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Inflows of Foreign Direct Investment (FDI) in India

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Abstract: *The Indian economy is one of the world's fastest growing, drawing major foreign direct investment each year. However, studies in recent years have indicated irregularity in foreign direct investment inflows into India, and India's GDP is also dropping. The downward trend has been seen. This demands research on many facets of such. Investments. The goal of this research is to look at the trends of FDI inflows into India and to identify country-specific determinants. Inflows of foreign direct investment and their distribution in the country by sector Time spent researching The data collected for this study covers nearly two decades and is thus restricted. Only the Indian economy is utilized.*

Keywords: Foreign Direct Investment, CAGAR (Compound Annual Growth Rate), Economy

I. INTRODUCTION

Investment, often known as capital creation, is a key driver of a country's economic growth. It is essential for the economy to expand to a considerable level. Through the formation of capital goods, which may be physical, financial, or human in character, an optimum amount of capital, in conjunction with labor, natural resources, and modern technology, can result in optimal economic growth levels. This capital, which comprises both local and international assets, is also known as investment. Inflows of foreign investment have the ability to bridge the local savings gap. These inflows, in general, encourage growth in a developing country. Multinational Corporations (MNCs) are a powerful instrument for connecting all economies on a worldwide basis. The increase of these inflows is directly related to the expansion of the economy. Backward and undeveloped nations wanting quick economic growth Importing world-class machinery and technical know-how is necessary for progress. Entrepreneurial skills and international capital are required. Most global economies seeking growth, both short- and long-term, must rely on foreign capital inflows to some level. Foreign capital infusions, in a number of ways, contribute to the continuous phenomena of economic expansion, industrialisation, and modernization.

There are two ways for foreign investors to invest in India. They are as follows:

1. Automatic Route: No authority permission is required from the foreign investor on this route. He is free to invest in any firm. Government approval Agriculture, plantation, construction development, industrial parks, and so on are examples. Railway infrastructure, financial services, insurance, and the pension industry, to mention a few.
2. Government Road: No investment on this route can be performed without prior approval. The Indian government's consent Print media, satellite development and operations, and so

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on. Banking-public Sector, and so on.

II. REVIEW OF LITERATURE

There have been countless papers published on foreign direct investment. A review of relevant literature has been carried out by:

Bajpai and Dasgupta (2004) examined the FDI patterns of MNCs into these two developing countries over the years in their study Multinational Companies and Foreign Direct Investment in China and India and attempted to figure out how India could attract more FDI inflows with the formulation of appropriate policies. In their work FDI and its link with exports in India, status and prospects in the north-east area.

Goswamia and Saikiab (2012) analysed the patterns of FDI in India and determined the correlation between FDI and exports from 1991 to 2011.

Patil and Kadam (2014) released a research titled An Attempt to Evaluate the Effects of Foreign Direct Investment on the Indian Economy. Determine the significance of FDI in our nation by examining its inflows and impacts on economic development between 2000 and 2010.

Azhar and Marimuthu (2012) concentrated their research An Overview of Foreign Direct Investment in India on the need for, sources of, and determinants of FDI, as well as its year-by-year and sector-by-sector distribution. Foreign Direct Investment and Anitha (2012) Economic growth in India has proved the importance of FDI for development and growth. By declaring that FDI is crucial in reducing the gap, underdeveloped nations have made a clear difference between existing and necessary cash and resources.

III. RESEARCH METHODOLOGY

3.1 Data Collection

This study makes use of both primary and secondary data. The National Statistical Office, the Department of Industrial Policy and Promotion (DIPP), the Reserve Bank of India, and other credible sources were used to produce this database. Statisticstimes.com is only one example. Online, you may find articles and facts on the Indian economy. Journals, newspapers, and other forms of media have been cited as well.

3.2 Statistical Tool

The percentage and CAGR (Compound Annual Growth Rate) have been used to examine the trajectory of FDI inflows into India. To ease comprehension, a simple percentage calculation was made to explore the flow of FDI by nation and sector in India.

3.3 Objectives of the Study

1. Investigate the patterns in FDI inflows to India.
2. Determine the flow of FDI into India by nation.
3. Determine the sectoral allocation of India's FDI inflows.

3.4 Need of the Study

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According to studies, inflows of foreign direct investment into India have been erratic in recent years. As a result, it is necessary to analyze the patterns of FDI inflows into India, identify country-specific inflows, and estimate the sector-specific composition of these inflows. Wise distribution is used in India.

3.5 Limitations of the Study

1. The current research is only concerned with the Indian economy.
2. The research only looks at the previous nineteen fiscal years. As a result, the study's conclusions are confined to this time period.

3.6 Scope of the Study

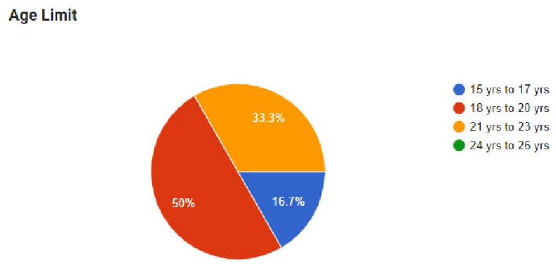
1. Data on FDI inflows into India from 2000-01 to 2018-19 have been collected to analyse trends.
2. To analyse the flow of foreign direct investment (FDI) by nation and its sectoral distribution in India. Data was gathered from 2000-01 to 2018-19.

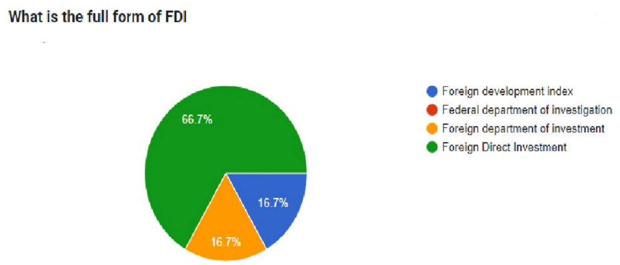
IV. FINDINGS AND CONCLUSION

4.1 Findings

I have research on Primary and Secondary data both methodologies.

Primary Data: 21 responses were gathered from a convenience sample that was used for the study's purposes. Data collection for the study is done through questionnaires. Four items on the questionnaire dealt with Foreign Direct Investment (FDI) and how it operates. The questions I gathered from the survey are listed below.





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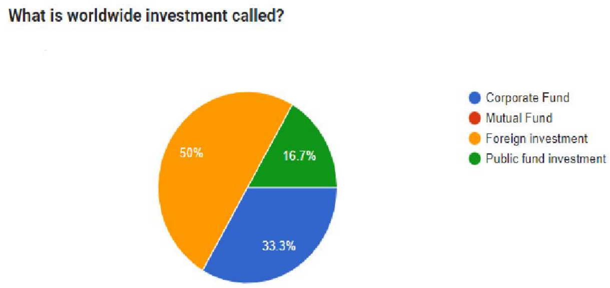

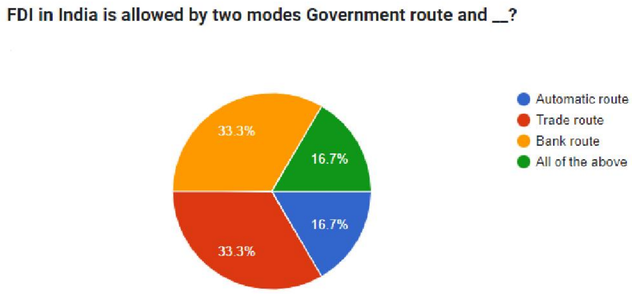

Secondary Data: Findings Pertaining Objective 1

(i) Various patterns in FDI inflows into India have been noticed in recent years, which is consistent with the world economy. When evaluated, it is typically on the rise (especially after 2012-13), as indicated by a positive FDI CAGR of 15.7 percent inflows.

(ii) Following a significant decrease in 2012-13, FDI inflows rose considerably from 2013 to 2016.

4.2 Conclusion

Trends are merely relative figures that may differ from the original statistics.

It only illustrates the relationship in terms of percentage increase over the previous year, although foreign direct investment continues to come into the economy. Economic, institutional, and political causes are examples of inflows. Country economic development, market size, resource location, return on investment, inflation, government regulation, political stability, tax policies, and foreign exchange are all considerations to examine, among others.

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