

## FDI INFLOWS IN MAJOR SECTORS IN INDIA

**Dr.K.Uma**

*Assistant professor, Department of Commerce, Madurai Kamaraj University, Madurai*

**M.Indrapriya**

*M. Phil Research Scholar, Department of Commerce, Madurai Kamaraj University, Madurai*

### **Abstract**

*There are ten sectors which is attracting FDI they are service sector, telecommunication, computer hardware and software, construction, chemical sector, construction, power sector, automobile industries, metallurgical industries and petroleum & natural gas products. Each and every sector in India they are attracting lot with a specified limits as a automatic route of 100% in some sectoral analysis. DIPP and other board of commerce have clearly demonstrates the various sectors and their limits in it. They are Financial and non financial service sector, telecommunication, automobile, construction and, power sector. There are some of the sectors which are attracting highest FDI inflows in India, and some of the countries attracting FDI inflows in India. This is a brief introduction about top five sectors which is attracting the inflows in India and top five countries which is attracting Inflows*

**Keywords:** *FDI, Service sectors, Telecommunication, Automobile*

### **Introduction**

There are some of the sectors which are attracting highest FDI inflows in India, and some of the countries attracting FDI inflows in India. This is a brief introduction about top seven sectors which is attracting the inflows in India and top five countries which is attracting Inflows. Sectors are the backbone of our country where FDI has in flowed from all the countries. DIPP and other board of commerce have clearly demonstrates the various sectors and their limits in it. They are Financial and non financial service sector, telecommunication, automobile, construction and, power sector. My study is going to reveals the FDI inflows in sector wise analysis. Among all the sectors and countries we are going to discuss the major five sectors.

### **Objective of the Study**

To analyze growth and development of Foreign Direct Investment inflows in top five sectors in India.

### **Methodology of the Study**

This study is based on secondary data, which covers journals, magazines, newspapers, periodicals, and reports .The required data have been collected from various sources i.e. World Investment Reports, Asian Development Bank's Reports, various Bulletins

of Reserve Bank of India, publications from Ministry of Commerce, Govt. of India, U.S. Department of State and from websites of World Bank, IMF, WTO, RBI, UNCTAD, EXIM Bank.

### Analysis of the Study

#### FDI inflows in Financial and Non Financial Service Sector

The financial and non financial service sector or industry forms a backbone of social and economic development of a region. It has emerged as the largest and fastest growing sectors in the world economy. Periods may be measured in months, quarters, or years, depending on the circumstances. There is a rapid change in the service industries. As a result over a number of years India is witnessing a transition from Agriculture based Economy to Knowledge based Economy.

#### Trend Analysis for FDI Inflows in Financial and Non Financial Service Sector

Year (2003-2004 to 2012-2013)	FDI inflows in service sectors (us million \$)	Trend value (In times)
2003-2004	210.6	408.42
2004-2005	256.5	676.05
2005-2006	210.47	983.668
2006-2007	658.9	1271.31
2007-2008	2841.1	1558.94
2008-2009	2095.8	1846.57
2009-2010	1505.3	2134.2
2010-2011	2277.1	2421.83
2011-2012	2465.6	2709.46
2012-2013	1068.0	2997.09
<b>Trend Equation <math>Y = 1558.94 + 287.63 x</math></b>		
<b>For 2019 - 2020 <math>Y = 4435.24</math> Times</b>		

Source: DIPP: Fact sheet: India \_ FDI \_ December 2011, 2013

#### FDI inflows in Telecommunication Sector

Telecommunications are widely recognized as the prime support services needed for rapid growth and modernization of the various sectors in Economy. Development of sound telecom infrastructure plays an important role in meeting the diverse needs of the people and improving their quality of life. India's telecommunication network is the third largest in the world and the second largest among the emerging economies of Asia. It is also amongst, the fastest growing telecom industries in the world. FDI Foreign direct investments were permitted in the telecom sector beginning with the telecom manufacturing segment in (1991).

## Trend analysis for FDI inflows in Telecommunication

Year(2003-2004 to 2012-2013)	FDI inflows in Telecommunication (US million \$)	Trend value (in times)
2003-2004	11.83	47.42
2004-2005	61.79	68.94
2005-2006	47.65	90.46
2006-2007	126.07	111.98
2007-2008	254.86	133.5
2008-2009	253.93	155.2
2009-2010	166.45	176.54
2010-2011	199.72	198.06
2011-2012	182.74	219.58
2012-2013	30.36	241.1
Trend Equation $Y = 1335.45 + 281.12 x$		
For 2019 - 2020 $Y = 4990.01$ Times		

Source: DIPP: Fact sheet: India \_ FDI \_ December 2011, 2013

## FDI Inflows in Automobile Sector

Automotive industry is the key driver of any growing economy. It plays a pivotal role in country's rapid economic and industrial development. It caters to the requirement of equipment for basic industries like steel, non-ferrous metals, fertilizers, refineries, petrochemicals, shipping, textiles, plastics, glass, rubber, capital equipments, logistics, paper, cement, sugar, etc. It facilitates the improvement in various infrastructure facilities like power, rail and road transport.

## Trend analysis for FDI inflows in Automobile Sector

Year (2003-2004 to 2012-2013)	FDI inflows in Automobile sector ( Amt in US million \$)	Trend analysis (in times)
2003-2004	458.6	304.21
2004-2005	578.6	338.48
2005-2006	652.7	372.75
2006-2007	125.4	407.02
2007-2008	269.7	441.29
2008-2009	521.2	475.56
2009-2010	481.7	509.83
2010-2011	51.9	544.1
2011-2012	434.7	578.37
2012-2013	838.4	612.64
Trend equation of $y = 441.29 + 34.27x$		
For 2019-2020 $y = 852.53$		

Source: DIPP: Fact sheet: India \_ FDI \_ April 2011, 2013

### Findings

In case of FDI inflows in financial and non financial service sector represents the increasing trends as US million \$.2841.1 in the year 2007-2008 and the trend value represents as 1558.94 times respectively.

- In course of 2003-2004 to 2012-2013 FDI inflows in financial and non financial sector represents the sudden decrease during the year 2009-2010 is US million \$ 1505.3 and trend value represents 2134.2 times.
- Obviously, during the year 2003-2004 to 2012-2013 FDI inflows in telecommunication has a increasing trends in the year 2007-2008 is US million \$ 254.86 and trend value is represents 133.5 times.
- During the year 2003-2004 to 2012-2013 FDI inflows in telecommunication has a decreasing trend in the year 2010 is US million \$ 166.45 and trend value is 176.54 times.
- Obviously, during the year 2003-2004 to 2012-2013 FDI inflows in automobile industry has a increasing trends in the year 2012-2013 is US million \$ 838.4 and trend value is represents 612.64 times.
- During the year 2003-2004 to 2012-2013 FDI inflows in automobile industry has a decreasing trend in the year 2010 is US million \$ 166.45 and trend value is 176.54 times.

### Conclusion

The above study reveals that top five sectors among ten sectors throughout the limits of department of industrial policy and promotion board. Among these sectors the trend value analysis and the reasons has been interpreted for financial and non financial service sectors, telecommunication, and automobiles sectors have clearly detailed and interpreted. The Knowledge based Economy is functional pillars of information technology, lot of business process outsourcing. IT enables service industries. IT continues to be a dominating sector, in overall growth of Indian industry. The study also reveals that to improve the banking sectors, Educational sectors in case of Financial and non financial service sectors to improve 80% in the economy. India's telecommunication network is the third largest in the world and the second largest among the emerging economies of Asia. The results of the study reveal that telecommunication sector is the largest recipient of FDI inflows and also technical collaborations have to be improved. Presently, India is the world's second largest place in automobile industries. In case of automobile sector they have to develop on power oil and other facilities. Finally the above study has concluded that there can be better changes in all the sectors.

**References**

1. Francis Cherunilam, "International Business Environment", Himalaya Publishing House. 2009.
2. Suresh Bedi, "Business Environment", Excel Books ISBN. 2004.
3. Krishnaswami.OR. Ranganatham.M. "Methodology of Research in Social Sciences", Himalaya Publishing House, 2013.
4. Aneesh K.A, "Impact of FDI on food supply chain in India", Third Concept September 2014 pp. 22 -30
5. Mr. Anuj Jain Mr. Ajay Rajput (2012), "Trends and patterns of flow of FDI in developed countries and developing countries: a comparison" International Journal of Social Science & Interdisciplinary Research, pp: 7
6. R. Anitha (2012), "Foreign Direct Investment and Economic Growth India", International Journal of Marketing, Financial Services & Management Research, pp: 108-125
7. Dr. Brajaballav pal (2013), FDI in multi brand retailing: Opportunities and threats for rural India, "Innovative Journal of Business and Management" pp. 131 -136
8. Dr.v.Backiyavathi (2012), "Foreign Direct Investment inflows in India" , Indian streams research journal
9. Dr. Devaraj badugu (2012), "Foreign Direct Investment in India", International Journal of social sciences, pp: 55-62
10. Dr. Jasbir Singh, Dr. Anupama Sharma, Ms. Sumita chadha (2012), Role of Foreign Direct Investment in India: An analytical study, International journal of Engineering and science, pp. 34-42
11. [Www. businessportal.india.in](http://www.businessportal.india.in)
12. [Www. rbibulletin.in](http://www.rbibulletin.in)
13. [Www.investmentpromotionboard.in](http://www.investmentpromotionboard.in)