PATTERNS OF FOREIGN DIRECT INVESTMENT IN INDIA

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Abstract

FDI inflows in India plummeted after the adoption of LPG strategy under New Economic Policy in 1991. FDI flows to developing countries including India have seriously been hit by global economic crisis. The composition, direction and type of FDI have undergone a change over time. Present paper is an attempt to analyze as well as interpret the changes during these last decade and infer from the trends arising for future policy formation. The structure of the paper is designed in the following manner- first we have tried to understand the policy and relevance of the concept of FDI for various sectors and then studied the patterns of this FDI in India during the period of study i. e. from 2000 to 2013. The data has been analyzed using tables, graphs and basic tools of statistics. Our study shows that FDI in India grew unevenly with uneven pattern.

Key Words : FDI policy, economic growth, FDI in different sectors and regions

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I INTRODUCTION

FDI assumes an important place in understanding the macro scene of a nation because on the one hand it reflects the situation on confidence front, as the world is viewing the nation and on the other hand provides the most stable component of capital flows needed to finance the current account deficit(CAD). It has the advantage of adding to investible resources, providing access to sophisticated technologies, helping in advancing production know-how and promoting exports. According to the world investment report issued by the United Nations Conference on Trade and Development (UNCTAD), India was, after China, the second most-attractive location for global foreign direct investment.

Ernst & Young in their Attractiveness survey mentioned India as the fourth largest destination globally in terms of number of projects.

II REVIEW OF LITERATURE

The paper by **RBI (2012)** seems to suggest that the 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 ten 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.

As per **Economic Survey 2003-04** the explosive growth of FDI gives opportunities to Indian industry for technological up gradation, gaining access to global managerial skills and practices, optimizing utilization of human and natural resources and competing internationally with higher efficiency. Most importantly FDI is central for India's integration into global production chains which involves production by MNCs spread across locations all over the world.

Iyare et.al.(2004), in their work "Explaining FDI Inflows to India, China and the Caribbean: An Extended Neighborhood Approach" found that FDI flows are generally believed to be influenced by economic indicators like market size, export intensity, institutions, etc, irrespective of the source and destination countries. This paper looks at

FDI inflows in an alternative approach based on the concepts of neighborhood and extended neighborhood and found that a substantial fraction of FDI inflows may be explained by select economic variables, country – specific factors and the idiosyncratic component account for more of the investment inflows in Europe, China, and India.

Andersen et al (2004) in their paper while looking for evidence regarding a possible relationship between foreign direct investment and employment found that high labour costs encourage outflows and discourage inflows and that such effect can be reinforced by exchange rate movements. The distribution of FDI towards services also suggests that a large proportion of foreign investment is undertaken with the purpose of expanding sales and improving the distribution of exports produced in the source countries and concluded that determinants of FDI flows are prior trade patterns, IT related investments and the scopes for cross – border mergers and acquisitions.

Johnson (2004) in his work argued that FDI should have a positive effect on economic growth as a result of technology spillovers and physical capital inflows on the basis of both cross – section and panel data analysis on a dataset covering 90 countries during the period 1980 to 2002.

Klaus E Meyer (2003) focused on the impact of FDI on host economies and on policy and managerial implications arising from this (potential) impact in his study and found that as emerging economies integrate into the global economies international trade and investment will continue to accelerate.

Naga (2003) in his study discussed the trends in FDI in India in the 1990s and at the same time compared them with China also. The study analyzed issues related with the effects of the recent investments on the Indian economy. Based on the analytical discussion and comparative experience, the study concluded suggesting a realistic foreign investment policy.

III OBJECTIVES OF STUDY/RESEARCH QUESTIONS

- To overview the economy of India and its FDI policy in global economy.
- To compare and contrast the FDI in India w.r.t. rest of the world
- To find the pattern of FDI within different states and sectors in India
- To highlight the various implications drawn from the study.

IV FDI POLICY IN INDIA

The history of FDI in India dates back to pre independence time where Britain and Japan invested here. But because of lack of systematic and authentic data we study it from a period after independence. Soon after getting free from clutches of colonial rule India understood the importance of FDI as a source of capital, technical knowho w and scientific as well as industrial knowledge but the policy of openness was not adopted vigorously. The stand became more stringent during seventies and became conducive after the adoption of new economic policy.

One of the most remarkable developments during the last two and half decades is the impressive growth of FDI in the global economic backdrop. This unparalleled growth of global FDI since 1990 around the world made FDI a key component of development strategy in all whether developed or developing nations and prompted them to design policies in a manner that can stimulate inward flows. FDI provides opportunity to the host as well as the home countries as both are benefitted a lot. The 'home' countries can take the advantage of the new vast markets which earlier were inaccessible. On the other hand the 'host' countries can acquire technological as well managerial skills. Domestic savings and foreign exchange reserves can be supplemented to meet out domestic needs. Further, the integration of global financial markets paved ways to this explosive growth of FDI around the globe. India also accepted FDI as visible panacea for all scarcities during the 1991 crises and started designing policies accordingly.

The New Industrial Policy of 1991 dismantled the industrial approval or licensing arrangement except for environmental or security reasons. Various new sectors such as

mining, banking, insurance, telecommunications, construction and management of ports, roads and highways, airlines and defense equipment have been opened to private investment including foreign investment. With a progressive liberalization of FDI policy, foreign ownership of up to 100 per cent is permitted in most of the manufacturing sectors. A system of automatic approval of FDI proposals fulfilling the conditions laid down has been put into effect. The policy governing outward direct investment has also been liberalized during the 1990s.

A close inspection of India's FDI policy vis-à-vis other major emerging market economies (EMEs) reveals that though its approach towards foreign investment has been relatively conformist initially but with time started catching up with the more liberalized policy stance of other EMEs from the early 1990s onwards, which included wider access to different sectors of the economy, ease of starting business, repatriation of dividend and profits and relaxations regarding norms for owning equity. The liberalization process, together with considerable improvement in terms of macroeconomic fundamentals, reflected in growing size of FDI flows over the time in India.

Policy regime is one of the important factors motivating investment flows to a nation. In addition to macro fundamentals, capability to attract foreign investment fundamentally depends upon its policy management. So we need to understand the policy stance of India before analyzing the trends in FDI.

Though the liberal policy stance and strong economic fundamentals seem to have motivated the steep rise in FDI flows in India during last decade and sustained their momentum even during the period of global economic crisis (2008-09 and 2009-10), the subsequent temperance in investment flows despite faster recovery from the crisis period appears somewhat baffling. Keeping in mind the new emerging scenario the government has come out with a new policy on FDI front in April 2013.

The new policy effective from April5, 2013 says, 'It is the intent and objective of the Government of India to attract and promote foreign direct investment in order to supplement domestic capital, technology and skills, for accelerated economic growth.

Foreign Direct Investment, as distinguished from portfolio investment, has the connotation of establishing a lasting interest in an enterprise that is resident in an economy other than that of the investor.' The Government has put in place transparent, predictable and easily comprehensible policy framework on Foreign Direct Investment, which is embodied in the Circular on Consolidated FDI Policy, which may be updated every year, to capture and keep pace with the regulatory changes, effected in the interregnum. The Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, Government of India makes policy pronouncements on FDI through Press Notes/ Press Releases which are notified by the Reserve Bank of India as amendments to the Foreign Exchange Management (Transfer or Issue of Security by Persons Resident Outside India) Regulations, 2000 (notification No.FEMA 20/2000-RB dated May 3, 2000).

The policy document clarifies in regard of appropriate definition of terminologies concerned with FDI, who can and through which route one can invest, what can be the possible instruments of investment. Entry routes, caps, conditions and calculation of investments are also specified. Constitution and working of foreign investment and promotion board (FIPB)is also explained. A list of prohibited and permitted sectors is given. Remittance, reporting and violation rules and procedures regarding FDI are further clarified and simplified in the new policy. FDI is prohibited in: (a) Lottery Business including Government /private lottery, online lotteries, etc. (b) Gambling and Betting including casinos etc. (c) Chit funds (d) Nidhi company (e) Trading in Transferable Development Rights (TDRs) (f) Real Estate Business or Construction of Farm Houses (g) Manufacturing of Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes (h) Activities / sectors not open to private sector investment e.g. Atomic Energy and Railway Transport (other than Mass Rapid Transport Systems).

V DATA, SOURCES, METHODOLOGY and LIMITATION OF STUDY

The present study includes data ranging from 2000-2013 mainly sourced from Handbook of Statistics on Indian Economy by RBI, World Investment Reports, Asian Development Bank's Reports, publications from Ministry of Commerce and Industry, Govt. of India, and from websites of World Bank, IMF, WTO, RBI, UNCTAD.

Since the basic objective of present endeavor is to compare and contrast the FDI within different states and sectors in India as well as to study the pattern of FDI in comparison of rest of the economies, statistical tools like tables, growth rate, standard deviation, percentage, graphs, flow charts and pie charts have been employed throughout the study and some implications have been drawn.

The present study has the limitation that the data at various sources does not match completely. Moreover the data since 2000 is recompiled by RBI as per new international standards and may not be comparable with earlier data.

VII ANALYSIS OF DATA

Global foreign direct investment (FDI) fell by 18 per cent to $1.35 trillion in 2012. This sharp decline was in stark contrast to other key economic indicators such as GDP, international trade and employment, which all registered positive growth at the global level. Economic fragility and policy uncertainty in a number of major economies gave rise to caution among investors. Furthermore, many transnational corporations (TNCs) reprofiled their investments overseas, including through restructuring of assets, divestment and relocation. The road to FDI recovery is thus proving bumpy and may take longer than expected. UNCTAD forecasts FDI in 2013 to remain close to the 2012 level, with an upper range of $1.45 trillion – a level comparable to the pre-crisis average of 2005–2007. As macroeconomic conditions improve and investors regain confidence in the medium term, TNCs may convert their record levels of cash holdings into new investments. FDI flows may then reach the level of $1.6 trillion in 2014 and $1.8 trillion in 2015. However, significant risks to this growth scenario remain. Factors such as structural weaknesses in the global financial system, the possible deterioration of the macroeconomic environment, and significant policy uncertainty in areas crucial for investor confidence might lead to a further decline in FDI flows. In this background statement of World Investment Report 2013 let us take a look at factors playing a role in channelizing FDI.

Table1: Investing Across Borders-Key Indicators

Country	Starting a Foreign Business			Accessing Industrial Land						Arbitrating Commercial Disputes		
	Time (days)	Procedures (number)	Ease of establishment index (0 – min, 100 – max)	Strength of lease rights index (0 – min, 100 – max)	Strength of ownership rights index (0 – min, 100 – max)	Access to land information index (0 – min, 100 – max)	Availability of land information index (0 – min, 100 – max)	Time to lease private land (days)	Time to lease public land (days)	Strength of laws index (0 – min, 100 – max)	Ease of process index (0 – min, 100 – max)	Extent of judicial assistance index (0 – min, 100 – max)
Argentina	50	18	65	79.3	100	44.4	85	48	112	63.5	72.2	55.1
Brazil	166	17	62.5	85.7	100	33.3	75	66	180	84.9	45.7	57.2
Chile	29	11	63.2	85.7	100	33.3	80	23	93	94.9	62.8	74.8
China	99	18	63.7	96.4	n/a	50	52.5	59	129	94.9	76.1	60.2
India	46	16	76.3	92.9	87.5	15.8	85	90	295	88.5	67.6	53.4
Indonesia	86	12	52.6	78.6	n/a	21.4	85	35	81	95.4	81.8	41.3
Korea,	17	11	71.1	85.7	100	68.4	70	10	53	94.9	81.9	70.2
Malaysia	14	11	60.5	78.5	87.5	23.1	85	96	355	94.9	81.8	66.7
Mexico	31	11	65.8	81.3	100	33.3	90	83	151	79.1	84.7	52.7
Philippines	80	17	57.9	68.8	n/a	23.5	87.5	16	n/a	95.4	87	33.7
Russian	31	10	68.4	85.7	100	44.4	90	62	231	71.6	76.1	76.6
South	65	8	-	84.5	100	47.4	85	42	304	82.4	79	94.5
Thailand	34	9	60.5	80.7	62.5	27.8	70	30	128	84.9	81.8	40.8

Source: RBI (2012)

As we can see that India is lacking behind many of other close competitive developing countries and need to improve the scenario on many fronts like .

Following table shows the total amount of FDI in India over the last decade till the recent past.

Table2: Total FDI Inflows in India April 2000 to July 2013

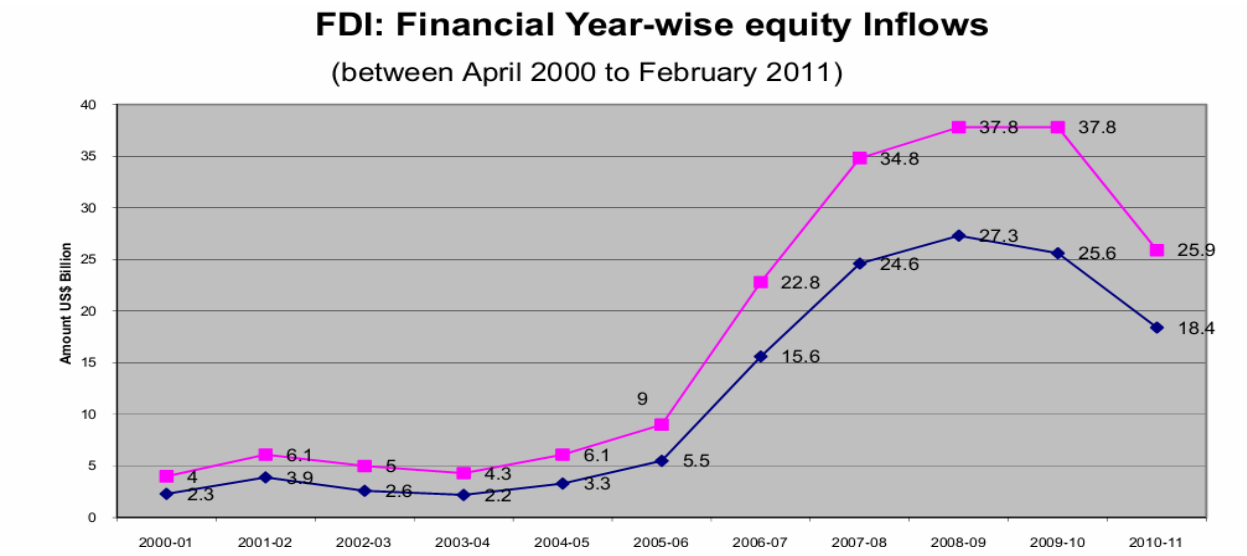
1.	**CUMULATIVE AMOUNT OF FDI INFLOWS** **(Equity inflows + 'Re-invested earnings' +'Other capital')** *	-	**US$ 301,787 million**
2.	**CUMULATIVE AMOUNT OF FDI EQUITY INFLOWS** **(excluding,** amount remitted through RBI's-+NRI Schemes)	Rs. 936,311 crore	**US$ 200,335 million**

Source: DIPP

Most relevant part of the FDI is in the form of equity inflows because of the benefits of long run interest in the economy and resultant technological up gradations and following graph

shows the equity inflows in India over the years which are more or less in the same direction as the total inflows shown by pink line.

Figure1:



Source: DIPP

Next if we take a look at the latest scenario we observe the rise in FDI in equity is 13% in Rs terms and just 7% in dollar terms during current year (2013) over the same time during last year (2012) as is highlighted in table below.

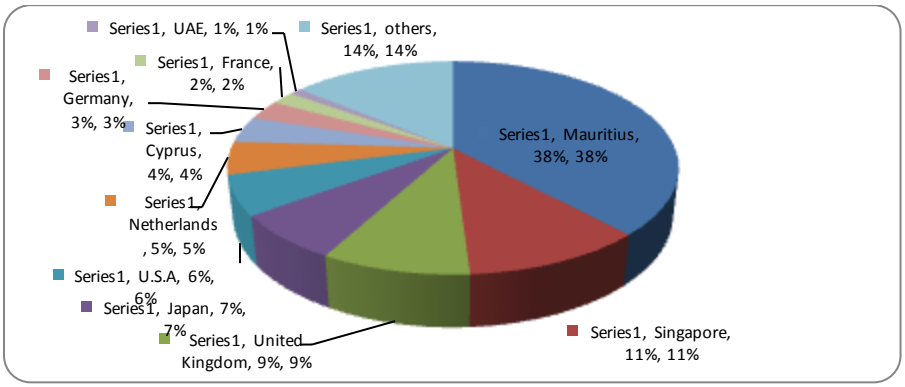
Table3: FDI Equity Inflow (Current Scenario)

Calendar Year 2013 (Jan.-Dec.)		***Amount of FDI Equity inflows***	
		(In Rs. Crore)	***(In US$ mn)***
1.	**January, 2013**	11,719	**2,157**
2.	**February, 2013**	9,654	**1,795**
3.	**March, 2013**	8,297	**1,525**
4.	**April, 2013**	12,623	**2,321**
5.	**May, 2013**	8,974	**1,631**
6.	**June, 2013**	8,432	**1,444**
7.	**July, 2013**	9,903	**1,657**
Year 2013 (up to July, 2013) #		**69,602**	**12,530**
Year 2012 (up to July, 2012) #		**61,357**	**11,746**
%age growth over last year		**(+) 13 %**	**(+) 07 %**

Source: DIPP

The picture regarding investor countries in India becomes more clear with the help of pie chart below based on the following table.

Figure2: Share of Inflows-Country Wise



Out of the total FDI coming to India the details of the share of top countries is as shown in the following table.

Table4: Share of Top FDI Equity Inflow Country Wise

Rupees in crores (US $ in million)

Ranks	*Country*	*2011-12 (April - March)*	*2012-13 (April – March)*	*2013-14 (April-July, 2013)*	*Cumulative Inflows (April '00 - July '13)*	*%age to total Inflows (in terms of US $)*
1.	**MAURITIUS**	46,710 **(9,942)**	51,654 **(9,497)**	10,629 **(1,853)**	351,754 **(75,519)**	**38 %**
2.	**SINGAPORE**	24,712 **(5,257)**	12,594 **(2,308)**	12,403 **(2,214)**	102,585 **(21,674)**	**11 %**
3.	**U.K.**	36,428 **(7,874)**	5,797 **(1,080)**	416 **(73)**	80,874 **(17,622)**	**9 %**
4.	**JAPAN**	14,089 **(2,972)**	12,243 **(2,237)**	1,339 **(234)**	71,433 **(14,785)**	**7 %**
5.	**U.S.A.**	5,347 **(1,115)**	3,033 **(557)**	2,090 **(371)**	53,013 **(11,492)**	**6 %**
6.	**NETHERLANDS**	6,698 **(1,409)**	10,054 **(1,856)**	2,968 **(520)**	45,346 **(9,486)**	**5 %**
7.	**CYPRUS**	7,722 **(1,587)**	2,658 **(490)**	805 **(141)**	33,133 **(7,030)**	**4 %**
8.	**GERMANY**	7,452 **(1,622)**	4,684 **(860)**	2,865 **(518)**	28,377 **(5,998)**	**3 %**
9	**FRANCE**	3,110 **(663)**	3,487 **(646)**	639 **(112)**	17,503 **(3,685)**	**2 %**
10.	**U.A.E.**	1,728 **(353)**	987 **(180)**	372 **(65)**	11,679 **(2,488)**	**1 %**
TOTAL FDI INFLOWS FROM ALL COUNTRIES *		**165,146 (35,121)**	**121,907 (22,423)**	**39,931 (7,053)**	**936,844 (200,457)**	**-**

Source: DIPP

After taking into account which are the countries with highest foreign inflows we try to know which are the sectors attracting most of the chunk of these inflows and table below elaborates the fact very well.

Table5: Sectors Getting FDI Equity Inflow

Rupees in crores (US $ in million)

Ranks	Sector	2011-12 (April - March)	2012-13 (April-March)	2013-14 (April-July, 2013)	Cumulative Inflows (April '00-July'13)	% age to total Inflows (In terms of US$)
1.	SERVICES SECTOR **	24,656 (5,216)	26,306 (4,833)	5,770 (1,021)	178,046 (38,255)	19 %
2.	CONSTRUCTION DEVELOPMENT: TOWNSHIPS, HOUSING, BUILT-UP INFRASTRUCTURE	15,236 (3,141)	7,248 (1,332)	2,092 (359)	103,141 (22,439)	11 %
3.	TELECOMMUNICATIONS (radio paging, cellular mobile, basic telephone services)	9,012 (1,997)	1,654 (304)	66 (12)	58,798 (12,868)	6 %
4.	COMPUTER SOFTWARE & HARDWARE	3,804 (796)	2,656 (486)	1,244 (215)	54,019 (11,906)	6 %
5.	DRUGS & PHARMACEUTICALS	14,605 (3,232)	6,011 (1,123)	5,453 (1,002)	54,333 (11,320)	6 %
6.	CHEMICALS (OTHER THAN FERTILIZERS)	18,422 (4,041)	1,596 (292)	2,069 (354)	42,567 (9,235)	5 %
7.	AUTOMOBILE INDUSTRY	4,347 (923)	8,384 (1,537)	3,576 (637)	42,746 (8,932)	4 %
8.	POWER	7,678 (1,652)	2,923 (536)	1,199 (208)	37,336 (8,043)	4 %
9.	METALLURGICAL INDUSTRIES	8,348 (1,786)	7,878 (1,466)	1,090 (190)	35,904 (7,697)	4 %
10	HOTEL & TOURISM	4,754 (993)	17,777 (3,259)	694 (123)	33,954 (6,755)	3 %

Recently RBI has started compiling the information on FDI as per new international norms and the following table shows the new bifurcated series in a lucid way.

Table6: FDI data with expended coverage as per international best practices

S. No.	Financial Year (April-March)	FOREIGN DIRECT INVESTMENT (FDI)						Investment by FII's Foreign Institutional Investors Fund (net)
		Equity		Re-invested earnings +	Other capital +	FDI FLOWS INTO INDIA		
		FIPB Route/ RBI's Automatic Route/ Acquisition Route	Equity capital of unincorporated bodies #			Total FDI Flows	%age growth over previous year (in US$ terms)	
FINANCIAL YEARS 2000-01 to 2013-14 (up to July, 2013)								
1.	2000-01	2,339	61	1,350	279	4,029	-	1,847
2.	2001-02	3,904	191	1,645	390	6,130	(+) 52 %	1,505
3.	2002-03	2,574	190	1,833	438	5,035	(-) 18 %	377
4.	2003-04	2,197	32	1,460	633	4,322	(-) 14 %	10,918
5.	2004-05	3,250	528	1,904	369	6,051	(+) 40 %	8,686
6.	2005-06	5,540	435	2,760	226	8,961	(+) 48 %	9,926
7.	2006-07	15,585	896	5,828	517	22,826	(+) 146 %	3,225
8.	2007-08	24,573	2,291	7,679	300	34,843	(+) 53 %	20,328
9.	2008-09	31,364	702	9,030	777	41,873	(+) 20 %	(-) 15,017
10.	2009-10 (P) (+)	25,606	1,540	8,668	1,931	37,745	(-) 10 %	29,048
11.	2010-11 (P) (+)	21,376	874	11,939	658	34,847	(-) 08 %	29,422
12.	2011-12 (P)	34,833	1,022	8,206	2,495	46,556	(+) 34 %	16,812
13.	2012-13 (P)	21,825	1,059	11,025	2,951	36,860	(-) 21%	27,583
14	2013-14 (P)(Apr-Jul, 2013)	7,054	317	2,747	1,591	11,709	-	-
CUMULATIVE TOTAL (from April, 2000 to July, 2013)		202,020	10,138	76,074	13,555	301,787	-	144,654

Source: (i) RBI's Bulletin September, 2013 dt. 10.09.2013 (Table No. 34 – FOREIGN INVESTMENT INFLOWS).
(ii) Inflows under the acquisition of shares in March, 2011, August, 2011 & October, 2011, include net FDI on account of transfer of participating interest from Reliance Industries Ltd. to BP Exploration (Alpha).
(iii) RBI had included Swap of Shares of US$ 3.1 billion under equity components during December 2006.

Total FDI inflows % rise in India as is evident from the above table is highly fluctuating with as high a rise as 146% in 2006-07 over the year 2005-06 and as high a fall as 21% during 2012-13.The trend in FII is also very much wavering.

Simultaneously we may also be interested in knowing which parts of India are able to attract more of FDI as unequal inflows in different regions may further give rise to disparities in growth also. The picture becomes clearer with the help of following table.

Table7: Regional Distribution of FDI Inflows.

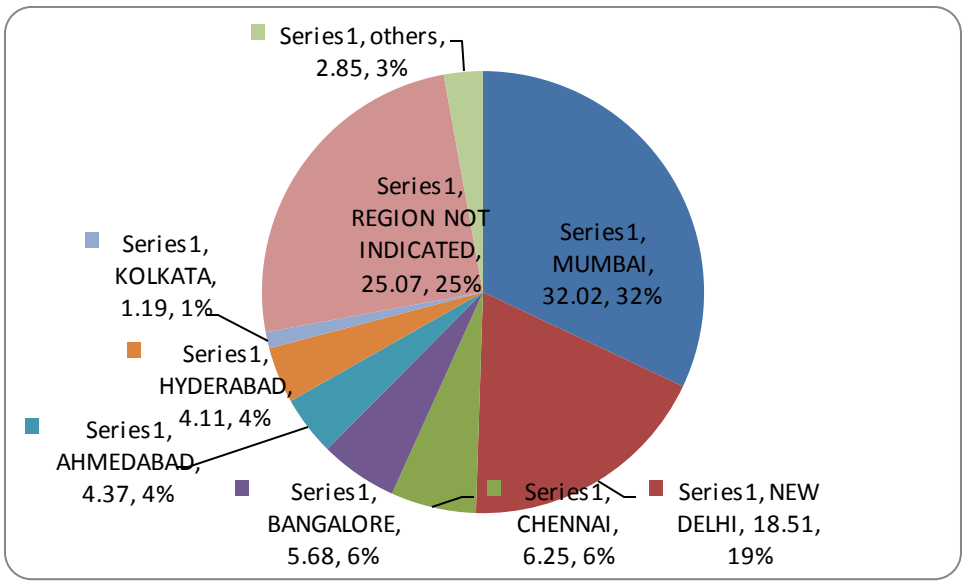
Sl. No	Regional Offices of RBI	States Covered	Cumulative Total (from January 2000 to August, 2013	% share
1	MUMBAI	MAHARASHTRA, DADRA & NAGAR HAVELI, DAMAN & DIU	30,35,906.92	32.02174
2	NEW DELHI	DELHI, PART OF UP AND HARYANA	17,54,543.10	18.50634
3	CHENNAI	TAMIL NADU, PONDICHERRY	5,92,128.09	6.245572
4	BANGALORE	KARNATAKA	5,38,494.46	5.679862
5	AHMEDABAD	GUJARAT	4,14,091.04	4.367696
6	HYDERABAD	ANDHRA PRADESH	3,89,732.38	4.110769
7	KOLKATA	WEST BENGAL, SIKKIM, ANDAMAN & NICOBAR ISLANDS	1,12,387.68	1.185428
8	CHANDIGARH`	CHANDIGARH, PUNJAB, HARYANA, HIMACHAL PRADESH	56,963.88	0.600836
9	BHOPAL	MADHYA PRADESH, CHATTISGARH	54,799.36	0.578006
10	KOCHI	KERALA, LAKSHADWEEP	46,039.13	0.485606
11	PANAJI	GOA	36,387.40	0.383802
12	JAIPUR	RAJASTHAN	33,645.28	0.354879
13	KANPUR	UTTAR PRADESH, UTTRANCHAL	16,915.30	0.178417
14	BHUBANESHWAR	ORISSA	16,773.62	0.176923
15	GUWAHATI	ASSAM, ARUNACHAL PRADESH, MANIPUR, MEGHALAYA,	3,484.21	0.03675

		MIZORAM, NAGALAND, TRIPURA		
16	PATNA	BIHAR, JHARKHAND	1,927.66	0.020332
17	REGION NOT INDICATED		23,76,547.30	25.06704
SUB.TOTAL			94,80,766.81	100
18	RBI's-NRI SCHEMES "*"		5,891.50	
GRAND TOTAL			94,86,658.31	

Source: RBI Bulletin

As is clear that the inflows are not equally spread, few parts are able to attract much more part while most receive only negligible amount. Following pie chart elaborates the picture very well.

Figure3: % Share of Different Regions in FDI Inflows



VI CONCLUSION AND POLICY IMPLICATIONS

After analyzing the data on FDI for India with the help of various tables, graphs and percentages we can summarize our conclusions as under

- Policy regarding FDI is continuously being monitored and improved upon by Department of Industrial Promotion and Policy (DIPP) as well as by Reserve Bank of India (RBI). The latest changes were announced in April, 2013.
- Anomalies regarding data from different sources are many.
- Indian position as foreign investment destination is promising and better than many other developing nations on many fronts but lacking on few other indicators.
- Equity inflows as a proportion of total inflows have remained almost same. The rise in equity flows over the years is not very encouraging in dollar terms because of rupee depreciation.
- Almost 86% of total FDI inflows in India comes from only ten nations which includes Mauritius(38%),Singapore(11%),UK(9%),Japan(7%),USA(6%),Cyprus(4%), Germany (3%), France(2%), UAE(1%).
- Most of the inflows are invested in services sector (19%) and construction (11%).
- Few of the regions like Maharashtra, Delhi, Haryana, Tamilnadu, Karnataka and Gujarat are able to attract major chunk of FDI.

We have drawn the following implications from our study for policy making perspective.

- Equity inflows as a proportion of total inflows need to be encouraged further.
- Various key indicators playing role in investments across borders demands a lot of changes on front of land acquisition, fast jurisdictions and environmental clearances.
- We need to take a relook at our policy because maximum inflows are coming from Mauritius as a result of taxation treaty with the nation and we cannot come to know

the original source of investments. We further need to diversify countries investing in India to avoid the risks associated with concentration.

- We need to encourage FDI in manufacturing also to take advantage of technological innovations and to survive in the long run.
- We require giving confidence to foreign investor regarding all regions in India to promote inclusive growth of all states.

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