“GLOBALISATION AND THE BEHAVIOUR OF FOREIGN DIRECT INVESTMENT IN INDIA”

ABSTRACT

It is well recognised that the role of Foreign Investment (FI) in India’s Industrialisation vis-à-vis economic development has a historical inheritance. So far as its nature is concerned it is found that the inflow of FI in India has taken the form of Foreign Direct Investment (FDI) and Foreign Institutional Investment (FII). In fact a majority of this FII has been found to be invested for short term speculative gain. So far as FDI is concerned one can easily find a sharp distinction between the nature of FDI during the pre-reform period and post-reform period. In the pre-reform period it was mainly in collaborative form which consisted of pure collaboration and technical collaboration such that technical collaboration. Surprisingly, in the post-reform period the flow of FDI in India was in the nature of Merger & Acquisitions (M&A) and Greenfield Investments (GI). All these facts motivate us to undertake such a study and hence we have chosen the topic of research through comprehensive review of existing literature in this area. The study is exclusively based on secondary data which are mainly available from various reports of government and semi-government organizations, research publications and the renowned books in this particular topic and also relevant websites on the Internet in this field. The data series has been taken from 1980-81 to 2013-14 for the purpose of our study. The data collected from such various sources have been classified, tabulated and analysed by using descriptive statistical methods and most contemporary econometric tools like time series analysis and panel data regression analysis for the purpose of our study. Appropriate splicing technique and deflator has been used to make the data comparable. For the purpose of conducting econometric analysis EVIEWS and SPSS software has been used. Through this study a humble attempt has been made to analyse the nature, trend and pattern of FDI in India both before and after the inception of economic reforms. We have also tried to evaluate the impact of FDI inflows on economic growth of India and also on different sectors of Indian economy during the era of globalization.