Chapter VII

FINDINGS, SUGGESTIONS AND CONCLUSIONS

The followings are the leading findings and conclusions of the study and suggestions for the further study.

- The total Foreign Investment inflows into India in absolute term has increased from Rs.326 crore to Rs.329815 crore for the years 1991-92 to 2009-10. It represents an increase of 1012 times. The annual incremental increase in percentage shows the mixing trends of increasing and decreasing over the study period. The maximum annual average growth rate viz. 660.42 per cent was recorded in the year 1993-94 and the minimum annual average growth rate viz. 1.43 per cent was recorded in the year 1995-96. In some years the annual average growth rate shows the negative trends. The declining and negative growth rate may be caused by the money value, climatical condition, political stability and other foreign policies of the host countries and the home country. However the Foreign Investment plays a peculiar role in the development of Indian Economy. It is noteworthy to note that immediately after the liberalisation process of 1991, the annual growth rate of foreign investment inflows recorded a highest growth rate namely 425.46 per cent in 1992-93 and 660.42 per cent in 1993-94.
The Foreign Direct Investment inflows into India in absolute term has increased from Rs.316 crore to Rs.1,76,304 crore for the years 1991-92 to 2009-10. It represents an increase of 558 times. The trends of Foreign Investment inflows into India shows the increasing trends over the year except a few years. The highest annual growth rate viz. 205.38 per cent was recorded in the year 1992-93 and the lowest annual growth rate viz. 9.14 per cent recorded in the year 2009-10. In some of the years under the study periods shows the negative growth rate. It is interesting to note that the liberalisation process motivated higher FDI inflows into India, the highest growth rate of FDI inflow viz. 205.38 per cent was recorded in 1992-93.

The Foreign portfolio investments inflows into India in absolute amount has increased from Rs.10 crore to Rs.1,53,511 crore for the years 1991-92 to 2009-10. It represents an increase of 15351 times. The highest annual growth rate viz., 7380 per cent was recorded in the year 1991-92 and lowest annual growth rate viz., 7.32 per cent recorded in the year 1994-95. In some of the years under the study period shows the negative growth rate. It is noteworthy to note that the highest annual growth rate viz., 7380 per cent was recorded in the year 1992-93, because of the liberalization of Foreign Policy of India in the Reform measure of 1991-92.
• The highest investment viz. Rs.2,43,322 crore was invested by Mauritius in India which covers 49.36 per cent of the total investment of top 10 investing countries in India. The lowest investment viz. Rs.7,175 crore was invested by France in India which covers 1.46 per cent of the total investment of the top ten investing countries in India for the year 1990-91 to 2009-10. United States of America and Singapore have invested Rs.48.909 crore and Rs.48,854 crore respectively. UK, Cyprus and Netherland have invested Rs.35,809 crore, Rs.25043 crore and Rs.24,604 crore respectively. U.A.E., Japan and Germany have invested Rs.23,646 crores, Rs.20,445 crore and Rs.15,185 crores respectively. It is interesting to note that Mauritius Investment in India viz. Rs.2,43,322 is more or less equal to the investment viz. Rs.2,49,670 crore of other nine top level investing countries in India. The difference between the Investment of Mauritius and other nine countries of top ten investing countries in India is only Rs.6348 crore; Hence Mauritius has occupied a vital role in Foreign Investment in India.

• The highest investment viz. 1,27,138 crore was invested in the service sector which covers 29.79 per cent of the ten sectors attracting highest FDI inflow into India. The lowest investment viz. Rs.13,223 crore was invested in petroleum and natural Gas sector which covers 3.10 per cent of the top ten sectors attracting investment in India. Rs.59,344 crore was the investment in
Electrical Equipments, Rs.47,877 crore was invested in table communication sector. Rs.45,748 crore was invested in Housing and Real Estate (Real Estate only for the NRI Investment), Rs.45,656 crore was invested in construction activities, Rs.27,727 crore was invested in power sector, Rs.22,138 crore was invested in Metallurgical Industry, Rs.21,664 crore was invested in Automobile Industry and Rs.16,236 crore was invested in chemical industry. It is noteworthy to note that the highest attracting sector investment is in service sector, this in because of the liberalization foreign policy of India in 1991 reform measures.

- The FDI includes advances and loan into India in absolute amount has increased from Rs.408 crore to 123120 crore for the years 1991-92 to 2009-10. It represents an increase of 302 times. The overall growth rate in terms of percentage comes to 30076. The annual average growth rate is 43.65 per cent. It is important to note that the highest annual growth rate of FDI inflows includes advances and loan viz. 168.14 per cent and 129.38 per cent was recorded in 1992-93 and 2006-07 respectively.

- The highest monthly FDI inflows into India viz. Rs.17,045 crore was recorded in July-2009 which covers 13.82 per cent of the total FDI inflows into India in 2009-2010 and the lowest monthly FDI inflows into India viz. Rs.5,497 crore which covers only 4.46 per cent of the total FDI inflows into India in 2009-2010 was
recorded in March-2010. There was a mixing trends of increasing and decreasing of monthly FDI equity inflows into India from April 2009 to March 2010. The total FDI equity inflows into India from April-2009 to March-2010 was Rs.1,23,377 crore which was the sizable foreign investment in India.

- The highest FDI inflows into India in 2010-11 viz. Rs.10,135 crore was recorded in May 2010, the monthly average FDI inflows comes to 11.45 per cent. The lowest FDI inflows into India in 2010-11 viz. Rs.4.725 crore was recorded in January 2011. The monthly average FDI inflow comes to 5.34 per cent. The FDI inflows into India for the years 2010-2011 shows the mixing trends of increasing and decreasing over the years. It is noteworthy to note that Four month FDI inflow viz., May 2010, September-2010, April-2010 and December-2010 is percentage are significant all other months FDI inflows in the year shows only the single digit percentage to the total FDI received in 2010-2011.

- United State of America (USA) has occupied a vital role with 22.71 percentage of the total with 1841 Technological collaborations approvals with first rank followed by Germany with 13.77% of the total with 1,116 technological collaborations approvals. Japan and UK got 880 and 876 technological collaborations with 10.86 per cent and 10.81 per cent respectively. Italy got 489 technological collaborations with 6.03
per cent and the remaining countries got 2,904 technological collaborations with 35.82 per cent.

- Maharashtra got the highest percentage of Foreign Technological collaborations of 1,397 with 17.23 per cent followed by Tamil Nadu viz., 683 Approvals with 8.43 per cent. Gujarat, Karnataka and Haryana got 634, 529 and 369 approvals with 7.82 per cent, 6.53 per cent and 4.55 per cent respectively. The remaining states got 4,494 approvals with 55.54 per cent. A total of 8,106 Technological collaborations received by various states in India for the years 1991-92 to 2009-2010.

- The Electrical Equipments sector including computer software electronics got 1,263 approvals with 15.58 per cent. Chemical other than Fertilizer and Industrial Machinery got 905 and 872 approvals with 11.16 per cent and 10.76 per cent respectively. The Transportation Industry and Misc, Mach Engineering Industry got 760 and 444 approvals with 9.38 per cent and 5.48 per cent respectively. The remaining sectors got 3,862 approvals with 47.64 per cent. A total of 8,106 Foreign Technological Collaboration received in various sectors in India for the years 1991-92 to 2009-2010.

The revised FDI inflows into India including equity and additional components in absolute amount has increased from 129 US $ million to 27,024 US $ million for the years 1991-92 to 2010-11. It represents an increase of 209 times. The incremental increase in percentage shows the mixing
trends of increasing and decreasing over the study period. The maximum annual average growth rate viz. 154.73% was recorded in the year 2006-07, and the minimum annual average growth rate viz. 8.62% was recorded in the year 2008-09. In some years the annual average growth rate shows the negative trends.

- The equity components of the revised FDI inflows in absolute term has increased from 129 US $ million to 20,087 US $ million for the years 1991-92 to 2010-11. It represents an increase of 155.71 times. The overall growth rate of equity components of FDI inflow in terms of percentage comes to 15471.32. The annual average growth rate comes to 773.57%. The re-investment components of FDI inflow in absolute amount has increased from 1350 US $ million in 2000-01 to 6,703 US $ million in 2010-11. It represents an increase of 4.97 times. The overall growth rate in terms of percentage comes to 396.52 and the annual average growth rate comes to 36.05%.

- The revival FDI inflows of Foreign Investment into India excludes of NRI investment in absolute amount has increased from 66 US $ million to 15,177 US $ million for the years 1991-92 to 2009-10. It represents an increase of 230 times. The incremental increase in percentage shows the mixing trends of increasing and decreasing over the study period. The maximum annual average growth rate viz., 300 per cent was recorded in the year 1992-93 and the minimum annual average growth rate viz.,
18.62 per cent was recorded in the year 2007-08. In some years the annual average growth rate shows the negative trends.

- The revival FDI inflows of NRIs investment into India in absolute amount has increased from 63 US $ million to 18,990 US $ million for the year 1991-92 to 2009-10. It represent an increase of 301 times. The incremental increase in percentage shows the mixing trends of increasing and decreasing over the study period. The maximum annual average growth rate viz., 325.49% was recorded in the year 1993-94 and minimum annual average growth rate viz., 0% was recorded in the year 2002-03. In some years the annual average growth rate shows the negative trends.

- The total region-wise FDI inflows into India was recorded viz., Rs.5,94,569 crore for the years 2000 to 2011. In terms of American dollar it comes to 1,32,837 US $ million. The RBI’s Regional Offices with state covered is given in the table 5.4. Among the various RBI’s Regional Offices, the highest FDI inflows Viz. Rs.204,852 crore was recorded in Mumbai Regional Offices with a coverage of 35% of the total FDI inflows of all region. New Delhi Regional office placed second with FDI inflows of Rs.37,233 crore with 20% of the FDI inflow of all regions. The lowest FDI inflow of Rs.27 crore was received in Patna Regional Office which covered the states Bihar and Jharkhand. Mumbai Regional office which covered the states,
Maharashtra, Dadra, Nagar Haveli, Daman and Diu and New Delhi Regional office, which covered the states, Delhi part of UP and Haryana in Mumbai and New Delhi Regional offices covered 55% of the FDI inflows among all the regional offices and states, while all other regional offices FDI inflow coverage is only single digit percentage to the total inflows of all regions. It is noteworthy to note that seven states in Mumbai and Delhi Regional office recorded the major FDI inflow of 55 per cent.

- It can be observed from the table that the maximum permissible limit of 26 per cent Foreign Direct Investment was received by most of the Indian Insurance Companies in the year 2007-2008 both in life insurance and non-life insurance companies. Out of the total investment in Indian Life Insurance Companies of Rs.11,744.21 crore, Rs.2821.63 was Foreign Direct Investment which covers 24.03 per cent of the total investment in Life Insurance Companies of India. The total of Indian Investment in Life Insurance by Fifteen companies was Rs.8922.58 crores which covers 75.97 per cent of the total investment.

- The total investment of Nine Non-life Indian Insurance Companies was Rs.1694.55 crore out of which Rs.439.61 crore was Foreign Direct Investment which covers 25.95 per cent of the total investment in Indian Non-life Insurance Companies. The highest Foreign Direct investment viz. Rs.363.63 crore was received by ICICI presidential Life Insurance Company Ltd.
while the lowest Foreign Investment viz. Rs.32.5 crore was received by Shriram Life Insurance Company in India. Among the Nine Non-life Insurance Companies in India, the highest Foreign Investment viz. Rs.97.89 crore was received by ICICI Lombared General Insurance Company while the lowest Foreign Investment viz. Rs.28.66 crore was received by Bajaj Alli General Insurance Company in India. The total insurance companies investment (both life and non-life insurance) was 13,438.76 crores, out of which Rs.439.61 crore was Foreigner Investment, which covers 24.27 per cent of the total Investment in India Insurance Companies.

- The follow are the deduction of the table 6.6. Regionwise distribution of FDI in the world is given in percentage. Developed countries received 75.6 per cent of the FDI inflows and developing countries received 24.4 per cent of the FDI in 1980. In 1990 it was recorded as 79.3 per cent in developed countries and 20.7 per cent in developing countries. In 2000, it was recorded as 68.5 per cent in developed countries and 30.3 per cent in developing countries. In 2005, was recorded as 72.8 per cent in developed countries and 27.2 per cent in developing countries. It is noteworthy to note the developed countries received the highest percentage of FDI from the year 1980 to 2005.

- It can be observed from the above table that among the top six destinations for FDI in 2009-11, China placed first with 56 per
cent of responses followed by United States of America with 47 per cent responses, India with 34 per cent responses, Brazil with 25 per cent responses, Russian Federation with 21 per cent responses and United Kingdom with 18 per cent responses.

- The range of FDI inflows of China, Hong Kong (China) was above $50 billion. The range of FDI inflows Singapore, India and Indonesia was $10 to $49 billion. The range of FDI inflows of Malaysia, Vietnam, Korea, Thailand, Islamic, Republic of Iran, Macao (China), Taiwan Province of China, Pakistan, Philippines and Mongolia was $1.0 to $9.9 billion, and the last but not least range of FDI inflows viz., below $0.1 billion was received by Afghanistan, Nepal, Democratic People’s Republic of Korea and Bhutan.

- India placed II in FDI inflows and placed III in FDI outflow. Thirteen factors, such as Presence of suppliers and partners, Competitors, Availability of skilled labour and talents, Cheap labour, Size of local market, Access to International/ regional markets, Growth of market, Access to natural resources, Access to capital market (finance), Government effectiveness, Incentives, Quality of infrastructure, Stable and business-friends/ environment, which determined Foreign Investment both inflow and outflow have been efficient. As far as India is concerned five factors namely Presence of suppliers, Availability of skilled labour and talents, Cheap labour, Size of local market and Growth of market are favouring investment in India and having
more than world average level. Other eighth factors favouring investment in India but having less than or equal to world average level. It is noteworthy to note that India has played a vital role in size of local market and growth of market in the global economy.

- The FDI inflows in absolute amount has increased from 129 US $ million to 37,182 US $ million for the years 1991-92 to 2009-10, it represents an increase of 288 times. The overall growth rate in terms of percentage comes to 28723.25. The annual average growth rate comes to 1511.75 per cent.

- The FDI inflows into China in absolute amount has increased from 4366 US $ million to 1,11,000 US $ million for the years 1991-92 to 2009-10. It represents an increase of 25.42 times. The overall growth rate in terms of percentage comes to 2442.37. The annual average growth rate comes to 128.55%.

- The FDI inflow into Korea in absolute amount has increased from 1130 US $ million to 6761 US $ million for the year 1991-92 to 2007-08. It represents an increase of 5.98 times. The overall growth rate in terms of percentage comes to 498.32. The annual average growth rate comes to 27.67 per cent.

- The FDI inflows into Asian countries in absolute amount has increased from 25,769 US $ million to 241500 US $ million for the years 1991-92 to 2009-10. It represents an increase of 93.72 times. The overall growth rate in terms of percentage 837.17. The annual average growth rate comes to 44.06 per cent.
The FDI inflows into Asian countries in absolute amount has increased from 25,769 US $ million to 2,41,500 US $ million for the year 1991-92 to 2009-10. It represents an increase of 93.72 times. The overall growth rate in terms of percentage comes to 837.17, the annual average growth rate comes to 44.06 per cent.

The FDI inflows into India in absolute amount has increased from 129 US $ million to 37,182 US $ million for the year 1991-92 to 2009-10. It represents an increase of 288 times. The overall growth rate in terms of percentage comes to 28723.25. The annual average growth rate is 1511.75 per cent.

The FDI inflows into Argentina in absolute amount has increased from 2439 US $ million to 1570 US $ million for the year 1991-92 to 2006-07. It represents an increase of 5.37 times. The overall growth rate in terms of percentage comes to 5.37. The annual average growth rate comes to 0.34 per cent.

The FDI inflows into Brazil in absolute amount has increased from 1102 US $ million to 25,000 US $ million for the year 1991-92 to 2006-07. It represents an increase of 22.68 times. The overall growth rate in terms of percentage comes to 2168.6. The annual average growth rate comes to 135.54 per cent.

The FDI inflows into Mexico in absolute amount has increased from 4,761 US $ million to 20,420 US $ million for the years 1991-92 to 2006-07. It represents an increase of 4.28 times. The
overall growth rate in terms of percentage comes to 328.9. The annual average growth rate comes to 20.56 per cent.

- The FDI inflows into China in absolute amount has increased from 4366 US $ million to 1,11,000 US $ million for the years 1991-92 to 2009-10. It represents an increase of 25.42 times. The overall growth rate in terms of percentage comes to 2442.37. The annual average growth rate is 128.55 per cent.

- The FDI inflows into Korea in absolute amount has increased from 1130 US $ million to 6761 US $ million for the year 1991-92 to 2007-08. It represents an increase of 5.98 times. The overall growth rate in terms of percentage comes to 498.32. The annual average growth rate is 27.67 per cent.

- The FDI inflows into developing countries in absolute amount has increased from 43,951 US $ million to 5,49,100 US $ million for the year 1991-92 to 2008-09. It represents an increase 12.49 times. The overall growth rate in terms of percentage comes to 1147. The annual average rate comes to 63.73 per cent.

- The FDI inflows into developed countries in absolute amount has increased from 117092 US $ million to 1001800 US $ million for the years 1991-92 to 2008-2009. It represents an increase of 8.56 times. The overall growth rate in terms of percentage comes to 755.57. The annual average growth rate comes to 41.98 per cent.

- The FDI inflows into developing countries in absolute amount has increased from 43951 US $ million to 549100 US $ million
for the years 1991-92 to 2008-09. It represents an increase of 12.49 times. The overall growth rate in terms of percentage comes to 1149.35. The annual average growth rate comes to 63.85 per cent.

- The FDI inflows into South East Europe and Commonwealth of Independent states in absolute amount has increased from 235 US $ million to 107600 US $ million for the year 1991-92 to 2008-09. It represents an increase of 457.87 times. The overall growth rate in terms of percentage comes to 45687.23. The annual average growth rate comes to 2538.17 per cent.

- The Global total FDI inflows in absolute amount has increased from 161278 US $ million to 1658500 US $ million for the years 1991-92 to 2008-09. It represents an increase of 10.28 times. The overall growth rate in terms of percentage comes to 928.35. The annual average growth rate comes to 51.57 per cent.

**CONCLUSION**

In a globalised economy, the world marked is reduced as a village market. There is a wider transaction of goods and services between the countries in the world. Each and every country in the world has necessarily to depend other countries in the world for the development of their economy. FDI inflows and outflows create higher level of employment generation in the world, because of the MNCs there is no questions of unemployment in the world in
general, the Developing countries in particular but there is only a question of unemployability. The impact of FDI inflows into India in recent years is highly significant.

**SUGGESTIONS**

Due to non-availability of time series data on FDI in RBI bulletin, Economic Survey and UNCTAD Survey report and other sources of publication in web searching, the continuous time serious analysis could not be analysed in all the dimensions of FDI, in India.

Due to time limitations, FDI inflows into India alone could be analysed here.

In further research world level FDI inflows and outflows can be analysed with complete data.