2) that out oftop 10 countries, only Singapore has invested continuously increasing amount of FDI in India. On the other hand, in the case of Cyprus and France, their investment in India in the form of FDI has registered a continuous decline during the last three years. And in the case of the remaining seven countries, the amount of FDI moved in both the ways i.e., both increasing and decreasing. Even the total FDI inflows from all countries during the last three years moved in both the directions – increasing from US $ 43,478 million during 2016-17 to US $ 44,857 million in 2017-19 but declining marginally to US $ 44,366 million in the last year of the study period.

(3) Top 10 Sectors of India receiving FDI

The amount of FDI attracted/received by different sectors of India differ from one sector to another. A few relevant details are presented in the following table (Table – 3) for the last three years, 2016-17 to 2018-19 and also cumulative total inflows from 2000-01 to 2018-19.

Table – 3: Share of top 10 Sectors of India receiving FDI

Rank Number	Sector	Amount (US $ million)				Relative Share (%)
		2016-17	2017-18	2018-19	Cumulative Inflow from 2000-01 to 2018-19	
I	Services Sector[1]	8,684	6,709	9,158	74,149	17.65
II	Computer Software and Hardware	3,652	6,153	6,415	37,238	8.86
III	Telecommunications	5,564	6,212	2,668	32,826	7.81
IV	Construction Development[2]	105	540	213	25,046	5.96
V	Trading	2,338	4,348	4,462	23,021	5.48
VI	Automobile Industry	1,609	2,090	2,623	21,387	5.09
VII	Chemicals (other than Fertilizers)	1,393	1,308	1,981	16,582	3.95
VIII	Drugs and Pharmaceuticals	857	1,010	266	15,983	3.80
IX	Construction (Infrastructure) Activities	1,861	2,730	2,258	14,805	3.52
X	Power	1,113	1,621	1,106	14,316	3.40
Total FDI inflows to all Sectors of Indian economy					4,20,142	

Notes:

(1) Services sector includes Financial, Banking, Insurance, Non-Financial/Business, Outsourcing, Research and Development, Courier, Technical Testing and Analysis.

(2) Townships, Housing, Built-up Infrastructure and Construction-Development Projects

Source: *Compiled the table based on the data collected from the Department for Promotion of Industry and Internal Trade-Fact Sheet on FDI.*

A keen observation of contents of the above table show that Service Sector has attracted the highest amount of FDI of US $ 74,149 million during this 19-year period accounting for 17.65% of total FDI attracted by all sectors of Indian economy. Next most FDI attracting sector is the Computer Software and Hardware which has received US $ 37,238 million during this 19-year period and this works out to 8.86% of FDI received by all sectors of the economy. And the Telecommunications sector attracted the third highest amount of FDI of US $ 32,826 million working out to 7.81% of total FDI flowed into the country. Other important sectors are Construction Development with US $ 25,046 million (5.96%), Trading with US $ 23,021 million of FDI (5.48%),Automobile Industries with US $ 21,387 million (5.09 %),Chemicals (other than Fertilizers) with US $ 16,582 million (3.95%),Drugs and Pharmaceuticals with US $ 15,983 million (3.80%),Construction (Infrastructure Activates) with FDI of US $ 14,805 million (3.95%), Power with FDI of US $ 14,316 million (3.40%). These 10 Sectors received US % 2,75,353 million of FDI during this 19-year period accounting for 65,54% of total FDI received by all Sectors of Indian economy. Other sectors which attracted FDI included the metallurgical industries, food processing industries and petroleum and natural gas. Thus, it is clear that FDI has been widely dispersed among different sectors of the economy with same sectors attracting more FDI.

It can also be observed from the table that out of top 10 sectors, only three sectors viz., Computer Software and Hardware, Trading, and Automobile Industry attracted continuously increasing amounts of FDI during the last three years of the study period. And in the case of the remaining seven sectors, the amounts of FDI moved in both the directions during this three-year period. However, the sector-wise study of FDI shows that these 10 sectors of Indian economy are high priority area for FDI.

(4) Region-wise (State-wise) receipt of FDI

Relevant details pertaining to RBI's Regional Office-wise FDI equity inflows are presented in the following table (Table – 4).

Table – 4: RBI's Regional Office-wise FDI Equity Inflows

Sl. No.	RBI's Regional Office	States Covered	Amount (US $ million)				Relative Share (%)
			2016-17	2017-18	2018-19	Cumulative Inflows from 2000-01 to 2018-19	
(1)	Mumbai	Maharashtra, Dadra & Nagar Haveli, Daman & Diu	19,654	13,423	11,383	127,089	30.24
(2)	New Delhi	Delhi, Partsof UPand Haryana	5,884	7,656	10,142	84,642	20.14
(3)	Bangalore	Karnataka	2,132	8,575	6,721	37,670	8.97
(4)	Chennai	Tamil Nadu, Pondicherry	2,218	3,475	2,613	29,848	7.10
(5)	Ahmedabad	Gujarat	3,367	2,091	1,803	20,545	4.89
(6)	Hyderabad	Andhra Pradesh	2,195	1,246	3,457	18,469	4.39
(7)	Kolkata	West Bengal, Sikkim, Andaman & Nicobar Islands	50	218	1,229	5,432	1.29
(8)	Kochi	Kerala, Lakshadweep	454	208	257	2,221	0.53
(9)	Chandigarh	Chandigarh, Punjab, Haryana, Himachal Pradesh	6	108	618	2,090	0.49
(10)	Jaipur	Rajasthan	165	117	363	1,960	0.47
(11)	Bhopal	Madhya Pradesh, Chattisgarh	76	28	32	1,431	0.34
(12)	Panaji	Goa	83	43	16	983	0.23
(13)	Kanpur	Uttar Pradesh, Uttaranchal	8	90	34	694	0.16
(14)	Bhubaneshwar	Orissa	12	65	69	549	0.13
(15)	Guwahati	Assam, Arunachal Pradesh, Manipur, Meghalay, Mizoram, Nagaland,Tripura	2	13	7	116	0.03
(16)	Patna	Bihar,Jharkhand	10	10	0.03	113	0.03
(17)	Jammu	Jammu&Kashmir	0.2	0	0.06	6	0.00
(18)	Regions not indicated		7,162	7,491	5,624	86,164	20.50
		Sub-total	43,478	44,857	44,366	4,20,0221	
(19)	RBI's NRI Scheme		-	-	-	121	
		Grand total	43,478	44,857	44,366	4,20,142	

Source: *Compiled the table based on the data collected from the Department for Promotion of Industry and Internal Trade-Fact Sheet on FDI.*

It is clear from the above that the RBI is having its regional offices in different parts of the country and each regional office covering one or more states. It is obvious from the table that Mumbai and Delhi regions have received about one-half of the total FDI inflows in India during April 2000 to March 2019. Mumbai region topped the list with FDI inflows of US $ 1,27,089 million accounting for 30.24% of total FDI inflows into India. New Delhi region with FDI inflow of US$ 82,642 million working out to 20.14% has been in the next place. The other important regions in descending order are Bengaluru, Chennai, Ahmadabad, Hyderabad, Kolkata, etc. Other regions have received less-than one per cent each of total FDI inflows. It is apparent from the study of regional office-wise break up of FDI inflow that industrially developed regions/states have received greater attention of foreign investors. It may be noted here that these regions/states have well developed infrastructure and other facilities to offer to foreign investors. Therefore, the economically developed regions such as Mumbai, New Delhi, Chennai, Bengaluru, Ahmadabad, Hyderabad, Kolkata, Kochi, Chandigarh and Jaipur are preferred for FDI and these regions together accounted for 78.51% of FDI inflows into India. Other regions such as Bhopal Kanpur, Bhubaneshwar, Guwahati, Patna and Jammu accounted for 0.92 % and other region not indicated accounted for 20.50%.

It can also be seen from the table that states in four regional offices of RBI viz., New Delhi, Kolkata, Chandigarh and Bhubaneshwar have registered a continuous increase in the inflow of FDI during the last three years. On the other hand, states in four other regional offices have experienced a continuous decline in the inflow of FDI during the last three years and these regional offices are Mumbai, Ahmedabad, Panaji and Patna. And in the case of other states in jurisdictional areas of regional offices of RBI, inflows of FDI have declined during the last three years. In other 10 cases (including the Regions not indicated), the inflows of FDI witnessed a fluctuations moving in both the directions.

CONCLUSION AND SUGGESTIONS

The present study throws light on the trends and pattern of FDI in India. The changes in the FDI policy in India have succeeded in attracting a sizeable amount of FDI inflows into the country. At present, India is one of the most attractive emerging markets globally. The gross FDI received from April 2000 to March 2019 is US $ 4,20,142 million. However, the Government of India has to pursue a steady but a cautious approach along with efficiently implementing and effectively monitoring mechanisms.

Hence, the Government of India must take multi-dimensional policy measures to accelerate the pace of economic growth which in turn would attract more FDI and ensure further economic growth. Right policies and proper execution of these policy decisions could help India to maximize the benefits and minimize the cost of inflows of FDI and other related problems to promote economic stability of the country. Thus, the sector-wise inflows of FDI in India shows a changing trend but acts as catalyst for growth, quality maintenance and development of Indian industries to a greater and larger extend.

The Government of India has to welcome inflow of foreign investment in such way which ensures both sustenance and also prosperity of Indian economy and enable to achieve cherished goals such as rapid economic development, removal of poverty, enhancing exports, removing internal disparity in the development, favourable Balance of Payment, etc. It may be noted here that, FDI is an engine for economic growth and development. However, it should be used with caution to ensure the flow of FDI into the sectors which deserve higher investment.

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