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FOREIGN DIRECT INVESTMENT IN INDIA

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The importance of the service sector in India's economy does not need highlighting. The services sector accounts for over 55 percent of India's Gross domestic Product.It growing by 10 percent annually, contributes about a quarter of total employment and over one-third of total exports and then is growing at a fast clip.

What,however, should be emphasised is how do we sustain high growth of the services economy. This is because ,the continued growth of the services sector is predicated on certain reforms and these ,unfortunately,have all run into controversies,political difficulties and look increasingly uncertain .No wonder ,Prof Kaushik Basu ,Chief Economic Advisor,has emphasised : "To tap the full potential of the services sector ,policy reforms,the single one that can contribute most to the further growth and maturing of India's services sector is making it easier for foreign direct investment in services . However, the issue has become intensely contested . let us look a little into the details.

So far, the FDI windows into services has been opened only slightly . Many areas of the services sector are altogether out of bounds for the foreign direct investor . But,despite server restrictions, the service sector has attracted no less than 44 percent of the total FDI equity flows between April 2000 and December ,2010 in only four sectors, namely , financial and non-financial services sector in the total equality flows will jump to 51 percent. Of these sectors, financial and non-financial companies have attracted the largest FDI equality flow what a share of 21 percent. Larger FDI flows can radically improve some of India's critical services sectors and help overcoming the challenges that are before India's services economy today. The Economic Survey of 2010-11 has very clearly pointed out the challenges that are facing the service economy.

News areas for FDI

As mentioned already, vast areas of services economy are beyond FDI. One Such area is railways. Indian railway system is government run and private investment in core railways system which is ideally suited for a fast growing economy. Earlier Rakesh Mohan Committee on infrastructure had recommended throwing up the entire railway sector open to private investment. The finance ministry paper (2010) suggests allowing 26 percent foreign investment in railways which can help overcome the current drought in investment in the railways .Liberalization and opening up to FDI can help in modernising the railway services.

Another area of transport Industry , namely shipping services could attract FDI and take India to the status of a major maritime nation. Here ,while there are no policy issues regarding FDI cap, domestic tax and rigid regulations like managing norm in India works as deterrents to the foreign investor. India's shipping tonnage is inadequate, accounting for a meagre 1.17 percent of global registration. Because of virtually stagnant growth in the fleet, the share of Indian vessels in carriage of India's overseas trade has dropped from 40 percent in late 1980s to just about 9.5 percent in 2008-09. Indian shipping is currently subject subjected to 12 direct and indirect taxes. The tax structure needs to be rationalized at the earliest so as to make investment in shipping services worthwhile.

It is one of the challenges before India's services sector to broad base exports of services. India can make forays into globally traded services such as accountancy,legal services, healthcare and education services . The legal system in India, USA and Uk are all rooted in British common law and this enables Indian lawyers to deal with legal business without much additional training . Preparing and reviewing legal document, drawing up contracts and vetting these are some of the areas where India can be a very cost efficient outsourcing location. Already, 'legal process outsourcing (LPO)' has emerged as a new area. Unfortunately ,there are laws strictly forbidding foreign law firms to enter the Indian law business space.As a result , Indian law firms also face similar disabilities in the UK or US markets. Mutual recognition of law degrees and access to each other's lawyers could open up this market for Indian law firms. In the same manner, healthcare and educational sectors could flourish through international linkages.

Conclusion

Unless the services sector growth quickens, India cannot attain the professed double digit growth target.The varied problems and challenges of the service sector will have to be resolved in this context. Attracting FDI and forging more effective international linkages are the key to this objective. If there are policy obstacles, efforts should be made to overcome these in other ways. This is important.

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FDI EFFECT ON ECONOMIC DEVELOPMENT IN INDIA

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Introduction :

This research paper aims to examine the impact of FDI on the Indian economy, particularly after two decades of economic reforms, and analyzes the challenges to position itself favourably in the global competition for FDI. Foreign Direct investment acts as a bridge to fulfill the gap between investment and saving. In the process of economic development foreign capital helps to cover the domestic saving constraint and provide access to the superior technology that promotes efficiency and productivity of the existing production capacity and generate new production opportunity.

WHAT IS FDI?

Foreign direct investment (FDI) or foreign investment refers to the net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital,other long-term capital, and short-term capital as shown in the balance of payments. It usually involves participation in management, joint-venture, transfer of technology and expertise.

Types of FDI:

There are two types of FDI: inward foreign direct investment and outward foreign direct investment, resulting in a net FDI inflow (positive or negative) and "stock of foreign direct investment", which is the cumulative number for a given period. Direct investment excludes investment through purchase of shares. FDI is one example of international factor movement.

Types

A foreign direct investor may be classified in any sector of the economy and could be any one of the following:

- an individual;
- a group of related individuals;
- an incorporated or unincorporated entity;
- a public company or private company;
- a group of related enterprises;

- a government body;
- an estate (law), trust or other social institution; or
- any combination of the above.

The foreign direct investor may acquire voting power of an enterprise in an economy through any of the following methods:

- by incorporating a wholly owned subsidiary or company
- by acquiring shares in an associated enterprise
- through a merger or an acquisition of an unrelated enterprise
- participating in an equity joint venture with another investor or enterprise…

Foreign direct investment incentives may take the following forms:

- low corporate tax and income tax rates
- tax holidays
- other types of tax concessions
- preferential tariffs
- special economic zones
- EPZ – Export Processing Zones
- Bonded Warehouses
- Maquiladoras
- investment financial subsidies
- soft loan or loan guarantees
- free land or land subsidies
- relocation & expatriation subsidies
- job training & employment subsidies
- infrastructure subsidies
- R&D support
- derogation from regulations (usually for very large projects)

Pondering Over Foreign Direct Investments in India:

Starting from a baseline of less than $1 billion in 1990, a recent UNCTAD survey projected India as the second most important FDI destination (after China) for transnational corporations during 2010-2012. As per the data, the sectors which attracted higher inflows were services, telecommunication, construction activities and computer software and hardware. Mauritius, Singapore, the US and the UK were among the leading sources of FDI.

Impact on 51% FDI on India

The decision to hold back FDI in multi-brand retail will have a strong impact on the domestic and foreign investor sentiment, another chamber, the Confederation of Indian Industry (CII), said in a release. “We firmly hope that this would not be a rollback and a quick consensus is reached,” CII Director General Chandrajit Banerjee said.

Describing the volte face as a case of “missed opportunity”, Assocham Secretary General D S Rawat said, “It will send a very negative message to foreign investors.”

Rawat said FDI in multi-brand retail could have created over 10 million jobs in three years, curbed wastage of farm products and benefited farmers through better prices for their produce. FICCI urged the government to move ahead with this progressive reform and proposed solutions like considering a maximum of 49 per cent FDI in multi-brand retail and increasing the percentage of sourcing from the small scale sector, which was proposed to be fixed at a minimum 30 per cent. The government was forced to put its decision to allow FDI in multi-brand retail on hold in view of stiff opposition from UPA ally Trinamool Congress and other political parties.

A thought on Current Indian Market Situation:

Retailing in India is one of the pillars of its economy and accounts for about 15% of its GDP. The Indian retail market is estimated to be US$ 450 billion and one of the top five retail markets in the world by economic value.

Organised retailing, absent in most rural and small towns of India in 2010, refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the publicly-traded supermarkets, corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. Unorganised retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local mom and pop store, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc

Supermarkets and similar organized retail accounted for just 4% of the market in 2008. Until recently, regulations prevented most of the foreign investment in retailing. Some retails faced complying with over thirty regulations such as “signboard licences” and “anti-hoarding measures” before they could open doors. There are taxes for moving goods to states, from states, and even within states in some cases. However, the Indian government has been opening the retail market and simplifying regulations. In November 2011, Indian central government announced major reforms paving way for giants such as Walmart, Carrefour and Tesco, as well single brand majors such as IKEA, Nike, and Apple to enter one of the fastest growing retail market of 1.2 billion people. This announcement immediately caused intense activism – both in opposition and in support – within

India. On 7 December 2011, Indian government conceding to the opposition, announced it is suspending the retail reforms till it reaches a consensus.

Most Indian shopping takes place in open markets or millions of small, independent grocery and retail shops. Shoppers typically stand outside the retail shop, ask for what they want, and cannot pick or examine a product from the shelf. Access to the shelf or product storage area is limited. Once the shopper requests the food staple or household product they are looking for, the shopkeeper goes to the container or shelf or to the back of the store, brings it out and offers it for sale to the shopper. Often the shopkeeper may substitute the product, claiming that it is similar or equivalent to the product the consumer is asking for. The product typically has no price label in these small retail shops; although some products do have a manufactured suggested retail price (MSRP) pre-printed on the packaging. The shopkeeper prices the food staple and household products arbitrarily, and two consumers may pay different prices for the same product on the same day. Price is sometimes negotiated between the shopper and shopkeeper. The shoppers do not have time to examine the product label, and do not have a choice to make an informed decision between competitive products.

Growth after 2011

Before 2011, India had prevented innovation and organized competition in its consumer retail industry. Several studies claim that the lack of infrastructure and competitive retail industry is a key cause of India's persistently high inflation. Furthermore, because of unorganized retail, in a nation where malnutrition remains a serious problem, food waste is rife. Well over 30% of food staples and perishable goods produced in India spoils because poor infrastructure and small retail outlets prevent hygienic storage and movement of the goods from the farmer to the consumer.

One report estimates the 2011 Indian retail market as generating sales of about $470 billion a year, of which a miniscule $27 billion comes from organized retail such as supermarkets, chain stores with centralized operations and shops in malls. The opening of retail industry to free market competition, some claim will enable rapid growth in retail sector of Indian economy. Others believe the growth of Indian retail industry will take time, with organized retail possibly needing a decade to grow to a 25% share. A 25% market share, given the expected growth of Indian retail industry through 2021, is estimated to be over $250 billion a year: a revenue equal to the 2009 revenue share from Japan for the world's 250 largest retailers.

The Economist forecasts that Indian retail will nearly double in economic value, expanding by about $400 billion by 2020. The projected increase alone is equivalent to the current retail market size of France.

In 2011, food accounted for 70% of indian retail, but was under-represented by organized retail. A.T. Kearney estimates India's organized retail had a 31% share in clothing and apparel, while the home supplies retail was growing between 20% to 30% per year. These data correspond to retail prospects prior to November announcement of the retail reform.

Conclusion:

It is observed, by and large, that holding the extent of foreign presence constant, financially well-developed economies experience growth rates that are almost twice those of economies with poor financial markets.

Further, the increases in the share of FDI or the relative productivity of the foreign firm leads to higher additional growth in financially developed economies compared to those observed in financially under-developed ones.

Furthermore, it is also observed that other local conditions such as market structure and human capital are also important for the effect of FDI on economic growth.

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AN ANALYTICAL STUDY OF FDI IN INDIA

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INTRODUCTION

Foreign Direct Investment (FDI) is a type of investment in to 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 globalization FDI takes vital part in the development of both developing and underdeveloped countries. FDI has been associated with improved economic growth and development in the host countries which has led to the emergence of global competition to attract FDI.

FDI offers number of benefits like overture of new technology, innovative products, and extension of new markets, opportunities of employment and introduction of new skills etc., which reflect in the growth of income of any nation.

Foreign direct investment is one of the measures of growing economic globalization. Investment has always been an issue for the developing economies such as India. The world has been globalizing and all the countries are liberalizing their policies for welcoming investment from countries which are abundant in capital resources. The countries which are developed are focusing on new markets where there is availability of abundant labors, scope for products, and high profits are achieved. Therefore Foreign Direct Investment (FDI) has become a battle ground in the emerging markets.

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. Foreign Direct investment acts as a bridge to fulfill the gap between investment and saving. In the process of economic development foreign capital helps to cover the domestic saving constraint and provide access to the superior technology that promote efficiency and productivity of the existing production capacity and generate new production opportunity.

India's recorded GDP growth throughout the last decade has lifted millions out of poverty & made the country a favoured destination for foreign direct investment. A recent UNCTAD survey projected India as the second most important FDI destination after China for transnational corporations during 2010-2015. Services, telecommunication, construction activities, computer software & hardware and automobile are major sectors which attracted higher inflows of FDI in

India. Countries like Mauritius, Singapore, US & UK were among the leading sources of FDI in 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 are considered by the Foreign Investment Promotion Board (FIPB), Department of Economic Affairs, and Ministry of Finance

FDI is not permitted in the following industrial sectors: Arms and ammunition.

- Atomic Energy,
- Railway Transport.
- Coal and lignite.
- Mining of iron, manganese, chrome, gypsum, sulphur, gold, diamonds, copper, zinc.
- Lottery Business
- Gambling and Betting
- Business of Chit Fund
- Housing and Real Estate business.
- Trading in Transferable Development Rights (TDRs).
- Manufacture of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.
- Agricultural (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 activities (other than Tea Plantations).

FDI POLICY FRAME WORK 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.

a) 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).

b) 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.

CURRENT STATUS OF FDI IN RETAIL SECTOR:-

As of June 2015, the Government of India allowed FDI in single and multi brand retailing along with the following conditions:-

1) Up to 100% FDI in single brand retail trading.

- By only one non-resident entity whether owner or the brand or otherwise.
- 30% domestic sourcing requirement eased to preferable sourcing rather than compulsory.
- Further clarification on FDI companies that cannot engage in B2C e-commerce.
- Products to be sold should be of a “single brand”. Product should be sold under the same brand internationally.
- “Single brand” product retailing would cover only products, which are branded during manufacturing.

2) Up to 51% FDI in multi brand retail trading.

- At least 100 million US$ must be invested into Indian company.
- At least 50% of the total FDI is to be invested in back end infrastructure within 3 years.
- At least 30% of the value of procurement of processed product shall be sourced from Indian small industry.
- Fresh agriculture produce is permitted to be sold unbranded.
- Indian states have been given the discretion to accept of refuse the implementation of FDI.
- Retail outlets can be set up in cities having population of at least 1 million.
- Application needs to be approved by two levels at Department of Industrial Policy and Promotion and Foreign Investment Promotion Board.

CURRENT STATUS OF FDI IN SERVICE SECTOR:-

FDI plays a major role in the dynamic growth of the service sector. The service sector in India has tremendous growth potential and as a result it attracts huge FDI.

- The Computer Software and Hardware enjoy the permission of 100% FDI under automatic route.
- The limit of FDI in Telecom sector was increased from 49% to 74%. FDI up to 49% is permissible under automatic route but FDI in the licensee company/Indian promoters including their holding companies shall require approval of FIPB.

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FDI INFLOWS IN INDIA

Economic reforms introduced in India since 1991 has resulted in an acceleration in the flow of foreign investment in the country. Accordingly India has been experiencing a continuous flow of foreign direct investment in recent years.The following table shows a clear picture about the actual inflows

Year-Wise FDI Inflows Data (Us $ Million)		
Year	**Total Cum FDI inflow@**	**Annual Growth Rate (AGR)**
2005-06	8961	48%
2006-07	22826	155%
2007-08	34835	53%
2008-09	41873	20%
2009-10	37745	-10%
2010-11	34847	-8%
2011-12	46556	34%
2012-13	34298	-26%
2013-14	36396	6%
2014-15 (April & May 2014)	8011	---

Source:www.dipp.nic.in

PROBLEMS FOR LOW FDI FLOW TO INDIA:-

India seems to be suffering from a host of self-imposed restrictions and problems regarding opening its markets completely too global investors by implementing full scale economic reforms. Some of the major impediments for India's poor performance in the area of FDI are: political instability, poor infrastructure.

1. **Lack of adequate infrastructure:** It is cited as a major hurdle for FDI inflows into India. This bottleneck in the form of poor infrastructure discourages foreign investors in investing in India.
2. **Stringent labor laws:** Large firms in India are not allowed to retrench or layoff any workers, or close down the unit without the permission of the state government. These laws protect the workers and thwart legitimate attempts to restructure business.
3. **Corruption:** The combination of legal hurdles, lack of institutional reforms, bureaucratic

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decision-making and the allegations of corruption at the top have turned foreign investors away from India.

4. **Lack of decision making authority with the state governments:** The reform process of liberalizing the economy is concentrated mainly in the Centre and the State Governments are not given much power. In most key infrastructure areas, the central government remains in control.
5. **Limited scale of export processing zones:** India's export processing zones have lacked dynamism because of several reasons, such as their relatively limited scale; the Government's general ambivalence about attracting FDI; the unclear and changing incentive packages attached to the zones; and the power of the central government in the regulation of the zones.
6. **High corporate tax rates:** Corporate tax rates in East Asia are generally in the range of 15 to 30 percent, compared with a rate of 48 percent for foreign companies in India. High corporate tax rate is definitely a major disincentive to foreign corporate investment in India.
7. **Indecisive government and political instability:** There were too many anomalies on the government side during past two decades and they are still affecting the direct inflow of FDI in India such as mismanagement and oppression by the different company, which affect the image of the country and also deject the prospective investor, who is very much conscious about safety and constant return on their investment.

DETERMINANTS OF FDI:

The determinant varies from one country to another due their unique characteristics and opportunities for the potential investors. In specific the determinants of FDI in India are:

1) **Stable policies:** India stable economic and socio policies have attracted investors across border. Investors prefer countries which stable economic policies. If the government makes changes in policies which will have effect on the business.
2) **Economic factors:** Different economic factors encourage inward FDI. These include interest loans, tax breaks, grants, subsidies and the removal of restrictions and limitation.
3) **Cheap and Skilled labour:** There is abundant labour available in India in terms of skilled and unskilled human resources. Foreign investors will to take advantage of the difference in the cost of labour as we have cheap and skilled labours.
4) **Basic infrastructure:** A sound legal system and modern infrastructure supporting an efficient distribution of goods and services in the host country.
5) **Unexplored markets:** In India there is enormous potential customer market with large middle class income group who would be target group for new markets.

6) **Availability of natural resources:** As we that India has large volume of natural resources such as coal, iron ore, Natural gas etc. If natural resources are available they can be used in production process or for extraction of mines by the foreign investors.

NEED FOR FDI IN INDIA

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:** As all the under-developed and the developing countries want to industrialize and develop themselves, therefore it becomes necessary to raise the level to investment substantially
2) **Technological gap:** In Indian scenario we need technical assistance from foreign source for provision if expert services, training of Indian personnel and educational, research and training institutions in the industry.
3) **Exploitation of natural resources:** In India we have abundant natural resources such as coal, iron and steel but to extract the resources we require foreign collaboration.
4) **Understanding the initial risk:** In developing countries as capital is a scare resource, the risk of investments in new ventures or projects for industrialization is high. Therefore foreign capital helps in these investments which require high risk.
5) **Development of basic economic infrastructure:** FDI will help in developing the infrastructure by establishing firm's different parts of the country. There are special economic zones which have been developed by government for improvising the industrial growth.
6) **Improvement in the balance of payments position:** The inflow FDI will help in improving the balance of payment. Firms which feel that the goods produced in India will have a low cost, will produce the goods and export the same to other country.
7) **Foreign firm's helps in increasing the competition:** Foreign firms have always come up with better technology, process, and innovations comparing with the domestic firms. They develop a completion in which the domestic firms will perform better it survive in the market.

MAJOR IMPEDIMENTS:

The major impdeterrents to larger flows of FDI to India are listed below:

1) **Weak infrastructure:** Infrastructural bottlenecks continue to be a major cause of concern in

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India. When it comes to competition, India doesn't stand against other emerging markets in terms of ports, roads, skills sets, education etc.

2) **Complicated tax structure:** Stability and transparency in tax regime along with clarity in tax laws can have far reaching impact on investments in any country. The taxation policies in India remain inherently complex despite the fact that government has taken several steps to simplify and redesign it. In the recent years, India has witnessed several tax disputes with respect to cross border transactions involving big MNCs.India's indirect tax regime is also very complex, imposing several taxes such as central sales tax, VAT, service tax, central excise duty, octroi etc.

3) **Restrictive labor laws:** India is known worldwide for its stringent and rigid labor laws and over- regulated labor market. Over the years, Indian government has enacted a large number of legislations to protect the interests of labor covering different aspects namely fixation and revision of wages, worker's health and safety, mode of payment of wages, payment of compensation in the event of industrial accident, provision of social security such as provident fund, gratuity, insurance and so on. Indian economy has turned highly inflexible due to these laws. These laws contain strict rules regarding overtime and imposes financial obligation on the employer upon worker retrenchment.

4) **Bureaucracy, regulations and corruption:** Yet another handicap that India suffers from is bureaucracy, red tapism and corruption. Many a times, the FDI approvals are kept pending for months that prompts the investor to drop out. With respect to FDI policies, even though several liberalization measures have been undertaken by the government but FDI regulations continue to remain restrictive as compared to many other nations. Again, corruption in India is rampant where; licenses, clearances, and contracts are given not on merit basis but based on bribes. Uncertain government policies and frequent changes in them, inefficient administrative, overlapping jurisdictions, excessive governance increases the transaction costs for companies making India a less preferred destination.

There are two types of implications i.e. positive and negative as per following:

- **Positive Implications:**

a) FDI provides capital which is usually missing in the target country-Long term capital is suitable for economic development.

b) Foreign investors are able to finance their investments projects better and often cheaper.

c) Foreign corporations create new workplaces.

d) FDI bring new technologies that are usually not available in the target country-There is empirical evidence that there are spill-over effects as the new technologies usually spread

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beyond the foreign corporations.

e) Foreign corporations provide better access to foreign markets-Ex. Foreign corporations can provide useful contacts even for their domestic subcontractors.

f) Foreign corporations bring new know-how and managerial skills into the target country- Again, there is a spill-over effect – as people leave the corporations they leave with the knowledge and know-how they accumulated.

g) Foreign corporations can help to change the economic structure of the target country- With a good economic strategy governments can attract companies from promising and innovative sectors.

h) "Crowding in" effect-The foreign corporations often bring additional investors into the target country (ex. their usual subcontractors).

i) Foreign corporations improve the business environment of the target country-Ethical business or rules of conduct.

j) Foreign corporations bring new "clean" technologies that help to improve the environmental conditions.

k) Foreign corporations usually help increase the level of wages in the target economy.

l) Foreign corporations usually have a positive effect on the trade balance.

- **Negative Implications:**

a) Foreign corporations may buy a local company in order to shut it down (and gain monopoly for example).

b) "Crowding out" effect- We can see this effect if the foreign corporations target the domestic market and domestic corporations are not able to compete with these corporations.

c) Foreign corporations may cut working positions (privatization deals or M&A transactions).

d) Foreign corporations have a tendency to use their usual suppliers which can lead to increased imports (no problem if the production is export driven).

e) Repatriation of the profits can be stressful on the balance of payments.

f) The high growth of wages in foreign corporations can influence a similar growth in the domestic corporations which are not able to cover this growth with the growth of productivity- The result is the decreasing competitiveness of domestic companies.

g) Missing tax revenues- If the foreign corporations receive tax holidays or similar provisions.

h) The emergence of a dual economy- The economy will contain a developed foreign sector and an underdeveloped domestic sector.

i) Possible environmental damage.

SUGGESTIONS FOR INCREASE IN FDI :-

1) **Flexible labour laws needed:** In India the manufacturing sector can grow if infrastructure facilities are improved and labour reforms take place. The country should take initiatives to adopt more flexible labour laws.
2) **Re look at sectoral caps:** Though the Government has hiked the sectoral cap for FDI over the years, it is time to revisit issues pertaining to limits in such sectors as coal mining, insurance, real estate, and retail trade, apart from the small-scale sector. There is need to improve SEZs in terms of their size, road and port connectivity, assured power supply and decentralized decision-making.
3) **Geographical disparities of fdi should be removed:** The issues of geographical disparities of FDI in India need to address on priority. Many states are making serious efforts to simplify regulations for setting up and operating the industrial units. However, efforts by many state governments are still not encouraging.
4) **Promote Greenfield projects:** India's volume of FDI has increased largely due to Merger and Acquisitions (M&As) rather than large Greenfields projects. Business friendly environment must be created on priority to attract large Greenfields projects. Regulations should be simplified so that realization ratio is improved FDI.
5) **Develop debt market:** India has a well developed equity market but does not have a well developed debt market. Therefore it is said that countries with well-developed financial markets tend to benefits significantly from FDI inflows.
6) **Education sector should be opened to FDI**: India has a huge pool of working population. However, due to poor quality primary education and higher education, there is still an acute shortage of talent. FDI in Education Sector is lesser than one percent.
7) **Strengthen research and development in the country:** India should consciously work towards attracting greater FDI into R&D as a means of strengthening the country's technological prowess and competitiveness.

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 June, 2015 attained substantial sustained economic growth and development through creation of jobs in India.

Computer, Software & Hardware and Drugs & Pharmaceuticals sector were the other sectors to which attention was shown by Foreign Direct Investors (FDI). The other sectors in Indian economy the Foreign Direct Investors interest was, in fact has been quite poor.

FDI has helped to raise the output, productivity and employment in some sectors especially in service sector. Indian service sector is generating the proper employment options for skilled worker with high perks. On the other side banking and insurance sector help in providing the strength to the Indian economic condition and develop the foreign exchange system in country.

FDI is always helps to create employment in the country and also support the small scale industries also and helps country to put an impression on the world wide level through liberalization and globalization.

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थेट परकीय गुंतवणुकीची वाटचाल

डॉ. सुनील पं. उगले,
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क्रांतिवीर वसंतराव नाईक शिक्षण प्रसारक संस्थेचे,
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मानवी संस्कृतीचा जसजसा विकास होत गेला, तशा त्याच्या गरजाही वाढू लागल्या. त्या गरजा एकटय़ा माणसाला पूर्ण करणे शक्य नव्हते. त्यामुळे एकमेकांवर अवलंबून राहणे गरजेचे होते. याच प्राचीन नांदीचा पुढील अध्याय म्हणजे आजच्या घडीला परकीय गुंतवणुकीच्या साहाय्याने विकासाला चालना देणे होय. १९९१ मध्येच भारताने नवे आर्थिक धोरण स्वीकारले पण त्याचे फायदे समाजाच्या शेवटच्या थरापर्यंत पोहोचू शकले नाहीत. आज देशाची आर्थिक नौका पैलतीरी लावण्याच्या हेतूने परकीय गुंतवणुकीची दारे खुली करण्यात आली आहेत. त्यात संरक्षण, हवाई वाहतूक, औषधनिर्मिती, एकल आणि बहु 'ब्रॅण्ड' किरकोळ, खाद्यान्न आदी क्षेत्रांच्या माध्यमातून थेट परकीय गुंतवणुकीचे रणिशग फुंकले. नवे औद्योगिक धोरण स्वीकारल्यानंतर पायाभूत सुविधा, सेवा क्षेत्रे आणि मोठे प्रकल्प यात चांगले बदल घडून आले; पण त्याचबरोबर महागाईही वाढली. सध्या परकीय गुंतवणुकीचे क्षेत्र अधिक विस्तृत केले आहे, तरीही गुंतवणुकीचा ओघ सुरू होऊन त्याची फळे चाखायला अवकाश आहे.

देशात आधुनिक तंत्रज्ञान हाताळण्यासाठी आवश्यक असलेले कुशल मनुष्यबळाची वानवा असल्यामुळे सुशिक्षित बेरोजगारांची संख्या दिवसेंदिवस वाढत आहे. भारतीय अर्थव्यवस्था जगातील वेगवान अर्थव्यवस्था आहे. परंतु त्याहूनही अधिक दोन अंकी आकडा गाठायचा असल्यास मेक इन इंडिया, स्टार्ट अप इंडिया यांसारख्या महत्त्वाकांक्षी योजना यशस्वी करण्याबरोबर रोजगारनिर्मितीचे दुहेरी लक्ष्य गाठायचे असल्यास औद्योगिकीकरणाला चालना देणे अगत्याचे ठरते. त्यातूनच मध्यमवर्गाच्या गरजा भागविण्याच्या निमित्ताने उद्योग वाढले, तर समृद्धीचे पाट खालच्या थरात वाहत जातील आणि गरीब वर्गही समृद्ध होईल. परकीय गुंतवणुकीला चालना देणे क्रमप्राप्त आहे.

आर्थिक सुधारणांच्या वाटेवरून केंद्र सरकाररने खाणकाम, नागरी उड्डाण, बँकिंग, संरक्षण क्षेत्र, प्रक्षेपण, किराणा, बांधकामासह उद्योगक्षेत्रांतील थेट विदेशी गुंतवणुकीची मर्यादा सरकारने शिथील केली तसेच गुंतवणुकीची प्रक्रिया सुलभ करण्याचा निर्णय जाहीर केला. कृषी क्षेत्रातील निवडक बागायती व पशुपालन क्षेत्र प्रथमच १०० टक्के थेट विदेशी गुंतवणुकीसाठी खुले होत आहे. देशात उद्योग-व्यवसायासाठी अनुकूल वातावरण तयार करण्याच्या दिशेने टाकलेले पुढचे पाऊल आहे, सरकारने जाहीर केलेल्या या आर्थिक सुधारणांचा भर हा विदेशी गुंतवणुकीची प्रक्रिया सोपी, सुलभ करण्यावर असून, अधिकाधिक विदेशी गुंतवणुकीचे प्रस्ताव हे स्वयंचलित पद्धतीने मार्गी लावण्यावर आहे. थेट विदेशी गुंतवणुकीच्या ५,००० कोटी रुपयांपुढील प्रकल्पांना 'विदेशी गुंतवणूक प्रोत्साहन मंडळा'ची (एफआयपीबी) परवानगी घ्यावी लागेल, याआधी ही मर्यादा ३,००० कोटी रुपयांच्या प्रकल्पांपुरती होती. अनिवासी भारतीयांकडून

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नियंत्रित वा प्रवर्तित कंपन्यांतील गुंतवणूक १०० टक्के विदेशी गुंतवणूकदारांसाठी खुली केली गेली आहे.

थेट परकीय गुंतवणुकीचे वैशिष्टे

१. 'एफडीआय' मध्ये महाराष्ट्र आघाडीवर -

महाराष्ट्रात सहा महिन्यांत ६८ हजार कोटींहून अधिक गुंतवणूक झाली आहे तर गुजरात व तमिळनाडूही पिछाडीवर आहे. परकीय गुंतवणूकदारांना नेहमीच आकर्षक वाटणाऱ्या महाराष्ट्रात चालू आर्थिक वर्षांमध्ये थेट परकीय गुंतवणुकीचा ओघ आणखीनच वाढला आहे. गेल्या संपूर्ण वर्षांमध्ये (२०१५-१६) आलेल्या 'एफडीआय'ला चालू आर्थिक वर्षांतील पहिल्या सहा महिन्यांमध्येच मागे टाकले आहे. या ओघाने महाराष्ट्र देशात पहिल्या क्रमांकावर असल्याचे वेगळे सांगण्याची गरज उरली नाही. किंबहुना या कालावधीत आख्ख्या देशामध्ये आलेल्या 'एफडीआय'मध्ये (१,४४,६७४ कोटी) एकटय़ा महाराष्ट्राचा हिस्सा जवळपास निम्मा आहे.

केंद्रीय उद्योग व व्यापार मंत्रालयाच्या अखत्यारित असलेल्या औद्य्ोगिक उत्पादन व प्रोत्साहन खात्याकडून (डीआयपीपी) 'एफडीआय'च्या गुंतवणुकीचा तपशील जाहीर केला जातो. 'डीआयपीपी'ने १ एप्रिल ते ३० सप्टेंबर या पहिल्या दोन तिमाहीचा अहवाल नुकताच प्रसिद्ध केला आहे. त्यामध्ये महाराष्ट्राचे अव्वलस्थान अधिकच झळाळून उठले आहे. एकेकाळी गुजरात, दिल्ली आणि तमिळनाडूशी महाराष्ट्राची स्पर्धा असायची. पण गेल्या दीड वर्षांमध्ये चित्र झपाटय़ाने बदलल्याची आकडेवारी सांगते. २०१५-१६ मध्ये दिल्लीत ८३,२८८ कोटी गुंतविले गेले; पण चालू वर्षांतील सहा महिन्यांत हा आकडा एकदम २३,४१५ कोटींवर आला. गुजरातची स्थिती तर आणखीनच अवघडल्यासारखी झाली. 'व्हायब्रंट गुजरात'मध्ये लाखो कोटी रूपयांच्या गुंतवणुकीच्या घोषणा होत असतात. पण गेल्या दीड वर्षांत गुजरातमधील ओघ आटलाय. २०१५-१६ मध्ये १४,६६७ कोटी आणि आताच्या सहा महिन्यात फक्त आणि फक्त २,४६२ कोटी असे सुमारे सतरा हजार कोटींची गुंतवणूक झाली. तमिळनाडूचीही तीच अवस्था आहे. २०१५-१६ मध्ये तमिळनाडूत २९,७८१ कोटी आले; पण मागील सहा महिन्यांतील रक्कम ४,१३६ कोटींवर घसरली. कर्नाटक, आंध्र प्रदेश आदी राज्ये परकीय गुंतवणूकदारांच्या पसंतीस अद्यप पडत नसल्याचे दिसते. बाकीच्या राज्यांमध्ये तर हाताच्या बोटावर मोजण्याइतपतच गुंतवणूक झाली.

२. संरक्षण क्षेत्र -

केंद्र सरकारने थेट परकीय गुंतवणुकीसाठी अनेक क्षेत्रे खुली केली. संरक्षण, नागरी विमान वाहतूक, औषध निर्मिती, सिंगल ब्रॅण्ड रिटेल, पशुपालन, खासगी सुरक्षा सेवा यात आता थेट परकीय गुंतवणुकीचा मार्ग अधिक प्रशस्त झाला असून यातील काही क्षेत्रे शंभर टक्केही खुली करण्यात आली आहेत. परकीय गुंतवणुकीसाठी मोठी बंधने असलेल्या क्षेत्रांची यादी अगदी नगण्य असून बहुतांश क्षेत्रांत थेट परकीय गुंतवणूक सोपी झाली आहे. या बदलांमुळे भारत हा परकीय गुंतवणुकीसाठी जगातला सर्वाधिक खुली अर्थव्यवस्था असलेला देश ठरला आहे, असा दावा सरकारच्या वतीने करण्यात आला. या निर्णयामुळे

देशातील रोजगारनिर्मितीला मोठा वाव मिळेल, अशीही अपेक्षा आहे.

देशातील तरुणांना रोजगाराच्या संधी उपलब्ध करून देण्याच्या दृष्टीने महत्त्वाचा ठरणारा निर्णय केंद्र सरकारने घेतला असून, परकीय गुंतवणूक धोरणामध्ये बदल करण्यात आले आहेत. परकीय गुंतवणुकीचे धोरण अधिक सुटसुटीत आणि मुक्त करण्यात आले असून, भारतात गुंतवणूक करू इच्छिणाऱ्यांसाठी त्याचा फायदा होईल. अधिकाधिक परकीय गुंतवणूक झाल्यामुळे विकासाला आणि रोजगार निर्मितीला चालना मिळणार असल्याचेही सरकारने स्पष्ट केले.

संरक्षण क्षेत्रातील परकीय गुंतवणूक १०० टक्क्यांवर आणली असून सध्या संरक्षण क्षेत्रामध्ये ४९ टक्क्यांपर्यंत थेट परकीय गुंतवणुकीला परवानगी होती. आता यापुढे ४९ टक्क्यांपुढील परकीय गुंतवणूक केंद्र सरकारच्या परवानगीने करण्याचा निर्णय घेण्यात आला आहे. अद्ययावत तंत्रज्ञान अथवा अन्य कारणांसाठी ४९ टक्क्यांपर्यंत गुंतवणूक शक्य आहे. याआधी अद्ययावत तंत्रज्ञान पुरविण्याच्या अटीवर ४९ टक्के गुंतवणूक निर्बधमुक्त होती. आता ही अट काढून टाकण्यात आली आहे.केवळ अद्ययावत तंत्रज्ञान हेच कारण उरलेले नाही.शस्त्रास्त्र कायद्यानुसार विहित अशा छोटय़ा शस्त्रास्त्र व स्फोटकांच्या निर्मितीतही परकीय गुंतवणुकीस वाव.

३. हवाई सेवा –

विमानतळ बांधणी वा पुनर्बांधणीचे क्षेत्र शंभर टक्के खुले. याआधी या क्षेत्रात ७४ टक्के गुंतवणूक करता येत होती. आजवर केवळ हवाई प्रवासी वाहतूक सेवेत ४९ टक्के थेट परकीय गुंतवणुकीला मान्यता होती. अनिवासी भारतीय उद्योजकांना मात्र पूर्वीप्रमाणेच शंभर टक्के गुंतवणूक करता येणार. **नागरी विमान वाहतूक** आतापर्यंत नागरी विमान वाहतूक क्षेत्रातही ४९ टक्क्यांपर्यंत थेट परकीय गुंतवणुकीची मुभा होती. नव्या निर्णयानुसार केंद्र सरकारच्या पूर्वसंमतीने ४९ टक्क्यांपुढेही परकीय गुंतवणूक करता येणार आहे. अनिवासी भारतीय नागरिकांसाठी १०० टक्के थेट परकीय गुंतवणुकीची परवानगी देण्यात आली आहे.

४. औषध निर्मिती -

देशी औषध निर्मिती प्रकल्पांच्या पुनर्रचना वा विस्तारात ७४ टक्के वाव. नव्या प्रकल्पांसाठी हे क्षेत्र याआधीच शंभर टक्के खुले होते, मात्र जुन्या प्रकल्पांच्या गुंतवणुकीसाठी सरकारची परवानगी लागत होती. औषधनिर्मितीमधील नव्या प्रकल्पांमध्ये थेट १०० टक्के परकीय गुंतवणुकीला मंजुरी देण्यात आली असून, जे प्रकल्प सध्या सुरू आहेत तेथे ४९ टक्क्यांपेक्षा जास्त परकीय गुंतवणूक करायची असेल तर त्याला केंद्र सरकारची परवानगी घेणे आवश्यक करण्यात आले आहे.

५. खाद्यपदार्थ -

खाद्यपदार्थ व्यापारात सरकारी परवानगीनंतर शंभर टक्के गुंतवणूक करण्यास परवानगी देण्यात आली आहे. खाद्यपदार्थांची निर्मिती वा प्रक्रिया भारतात झाली असेल तर खाद्यपदार्थांच्या ई-व्यापार क्षेत्रातही सरकारी परवानगीनंतर शंभर टक्के वाव आहे. दळणवळण उपग्रह तसेच दूरस्थ माध्यमांच्या सेवेचा लाभ देणारे दूरसंचार जाळे, डीटीएच, केबल नेटवर्क, मोबाइल टीव्ही आदी सेवांमध्ये शंभर टक्के संधी आहे.

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केंद्र सरकारकडून जाहीर करण्यात आलेल्या परकीय गुंतवणूक धोरणातील सुधारणांचे भांडवली बाजारात सकारात्मक पडसाद उमटले आहेत. या निर्णयानंतर देशाच्या शेअर बाजाराने मोठी उसळी घेतल्याचे चित्र आहे. राष्ट्रीय शेअर बाजाराचा निर्देशांक असलेल्या निफ्टीने ६० अंकांनी उसळी घेतली असून हा निर्देशांक ८,२३१ च्या पातळीवर जाऊन पोहचला आहे. दुसरीकडे, सेन्सेक्स २११ अंकांनी वधारला असून २६,८३७ च्या पातळीवर जाऊन पोहचला आहे.

६. मनोरंजन आणि माध्यम क्षेत्र -

भारतातील विविध माध्यमे आणि मनोरंजन उद्योगांचा समावेश सर्वाधिक वेगाने वाढणाऱ्या उद्योगांमध्ये होतो. फिक्की या संस्थेच्या निरीक्षणानुसार या उद्योगांची वार्षिक वाढ १३ ते १४ टक्क्यांहून अधिक आहे. भारतीय मनोरंजन आणि माध्यम क्षेत्रांत थेट परकीय गुंतवणुकीस केंद्र सरकारने परवानगी दिली आहे. दूरचित्रवाणी उद्योगाची वाढ वार्षिक १५ टक्क्यांपर्यंत पोहचली आहे. डीटीएच सेवा उद्योगही अल्पावधीतच दुप्पट झाला आहे. थ्रीजी आणि फोरजीच्या आगमनामुळे मोबाइल टीव्हीच्या क्षेत्रात क्रांतिकारक वृद्धी अपेक्षित आहे. गेल्या दशकात दूरचित्रवाहिनीवरून जाहिरात करणाऱ्या विविध कंपन्यांच्या ब्रँडमध्ये ८० टक्यांहून अधिक वाढ दिसून आली आहे. आता इंटरनेट, मोबाइल आणि इतर डिजिटल साधनांचा जाहिरातींसाठी वापर केला जात आहे. समाजमाध्यमांनी जाहिरातींसाठी नवे व प्रभावी माध्यम उपलब्ध करून दिले आहे. संगीत क्षेत्रात डिजिटल तंत्राचा अत्याधिक वापर होत असल्याने या क्षेत्राने उंच झेप घेतली आहे. गेल्या काही वर्षांत भारतातील ॲनिमेशन क्षेत्राने साधलेली प्रगती चकित करणारी आहे.

आशिया खंडातील ॲनिमेशन हब होण्याच्या दिशने भारताची दमदार वाटचाल सुरू आहे. मुद्रित माध्यमे आणि प्रकाशने या क्षेत्रातील वार्षिक वाढ ६ टक्क्यांच्या आसपास आहे. जगात वर्षांकाठी सर्वाधिक चित्रपट निर्माण करणारा देश म्हणून भारताने नावलौकिक प्राप्त केला आहे. थेट परकीय गुंतवणूक येऊ लागल्याने या उद्योगाची भरभराट होत आहे.भारतीय माध्यमांचे उत्तम नियमन व संनियंत्रण, दर्जेदार साहित्य निर्मिती, स्पर्धात्मक मूल्य, वाढते ग्राहक, नावीन्यपूर्णरीत्या विक्री व विपणनाचे कार्यपद्धती, तंत्रज्ञानाचा उत्कृष्ट वापर, प्रशिक्षित मनुष्यबळ यामुळे भारतीय मनोरंजन आणि माध्यम उद्योगाच्या वाढीस चालना मिळाली आहे.

७. बांधकाम उद्योग

भारतात सर्वात जास्त रोजगार उपलब्ध करून देण्यात रिअल इस्टेट क्षेत्राचा दुसरा क्रमांक आहे. रिअल इस्टेटचा भारतातील आवाका हा १२ कोटी अमेरिकन डॉलर्स इतका आहे. त्याचबरोबर या उद्योगातील वाढीचा दर ३० टक्के इतका आहे. त्यामुळे भारतातील या उद्योगात कमालीची सकारात्मकता आहे, हे निश्चित. रिअल इस्टेट क्षेत्र हे नव्या टप्प्यातील प्रगतीचे साक्षीदार राहिले आहे. मग ती व्यावसायिक असो किंवा निवासी क्षेत्रातील. त्यामुळे शासनाच्या वतीने या उद्योगाच्या विकासासाठी तसेच पूरक वातावरणासाठी खूप महत्त्वाचे निर्णय घेण्यात आले. भारत सरकारने या उद्योगाच्या विकासासाठी अनेक धोरणात्मक निर्णय घेतले. यात वसाहती, गृहनिर्माण, पायाभूत सुविधांची निर्मिती तसेच विकास आदी प्रकल्पांसाठी १०० टक्के थेट परकीय गुंतवणुकीची सुविधा आहे. त्यासाठी मोठमोठ्या

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कंपन्या तसेच आस्थापने पुढाकार घेत आहेत. आंतरराष्ट्रीय पातळीवरील गुंतवणूकदारदेखील अशा प्रकल्पांमध्ये मोठय़ा प्रमाणावर गुंतवणूक करत आहेत.

भारतातील रिअल इस्टेट क्षेत्र सध्या भरारी घेण्याच्या स्थितीत आहे. २००६ मध्ये थेट परकीय गुंतवणुकीचे प्रमाण ६०० दशलक्ष डॉलर्स इतके होते. ते २०१५ पर्यंत १६ कोटी डॉलर्सवर पोहचले आहे. थेट परकीय गुंतवणुकीचे प्रमाण गेल्या काही वर्षांपासून सातत्याने वाढू लागले असून, हा प्रवाह म्हणजे त्यांना या क्षेत्रातील बदलती परिस्थिती अधिकाधिक आकर्षित करत असल्याचे सिद्ध करत आहे. त्यामुळेच एक सकारात्मकता याबाबतीत दिसून येते. थेट परकीय गुंतवणुकीची ही स्थिर वाढ भारताच्या बाबतीतच दिसून येते. भारतातील रिअल इस्टेट उद्योगाने २०१० पर्यंत जगभरातील ९० देशांना आपल्याकडे आकर्षित केले आहे. त्यात त्यांनी अमेरिकेलाही मागे सारले आहे.

थेट परकीय गुंतवणुकीमुळे रिअल इस्टेट कार्यरत असलेल्यांमध्ये भांडवलाचा ओघ वाढेल. त्यांना त्यांच्या गरजा भागविता येणे शक्य होईल. प्रकल्प वेळेत पूर्ण करून खरेदीदारांना ते सोपविणे सहज शक्य होईल. त्याचबरोबर भारतातील रिअल इस्टेट क्षेत्रदेखील गतिमान राहिले आहे. बांधकाम उद्योग अधिक भरभराटीला येत आहे. मोठय़ा प्रमाणावर उलाढाल तसेच रोजगाराची निर्मिती होत आहे. परकीय व स्थानिक गुंतवणूकदार यांच्यात निकोप स्पर्धा दिसून येते. त्याचे परिणाम चांगले होतील. भारतात परदेशी गुंतवणुकीचे प्रमाण थेट परकीय गुंतवणुकीच्या माध्यमातून होत असल्यामुळे, गृहनिर्माण प्रकल्पांना उत्तम प्रकारे आर्थिक सहकार्य प्राप्त होत आहे. त्यांच्या वित्तीय सहकार्यात मोठी क्रयशक्ती असून, परिणामी या रिअल इस्टेट उद्योगाचा चेहरा बदलू लागला आहे. विकास कामे तसेच वेगवेगळे प्रकल्प वेळेत होऊ लागले आहेत. तसेच ते दर्जेदारदेखील होत आहेत.

सध्या तरी ही परिस्थिती उत्तम आहे, असे म्हणावे लागेल. काही प्रकल्पांना वेळ लागतो. काही वसाहतींचे प्रकल्प पूर्ण होण्यास दीर्घ कालावधी लागू शकतो. पण त्यांच्या बाबतीत होत असलेल्या हालचाली व कार्यशीलता मात्र समाधानकारक आहे. भारतीय प्रकल्पांमध्ये मोठय़ा प्रमाणावर गुंतवणूक होत असल्यामुळे हे प्रकल्प निधीअभावी रखडणार नाहीत. त्यामुळेच ते वेळेत पूर्ण होतील आणि विकासक तसेच ग्राहकांना दोघांनाही त्याचे फायदे मिळणार आहेत. शासनाकडून शिथिल करण्यात आलेल्या अटींशिवाय अन्य बाबीदेखील रिअल इस्टेटच्या विकासाला सहकार्य करत आहेत.

८. **विमा क्षेत्र** -

विमाक्षेत्रातील परकी गुंतवणूक २६ ऐवजी ४९ टक्के करण्याचे विधेयक राज्यसभेत गोठलेल्या स्थितीत आहे, तोवरच त्याची चिकित्सा आर्थिक निकषांवरही व्हायला हवी. ज्या खासगी विमा कंपन्यांची भलामण हा प्रस्ताव करतो, त्या कंपन्यांची कामगिरी किती वाईट आहे हे समजून घ्यायला हवे आणि परकी गुंतवणुकीला जणू पर्यायच नाही ही अगतिकता या क्षेत्रात तरी कशी गैरलागू आहे, हे सर्वांनी जाणायला हवे. केंद्र सरकारने विमा क्षेत्रामध्ये थेट परकीय गुंतवणुकीची मर्यादा २६ टक्क्यांवरून ४९ टक्के करण्याच्या तरतुदीचा समावेश असलेले 'विमा कायदा (दुरुस्ती) विधेयक २००८' हे त्यात नव्याने समावेश केलेल्या ९७ दुरुस्त्यांसह राज्यसभेत संमत करण्यासाठी प्रयत्नांची शिकस्त केली. परंतु राज्यसभेत काँग्रेससह नऊ विरोधी पक्षांच्या तीव्र विरोधामुळे सरकारला सदरचे विधेयक बहुमताअभावी संमत करून

घेणे शक्य झाले नाही. त्यामुळे आता हे विधेयक राज्यसभेच्या निवड समितीकडे पाठविण्यात आले असून, समितीने आपला अहवाल संसदेच्या हिवाळी अधिवेशनाच्या पहिल्या आठवडय़ात सादर करावयाचा आहे. विमा क्षेत्राच्या विकासासाठी मोठय़ा प्रमाणात दीर्घकालीन भांडवलाची आवश्यकता आहे. देशात भांडवलनिर्मितीला मर्यादा असल्या, तरी या क्षेत्रात थेट परकीय गुंतवणुकीची मर्यादा ४९ टक्के केल्यास देशात २५ हजार कोटी रुपयांची परकीय गुंतवणूक होईल. यामुळे विमा व्यवसायात स्पर्धा निर्माण होऊन कार्यक्षमता वाढेल, पर्यायाने जनतेला स्वस्त दरात विमा उपलब्ध होईल. देशात पायाभूत सुविधांसाठी मोठय़ा प्रमाणात निधी उपलब्ध होईल. रोजगार संधी वाढतील. म्हणून विमाधारकांच्या हितासाठी व देशाच्या प्रगतीसाठी परकीय गुंतवणुकीची मर्यादा ४९ टक्क्यांपर्यंत वाढविणे आवश्यक आहे, असे सरकारचे म्हणणे आहे.

विमा क्षेत्र देशी व विदेशी कंपन्यांसाठी खुले करण्यासंबंधीचे विधेयक २८ ऑक्टोबर १९९९ रोजी लोकसभेमध्ये मांडतानादेखील वाजपेयी सरकारने याच उद्दिष्टांचा उद्घोष केला होता. परंतु गेल्या १५ वर्षांतील यासंबंधीचा अनुभव लक्षात घेता वर नमूद उद्दिष्टांपकी कोणतेही उद्दिष्ट साध्य झालेले नाही, ही वस्तुस्थिती आहे. देशात पायाभूत सुविधा उपलब्ध करून देण्यासाठी तीन लाख कोटी रुपयांची आवश्यकता आहे. विमा क्षेत्र देशी व विदेशी कंपन्यांसाठी खुले केल्यास देशात विदेशी गुंतवणूक मोठय़ा प्रमाणावर येऊन पायाभूत सुविधांसाठी आवश्यक असणारा दीर्घकालीन निधी उपलब्ध होईल व त्यामुळे देशाचा आर्थीक विकास वेगाने होईल, असे विमा क्षेत्र विदेशी कंपन्यांसाठी खुले करताना सांगितले जात होते. परंतु परकीय गुंतवणुकीची मर्यादा २६ टक्के असताना गेल्या १५ वर्षांमध्ये देशात परकीय गुंतवणूक केवळ ६२३५ कोटी रुपयांचीच झालेली आहे. त्यामुळे परकीय गुंतवणुकीच्या मर्यादेमध्ये आणखी २३ टक्क्यांनी वाढ केल्यामुळे देशात २५ हजार कोटी रुपयांची परकीय गुंतवणूक होईल, या म्हणण्याला कोणताही आधार नाही. आयुर्वमि‍ा महामंडळाने पंचवार्षकि योजनांसाठी ३१ मार्च २०१३ पर्यंत १५,३४,९९४ कोटी रुपये दिलेले आहेत. परंतु कोणत्याही खासगी विमा कंपन्यांनी पायाभूत सुविधांसाठी कोणतीही मोठी गुंतवणूक केलेली नाही, ही वस्तुस्थिती आहे.

९. दूरसंचार क्षेत्र -

थेट परकीय गुंतवणुकीला आणखी वाव देत केंद्र सरकारने दूरसंचार क्षेत्र शंभर टक्के खुले केले आहेत. दूरसंचार क्षेत्रात बेसिक आणि सेल्यूलर सेवेत १०० टक्के गुंतवणुकीस परवानगी देण्यात आली आहे. सध्या ७४ टक्के गुंतवणुकीस परवानगी होती. आता दूरसंचार क्षेत्रात कंपन्यांना ४९ टक्क्य़ांपर्यंतच्या गुंतवणुकीसाठी सरकारी परवानग्यांची गरज नसून त्यापेक्षा अधिक गुंतवणुकीसाठी केंद्र सरकारच्या थेट परकीय गुंतवणूक प्रोत्साहन मंडळाची (एफआयपीबी) परवानगी घ्यावी लागेल. देशाच्या संरक्षण क्षेत्रासह अवकाश कार्यक्रम, टेलिकॉम सेवा आणि इतर महत्त्वाच्या क्षेत्रात चीनसारख्या देशाकडून होणारी परदेशी थेट गुंतणुकीतील वाढ देशाच्या सुरक्षेसाठी धोकादायक असल्याची भीती केंद्रीय गृहमंत्रालयाने व्यक्त केली आहे.

एफडीआय‘साठी दारे उघडण्याचा निर्णय सुज्ञपणाचा असला तरी, केवळ निर्बंध हटविल्याने

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गुंतवणुकीचे पाट वाहू लागतील, असा भ्रम निर्माण होता कामा नये. परकी गुंतवणूकदार अनेक घटकांचा विचार करून निर्णय घेतात. त्या सर्व आघाड्यांवर सरकारला प्रयत्न करावे लागतील. थेट परकी गुंतवणुकीसाठी (एफडीआय) विविध क्षेत्रे खुली करण्याचा निर्णय जाहीर करून सरकारने आर्थिक सुधारणांच्या; विशेषतः उदारीकरणाच्या उद्दिष्टापासून आपण विचलित झालेलो नाही, हे दाखवून देण्याचा प्रयत्न केला आहे. आपली अर्थव्यवस्था गुंतवणुकीसाठी तहानलेली आहे, हे नाकारता येत नाही. विकासाची गाडी सुपरफास्ट धावायला हवी असेल, तर त्यात भांडवली गुंतवणुकीचे इंधन ओतणे ही अत्यावश्यक बाब आहे. देशांतर्गत पातळीवर खासगी उद्योजकांकडून अशी भांडवली गुंतवणूक फारशी होताना दिसत नाही. सरकारलाही निधीची कमतरता भासते आहे. अशावेळी 'एफडीआय'चा पर्याय विचारात घ्यावा लागतो. भारताने आपली अर्थव्यवस्था जास्तीत जास्त खुली करावी, असा विचार दीर्घकाळ मांडला जात असला आणि तिची दारे किलकिली करण्यात आली तरी, ती पूर्णपणे उघडलेली नव्हती. अनेक क्षेत्रांमध्ये थेट परकी गुंतवणुकीवर २६ टक्क्यांची वा ४९ टक्क्यांची मर्यादा होती. ताज्या निर्णयाद्वारे सरकारने उदारीकरणाचे पाऊल पुढे टाकले आहे, हे निश्चित. अर्थात, २००४-०५ चा काळ या निर्णयासाठी जास्त अनुकूल ठरला असता. कारण, जगातच त्या वेळी गुंतवणुकीविषयी आशादायक आणि सकारात्मक वातावरण होते. आज तसे ते नाही. युरोपीय समुदायातून ब्रिटन बाहेर पडणे, तेलाचे दर पुन्हा तेजीत जाण्याची शक्यता, मंदीचा झाकोळ हे जागतिक पातळीवरचे आणि ग्राहक किंमत निर्देशांकाचे डोळे वटारणे, बेभरवशाचा पाऊस हे देशांतर्गत घटक विचारात घेतले तर प्रवास सोपा, सुरळीत नाही, हे स्पष्ट आहे. तरीही ताज्या निर्णयामुळे गोठलेल्या वातावरणात निदान चलनवलन तरी सुरू होईल.

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FDI IN TOURISM SECTOR IN INDIA

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Abstract

FDI in India has been an integral component of economic development strategy in post globalization and liberalization phase. FDI is very important for generating employment opportunities, increasing the standard of life, introducing new and advanced technology, increasing foreign exchange of the country and sustainability. Tourism is a key sector earning foreign exchange for Indian economy and contributing significantly to GDP. It is working as a harbinger of 'more inclusive growth' in India by promoting other industries inside the economy through backward and forward linkages and generating employment in various sectors such as hospitality, travel, and entertainment. Moreover, it is fulfilling long-lasting socio-economic objectives of Indian economy by integrating the people at national level and creating international sensitivity. Given the role of travel & tourism sector in 'inclusive growth', the Indian government has taken varied initiatives for stimulating domestic and international investments in this sector. Considering this, the present paper aims to illustrate the present status and contribution of Foreign Direct Investment (FDI) in facilitating tourism in India, and highlight the issues that deserve attention of policy makers for achieving inclusive growth through tourism sector.

Keywords: FDI, GDP, FII, Travel & Tourism, Inclusive Growth, foreign exchange.

Foreign direct investment (FDI) is flows of capital from one nation to another nation in exchange for significant ownership in domestic companies or domestic assets. There are two types of foreign direct investments (FDI) that play a very important role in the growth of economy; foreign direct investment (FDI) and Foreign Institutional Investment (FII). FDI is investment of foreign assets into domestic structures, assets, equipment's and organizations. FDI inflows are into the primary market and do not include foreign investments into the stock markets. It is a long term investment and is used by the developing countries as a source of their economic development, productivity growth to improve balance of payments and employment generation. Its aim is to increase the productivity by utilizing the resources to their maximum efficiency. Exit is relatively difficult in this phenomenon. Foreign Institutional Investments (FII) denotes all those investors or investment companies that are not located within the territory of the country in which they are investing. It is generally a short term investment and invests only the financial assets. FII inflows are only into the secondary market (stock exchanges) with an aim to increase the capital inflows. Exit is relatively easier in FII.

Approach/Methodology :

This study adopts descriptive approach to carry out the research work and employs secondary sources to collect data such as World Tourism Organization Reports, World Economic Forum's Travel and Tourism Competitiveness Report (TTCR), World Travel and Tourism Council (WTTC)'s research reports.

According to World Travel and Tourism Council (WTTC) annual report 2014, every $1 million in travel and tourism spending in India generates $1.3 million in GDP. It has been working as a harbinger of 'more inclusive growth' in India by promoting other industries inside the economy through backward and forward linkages and generating employment in various sectors such as hospitality, travel, and entertainment. According to WTTC, the Indian tourism industry can create about 40 million jobs by 2019. Moreover, it has been fulfilling long-lasting socio-economic objectives of Indian economy by integrating the people at national level and creating international sensitivity. Foreign direct investment (FDI) has been considered as a key for faster economic growth and development given its potential to increase productivity, generate employment opportunities, expansion of infrastructure facilities and development of domestic competitiveness. Indian government has undertaking several financial and fiscal reforms to attract foreign investors. Resulting to these reforms, FDI not only escalated in quantum but its composition has also changed tremendously.

FDI Equity Inflows in Hotel & Tourism
(January 2000 to December 2013)

Sectors	Amount (US Million)	% Share of Total FDI Inflows
Hotel & Restaurants	6,398.87	3.04
Tourism	426.41	0.20
Other (Hotel & Tourism)	84.90	0.04
Total	6,910.19	3.28

Source – Compiled from SIA Statistics, Dept. of Policy & Promotion

The sectors attracting maximum FDI has been service sector, telecommunication, computer software, and hotel and tourism among others. At present, Hotel and Tourism industry is occupying 3.28% share of total FDI equity inflows (DIPP2015). 'Inclusive Growth' has been an exclusive goal in India's economic planning since last one decade. In 12th plan also, government redefined their role from a regulator to a catalyst in tourism development and a 'pro-poor tourism' approach has been adopted for reduction of poverty and inclusive growth. Inclusive growth is broad-based growth across all sectors of an economy, is inclusive of low and middle income groups, and has a distributional aspect aiming to reduce income inequality (Hampton and Jeyacheya, July 2012). The concept of inclusive growth results in poverty reduction through creation of employment opportunities across all segments of society. It includes the excluded agents whose participation is essential in the development process and not just welfare targets of development programs (Planning Commission 2007). Inclusive growth implies that benefits of accelerated economic growth of an economy must be shared by deprived masses. Nowadays, there is a growing agreement on the positive contribution of tourism in inclusive and sustainable growth and development of a country.

As both the types of investments are important for India but for a long term economic growth, Indian government should focus on FDI as compared to FII. As it has been proved that due to low exit barriers in FII, the foreign investors can exit from Indian market whenever they want, resulting in crash in the Indian stock markets. The Indian tourism industry is interwoven with the country’s monetary development. As GDP continues to mature, it increases deals in fundamental infrastructure like transportation systems, which is necessary to support the tourism industry. The hotel industry is directly connected to the tourism industry in India. Over the last decade, India has transformed into one of the most popular tourism destinations in the world, largely as a result of the government’s “Incredible India” campaign which showed India in a new light to overseas tourists. In 2005, the appearance of global tourists improved by 16 percent, leading the resurgence of Indian tourism.

As new destinations extend the tourist entry is likely to rise. Numerous procedures have been taken in infrastructure, which will shine Indian hospitality for overseas guests. Under the automatic path, 100 percent FDI is allowed in hotels and tourism. Travel and tourism is a US$32 billion business in India with an input to 5.3 percent of Indian GDP. Many worldwide hotel groups are setting up their businesses.

Positive Effects of FDI:

a) It increases the foreign exchange of the host country.
b) Countries receiving foreign direct investment (FDI) often experience higher economic growth by opening it up to new markets as seen in many emerging economies.
c) It creates jobs and employment. Most of the FDI are aimed at creating new business in the host country which in turn results in the creation of new jobs with higher wages.
d) FDI often introduces world class technology, technical expertise to developing countries.
e) World class infrastructure is developed such as buildings, roads and other civic amenities.

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f) The equipment and facilities provided by the investor can increase the productivity of the workforce in the target country.
g) Developing countries which invite FDI can gain access to a wider global and better platform in the world economy.

Reasons to Invest In Tourism Sector in India:

1) India has more than one billion domestic travelers and is continuously growing.
2) India has 32 world heritage sites.
3) India has 21 hotel management institutes.
4) India has 25 bio geographical zones and about 25 world class beaches.
5) Tourism in India accounts for about 7% of the GDP.
6) India is the 16th most visited country in the world, with a share of about 1.56% in the world tourism receipts.
7) India offers geographical diversity, attractive beaches, diverse cultures and religions.
8) India is having one of the seven wonders of modern world i.e. THE TAJ MAHAL.
9) India has diverse portfolios Niche tourism products cruises, adventure, wellness, sports, MICE, eco-tourism, film, golf, polo rural and religious tourism.
10) Economic liberalization has given a new boost to the tourism industry.
11) Due to economic, political and social stability, it attracts investments.
12) Attractive and investor friendly policies in this sector.
13) An increasingly growing middle class group, the arrival of corporate incentive travel and multinational companies into India has brightened prospectus for tourism.

Government Efforts to Boost Tourism Industry:

The Ministry of Tourism has been making efforts to develop quality tourism infrastructure at tourist destinations and circuits in the country. It has sanctioned Rs 4,090.31 crore (US$ 680.52 million) for a total number of 1,226 tourism projects, which includes projects related to Product/Infrastructure Development for Destination and Circuits (PIDDC), Human Resource Development (HRD), Fairs and Festivals, and Adventure and Rural Tourism for infrastructure augmentation. The Ministry of Tourism has been making efforts to develop quality tourism infrastructure at tourist destinations and circuits in the country. It has sanctioned Rs 4,090.31 crore (US$ 680.52 million) for a total number of 1,226 tourism projects, which includes projects related to Product/Infrastructure Development for Destination and Circuits (PIDDC), Human Resource Development (HRD), Fairs and Festivals, and Adventure and Rural Tourism for infrastructure augmentation. The government's decision to introduce the electronic visa facility (e-Visa) will give a

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much needed boost to inbound travel in India. Enforcing the electronic travel authorization (ETA) before the next tourism season, which starts in November, will result in a clear jump of at least 15 per cent, and this is only the start, as per Mr. Madhavan Menon, Managing Director, Thomas Cook India. The hospitality sector in India expects 52,000 new hotel rooms to be added in five years (2013-17), according to a survey by Cushman & Wakefield. This will lead to a rise of over 65 per cent in total hotel inventory in India. The National Capital Region (NCR) is expected to contribute around one-third to the total expected hotel rooms supply during the period.

According to a recent survey by Monster Employment Index, the travel and tourism sector in India has seen a 40 per cent jump in employment in June 2014 compared to the same period last year. In 2013, the travel and tourism sector in India generated 35 million jobs, noted the WTTC report. Introduction of visa on arrival (VOA) and e-visas has boosted tourism in India. Plans to introduce new airports in tier I and tier II cities will attract more tourists. Electronic Travel Authorization (ETA), lifting restriction on gaps for re-entry will give edge to the tourism sector. The contribution of tourism in the GDP is about seven per cent and the government wants to double it. A total of 25,023 arrived by availing visa on arrival (VOA) in January 2015. An amount of Rs 1,573.07 crore has been earmarked for the tourism ministry for 2015-16, giving it a rise of 33 per cent over last fiscal's allocation, in the union budget presented. Plan expenditure allocation for 2015-2016 is Rs 1,573.07 crore against last year's Rs 1,182.99 crore.

Finance minister Arun Jaitley while presenting the budget in parliament made a major announcement to boost Indian tourism sector, proposing to increase cover for visa on arrival (VoA) facility to 150 countries against 43."Last year VoA was issued to 43 countries. As tourism in the country has increased, I propose to increase the countries covered under this to 150," he said, The government had eased Indian tourism visa regime through the expansion of VoA enabled by electronic travel authorization (ETA) and extended this facility to tourists from countries like the US, Israel, Palestine and Japan to boost tourism sector. This hassle free process has given a fillip to Indian tourism whose share in world tourism is a paltry 0.6 per cent of international tourist arrivals compared to 7.8 per cent in France and 6.4 per cent in the US. Development schemes for churches and convents in old Goa; Hampi, Elephanta caves, Forests of Rajasthan, Leh palace, Varanasi, Jallianwala Bagh, Qutub Shahi tombs at Hyderabad to be under the new tourism scheme.

Conclusion :

FDI plays a very important role in expanding the world class tourism sector in India. There is a need of preparing appropriate policies and hassle free procedures to attract more and more investments. The tourism sector is now becoming one of the main contributors to India's GDP and employment. The study shows that there has been a remarkable increase in FDI in India. No doubt that there are some factors limiting the flow of FDI in India, but Indian economy is growing day by day. There are certain points which make India a hot destination for investment in tourism department. First is the positive attitude of the government, who has allowed 100 percent FDI in this sector. Last year in the Indian union budget 2010, the Indian government has given more than INR1,000 crore to the Ministry of Tourism. Second, the tax holidays are being given to the organizations who want to invest in this sector. All this makes India's tourism industry a great investment option.

Some suggestion to attract more FDI in tourism

- Reconsideration the taxation policy on the hotel industry
- Service tax should be calculated based on the value of services given by the company

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FOREIGN DIRECT INVESTMENT : ADVANTAGES & DISADVANTAGES

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Introduction :-

Foreign direct investment (FDI) is made into a business or a sector by an individual or a company from another country. It is different from portfolio investment, which is made more indirectly into another country's economy by using financial instruments, such as bonds and stocks.There are various levels and forms of foreign direct investment, depending on the type of companies involved and the reasons for investment. A foreign direct investor might purchase a company in the target country by means of a merger or acquisition, setting up a new venture or expanding the operations of an existing one. Other forms of FDI include the acquisition of shares in an associated enterprise, the incorporation of a wholly owned company or subsidiary and participation in an equity joint venture across international boundaries.If you are planning to engage in this kind of venture, you should determine first if it provides you and the society with maximum benefits. One good way to do this is evaluating its advantages and disadvantages.

- **Objective of study :-**

1. To study the advantages of foreign direct investment.
2. To study the disadvantages of foreign direct investment.

- **Methodology of the study :-**

For this study purpose due to limitation of the time,only secondary data are use.The data collected from the print and and electronic media only.

- **Advantages of Foreign Direct Investment :-**

1. **Economic Development Stimulation :-**

   Foreign direct investment can stimulate the target country's economic development, creating a more conducive environment for you as the investor and benefits for the local industry.

2. **Easy International Trade :-**

   Commonly, a country has its own import tariff, and this is one of the reasons why

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trading with it is quite difficult. Also, there are industries that usually require their presence in the international markets to ensure their sales and goals will be completely met. With FDI, all these will be made easier.

3. **Employment and Economic Boost :-**

Foreign direct investment creates new jobs, as investors build new companies in the target country, create new opportunities. This leads to an increase in income and more buying power to the people, which in turn leads to an economic boost.

4. **Development of Human Capital Resources :-**

One big advantage brought about by FDI is the development of human capital resources, which is also often understated as it is not immediately apparent. Human capital is the competence and knowledge of those able to perform labor, more known to us as the workforce. The attributes gained by training and sharing experience would increase the education and overall human capital of a country. Its resource is not a tangible asset that is owned by companies, but instead something that is on loan. With this in mind, a country with FDI can benefit greatly by developing its human resources while maintaining ownership.

5. **Tax Incentives :-**

Parent enterprises would also provide foreign direct investment to get additional expertise, technology and products. As the foreign investor, you can receive tax incentives that will be highly useful in your selected field of business.

6. **Resource Transfer :-**

Foreign direct investment will allow resource transfer and other exchanges of knowledge, where various countries are given access to new technologies and skills.

7. **Reduced Disparity Between Revenues and Costs :-**

Foreign direct investment can reduce the disparity between revenues and costs. With such, countries will be able to make sure that production costs will be the same and can be sold easily.

8. **Increased Productivity :-**

The facilities and equipment provided by foreign investors can increase a workforce's productivity in the target country.

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9. Increment in Income :-

Another big advantage of foreign direct investment is the increase of the target country's income. With more jobs and higher wages, the national income normally increases. As a result, economic growth is spurred. Take note that larger corporations would usually offer higher salary levels than what you would normally find in the target country, which can lead to increment in income.

- **Disadvantages of Foreign Direct Investment :-**

1. Hindrance to Domestic Investment :-

As it focuses its resources elsewhere other than the investor's home country, foreign direct investment can sometimes hinder domestic investment.

2. Risk from Political Changes :-

Because political issues in other countries can instantly change, foreign direct investment is very risky. Plus, most of the risk factors that you are going to experience are extremely high.

3. Negative Influence on Exchange Rates :-

Foreign direct investments can occasionally affect exchange rates to the advantage of one country and the detriment of another.

4. Higher Costs :-

If you invest in some foreign countries, you might notice that it is more expensive than when you export goods. So, it is very imperative to prepare sufficient money to set up your operations.

5. Economic Non-Viability :-

Considering that foreign direct investments may be capital-intensive from the point of view of the investor, it can sometimes be very risky or economically non-viable.

6. Expropriation :-

Remember that political changes can also lead to expropriation, which is a scenario where the government will have control over your property and assets.

7. Negative Impact on the Country's Investment :-

The rules that govern foreign exchange rates and direct investments might negatively have an impact on the investing country. Investment may be banned in some foreign markets, which means that it is impossible to pursue an inviting opportunity.

8. Modern-Day Economic Colonialism :-

Many third-world countries, or at least those with history of colonialism, worry that foreign direct investment would result in some kind of modern day economic colonialism, which exposes host countries and leave them vulnerable to foreign companies' exploitations.

• Conclusion :-

Investing into another country's economy, buying into a foreign company or otherwise expanding your business abroad can be extremely financially rewarding and might provide you with the boost needed to jump to a new level of success. However, foreign direct investment also carries risks, and it is highly important for you to evaluate the economic climate thoroughly before doing it. Also, it is essential to hire a financial expert who is accustomed to working internationally, as he can give you a clear view of the prevailing economic landscape in your target country. He can even help you monitor market stability and predict future growth.

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EFFECTS OF FOREIGN INVESTMENT

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Introduction:

New economic policy was announced in year 1991. In this policy liberalization, privatization and globalization were mainly emphasized. Before 1991 public sector had been assigned important role in the economic development. Private sector was subject to rigorous controls.

Meaning of foreign capital:

Foreign capital refers to the investment of capital by a foreign government, institution, private individual, and international organization in a country. Foreign capital includes foreign aid, commercial borrowings and foreign investment. Foreign aid includes foreign grants, concessional loans, etc. Foreign capital is invested in the form of foreign currency, foreign machines and foreign technicalknow-how. Foreign capital has many forms, viz. foreign collaboration, loan in the form of foreign currency, investments in equity capital.

Purpose of the study:

The main purpose of present study is investigating the Effects of Foreign Investment on Indian economy and to study need of foreign investment.

Objectives:

To investigate the Effects of Foreign Investment on Indian economy

Hypotheses:

Foreign investment is doing many effects on Indian economy.

Methodology:

The study was designed to investigating the Effects of Foreign Investment on Indian economy and to study need of foreign investment., as well as to study of the importance and need of foreign investment for Indian economy. With the help of secondary concrete tools and reference books used for try to reach towards the conclusion.

Analysis of Effects of Foreign Investment:

The historical background of FDI in India can be traced back with the establishment of East India Company of Britain. British capital came to India during the colonial era of Britain in India. After Second World War, Japanese companies entered Indian market and enhanced their trade with India, yet U.K. remained the most dominant investor in India. Further, after Independence issues

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relating to foreign capital, operations of MNCs, gained attention of the policy makers. Keeping in mind the national interests the policy makers designed the FDI policy which aims FDI as a medium for acquiring advanced technology and to mobilize foreign exchange resources. With time and as per economic and political regimes there have been changes in the FDI policy too. The industrial policy of 1965, allowed MNCs to venture through technical collaboration in India. Therefore, the government adopted a liberal attitude by allowing more frequent equity.

Foreign direct investment is made by foreign companies in order to establish wholly owned companies in another country and to manage them or to purchase shares of companies in another country for the purpose of managing such companies. The main characteristics of foreign direct investment is that native companies are managed by the foreign companies or new companies are set up in India by foreign companies. In this type of investment, it is the foreign investor who takes risk and is solely responsible for profit/loss of such company. it also includes foreign collaboration, which means setting up of an enterprise, jointly by the foreign and native enterpreneurs.it may of following types:

i) Collaboration between Indian and foreign private companies.
ii) Collaboration between Indian government and foreign private companies.
iii) Collaboration between Indian government and foreign Government.

Sources of Foreign Capital:-

Sources of Foreign Capital

Foreign Aid	Commercial Borrowings	Foreign Investment
Grants	**Loan from Foreign Banks.**	**(FDI)**
Concessional Loans	**Deposits of NRIs**	**Portfolio Investment**
Foreign government loan		

Those are the three Sources of Foreign Capital is an important for Indian economy for fastest development of country and also helpful for the development of industrial, agriculture and service sector.

Types

A foreign direct investor may be classified in any sector of the economy and could be any one of the following:

- an individual;
- a group of related individuals;

- an incorporated or unincorporated entity;
- a public company or private company; a group of related enterprises;
- a government body;
- an estate (law), trust or other social institution; or
- Any combination of the above.

SECTER WISE FOREIGN INVESTMENT FLOWS IN INDIAN ECONOMY :

	Sector	2013-14 (April - March)	2014-15 (April-arch)	2015-16 (April,15 – June, 15)	Cumulative Inflows (April '00 - June '15)	% age to total Inflows (In terms of US$)
1.	SERVICES SECTOR **	13,294 (2,225)	19,963 (3,253)	4,036 (636)	209,578 (43,350)	17 %
2.	CONSTRUCTION DEVELOPMENT: TOWNSHIPS, HOUSING, BUILT-UP INFRASTRUCTURE	7,508 (1,226)	4,582 (758)	216 (34)	113,355 (24,098)	9 %
3.	COMPUTER SOFTWARE & HARDWARE	6,896 (1,126)	13,564 (2,200)	16,245 (2,556)	89,481 (17,575)	7 %
4.	TELECOMMUNICATIONS (radio paging, cellular mobile, basic telephone services)	7,987 (1,307)	17,372 (2,895)	2,517 (395)	86,609 (17,453)	7 %
5.	AUTOMOBILE INDUSTRY	9,027 (1,517)	15,794 (2,570)	6,914 (1,094)	70,906 (13,477)	5 %
6.	DRUGS & PHARMACEUTICALS	7,191 (1,279)	9,211 (1,523)	1,370 (215)	66,652 (13,336)	5 %
7.	CHEMICALS (OTHER THAN FERTILIZERS)	4,738 (878)	4,077 (669)	1,598 (251)	50,909 (10,588)	4 %
8.	POWER	6,519 (1,066)	3,985 (657)	1,717 (271)	48,357 (9,828)	4 %
9.	TRADING	8,191 (1,343)	16,962 (2,761)	5,679 (897)	49,479 (8,958)	4 %
10	METALLURGICAL INDUSTRIES	3,436 (568)	2,897 (472)	845 (133)	41,992 (8,680)	3 %

Note: *(i)** Services sector includes Financial, Banking, Insurance, Non-Financial / Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis*

(ii) Cumulative Sector- wise FDI equity inflows (from April, 2000 to June, 2015) are at - Annex-'B'.

(iii) FDI Sectoral data has been revalidated / reconciled in line with the RBI, which reflects minor changes in the FDI figures (increase/decrease) as compared to the earlier published sectoral data.

The above table shows the FDI sector wise inflow in India from the year 2012 -2013 to 2015-2016. The table states that India had showed a large amount of FDI inflow. It showed that FDI inflow has been increased by every year.

1. The situation of service sector about foreign investment from 2012 -2013 to 2015-2016 been increased by every year. Especially service sector is main sector for high foreign investment as the comparison with other sector of Indian economy. In 2013-2014 percentage of foreign investment in service sector was 17%.
2. Second Sector of foreign investment is infrastructure, construction development, townships, housing, built-up. Percentage of foreign investment in infrastructure, construction development, townships, housing, built-up sector was 9%.
3. Percentage of foreign investment in Computer software & hardware and telecommunications was per Sector 7%.
4. Percentage of foreign investment in Automobile Industry and Drugs & Pharmaceuticals was per Sector 5%.
5. Percentage of foreign investment in chemicals (other than fertilizers), Trading and Power was per Sector 4%.
6. Percentage of foreign investment in Metallurgical Industries was 4%.

Advantages of foreign capital:

1) Availability of Capital.
2) Availability of Modem Technology.
3) Exploitation of Natural Resources.
4) Availability of Foreign Exchange.
5) Availability of Capital Goods.
6) Availability of Risk Capital.
7) Availability of Economic and social Overheads.
8) Increase in Employment.
9) Reduction in Inflation.
10) Helpful in Export Promotion.

Conclusion:

It can be observed from the above analysis that at the sectoral level of the Indian economy, FDI has helped to raise the output, productivity and export in some sectors. However, it can be observed from the result of foreign investment for development is very helpful. Relation of various sectors is established by the FDI inflows. This may be due to the low flow of FDI into India both at the macro level as well as at the sectoral level. It implies that the spirit in which the economy has been liberalized and exposed to the world economy at the late eighties and early nineties has not been achieved after so many years. The situation of every sector about foreign investment from 2012 - 2013 to 2015-2016 has been increased by every year and this is very well for developing and undeveloped countries.

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MULTINATIONAL COMPANIES IN INDIA

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Introduction:-

In turn, India also derives a lot of benefits from MNCs such as higher level of investment, reduction in technological gap, optimum utilization of natural resources, reduction in foreign exchange gap and boost to basic economic structure. But roses do not come without thorns.So there are certain disadvantages of having MNCs in a developing country like India like competition to SMSI, increased pollution and environmental hazards, improper diffusion of profits and Forex imbalance, slow decision making and sometimes economic distress. But these don't overcome the gains of having MNCs.

With just a few days left for the announcement of the Union Budget 2016, a survey has found that the youth's desire to work in startups has increased from 8% to 14%. While half of the respondents conveyed their intention to start their own company, a marginal ¾ students actually didn't have any idea as to how to take the ideas forward. Therefore, a majority of students looking for stable job opportunities would want to work with an MNC or some SME.

In India, a large number of MNCs are operating. So, here we have compiled a list of a couple of major MNCs in India

Top 10 MNCs in India

1.Microsoft Corporation	**2.Nokia Corporation**
3.Nestle	4.Coca Cola
5.Procter and Gamble	6.International Business Machines (IBM)
7.PepsiCo	8.Sun Pharmaceutical
9.Sony Corporation	**10.Citigroup**

1)Microsoft Corporation:-

In 2014, the total revenue of Microsoft Corporation was US$ 86.83 billion and its operating income was US$ 27.76 billion. Its net income stood at US$ 22.07 billion and its total assets were worth US$ 172.38 billion. Its total equity in that year was US$ 89.78 billion. As of June 2014, it had 1,28,076 employees.Its major products and services can be enumerated as below:

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Major products and services of Microsoft Corporation

1.Windows	**2.Visual Studio**
3.Surface	4.OneDrive
5.Office	6.Dynamics
7.Mobile	8.MSDN
9.Servers	10.Azure
11.MSN	12.Outlook
13.Skype	14.Xbox
15.Bing	16.TechNet

On 29 December, 2015 Microsoft India- the Indian subsidiary of the legendary American software company Microsoft Corporation signed a MoU(Memorandum of Understanding) with the Government of Andhra Pradesh on an extensive range of technology initiatives. While Microsoft CEO Satya Nadella represented Microsoft Corporation, the Andhra Pradesh government was represented by the state's chief minister N. Chandrababu Naidu. Recently, Microsoft Corporation has partnered with India's fourth largest software services exporter HCL. The two companies have decided to launch an incubation centre for the Internet of Things (IoT).

2)Nokia Corporation

The company was founded at Tampere, the Grand Duchy of Finland in 1865 by Leo Mechelin and Fredrik Idestam. Its Chairman is Risto Siilasmaa and its President and CEO is Rajeev Suri. Timo Ihamuotila serves as its CFO. In 2014, its revenue stood at €12.73 billion and its operating income was €1.63 billion. In the same year, its net income was €1.17 billion and its total asset worth was €21.06 billion. Its total equity for that year was €8.67 billion.

On 11 February 2016, Nokia and IIT-Madras announced a three-year partnership to explore the possibility of using unlicensed radio spectrum to deliver broadband connectivity. Nokia Corporation has shown its willingness in funding the project through its Corporate Social Responsibility research programme for rural development. Plus, the MNC would provide technological expertise to IIT-M's Centre of Excellence for Wireless Technology (CEWiT).

3)Nestle:-

Nestle is one of the top names in the world of food and beverages across the world. Its focus is on providing the very best in healthful and tasty food segment to its consumers all over at each and every stage of their lives and at any time they please. It has been in existence for more than 140 years and operates in at least 197 countries. In 2014, it earned CHF 91.6 billion in sales. Its operating income for that year was CHF 10.90 billion and it earned profits of CHF 10.02 in 2013. In 2013, its assets were worth CHF 120.44 billion and its total equity was CHF 64.14 billion. It employed 3,39,000 people in various capacities in 2014. Its objective is to be the top name in the world of nutrition, wellness and health.

The company was founded by Henri Nestle, George Page and Charles Page as Anglo-Swiss Condensed Milk Company in 1866. Its head offices are at Vevey in Vaud, Switzerland. At present, its Chairman is Peter Brabeck-Letmathe, its CFO is Wan Ling Martello and its CEO is Paul Bulcke. It has more than 2,000 brands across the world in the following product segments and more:

Product Segments of Nestle

1.Baby Food	5.Dairy Products
2.Confectionery	6.Ice Cream
3.Coffee	7.Breakfast Cereal
4.Bottled Water	8.Pet Food

4) Coca Cola:-

One of the leading global brands in beverages, Coca Cola offers its complete portfolio of products in India with drinks, energy drinks, juices, tea, packaged water and coffee. Coca Cola offers more than 3,500 beverages around the world. It employs 25,000 people for system-related operations in India. It also has 1,50,000 indirect employees. Together with its franchisees, Coca Cola has 56 bottling plants in India. In addition, it has 21 contract packers that make various products for the company. In its 35 years of existence in India, Coca Cola has done well financially and played a major role in the economic growth of India. It has also played a major role in the innovation that has taken place in the country's beverage sector.

Coca Cola was founded in 1886. The company was established by Asa Griggs Candler and Candler and John Pemberton created the beverage. Its head offices are in Atlanta, Georgia. Muhtar Kent serves as its CEO and Chairman and Ahmet Bozer is its Executive Vice President. In 2013, its revenues stood at US$ 46.854 billion and its operating income was US$ 10.228 billion. Its net income in the same year stood at US$ 8.584 billion and its total assets were worth US$ 90.055

billion. Its total equity stood at US$ 33.44 billion. As of December 2013, the company had 1,30,600 employees.

5) Procter and Gamble:-

Procter and Gamble is one of the top names as far as consumer goods are concerned. It was founded in Cincinnati, Ohio, on 31st October 1837 by William Procter and James Gamble. Its head offices are located in Cincinnati. It operates all over the world with the exception of Cuba. Alan George Lafley is its Chairman, CEO and President.

P&G India is a part of Procter and Gamble. It is one of the leading FMCG companies in India in terms of growth. It was started in 1964 and caters to more than 650 million people across the country. It operates in a wide array of segments such as beauty and grooming, health and well-being and household care. Its major brands may be enumerated as below:

Major Brands of Procter and Gamble

Vicks	Head & Shoulders
Pampers	Olay
Ariel	Wella
Pantene	Gillette
Tide	Duracell
Oral-B	Ambi Pur
Whisper	

P&G has been able to carve out a dominant position for itself in most of the product categories by the dint of its technological innovations and product propositions. It has also professed a commitment to achieving sustainable growth, social responsibility through community development and environmental protection in India. At present, it has more than nine contract manufacturing sites and five plants across India. It has 26,000 direct and indirect employees. It also has three business entities in India. One of them is the wholly-owned subsidiary of Procter & Gamble Home Products, which is the parent company based in the U.S. The others are Gillette India Limited and Procter & Gamble Hygiene and Health Care Limited.

In 2014, Procter and Gamble earned revenues of US$ 83.06 billion and its operating income stood at US$ 15.29 billion. Its net income for the year was at US$ 11.64 billion and its total asset

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worth was US$ 139.26 billion in 2013. In 2013, it had 1,21,000 employees all over the world.

6) IBM (International Business Machines Corporation):-

IBM or International Business Machines Corporation is a leading name in the world of computer hardware, software and IT consulting. It was founded by Charles Ranlett Flint in Endicott, New York. At present, its head offices are in Armonk, New York. It operates across 170 countries. Ginni Rometty serves as its Chairman, CEO and President. In 2014, it earned approximate revenue of US$ 92.793 billion and its operating income was US$ 19.996 billion. Its net income in the same year was US$ 12.023 billion and its total assets were worth US$ 117.53 billion. Its total equity was worth US$11.868 billion. It has 3,79,592 employees.

7)Pepsi Co :-

One of the top names in the world of beverages, PepsiCo is headquartered in Purchase, New York. It was founded in 1896 at New Bern, North Carolina by Donald Kendall and Herman Lay. At present, its products, including its most famous brand Pepsi and its chips, can be found all over the world including India. Its present CEO and Chairman is Indra Nooyi. In 2013, its revenue amounted to almost US$ 66.415 billion and its operating income was US$ 9.705 billion. Its net income in the same year was US$ 6.74 billion and its total assets were worth US$ 77.478 billion. Its total equity in 2013 stood at US$ 24.389 billion. In the same year, it had 2,74,000 employees.

8)Sun Pharmaceutical:-

Sun Pharmaceutical is probably one of the leading pharmaceutical companies of India. It was founded in 1983 by Dilip Shanghvi and its head offices are in Mumbai. At present, its Chairman is Israel Makov and Dilip Shanghvi operates as the Managing Director. Apart from pharmaceuticals, it deals in generic drugs. In the 2013-14 fiscal, it earned revenue of US$ 2.6 billion and its operating income was US$ 1.1 billion. In the same period, its net income was US$ 900 million and the aggregate worth of its assets was US$ 2.2 billion. In the 2013-14 fiscal, its total equity stood at US$ 4.7 billion. As of March 2015, it had 32,700 employees.

9)Sony Corporation:-

This multinational conglomerate was founded on 7th May 1946 in Tokyo by Akio Morita and Masaru Ibuka. At present, its headquarters are in Minato, Tokyo and its European head offices are in Surrey, England. It operates around the world including locations such as the following:

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Locations of Sony Corporation

1.Yokohama	**9.Pottstown**
2.Cranston	10.Mount Laurel
3.Toyama	11.Edison
4.Philadelphia	12.Teaneck
5.Osaka	13.Berlin
7.6.King of Prussia	14.Huntington Station
8.New York City	

At present, its President and CEO are Kazuo Hirai and Osamu Nagayama, the Chairman of the Board. It operates in a wide range of product and service segments such as the following:

Product and service segments Sony Corporation

1.Consumer Electronics	**7.Media/Entertainment**
2.Financial Services	8.Credit Finance
3.Semiconductors	9.Computer Hardware
4.Insurance	10..Advertising Agency
5.Video Games	11.Telecom Equipment
6.Banking	

In 2014-15, it earned revenues amounting to ¥8.215 trillion and its operating income stands at ¥68.5 billion. Its net income in the same fiscal stands at ¥126 billion and its total assets are worth ¥15.834 trillion. Its total equity for the year stands at ¥2.317 trillion. As of 31 March 2015, it had 1,31,700 employees.

10) Citigroup:-

Citigroup is one of the leaders when it comes to financial services and banking. It was founded on 16 June 1812 and its predecessors were Travelers Group and Citicorp. Its head offices are in Manhattan, New York. It operates around the world. Its CEO is Michael L. Corbat and its

Chairman is Michael E. O'Neill. It offers a number of products such as the following:

Number of Products

1.Credit Cards	**5.Corporate Banking**
2.Global Wealth Management	6.Private Equity
3.Consumer Banking	7.Investment Banking
4.Financial Analysis	

In 2014, its revenue was US$ 76.88 billion and its operating income was US$ 14.36 billion. Its net income in the same year was US$ 7.31 billion and its total assets were worth US$ 1.89 trillion. Its total equity for that year stood at US$ 210.5 billion. In the same year, it had 2,43,000 employees. Following are its major subsidiaries:

Major Subsidiaries Of Citigroup

1.Citibank India	7.Citibank
2.Citi Securities & Banking	8.Salomon BIG
3.Banamex	9.Citi Branded Cards
4.Nikko Citigroup	10.Sedna Finance
5.Citi Mortgage	11.Citi Private Bank
6.Railmark Holdings	

Conclusion:-

In this world of Liberalization, Privatization and Globalization (LPG), it may not be possible to restrict the goods as well the foreign Multinational Companies, instead it is the time to invite these MNCs to establish in the home countries and to extract the maximum benefits from them to strengthen the countries' economies along with the safeguarding of own interest.

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ROLE OF SERVICE SECTOR IN INDIAN ECONOMY

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Introduction :-

The Indian economy has been one of the world's star growth performers in recent decades growing to 9.2 percent in 2006-07 and 9.6 percent in 2005-06. Growth has been supported by market reforms, huge inflows of FDI, rising foreign exchange reserves, both an IT and real estate boom, and a flourishing capital market (Singh & Cortuk, 2010). Economic development has historically been associated with structural changes in the national economies. It has, in fact, most often, been defined as a process combining economic growth with changing share of different sectors in the national product and labour force. As an economy grows it will undergo some structural changes. The composition of its GDP and structure of employment will change. This has been the experience of all the developed and developing economies. Structural changes refer to change in the structure of the economy means production structure. Production structure refers to the composition of output i.e. contribution of theprimary, secondary and tertiary sectors of the economy. The most common structural change that had been observed historically, followed a sequence of shift from agriculture to industry and then to services. Thus, a predominant share of agriculture characterizes an underdeveloped economy. With development the share of industry increases and that of agriculture declines, and subsequently after reaching high level of development, the service sector increases in importance, becoming a major component of the economy. This pattern has not only been observed historically, but also holds across the countries with different levels of development (Gangabai, 2011). India greatly lagged behind economically and socially compared to the developed world. Periodic estimates of national income available since mid-nineteenth century indicate that the per capita income virtually stagnated in India till independence when world incomegrew several fold due toindustrial and technological revolution. A large mass of the population was living in abysmal conditions. The national government formed after independence placed priority on 'economic growth with social justice'. Though the pace of the structural transformation was more or less slow throughout the pre-reform period, it became rapid after the introduction of new economic reforms in the decade of the nineties. At the time of independence, Indian economy was predominantly rural and agricultural. At the beginning years of the First Five-year Plan, contribution of the primary sector (agriculture, forestry and logging, fishing) in GDP at factor cost was largest followed by tertiary sector and secondary sector. Thereafter, the major drive towards diversification and

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modernization of the Indian economy in the following plans resulted in increased shares of the secondary and tertiary sectors and declined share of the primary sector in the national product. The share of the primary sector in GDP at factor cost declined from 54.56% in 1950-51 to 27.87% in 1999-00 while share of the secondary sector was 16.11% in 1950-51 and increased to 25.98% in 1999-00. The share of the tertiary sector increased from around 29% to 46% during this period. Indian economy also experienced a major structural change within the industrial sector as a result of the major drive for industrial diversification in the mid-fifties. While the share of the capital goods industries and the basic goods industries in the total industrial value added increased more or less rapidly, the share of the consumer goods in total industrial value added declined considerably over the years.

Objective of the study:-

1. To study the role of service sector in Indian economy.
2. To examine the the role of service sector in Indian economy.

Data Source & Methodology:-

This study is exclusively based on secondary data. Secondary data were collected from the RBI bulletin, RBI occasional papers, RBI Annual Reports, Report on Currency and Finance, Economic Survey, Economic and Political Weekly (EPW), Finance and Development, Economic Diary, The Hindu, ICSSR, Economic Times, Asian Economic Review, Indian Economic Journal, Financial Express, World Bank Reports, Internet etc.

Service Sector : Pillar of Economy :-

Services play a central role in the economies of both developed and developing countries. They account for over half of the gross domestic product of all developed economies and constitute the single largest sector in most developing economies. The service sector comprises Trade, Hotels & Restaurants, Construction, Electricity, Transport, Storage, Communication,Banking,Insurance, Education & Research, Medical & Health, Ownership of Dwellings, Real Estate & Business Services and Other Services (Business Services, Computer & Related Services, Legal Services, Real Estate Activities, Renting of Machinery & Equipments and Social & PersonalServices). Main reasons behind the growth of services include rapid urbanization, the expansion of the public sector and increased demand for intermediate and final consumer services. Access to efficient services has become crucial for the productivity and competitiveness of the entire economy. The successful growth of the primary and secondary activities in the economy, to a large extent, is dependent on services offered by banking, insurance, trade, commerce, entertainment, maintenance of machinery and equipment and numerous other services categorized as tertiary activities .

Conclusion :-

The present chapter is an attempt to examine in detail the role of service sector in the growth of Indian economy. To explain this, aspects related to service sector had been discussed in the introductory portion of this chapter. Structure of production for Indian economy since independence has also been presented by using A. Holub's methodology over the study period. VAR methodology has been applied to evaluate the determinants of growth of service sector in India by using time-series data from 2000-01 to 2012-13. The share of service sector in total GDP is increasing over the years. One of the reasons might be the increasing GNP Per-Capita. In these sectors, FDI inflows are also rising. As shown in this chapter, the main service sectors attracting FDI in India are telecommunications, Construction and Hotels and Restaurants. Share of total FDI inflows in service sectors is rising and now a days we as Indians arealso known by our growing service sector. The overall conclusion emerges from the present analysis is that growth of per-capita GNP is major factor behind increasing share of service sector in Indian economy. Domestic investment and openness also effect positively to the share of service sector in GDP. Further, the effect of net FDI inflows is negative and insignificant.

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IMPACT OF INSURANCE SECTOR ON INDIAN ECONOMY

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Introduction:-

The insurance industry has grown by 83 per cent since the opening up of the sector. Remarking on the performance of the insurance industry, C S Rao, chairman, Insurance Regulatory & Development Authority, said public sector players have not suffered with the opening up of the sector. Insurance premium income has risen to Rs 82,415 crore (Rs 824.15 billion) in 2003-04, against Rs 45,000 crore (Rs 450 billion) in 2000-01. Rao expects premium income in the life insurance sector to rise further by 15-16 per cent and non-life insurance premium by 14 per cent in 2005-06. The growth comes on the back of healthy demand from the manufacturing sector. "There has been no reduction in growth rates as seen in the case of the Life Insurance Corporation of India . It is able to hold on to its existing share in terms of business growth. Market share is bound to stand reduced as some business goes to the private players," said Rao. The health and personal line segments are expected to see maximumgrowth during the current financial year. "The health insurance sector is expected to grow by 10-15 per cent," Rao said at a one-day seminar on 'Growth of Insurance Industry in India' organised by the Indian Merchants' Chamber in Mumbai on Friday. If the cap on foreign direct investment is increased to 49 per cent from the current 26 per cent, the industry can expect greater entry of players. But this, said Rao, should not be seen as a threat to public sector players.

Insurance has always been a politically sensitive subject in India. Within less than 10 years of independence, the Indian government nationalized private insurance companies in 1956 to bring this vital sector under government control to raise much needed development funds. Since then, state-owned insurance companies have grown into monoliths, lumbering and often inefficient but the only alternative. They have been 163 Any attempt to even suggest letting private players into this vital sector has met with resistance and agitation from the powerful insurance employees unions. The Narasimha Rao government (1991-96) which unleashed liberal changes in India's rigid economic structure could not handle this political hot potato. Ironically, it is the coalition government in power today which has declared its intention of opening up insurance to the private sector. Ironical because this government is at the mercy of support from the left groups which have been the most vociferous opponents of any such move. No policy initiatives have yet been announced, but the government has already clarified it will not privatize the existing insurance companies. But while the decision has been welcomed by the big companies who were planning to make a foray into this lucrative business, the move has been

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criticized by trade unions and even some left supporters of the government. In some ways it was inevitable-all segments of the financial sector had been opened to private players and it was only a matter of time before insurance followed. The bigger private players claim that opening up insurance will give policy holders better products and service; the opponents of privatization argue that in a poor country like India insurance needs to have social objectives and newcomers will not have that commitment. Many international players are eyeing the vast potential of the Indian market and are already making plans to come in. But it will take some time before the intent translates into policy-the unions are not going to give up without a fight and in that they will get the support of some elements of the coalition government

Objective of the study:-

1. To study the Insurance Sector
2. To examine the insurance sector in Indian economy.
3. To find out to recent trends in insurance sector in Indian Economy.

Data Source & Methodology:-

This study is exclusively based on secondary data. Secondary data were collected from the RBI bulletin, RBI occasional papers, RBI Annual Reports, Report on Currency and Finance, Economic Survey, Economic and Political Weekly (EPW), Finance and Development, Economic Diary, The Hindu, ICSSR, Economic Times, Asian Economic Review, Indian Economic Journal, Financial Express, World Bank Reports, Internet etc.

Factors Which Affects the Relationship between Insurance Sector and Economic Growth in Indian Economy:-

Mobilization of Resources:-

The premium collected is pooled and invested in projects which reduces the transaction cost of financing and eases the pressure on the financial intermediaries. Countries with strong insurance industries have a robust infrastructure and strong capital formation. Insurance generates long-term capital, which is required to build infrastructure projects that have a long gestation period. Concurrently, insurance protects individuals and businesses from sudden unfavorable events. A well developed and evolved insurance sector is needed for economic development as it provides long-term funds for infrastructure development and simultaneously strengthens the risk taking ability. The bulk funds invested in largeand infrastructure projects promote economies of scale, promoter economic development and growth and other technological innovation

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Growth in GDP and Household Financial Savings:-

The Life insurance is causally linked to growth only in higher income economies; nonlife insurance makes a positive contribution in both developing and higher income economies. High GDS have been strongly supported by savings in thehousehold sector. Overalgrowth in GDP and household savings has significantly influenced the growth of Indian life insurance business. Reforms and liberalization are expected to exert a significant impact on income, savings and insurance purchase;financial reforms are expected to improve allocation of savings. India is one of the few countries in the world which has maintained higher growth rate in domestic savings in spite of economic deregulation and increased consumerism due to higher prosperity to saveby the household sector.GDS in India steadily increased from 306588 crores of rupees in 2001-02 to 1283456 crores of rupees in 2009-10. Expansion of the insurance market in India, expansion of service sector and increase in GDS all contributed significantly to the steady growth in economy.

Inflation and Interest Rate:-

An inflation and business recession directly reduces the real purchasing power and network of the people respectively. Insurance can of companies. Higher interest rates in other alternative savings and instruments may discourage purchasing life insurance and lower interest rates in other alternative savings may encourage purchasing life insurance.

Employment:-

Insurance helps create both direct and indirect employment in the economy. Alongside regular jobs in insurance, there is always demand for a range of associated professionals such as brokers, insurance advisors, agents, underwriters, claims managers and actuaries. The increasing insurance business has increased the demand for highly skilled professionals as well as semiskilled and unskilled people. To ensure continued growth, the need of the hour is trained manpower with specialized knowledge about insurance. Insurance companies need to invest in the professional training of their employees, especially for subjects such as underwriting, claims and risk management. From the analysis above, it is clear that the insurance subsector within the decade has shown tremendous positive impact on various Macro-economic variables identified with the industry

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TYPES OF FOREIGN INVESTMENT (FDI)

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Introduction

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. Foreign Direct investment act as a a bridge to fulfill the gap between investment and saving. In the process of economic development foreign capital helps to cover the domestic saving constraint and provide access to the superior technology that promote efficiency and productivity of the existing production capacity and generate new production opportunity.

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 are considered by the Foreign Investment Promotion Board (FIPB), Department of Economic Affairs, and Ministry of Finance.

FDI is not permitted in the following industrial sectors:

- Arms and ammunition.
- Atomic Energy,
- Railway Transport.
- Coal and lignite.
- Mining of iron, manganese, chrome, gypsum, sulphur
,• gold, diamonds, copper, zinc. Lottery Business
- Gambling and Betting• Business of Chit Fund
- Agricultural (excluding Floriculture, Horticulture,
- Development of seeds, Animal Husbandry, cultivation of vegetables, mushrooms, etc. under controlled conditions and services related to agro and allied sectors) and Plantations activities (other than Tea Plantations) .

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- Housing and Real Estate business .
- Trading in Transferable Development Rights (TDRs).• Manufacture of cigars, cheroots, cigarillos and
- cigarettes, of tobacco or of tobacco substitutes.

Retail sector of India

The Indian retail business is highly fragmented and is almost run by traditional families In India, lot of departmental stores, super markets and high organized malls are emerging into this retail sector. India is currently the 3 rd largest emerging markets in the retail segment. The recent changes brought in the retail sector by the government has made the retail sector to have large number of retailers for India. This paper tries to highlight the recent issue of Foreign Direct Investment in the retail segments in both formats of single brand and multi-brand. The foreign investment which has prohibited entry of investment in multi-brand has now emerged as the main issue The government recently has announced the foreign investment of 49% stake for the foreign players to enter into the retail segment. This paper will exhibit the necessity and its impact of foreign investment of retail in both single brand and as well as multi-brand.

FDI in multi-brand retail generally refers to selling multiple brands under one roof. Currently, this sector is limited to a maximum of 49 percent foreign equity participation . The growing dominance of multinational companies in the country's $200 billion retail business, , the government will allow FDI in three phases. In the first phase, foreign multi-brand retail chains will be allowed in the metros Delhi, Mumbai, Kolkata and Chennai. In the second phase other metros like Bangalore, Hyderabad and Pune will be included Conditions for investment in multi branding

1. Minimum investment of $ 100 Million.
2. 50% of investment to be borne by infrastructural

Advantages of FDI in Retail

1. Emerging Opportunities
2. Benefits for the farmers
3. Improved technology and logistics
4. Impact on real estate development

Disadvantages of FDI in retail

1. Killing local shops and millions of jobs.
2. Reduction of monopolistic power Entry Options to Foreign Players in retail

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Conclusion

The foreign investment in retail which was once a prohibited sector, now became the FDI in retail has now gained momentum in both single brand retail and multi brand retail. The very prohibited sector has got so much of momentum The single brand retail has allowed 100% FDI. The foreign direct investment and politically sensitive multi brand retail have been facing a lot of trouble. , yet policies are to be changed and should allowed in a phased manner. This will make the retail industry to be tapped and the growth will be well developed in encouraging the GDP growth of the country. The small retail stores should also function in a smooth manner even if the foreign players dominate the segment. To Conclude, The growth of retail industry will be tapped which will allow foreign players to play a major role in upbringing this industry as an emerging sector.

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ROLE OF FDI IN AGRO PROCESSING INDUSTRY IN INDIA

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Introduction

Agriculture is a critical sector of the Indian economy. Though its contribution to the overall Gross Domestic Product (GDP) of the country has fallen from about 30 percent in 1990-91 to less than 15 percent in 2011-12, a trend that is expected in the development process of any economy, agriculture yet forms the backbone of development. An average Indian still spends almost half of his/her total expenditure on food, while roughly half of India's work force is still engaged in agriculture for its livelihood. Being both a source of livelihood and food security for a vast majority of low income, poor and vulnerable sections of society, its performance assumes greater significance in view of the proposed National Food Security Bill and the ongoing Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme. The experience from BRICS countries indicates that a 1% growth in agriculture is at least two to three times more effective in reducing poverty than the same growth emanating from non-agriculture sectors. Given that India is still home to the largest number of poor and malnourished people in the world, a higher priority to agriculture will achieve the goals of reducing poverty and malnutrition as well as of inclusive growth. Since agriculture forms the resource base for a number of agro-based industries and agro-services, it would be more meaningful to view agriculture not as farming alone but as a holistic value chain, which includes farming, wholesaling, warehousing (including logistics), processing, and retailing. Further, it may be noted that in the last two Five Year Plans, it is clearly mentioned that for the economy to grow at 9%, it is important that agriculture should grow at least by 4% per annum.

Methodology : The research paper is based on the secondary data source.

Agro Processing industry : is regarded as the sunrise sector of the Indian economy in view of its large potential for growth and likely socio economic impact specifically on employment and income generation. Some estimates suggest that in developed countries, approximately 14 per cent of the total work force is engaged in agro-processing sector directly or indirectly. However, in India, only about 3 per cent of the work force finds employment in this sector revealing its underdeveloped state and vast untapped potential for employment. There is no denying that India has to live with the problem of unemployment for many years to come. Therefore need arises to make all over development among all sections of the society especially in rural agro based industrial units.

Concept of Agro Processing Industry

Agro Processing industry would mean any activity involved in cultivation, under controlled conditions of agricultural and horticultural crops, including floriculture and cultivation of vegetables and post-harvest operation on all fruits and vegetables. The development of agro-industries has assumed crucial importance in the economic planning as well as progress of the country

According to United Nations Industrial Development Organization (UNIDO), the term agro-industry signifies those industries, which use raw materials from agriculture as main material from that manufactured goods are produced on commercial scale. The term also applies to those industries, which are contributing for the development of agriculture including agriculture produce. Thus, agro-based industries can be broadly defined as those industries that are dependent upon agriculture for their raw material and other basic inputs.

Indian Agro Food Processing Industry:

The food processing industry is one of the largest industries in India and ranks fifth in size. The Indian food processing industry has an estimated size of $70 bn (Ministry of Food Processing, Government of India). The industry's contribution to the country's GDP in 2005 was about 7.3% and had a share of 7% in the total industrial production. It employs 1.6 million workers directly. India is endowed with the second largest arable land, second largest irrigated land under cultivation in the world and advantage of diverse agro-climatic zones across its geographical spread.

The country's world ranking as a producer vis-à-vis other nations is indicated in table below.

No.	Product	Production (MMT)	India's Rank
1	Wheat	72	2
2	Rice, Paddy	124	2
3	Coarse grains (including maize)	29	3
4	Milk	97	1
5	Fruits	60	2
6	Vegetables	115	1
7	Edible Oilseeds	25	3
8	Pulses	15	1
9	Sugarcane	245	2
10	Tea	0.85	1

(Source: www.apeda.com)

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India can become the leading food supplier to the world and at the same time it has vast growing domestic market with over a billion people and population growing at a rate of 1.6% per annum with food being the single largest component of private consumption expenditure accounting for 53% of the total expenditure. India's large market size, ravenous appetite for food with growing incomes and changing life styles create incredible market opportunities for food producers, Food processors, machinery makers, food technology and service providers

Agro based Food Processing Industry - Key Segments

The food processing industry in India is large and includes segments such as agriculture, horticulture, plantation, animal husbandry and fisheries. These segment also incorporate other industries that use agricultural inputs for manufacturing edible products.

As per Ministry of Food Processing Industries indicates the segments within the food processing industries as listed in the table below.

Segment	Products
Dairy	Pasteurized and packed milk, Whole milk powder, Skimmed milk powder, Condensed milk, Ice cream, Butter, Ghee and Cheese etc
Fruits and Vegetables	Beverages, Juices, Concentrates, Pulps, Slices, Frozen and Dehydrated products, Potato Wafers/Chips, etc.
Grains and Cereals	Flour, Bakeries, Starch Glucose, Cornflakes, Malted Foods, Vermicelli, Beer, Grain based alcohol
Fisheries	Frozen and Canned products mainly in fresh form
Meat and Poultry	Frozen and packed-mainly fresh form
Consumer Foods	Snack food, Namkeens, Biscuits, Ready to eat food, Alcoholic and Non-alcoholic beverages

(Source: www.apeda.com)

Foreign Direct Investment(FDI) is direct investment into production in a country by a company located in another country, either by buying a company in the target country or by expanding operations of an existing business in that country. Foreign direct investment is done for many reasons including to take advantage of cheaper wages in the country, special investment privileges such as tax exemptions offered by the country as an incentive to gain tariff-free access to the markets of the country or the region. Foreign direct investment is in contrast to portfolio investment which is a passive investment in the securities of another country such as stocks and bonds.

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Foreign Direct Investment In Agro Food Processing Sector

The Indian food processing market is one of the largest in terms of production, consumption, and export and import prospects. Since, India is one of the major food producers worldwide, with new reforms ruling the roost, it encourages commercialization. The country's food processing market is opening up to a wide range of investors across the globe. In fact, in the last decade, India moved from an era of scarcity to surplus, in the area of food production. Consequently, analysts are of the opinion that the Food Processing Industry in India is on an assured track of growth and profitability over the next five years. It is also estimated that food-processing market in India will attract a phenomenal investment, in the form of capital, human, technological, and financial, of over US$32.1 million by 2010.

Food processing sector has been attracting substantial FDI and is among the top ten sectors getting FDI equity. FDI up to 100% equity is permitted under the automatic route in food and infrastructure like food parks and cold chains. There are many areas for investment in this sector which include mega food parks, agri-infrastructure, supply chain aggregation, logistics and cold chain infrastructure, fruit and vegetable products, animal products, meat and dairy, fisheries and seafood cereals, consumer foods/ready to eat foods, wine and beer, machinery/packaging. Though India has a strong raw material base, it has been unable to tap the potential for processing. Only about 2 % of the fruits and vegetables in India are processed, which is much lower when compared to countries like USA (65 %), Philippines (78%) and China (23)%.

Why Investment In Indian Agro Food Processing Sector?

1) It is the seventh largest country, with extensive administrative structure and independent judiciary, a sound financial & infrastructural network and above all a stable and thriving democracy.

2) Due to its diverse agro-climatic conditions, it has a wide-ranging and large raw material base suitable for food processing industries. Presently a very small percentage of these are processed into value added products.

3) It is one of the biggest emerging markets, with over1200 million population and a 350 million strong middle class.

4) Rapid urbanization, increased literacy and rising per capita income, have all caused rapid growth and changes in demand patterns, leading to tremendous new opportunities for exploiting the large latent market. An average Indian spends about 50% of household expenditure on food items.

5) Demand for processed food is constantly on the rise.

6) India's comparatively cheaper workforce can be effectively utilized to setup large low cost production bases for domestic and export markets.

7) Liberalized overall policy regime, with specific incentives for high priority food processing sector, provide a very conducive environment for investments and exports in the sector.

8) Very good investment opportunities exist in many areas of food processing industries, the important ones being: fruit & vegetable processing, meat, fish & poultry processing, packaged, convenience food and drinks, milk products etc.

9) No industrial license required for food and agro processing industries except for alcoholic beverages and items reserved for small scale sector, which are: Pickles & Chutneys, Bread, Pastry, Hard boiled sugar candy, Rapeseed Oil, Mustard Oil, Sesame Oil, Ground nut Oil, Sweetened Cashew nut products, Ground and processed spices other than spice oil and Oleoresin spices, Tapioca sago and flour

10) Automatic approval (including foreign technology agreements within specified norms) is permitted for FDI up to 100 percent equity of Indian companies, for all food and beverages except for alcoholic beverages and items reserved for small scale sector

11) Foreign equity ownership of up to 24 percent is allowed even in items reserved for small-scale sector. An industrial license carrying a mandatory export obligation of 50% would be required for equity beyond 24% equity

12) Food processing industry declared a priority sector. New Exim Policy places greater thrust on Agro based Industries

13) Exclusive Agro Export Zones set up for end to end development for export of specific products from geographically contiguous areas

14) Setting up of food parks to enable food and beverage units to use capital intensive facilities, such as cold storage, warehouse, quality control labs, effluent treatment plant etc

15) Agro based 100% Export Oriented Units allowed sales up to 50% in Domestic Tariff Area.

16) Imports of capital goods and raw materials permitted at zero percent import duty for 100% Export Oriented Units.

17) Import of food processing machinery allowed freely with low level of duties (25-30%). Custom duty under Export Promotion Capital Goods (EPCG) Scheme with specific export commitments is only 5%

18) Liberal corporate tax policy for export earnings as well as for domestic sale. Fruits and vegetables products completely exempt from Central Excise Duty

19) 10 year tax holiday for Industrial Parks having Food Processing activities during initial 15 years

20) Quantitative Restrictions on all food products removed. Customs duty on majority of the products at 35%

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In general the following points can be mentioned against the need of FDI in India.

1). India already has all the requirements for a head-start in the food-processing industry. Basic raw materials such as foodgrains, pulses, vegetables and meats can be sourced locally or easily imported if local availability is inadequate.

2). Diversification from conventional farming of food grains to horticulture, ornamental crops, medicinal and aromatic plants, spices, plantation crops is one of the main reasons of attracting FDI in India

3). India's comparatively cheaper workforce can be effectively utilized to setup large low cost production bases for domestic and export markets.

4). Many Indian firms are eagerly seeking foreign partners for joint-ventures to avail of their technological advantage.

5). No industrial license required for food and agro processing industries except for alcoholic beverages and items reserved for small scale sector.

Flow Of FDI In Agro Food Processing Sector:

Ministry of Food Processing Industries have taken many steps to give impetus to this sector which include virtual deli censing of the sector, inclusion in the priority sector for lending, allowing 100% FDI , several duty and tax reliefs, financial assistance for infrastructure building, setting up of food processing units etc. In case of export-oriented units, foreign investment is permitted even in case of items reserved for small scale sector. In addition, the export oriented units are given a number of incentives and concessions under the Export-Import Policy, such as, duty free import of capital goods, raw materials and intermediates, etc. FDI inflow in food processing is becoming stronger. Sensing enormous unexploited potential, foreign players are increasingly showing their interest to be a part of this rapidly rising sector. It attracted around INR 45.19 billion FDI during 1991- 2005 which is 3.3% of total FDI inflow in India, and ranked as the 7th sector attracting largest FDI in India. Foreign direct investment of around US$1 billion has already been approved in India's food processing industry since 1991. The government of India has set a target of US$ 25.07 billion of FDI Inflows to Food Processing Industries to be achieved by 2015 which will increase India's global food trade from 1.6% to 3 % along with a rise in perishable processed food items from 6% to 20%. The national policy on food processing aims at increasing the level of food processing from 10 % during 2010 to 25% by 2025. The Foreign Direct Investment (FDI) in food processing sector in India during the financial year 2010-11 up to November 2010 is Rs. 576.50 crores as compared to total FDI of Rs. 5344.22 crores- marking around 11% of the overall FDI in the country.

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भारतीय अर्थव्यवस्थेवर परकीय भांडवली गुंतवणुकीचे होणारे परिणाम

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प्रस्तावना :—

आर्थिक सुधारणा ही अखंड चालणारी अशी प्रक्रिया आहे. आर्थिक प्रक्रिया चांगल्या पध्दतीने पार पडाव्या यासाठी निरनिराळे बदल कालांतराने अपेक्षित असतात. आंतरराष्ट्रीय पातळीवर आयात निर्यात, मालमत्ता हस्तांतरण सुलभ व्हावेत या दृष्टीने संस्थात्मक, धोरणात्मक अशा प्रकारचे करण्यात आलेले बदल म्हणजे आर्थिक सुधारणा होय. थेट परकीय गुंतवणुक हा सुधारणेमधूनच पुढे आलेला पर्याय आहे.

थेट परकिय गुंतवणूक म्हणजे दोन विविध देशांतर्गत कंपन्यांना एकमेकांच्या देशात गुंतवणूक करण्याची मुभा मिळणे अशा प्रकारच्या दोन्ही कंपन्यांना एकमेकांच्या देशात काही ठराविक टक्के रक्कम गुंतविण्याची संधी मिळते. कमी पगारात कामगारांना नोकरी देणे. आणि करामध्ये सुट अशा दोन महत्वपूर्ण फायदयासाठी दोन परकीय कंपन्या एकत्र येतात. त्याशिवाय देशात परकीय भांडवल मोठया प्रमाणात गुंतविल्यामुळे देशाच्या अर्थव्यवस्थेला चांगला फायदा मिळण्यास मदत होते.

पार्श्वभूमी :—

१९९१ चे आर्थिक संकट मुखत: तीन बाबींशी संबंधित होते एक म्हणजे राजकोषिय संकट यामध्ये केंद्र शासनाची राजकोषिय तूट १९८०—८१ मधील जी.डी.पीच्या ६.३ वरून १९८९—९० मध्ये ८.२ पर्यंत वाढली. ही तूट भरफन काढण्यासाठी केंद्र सरकारला अंतर्गत व परकीय कर्ज घ्यावे लागले व कर्जावरील व्याजही मोठया प्रमाणात वाढले होते. दुसरे म्हणजे अनियंत्रित व्यवहार तोलाचा प्रश्न निर्माण झाला त्याचे कारण म्हणजे आयात मोठया प्रमाणावर वाढली मात्र निर्यात त्याप्रमाणात वाढली नाही याचा परिणाम चालू खात्यावरील तूट वाढत गेली ही तूट भरून काढण्यासाठी सरकारला मोठया प्रमाणावर परकीय कर्ज घ्यावे लागले व आपल्याकडे असलेला परकीय चलनाचा साठी कमी झाला. यातील तिसरी महत्त्वाची बाब म्हणजे वाढत्या तुटीचे चलनीकरण व त्यामुळे चलनपुरवठयातील अतिरिक्त वाढ यामुळे चलनवाढ घडून आली होती. या सर्व कारणासोबतच भारतीय अर्थव्यवस्थेत अनेक दीर्घकालीन संरचनात्मक दोष निर्माण झाले होते. त्यामुळे अर्थव्यवस्थेला एकप्रकारे खीळ बसली होती.

अर्थव्यवस्थेत स्थैर्य प्राप्त करून देण्यासाठी, राजकोषिय तूट कमी करणे, व्यवहारतोल स्थैर्य निर्माण करणे आणि चलनवाढीवर नियंत्रण प्रस्तापित करणे यावर भर देण्यात आला. अर्थव्यवस्थेत

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संरचनात्मक बदल घडून आणण्यासाठी दीर्घकालीन संरचनात्मक समायोजन कार्यक्रम हाती घेवून अशा संरचनात्मक बदलासाठी उदारीकरण, खाजगीकरण, आणि जागतिकीकरण ही प्रक्रिया सुरू झाली.

उदारीकरणाची संकल्पना :—

उदारीकरण म्हणजे आर्थिक स्वातंत्र किंवा आर्थिक निर्णयांचे स्वातंत्र याचाच अर्थ उपभोक्ते, उत्पादक तसेच उत्पादन घटकांचे मालक त्यांच्या स्वहितासाठी स्वत: निर्णय घेउ शकतात. उदारीकरण ही व्यापक संकल्पना असून नियंत्रित अर्थव्यवस्थेच्या जागी बाजाराभिमुख खुल्या व मुक्त स्पर्धेवर आधारीत अर्थव्यवस्था ही उदारीकरण प्रक्रियेतील मूळ संकल्पना आहे. थोडक्यात आर्थिक उदारीकरण म्हणजे व्यापारामध्ये येणारे अडथळे पुर्णपणे बाजूला सारणे जसे की, परवाने,आयात कोटा पध्दती, प्रशुल्क इत्यादी अडथळयांना बाजूला सारून नियंत्रण आणि नियमापासून मूक्त होणे म्हणजेच आर्थिक उदारीकरण होय.

उदारीकरणाच्या धोरणामध्ये परकीय गुंतवणूक व तंत्रज्ञान आकर्षित करणे, देशातील कर्जाचे प्रमाण कमी करणे, सार्वजनीक क्षेत्रांची तसेच सरकारची अर्थव्यवस्थेतील भूमिका कमी करणे, औदयोगिक उत्पादनाची अंतर्गत स्पर्धा शक्ती वाढविणे. त्याचप्रमाणे परकीय गुंतवणुकीस प्रोत्साहन देण्यासाठी, थेट विदेशी गुंतवणूक तसेच विदेशी संस्थात्मक गुंतवणूक यांना भारतात मुभा देण्यात आली. तसेच मोठया शहरामध्ये परवानामुक्त उदयोगांना कोठेही उदयोग स्थापन करण्यासाठी सरकारच्या पूर्वसंमतीची गरज नाही.

संरक्षण क्षेत्र आणि परकीय गुंतवणूक :—

केंद्र सरकारने संरक्षण क्षेत्रात १०० टक्के परकीय गुंतवणूकीचा निर्णय घेतला तो अतिशय चांगला निर्णय आहे त्यांचे कारण म्हणजे आधुनिक प्रकारच्या तंत्रज्ञान जे भारतात आले तर निश्चितपणे त्यांचा फायदा हा होउ शकतो. निर्णय जाहीर केल्यानंतर अत्यांधुनिक तंत्रज्ञानाऐवजी जर कमी दर्जाचे शस्त्रांस्त्रे पुरवठा झाला तर त्याचा धोका देखील होवू शकतो याकडे देखील लक्ष पुरविणे गरजेचे आहे.

संरक्षण क्षेत्रामध्ये नवे धोरण जाहीर केल्यामुळे परदेशी कंपन्या भारतात शस्त्र निर्मितीसाठी शंभर टक्के गुंतवणूक करू शकणार आहेत हे धोरण फायदयाचे की हाणीकारण याचा विचार करण्याअगोदर सदयस्थितीत सैन्यासाठी जी शस्त्र वापरत आहोत त्यापैकी सुमारे ७० टक्के शस्त्र ही आयात केली जातात. स्वातंत्र मिळून इतकी वर्षे झाली तरी देखील आपण स्वयंपूर्ण होउ शकलेलो नाही. भारतामध्ये डिफेन्स रिसर्च डेव्हलमेंट ऑर्गनायझेशन या संस्थेला शस्त्रांस्त्रांसंदर्भात

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संशोधन करून निर्मिती करण्याचे काम देण्यात आले. भारतातील शास्त्रज्ञ या बाबतीत संशोधन करतात परंतु त्यांच्या हाती फारसे असे आलेले दिसत नाही. त्यामुळे अजूनही रशियाकडून मिग विमाने आयात करत आहोत.

२००१ साली भारत सरकारने २६ टक्के एफडीआय गुंतवणूक करावी असे धोरण ठरविले होते. परंतु सहा वर्षानंतर घेतलेल्या आढाव्यामध्ये असे लक्षात आले की, परदेशी कंपन्यांनी भारतात अशा प्रकारची गुंतवणूक करण्यात तयारी दर्शविली नाही. २००१ ते २०१० या कालावधीत कोणत्याही प्रकारची प्रगती या क्षेत्रात झाली नाही त्याचाच परिपाक म्हणजे नव्या सरकारने संरक्षण क्षेत्रामध्ये १०० टक्के परकीय गुंतवणूकीस परवानगी घेण्याचा निर्णय होय. आधुनिक तंत्रज्ञान भारतात यायला हवे त्याचप्रमाणे ज्या परदेशी कंपन्या कंपन्यांकडुन पाणबुडया, विमाने, युध्दनौका विकत घेत आहोत त्यांनाच भारतात गुंतवणूक करण्यास भाग पाडले पाहिजे. भारतात येउन अशा प्रकारची थेट गुंतवणूक झाली तर मोठया प्रमाणावर यश मिळेल शिवाय शस्त्र निर्यातीला देखील चालना मिळू शकते व आयातीसाठी लागणारा परकिय चलनसाठा देखील वाचू शकतो. अशा प्रकारे सर्व बाजूने प्रयत्न केले तर सरकारचे धोरण यशस्वी होवून देश शस्त्रांस्त्र निर्मितीमध्ये स्वालंबी होण्यास मदत होईल.

किरकोळ क्षेत्रामधील थेट विदेशी गुंतवणूक :—

भारतात रिटेलक्षेत्राचा व्याप फार मोठा आहे. देशाच्या अर्थव्यवस्थेत रिटेल क्षेत्राच्या वाटा हा सुमारे १५ टक्के आहे. देशाच्या अर्थव्यवस्थेत रिटेल क्षेत्राच्या माध्यमातून सरकारच्या कोटयात दरवर्षी २५० कोटी डॉलर्स परकीय चलन येते. केंद्र सरकारने रिटेल क्षेत्रात ५१ टक्के परकीय कंपन्यांना थेट गुंतवणूकीची संधी दिल्यामुळे रिटेल क्षेत्रात मोठया प्रमाणावर रोजगारांच्या संधी उपलब्ध झाल्या देखील आहे. सरकारने रिटेल म्हणजे किरकोळ दुकानारीचे क्षेत्र थेट परकीय गुंतवणुकीसाठी खुले केले आहे खरंतर याअगोदरही हे क्षेत्र खुलंच होते परंतु त्यावर मर्यादा होती. सिंगल ब्रॅडसाठी आधी ही मर्यादा ५० टक्क्यांपर्यंत होती, म्हणजे नोकियासारख्यांना भारतात त्यांची उत्पादने विक्रीसाठी ठेवायची तर त्यासाठी भारतीय उत्पादक शोधावा लागत असहे आता त्याची मर्यादा १०० टक्क्यांपर्यंत वाढविण्यात आली. तर मल्टिब्रॅमध्ये ५० टक्के थेट परकीय गुंतवणुकीची मर्यादा घालून देण्यात आली आहे. या निर्णयामुळे वॉलमार्ट, टेस्को, कॅरीफर यासारख्या बहुराष्ट्रीय जायंट टिल कंपन्यांना देशातील ५० पेक्षा जास्त शहरात मेगा स्टोअर उभी करून महाविक्रीकेंद्र उघडण्याचा मार्ग मोकळा झाला आहे.

विदेशी गुंतवणुकीसंदर्भातील या निर्णयामुळे शेतकरी आणि किराणा दुकानदारांवर प्रतिकुल परिणाम होईल, अशी भीती युपीएचा घटकपक्ष तृणमुल कॉग्रेससह अनेक राजकीय पक्षांनी व्यक्त

केली होती मात्र तसा कोणताही परिणाम होउ नये याकरिता देशातील बाजारपेठेत प्रवेश करू इच्छिणाऱ्या बहुराष्ट्रीय कंपन्यावर अटी लादण्यात आल्या आहेत. त्यानुसार या कंपन्यांना भारतात किमान १० कोटी डॉलर्स गुंतवणुक करणे अनिवार्य करण्यात आले असून, त्यातील अर्धी रक्कम शीतगृहांची साखळी, प्रक्रिया आणि पॅकेजिंग यासारख्या पायाभूत सुविधांसाठी करावी लागणार आहे. तसेच घाउक विक्रेत्या कंपन्यांना येथील लघुउदयोग धंदयाकडून तयार झालेला माल किमान ३० टक्के उत्पादन खरेदी करावे लागणार आहे.

कृषी क्षेत्र आणि थेट विदेशी गुंतवणुक :—

शेतकरी उत्पादन करतो परंतु विक्रीप्रणाली पाहिजे तितकी सक्षम नाही आजही प्रक्रियेअभावी मोठया प्रमाणावर शेतकरृयांचे नुकसान होतांना आढळते. कृषि क्षेत्रात थेट परकीय गुंतवणूक जर आली तर या देशातील शेतकरी दर्जेदार उत्पादनाबरोबर बलाढय देशातील शेतकरृयांबरोबर स्पर्धा करण्यास सक्षम होईल.

शेतकरी लहरीपणा असलेल्या मॉन्सूनवर आणि साखळी पध्दती असलेल्या मार्केटच्या कचाटयात सापडलेला आहे. बाजारपेठामध्ये बदल करण्यासाठी बरेचसे प्रयत्न झाले तरी देखील शेतकरृयांची लुबाडणूक थांबलेली नाही. अशा परिस्थितीत थेट परकीय गुंतवणूक या क्षेत्रात जर झाली तर निश्चितपणे शेती अत्यांधुनिक पध्दतीने कसता येईल व उत्पादित मालाला योग्य किंमत मिळवून, नासाडीचे प्रमाण देखील घटविता येईल. त्याचप्रमाणे विदेशी कंपन्यांना कमीतकमी ३० टक्के कच्चा माल शेतकरृयाकडून खरेदी करावा लागणार असल्यामुळे त्यात शेतकरृयांचा फायदाच होईल व मध्यस्थ, दलाल व साखळी पध्दती समूळ नष्ट होउन शेतकरृयांना त्याचा फायदाच हाईल.

समारोप —

देशात थेट परकीय गुंतवणूक ही साधारणतः ३० टक्यांनी वाढलेली दिसते म्हणजे २०१६—१७ च्या पहिल्या टप्प्यांत ती २१.६२ कोटी अमेरिकन डॉलर एवढी झालेली आहे. एकंदरीत संरक्षण क्षेत्राचा विचार करता १०० टक्के विदेशी गुंतवणूकीला मान्यता दिलेले आहे त्याचबरोबर, किरकोळ क्षेत्र, कॉम्प्युटर हार्डवेअर व सॉफटवेअर ऑटोमोबाईल, उदयोग आणि रसायन क्षेत्रातही थेट विदेशी गुंतवणूक वाढून देशाच्या विकासाला चालना मिळालेली आहे. तसेच या गुंतवणूकीमुळे देशाच्या व्यवहारतोलात वाढ व भारतीय रूपया मजबुत होण्यात मदत होण्याची शक्यता नाकारता येत नाही. एकंदरीत थेट विदेशी गुंतवणूक जागतिकीकरणाचाच एक भाग आहे आणि ती काळाचीही गरज म्हणता येईल.

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संदर्भ :

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३. दशरथ सिरसाठ, रिटेलमध्ये १०० टक्के थेट विदेशी गुंतवणुकीचे फायदे व परिणाम

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भारतातील प्रत्यक्ष विदेशी गुंतवणूकीचा आढावा

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जागतिकरणाच्या प्रवाहात जगातील प्रत्येक देश विकासाला गती मिळविण्यासाठी गुंतवणूकीत वाढ घडवून आणतांना सर्व क्षेत्रातील विचार सुक्ष्म पातळीवरून करत आहे. जेणे करून भविष्यात आपआपला देश सर्वच क्षेत्रात प्रगती करील आणि ही प्रगती सतत वाढत्या गतीने राहिल.

भारत देखील जागतिकीकरणाच्या प्रवाहात संधीचे सोने करत आहे. देशातील उपलब्ध भांडवलच्या कमतरतेमुळे देशी गुंतवंणुकीबरोबर परकीय गुंणतवंणुकीला महत्त्व देत आहेत. परकीय गुंणतवणुकीत स्वातंत्र्य प्राप्तीपासून वाढ होत आहे. आधुनिक जागतिकीकरणाच्या परिस्थितीत परकीय प्रत्यक्ष गुंतवंणुक अधिक लाभदायक म्हणून आंतरराष्ट्रीय व्यवहाराच्या व्यापाराच्या प्रकारात लोकप्रिय होत आहे.

आंतरराष्ट्रीय नाणेनिधीच्या (IMF) मते परकीय प्रत्यक्ष गुतवणुक (FDI) म्हणजे गुंतवणुकदार अर्थव्यवस्थेत साहसी उपक्रम चालविण्यासाठी व टिकविण्यासाठी आणि हितसंबंध प्राप्त करण्यासाठी इतरांपेक्षा त्यामध्ये अधिक गुंतवणुक करतात.

जगातील प्रमुख देशांनी भारतात केलेल्या प्रत्यक्ष विदेशी गुंतवणुकीत मॉरीशसचा सहभाग मोठा आहे. त्यानंतर अमेरिका, इंग्लंड, जर्मनी, सिंगापूर, जपान व नेदरलॅड इ. देशांचा सहभाग आहे.

एफ.डी.आय. मुळे औद्योगिक क्षेत्राला चालना मिळून आर्थिक विकासाला गती प्राप्त होते, रोजगारात वाढ झाल्याने बेकारीची समस्या दूर होते, लोकांचे उत्पन्न वाढते, उपभोग वाढतो, राहणीमानाचा दर्जा सुधारतो. आधुनिक, अद्यावत तंत्रज्ञान देशात सहज उपलब्ध होते.

विंदेशी भांडवल निरनिराळया मार्गाने येते. त्यापैकी प्रत्यक्ष विदेशी गुंतवणुक माध्यमातून विदेशी भांडवल येते. विकसित राष्ट्रे अशी गुंतवणुकीच्या करून अविकसित व विकसनशील देशांमध्ये उपकंपन्याच्या शाखा किंवा कचेरी सुरू करतात. भारत सरकारने प्रत्यक्ष विदेशी गुंतवणुक वाढविण्यासाठी प्रोत्साहनपर धोरण स्वीकारले आहे.

उद्दिष्टये :

1. भारतातील प्रत्यक्ष विदेशी गुंतवणुकीचा अभ्यास करणे.
2. प्रत्यक्ष विदेशी गुंतवणुकीची रचना आणि उद्दिष्टये अभ्यासणे.
3. प्रत्यक्ष विदेशी गुंतवणुकीचा अर्थव्यवस्थेवर होणारा परिणाम अभ्यासणे.

गृहितके :

1. भारतात प्रत्यक्ष विदेशी गुंतवणुकीत वाढ होते आहे.
2. प्रत्यक्ष विदेशी गुंतवणुकीमुळे रोजगारात वाढ होत आहे.
3. भारतातील विविध क्षेत्राचा विकास होत आहे.

भारतातील प्रत्यक्ष विदेशी गुंतवणुक :

1. **प्रत्यक्ष विदेशी गुंतवणुकीत विविध देशाचा सहभागः**

   प्रत्यक्ष विदेशी गुंतवणुकीत भारतात सर्वाधिक वाटा मॉरिशसचा 35.2 टक्के इतका आहे. दुसऱ्या क्रमांकावर 16.1 टक्के गुंतवणुकीत अमेरिका आहे. त्यानंतर सिंगापूर 11.2 टक्के आहे, यु. के. 10 टक्के, जपान 7.7 टक्के इतका गुंतवणुकीचा वाटा महत्त्वपूर्ण आहे. भारत जगासाठी आकर्षित होणारा देश असून नेदरलॅड, जर्मनी, फ्रान्स इत्यादी देशाचा वाटाही महत्त्वपूर्ण आहे.

2. **प्रत्यक्ष विदेशी गुंतवणुक राज्यनिहाय :**

   भारतात महाराष्ट्र प्रत्यक्ष विदेशी गुंतवणुकीत प्रथम क्रमांकावर असून, दिल्ली दुसऱ्या क्रमांकावर आहे तर तामिळनाडू तिसऱ्या क्रमांकावर आहे. त्यानंतर कर्नाटक व गुजरात यांचा क्रमांक आहे. महाराष्ट्रातील औद्योगिक क्षेत्र, पायाभूत सुविधांचा विकास व गुंतवणुकीला पोषक वातावरण असल्याने महाराष्ट्र राज्य आघाडीवर ठरले आहे. भविष्यात गुजरात ही आघाडीवर असणार आहे.

3. **प्रत्यक्ष विदेशी गुंतवणुकीची रचना :**

   1. देशातील भांडवलदार कंपन्या त्याच्या उपकंपन्या भांडवलाची आयात करणाऱ्या देशात उभारतात.
   2. कंपनीच्या उभारणीत परकीय कंपन्यांचा अधिकार राहतो.
   3. कारखान्यांची उभारणी पूर्णतः विदेशी कंपन्यांच्या पैशावर होते.
   4. ठराविक हेतूने देश त्या संस्थेत गुंतवणुक करत असतो.
   5. गुंतवणुकदार देशाची राष्ट्रीय कायमस्वरूपी भांडवल निर्मिती होते.

प्रत्यक्ष विदेशी गुंतवणुकीची उद्दिष्टयेः

1. कमी खर्चात श्रम उपलब्ध होतात.
2. नवीन बाजार काबीज करून विक्रीत वाढ घडवून आणणे.
3. संसाधने प्राप्त करणे.
4. गुंतवणुक वळविणे.
5. स्पर्धेत स्थान निर्माण करणे.

प्रत्यक्ष विदेशी गुंतवणुकीचे प्रकारः

1. **Horizontal Integration समस्तर उद्योग एकीकरण.**

2. **Vertical Integration भिन्न स्तरीय एकीकरण.**

1. **Horizontal Integration समस्तर उद्योग एकीकरण.**

मोठया बहुउद्देशीय संस्था समस्तरीय नवीन उपकंपन्या जगाच्या वेगवेगळया भागात उभारतात. यामुळे स्पर्धात्मक सुधारणा होते. स्पर्धा कमी होते. नियंत्रण देशातून होते. उद्योग संस्थेची उत्पादनाची भौगोलिक रेषा बदलते. उपकंपन्यांमुळे एकीकरणाची प्रक्रिया निर्माण होते.

2. **Vertical Integration भिन्न स्तरीय एकीकरण.**

गुंतवणुकीत वाढ होते, ग्राहक, उपभोक्ता संख्यात्मक वाढतो. बाजारपेठांची संख्या वाढते. भारतातीतल प्रत्यक्ष विदेशी गुंतवणुक 100 टक्के ज्या क्षेत्रामध्ये आहे. प्रामुख्याने विविध वितीय कंपन्या, बिगर बॅक कंपन्या, कॉफी, रबर, चहा, हॉटेल, पर्यटन, शेती उत्पादनात फुले, पशुधन, मासेमारी, खनिजतेल, रेल्वे, रसायने, टेक्स्टाईल्स उद्योग इ. बांधकाम क्षेत्र.

मा. पंतप्रधान श्री. नरेंद्र मोदी यांनी देशाच्या विकासाला गती मिळावी या हेतूने **मेक इन इंडिया** अंतर्गत प्रत्यक्ष विदेशी गुंतवणुकीला तीव्र चालना देण्यासाठी जगाला आमंत्रण दिले. 25 टक्के पेक्षा अधिक क्षेत्रात यामुळे मान्यता मिळाली. एप्रिल 2015 पर्यंत पुढील क्षेत्रातील 48 टक्के वाढ ही विकासाला प्रेरक आहे.

टेक्सटाईल्स उद्योग विस्तारला जात आहे. भारताच्या एकूण निर्यातीच्या 11 टक्के वाटा या उद्योगाचा आहे एफ.डी.आय. या व्यवसायात 91 टक्के पर्यंत वाढ झालेली आहे.

प्रत्यक्ष विदेशी गुंतवणुकीमुळे रोजगारात वाढ आहे. औद्योगिक विकासाला चालना रोजगार आणि रोजगार निर्मितीला मोठे प्रोत्साहन देण्याच्या हेतूने सरकारने थेट प्रत्यक्ष परकीय गुंतवणुक विषय निकष आमुलाग्र स्वरूपात शिथिल करून शंभर टक्के गुंतवणुक अनेक क्षेत्रात करण्याचे नुकतेच जाहिर केले.

अन्न आणि अन्नप्रक्रिया, नागरी हवाई वाहतुक, विमानतळ बांधणी, प्रसारण आणि कॅरेज सेवा, औषधनिर्मिती, सिंगल ब्रॅड रिटेल ट्रेडिंग या क्षेत्रात 100 टक्के गुंतवणुक आहे.

मा. पंतप्रधान श्री. नरेंद्र मोदीनी काही किरकोळ क्षेत्रे वगळता बहुतेक क्षेत्रात थेट परकीय गुंतवणुकीसाठी स्वयंचलित किंवा ऑटोमॅटिक मार्ग खुला केला आहे. या निर्णयामुळे जगातील सर्वाधिक खुली अर्थव्यवस्था म्हणून भारत ओळखला जाणार आहे.

भारतीय अर्थव्यवस्थेवर होणारा परीणाम :

विविध क्षेत्रांचा विकासः

मेक इन इंडिया अभियानामुळे देशात निर्माण क्षेत्रातील एकूण उत्पादकता वाढविण्यासाठी 25 क्षेत्रावर लक्ष्य केंद्रित करण्यात आलेले आहे. या क्षेत्रात मोठया प्रमाणात गुंतवणुक करून रोजगार संधी निर्माण करण्यावर भर देण्यात आला आहे. तरूण उद्योजकांच्या ताकदीवर विस्तारणारी क्षेत्र महत्त्वपूर्ण

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ठरणार आहे.

जागतिक औद्यगिक सहकार्य वाढणार :

औद्योगिक क्षेत्रातील देशातील उद्योजकांबरोबर विदेशी उद्योजकांना, औद्योगिक परवाने व कर शिथील करण्यात आले आहे. परिणामी गुंतवणुकीत वाढ झाली. जानेवारी 2015 स्पाईस मोबाईल कंपनीने उत्तर प्रदेशात 500 कोटी रूपयांची गुंतवणुक केली. फेब्रुवारी 2015 मध्ये चेन्नईत हिताची कंपनीने आटोकंपोनंट उद्योगात गुंतवणुक केली. अनेक विदेशी कंपन्या भारतातील विविध राज्यात गुंतवणुक करत आहे. यामुळे जागतिक औद्योगिक हित संबंधात वाढ होत आहे.

निष्कर्ष :

1. प्रत्यक्ष विदेशी गुंतवणुकीमुळे आर्थिक विकासात वाढ होत आहे.
2. रोजगार निर्मितीला चालना मिळवून वाढ होत आहे.
3. जगात भारत विदेशी गूुंतवणुकीसाठी आकर्षित देश ठरला आहे.
4. भारत सरकारचे धोरण पोषक असल्याने प्रत्यक्ष विदेशी गुंतवणुक वाढत आहे.
5. सरकारच्या आर्थिक उदारीकरणाचा परिणाम म्हणून गुंतवणुकीत वाढ होत आहे.
6. विदेशी गुंतवणुकीमुळे भारतात नवनवीन तंत्रज्ञान, यंत्रसामुग्री, संशोधन व्यवस्थापन इ. वाढ होत आहे.
7. मेक इन इंडियामुळे एफ.डी.आर. ला चालना मिळाली आहे.

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A STUDY OF FOREIGN DIRECT INVESTMENT IN EDUCATION SECTOR

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Introduction :

In India, education is the key to nation-building. It is also a well-accepted truth that providing the correct knowledge and skills to the youth can ensure the overall national development and economic growth. The Indian education system recognizes the role of education in instilling the values of secularism, social equality, respect for democratic traditions and civil liberties and hunt for justice. The education sector in India is developing and has emerged as a strong potential market for investments in training and education sector, due to its positive demographics (young population) and being a services-driven economy. Further, India's expanding position in sectors such as software development, generic pharmaceuticals and healthcare, would require the country to invest into learning and training segment as well. The education sector in India is also measured as one of the major areas for investments as the entire education system is going through a process of overhaul.

India, which has the third largest higher education system in the world in terms of enrolments, after China and the US. The Government spending for Education sector accounts for 3.8% of the GDP of the country and it is estimated that it requires an investment of Rs 20000 crore over the next five years to expand and increase access. The Education in India a U.S. $100 billion business. The FDI inflows between April 2000 to June 2015 for Education section is US$ 1,171.10 million. With the constant pace of reforms, FDI up to 100% is allowed under the automatic route in many sectors of the Indian economy. Indian economy has scripted its presence as one of the fastest growing economies of the world economic structure and has emerged as a key destination for attracting FDI in the recent years.

Objectives :

1) To analyze Advantages & Disadvantages of FDI in education sector in India .

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2) To trace the recent development in education sector through FDI.
3) To review the government initiatives in education sector through FDI.
4) To make suitable suggestions for attracting more FDI inflow to India.

Methodology :

The present study is based on secondary data and the data were collected from journals, books, news papers and websites.

Review of Literature :

Devajit Mahanta conducted the study to find out the impact of foreign direct investments on Indian economy and concluded in his paper " Impact of foreign direct investments on Indian economy" that Foreign Direct Investment (FDI) as a strategic factor of investment is needed by India for its sustained economic growth and development through formation of jobs, development of existing manufacturing industries, short and long term project in the field of healthcare, education, research and development.

Singh (2009) stated in their study that foreign direct investment (FDI) policies play a most important 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.

Present Scenario of Education sector in India :

India holds an important position in the global education industry. The country has more than 1.4 million schools with over 227 million students enrolled and more than 36,000 higher education institutes. India has one of the largest higher education systems in the planet. However, there is still a lot of potential for further development in the education system.

India has turn into the second largest market for e-learning next to US. The sector is currently pegged at US$ 2-3 billion, and is expected to touch US$ 40 billion by 2017. The distance education market in India is likely to raise at a Compound Annual Growth Rate (CAGR) of around 34% during 2013-14 to 2017-18.

The education sector in India is on the edge to witness major increase in the years to come as India will have world's largest tertiary-age population and second largest graduate talent pipeline globally by the end of 2020. In FY 2015-16, the education market was worth about US$ 100 billion and is expected to reach US$ 116.4 billion in FY 2016-17. At present, higher education contributes 59.7 per cent of the market size, school education 38.1 per cent, pre-school section 1.6 per cent, and technology and multi-media the remaining 0.6 %.

India's IT firms are working with academic institutions and setting up in-house institutes to groom the right talent as these companies move to Social Media, Mobility, Analytics and Cloud (SMAC) technologies.

Issues related to FDI in education sector :

Despite allowing 100% FDI in the education sector, there has hardly been any investment in this sector and the response from foreign investors has been very lukewarm, to say the least.

The major issue behind the short of investment is a not-for-profit entity. This not-for-profit requirement has become a major bottleneck for attracting investments. Another issue related to FDI in education sector is a Trust or a Society is also not qualified to receive foreign investments under the automatic route. Even if investments are to be permitted, the entities being of a non-profit nature would not be able to distribute any returns on the investment. A Section 8 Company is of a charitable nature and hence would need applying its profits or other income towards the promotion of its objects.

Advantages FDI in Education :

1) There will be increase in number of universities & Institutions, building of infrastructure shall generate employment.
2) Opportunities of International degree
3) It will build Competition within the institutions leading to quality improvements.
4) Syllabus and Technological innovation.

Disadvantages of FDI in Education :

1) FDI in education sector would lead to unhealthy rivalry among differing institutions. Since competition requires reduction in costs, infrastructure, laboratories and libraries would search for least investment and the teaching staff would be appointed without necessary qualifications and on such terms which would be unfair.
2) Foreign educational institutions will be interested in starting high demand courses this will side line the national agenda and needs. The courses that will be introduced will focus on

making quick money.

3) Superficial Curriculum Innovation with insistent Marketing will further mislead students.

4) Further FDI in education would hamper the development of indigenous and critical research within our University education system.

FACTORS FAVOURING PROMOTION OF FDI :

Increased Investment in higher education will lead to:

a) Increased Institutions.

b) Enhanced Access to the best universities of the world.

c) Opportunities of International Qualification.

d) World class labs and libraries.

e) Competition leading to quality improvements.

f) Curriculum and Technological innovation.

g) Research & development.

Recent developments :

- The Government of India aims to boost digital literacy to at least 50 per cent of Indians from currently 15 per cent over a period of next three years.
- India and Germany have signed an conformity on vocational education and skill development with a budget of US$ 3.37 million, which will help generate and improve cooperative workplace-based vocational training in India's industrial clusters.
- Cisco Systems plans to invest US$ 100 million in India over the next 2 years, will be used to finance early-stage and growth-stage companies in the country, launch six new innovation labs, three centres of expertise and train around 250,000 students by 2020.
- BRS Ventures & Holdings Ltd, owned by Abu Dhabi-based billionaire Mr. B R Shetty, plans to invest US$ 1.8 billion in Amaravati in the state of Andhra Pradesh across projects in healthcare, tourism, hospitality, infrastructure, and education sector.
- Tata Trusts, part of the Tata Group, has entered in to a strategic partnership with web-based free learning portal, Khan Academy, and seeks to use technology to provide free education to anyone, anywhere in India.
- The Central Board of Secondary Education (CBSE) has mandated the appointment of a special educator for children with learning disabilities so that they could be assimilated with

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other students. This directive came as a part of "inclusive practices" philosophy of CBSE and strict guidelines of 'Right to Education" Act.

- In an attempt to improve health care infrastructure in West Bengal, nine new medical colleges will be opened, out of which five will be government-run while the other four will be set up under the Public Private Partnership (PPP) model.

Government Initiatives :

Some of the other major initiatives taken by the Government of India are:

- The Union Budget 2016-17 has made the following provisions for the education sector:
  - 10 public and 10 private educational institutions to be made world-class
  - Scheme to get Rs 500 crore (US$ 73.36 million) for promoting entrepreneurship among *Schedule Caste/Scheduled Tribe* (SC/ST)
  - Rs 1,000 crore (US$ 146.72 million) allocated for higher education financing
  - Rs 1,700 crore (US$ 250 million) allocated for 1500 multi-skill development centres
  - 62 new Jawahar Navodaya Vidyalayas (JNV) to provide quality education
  - Digital literacy scheme to be launched for covering six crore additional rural households
  - Objective to skill one crore youth in the next three years under the Pradhan Mantri Kaushal Vikas Yojna (PMKVY)
- The Government of India has announced plans to digitise academic records such as degrees, diplomas, mark sheets, migration certificate, skill certificate, etc from secondary to tertiary-level institutions into a National Academic Depository (NAD).
- Prime Minister Mr Narendra Modi launched the Skill India initiative – 'Kaushal Bharat, Kushal Bharat'. Under this plan, the government has set itself a target of training 400 million citizens by 2022 that would enable them to find jobs. The initiatives launched include various programmes like: Pradhan Mantri Kaushal Vikas Yojana (PMKVY), National Policy for Skill Development and Entrepreneurship 2015, Skill Loan proposal, and the National Skill Development Mission.
  - National Policy for Skill Development and Entrepreneurship 2015 is India's first integrated program to develop skill and promote entrepreneurship simultaneously. The vision of this programme is to skill the Indian youth rapidly with high standards and at the same time promote entrepreneurship thus creating wealth and gainful employment for the citizens.
  - The National Skill Development Mission is developed to expedite the implementation of skilling activities in India by providing robust institutional framework at the centre and the

state.

- India and Australia have signed a Memorandum of Understanding (MoU) to advance partnerships between the two countries in the fields of higher education and research, including technical and professional education, schools, vocational education and training.
- The National Skill Development Corporation of India (NSDC) under a Public Private Partnership promoted by the Ministry of Finance, Government of India signed a Memorandum of Understanding with Center for Research & Industrial Staff Performance (CRISP), India to explore national and international opportunities for strengthening skills development in India

Conclusion :

FDI has been a flourishing factor that has strengthened the economic life of India. “Investor friendly” environment will help India establish itself as a favoured destination of foreign investors. Education sector has seen a host of reforms and improved financial outlays in recent years that could possibly transform the country into a knowledge haven. Furthermore, with online modes of education being used by several educational organisations, the higher education sector in India is set for some major changes and developments in the years to come. FDI in Education should be channelled properly to raise the quality of education. There should be a suitable regulatory framework that would ensure quality and standards in curriculum, courses, teachers, evaluation and assessment systems etc. There should be effective registration and certification system, which will prevent unapproved institutions from partnering, and good quality institutes can enter into Indian education hub, which will create a good platform for domestic and foreign institutions for the exchange of technology and talents, so that the former can compete effectively in a global environment. A regulatory body should be framed otherwise India might face some bad consequences in context of culture and autonomy of foreign education providers.

We need to establish institutes which can bring new culture and infrastructure for creating better talent pool There should be effective registration and certification system, which will prevent unapproved institutions from partnering, and good quality institutes can enter into Indian education hub, and which will create a level playing field between domestic and foreign institutions so that the former can compete effectively in liberalised environment.

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FDI IN AGRICULTURAL SECTOR: HOW GOOD IS IT FOR AN INDIAN AGRICULTURE ?

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ABSTRACT :

This paper explores the role of FDI on Agriculture Sector of Indian economy and examines the expected benefits of FDI in Indian Agriculture Sector. FDI is one of the significant tools to increase job opportunities through the Commercialization and Modernization in Agriculture Sector. Since the sector provides employment opportunities to fifty two percent workforce. Agriculture plays an important role in economic development of any nation including India. The contribution of Agriculture Sector to national GDP (Gross Domestic Product) has continued to decline over the years. To improve agriculture productivity and streamline it with manufacturing and service sector, there is a strong need to adopt many measures, out of which, promote FDI inflow in agriculture sector in Indian economy.

KEYWORDS : FDI, Agriculture Sector, expected benefits of FDI and Indian economy.

INTRODUCTION:

After globalization almost every country in Asia welcomes foreign direct investments in many sectors. Being an agrarian developing country India is not a exception, like all other countries India also allowed FDI in various sectors including agriculture. FDIs have been playing an important role in promoting economic growth. Performance of Indian economy is dependent upon the growth of agricultural sectors. So there is a strong need to promote FDI inflow in agriculture sector in Indian economy.

DATA SOURCES:

The present study is based on secondary data which has been collected from the various issue of Articles, websites, books, statistical data etc. the present data has been processed and presented in

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the form of different figures and suitable tables.

OBJECTIVES:

1. The objective of present paper is to study FDI policy in India.
2. The second main objective is to study FDI in Agriculture Sector: how good is it for an Agrarian Economy.

MEANING OF FDI:

"It means a foreign company makes an active investment in local business."

"It is a direct investment into production or business in a country by an individual or company in another country."

"FDI is direct investment into production in a country by a company located in another country, either by buying a company in the target country or by expanding operations of an existing business in that country."

FDI POLICY IN INDIA:

The main governing bodies that define the `future role of agriculture in India are the Ministry of Agriculture, the Ministry of Rural Infrastructure and the Planning Commission of India. It aims at developing agricultural sector of India. The latest developments in FDI in Indian agriculture sector are as follows.

FDI up to 100% is permitted under the automatic route in activities such as development of seeds, animal husbandry, cultivation of vegetables, vegetables and mushrooms etc., under controlled conditions and services related to agro and allied sectors.

WHAT MEANS AGRICULTURE FOR INDIA:

Agriculture, and its allied services, has substantial part in India's nationalincome, since independence, and major job providing sector (almost 52% of the population). This sector contributes a major share in country's GDP.

It may be said that "agriculture from India and India for agriculture", as agriculture forms an important identity for India.

This sector contributes a major portion in country's GDP. This can be observed from following table.

TABLE: SHARE OF AGRICULTURE AND ALLIED SERVICES IN INDIA'S GDP (FROM 2001-02 TO 2011-12)

Financial Year	Gross Domestic Product (in Rs. Cr) at 2004-05 Prices	Agriculture & Allied Services (in Rs. Cr) at 2004-05 Prices	Agriculture (in Rs. Cr) at 2004-05 Prices
2001-02	24,72,052 (100)	5,54,157 (22.42)	4,67,815 (18.92)
2005-06	32,53,073 (100)	5,94,487(18.27)	5,02,996(15.46)
2009-10	45,16,071 (100)	6,60,987(14.64)	5,57,715(12.35)
2010-11	49,97,006 (100)	7,13,477(14.45)	6,06,848(12.29)
2011-12	52,43,582 (100)	7,39,495(14.10)	6,30,540(12.02)

Figures in bracket represent the percentage as compared to GDP

Agriculture sector has a good sharing in India's GDP in various time periods. But the share of this sector has been continuously declining because of heavy investments that are being made in industrial sector and services sector as, comparatively, fast and big profits which results from these (industry and service) sectors have attracted the capital investors and labour forces of the country. Besides being an agrarian economy, India also needs to import several bulk consumption goods (cereals and cereal preparations, edible oils, pulses and sugar etc.) to fulfil the demand of the population.

FDI IN AGRICULTURAL SECTOR:

In India (with effect from 5th April, 2013) FDI is permitted, in order to promote private sector participation, in agriculture sector is permitted, through automatic route up to 100% in the following works:

- Development and production of seeds and planting material
- Services related to agro and allied sectors.

UNDER CONTROLLED CONDITIONS:

- Floriculture
- Horticulture
- Apiculture
- Cultivation of vegetables & mushrooms
- Animal husbandry
- Aquaculture

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EXPECTED BENEFITS OF FDI IN AGRICULTURE SECTOR:

Population over 120 crores will always needs:

- Food &
- Income earning opportunities.

Agriculture is old and most important practiced profession of the country. A large workforce is skilled enough to practice agriculture. But both, the workforce and investor, in huge numbers, are showing disinterest in giving their contribution to this sector, as eagerness is shown towards industrial and service sector.

It is also true that a big part of country's land (including cultivable) is being taken over industrial sector, year by year, in order to utilise and flourish the investments made in industrial sector.

Home country's investor and intellectuals do not care more about agriculture sector and hence the sector lack:

1. Financial assistance (e.g. credit and banking services etc.)
2. Technical assistance (e.g. irrigation and techniques such as multi crop farming etc.)
3. Marketing assistance (Indian farmers are good producers but not good marketers).

So, FDI can be better way to finance the agriculture sector and gain more investment injected, especially through private sector. Some of the benefits which FDI can provide are:

- FDI is expected to greatly benefit Indian farmers as a majority of them engage in small scale businesses and earn less profit;
- FDI can be used to propagate agriculture R&D, develop technologies for energy savings, and protect the environment, which could help increase yield.
- FDI along with the domestic corporate effort and investment can resolve back end issues related to modernising agricultural markets (12^{th} Five Year Plan) FDI has an added potential to link farmers to wider markets by expanding export.

It is also not such that, in the area of agriculture, wherein, FDI is permitted, India is not having any good standing in home or at global level. In fact, India do hold an important position in producing those commodities, and FDI will increase the exiting strength and provide good returns to the investors, for example:

1. As per the Indian Horticulture Database (2010) given by National Horticulture Board (GOI), the export of output of horticulture sector have been showing increasing trend. India was the second largest producer (next to China) of the fruits in the world during 2009-10.
2. The importance of apiculture (bee-keeping) has been explained by Director of General of Employment and Training, Ministry of labour and Employment (GOI), in course curricula for modular employable skills, as India produces about 70,000 tonnes of honey every year of

which 25-27,000 tonnes is exported to more than 42 countries.

3. Even Indian flowers for example Dutch roses, are also demanded by many countries including European countries & Japan. Bangalore is considered as export hub with much export oriented units in nearby regions.

To solve the problem related to finance, technology and marketing skills, the injections of more investment through FDI, in agriculture sector will be of great help. And profit resultant by these investments can attract the Indian investor (who are able to invest presently, but hesitates to invest, and also the prospective investors) to think seriously about investing in the agriculture sector and let India be remain proud on being an agrarian economy.

CONCLUSION:

The subsequent development of the Indian agriculture through FDI is predicted to have a significant positive impact on the million strong rural populations living in about 600,000 small villages of India. Rapid investment in technology development, irrigation infrastructure, emphasis on modern agricultural practices and provision of agricultural credit and subsidies are the major factors contributed to agriculture growth. FDI in India agriculture sector increase employment opportunities. FDI remains permanent in the host country because ofthe development in the infrastructures of the host country.

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विदेशी गुंतवणूकीचा चलनावरील परिणाम

गाईडचे नाव : डॉ. डी. आर. बच्छाव,
विद्यार्थीनीचे नाव: देशमुख अश्विनी अशोक

प्रस्तावना :-

भारत हा विकसनशील देश असून भारतातील बाजार पेठा जागतिक अर्थव्यवस्थेच्या दृष्टीकोनातून एक बाजार पेठच आहे. भारतात विदेशी व्यापाराचे अस्तित्व स्वातंत्र पूर्व काळातही होते व आज ही आहे. भारताने १९९१ पासून थेट विदेशी गुंतवणूकीला चालना देण्यासाठी जागतीकीकरण, खाजगीकरण, उदारीकरण, स्विकार केला आज काही उदयोग वगळता उदयोगात १० टक्के पासून १००टक्के पर्यंत थेट विदेशी गुंतवणूकीला परवानगी भारतीय रिर्झव बॅकेने व भारत सरकारच्या वाणिज्य व उदयोग मंत्रालया मार्फत मिळालेली आहे.

शोध निबंधाचे उद्देश :-

१ संकल्पनेचा अर्थ समजावून घेणे.

२ विदेशी गुंतवणूकीच्या उद्दिष्टांचा अभ्यास करणे.

३ विदेशी गुंतवणूकीच्या चलनावरील परिणामांचा अभ्यास करणे.

आंतरराष्ट्रीय नाणे निधीच्या तांत्रिक गटाच्या मते जेव्हा एखादया देशातील कंपनी दुसया देशातील कंपनीमध्ये १० टक्के किंवा त्यापेक्षा अधिक भांडवल गुंतवणूक करुन भाग भांडवलावलाची उभारणी करते तेव्हा यास थेट विदेशी गुंतवणूक असे म्हणतात.

परकीय व्यापारामध्ये परकीय गुंतवणूकीचे दोन प्रकार पडतात.

१ परकीय प्रत्यक्ष गुंतवणूक

२ परकीय अप्रत्यक्ष गुंतवणूक

१ परकीय प्रत्यक्ष गुंतवणूक :-

परकीय प्रत्यक्ष गुंतवणूक म्हणजे परकीय गुंतवणूकदार त्याची एखादी संलग्न संस्थाच देशात उघडू शकतो किंवा देशातील एखादया कंपनी बरोबर भागीदारी करुन थेट गुंतवणूक करु शकतो.

२ परकीय अप्रत्यक्ष गुंतवणूक :-

परकीय अप्रत्यक्ष गुंतवणूक म्हणजे परकीय गुंतवणूकदार त्याची एखादी संलग्न संस्थाच देशात उघडू शकतो किंवा देशातील एखादया कंपनी बरोबर भागीदारी करुन थेट गुंतवणूक करु शकतो परकीय अप्रत्यक्ष गुंतवणूकीत परकीय गुंतवणूकदार एखादया देशातील शेअर्स विकत घेउ शकतो.

संशोधन पध्दती :-

प्रस्तुत संशोधनासाठी माहिती संकलनाच्या फक्त द्वितीय स्त्रोताचा वापर करण्यात आलेला आहे.

विदेशी गुंतवणूकीमुळे चलनावर होणारे परिणाम :-

१ रोजगार :-

विदेशी गुंतवणूकीमुळे वस्तूच्या किंमतीत होणारया बदलावर नियंत्रण आणता येउ शकते.

२ उदयोगधंदे :-

नवीन उदयोगधंदयांची होउन उदयोगांमध्ये सुधारणा होतील व त्यातून मोठया प्रमाणात लोकांना रोजगार प्राप्त होईल पूर्ण रोजगार प्राप्त होईल व पूर्ण रोजगार अवस्थेनंतर चलनवाढ घडून येत असते तसेच उदयोगधंदयांना चालना मिळून त्याचा फायदा प्रत्यक्ष कंपनी मालकांना होउन चलनवाढ रोखता येते.

३ कच्चा माल :-

विदेशी गुंतवणूकीमुळे शेतकरयांच्या परिस्थितीत सुधारणा होईल थेट शेतकरयांकडून कच्चा मालाची मागणी केल्यामुळे त्याचा प्रत्यक्ष फायदा शेतकतयांना मोठया प्रमाणात होईल.

४ उत्पनात वाढ :-

विदेशी गुंतवणूकीमुळे नवीन उदयोगधंदे व व्यवसायांना चालना मिळून उत्पनात वाढ होईल व आपआपल्या गरजा भागविण्यासाठी इतर देशांवर कमी प्रमाणात अवलबुंन राहवे लागेल व त्यातून पैशाचे मूल्य आपोआप वाढेल.

५ सक्षम बाजारपेठ :-

विदेशी गुंतवणूकीमुळे उत्पादक क्षमतेत वाढ होईल उच्च पैसा अभिसरण व एक खर्च आणी गुंतवणूक अधिक पैसा उत्पन्नाला प्रतिसाद व उत्पादन विस्तृत करण्यात भारत अक्षम न राहता सक्षम होईल तसेच भारतातील चलनाचे दर स्थिर होतील व बाजारात मोठया प्रमाणात समतोल राखता येईल.

निष्कर्ष :-

१ विदेशी गुंतवणूकदार आधुनिक तंत्रज्ञानावर अवलंबून आहे.

२ निर्माण होणारा रोजगार अकुशल स्वरुपाचा नसेल.

३ विदेशी गुंतवणूक दिर्घकाळासाठी असेल याची खात्री नाही.

उपाययोजना :-

१ विदेशी गुंतवणूकीला आकर्षक करण्यासाठी सरकारने विशेष प्रयत्न करावेत.

२ कुशल रोजगार मिळण्यास अडचण निर्माण होणार नाही या साठी प्रभावी अमलबजावणी करावी.

३ उद्दयोगांचा प्रादेशीक समतोल प्रस्तापित करणे.

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समारोप:-

अर्थव्यवस्थेत पूर्ण क्षमतेने काम न झाल्यामुळे किंमतीत वाढ होउन मागणीत वाढ होते म्हणजेच किंमतीत वाढ होते व मागणी पूर्ण करण्यासाठी उत्पादक कामाचा वेग वाढवितात त्यामुळे पुरवठयात देखील वाढ केली जाते तेव्हा किंमत घट होउ शकते किंमत आणी उत्पादन वाढविण्यासाठी व त्यात समतोल आणण्यासाठी विदेशी गुंतवणूकीची मदत घेतली जावू शकते व त्याची मदत घेवून चलनाचे दर स्थिर ठेवता येतात

संदर्भ :-

१ भारतीय अर्थव्यवस्था २०१० सक्सेस पब्लिकेशन
२ इंटरनेट

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FDI IN INDIAN SERVICE SECTOR

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Introduction

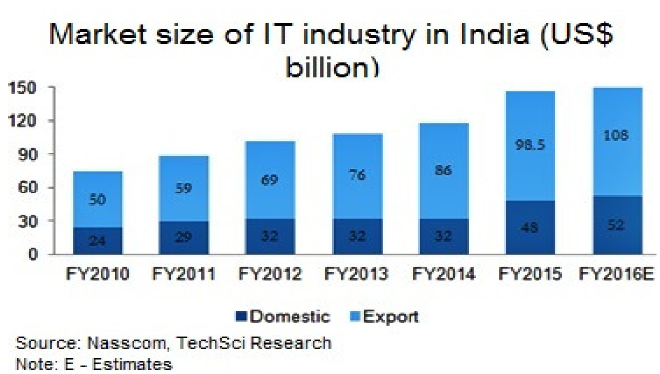
The services sector is not only the dominant sector in India's GDP, but has also attracted significant foreign investment flows, contributed significantly to exports as well as provided large-scale employment. India's services sector covers a wide variety of activities such as trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, business services, community, social and personal services, and services associated with construction.

Market Size

The services sector is the key driver of India's economic growth. The sector contributed around 66.1 per cent of its Gross Value Added growth in 2015-16, thereby becoming an important net foreign exchange earner and the most attractive sector for FDI (Foreign Direct Investment) inflows.!

According to a report by leading research firm Market Research Store, the Indian telecommunication services market is expected to grow by 10.3 per cent year-on-year to reach US$ 103.9 billion by 2020.

The Indian digital classifieds industry is expected to grow three-fold to reach US$ 1.2 billion by 2020, driven by growth in horizontal classifieds like online services, real estate and automobiles.[#] Out of overall services sector, the sub-sector comprising financial services, real estate and professional services contributed US$ 305.8 billion or 20.5 per cent to the GDP. The sub-sector of community, social and personal services contributed US$ 188.2 billion or 12.6 per cent to the GDP.



Investments

The Indian services sector has attracted the highest amount of FDI equity inflows in the period April 2000-March 2016, amounting to about US$ 50.79 billion which is about 17.6 per cent of the total foreign inflows, according to the Department of Industrial Policy and Promotion (DIPP). Some of the developments and major investments by companies in the services sector in the recent past are as follows:

- Gadgetwood, an on-demand repair services & refurbishment company, has raised US$ 6 million from private equity fund Carpediem Capital, which will be used for expanding its presence to other geographies, starting with the metros and moving to set up a presence across 10 cities by 2017, and broaden the scope of its repairs capabilities to include, laptops, wearable tech and LEDTVs.
- Online food ordering and delivery service firm Swiggy, owned by Bundl Technologies Private Limited, has raised US$ 15 million in a fresh funding round led by Bessemer Venture Partners along with existing investors SAIF Partners, Norwest Venture Partners, Accel Partners, and Apoletto Asia.
- Factset, a US-based financial data and analytics firm, plans set up its largest global office at Divyasree Orion Special Economic Zone (SEZ) in Gachibowli, Hyderabad.
- LogixHealth Private Limited, a wholly-owned subsidiary of LogixHealthInc, USA, plans to invest around US$ 15 million and hire 1,000 people for its upcoming facility in Coimbatore.
- Meru Cab Company Pvt Ltd, the Mumbai-based radio cab service, has raised Rs 150 crore (US$ 22.37 million) from Brand Capital, the investment arm of Bennett Coleman and Co, which will be used to fund advertising and provide user incentives including discounts and loyalty schemes.
- SSG Capital Management Group, a Hong Kong based Private Equity (PE) investor, has acquired a 40 per cent stake in the logistics company Future Supply Chain Solutions (FSC), for Rs 580 crore (US$ 86.5 million) from existing shareholders including Future Retail (FRL) and Fung Group, promoted by billionaire Victor Fung.
- Vistra Group Ltd, a Hong Kong-based professional services provider, has acquired IL&FS Trust Company Ltd, India's largest independent corporate trust services provider, which will enable Vistra to expand the platform to provide a broader suite of corporate and fiduciary services and thereby gain a foothold in the Indian corporate services market.
- Pink Blue Supply Solutions Pvt. Ltd, a clinical supplies provider, has raised Rs 1.5 crore

(US$ 0.22 million) in a seed round of funding from TermSheet.io, a transaction-focused service provider for start-ups and investors, which will be used to ramp up technology, improve customer experience and operational capabilities, put in place smart supply chain management across hospitals and clinics, and hire larger teams.

- IcertisInc, a contract management software maker for enterprises based out of Pune and Mumbai in India, has raised US$ 15 million in series B round of funding from Ignition Partners and Eight Roads Ventures, which will be used to invest in marketing and expand its global operations.
- OfBusiness, an online marketplace for business-to-business (B2B) commerce, has raised US$ 5 million in series A funding round led by Matrix Partners India, which will be used to expand the team and build a technology platform for small and medium enterprises (SMEs).

Government Initiatives

The Government of India recognises the importance of promoting growth in services sectors and provides several incentives in wide variety of sectors such as health care, tourism, education, engineering, communications, transportation, information technology, banking, finance, management, among others.

Prime Minister Narendra Modi has stated that India's priority will be to work towards trade facilitation agreement (TFA) for services, which is expected to help in the smooth movement of professionals.

The Government of India has adopted a few initiatives in the recent past. Some of these are as follows:

- The Government of India plans to significantly liberalise its visa regime, including allowing multiple-entry tourist and business visas, which is expected to boost India's services exports.
- Mr Ravi Shakar Prasad, Minister of Communication and Information Technology, announced plan to increase the number of common service centres or e-Seva centres to 250,000 from 150,000 currently to enable village level entrepreneurs to interact with national experts for guidance, besides serving as a e-services distribution point.
- The Central Government is considering a two-rate structure for the goods and service tax(GST), under which key services will be taxed at a lower rate compared to the standard rate, which will help to minimize the impact on consumers due to increase in service tax.
- By December 2016, the Government of India plans to take mobile network to nearly 10 per cent of Indian villages that are still unconnected.

- The Government of India has proposed provide tax benefits for transactions made electronically through credit/debit cards, mobile wallets, net banking and other means, as part of broader strategy to reduce use of cash and thereby constrain the parallel economy operating outside legitimate financial system.
- The Reserve Bank of India (RBI) has allowed third-party white label automated teller machines (ATM) to accept international cards, including international prepaid cards, and has also allowed white label ATMs to tie up with any commercial bank for cash supply.

Conclusion

Services sector growth is governed by both domestic and global factors. The sector is expected to perform well in FY16. The Indian facilities management market is expected to grow at 17 per cent CAGR between 2015 and 2020 and surpass the $19 billion mark supported by booming real estate, retail, and hospitality sectors. The performance of trade, hotels and restaurants, and transport, storage and communication sectors are expected to improve in FY17. Loss of growth momentum in commodity-producing sectors had adversely impacted transport and storage sectors over the past two years. The financing, insurance, real estate, and business services sectors are also expected to continue their good run in FY17.

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IS YOUR TOP ALIGNED

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The Need

At times we wonder how come few plants or divisions or business units in big Organisations with best in class processes fail to deliver the goals while few plants, divisions succeed to deliver short term results even in absence of good processes.

Both the situations are obvious than surprise.

The people working in such organisations can explain the reasons easily than the outsiders because they see it happening daily. However most of the times the situations are analysed as autopsy than biopsy.

Hence the need arises to analyse and understand the direction of the organisations where thaey are heading to before the crisis hits !!

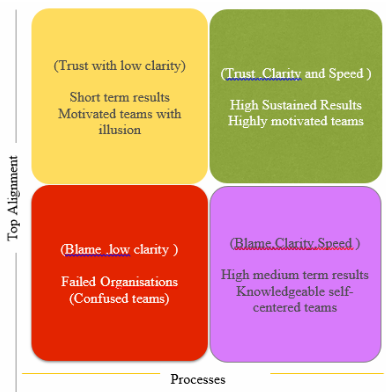
The reality

In many world class organisations the business processes , functional KPIs ,operating procedures are defined and are well understood from top to bottom and they have highly capable and talented management teams . Ideal these organisations are best suitable to produce higher results beyond doubth Then why do we find that many times its not so. The reasons are beyond the processes, KPIs and strategies and the talent level of the people.The reasons are more associated with how people at top are aligned with each other , how they collaborate with each other and what smell (feeling of trust or distrust in each other) they percolate in the organisation !

The reality is that the people at the centre or bottm of the pyramid knows there business very well , they know what works and what does not for their business. Normaly who messes it up or can reorient is absolutely the Top .

The alignement of people is a soft issue and does not reflect in internal audits ,operational performance evaluation or documentation .

Based on the senior leadership alignment and the organisational processes clarity to the people downline , these can be broadly catogarised in 4 ways .



TCS (Trust ,Clarity and Speed) :

These plants and divisions are highly successful in their results , speed of execution .People in such organisations are very clear about what is to be achived and where are they heading to .The top leadership are so aligned that the whole organisation gets the comman message , comman language and the teams are aware that they can neither take short cuts or fool around . All the top leadership is on one page in understanding the topics ,issues or challenges and find most comman solutions to approach the problems.

The teams feel very comfortable , confident and enjoy the open culture with out fear .There are basicaly very healthy organisations .The speed of the execution is also faster as the decisions at the top are made in one go and there are no counters once the decisions are made.Even if they disagree for certain decisions , they align considering the comman final goal and work togather for it .The risk taking ability of the growth of the organisation is high .Surely the risks are well calculated and people are ready to share the success as well as the failures.

They believe in giving freedom to there teams below them for decision making rather than escalations .

The leader ship has a strong trust ,bonding and personal respect for each other and challenge each other with a clear vision to achive comman agenda.

BCS (Blame, Clarity, Speed) :

These plants or divisions are very strong in the functions as per organisation structures or Business line orientation .Functionaly the results may sound strong however business as a whole can not leverage the synergy due to strong walls formed between the functions or divisions.

People at the center or bottom of the pyramid knows there jobs, processes very well, however gets self centered approaches due to strong functional barriers.

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The leaders are more focused on functional targets ,strategies and the bigger picture may get ignored or even if its known, its seen by individuals and not as the management team . This can lead to ego issues, driving decisions as strong individuals than the organisation.This happens due to the strong knowledge based leadership with lack of expected maturity at that level .Hence the opinions are conflicting and hence all not necessarily follow the declared dotted leader .

They believe in solving issues by escalations than decentralising the decision making powers to lower level teams .

The results are also achived with speed , however they are short term and hence can not sustain due to clash of priorities and cross communications ,politics at higher level . The lower level teams start blaming each other to pass on the failures to other functions and the culture of the organisation gets spoiled , the trust is lost in order to prove who is right and who is wrong or who is more powerfull than other .Even the successes are not celebrated toagather .The teams celbrates their successes in isolation than as a whole organisation togather .In such scenario few functions may achieve the targets but the organisation as a whole is not able to deliver the expectations.

The growth of the business is hampered as the overall risk taking ability of the organisation goes down due to lack of trust on each other .Normaly successe are shared hesitantly and failures are disowned.

Its very difficult to find out exactly what is the real problem as its not seen on the surface as its an undercurrent which affect the organisation adversely for longrun.

TLC (Trust , Low clarity)

These organisations are based on strong leadership and functional /divisional collaboration. However they are not run with strong written down , well understood policies / process and strategies .The results come for short term due to the effective leadership and trust between functional leaders.

The trust fosters the short growth and risk taking ability. However due to lack of strong foundation of policies and strategies the risks are heroic in nature than calculated ones. The performance management is poor due to too much of people orientation ignoring the priorities and policies. The people at lower level are not developed in knowledge due to lack of processes and too much dependency on leadership. Normaly the second and third layers are weak. Hence can lead to disasters particularly when the markets are not growing.

When the leadership changes, people find it very difficult to adopt to the new culture and the moral of the organization goes down. People find it very difficult to adjust with the new norms, processes and the overall culture.

The Solution

The best solution to improve **Trust** is to make leaders understand that the ‘’success is to be measured for worthy goal’’ then the self-realization of leadership will change . This does not happen unless people go deep inside themselves.

People at senior leadship will work for larger than life goals. The personal egos , priorities, ambitions will not take over the organizational and people development priorities .They will demonstrate maturity not only for functional or divisional business decisions but also for larger purpose ,customer centric ,social and environmental cause .

The whole management team should always visually appear together whenever possible to the larger forums in the organization. They must make purposeful attempts to show togetherness to the teams. They must encourage escalations for support purpose only rather than for blames or complaints.

The employees surveys in organizations should not only focus on people engagement but should also aim at collecting information of leadership alignment. How teams see their leaders interacting ? Are conflicting singles coming down the line ? Do they get common messages from senior leaders? Are the successes shared with Divisions, functions? Are failures owned together?

The **Clarity** in the organization will come by ensuring development of strong second line, imparting best in class processes and not compromising the business ethics and practices. It needs to be ensured that the rules, procedures should not change drastically due to change in leadership as it confuses the teams .

May it be a Business organization, political organization or a NGO the issues are similar in nature and the solutions are also obviously the same …….in the hands of people!!

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FDI (FOREIGN DIRECT INVESTMENT)

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1 INTRODUCTION :

Foreign Direct investment refers to the investment made by foreigners in the country it include all investment made by foreign individual institutional and government. The foreign investment can be divided into two categories;i.e. private and public. Foreign Direct Investment is the part of private foreign investment. FDI is treated as an important mechanism for channelizing transfer of capital and technology and thus perceived to be a potent factor in promoting economic growth in the host countries.Moreover, MNCS consider FDI as on important means to recognize their production activities across borders in accordance with their corporate strategies and the competitive advantage of host countries.

FDI can be defined as a cross border investment, where foreign assets are invested in to organizations of the domestic market excluding the investment in stock. It brings private funds from overseas into products or service. The domestic market company in which foreign currency is invested is usually being controlled by the investing foreign company . To put in simple words, FDI refers to capital inflows from abroad that are invested into change the production capacity of the economy.

Foreign direct investment in india has played an important role in the development of the indian economy. FDI in india has in a lot of ways enabled india to achieve of certain degree of financial stability, growth and development. Foreign direct investment inflow in to the core sectors is assumed to play a vital role as a source of capital, management and technology in countries of transition economies. It implies that FDI can have positive effects on the host economy's development effort. As a whole, FDI have a become the major economics driver of globalization in recent times.

2 OBJECTIVES OF THE STUDY:

1) To know and understand the concept of foreign direct investment.
2) To evaluate the impact of FDI in retail sector on the economy.
3) To study the SWOT analyses of retail sectors.
4) To know the advantages and disadvantages of FDI in retail sector.

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3 Need For FDI :

India needs FDI for following reasons

1) Sustaining high level of investments: being a developing country, india need certain amount saving to invest for its development. This gap between investment and saving is filled by foreign capital.
2) Technological Gap: India has lower level of technology as compare to developed countries which is very necessary for indusrial and other development so it needs technology transfer which comes with FDI when its assumes the form of private foreign investments.
3) Exporitation of Natural Resoureces: India is full with natural resources but it has no required technical skill and expertise to exploit it so India need foreign capital to undertake the exploitation of its mineral health.
4) Development of Economic Infrastructure: Domestic capital of developing countries like India its too low to built up its economic infrastructure, so its need some foreign capital to develop its economic infrastructure.

There are four mian working pillars of FDI they are financial collaborations, technical collaborations & joint ventures, capital markets, via Euro issues and private placements or preferential allotments.

4 Research Methodology:

The present study is based on secondary source of date secondary data is collected through various books, Journals, Websites and Internet.

5 FDI in Multi-Brand Retail:

The government has also not defined the term Multi Brand FDI in Multi Brand retail implies that a retail store with a foreign investment can sell multiple brands under one roof. In July 2010,Department of Industrial Policy and Promotoin (DIPP). Ministry of Commerce circulated a discussion paper on allowinig FDI in multibrand retail. The parer doesn't suggest any upper limit on FDI in multi-brand retail. If implemented, it would open the doors for global retail giants oto enter and establish their footprints on the retail landscape of India Opening up FDI in multi-brand retail will mean that global retailers including Wal-Mart, Carrefour and Tosco can open stores offering a range of household items and grocery directly to consumers in the same way as the ubiquitous “Kirana” store.

After the economy has been opened up,globalization has taken root. The Indian investment climate has changed, opening up many opportunities in the retail industry. According to the Globla Retail Development Index 2012, India ranks Fifth among the to 30 emerging markets for retail. The rcent announcement (September 2012) by the Indian government of allowing 51% foreign investment in multi-brand retail sector has created positive sentiments. In spite of widespread protests against FDI, allowing FDI in the retail sector will result in a lot of benefits.

6 FDi in retail sector in India :

The retail industry is the sector of economy which is consisted of individuals,stores, commercial complexes,agencies,companies,and organizations etc, involved in the business of selling or merchandizing diverse finished products or goods to the end-user consumers directly and indirectly. Goods and product of the retail Industry or sector are the finished final objects/products of all sectors of commerce and economy of a country. The retail sector of India is vast and huge potential for the growth and development, as the majority of its constituents are unorganized. The retail sector of India handles about 250 billion every year, and is expected by economists to reach to 660 billion by the year 2015. The business in the organized The retail sector of India, is to grow most and faster at the rate of 15-20% every year and can reach the level of billion by the year 2015. Here it is not worthy that retail the sector of India contributes about 15% to the national GDP, and employs growing economy with a rate approximatgely 8% per year makes its retail sector highly fertile and profitable to the foreign investors of all the secotrs of commerce and economy of all over the world. Global jurix, a full fledged legal lorganization prominent worldwide, provides all encompassing service and advice for most lucrative and secured FDI in Indian retail sector.

As per the current regulatory regime, retail trading (expect under single-brand product retailing-FDI upto 51 percent, under the government route) is prohibited in India. Simply put, for a company to be able to get foreign funding, products sold by it to the general public should only b to a ‘single-brand’; this condition being in addition to a few condition to be adhered to.

7 Advantages of FDI

1) Increase economic growth by dealing with different international products.
2) 1 million (10 lacks) employment will create in three years-UPA Government.
3) Billion dollars will be invested in Indina markets.
4) Spread import and export business in different countries.
5) Agriculture related people will get good price of their goods.

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8 Disadvantage of FDi

1) Will affect 50 million merchants in India
2) Profit distribution, investment ratio are not fixed.
3) An economical backward class person suffers from price raise.
4) Retailer faces loss in business.
5) Market places are situated too far which increases traveling expenses.
6) Workers safety and policies are not mentioned clearly.
7) Inflation may be increased.

FDI would be introduced only in 18 states and state government could choose whether or not to implement it.

FDI would be introduced only in 53 cities had a population clearly.

9) Opprtunities:

There will be more organization in the sector: Organized retail will need more workers. According to findings of KPMG, in China, the employment in both retail and wholesale trade increased from 4% in 1992 to about 7% in 2001, post reforms and innovative competition in retail sector in that country.

Healthy Competition will be boosted and there will be a chekck on the prices (inflation): Retail giants such as walmart, Carrefour, tesco, Target and other global retail companies already have operations in other countries for over 30years. Until now, they have not at all become monopolies rather they have managed to keep a check on the food inflation through their healthy competitive practices.

Create transparency in the system: The intermediaries operating as per mandi norms do not have transparency in their pricing According to some of the reports, and average Indian farmer realizes only one-thired of the price, which the final consumer pays.

Heavy flow of capital will help in building up the infrastructure for the growing population: India is already operating in budgetary deficit. Neither the government of India nor domestic investors are capable of satisfying the growing needs(School, hospitals, transport etc.) of the ever growing Indian population. Hence foreign capital inflow will enable lus to create a heavy capital base.

There will be sustainable development and may other economic issues will be focused upon: many Indian small shop. Owners employ workers, who are not under any contract and also under aged workers giving rise to child-labour. It. Also boots corruption and black money.

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THE INFRASTRUCTURE SECTOR IN INDIA – PAST, PRESENT AND FUTURE

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Introduction

The infrastructure sector in India has evolved from purely Government funded projects to newer business models involving partial or complete ownership of the private sector. Currently, the infrastructure sector is in a state of flux, with the sector being hit by slowdown in the economy and strain being faced by various infrastructure developers. Going ahead, the sector is poised to bounce back with new opportunities.

Infrastructure development – Past versus Present

There has been a growing emphasis on infrastructure development in the post liberalisation era. This is in stark contrast to previous years where there was little emphasis on infrastructure asset creation, with government being both facilitator and provider of infrastructure. But this situation has undergone a change in recent years, with an increased focus on infrastructure development. The start of the last decade has witnessed increased investments in infrastructure sector, accompanied by a transformation in the business models with more proactive participation from private sector in the form of Public-Private-Partnership (PPP) projects, particularly in roads and power sector.

The Gross Capital Formation (GCF) (as an indicator of investment in infrastructure) grew from 5.6% of GDP in FY07 to 6.5% of GDP in FY12. Overall share of investment in infrastructure (as a share of GDP) over the XIth Plan period was 7.1%, up from 5% in Tenth Plan. The share of private sector participation in the XIth plan, envisaged at ~ 30% at the start of the plan, was ~ 37% during the Plan duration.

Risks / Current challenges in infrastructure development in India But the progress of infrastructure development has not been smooth in the recent years, with significant shortfalls in planned investments. This problem is compounded by the fact that many of the announced projects are yet to be completed, with large time and cost overruns. Figures sourced from Government reports reveal that nearly 276 projects out of 566 projects tracked by Ministry of Statistics and Programme Implementation have been delayed. Some estimates of Ministry of Finance peg the worth of delayed projects, due to pending approvals, at ~ INR 1 lakh Crore.

Some of the key issues outbreak the sector are:

1. Land acquisition and environmental clearance
2. Lack of coordination between various Government agencies
3. Inappropriate structuring of the projects, particularly of demarcation of risks and rewards between Government and private sector
4. Lack of a proper dispute resolution mechanism between private players and government agencies
5. Debt burden of infrastructure developers, as a consequence of execution delays and irrational bidding

A number of firms have had their debt recast by corporate debt restructuring cell, with some firms resorting to sale of BOT assets to reduce their debt burden, post award of the project. This has also delayed project implementation. The order inflows for large infrastructure firms have declined over the past 1-2 years. The appetite of infrastructure developers for new projects has significantly reduced. This has resulted in very lukewarm response to bids from the government agencies like NHAI in the PPP route. Banks are also being cautious in lending to infrastructure sectors, where exposure limits have already been reached.

Future growth areas for the sector

The proposed investment over the next five years are ~ INR 56,00,000 Cr, with nearly half expected to come from private players. While sectors like road and power are expected to attract a large share of the proposed investments, newer opportunities are likely to appear over the next few years. One of the examples of a large planned infrastructure development is the Delhi-Mumbai Industrial Corridor, envisaged to accommodate large industrial zones, development of smart cities and creation of logistics network. Opportunities are also expected to arise in the area of urban infrastructure development, such as large urban transport and water supply projects in urban cities, driven by the rapid pace of urbanization.

Imperatives for Future Infrastructure Development

But for the aforementioned forecasts to materialize, the sector requires significant intervention accompanied by an overhaul of the current way of doing business across the various participants – Developers, EPC players, Government etc. Although the current economic scenario has slowed down the development of the sector, government would need to explore ways of keeping the sector moving. Government has made some progress on key issues, but much still needs to be done. There have been mixed reactions to Land Acquisition Bill, with some viewing it as potential cost escalation, while others treating it as a tool for improved transparency on the subject. Another area that needs urgent Government action is the need for improved access to key natural resources like coal and iron. But for the sector to rebound in the coming years, there is a need for decisive action and support over four broad areas.

I. Reduction of regulatory uncertainty and delays –

The Government needs to create a mechanism for single window clearance for various approvals. This would require a proper regulatory body overseeing the progress of approvals and coordinating with various Government bodies. Efforts are also required to ensure enforcement of contracts in a time bound and transparent manner to attract private investment and FDI. Bodies like the Cabinet Committee for investment (CCI) need to become more proactive to clear backlog of delayed projects

II. Appropriate Structuring of projects –

Current mechanism of structuring a project as an EPC or PPP or 100% private ownership needs to be relooked to account for varying risk profiles of projects. As private players have become wary about risk-return of projects, Government needs to put in adequate thought on the appropriate mode of project execution. There is a need for creation of a dispute resolution mechanism for the PPP projects. Adequate care also needs to be put in developing contract terms to provide sufficient safeguards for private players from extraneous circumstances.

III. Developing financing mechanisms to suit the sector’s needs –

Infrastructure companies are finding it difficult to raise funds, as banks have restricted exposure to the sector while funds from abroad are not finding a suitable avenue to invest in the sector. In this regard, long term debt instruments such as international pension funds will reduce the cost of debt and thereby viability gap for infrastructure projects. The proposed new investment vehicles like Infrastructure investment trusts (for securitization of assets) and Infrastructure Debt Funds (being explored by institutions like IL&FS, IIFCL etc.) need to be hastened to provide a fillip to the sector.

IV. Efficient project management (from bid to execution) –

Private companies need to evolve their processes to employ best-in-class project management tools and techniques. The bidding and estimation process needs to be tempered with greater emphasis on proper revenue estimates and identification of project risks. Companies need to

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address issues related to lack of skilled manpower and improve their current sourcing & project management practices, to reduce the incidence of cost and time overruns during execution.

It is now a well-established and acknowledged fact that creation of infrastructure assets is critical for India's economic development. The opportunities for future growth of the sector are enormous but there are also significant challenges that need to be overcome in order to make this infrastructure dream a reality.

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FDI IN INDIA: NEED, PROBLEMS AND DETERMINANTS

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Abstract:

Foreign Direct investment plays a very important role in the development of the 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. India can attract much larger foreign investments than it has done in the past. The present study has focused on the trends of FDI Flow in India during 2000-01 to 2014-15 (up to June, 2015). 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 June 2015. The study based on Secondary data which have been collected through reports of the Ministry of Commerce and Industry, Department of Industrial Promotion and Policy, Government of India, Reserve Bank of India, and World Investment Report. The study concludes that Mauritius emerged as the most dominant source of FDI contributing. It is because the India has Double Taxation Avoidance Agreement (DTAA) with Mauritius and most of the foreign countries like to invest in service sector.

Introduction

Foreign Direct Investment (FDI) is a type of investment in to 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 globalization FDI takes vital part in the development of both developing and developed countries.

FDI has been associated with improved economic growth and development in the host countries which has led to the emergence of global competition to attract FDI.

FDI offers number of benefits like overture of new technology, innovative products, and extension of new markets, opportunities of employment and introduction of new skills etc., which reflect in the growth of income of any nation.

Foreign direct investment is one of the measures of growing economic globalization. Investment has always been an issue for the developing economies such as India. The world has been globalizing and all the countries are liberalizing their policies for welcoming investment from countries which are abundant in capital resources. The countries which are developed are focusing

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on new markets where there is availability of abundant labors, scope for products, and high profits are achieved. Therefore Foreign Direct Investment (FDI) has become a battle ground in the emerging markets.

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. Foreign Direct investment acts as a bridge to fulfill the gap between investment and saving. In the process of economic development foreign capital helps to cover the domestic saving constraint and provide access to the superior technology that promote efficiency and productivity of the existing production capacity and generate new production opportunity.

India's recorded GDP growth throughout the last decade has lifted millions out of poverty & made the country a favoured destination for foreign direct investment. A recent UNCTAD survey projected India as the second most important FDI destination after China for transnational corporations during 2010-2015. Services, telecommunication, construction activities, computer software & hardware and automobile are major sectors which attracted higher inflows of FDI in India. Countries like Mauritius, Singapore, US & UK were among the leading sources of FDI in 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 are considered by the Foreign Investment Promotion Board (FIPB), Department of Economic Affairs, and Ministry of Finance.

FDI is not permitted in the following industrial sectors:

- Arms and ammunition.
- Atomic Energy,
- Railway Transport.
- Coal and lignite.
- Mining of iron, manganese, chrome, gypsum, sulphur, gold, diamonds, copper, zinc.

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- Lottery Business
- Gambling and Betting
- Business of Chit Fund
- Agricultural (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 activities (other than Tea Plantations) .

Problems For Low FDI Flow to India:-

India, the largest democratic country with the second largest population in the world, with rule of law and a highly educated English speaking work force, the country is considered as a safe haven for foreign investors.

Yet, India seems to be suffering from a host of self-imposed restrictions and problems regarding opening its markets completely too global investors by implementing full scale economic reforms. Some of the major impediments for India's poor performance in the area of FDI are: political instability, poor infrastructure, confusing tax and tariff policies, Draconian labour laws, well entrenched corruption and governmental regulations.

1. Lack of adequate infrastructure:

It is cited as a major hurdle for FDI inflows into India. This bottleneck in the form of poor infrastructure discourages foreign investors in investing in India. India's age old and biggest infrastructure problem is the supply of electricity. Power cuts are considered as a common problem and many industries are forced to close their business.

2. Stringent labor laws:

Large firms in India are not allowed to retrench or layoff any workers, or close down the unit without the permission of the state government. These laws protect the workers and thwart legitimate attempts to restructure business. To retrench unnecessary workers, firms require approval from both employees and state governments-approval that is rarely given. Further, Trade Unions extort huge sums from companies through over-generous voluntary retirement schemes.

3. Corruption:

Corruption is found in nearly every public service, from defense to distribution of subsidized food to the poor people, to the generation and transmission of electric power. The combination of legal hurdles, lack of institutional reforms, bureaucratic decision-making and the allegations of corruption at the top have turned foreign investors away from India.

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4. Lack of decision making authority with the state governments:

The reform process of liberalizing the economy is concentrated mainly in the Centre and the State Governments are not given much power. In most key infrastructure areas, the central government remains in control. Brazil, China, and Russia are examples where regional governments take the lead in pushing reforms and prompting further actions by the central government.

5. Limited scale of export processing zones:

India's export processing zones have lacked dynamism because of several reasons, such as their relatively limited scale; the Government's general ambivalence about attracting FDI; the unclear and changing incentive packages attached to the zones; and the power of the central government in the regulation of the zones. India which established its first Export Processing Zone (EPZ) in 1965 has failed to develop the zones when compared to China which took initiative for establishment only in 1980.

6. High corporate tax rates:

Corporate tax rates in East Asia are generally in the range of 15 to 30 percent, compared with a rate of 48 percent for foreign companies in India. High corporate tax rate is definitely a major disincentive to foreign corporate investment in India.

7. Indecisive government and political instability:

There were too many anomalies on the government side during past two decades and they are still affecting the direct inflow of FDI in India such as mismanagement and oppression by the different company, which affect the image of the country and also deject the prospective investor, who is very much conscious about safety and constant return on their investment.

Determinants of FDI:-

The determinant varies from one country to another due their unique characteristics and opportunities for the potential investors. In specific the determinants of FDI in India are:

1) Stable policies:

India stable economic and socio policies have attracted investors across border. Investors prefer countries which stable economic policies. If the government makes changes in policies which will have effect on the business. The business requires a lot of funds to be deployed and any change in policy against the investor will have a negative effect.

2) Economic factors:

Different economic factors encourage inward FDI. These include interest loans, tax breaks, grants, subsidies and the removal of restrictions and limitation. The government of India has given many tax exemption and subsidies to the foreign investors who would help in developing the economy.

3) Cheap and labour:

There is abundant labour available in India in terms of skilled and unskilled human resources. Foreign investors will to take advantage of the difference in the cost of labour as we have cheap and skilled labours. Example: Foreign firms have invested in BPO's in India which require skilled labour and we have been providing the same.

4) Basic infrastructure:

India though is a developing country, it has developed special economic zone where there have focused to build required infrastructure such as roads, effective transportation and registered carrier departure worldwide, Information and communication network/technology, powers, financial institutions, and legal system and other basic amenities which are must for the success of the business.

A sound legal system and modern infrastructure supporting an efficient distribution of goods and services in the host country.

5) Unexplored markets:

In India there is large scope for the investors because there is a large section of markets have not explored or unutilized. In India there is enormous potential customer market with large middle class income group who would be target group for new markets.

Example: BPO was one sector where the investors had large scope exploring the markets where the service was provided with just a call, with almost customer satisfaction.

6) Availability of natural resources:

As we that India has large volume of natural resources such as coal, iron ore, Natural gas etc. If natural resources are available they can be used in production process or for extraction of mines by the foreign investors.

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.

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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:

As all the under-developed and the developing countries want to industrialize and develop themselves, therefore it becomes necessary to raise the level to investment substantially. Due to poverty and low GDP the saving are low. Therefore there is a need to fill the gap between income and savings through foreign investment.

2) Technological gap:

In Indian scenario we need technical assistance from foreign source for provision if expert services, training of Indian personnel and educational, research and training institutions in the industry. It only comes through private foreign investment or foreign collaborations.

3) Exploitation of natural resources:

In India we have abundant natural resources such as coal, iron and steel but to extract the resources we require foreign collaboration.

4) Understanding the initial risk:

In developing countries as capital is a scare resource, the risk of investments in new ventures or projects for industrialization is high. Therefore foreign capital helps in these investments which require high risk.

5) Development of basic economic infrastructure:

In the recent years foreign financial institutions and government of advanced countries have made substantial capital available to the under developed countries. FDI will help in developing the infrastructure by establishing firm's different parts of the country.

There are special economic zones which have been developed by government for improvising the industrial growth.

6) Improvement in the balance of payments position:

The inflow FDI will help in improving the balance of payment. Firms which feel that the goods produced in India will have a low cost, will produce the goods and export the same to other country. This helps in increasing the exports.

7) Foreign firm's helps in increasing the competition:

Foreign firms have always come up with better technology, process, and innovations comparing with the domestic firms. They develop a completion in which the domestic firms will perform better it survive in the market.

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FDI IN INDIA - LEGAL ASPECTS, INFLOWS & CRUCIAL ISSUES

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Introduction:

In modern era FDI plays a vital role (as lifeblood) in Economic Development of our country since the Structural Adjustment Programme (SAP) were implemented in 1991. The Department of Industrial Policy & Promotion (DIPP) is the nodal Department for formulation of the policy of the Government on Foreign Direct Investment (FDI). It is also responsible for maintenance and management of data on inward FDI into India. The FDI inflows are permitted by two routes in various sectors of India i.e. Automatic routes and Govt. routes. Under Automatic route any person (resident of India or Outside the India), Company (Joint stock, Limited liability Company (LLC) or Foreign Venture Capital Institute (FVCI) which is registered under Indian Company act 1956), Bank & MNC's (Registered under statutory banking or corporation act) does not require any prior approval from the RBI or Govt. of India for the investment. Under the govt. route the foreign or Indian entity should obtain prior permission form the Govt. of India (which means From FIPB on behalf of Govt. of India).In a 1991 to 2016 India become Most Sustainable & attractive country in the world for FDI, says world Development Report.

Objectives of Study:

1) To study the legal aspects regarding FDI in India.
2) To study the trends of FDI inflows in several sector of India.
3) To study the crucial issues on FDI about Indian experience.

Legal Aspects regarding FDI:

'FDI' means investment by non-resident entity/person resident outside India in the capital of an Indian company under Schedule 1 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000.

1) Which entities can invest in India?

- A non-resident entity can invest in India, However, a citizen of Bangladesh or an entity incorporated in Bangladesh can invest only under the Government route. Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the Government route, in

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sectors/activities other than defense, space and atomic energy

- NRIs resident in Nepal and Bhutan as well as citizens of Nepal and Bhutan are permitted to invest in the capital of Indian companies
- Only registered FIIs/FPIs and NRIs as per Schedules 2, 2A and 3 respectively of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, can invest/trade through a registered broker in the capital of Indian Companies on recognized Indian Stock Exchanges
- A SEBI registered Foreign Venture Capital Investor (FVCI) may contribute up to 100% of the capital of an Indian Venture Capital Undertaking (IVCU) and may also set up a domestic asset management company to manage the fund. All such investments can be made under the automatic route in terms of Schedule 6 to Notification No. FEMA 2000
- The Minister of Finance who is in-charge of FIPB would consider the recommendations of FIPB on proposals with total foreign equity inflow of and below Rs.1200 crore.
- The recommendations of FIPB on proposals with total foreign equity inflow of more than Rs. 1200 cr. would be placed for consideration of Cabinet Committee on Economic Affairs (CCEA).
- An Indian company receiving investment from outside India for issuing shares/convertible debentures/preference shares under the FDI Scheme, should report the details of the amount of consideration to the Regional Office concerned of the Reserve Bank not later than 30 days from the date of receipt.

2) FDI is prohibited in:

According to Consolidated FDI Policy Dated 17-04-2014

(a) Lottery Business including Government/private lottery, etc.
(b) Gambling and betting including casinos etc.
(c) Chit funds
(d) Nidhi company
(f) Real Estate Business or Construction of Farm Houses

3) FDI is permitted in:

According to Consolidated FDI Policy Dated 17-04-2014

(a) Agriculture -100% by Automatic
(b) Mining -100% by Automatic
(c) Infrastructure -100% by Automatic
(d) Service -100% by Automatic
(e) Communication - 100% by Automatic
(f) Export Oriented Industry -100% by Automatic

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Above all legal provisions are made regarding FDI in India which is applicable to all foreign Investors as well as Indian investors. The foreign Exchange management act -2000 had laid down some provisions regarding prohibition and Permission of FDI in India according to social health, & security. The foreign investors could invest in RBI permitted sectors on behalf of Indian Govt. Therefor the inflow of FDI in India increases over the year gradually. The FDI includes various factors i.e.

i) Reserve fund with RBI
ii) Gold reserves with RBI
iii) SDR's
iv) Reserve tranche with IMF

In an aggregate these is called Total FDI

Trends in FDI Inflows:

Above all factors are shown the FDI inflow of our country. In 2014 India becomes an 8th largest foreign currency holder in the world. (1st rank- China, 2nd rank- Japan, 3rd rank- Switzerland). So the researcher is tried to find the trend of inflow of FDI in India.

Table no: 1 Country wise & financial year-wise FDI inflows data

FDI Inflows Data (**Up to March 2014**)						
Country wise				**Financial year wise**		
Sr. no	Name of Country	Amt in US $ Million	%age with Total FDI Inflows (+)	Financial Year	Total FDI Inflows (Amt in US $ Million)	%age growth over previous Year (in US $ Term)
1	Mauritius	78524.54	36.09	2001-02	6130	+52 %
2	Japan	16268.05	7.48	2002-03	5035	-18%
3	U.S.A	11927.46	5.48	2003-04	4322	-14%
4	Russia	493.74	0.22	2004-05	6051	+40%
5	China	402.31	0.18	2005-06	8961	+48%
6	Brazil	22.54	0.01	2006-07	22826	+146%
7	New Zealand	41.74	0.02	2007-08	34843	+53%
8	Sri lanka	30.37	0.01	2013-14	36396	+6%

Ref: Fact Sheet on FDI from April 2001 to 2014.

Crucial Issues about Indian experience:

The inflows of FDI create several Opportunities as well as threats in Indian Economy**.** Basically the impact of FDI depends upon the capacity of adaptation of changing Global environment especially Financial of such country. Those are enable to adopt changes can survive in tense global competition. But in the 21st century no any country can far away from the FDI and tense competition because the FDI inflows become lifeblood for each country & FDI keeps with them the principles of competition. So the researcher intends to analyze the inflows of FDI with some comparative critics. The comparative critics of FDI as follow:

The FDI helps to increase the foreign reserves so the currency exchange rate becomes moderate & favorable to the particular country. The bargaining power of such Country could be increase gradually. It reflects in the strengthening of power & position in the International Trade. Not only such countries are able to fulfill their needs of foreign currency but also they can advance a loan & advances to other countries in form of foreign currency thus the nation could be transform from borrower to lender. The most populated countries are required to focus on attracting the FDI essentially because of high rate of demand of foreign goods and services. In India out of total FDI near about 45% foreign currency being used for Importing the Petroleum products. It shows us the essentiality of foreign reserves on behalf of developmental & underdeveloped countries.

The rate of unemployment is very much high especially the disguised employment rate in the developmental countries. The FDI may be useful to reduce it or channelized it in proper manner & way. The natural resources are abundant but the absence of technology, Information and the Infrastructure the less developed countries are unable to use it at optimum level. The FDI not only offers them to utilize it at optimum level but also channelized it towards the development of such country. In a nut shell the FDI inflows offers them the range of Opportunities of Development. The Indian experience about FDI & related issues is very much positive & favorable. Predominantly Since 1991 whiles the programme of Liberalization where implemented in India, the FDI plays a vital role in the development of our country. It’s very beneficial towards the country.

Conclusion:

The FDI inflow helps to eradicate fundamental problems of our Economy like high rate of poverty & unemployment, bridges the lack of technicalities and technologies, helps to utilize natural resources at optimum level, helps to utilize the Human capital towards Development of the country, Channelized the financial assets & resources towards healthy financial health etc. In this way the FDI contributes in the comprehensive Development but it should be regulate by specific statutory

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authorities i.e. some strong & effective legal provisions should be made in respect of FDI inflow. In our country there are various institutions are regulate the FDI inflows on behalf of Govt. In a nut shell it's very beneficial to the country.

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IMPACT OF FDI IN INDIAN AGRICULTURE INDUSTRY

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Introduction

Agriculture plays a vital role in India’s economy. Over 58 per cent of the rural households depend on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry, is one of the largest contributors to the Gross Domestic Product (GDP).

As per estimates by the Central Statistics Office (CSO), the share of agriculture and allied sectors (including agriculture, livestock, forestry and fishery) was 15.35 per cent of the Gross Value Added (GVA) during 2015-16 at 2011-12 prices.

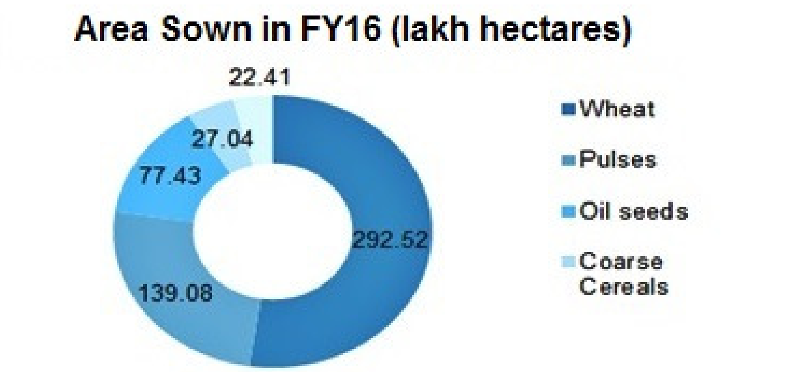
India is the largest producer, consumer and exporter of spices and spice products. India's fruit production has grown faster than vegetables, making it the second largest fruit producer in the world. India's horticulture output, comprising fruits, vegetables and spices, is estimated to be 283.4 million tonnes (MT) in 2015-16 after the third advanced estimate. It ranks third in farm and agriculture outputs. Agricultural export constitutes 10 per cent of the country’s exports and is the fourth-largest exported principal commodity. The agro industry in India is divided into several sub segments such as canned, dairy, processed, frozen food to fisheries, meat, poultry, and food grains.

Market Size

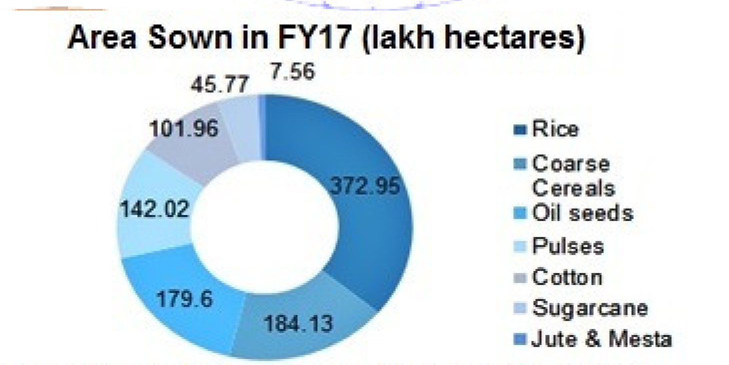
Over the recent past, multiple factors have worked together to facilitate growth in the agriculture sector in India. These include growth in household income and consumption, expansion in the food processing sector and increase in agricultural exports. Rising private participation in Indian agriculture, growing organic farming and use of information technology are some of the key trends in the agriculture industry.

As per the 3rd Advance Estimates, India's foodgrain production has increased marginally to 252.23 million tonnes (MT) in the 2015-16 crop year. Production of pulses is estimated at 17.06 million tonnes.

With an annual output of 146.31 MT, India is the largest producer of milk, accounting for 18.5 per cent of the total world production. It also has the largest bovine population. India, the second-largest producer of sugar, accounts for 14 per cent of the global output. It is the sixth-largest exporter of sugar, accounting for 2.76 per cent of the global exports. India is a leading country in coconut production and productivity in the world, with annual production of 2,044 crore coconuts and the productivity of 10,345 coconuts per hectare as on 2015-16. Spice exports from India are expected to reach US$ 3 billion by 2016–17 due to creative marketing strategies, innovative packaging, strength in quality and strong distribution networks. The spices market in India is valued at Rs 40,000 crore (US$ 5.87 billion) annually, of which the branded segment accounts for 15 per cent. In fact, the Spices Board of India has decided to set up a spice museum at Willingdon Island in Kochi to attract and educate tourists and seafarers about the history and growth of Indian spices industry.



Source: Ministry of Finance, Ministry of Agriculture, TechSci Research



Source: Ministry of Finance, Ministry of Agriculture, TechSci Research,
Notes: FY171 – Data till September 2016

Investments

Several players have invested in the agricultural sector in India, mainly driven by the government's initiatives and schemes.

According to the Department of Industrial Policy and Promotion (DIPP), the Indian agricultural services and agricultural machinery sectors have cumulatively attracted Foreign Direct

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Investment (FDI) equity inflow of about US$ 2,278.3 million from April 2000 to March 2016.

Some major investments and developments in agriculture in the recent past are as follows:

- Intertek Group, a UK-based total quality assurance provider, has launched an agricultural technology (Agritech) Laboratory in Hyderabad, which will perform high-tech deoxyribonucleic acid (DNA) analyses for the agri-biotech, plant seeds.
- ITC Ltd, one of India's leading fast-moving consumer goods (FMCG) company, plans to make Andhra Pradesh a hub for its agricultural business operations.
- Mahindra and Mahindra Ltd has acquired 35 per cent stake in a Finnish combine harvesters manufacturer, Sampo Roselnew Oy, for US$ 20.46 million and will jointly focus on the combine harvester business in Asia, Africa and Eurasian Economic Union countries.
- The Small Farmers' Agri-Business Consortium (SFAC) plans to organise camps in Madhya Pradesh and Chhattisgarh to promote its venture capital assistance scheme (VCAS), which seeks to provide capital and project development facility (PDF) to agri-business entrepreneurs.
- Agri-research institute ICRISAT's incubation arm is looking to set up a Rs.100 crore (US$ 14.67 million) fund in a year, an initiative that could help small entrepreneurs from the agri-business and nutrition space raise money.
- Mahindra & Mahindra (M&M), India's leading tractor and utility vehicle manufacturer, announced its entry into pulses retailing under the brand 'NuPro'. Going forward, the company plans to foray into e-retailing and sale of dairy products.
- Fertiliser cooperative IFFCO launched a joint venture with Japanese firm Mitsubishi Corp for manufacturing agrochemicals in India.
- Acumen, a not-for-profit global venture fund, has invested Rs 11 crore (US$ 1.7 million) in Sahayog Dairy, an integrated entity in the segment, based at Harda district in Madhya Pradesh.
- Rabo Equity Advisors, the private equity arm of Netherlands-based Rabo Group, raised US$ 100 million for the first close of its second fund – India Agri Business Fund II. The fund plans to invest US$ 15–17 million in 10–12 companies.
- Oman India Joint Investment Fund (OIJIF), a joint venture (JV) between the State Bank of India (SBI) and State General Reserve Fund (SGRF), invested Rs 95 crore (US$ 13.94 million) in GSP Crop Science, a Gujarat-based agrochemicals company.

Government Initiatives

Given the importance of the agriculture sector, the Government of India, in its Budget 2016–17, planned several steps for the sustainable development of agriculture.

Budget 2016-17 proposed a slew of measures to improve agriculture and increase farmers' welfare such as 2.85 million hectares to be brought under irrigation, Rs 287,000 crore (US$ 42.11 billion) grant in aid to be given to gram panchayats and municipalities and 100 per cent village electrification targeted by May 01, 2018. The government has set an ambitious target of producing a record 270.1 MT of foodgrains in 2016-17, 7 per cent higher than the 252.23 MT of production estimated for 2015-16.

The Government of India has started work on 99 major and medium irrigation projects, slated to be completed by 2019. These projects will bring 7.6 million hectares of land under irrigation in some of the most drought-prone regions of India.

The government has already taken steps to address two major factors (soil and water) critical to improve agriculture production. Steps have been taken to improve soil fertility on a sustainable basis through the soil health card scheme and to support the organic farming scheme 'Paramparagat Krishi Vikas Yojana'. Other steps include improved access to irrigation through 'Pradhanmantri Gram Sinchai Yojana'; enhanced water efficiency through `Per Drop More Crop'; continued support to Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and the creation of a unified national agriculture market to boost the incomes of farmers.

The Government of India recognises the importance of microirrigation, watershed development and 'Pradhan Mantri Krishi Sinchai Yojana'; thus, it allocated a sum of Rs 5,300 crore (US$ 777.6 million) for it. It urged the states to focus on this key sector. The state governments are compelled to allocate adequate funds to develop the agriculture sector, take measures to achieve the targeted agricultural growth rate and address the problems of farmers.

The Department of Agriculture and Cooperation under the Ministry of Agriculture has inked MOUs/agreements with 52 countries including the US. In addition, the Department of Agriculture Research & Education (DARE) and the Department of Animal Husbandry, Dairying & Fisheries (DAHD&F) under the Ministry of Agriculture have signed MOUs/agreements with other countries, taking the number of partnerships with other countries to 63. These agreements would provide better agricultural facilities in areas such as research and development, capacity building, germ-plasm exchange, post-harvest management, value addition/food processing, plant protection, animal husbandry, dairy and fisheries. The agreements could help enhance bilateral trade as well.

Some of the recent major government initiatives in the sector are as follows:

- The government has drawn up a five-year roadmap to increase pulse production from nearly 17.06 MT in 2015-16 to 24 MT in 2020-21 through a dedicated action plan.

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- Prime Minister Mr Narendra Modi has unveiled the operational guidelines for the Pradhan Mantri Fasal Bima Yojana which aims to provide farmers with crop insurance as well as
- The Cabinet Committee on Economic Affairs (CCEA) has approved 'Blue Revolution', an umbrella scheme for integrated development and management of fisheries by Government of India, with total financial outlay of Rs 3,000 crore (US$ 440.15 million) for a period of five years.
- Mr Piyush Goyal, Minister of Power, Coal, New and Renewable Energy has announced that government's plans to invest Rs 75,000 crore (US$ 11.08 billion) in an energy-efficient irrigation scheme over the next three to four years.
- The new crop insurance scheme for farmers 'Bhartiya Krishi Bima Yojana' aims to cover 50 per cent of the farmers under the scheme in the next two-three years,
- India and Lithuania have agreed to intensify agricultural cooperation, especially in sectors like food and dairy processing.
- Gujarat Government has planned to connect 26 Agricultural Produce Market Committees (APMCs) via electronic market platform, under the National Agriculture Market (NAM) initiative.
- The State Government of Telangana plans to spend Rs 81,000 crore (US$ 11.88 billion) over the next three years to complete ongoing irrigation projects and also undertake two new projects for lifting water from the Godavari and Krishna river.

Road Ahead

The agriculture sector in India is expected to generate better momentum in the next few years due to increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Factors such as reduced transaction costs and time, improved port gate management and better fiscal incentives would contribute to the sector's growth. Furthermore, the growing use of genetically modified crops will likely improve the yield for Indian farmers.

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