TRENDS AND ISSUES OF FOREIGN DIRECT INVESTMENT IN INDIA IN THE POST LIBERALIZATION ERA

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ABSTRACT

In India, FDI has increased significantly over the past two decades. However, it has been concentrated in a few sectors. The Government of India has put in its practice a liberal and more transparent FDI policy with a view to attract more FDI inflows into its economy. The study has summarized the emerging patterns and trends in inflows of FDI in India in the wake of policy reforms initiated since 1991. While the magnitudes of inflows have recorded impressive growth, they are still at a small level compared to the country’s potential. The aims of the present study are to analyze the FDI inflows in various sectors attracting highest FDI inflows in India from 1991-2009 and the major ten source countries contributing highest FDI inflows in the above said period. For ensuring higher FDI inflows and the planned performance of economy, government should opt for “controlled liberalization”. Policy controls should be made in such a manner that FDI would be able to contribute in upgradation of technology and the development of economy.