

A Study of Foreign Direct Investment Inflows into India

Dr V.P.JOSHI*

Abstract

Particularly for the developing and poor countries the foreign direct investment (FDI) is held to be the lifeblood of economic development. Since the beginning of globalization, FDIs have flowed into numerous developing countries, primarily in Asia and have increased dramatically in last 20 years. India saw the entrance of foreign direct investment (FDI) far later than other Asian countries, but it has remained a hub and a desirable location for FDI ever since. The current study looks at a variety of variables that affect foreign direct investment (FDI) flows and their effects on the Indian economy, mostly in two decades of economic changes that have been researched by different researchers.

Key words: *FDI inflow, retailing, trend analysis*

Introduction

Prior to 1991, the Government of India exercised a high degree of control over industrial policy by regulating and promoting much of the economic policies. The development strategy discouraged by the Government of India inputs from abroad in the form of investment or imports while the limited domestic resources were spread out by licensing of manufacturing activities. The result was a domestic industry that was highly protected – from abroad due to import controls and high duties and from domestic competition due to licensing and reservations.

The new industrial policy announced in 1991 led to de-licensing of industry competition rather than protection as the desired policy environment. The earlier requirement of approvals and licenses for any investments and expansions were abolished for all except 18 industries. Within a few years only five sectors remained under the ambit of industrial licensing.

As the restrictions on foreign investments were reduced or removed, there was a sudden spurt in foreign net inflows. The number of approvals of foreign technical collaborations registered a dramatic increase in the new policy regime and the number of foreign technology approvals went up.

* Assistant Professor, Department of commerce, Mail Id joshived51@yahoo.com
Municipal P.G.College Mussoorie, affiliated to H.N.B.Garhwal University,Uttarakhand ,
India-248179