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A study on trends of foreign direct investment in India

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ABSTRACT
FDI is an engine in bringing the financial sector at a fast speed. FDI was encouraged by financial liberalization and market-based reforms in many Emergent Market Economies (EMEs). Now, FDI has become a key feature of national development strategies for all most all the countries over the globe. FDI has boosted the economy of India and on the other hand there are critics who have blamed the government for ousting the domestic inflows. After liberalization of Trade policies in India, there has been a positive GDP growth rate in Indian economy. The paper tries to study the need of FDI in India. The paper focuses on the trends of FDI inflows by categorize them into sector-wise, region-wise, year-wise and country wise FDI inflow in India. The result depicts that among the sectors Service sector, among the regions Mumbai and among the countries Mauritius are at the top. It also shows that there has been a remarkable increase in FDI inflow in India during the year 2000 to 2012.

Introduction

In India, FDI is considered as a development tool, which can help in achieving self-reliance in all the sectors of the economy. India's rich and diversified resources, its sound economic policy, good market conditions and highly skilled human resources, make it a proper destination for investment. Direct Investment across national borders is a distinct feature of international economics, which has gained intense attention of all the countries of the world recently. FDI is the process whereby resident of one country (the home country) acquire ownership of assets for the purpose of controlling the production, distribution and other activities of a firm in another country (the host country). FDI is now approved as an important driver of growth in the country. Liberalization refers to relaxation of previous government restrictions usually in areas of social and economic policies. Liberalization was introduced in 1991 in India. The pre economic liberalization period was challenge for the Indian economy to grow because there were many constraints to overcome. Actually in the early 1980s, Indian government adopted a liberal policy towards FDI, especially in high technology areas and exports and it was then that FDI friendly environment was created. In a way eighties were the fore-runners of the liberalization policy of 1990s and so this period is termed as pre liberalization period in the study. The period after 1991 is termed as post liberalization period during which not only the quantum of FDI to India escalated but the sector-wise composition of FDI also underwent incredible change. The post liberalization period was very productive for the Indian economy to head with a swift pace. Though the liberal policy position and strong economic fundamentals appear to have driven the sharp rise in FDI flows in India over past one decade and continued their strength even during the period of global economic crisis (2008-09 and 2009-10), the subsequent moderation in investment flows despite faster recovery from the crisis period appears somewhat inexplicable. Survey of empirical literature and analysis seems to suggest that these divergent trends in FDI flows could be the result of certain institutional factors that reduced the investors 'sentiments despite continued strength of economic fundamentals. Find. FDI is characterized as any form of long-term investment that earns interest in an enterprise which functions outside the domestic territory of the investor. In an era of globalisation and liberalization, Foreign Direct Investment (FDI) is a good source of flow of private foreign capital to the developing countries as it adds to the domestic resources of the recipient country. Unlike borrowings from foreign resources, which involves contractual obligation from the first day, direct foreign investments does not involve any fixed charges and dividends, which would have to be paid only when the firm earns profit. Consequently, FDI leads to increase in Profits, Gross Domestic Product (GDP), Aggregate Employment and Foreign Trade of the recipient country.

Objectives of the study

1. To discuss the FDI policy framework in India
2. To show the trends of FDI in India in post-liberalised period.
3. To study year wise, region wise and component wise trends of FDI in India.
4. To compare the trend of FDI among different sectors in India.
5. To discuss the country wise FDI inflows in India.

Research Methodology

This research is a descriptive study in nature. In order to achieve the objectives of the study, secondary data have been used. The main secondary sources include annual report of Department of Industrial Promotion and Policy (DIPP), United Nation Conference on Trade and Development (UNCTAD), Reserve Bank of India (RBI), Ministry of Commerce, Ministry of Finance, Planning Commission of India and Investment Centre. Apart from these publications, a number of websites are also accessed to gather information for the study. Data from April 2000 to December 2012 have been taken for the study. Percentage and averages are calculated to make the study simple and understandable to all. Graphical and tabulated presentation

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of data have also been used where ever to represent the trends of FDI during the study period.

FDI Policy Framework in India

Policy regime is one of the key factors driving investment flows to a country. Apart from underlying overall fundamentals, ability of a nation to attract foreign investment essentially depends upon its policy regime - whether it promotes or restrains the foreign investment flows. This section undertakes a review of India's FDI policy framework. There has been a sea change in India's approach to foreign investment from the early 1990s when it began structural economic reforms about almost all the sectors of the economy.

Pre-Liberalisation Period

Historically, India had followed an extremely careful and selective approach while formulating FDI policy in view of the governance of 'import-substitution strategy' of industrialisation. The regulatory framework was consolidated through the enactment of Foreign Exchange Regulation Act (FERA), 1973 wherein foreign equity holding in a joint venture was allowed only up to 40 per cent. Subsequently, various exemptions were extended to foreign companies engaged in export oriented businesses and high technology and high priority areas including allowing equity holdings of over 40 per cent. Moreover, drawing from successes of other country experiences in Asia, Government not only established special economic zones (SEZs) but also designed liberal policy and provided incentives for promoting FDI in these zones with a view to promote exports. The announcements of Industrial Policy (1980 and 1982) and Technology Policy (1983) provided for a liberal attitude towards foreign investments in terms of changes in policy directions. The policy was characterised by de-licensing of some of the industrial rules and promotion of Indian manufacturing exports as well as emphasising on modernisation of industries through liberalised imports of capital goods and technology. This was supported by trade liberalisation measures in the form of tariff reduction and shifting of large number of items from import licensing to Open General Licensing (OGL).

Post-Liberalisation Period

A major shift occurred when India embarked upon economic liberalisation and reforms program in 1991 aiming to raise its growth potential and integrating with the world economy. Industrial policy reforms slowly but surely removed restrictions on investment projects and business expansion on the one hand and allowed increased access to foreign technology and funding on the other. A series of measures that were directed towards liberalizing foreign investment included:

1) Introduction of dual route of approval of FDI–RBI's automatic route and Government's approval (SIA/FIPB) route.
2) Automatic permission for technology agreements in high priority industries and removal of restriction of FDI in low technology areas as well as liberalisation of technology imports.
3) Permission to Non-resident Indians (NRIs) and Overseas Corporate Bodies (OCBs) to invest up to 100 per cent in high priorities sectors.
4) Hike in the foreign equity participation limits to 51 per cent for existing companies and liberalisation of the use of foreign 'brands name'.
5) Signing the Convention of Multilateral Investment Guarantee Agency (MIGA) for protection of foreign Investments.

These efforts were boosted by the enactment of Foreign Exchange Management Act (FEMA), 1999 [that replaced the Foreign Exchange Regulation Act (FERA), 1973] which was less stringent. In 1997, Indian Government allowed 100% FDI in cash and carry wholesale and FDI in single brand retailing was allowed 51% in June, 2006. After a long debate, further amendment was made in December, 2012 which led FDI to 100% in single brand retailing and 51% in multiple brand retailing.

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

- **Automatic Route**: FDI under the automatic route does not require any prior approval either by the Government or the Reserve Bank. The investors are only required to notify the concerned regional office of the RBI within 30 days of receipt of inward remittances and file the required documents with that office within 30 days of issuance of shares to foreign investors.
- **Government Route/FIPB Route**: Under this Route, FDI approval is made by three institutions, viz., the Foreign Investment Promotion Board (FIPB), the Secretariat for Industrial Assistance (SIA) and the Foreign Investment Implementation Authority (FIIA).Under the approval route, the proposals are considered in a time-bound and transparent manner by the FIPB. Approvals of composite proposals involving foreign investment/ foreign technical collaboration are also granted on the recommendations of the FIPB.

Foreign Direct Invested in India is permitted under the following forms of Investments:

- Through financial collaborations.
- Through joint ventures and technical collaborations.
- Through capital markets via Euro Issues.
- Through private placements or preferential allotments.

Sectors where FDI is Banned

Atomic Energy, Lottery Business including Government / private lottery, online lotteries, Gambling and betting including casinos, Business of chit fund, Nidhi Company, Trading in Transferable Development Rights (TDRs), Activities/sector not opened to private sector investment, Agriculture (excluding Floriculture, Horticulture, Development of seeds, Animal Husbandry, Pisciculture and cultivation of vegetables, mushrooms etc. under controlled conditions and services related to agro and allied sectors) and Plantations (Other than Tea Plantations), Real estate business, or construction of farm houses, Manufacturing of Cigars, cheroots, cigarillos and cigarettes of tobacco or of tobacco or of tobacco substitutes are the sectors where FDI is not permitted.

Foreign direct investments flows to India

In the year 1991, various policy initiatives were taken as a result of liberalisation, India has been rapidly changing from a restrictive regime to a liberal one and FDI is encouraged in almost all the economic activities under the automatic route. In recognition of the important role of Foreign Direct Investment in the speed up economic growth of the country, Government of India commenced a slew of economic and financial reforms in 2000. India is now leading in the second generation reforms aimed at further and faster integration of Indian economy with the global economy. The industrial policy reforms have reduced the industrial licensing requirements, removed restrictions on investment, expansion and facilitated easy access to foreign technology and foreign direct investment.

Cumulative amount of FDI inflows in India

Table 1 shows the amount of FDI inflows from April, 2000 to December, 2012. 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 280,412 in US $ million. Other than this, cumulative FDI equity inflows which excludes amount remitted through RBI's-NRI schemes are 866,710 in ` crore and 187,804 in US $ million.

Financial Year-Wise FDI Inflows In India

As per International best practices

In this section, component-wise inflows of FDI in India have been diagnosed to find out the most preferred FDI component. Table 2 shows the total FDI flows from 2000-2012 which include the entire three components i.e. equity, reinvested earnings and other capital. The table reveals that the total amount of US $ 280,412 has been received from all the three components of FDI from 2000 to 2012. As the table discloses that FDI in equity is 199,036 (Equity through FIPB route + Equity capital of unincorporated bodies), FDI in reinvested earnings is 70,518 and FDI in other capital is 10,858 in US $ million. The investment made by Foreign Institutional Investors is 133,121 in US $ million as per table. The study concludes the remaining points relating to this category with the help of chart 1 which is as follows:-

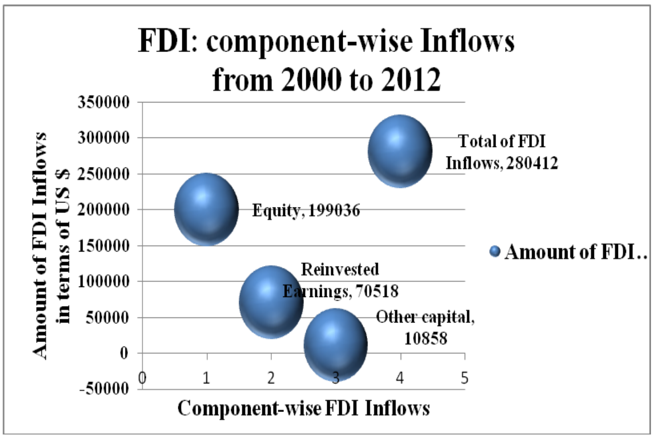
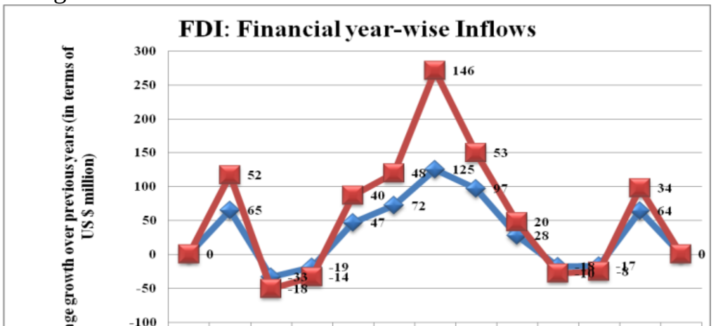


Chart 1: As per DIPP's FDI data base

Chart 1 is prepared on the basis of table 2, which shows the amount of component-wise FDI Inflows. As the chart shows that from 2000-2012 total amount of FDI is 280,412 in US $ million. It is observed from the chart 1 that the foreign investors preferred to invest in Indian Corporate through equity shares as compared to reinvested capital and other capital options available to them. The main reason for equity preference was government's (FIPB, SAI routes) and RBI's automatic approval and various schemes on the flow of foreign capital. Study shows that proportion of foreign investment through equity route is increasing year after year. In 2000-001, it was only 59.68% of total FDI Inflows, which reached to 66.68% in the year 2005-06. It then increased to 77.02% of total FDI Inflows in the year 2011-2012. But the share of reinvested earnings and other capital of total FDI Inflows are comparatively low. In the year 2011-12, the share of reinvested earnings was 17.62% and the share of other capital was 5.36% to total FDI Inflows. A number of initiatives had been taken by government to liberalise the FDI policy, which reduced other capital proportion. On the whole, it can be concluded that FDI in **Equity** is most preferred component among all the three. The foreign investors prefer to invest through equity component because of liberalised FDI policy of India. Foreign investor preferred RBI's and government automatic route approval for most of the industries

FDI Equity Inflows

Table 3 shows the total amount of FDI Inflows in India during the last 10 years i.e. 2000 to 2012. The FDI Inflows from 2000-01 was 10,733 crore `. In 2001-02, It reached to 18,654 crore `. It shows the admirable result in the FDI Inflows in India. Little bit ups and downs in FDI Inflows up to 2005-06, but after that great hike in the year 2007-08 i.e. 98,642 crore ` as compare to earlier years. In 2008-09 there was a huge investment in FDI in 142,829 crore ` and so on. Then the total amount of inflows of FDI reached to 165,146 crore `. So it can be concluded that the foreign investments have been on rise in India.



	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Total FDI Inflows		52	-18	-14	40	48	146	53	20	-10	-8	34	
FDI Equity only		65	-33	-19	47	72	125	97	28	-18	-17	64	

Chart 2: As per DIPP's FDI data base

Chart 2 is based on table 2 and table 3. In this part of the study, an attempt has been made to study the trends of FDI in India from 2000 to 2012. The growth rates over a period of last 12 years are depicted in chart 2. It shows growth rate of total FDI inflows and FDI equity over the previous year in terms of US $. It can be seen from chart 2 that the growth rate of total FDI inflows with 146% and Equity component with 125% was found to be maximum in the year 2006-07. It can be concluded that in the total inflows of FDI, the share of equity component was highest. The main reason behind this substantial increase of FDI in these years was opening up of automatic route. FDI up to 100% had been allowed to a number of industries. Further, the FDI declined to 53%, 20%, 10%, and 08% during the years 2007-08, 2008-09, 2009-10, and 2010-11. The reason behind this decrease was prohibition in certain sensitive areas such as agriculture, retail trading, railways and real estate. The year 2008 showed growth of only 20%. The main reason for this decline was slowness of stock market because of which many investors shifted to traditional saving channels. The FDI equity inflows also showed ups and downs. In the year 2007-08, the growth rate of FDI equity inflow was 97%. Then it started to decline i.e. 28%, 18%, and 17% during the years 2008-09, 2009-10 and 2010-11. In the year 2011-12, growth rate of total FDI inflows and of FDI equity again showed a rise i.e. 34% and 64%. On the whole, it can be concluded that the growth rate of FDI has not been consistent over the last 12 years. From the above study, it can be estimated that in the coming years the FDI Inflows will go on rise.

Country-Wise Cumulative FDI Inflows In India

Table 4 portrays the country-wise FDI equity inflows in India. It shows the total amount of inflows from April, 2000 to December, 2012 both in terms of US $ and crore `. Table discloses that the **Mauritius** country has the highest foreign investment in India with 38.14%. Mauritius is at top in investing FDI in India followed by Singapore, UK, Japan and so on.

U.S.A also gets 5^{th} position in this category with 5.84%. India is the fourth largest economy in terms of purchase power parity. India have the second largest road network in the world, spanning 3.3 million kilometres, easy availability of labour at cheap rates, raw materials supplied abundantly and fully developed banking system. These are the reasons which facilitate the flow of FDI from different countries in India. Chart 3 is prepared on the basis of table 4. Chart 3 illustrates the share of top countries investing FDI in India. It shows the percentage of FDI of different countries with total FDI Inflows from 2000-2012 in the terms of US $.

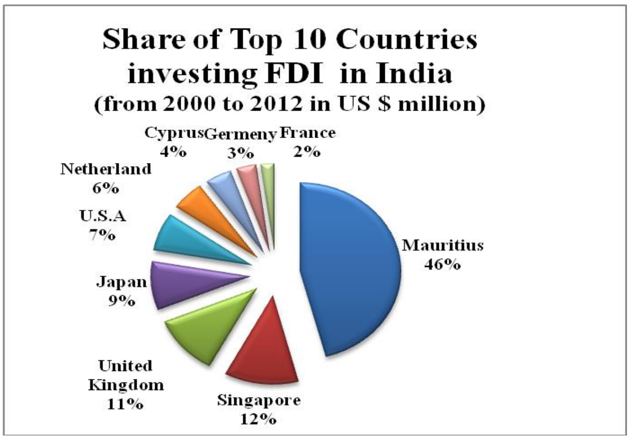


Chart 3: As per DIPP's FDI data base

As the chart portrays that Mauritius is at the top in investing FDI in India. India's most liberal and transparent policy attracts the countries to invest FDI in India. In the post liberalization era, a number of initiatives have been taken to attract FDI by different countries in India. This includes opening up of many new sectors to FDI, raising FDI equity caps in sectors already opened and procedural simplification. This is the reason of FDI Inflows made by different countries at the highest growth rate.

Sector Wise Cumulative FDI Inflows In India

In this part of study, sector wise FDI Inflows have been considered to find out the most favoured FDI sector in India. Table 5 shows the sector-wise FDI Inflows in India from April, 2000 to December, 2012 in terms of US $ and crore `. According to FDI report Service sector is the desired sector with highest FDI inflow of 168,013.79 crore `. After service sector, Construction Development, Telecommunications and Computer Software & Hardware is the next preferred sector with 99,716.67 crore `, 57,464.67 crore ` and 52,377.08 crore `.

India's recent liberalization of its foreign regulations has generated strong interest by foreign investors, turning India into one of the fastest growing destinations for global FDI inflows.

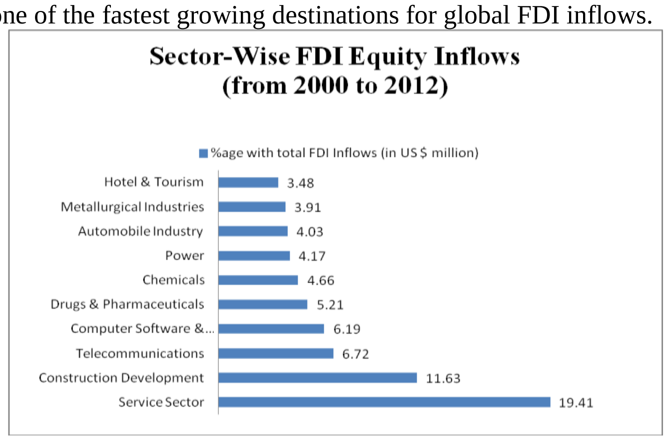


Chart 4: As per DIPP's FDI data base

Chart 4 is based on table 5. It shows sector-wise FDI equity inflows in terms of percentage with total FDI inflows. The sector-wise analysis of FDI with the help of this chart reveals that maximum FDI has taken place in the service sector including finance, banking, insurance etc. Chart 4 depicts that service sector is at the top with 19.41% of total FDI inflows. After that Construction Development comes with 11.63% followed by Telecommunications, Computer Software & Hardware and Drugs and Pharmaceuticals with 6.72%, 6.19%, and 5.21%. At present India is the leading country pertaining to the IT industry in the Asia-Pacific region. The telecom industry is one of the fastest growing industries in India. With a growth rate of 45%, Indian telecom industry has the highest growth rate in the world.

Region Wise Cumulative FDI Inflows In India

Table 6 represents region-wise FDI equity inflows from 2000-12 both in terms of ` crore and US $ million. Table shows that Mumbai has registered largest FDI inflow (` 282,197 crore) amounting to 33% of total inflow received in last 12 years. New Delhi is the second preferred region for FDI inflow (` 167,061 crore) with 19% of total inflows received in last 12 years. This is due to good quality infrastructure and better quality of life provided in these cities. Other regions like Bangalore (` 47,886 crore), Chennai (` 47,007 crore), Ahmadabad (` 38,867 crore), Hyderabad (` 35,256 crore) have also recorded FDI with 6%, 5%, 5% and 4% of total FDI in the country respectively. Bangalore is the primary destination for property investment and the city has riding high on the Information Technology (IT). Other regions like Kolkata (` 9,684 crore), Chandigarh (` 5,492 crore), Bhopal (` 4,435 crore) and Kochi (` 4,259 crore) have been able to attract very less FDI because they lack in infrastructure and information technology (IT) developments. Sectors like service, construction developments, telecommunications and computer software & hardware have been registering highest FDI inflows in India. Therefore, Mumbai, New Delhi, Bangalore and Chennai are the favourite destinations for FDI in India.

Key Findings

- India is attracting foreign investment at a good rapid rate of growth. The growth rate of FDI over last year was found to be 64% (table 3). The main reason for this substantial growth in FDI was opening up of Indian economy to foreign investment, relaxation of norms for foreign investments and enhancing sector wise limit.
- In region wise analysis, Mumbai was on the top with 33% (table 6) to total FDI of India. The reason behind this was the availability of service sector, infrastructure and construction development. Six regions offices which are at the top contribute 71% to the total FDI while rest of the regions add 29% to total FDI.
- As per the data, the sectors that attracted higher inflows were Services (19.41%), Construction activities (11.63%), Telecommunications (6.72%) and Computer Software and Hardware (6.19%) (table 5).
- A country wise FDI inflows show that Mauritius is the country that has invested highly in India followed by Singapore, UK, Japan and USA and so on (table 4). Nine countries contribute 83% to cumulative FDI in India while remaining contributes only 17%.
- FDI plays an important role in the development of infrastructure because many countries invest in the infrastructure sector and banking finance sector.

Conclusion

Foreign direct investment plays an important role in the economic development of the country. It helps in transforming of financial resources, technology and innovative and improved management techniques along with raising productivity. It is concluded that the trend of FDI in India showed a positive picture. Foreign investors are enjoying the benefits of liberalised FDI policy by investing into equity shares of Indian corporate on automatic route. The study shows that there has been remarkable increase in FDI inflow in India during the period 2000 -2012. No doubt, there are some factors which limiting the flow of FDI in India but Indian economy is growing day by day.

Table: A
Sector Specific Limits of Foreign Investment in India

Sector	FDI Cap/Equity	Entry Route	Other Conditions
A. Agriculture			
1. Floriculture, Horticulture, Development of Seeds, Animal Husbandry, Pisciculture, Aquaculture, Cultivation of vegetables & mushrooms and services related to agro and allied sectors	100%	Automatic	
2. Tea sector, including plantation (FDI is not allowed in any other agricultural sector /activity)	100%	FIPB	
B. Industry			
1. Mining covering exploration and mining of diamond & precious stones; Gold, silver and minerals.	100%	Automatic	
2. Coal and lignite mining for captive consumption by power projects and iron & steel, cement production.	100%	Automatic	
3. Mining and mineral separation of titanium bearing minerals	100%	FIPB	
C. Manufacturing			
1. Alcohol-Distillation & Brewing	100%	Automatic	
2. Coffee & Rubber processing & Warehousing	100%	Automatic	
3. Defence production	26%	FIPB	
4. Hazardous chemicals and isocyanates	100%	Automatic	
5. Industrial explosives -Manufacture	100%	Automatic	
6. Drugs and Pharmaceuticals	100%	Automatic	
7. Power including generation (except Atomic energy); transmission, distribution and power trading. (FDI is not permitted for generation, transmission & distribution of electricity produced in atomic power plant/atomic energy since private investment in this activity is prohibited and reserved for public sector.)	100%	Automatic	
D. Services			
1. Civil aviation (Greenfield projects and Existing projects)	100%	Automatic	
2. Asset Reconstruction companies	49%	FIPB	
3. Banking (private) sector	74% (FDI+FII).	Automatic	
4. NBFCs: underwriting, portfolio management services, investment advisory	FII not to exceed49%		s.t.minimum
services, financial consultancy, stock broking, asset management, venture capital,	100%	Automatic	capitalisation
custodian, factoring, leasing and finance, housing finance, forex broking etc.	20%		norms
5. Broadcasting	49% (FDI+FII)		
a. FM Radio	100%	FIPB	
b. Cable network; c. Direct to home; d. Hardware facilities such as up-linking,	49% (FDI+FII) (FDI 26,% FII		
HUB.	23%)	FIPB	
e. Up-linking a news and current affairs TV Channel	26%		Clearance
6. Commodity Exchanges	49% (PSUs).	Automatic	from IRDA
7. Insurance	100% (Pvt.		
8. Petroleum and natural gas	Companies)	FIPB (for	
a. Refining	26%	PSUs).	
9. Print Media	100%	Automatic	
a. Publishing of newspaper and periodicals dealing with news		(Pvt.)	S.t.guidelines
and current affairs		FIPB	by Ministry of
b. Publishing of scientific magazines / speciality		FIPB	Information &
journals/periodicals	74% (including FDI,FII, NRI,		broadcasting
10. Telecommunications	FCCBs,ADRs/GDRs, convertible	Automatic	
a. Basic and cellular, unified access services, national /international long-	preference	up to 49%	
distance, V-SAT, public mobile radio trunked services (PMRTS), global mobile	shares, etc.	and FIPB	
personal communication services (GMPCS) and others.		beyond	
		49%.	

Source: as per RBI's data base on FDI flows to India

Table 1 Total FDI Inflows (From April, 2000 to December, 2012)

1.	Cumulative Amount of FDI Inflows (Equity inflows + Reinvested earnings + Other capital)	-	US$ 280,412 million
2.	Cumulative Amount of FDI Equity Inflows (excluding, amount remitted through RBI's-NRI Schemes)	` 866,710 crore	US$ 187,804 Million

Source: As per DIPP's FDI data base

Table 2
Component-wise equity inflows

(Amount US $ million)

Sr. No.	Financial Year (April-march)	FOREIGN DIRECT INVESTMENT (FDI)						Investment by FII's Foreign Institutional investors Fund (net)
		Equity		Reinvested 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 2012-13 (Up to December, 2012)								
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	(+) 146%	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 (P)(+)	25,606	1,540	8,668	1,931	37,745	(-) 10 %	29,048
11.	2010-11 (P)(+)	21,376	874	11,939	658	34,847	(-) 08 %	29,422
12.	2011-12 (P)	34,833	1,021	8,205	2,494	46,553	(+) 34 %	16,813
13.	2012-13 (P)	16,348	786	8,217	1,846	27,197	-	16,043
CUMULATIVE TOTAL (from April, 2000 to December, 2012)		189,489	9,547	70,518	10,858	280,412	-	133,121

Source: As per DIPP's FDI data base

Note:

(i) RBI‟s Bulletin February, 2013 dt. 11.02.2013 (Table No. 34 – FOREIGN INVESTMENT INFLOWS).

(ii) Inflows under the acquisition of shares in March, 2011, August, 2011 & October, 2011, include net FDI on account of transfer of participating interest from Reliance Industries Ltd. to BP Exploration (Alpha).

(iii) RBI had included Swap of Shares of US$ 3.1 billion under equity components during December 2006.

(iv)Monthly data on components of FDI as per expended coverage are not available. These data, therefore, are not comparable with FDI data for previous years.

(v) Figures updated by RBI up to December, 2012.

'#' Figures for equity capital of unincorporated bodies for 2010-11 are estimates.

(P) All figures are provisional

'+' Data in respect of 'Re-invested earnings' & 'Other capital' for the years 2009- 10, 2010-11 & 2012-13 are estimated as average of previous two years.

Table 3. FDI Equity Inflows (Equity capital component only)

Sr. No.	Financial Year (April-March)	Amount of FDI Inflows		%age of growth over previous year (in terms of US$)
Financial Years 2000-2013 (up to December, 2012)		In ` crore	In US$ million	
1.	2000-01	10,733	2,463	-
2.	2001-02	18,654	4,065	(+) 65 %
3.	2002-03	12,871	2,705	(-) 33 %
4.	2003-04	10,064	2,188	(-) 19 %
5.	2004-05	14,653	3,219	(+) 47 %
6.	2005-06	24,584	5,540	(+) 72 %
7.	2006-07	56,390	12,492	(+) 125 %
8.	2007-08	98,642	24,575	(+) 97 %
9.	2008-09 '*'	142,829	31,396	(+) 28 %
10.	2009-10 #	123,120	25,834	(-) 18 %
11.	2010-11 #	97,320	21,383	(-) 17 %
12.	2011-12 # ^	165,146	35,121	(+) 64 %
13.	2012-13 # (April-December, 2012)	92,237	16,946	
Cumulative Total (from April, 2000 to December, 2012)		867,243	187,927	

Source: As per DIPP's FDI data base

Note:(i) Including amount remitted through RBI‟s-NRI Schemes (2000-2002).

(ii) FEDAI (Foreign Exchange Dealers Association of India) conversion rate from rupees to US dollar applied, on the basis of monthly average rate provided by RBI (DEPR), Mumbai.

Figures for the years 2009-10, 2010-11, 2011-12 & 2012-13 (from April, 2012 to August, 2012) are provisional subject to reconciliation with RBI.

^ Inflows for the month of March, 2012 are as reported by RBI, consequent to the adjustment made in the figures of March,'11, August,'11 and October,'11.

'*' An additional amount of US$ 4,035 million pertaining to the year 2008-09, since reported by RBI, has been included in FDI data base from February, 2012.

Table 4. Country-wise FDI equity inflows (From April, 2000 to December, 2012)

Sr.No.	Country	Amount of Foreign Direct Investment		%age with total FDI Inflows (+)
		(In ` crore)	(In US $ million)	
1.	Mauritius	330,057.45	71,621.44	38.14
2.	Singapore	86,554.96	18,791.46	10.01
3.	United kingdom	77,970.12	17,090.22	9.10
4.	Japan	66,796.29	13,939.10	7.42
5.	U.S.A	50,114.76	10,972.03	5.84
6.	Netherlands	39,577.29	8,448.13	4.50
7.	Cyprus	31,841.53	6,799.56	3.62
8.	Germany	23,571.84	5,122.93	2.73
9.	France	15,918.86	3,398.27	1.81
10.	UAE	10,975.80	2,361.45	1.26
11.	Switzerland	10,595.39	2,280.71	1.21
12.	Spain	6,682.62	1,411.90	0.75
13.	South Korea	5,732.17	1,215.10	0.65
14.	Italy	5,083.16	1,137.15	0.61
15.	Hong Kong	4,716.75	1,018.98	0.54
16.	Sweden	4,585.61	978.81	0.52
17.	Caymen Island	3,705.64	868.47	0.46
18.	British Virginia	3,592.21	793.58	0.42
19.	Indonesia	2,825.44	610.30	0.32
20.	Poland	2,985.84	568.53	0.30

Source: As per DIP's FDI data base

Note:

'*'Complete/separate data on NRI investment is not maintained by RBI. However, the above FDI inflows data on NRI investment are reported by RBI under head NRI (as individual investors).

'+' Percentage of inflows worked out in terms of US$ & the above amount of inflows received through FIPB/SIA route RBI‟s automatic route & acquisition of existing shares only.

Table 5. Sector-Wise FDI Equity Inflows (From April, 2000 to December, 2012)

Sr.No.	Sector	Amount of FDI Inflows		%age with total FDI Inflows(+)
		(In ` crore)	(InUS $)	
1.	Service Sector	168,013.79	36,449.49	19.41
2.	Construction Development	99,716.67	21,834.47	11.63
3.	Telecommunications	57,464.47	12,622.83	6.72
4.	Computer Software & Hardware	52,377.08	11,617.74	6.19
5.	Drugs & Pharmaceuticals	45,980.03	9,783.31	5.21
6.	Chemicals	39,832.86	8,758.81	4.66
7.	Power	36,081.53	7,824.01	4.17
8.	Automobile Industry	35,203.86	7,560.97	4.03
9.	Metallurgical Industries	33,916.40	7,341.84	3.91
10.	Hotel & Tourism	32,693.73	6,526.78	3.48
11.	Petroleum & Natural Gas	24,786.41	5,377.42	2.86
12.	Trading	17,084.54	3,671.42	1.95
13.	Electrical Equipments	14,180.91	3,092.37	1.65
14.	Information & Broadcasting	14,442.08	3,090.51	1.65
15.	Cement & Gypsum Products	11,776.18	2,625.90	1.40
16.	Miscellaneous Mechanicals & Engineering industries	10,355.34	2,287.89	1.22
17.	Industrial Machinery	10,632.16	2,231.09	1.19
18.	Consultancy Services	9,549.31	2,068.72	1.10
19.	Construction Activities	9,179.34	1,986.17	1.06
20.	Non-Conventional Energy	9,457.58	1,951.77	1.04

Source: As per DIPP's FDI data base

Note: FDI inflows data re-classified, as per segregation of data from April 2000 onwards.

'+' Percentage of inflows worked out in terms of US$ & the above amount of inflows received through FIPB/SIA route RBI‟s automatic route & acquisition of existing shares only.

Table: 6 Region-wise FDI equity inflows[1] (From April, 2000 to December, 2012)

Sr.No.	RBI's-Regional Offices[2]	State covered	Cumulative Inflows (From April'00-Dec.'12)		%age to total Inflows
			Amount ` in crore	Amount US $ in million	
1.	Mumbai	Maharashtra, Dadra& Nagar Haveli, Daman & Diu	282,179	61,248	33
2.	New Delhi	Delhi, part of UP and Haryana	167,061	36,013	19
3.	Bangalore	Karnataka	47,886	10,497	6
4.	Chennai	Tamil Nadu, Pondicherry	47,007	10,007	5
5.	Ahmadabad	Gujarat	38,867	8,607	5
6.	Hyderabad	Andhra Pradesh	35,256	7,665	4
7.	Kolkata	West Bengal, Sikkim, Andaman & Nicobar Islands	9,684	2,145	1
8.	Chandigarh	Chandigarh, Punjab, Haryana, Himachal Pradesh	5,492	1,188	1
9.	Bhopal	Madhya Pradesh, Chhattisgarh	4,435	932	1
10.	Kochi	Kerala, Lakshadweep	4,259	900	1
11.	Panaji	Goa	3,544	769	.04
12.	Jaipur	Rajasthan	3,122	648	.04
13.	Bhubaneswar	Orissa	1,617	341	.02
14.	Kanpur	Uttar Pradesh, Uttaranchal	1,572	340	.02
15.	Guwahati	Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura	348	78	0
16.	Patna	Bihar, Jharkhand	170	34	0
17.	Region not indicated[3]		214,211	46,383	24.7
Sub. Total			866,710	187,804	100.00
18.	RBI's-NRI schemes		533	121	-
Grand Total			867,243	187,925	-

Source: As per DIP's FDI data base

Note:

[1] Includes 'equity capital component' only.

[2] The Region-wise FDI inflows are classified as per RBI's – Regional Office received FDI inflow furnished by RBI, Mumbai.

[3] Represents, FDI inflows through acquisition of existing shares by transfer from residents to non residents. For this, RBI Regional wise information is not provided by Reserve Bank of India.

It is expected that in the upcoming year FDI will grow more than the last years.

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