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AN ANALYTICAL STUDY OF FOREIGN DIRECT INVESTMENT TRENDS IN INDIA DURING 2000-01 to 2015-16

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ABSTRACT:

Globalisation and liberalisation brings lots of new innovative products to the world, Foreign Direct Investment is the one among this, also there are number of different forms of FDI is currently available. Foreign Direct investment (FDI) plays an important role in the development of a nation. Sometimes domestically available capital is inadequate for the purpose of overall development of the country. Foreign capital is seen as a way of filling in gaps between domestic savings and investment. It helps in transferring of financial resources, technology and innovative and improved management techniques along with raising productivity. Countries around the world- both developed and developing, are taking concerted efforts in a bid to attract greater flows of FDI into their economies. Indian government under leadership of Prime Minister Narendra Modi is leaving no stone unturned in its attempt to attract greater FDI flows into India. According to London-based business daily Financial Times (FT) report in September 2015 India has emerged as the most favoured destination for FDI in 2015 so far, outpacing China and US. According to data from FDI Markets, an FT data service, FDI inflow into India during January-June stood at $31 billion, ahead of China's $28 billion and the US's $27 billion

The present study has focused on the trends of FDI Flow in India during 2000-01 to 2015-16. The study also highlights country wise approvals of FDI inflows to India and the FDI inflows in different sector for the period April 2000 to March 2016. The paper presents statement on RBI's regional offices received FDI equity inflows. In the end paper includes suggestions for increased flow of FDI in India.

KEYWORDS— Foreign Direct investment (FDI), Globalisation, FDI Inflow, RBI, DIPP.

I. INTRODUCTION:

The Foreign Direct Investment (FDI) has played an important role in the process of globalisation during the last two decades. The rapid expansion in FDI by multinational enterprises may be attributed to significant changes in technologies, greater liberalisation of trade & investment regimes and deregulation & privatization of markets in many countries. Including developing countries like India. FDI is a type of investment into an enterprises in a country by another enterprises located in another country by buying a company in the target country or by expanding operations of an existing business in that country. In the era of globalisation FDI takes vital part in the development of both developing and developed countries. Foreign direct investment is one of the measures of growing economic globalisation. Foreign investment plays a significant role in development of any economy as like India. Many countries provide many incentives for attracting the foreign direct investment (FDI). Need of FDI depends on saving and investment rate in any country. India's recorded GDP growth in this century has lifted millions out of poverty & made the country a favoured destination for foreign direct investment.

A recent Financial Times survey in September 2015 projected India as the top FDI destination leaving behind China and US. Services, telecommunication, construction activities, computer software & hardware and automobiles are major sectors which attracted higher inflows of FDI in India. Countries like Mauritius, Singapore, US & UK are among the leading sources of FDI in India.

COMPONENT OF FDI:

According to International Monetary Fund (IMF) definition contained in the Balance of Payments Manual, Fifth Edition (BPM-5) Foreign Direct Investment (FDI) has three components; viz., equity; reinvested earnings; and other capital. Equity FDI is further sub-divided into two components, viz., Greenfield investment; and acquisition of shares, also known as Merger and Acquisitions (M&A's).

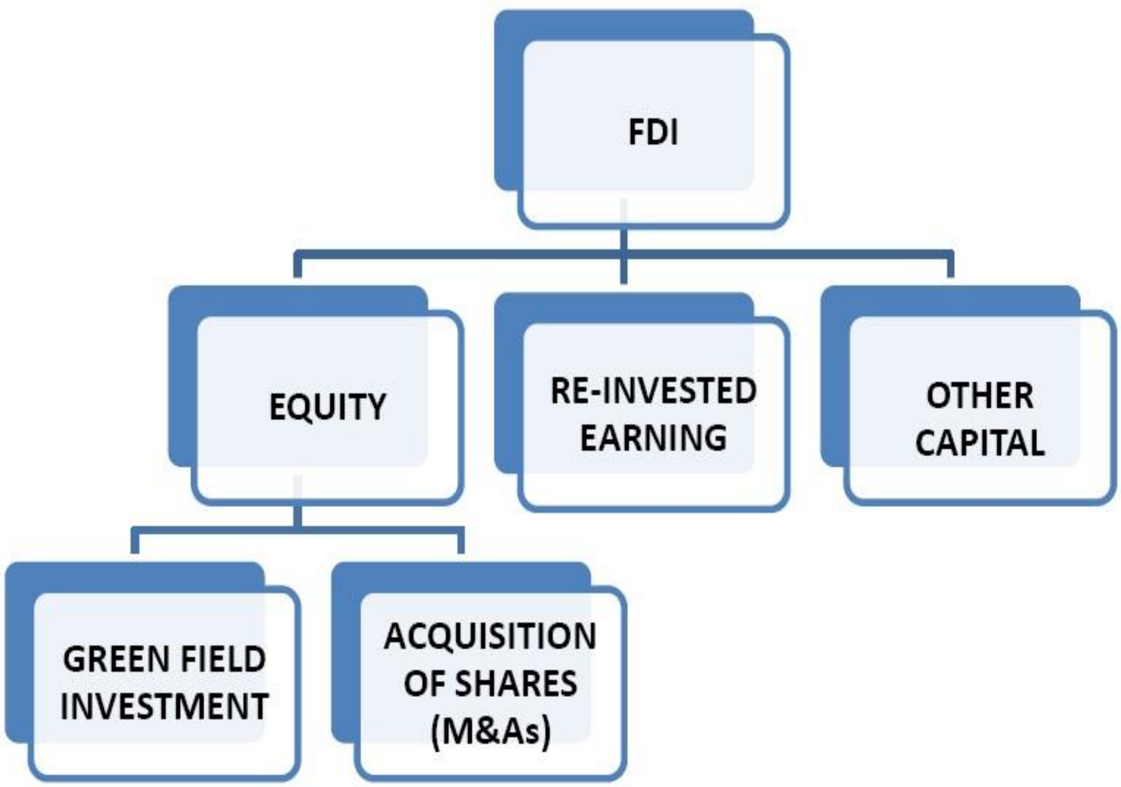
The component of FDI displays in (see figure1). Equity FDI may also include "Brownfield investment", a term often used in the FDI literature. This represents a hybrid of Greenfield and M&A's foreign investment. Such investment formally appears as M&A's, though its effect resembles Greenfield investment. In Brownfield investment, the foreign investor acquires a firm and undertakes near-complete renovation of plants and equipment's, labour and product lines

Greenfield investment is a form of foreign direct investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up. It includes all financial transfers from the multinational's headquarters to its subsidiary (and back). These could take the form of equity or loan financing.

Whereas Mergers and Acquisitions (M&A's) occur when the control of assets and operations is transferred from a local to a foreign company (with the former becoming an affiliate of the latter). Greenfield Foreign Direct Investment (FDI) can bring benefits to the developing countries while Merger and Acquisition (M&A) FDI can be harmful or have little help for the same country.

Reinvested earnings represent the difference between the profit of a foreign company and its distributed dividend and thus represents undistributed dividend. Other capital refers to the intercompany debt transactions of FDI entities. The component of FDI displays in (see figure1).

Figure 1: Component of FDI



Source: DIPP, 'FDI in India and its growth linkages' National council of Applied Economic Research, (Ministry of Commerce & Industry, Government of India)

FDI INFLOW ROUTES:

An Indian company may receive Foreign Direct Investment under the two routes as given under:

1. **Automatic Route:** FDI in sectors /activities to the extent permitted under the automatic route does not require any prior approval either of the Government or the Reserve Bank of India.
2. **Government Route:** FDI in activities not covered under the automatic route requires prior approval of the Government which is considered by the Foreign Investment Promotion Board (FIPB), Department of Economic Affairs, and Ministry of Finance.

II. REVIEW OF LITERATURE:

Singh (2009) stated in their study that foreign direct investment (FDI) policies play a major role in the economic growth of developing countries around the world. Attracting FDI inflows with conductive policies has therefore become a key battleground in the emerging markets. The paper highlighted the trend of FDI in India after the sector-wise economic reforms.

Bajpai and Sachs's (2009) attempted to identify the issues and problems associated with India's current FDI regime and more importantly the other associated factors responsible for India's unattractiveness as an investment location. They found that despite India offering a large domestic market, rule of law, low labor costs, and a well working democracy, her performance in attracting FDI flows has been far from satisfactory level.

Singh J. (2010) analysed Economic Reforms and Foreign Direct Investment in Indian Policy, Trends and Patterns in the context of increasing competition among nations and sub national entities to attract Foreign Direct Investment (FDI) and suggest that the FDI inflows, in general, show an increasing trend during the post-reform period.

Agarwal G., and Khan M. A. (2011) analysed the Impact of FDI on GDP through Comparative Study of China and India and they found that 1% increase in FDI would result in 0.07%increase in GDP of China and 0.02% increase in GDP of India. They found that China growth is more affected by FDI, than India's growth.

Ray, Sarbapriya. (2012) attempted to analyze the causal relationship between Foreign Direct Investment (FDI) and economic growth in India and tries to analyze and empirically estimate the effect of FDI on economic growth in India, using the co-integration approach for the period, 1990-91 to 2010-11. The empirical analysis on basis of ordinary Least Square Method suggests that there is positive relationship between foreign direct investment (FDI) and GDP.

S N Babar, S.N. and Khandare, B.V. (2012), “Structure of FDI in India during globalisation period”. The study is mainly focused on changing structure and direction of India’s FDI during globalisation period. The study is done through analysis of benefits of FDI for economic growth. The study has been done through sect oral analysis of FDI participation, as well as through study of country wise flow of foreign inflow in India till 2010.

Nayak, Ranjan Kumar (2013) has examined the growth patterns and changing nature of Indian inward Foreign Direct Investment, with an emphasis on the post liberalization period, since FDI, along with trade, has been an important mechanism which was brought about a greater integration of Indian economy with world economy.

Singh, Gurmeetand and Paul, Justin (2014) revealed that Foreign Direct Investment (FDI) plays an important role in the growth process of a country. There are two types of FDI: Inward Foreign Direct Investment (IFD1) and Outward Foreign Direct Investment (OFDI). They analyzed the trends and pattern of FDI in India. They examined the structure of IFDI in India in the past 21 years (1990-2012); data were collected from various published sources.

The review of above literature helps in identifying research issues and research gap for the present study. This literature review study also helps in developing my research objectives and framing the hypothesis.

III. OBJECTIVES AND METHODOLOGY:

The objectives and the research methodology are as follows:

OBJECTIVES OF STUDY:

The study has been geared to achieve the following objectives;

1. To understand FDI concept and its need in India
2. To study the trends of FDI inflow in India during 2000-01 to 2015-16 (up to March 2016)
3. To study the regional disparity in FDI inflows among cities
4. To make suitable suggestions for attracting more FDI inflows to India

RESEARCH METHODOLOGY:

Type of Research: Quantitative and Analytical Research

Data: Data of FDI Equity inflows from year 2000-01 to 2015-16 (up-to March 2016)

Data Collection Method: This study has been carried out with the help of secondary data only, all the data has been collected from the various sources such as websites & reports and compiled as said by the need of the study.

Sources of Data Collection: The study is based on the published data. The data was extracted from the various journals, magazines and websites particularly from the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry and Reserve Bank of India. Graphs and tables have also been used wherever required to depict statistical data of FDI during the study period.

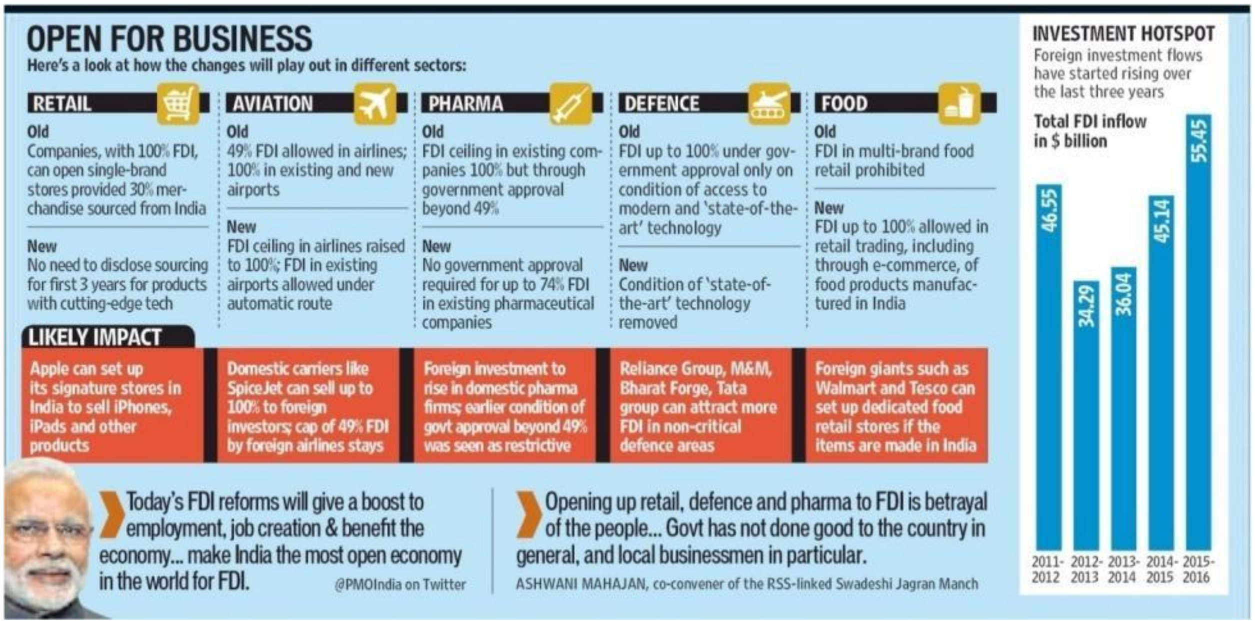
IV. FOREIGN DIRECT INVESTMENT INFLOWS POLICY IN INDIA:

India eased on June 20, 2016 foreign direct investment rules for several sectors, including defence, aviation and retail, clearing the way for brands such as Apple to open stores, in sweeping changes aimed at conveying the government's commitment to reforms. The government had radically liberalised the FDI regime with the objective of providing a major impetus to employment and job creation. This is second major (FDI) reform after the last radical changes announced in November 2015.

The government lifted overseas investment ceilings for civil aviation, defence, pharmaceuticals, multi-brand food retail and eased so-called restrictive conditions for single brand retail. The decision to relax the norms was taken at a high-level meeting chaired by Prime Minister Narendra Modi.

The government also allowed up to 100% FDI in domestic airlines and new airports, a move that will allow foreign companies to fully own Indian domestic carriers and 'Greenfield' airports and up to 74% in existing airports.

Figure 2: India Throws FDI Door Wide Open



Source: Hindustan Times, 21 June 2016

Overseas carriers, however, still can't run domestic airlines in India through fully-owned subsidiaries as the ceiling of 49% FDI by foreign airlines stays. In defence, up to 100% FDI has now been allowed without the mandatory condition of bringing in "state of-the-art" technology by the foreign partners. FDI limit for defence sector has also been made applicable to Manufacturing of Small Arms and Ammunitions covered under Arms Act 1959.

NEED FOR FDI IN INDIA:

As India is a developing country, capital has been one of the scare resources that are usually required for economic development. Capital is limited and there are many issues such as Health, poverty, employment, education, research and development, technology obsolesce, global competition.

The flow of FDI in India from across the world will help in acquiring the funds at cheaper cost, better technology, employment generation, and upgraded technology transfer, scope for more trade, linkages and spillovers to domestic firms. The following arguments are advanced in favour of foreign capital:

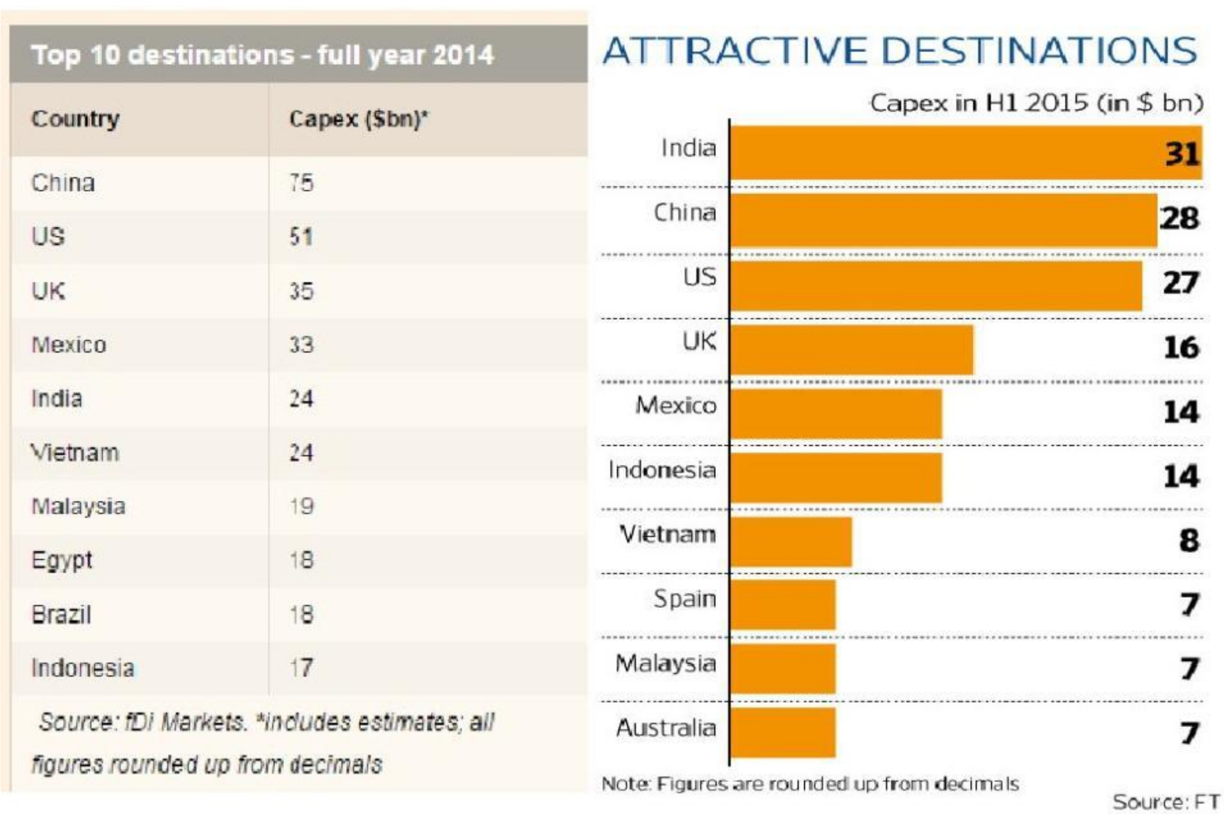
1. Sustaining a high level of investment
2. Understanding the initial risk
3. Foreign firm's helps in increasing the competition
4. Technological Gaps
5. Improvement in the balance of payment position
6. Exploitation of natural resources
7. Development of basic economic infrastructure

INDIA GRABS INVESTMENT LEAGUE POLE POSITION IN 2015:

With its economic growth outstripping that of most of its rivals and bucking a downward trend among emerging markets, India is in pole position to pass both China and US in the FDI league table this year. With midyear data on Greenfield FDI, 2015 looks to be a milestone year for India Following its impressive performance in 2014.

India ranked fifth last year for capital investment, after China, US, UK and Mexico. In a year when many other major FDI destinations posted declines, India experienced one of 2014's best FDI growth Rates, increasing its number of projects by 47 percent. This could shape up to be an even better year for investment into India. A ranking of top destination for Greenfield investment (measured by estimated capital expenditure) in the first half of 2015 shows India at number one position, having attracted $31 billion. This is roughly $3 billion more than China and $4 billion more than the United States. India is tracking well ahead of where it was at this time last year: it has more than doubled its midyear investment levels, attracting $30 billion by the end of June 2015 compared with $12 billion in the first half of last year.

Figure 3: Top destination for FDI



Top 10 destinations - full year 2014

Country	Capex ($bn)*
China	75
US	51
UK	35
Mexico	33
India	24
Vietnam	24
Malaysia	19
Egypt	18
Brazil	18
Indonesia	17

Source: fDi Markets. *includes estimates; all figures rounded up from decimals

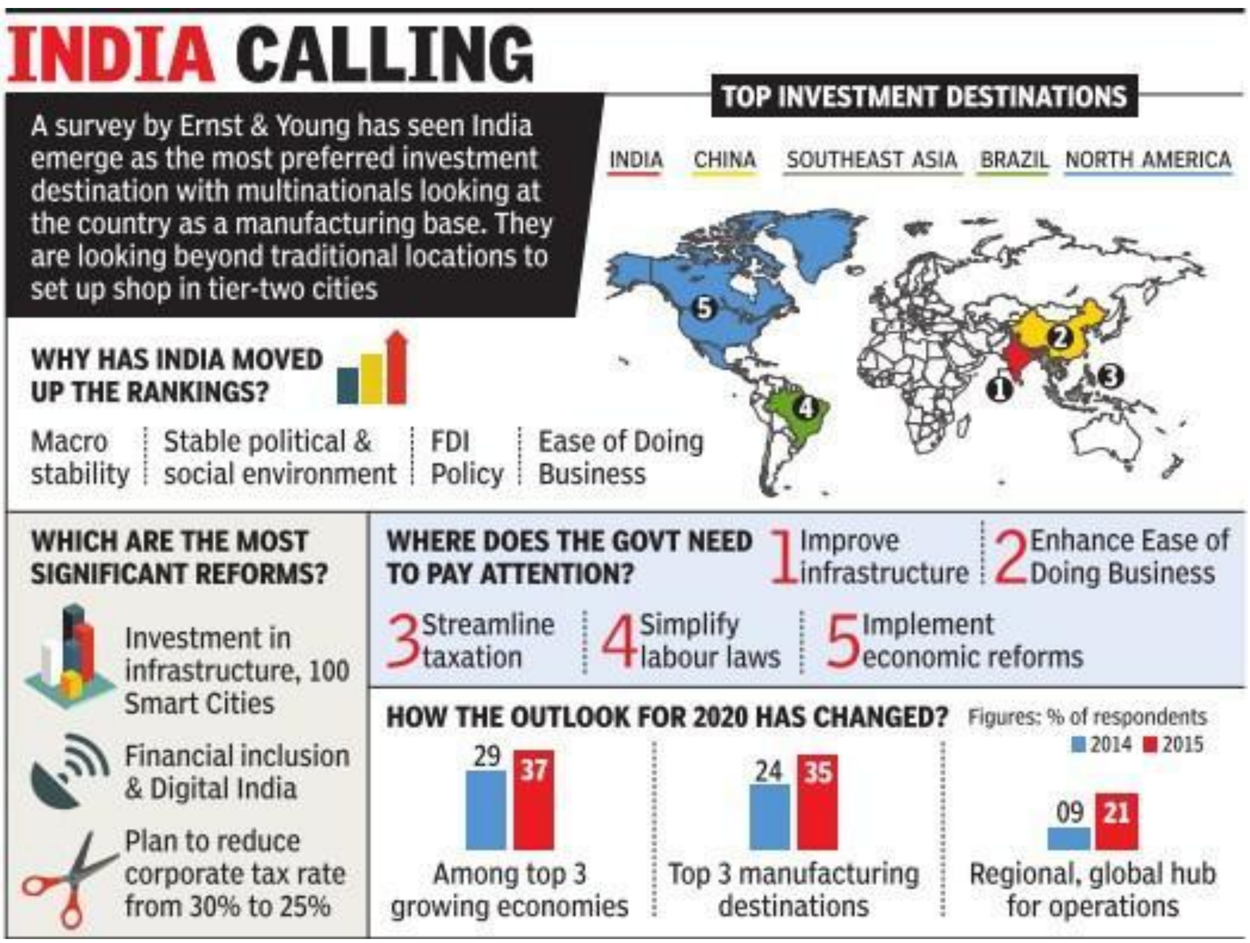
Source: Financial Times (FT) report

WHY INDIA IS SUDDENLY THE MOST FAVOURED INVESTMENT DESTINATION:

India has been ranked as the most attractive investment destination in the world for the next three years; according to a survey by Global consultancy firm EY released on 14 October 2015.Earnest and Young conducted this research to find out why India is suddenly the most favoured investment destination. The EY report says that Narendra Modi led Government has changed India's global image. Macro stability, stable government & social environment and attractive FDI policy has changed the equations for India. This report says that 32% of the business leaders from global corporations polled for the survey said India is the most attractive investment destination in the world, followed by China, Southeast Asia and Brazil.

The study clearly brings out there is an increased focus and emphasis on manufacturing and India's growth in terms of FDI will be driven by manufacturing.

Figure 4: Why India Suddenly Emerged as Favoured Destination by EY

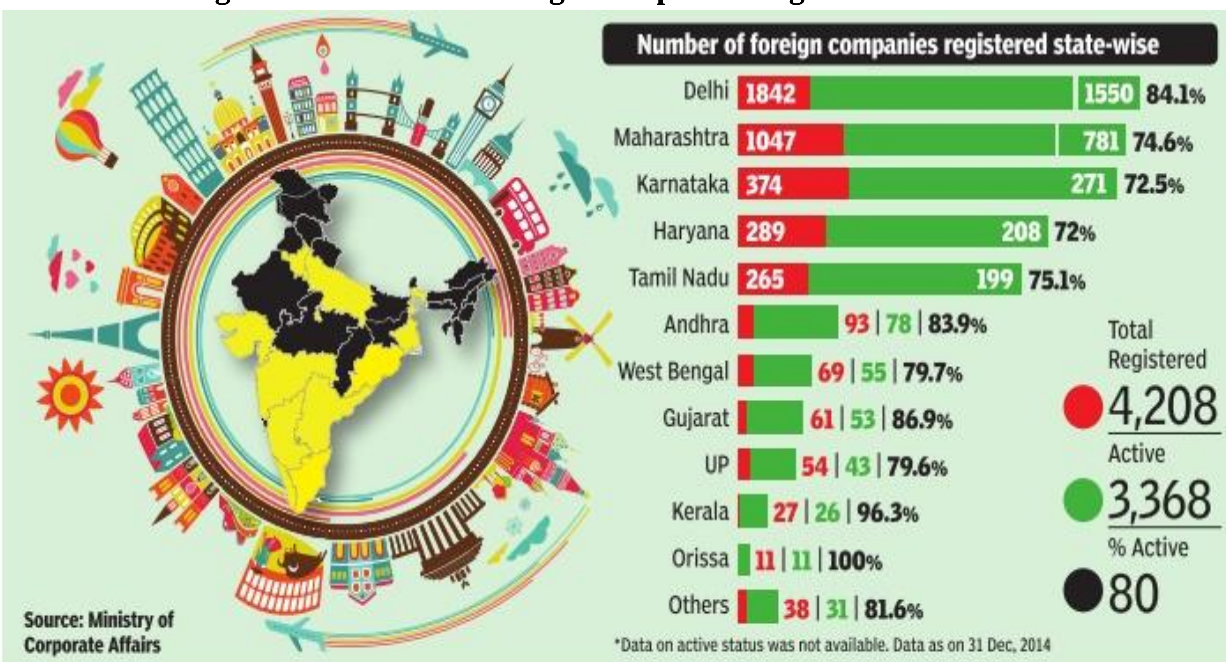


Source: Times of India, 15 October 2015

FOREIGN COMPANIES REGISTERED IN INDIA:

As of December, 2014, there were over 4,000 foreign companies registered in the country. Of these, a little over 79% were active. Interestingly the national capital had the highest number of such companies. It was followed by Maharashtra, Karnataka, Haryana and Tamil Nadu, usually perceived as some of the most industrialized states. The relatively large number of companies registered in Haryana seems to be linked to MNCs located in Gurgaon, one of the NCR's leading business hubs.

Figure 5: Number of Foreign Companies Registered state-wise



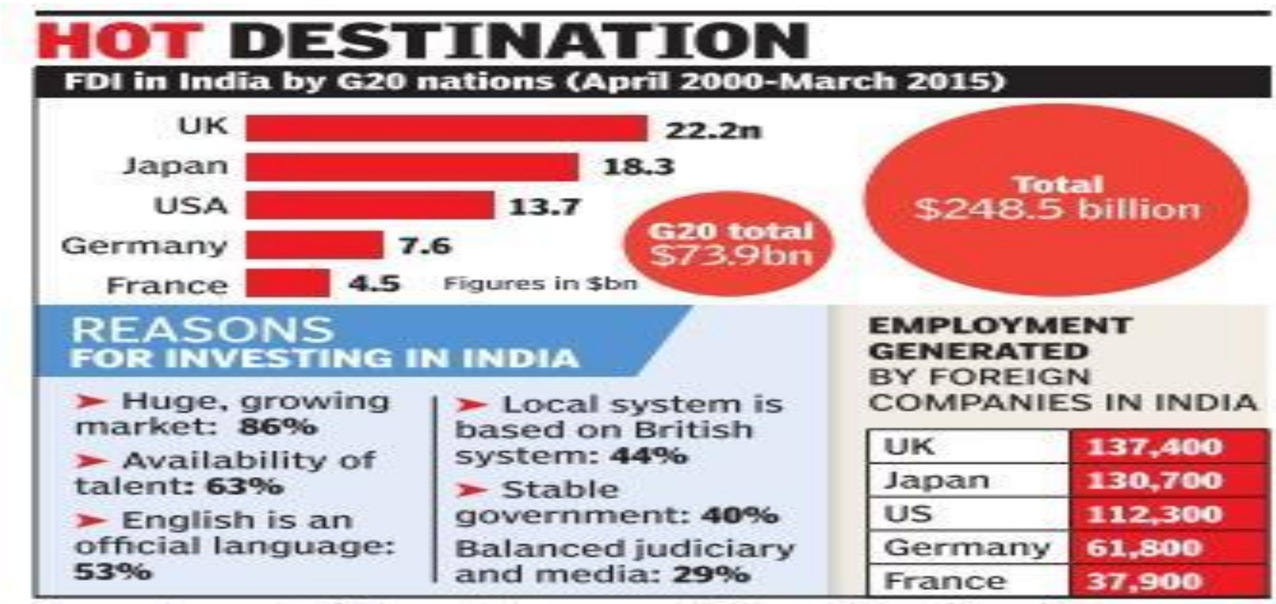
Source: Ministry of Corporate Affairs

FDI IN INDIA BY G-20 NATIONS:

The UK has become the largest investor in India among all G20 countries with combined revenue of more than $54 billion in India. Between the year 2000 and 2015, UK's FDI into India amounts to $22 billion - 9% of all FDI in the country.

In total, G20 nations invested $ 73.9 billion in India between the year 2000-2015 with the UK being the single largest G20 investor into India, followed by Japan ($ 18.3 bn), the US ($13.7bn), Germany ($ 7.6 bn) and France ($ 4.5 billion). As India's largest employer, UK firms employ around 691,000 people across the country -5.5% of total organized private sector jobs in the country.

Figure 6: FDI in India by G20 nations (April 2000-March 2015)



Source: The Times of India, 2 March 2016

V. DATA ANALYSIS AND INTERPRETATION:

TRENDS OF FDI FROM APRIL 2000-MARCH 2016:

The following tables show the trend and pattern of FDI in India during 2000-01 to 2015-16 (March 2016):

I. CUMULATIVE FDI FLOWS INTO INDIA (2000-2015):

Table 1

A. TOTAL FDI INFLOWS (from April, 2000 to March, 2016):

1.	**CUMULATIVE AMOUNT OF FDI INFLOWS (Equity Inflows + Re-Invested Earnings + Other Capital)**	**-**	**US$ 424,167 Million**
2.	**CUMULATIVE AMOUNT OF FDI EQUITY INFLOWS (Excluding amount remitted through NRI Schemes)**	**Rs. 1,495,326 Crore**	**US$ 288,513 Million**

Source: FDI Statistics, Department of Industrial Policy& Promotion, Ministry of Commerce & Industry, Government of India, 2016

Table 1 shows the amount of FDI inflows from April, 2000 to March, 2016. It shows the cumulative amount of FDI Inflows both in terms of Crore and in US $ million.

Point 1 shows the sum of equity inflows, reinvested earnings and other capital. Cumulative amount of inflows are 424,167 in US $ million. Other than this, cumulative FDI equity inflows which excludes amount remitted through RBI's-NRI schemes are 1,495,326 in Crore and 288,513 in US $ million.

Table: 2

B. FDI INFLOWS DURING Q4 OF FINANCIAL YEAR 2015-16 (January to March 2016):

1.	**TOTAL FDI INFLOWS INTO INDIA (Equity Inflows + Re-Invested Earnings + Other Capital) as per RBI's Monthly Bulletins**	**-**	**US$ 14,512 Million**
2.	**FDI EQUITY INFLOWS**	**Rs. 71,259**	**US$ 10,559 Million**

Source: FDI Statistics, Department of Industrial Policy& Promotion, Ministry of Commerce & Industry, Government of India, 2016

The total FDI inflows include Equity Inflows + Re-Invested Earnings + Other Capital, as per RBI's Monthly Bulletins. Table 2 shows the amount of FDI inflows during Q4 of the Financial Year, 2015-16.

It shows the total amount of FDI Inflows both in terms of Crore and in US $ million during January to March 2016. Point 1 shows the sum of equity inflows, reinvested earnings and other capital. Total amount of inflows are 14,512 in US $ million. Point 2 shows the FDI equity inflows amounted 71,259 in Crore and 10,559 in US $ million.

Table: 3

C. FDI EQUITY INFLOWS (MONTH-WISE) DURING THE FINANCIAL YEAR 2015-16:

FINANCIAL YEAR 2015-16 (APRIL-MARCH)		Amount of FDI Equity Inflows	
		(In Rs. Crore)	(In US$ mn)
1.	April, 2015	22,620	3,605
2.	May, 2015	24,564	3,850
3.	June, 2015	13,115	2,054
4.	July, 2015	12,769	2,007
5.	August, 2015	14,446	2,220
6.	September, 2015	19,181	2,897
7.	October, 2015	34,105	5,242
8.	November, 2015	19,399	2,934
9.	December, 2015	30,865	4,635
10.	January, 2016	33,461	4,975
11.	February, 2016	21,268	3,117
12.	March, 2016	16,530	2,466
2015-16 (from April 2015 to March 2016)#		262,322	40,001
2014-15 (from April 2014 to March 2015)#		189,107	30,931
% age Growth over last year		(+) 39%	(+) 29%

Source: FDI Statistics, Department of Industrial Policy& Promotion, Ministry of Commerce & Industry, Government of India, 2016

The above Table 3 shows the amount of FDI inflows during Financial Year from April, 2015 to March, 2016 (up to March, 2016).

It shows the amount in Rs Crore and in US $ mn. The highest FDI inflows in the country is in the month of October 2015 i.e. 34,105 in Rs Crore and 5,242 in US $ mn. Followed by November, 2015 and December, 2015 with inflows 19,399 in Rs. Crore (2,934 in US$ mn) and 30,865 in Rs. Crore (4,635 in US$ mn) respectively. It can also be observed that there is 39% growth over last year in Rs. Crore. When data is taken in terms of US$ there is a growth of 29% in 2015-16 (up to March 2016) as compare with the data of 2014-15.

Table: 4

D. FDI EQUITY INFLOWS (MONTH-WISE) DURING THE CALENDAR YEAR 2016:

Calendar Year 2016 (January to March)		Amount of FDI Equity Inflows	
		In Rs. Crore	In US$ mn
1.	January, 2016	33,461	4,975
2.	February, 2016	21,268	3,117
3.	March, 2016	16,530	2,466
Year 2016 (Up to March 2016) #		71,259	10,559
Year 2015 (Up to March2015) #		61,499	9,886
% Age growth over last year		(+) 16 %	(+) 7%

Source: FDI Statistics, Department of Industrial Policy& Promotion, Ministry of Commerce & Industry, Government of India, 2016

The above Table 4 shows the amount of FDI inflows during the Calendar Year January, 2016 to March, 2016. It shows the amount in Rs Crore and in US $ mn. The highest FDI inflows in the country is in the month January 2016 i.e. 33,461 in Rs Crore and 4,975 in US $ mn. The FDI during Year 2014-2015 was 61,499 in Rs Crore and 9,886 in US $ mn. Comparing both we can observe that there is a 16% growth in FDI inflow in 2015-2016.

Table: 5

E. SHARE OF TOP INVESTING COUNTRIES FDI INFLOWS (FINANCIAL YEARS):

Amount in Rs. Crore (US$ in mn)

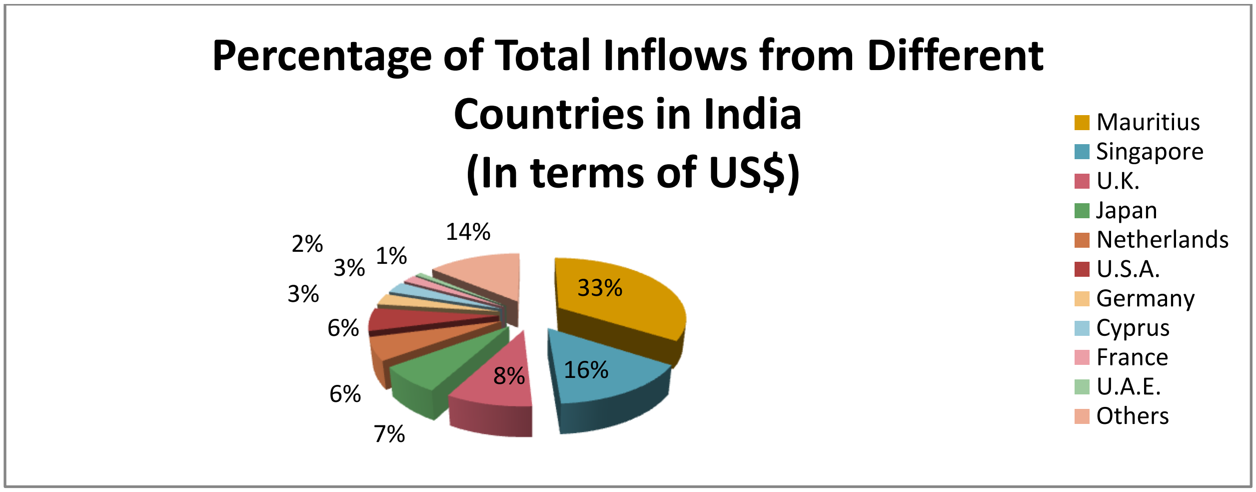
Rank	Country	2013-14 (April - March)	2014-15 (April – March)	2015-16 (April,15 – March, 16)	Cumulative Inflows (April '00 - March '16)	%age to total Inflows (in terms of US $)
1.	MAURITIUS	29,360 (4,859)	55,172 (9,030)	54,706 (8,355)	480,363 (95,910)	33 %
2.	SINGAPORE	35,625 (5,985)	41,350 (6,742)	89,510 (13,692)	256,667 (45,880)	16 %
3.	U.K.	20,426 (3,215)	8,769 (1,447)	5,938 (898)	115,592 (23,108)	8 %
4.	JAPAN	10,550 (1,718)	12,752 (2,084)	17,275 (2,614)	110,671 (20,966)	7 %
5.	U.S.A.	4,807 (806)	11,150 (1,824)	27,695 (4,192)	94,575 (17,943)	6 %
6.	NETHERLANDS	13,920 (2,270)	20,960 (3,436)	17,275 (2,643)	94,533 (17,314)	6 %
7.	GERMANY	6,093 (1,038)	6,904 (1,125)	6,361 (986)	44,870 (8,629)	3 %
8.	CYPRUS	3,401 (557)	3,634 (598)	3,317 (508)	42,681 (8,552)	3 %
9	FRANCE	1,842 (305)	3,881 (635)	3,937 (598)	26,525 (5,111)	2 %
10.	UAE	1,562 (255)	2,251 (367)	6,528 (985)	21,648 (4,030)	1 %
	Total FDI	147,518 (24,299)	189,10 7 (30,931)	162,322 (40,001)	1,495,859 (288,634)	

Source: FDI Statistics, Department of Industrial Policy& Promotion, Ministry of Commerce & Industry, Government of India, 2016

The above Table No.5 and below Figure 7 in graph depict the country having the highest FDI in India. The report shows that the MAURITIUS country has the highest foreign investor in India with 33%. After Mauritius, Singapore and U.K. invest the highest FDI in India with 16% and 8% respectively. Japan also gets 4th position with 7% FDI in India.

The inflows from U.S.A are routed through Mauritius due to tax advantage. The tax advantage emanates from the double tax avoidance agreement that India has with that country USA. This agreement means that any foreign investor has the option of paying tax either in India or in Mauritius. The tax rates in Mauritius are amongst the lowest in the world. While investors get higher returns on their money in India, those from Mauritius "get even higher returns on their capital as we have a double taxation avoidance treaty (DTAT) with the island nation.

Figure 7: Percentage of Total Inflows from Different Countries in India



Source: Author's Presentation from DIPP data

Table: 6

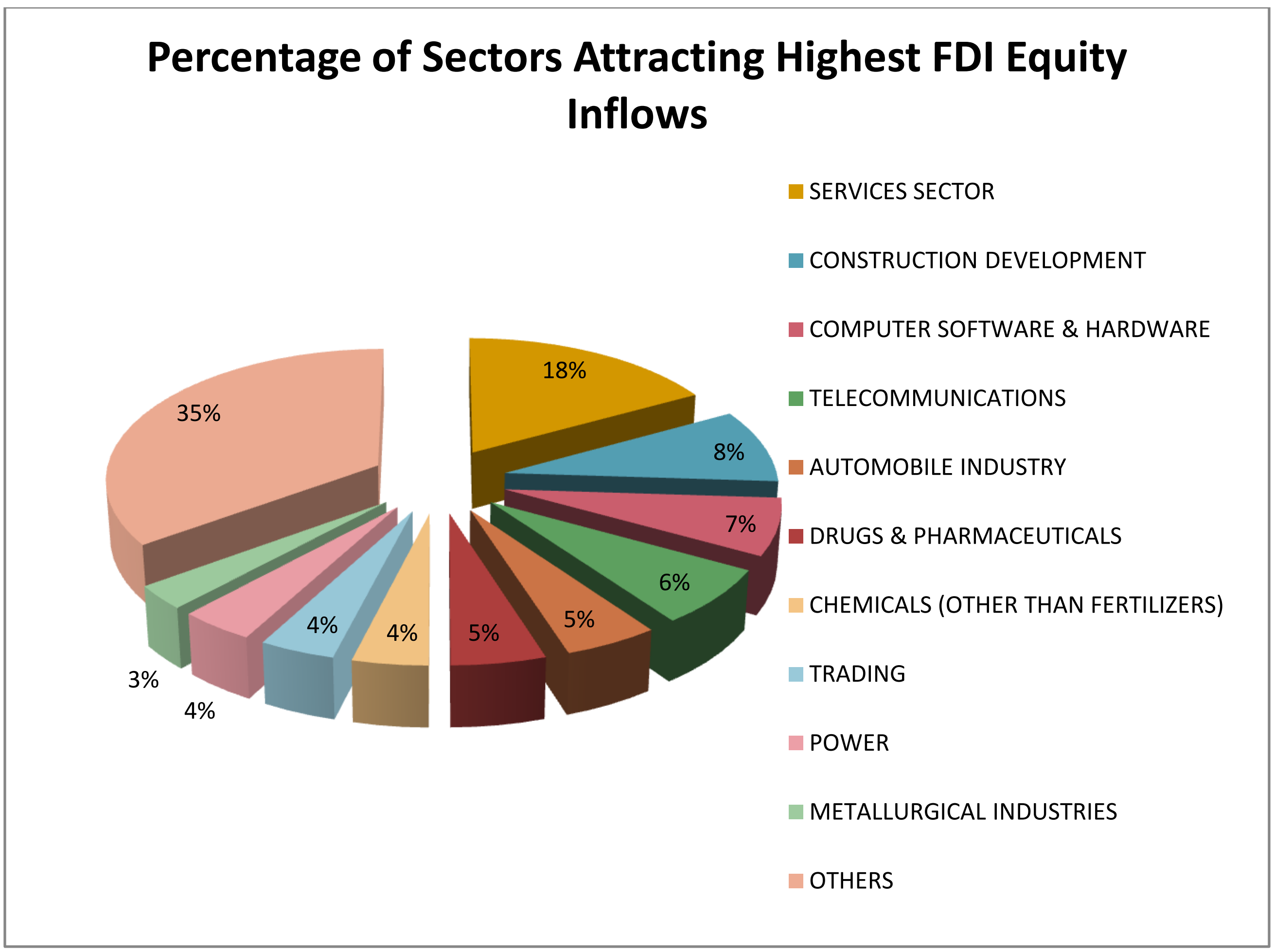
F. SECTOR ATTRACTING HIGHEST FDI EQUITY INFLOWS:

Ranks	*Sector*	*2013-14 (April - March)*	*2014-15 (April- March)*	*2015-16 (April,15 – March, 16)*	*Cumulative Inflows (April '00 - March '16)*	*% age to total Inflows (In terms of US$)*
1.	**SERVICES SECTOR ****	**13,294 (2,225)**	**27,369 (4,443)**	**45,415 (6,889)**	**258,354 (50,792)**	**18%**
2.	**CONSTRUCTION DEVELOPMENT: TOWNSHIPS, HOUSING, BUILT-UP INFRASTRUCTURE**	**7,508 (1,226)**	**4,652 (769)**	**727 (113)**	**113,936 (24,188)**	**8 %**
3.	**COMPUTER SOFTWARE & HARDWARE**	**6,896 (1,126)**	**14,162 (2,296)**	**38,351 (5,904)**	**112,184 (21,018)**	**7 %**
4.	**TELECOMMUNICATIONS (radio paging, cellular mobile, basic telephone services)**	**7,987 (1,307)**	**17,372 (2,895)**	**8,637 (1,324)**	**92,729 (18,382)**	**6 %**
5.	**AUTOMOBILE INDUSTRY**	**9,027 (1,517)**	**16,760 (2,726)**	**16,437 (2,527)**	**81,394 (15,065)**	**5 %**

Source: FDI Statistics, Department of Industrial Policy& Promotion, Ministry of Commerce & Industry, Government of India, 2016

The above Table No.6 and Figure 8 below depict the sector having the highest FDI equity inflow in India. The report shows that Service sector has the highest FDI Equity inflow 18%, followed by Construction development, Computer Software and Hardware, Telecommunication, Automobile Industry sector having 8%, 7%, 6%, and 5% respectively. Other sectors like Drugs and Pharmaceuticals carry 5% and Chemicals, Power; Trading Industries carries 4% FDI inflow each, whereas the least is of Hotel and tourism industries attracting 3% FDI. The service sector includes both financial and non-financial services. 100% investment has been allowed to the following service sectors- private sector banking, NBFC'S, petroleum, housing and Real estate, Hotel and tourism, road and highways, ports and harbors, advertising, films, mass raped transportation, power, drug and pharmaceuticals, pollutions control and management and special economic zones.

Figure 8: Percentage of Sectors Attracting Highest FDI Equity Inflows



Source: Author's Presentation from DIPP data

Table: 7

G. STATEMENT OF RBI'S REGIONAL OFFICES RECEIVED FDI EQUITY INFLOWS (From April 2000 to March 2016):

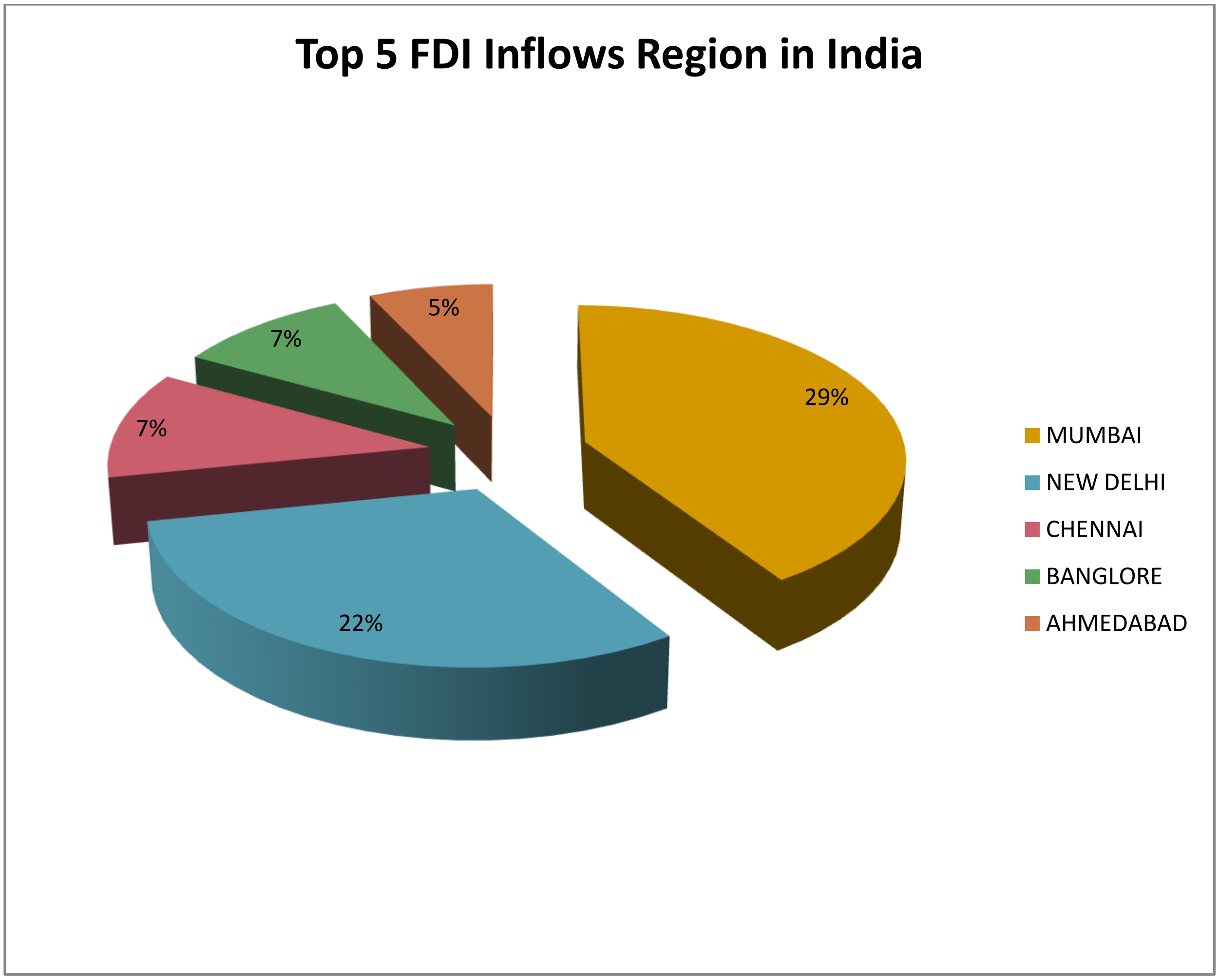
Amount in Rs. crore (US$ in mn)

S.No.	Region	State Covered	2013-14	2014-15	2015-16	Cumulative Inflows (April'00-Mar. 2016)	% of total Inflow
1	MUMBAI	MAHARASHTRA, DADRA & NAGAR HAVELI, DAMAN & DIU	20,595 (3,420)	38,933 (6,361)	62,731 (9,511)	415,753 (82,629)	29
2	NEW DELHI	DELHI, PART OF UP AND HARYANA	38,190 (6,242)	42,252 (6,875)	83,288 (12,743)	332,312 (62,154)	22
3	CHENNAI	TAMIL NADU, PONDICHERRY	12,595 (2,116)	23,361 (3,818)	29,781 (4,528)	118,547 (21,542)	7
4	BANGALORE	KARNATAKA	11,422 (1,892)	21,255 (3,444)	26,791 (4,121)	108,912 (20,241)	7
5	AHMEDABAD	GUJARAT	5,282 (860)	9,416 (1,531)	14,667 (2,244)	68,464 (13,285)	5
6	HYDERABAD	ANDHRA PRADESH	4,024 (678)	8,326 (1,369)	10,315 (1,556)	59,556 (11,571)	4
7	KOLKATA	WEST BENGAL, SIKKIM, ANDAMAN & NICOBAR ISLANDS	2,659 (436)	1,464 (239)	6,220 (955)	20,847 (3,936)	1
8	CHANDIGARH	CHANDIGARH, PUNJAB, HARYANA, HIMACHAL PRADESH	562 (91)	234 (39)	177 (27)	6,538 (1,358)	0.5
9	JAIPUR	RAJASTHAN	233 (38)	3,237 (541)	332 (50)	7,126 (1,315)	0.5
10.	KOCHI	KERALA, LAKSHADWEEP	411 (70)	1,418 (230)	589 (90)	6,739 (1,301)	0.5

Source: FDI Statistics, Department of Industrial Policy& Promotion, Ministry of Commerce & Industry, Government of India, 2016

This table shows the statement on RBI's regional offices (with state covered) received FDI Equity Inflows during April 2000 to March 2016. India has received FDI Equity Flows of US$ 288,634.

Figure 9: Top 5 FDI Equity Inflows Region in India



Source: Author's Presentation from DIPP data

The above table and graph represents region-wise FDI equity inflows from 2000-16 both in terms of ` Crore and US $ million. Table shows that Mumbai has registered largest FDI inflow (415,753 Crore) amounting to 29% of total inflow received in last 16 years. New Delhi is the second preferred region for FDI inflow (332,312 Crore) with 22% of total inflows received in last 15 years. This is due to good quality infrastructure and better quality of life provided in these cities. The above table also depicts the regional disparity in terms of receiving FDI. Mumbai and Delhi amounts for more than 50% of total FDI received in India in last 16 years.

VI. FINANCIAL YEAR-WISE FDI INFLOWS DATA:

Table: 8

Amount in US$ million

S. No.	Financial Year (April-March)	FOREIGN DIRECT INVESTMENT (FDI)						Investment by FII's Foreign Institutional Investors Fund (net)
		Equity		Re-invested earnings +	Other capital +	FDI FLOWS INTO INDIA		
		FIPB Route/ RBI's Automatic Route/ Acquisition Route	Equity capital of unincorporated bodies #			Total FDI Flows	%age growth over previous year (in US$ terms)	
FINANCIAL YEARS 2000-01 TO 2015-16 (up to March 2016)								
1.	**2000-01**	2,339	61	1,350	279	**4,029**	-	**1,847**
2.	**2001-02**	3,904	191	1,645	390	**6,130**	**(+) 52 %**	**1,505**
3.	**2002-03**	2,574	190	1,833	438	**5,035**	**(-) 18 %**	**377**
4.	**2003-04**	2,197	32	1,460	633	**4,322**	**(-) 14 %**	**10,918**
5.	**2004-05**	3,250	528	1,904	369	**6,051**	**(+) 40 %**	**8,686**
6.	**2005-06**	5,540	435	2,760	226	**8,961**	**(+) 48 %**	**9,926**
7.	**2006-07**	15,585	896	5,828	517	**22,826**	**(+) 155 %**	**3,225**
8.	**2007-08**	24,573	2,291	7,679	300	34,843	**(+) 53 %**	**20,328**
9.	**2008-09**	31,364	702	9,030	777	41,873	**(+) 20 %**	**(-) 15,017**
10.	**2009-10**	25,606	1,540	8,668	1,931	**37,745**	**(-) 10 %**	**29,048**
11.	**2010-11**	21,376	874	11,939	658	**34,847**	**(-) 08 %**	**29,422**
12.	**2011-12**	34,833	1,022	8,206	2,495	**46,556**	**(+) 34 %**	**16,812**
13.	**2012-13**	21,825	1,059	9,880	1,534	**34,298**	(-) 26%	**27,582**
14	**2013-14**	24,299	975	8,978	1,794	**36,046**	**(+) 5%**	**5,009**
15.	**2014-15**	30,933	978	9,988	3,249	**45,148**	**(+) 25%**	**40,923**
16.	2015-16(April 2015-March 2016)	**40,001**	**1,042**	**10,049**	**4,365**	**55,457**	**(+) 23%**	**(-) 3,516**
CUMULATIVE TOTAL (from April, 2000 to March, 2016)		**290,199**	**12,816**	**101,197**	**19,955**	**424,167**	**-**	**187,075**

Source: FDI Statistics, Department of Industrial Policy& Promotion, Ministry of Commerce & Industry, Government of India, 2016

VII. SUGGESTIONS FOR INCREASED FDI IN INDIA:

Followings are the essential suggestions that will help India in increasing FDI:

A. Flexible labour laws needed
B. Re look at sector-wise caps
C. Geographical disparities of FDI should be removed
D. Promote Greenfield projects
E. Develop debt market
F. Strengthen research and development in the country

VIII. CONCLUSION:

FDI in India has a significant role in the economic growth and development of India. FDI in India to various sectors can attain sustained economic growth and development through creation of jobs, expansion of existing manufacturing industries. The inflow of FDI in service sectors and construction and development sector, from April, 2000 to March, 2016 attained substantial sustained economic growth and development through creation of jobs in India.

The study shows that Mauritius has the highest foreign investor in India with 33%. After Mauritius, Singapore and U.K. invest the highest FDI in India with 16% and 8% respectively. Japan also gets 4th position with 7% FDI in India. The Service sector has the highest FDI Equity inflow 18%, followed by Construction development, Computer Software and Hardware, Telecommunication, Automobile Industry sector having 8%, 7%, 6%, and 5% respectively. Mumbai has registered largest FDI inflow (415,753 Crore) amounting to 29% of total inflow received in last 16 years. New Delhi is the second preferred region for FDI inflow (332,312 Crore) with 22% of total inflows received in last 15 years

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