TRENDS IN FDI FLOWS AND THE DECISIVE IMPEDIMENTS IN ATTRACTING FDI IN INDIA

MS. S. PREETHI*; DR. K.T. GEETHA**

*ASSISTANT PROFESSOR,
DEPARTMENT OF ECONOMICS,
SREE NARAYANA GURU COLLEGE,
COIMBATORE,
TAMIL NADU.

**PROFESSOR OF ECONOMICS,
AVINASHILINGAM UNIVERSITY FOR WOMEN,
COIMBATORE,
TAMIL NADU.

ABSTRACT
India continued to be the dominant recipient of FDI inflows to South Asia in 2012. However, the Indian economy experienced its slowest growth in a decade, and a high inflation rate increased risks for both domestic and foreign investors. As a result, investor confidence has been affected and FDI inflows to India declined significantly. This paper tried to examine the trends in FDI inflows and outflows in India and also made an attempt to decipher the most prominent factors hindering the inflow of FDI in India. Findings reveal inflows to services are likely to grow because of the efforts to further open up key economic sectors, such as retailing. Flows to manufacturing are expected to increase as well, as a number of major investing countries, including Japan and the Republic of Korea, are establishing country or industry-specific industrial zones in India. Outflows from India, the region’s largest FDI source, decreased owing to the shrinking value of cross-border M&As by Indian companies India’s FDI policy has progressively evolved into more liberal entity and further opening up of the service sector which has been most preferred sector for FDI will help realize India its true potential of economic growth.

KEY WORDS: Brownfield investment, Greenfield investment, Mergers and Acquisition, Multinational companies.

References


Bhattacharyya, Srijanee and Slaughter and May (2012), “Legal Regimes Governing Foreign Direct Investment (FDI) In Host Countries”, Advocates for International Development, 
http://a4id.org/sites/default/files/user/documents/FDI%20Legal%20Guide.pdf

Deutsche Bundesbank (2003) ‘The Role of FDI in emerging market economies compared to other forms of financing: Past developments and implications for financial stability’ 
http://www.bis.org/publ/cgfs22buba1.pdf

Division of International Trade and Finance, Department of Economic and Policy Research, Reserve Bank of India 


NCAER (2009), FDI in India and its Growth Linkages, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India.


Websites

http://www.economicswebinstitute.org/glossary/fdi.htm


http://www.investopedia.com/terms/b/brownfield.asp

http://www.investorwords.com/11918/brownfield_investment.html

http://en.wikipedia.org/wiki/Mergers_and_acquisitions
