PREFACE

*Economic Liberalization and Trends in Foreign Investment in India* is the research work for Ph.D. in Commerce. It is the fruit of serious relentless hard work for two years. The study is hypothesized that free economy is the ideal condition for foreign investors to take decisions about investment in the country. The study has succeeded in identifying the main determinants of foreign capital inflow for long term basis ~ given the ideal economic environment of freedom to enter and exit the industry, the main determinants are cost, return and risk. The study quantifies the objective in terms of the following algebraic expression:
\[ I = (EPS + GPS + GPP) \frac{V}{K} \]

The parameters are academically accepted as sound determinants of income. The study proceeds to make exposition of the parameters in a logical manner. It highlights the fact that foreign investors find their investment in India highly lucrative. The study makes reassuring observation that India is poised for giant leapforward as an economic power by the turn of the new millennium. The economy of the country has very good trapping to attract long term foreign investments. The study points out shortcomings of the policy of economic liberalization ~ it hints at the possible economic and social upheavals if an
integrated approach is not made to set up a strong social security net.

The hypothesis has application in other areas for further researches, especially in the field: *Risk Management and Financial Liberalization, Dynamic Impact of Financial Liberalization in India*. The present thesis can claim originality of hypothesis and its application to other areas for further researches.