The Indian corporate sector has continued to play an important role in the development of the country. Although it is regulated through a package of policies such as licensing, exchange regulations, price and distribution controls, the basic decisions of how much to invest and where, within the overall framework of plan priorities and targets, primarily rest with entrepreneurs. In view of this, it is important to understand economic motivations that underlie investment and financing decisions. The present study is a systematic attempt in this direction.

The study focuses attention on specific aspects of entrepreneurial decisions relating to investment, both, in the total fixed investments and plant & machinery (separately). Demand and financial factors, internal and external, are considered in the investment analysis. Finally the influence of determinants of fixed investment and investment plans are examined.

Considering that the fixed investment decision is an important decision in the valuation of the firm, attempts were made previously to understand the factors that influence the fixed investment decision of the firm. Such studies have identified different factors which play an important role in the determination of the fixed investment of the companies and the studies made by some of the researchers like John.R.Meyer and Edwin Kuh,
K.Krishnamurthy and D.U.Sastry, K.L.Krishna, G.D.Misra, Dr.Premkumar, Prasant Kumar Sahoo have added significant contributions to this important area of Business Finance.

Though some attempts were made earlier to find out the validity of such contributions in the Indian context, there are very few studies, which tested their applicability at the micro level units on a more comprehensive basis. Hence an attempt is made in this study to understand the different economic variables, which influenced the fixed investment decisions of some sample companies in selected industries in India.