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Research Article

A STUDY ON FDI INVESTMENT IN VARIOUS SECTORS WITH SPECIAL REFERENCE TO MAKE IN INDIA

Prashanth KumarA[1]., SwathiBhat[2]., Nishapoojari[3] and Vandanashenoy[4]

[1]Lecturer, MSNM Besant PG studies in Management Bondel, Mangalore
[2]Lecturer, Department of commerce Alva's Degree College
[3,4]Alva's P G Department of commerce

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A B S T R A C T

Today India is considered as the investment hub as it is the most powerful nation among the developing nations as nearly 65% of the population are youths, are below the age group of 35 years which is a strong indicator of future economic advancements in the next 2 decades.

The Make in India initiative was launched by Prime Minister in September 2014 as part of a wider set of nation-building initiatives. Devised to transform India into a global design and manufacturing hub, most importantly, it represents a complete change of the Government's mind-set - a shift from issuing authority to business partner, in keeping with Prime Minister's tenet of 'Minimum Government, Maximum Governance'. The paper has highlights the total cash inflows to the country after the launch of make in India theme.

It probes into the sector wise investment, country-wide investment and also the opportunities and challenges of the investors and the support given by the various states to promote the make in India scheme attracting the various investors across the world. It concludes with overall effectiveness of Make in India programme across the nation. It also provides the glimpse of the economy in the recent past with change in the regime.

INTRODUCTION

New Infrastructure*:* Availability of modern and facilitating infrastructure is a very important requirement for the growth of industry. Government intends to develop industrial corridors and smart cities to provide infrastructure based on state-of-the-art technology with modern high-speed communication and integrated logistic arrangements. Existing infrastructure to be strengthened through up-gradation of infrastructure in industrial clusters. Innovation and research activities are supported through fast paced registration system and accordingly infrastructure of Intellectual Property Rights registration set-up has been upgraded. The requirement of skills for industry are to be identified and accordingly development of workforce to be taken up.

New Sectors*:* 'Make in India' has identified 25 sectors in manufacturing, infrastructure and service activities and detailed information is being shared through interactive web-portal and professionally developed brochures. FDI has been opened up in Defence Production, Construction and Railway infrastructure in a big way.

Corresponding author:* **Prashanth KumarA
Lecturer, MSNM Besant PG studies in Management Bondel, Mangalore

New Mind-set*:* Industry is accustomed to see Government as a regulator. 'Make in India' intends to change this by bringing a paradigm shift in how Government interacts with industry. The Government will partner industry in economic development of the country. The approach will be that of a facilitator and not regulator.

The Make in India program has been built on layers of collaborative effort. There has been from Union Ministers, Secretaries to the Government of India, state governments, industry leaders, and various knowledge partners. A National Workshop on sector specific industries in December 2014 brought Secretaries to the Government of India and industry leaders together to debate and formulate an action plan for the next three years, aimed at raising the contribution of the manufacturing sector to 25% of the GDP in the coming years.These exercises resulted in a road map for the single largest manufacturing initiative undertaken by a nation in recent history. They also demonstrated the transformational power of public-private partnership, and have become a hallmark of the Make in India program. This collaborative model has also been successfully extended to include India's global partners, as evidenced by the recent in-depth interactions between India and the United States of America.

In a short space of time, the obsolete and obstructive frameworks of the past have been dismantled and replaced

with a transparent and user-friendly system that is helping drive investment, foster innovation, develop skills, protect IP and build best-in-class manufacturing infrastructure. The most striking indicator of progress is the unprecedented opening up of key sectors - including Railways, Defence, Insurance and Medical Devices - to dramatically higher levels of Foreign Direct Investment.

An array of measures focused on the ease of doing business in India have also been launched under the Make India program. Brand new, IT-driven application and tracking processes are replacing files and red tape. A number of new initiatives have been launched in order to streamline and rationalise licensing rules at the state government level, aligning them with global best practices.

From amendments in Labour law to online filing of returns & from rationalization of the regulatory environment to increasing the validity of industrial licenses, a lot of changes have been ushered in to make 'Make in India' a reality.

Today, India's credibility is stronger than ever. There is visible momentum, energy and optimism. Make in India is opening investment doors. Multiple enterprises are adopting its mantra. The world's largest democracy is well on its way to becoming the world's most powerful economy.

Make In India - Challenges

The Make in India campaign launched by Prime Minister Narendra Modi is drawing mix reactions. Political parties, political analysts, businessmen, industrialists and social activists are articulating diverse opinions. But all said and done, 'Make in India' has moved far beyond the catch phrase to take concrete shape. Yet there are plenty of challenges and hurdles, which pose threat to this initiative.

This initiative is launched to give boost to different sectors like automobiles, chemicals, IT, pharma, textiles, engineering & manufacturing, aviation, railways, defense, renewable energy, mining, bio-technology, electronics, leather, tourism & hospitality etc. The initiative also aims to transform India from highly potential market to the powerhouse of manufacturing, thereby creating millions of job opportunities. In short the campaign is conceived and designed to achieve multiple objectives and far reaching impact on the economy.

Considering the intensity and multiplicity of this campaign, we need to study its challenges, and advantages, by segmenting it into different sectors. For instance, being an engineering professional would perceive and discuss only the challenges pertaining to manufacturing sector. When we talk about 'Make in India', we inevitably stumble upon 'Made in India', because for more than two decades from now; we have been striving to get recognition to Made in India products or brand India. There is one more angle. It is called 'Made for India'. In my opinion all these three thoughts different qualities and dimensions.

- Made in India- is a pride,
- Make in India- is the process, whereas
- Made for India- is a compromise.

Obviously, the first two concepts are seen in a positive light, while the third one is viewed in the negative sense.

However, if the 'Make in India' has to succeed, we need to see the challenges and limitations in India. From this point of view, we need to acknowledge our present limitations in manufacturing.We need to admit that India, from technological point of view is lagging behind the western world, as far as manufacturing is concerned. Experts say, we are still about a decade behind advanced countries, when it comes to usage of technology and manufacturing excellence. But we can turn this situation in to our advantage. We can learn from the mistakes of the western world and try to adopt the best ever technology in the years to come. We have capabilities, we have set up and talent but we drag our own feet because of '*chalta hein*'attitude. It invokes complacency and limits our vision about quality and excellence.

Our thought about purchase or procurement is more or less 'cost centric' about technology rather than value conscious.

Induction of any new technology involves significant capital investment. But focus is more about the thought, *'Kitna deti hein'*. Hence, more often than not in Indian Industry may enjoy the cost benefits but lose on value addition.Some of advance countries have used this approach to introduce 'made for India' technology which has gone into oblivion in the advanced world, quite a few years ago. Therefore in every sector, we find mediocre quality products manufactured by them especially for the so called third world. The recent issue cropped up in connection with one of the major brands in food sector justifies my argument. It is believed that the products by this brand for the US market are far different in nutritional values than those made for Indian market.

The following account goes on to substantiate my contention about 'Made for India' products or technology.The famous European machinery manufacturer, in a bid to market his products, visited China. In a meeting with one of the Chinese buyer. He offered his machinery with standard features at a certain amount. The buyer asked about advanced features in order to make full optimum utilization of the machinery. The supplier pointed out that these features would be of no use to him, considering his present set-up and processes and more importantly, they would come at additional cost. Yet the supplier insisted to have them installed at extra cost. Thus the cost of machinery was increased by about 25%. Now the buyer asked for standard discount to which the European agreed to extend 10% discount. The buyer further asked that instead of giving discount, the supplier should provide best ever features and ensure that advanced features are fully made operational at customer's end within a span of six months, with no extra cost. The deal was finalized, as the buyer was keen to utilize advanced machinery to optimum extent, in a very short span of time.

Now let's see the similar scenario in India. The same European manufacturer visited one of the Indian customers to sell his machinery. Similar discussions took place and the Indian buyer sought to have discount on the standard price. It was offered 10%. The buyer still bargained hard to obtain additional discount and after lot of negotiations, the supplier agreed for extra special discount. The buyer was happy that he had cracked the deal at a very low price and thus saved company's money. After the deal was finalized the supplier went back to Europe, retrieved the old drawings, which had long been archived 10-15 years back. In the bargain the machinery was received with very old features, which had become obsolete in Europe long before.

Moral of the story is simple. We try to bargain on cost instead of insisting for best features and in the process, lose on value. We get a momentary pleasure of saving the cost but in the long run, we stand to lose because we don't add value to our investmentUsage of low cost technology often poses problems in terms of product quality, reliability, consistency and performance. Our delivery commitments are fired.

Many of us in India generally think that low investment means low manufacturing cost, which is utterly wrong. This conception is perhaps developed because we find lot of low cost Chinese products in the market. We look at their cost but overlook their inconsistency in performance, durability and quality. On the other hand, a Swiss company producing ball pen tips, uses best ever automation and manufacturing practices. Their manufacturing process runs unmanned, 24/7 unabated, 365 days a year. Still the company has been able to keep their manufacturing cost lowest in the world. This is because they have ignored the cost or investment and strived to deliver the value.

We have to challenge and change this scenario. We should be more demanding and insist for superior technology or superior quality that is used elsewhere in the advanced world. Investment in such machinery, tooling or equipment's may appear high but its results and returns will be incredibly quicker and higher.

In many of the Indian industries, people insist for manual skill because they apprehend that adoption of advanced technology will result in redundancy of human resource, which is abundantly available in India. As such they resist the change and introduction of new technology. However, technology driven processes with minimum human intervention will guarantee manufacturing excellence.Make in India necessarily involves the drive to boost the manufacturing sector. However, the investors are wary of prevalent labour laws and bureaucratic hassles in India and as such, unless conducive atmosphere is created on these fronts the investments will not come as expected and Make in India drive will not accomplish desired results.In order to make this initiative a great success, we need to be at par with the advanced world as far as usage of modern technology is concerned and we need to have more clarity, maturity and intensity on quality aspects of our products.

India's youth population is both, a strength and threat. In order to bring the huge chunk of unemployed youth power in to employment stream, India needs to create millions of jobs every year. Most of the western countries and even China are rapidly ageing, whereas India will continue to remain young for next 2-3 decades. So the aging world will have to depend a lot on India. Therefore, Make in India is not a short term programme. It will be an ongoing process, irrespective of the fact that whichever government is in power, the drive has to continue with the same thrust. However, the threats or challenges discussed below need to be overcome.

1. Creating healthy business environment will be possible only when the administrative machinery is efficient. India has been very stringent when it comes to procedural and regulatory clearances. A business-friendly environment will only be created if India can signal easier approval of projects and set up hassle-free clearance mechanism.
2. India should also be ready to tackle elements that adversely affect competitiveness of manufacturing. To make the country a manufacturing hub the unfavourable factors must be removed. India should also be ready to give tax concessions to companies who come and set up unit in the country.
3. India's small and medium-sized industries can play a big role in making the country take the next big leap in manufacturing. India should be more focused towards novelty and innovation for these sectors. The government has to chart out plans to give special sops and privileges to these sectors.
4. India's make in India campaign will be constantly compared with China's 'Made in China' campaign. The dragon launched the campaign at the same day as India seeking to retain its manufacturing prowess. India should constantly keep up its strength so as to outpace China's supremacy in the manufacturing sector.
5. India must also encourage high-tech imports, research and development (R&D) to upgrade 'Make in India' give edge-to-edge competition to the Chinese counterpart's campaign. To do so, India has to be better prepared and motivated to do world class R&D. The government must ensure that it provides platform for such research and development.
6. Indian manufacturing revolves around the FDI rhetoric so much that we have most likely forgotten that around 8-9 million people join the workforce every year. Not all of them can be employed in projects that come through the way of FDI since the process is usually long drawn and erratic. The Ease of Doing Business Index, which tracks the relative easiness of setting up operations in the country, reveals the same fact about rampant red tape and lax governance in the country. We are placed on a measly 134thposition with countries like Uganda, Kazakhstan and Cyprus ranking above us.
7. We need infrastructure, we need highways, and we need cold storage facilities. A lot of projects never take off from the paper they are inked on, and remain stale headlines in some forgotten newspapers.Infrastructural development is not just about making better buildings or faster trains, but at the same time, overhauling the overall processes involved in getting a new entity set up. Intellectual properties, research and development grants, a market friendly atmosphere with transparency and focus on e-delivery of services are all part of infrastructure which we can start to build right away instead of waiting for the disbursement of hundreds of crores from the Union Budget every year.
8. Job-Skill Mismatch: Only 10-15% of regular graduates are employable. People graduate with flying colours every year from popularcourses like Engineering, Medicine and Business Studies, but end up looking for their elusive first job simply because they aren't equipped enough to work in the industry. While we blame the industry for not giving young graduates a chance to work and point out evils in FDI, the focus never comes back to the quality and characteristics of the kind of training and education people receive.75% of IT graduates are deemed '*unemployable'*, 55% in

Analysis and Interpretaion

Analysis of Effectiveness of PRE and POST launch of Make in India

(Rupees in Crore) **(Rupees in Crore)**

Pre launch of Make in india					Post launch of Make in india				
Year	Month	X	(X-x)	(X-x)2	Year	Month	X	(X-x)	(X-x)2
2012-13	feb	1795	-290.947	84650.3712	2014-15	sep	2678	-423	178929
	march	1525	-560.947	314661.95		october	2655	-446	198916
2013-14	april	2322	236.0526	55720.8449		nov	1537	-1564	2446096
	may	1631	-454.947	206977.108		dec	2161	-940	883600
	june	1444	-641.947	412096.424		jan	4481	1380	1904400
	july	1657	-428.947	183995.845		feb	3288	187	34969
	august	1408	-677.947	459612.634		march	2117	-984	968256
	sep	4132	2046.053	4186331.37	2015-16	april	3605	504	254016
	october	1227	-858.947	737790.582		may	3850	749	561001
	nov	1638	-447.947	200656.845		june	2054	-1047	1096209
	dec	1101	-984.947	970121.319		july	2007	-1094	1196836
	jan	2189	103.0526	10619.8449		august	2220	-881	776161
	feb	2017	-68.9474	4753.73961		sep	2897	-204	41616
	march	3533	1447.053	2093961.32		october	5242	2141	4583881
2014-15	april	1705	-380.947	145120.898		nov	2934	-167	27889
	may	3604	1518.053	2304483.79		dec	4635	1534	2353156
	june	1927	-158.947	25264.2659		jan	4975	1874	3511876
	july	3500	1414.053	1999544.84		feb	3117	16	256
	august	1278	-807.947	652778.95		march	2466	-635	403225
		39633		15049142.9			58919		21421288
	x=∑X/N=39633/19								
							x=∑X/N=58919/19=		
	2085.947								
							3101		
	S=889.9776135564						S=1061.8079913649		

manufacturing, 55% in healthcare and 50% in banking and insurance, as pointed out in a report produced by FICCI and Ernst and Young, called *Higher Education in India: Vision 2030*.Studying about an industry and working on the shop floor are two completely different things, and a lot of surveys point out the anomaly that has crept in our mode of imparting education. The government should start analysing the quality of education soon and industry interface needs to be built in schools and colleges so that students are apprised about the current trends and requirements in the job they hope to take up right from the beginning of their courses.

Objectives of the Study

1. To identify the FDI investment before and after the launch of Make in India Scheme.
2. To find out the sector wise investment details for past 3 years
3. To study the country wise cash inflows in the form of FDI and its impact on the economic development of the nation.
4. To evaluate the overall effectiveness of the programme.

Need for the study

The needs for the study arise mainly because of changes that have taken place the global economy in the recent past. With most of the developed countries are shifting their production activities to a developing nation like china which is a close rival to India, there is need to study the effectiveness initiatives taken by the government to improve FDI investment and response it has received in the form of cash inflows. Paper makes an attempt to identify the fruitfulness of the Make in India programme and FDI inflows in light of the growth of India as a super power in the next two decade as nearly 65% of the population of the nation is below the age of 35 years

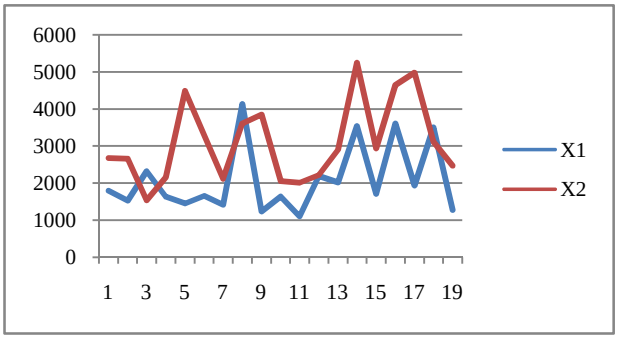
Research methodology

The data was collected mainly from secondary data. Government website, magazines, newspaper articles and previous research study done in this field. The data collected was tested using statistical tool such as standard Deviation and charts were prepared to analyse the data under evaluation.

Limitations of the study

- The study was limited to the secondary sources of data only.
- The study has considered only data relating to exchange rate for a period of 28 months from April 2012 to January 2017.
- The data collected may be influenced by many economic factors which may be normal or extra-ordinary in the time period of research which is considered for the study.
- The study has considered FDI investment in only top 10 sectors, and top 10 countries only.

Chart showing the movement of FDI before and after the Launch of Make in India Initiative



X1- Pre Launch of Make in India
X2- Post Launch of Make in India

Interpretation

It is clear from the study that the investment in the form of FDI is continuously increased in the post launch of Make in India scheme From 15049142.90 Crore to 21421288. The standard deviation of the investment has also improved from 889.97 crore to 1061.80 crore. Showing a positive impact of the Make in India Scheme.

Reasons

- Foreign direct investment (FDI) in India has received a dramatic boost from the launch of the Make in India initiative, according to the latest Economic Survey. After the September 2014 launch of the initiative, which seeks to promote manufacturing and attract foreign investment, there was an almost 40% increase in FDI inflows from October 2014 to June 2015 over the year-ago period.
- Under the programme, the government has awarded 56 defence manufacturing permits to private sector entities in the past one year, after allowing 49% FDI in the defence sector in August 2014, compared with 47 granted in the preceding three years.Entities from several countries such as Japan, China, France and South Korea announced their intention to invest in India in various industrial and infrastructure projects. The major objectives behind the Make in India initiative are job creation and skill enhancement in 25 sectors of the economy, including automobiles, aviation, biotechnology, chemicals, construction, defence manufacturing, electrical machinery, electronic systems and mining.According to the Department of Industrial Policy and Promotion, FDI inflows under the approval route (which requires prior government permission) increased by 87% during 2014-15 with an inflow of $2.22 billion. More than 90% of FDI was through the automatic route.Also in 2014-15, foreign institutional investment rose by an unprecedented 717% to $40.92 billion.
- Foreign direct investment (FDI) of USD 22.47 million flowed in from China in the areas of computer software, electronics and telecommunications between April 2000 to September 2016. As per the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, the total FDI inflows from April 2000 to September 2016 in computer software, electronics and telecommunications sectors from China is of the order of USD 22.47 million. FDI into computer software and hardware stood at USD 12.92 million, while that in electronics and telecommunications was at USD 8.37 million and USD 1.18 million, respectively.
- The total FDI flows in FY'16 is the highest-ever at $55.4 billion. The FDI equity inflows in March 2016 went up by 16.5 per cent to $2.46 billion, according to data released by the Department of Industrial Policy and Promotion (DIPP). Of the FDI inflows (equity) in FY'16, services sector (including financial, banking, insurance, non-financial / business, outsourcing, R&D, courier, technology testing and analysis) attracted maximum investments of $6.88 billion followed by computer hardware and software ($5.90 billion), trading business ($3.84 billion) and automobile industry ($2.52 billion).
- Developing Asia remained the largest FDI recipient region in the world with investment flows reaching $541 billion marking a 16 percent increase over the previous year.In East Asia, the spike was spurred by China while in South East Asia, the increase in investment came from Myanmmar, Vietnam, India and Bangladesh.FDI inflows to South East Asia as a whole has been consistently.

Country	2013-14 (April - March)	%share in total total fdi	Rank	2014-15 (April - March)	%share in the total fdi	Rank	2015-16 (April,15 - March, 16)	%share in the total fdi	Rank	Cumulative Inflows (April '00 - March '16)	%age to total Inflows	Ranks
MAURITIUS	29,360 (4,859)	15.52560191	2	55,172 (9,030)	21.03216657	1	54,706 (8,355)	3.657162874	2	480,363	33%	1
SINGAPORE	35,625 (5,985)	18.83854114	1	41,350 (6,742)	15.76306981	2	89,510 (13,692)	5.983852756	1	256,667	16%	2
U.K.	20,426 (3,215)	10.80129239	3	8,769 (1,447)	3.342838191	6	5,938 (898)	0.396962548	8	115,592	8%	3
JAPAN	10,550 (1,718)	5.578852184	5	12,752 (2,084)	4.861201119	4	17,275 (2,614)	1.154854836	5	110,671	7%	4
U.S.A.	4,807 (806)	2.541947152	7	11,150 (1,824)	4.250501292	5	27,695 (4,192)	1.851444555	3	94,575	6%	5
NETHERLANDS	13,920 (2,270)	7.360912076	4	20,960 (3,436)	7.990180008	3	17,275 (2,643)	1.154854836	4	94,533	6%	6
GERMANY	6,093 (1,038)	3.221985437	6	6,904 (1,125)	2.631879903	7	6,361 (986)	0.425240614	7	44,870	3%	7
CYPRUS	3,401 (557)	1.798452728	8	3,634 (598)	1.385320332	9	3,317 (508)	0.221745499	10	42,681	3%	8
FRANCE	1,842 (305)	0.974051727	9	3,881 (635)	1.479479418	8	3,937 (598)	0.263193256	9	26,525	2%	9
UAE	1,562 (255)	0.825987404	10	2,251 (367)	0.858105687	10	6,528 (985)	0.436404768	6	21,648	1%	10
Total	**189,107 (30,931)**			**262,322 (40,001)**			**1,495,859 (288,634)**					

FDI country wise Analysis

Interpretation and Discussion

- Mauritius, Singapore and UK are the countries who has invested highest in India with total of 33%, 16% and 8% out of the total FDI investment into the Indian market from 2000 to 2016.Singapore has made highest investment with 13962 crore out of the 10 nations in the year 2015-16.Maximum inflows (equity) were from Singapore ($13.69 billion), followed by Mauritius ($8.35 billion), the US ($4.19 billion), the Netherlands ($2.64 billion) and Japan ($2.61 billion). The previous highest FDI inflow was in FY12 when the country received $46.55 billion, which was a 34 per cent increase over $34.8 billion it got in FY11. However, India recorded it's largest-ever percentage increase in FDI when it received $22.8 billion in FY07, representing a 155 per cent increase over the $8.9 billion in FY06.This includes equity, re-invested earnings and other capital. To boost investment environment and attract foreign investments the government had brought in FDI-related reforms and liberalised several major sectors.
- Global foreign direct investment (FDI) jumped to $1.76 trillion in 2015 while foreign investment inflows to India reached a high of $44 billion almost touching record levels of 2008, according new UN report.
- The top 10 sources of equity foreign investment in India were Singapore, Mauritius, the United States, the Netherlands, Japan, Germany, United Kingdom, China, Hong Kong and the United Arab Emirates - UN Reports
- FDI inflows to South East Asia as a whole has been consistently rising.India was the ninth largest investor in developing Asia
- Between 2010 and 2016 (not including FDI reforms announced on 20 June), India passed 51 new investment policy measures as compared to 24 measures adopted by China during the same period. About 88 per cent of all Indian measures during this period were focused on FDI liberalisation and promotion.
- Worldwide, 85 percent of newly adopted investment policy measures in 2015 were addressed towards investment liberalization and promotion. The United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2016 further finds that the remaining 15 percent of new investment measures featuring restrictions or regulations, reflecting concerns mainly about foreign ownership in strategic industries or national security considerations
- However, the global rebound in FDI in 2015 was due to a surge in cross-border M&A's to the tune of $721 billion, up from $432 billion in 2014. These acquisitions were due to very large corporate reconfigurations by multinational enterprises (MNEs), including shifting their headquarters, for strategic

reasons and for tax inversion purposes, the report states.

Rank	Sector	2013-14	2014-15	2015-16	CUMULATIVE INFLOWS 2000-2016	% age to total Inflows
1	SERVICES SECTOR **	13,294 (2,225)	27,369 (4,443)	45,415 (6,889)	258,354 (50,792)	18%
2	CONSTRUCTION DEVELOPMENT: TOWNSHIPS, HOUSING, BUILT-UP INFRASTRUCTURE	7,508 (1,226)	4,652 (769)	727 (113)	113,936 (24,188)	8%
3	COMPUTER SOFTWARE & HARDWARE	6,896 (1,126)	14,162 (2,296)	38,351 (5,904)	112,184 (21,018)	7%
4	TELECOMMUNICATIONS (radio paging, cellular mobile, basic telephone services)	7,987 (1,307)	17,372 (2,895)	8,637 (1,324)	92,729 (18,382)	6%
5	AUTOMOBILE INDUSTRY	9,027 (1,517)	16,760 (2,726)	16,437 (2,527)	81,394 (15,065)	5%
6	DRUGS & PHARMACEUTICALS	7,191 (1,279)	9,052 (1,498)	4,975 (754)	70,097 (13,849)	5%
7	CHEMICALS (OTHER THAN FERTILIZERS)	4,738 (878)	4,658 (763)	9,664 (1,470)	59,555 (11,900)	4%
8	TRADING	8,191 (1,343)	16,755 (2,728)	25,244 (3,845)	68,837 (11,872)	4%
9	POWER	6,519 (1,066)	4,296 (707)	5,662 (869)	52,613 (10,476)	4%
10	HOTEL & TOURISM	2,949 (486)	4,740 (777)	8,761 (1,333)	49,710 (9,227)	3%

Sectors Attracting Highest Fdi Equity Inflows

Interpretation and Discussion

In India service sector has attracted highest FDI investment with 2,58,354 crore and 18% followed by construction development and software industry stands 3rd with 1, 12,184 crore investment.

- The services sector, which includes banking, insurance, outsourcing, R&D, courier and technology testing, had received foreign direct investment (FDI) worth USD 2.22 billion in 2013-14. However, the total foreign inflow in 2014-15 in the services sector was low as compared to 2012-13 when it was USD 4.83 billion, according to the Department of Industrial Policy and Promotion (DIPP) data.
- The government has announced a series of steps such as fixing timeliness for approvals to improve the ease of doing business in the country and attracting domestic as well as foreign investments. In step with the growth in FDI in important sectors like services, overall foreign inflows in the country too rose by 27 per cent to USD 30.93 billion during the previous fiscal. The amount was USD 24.29 billion in 2013-14. Services contribute about 60 per cent to India s GDP and it receives high foreign inflows in this sector.
- With the government taking steps to improve ease of doing business and attracting investments, FDI inflows into the services sector grew by over 46 per cent to USD 3.25 billion in 2014-15. To attract investment in the services sector, the government has raised the FDI cap in insurance sector to 49 per cent from 26 per cent. The policy was also relaxed in other sectors such as defence, railways and medical devices. Foreign investments are considered crucial for India, which needs around USD 1 trillion in the next five years to overhaul its infrastructure sector such as ports, airports and highways to boost growth. Growth in foreign investments helps improve the country s balance of payments (BoP) situation and strengthen the rupee.
- Last year saw a sizeable jump in Indian Greenfield investment announced in manufacturing, especially in industries such as electrical and electronic equipment ($13.5 billion), metal products ($5.9 billion) and motor

vehicles ($3.6 billion). The momentum created by the huge increase in announced Greenfield investments, including in manufacturing is likely to carry through into realised FDI in 2016 and beyond.Globally, 2015 had Greenfield investments worth $63 bn surpassing the highest level of investment in 2008 with $62 bn for investment levels in the past decade.

- The other sectors where inflows have recorded growth telecommunications (USD 2.89 billion), automobiles (USD 2.57 billion) and computer software and hardware (USD 2.20billion).

CONCLUSION

India is considered as the hottest avenues of investment as it is the most Powerful Developing nation having more than 65%.population with age group of 35 or less. This shows significant developmental activities in the next 2 decade, strengthened by availability of skilled labour which is essential for the companies to carryout operations. Developing Asia remained the largest FDI recipient region in the world with investment flows reaching $541 billion marking a 16 percent increase over the previous year. In East Asia, the spike was spurred by China while in South East Asia, the increase in investment came from Myanmmar, Vietnam, India and Bangladesh. FDI inflows to South East Asia as a whole has been consistently rising. Indirect ownership structures strengthens the reach of international investment agreements (IIAs).The prospective Regional Comprehensive Economic Partnership deal of which India is a party has the highest percentage of foreign affiliates (among TTIP, TPP and RCEP) with 56 percent direct and ultimate owners outside the region.

India acquired 10th slot in the top 10 countries attracting highest FDI inflows globally in 2015. The report also mentioned that among the investment promotion agencies, India has moved up by one rank to become the sixth most preferred investment destination. India will require around US$ 1 trillion in the 12th Five-Year Plan (2012–17), to fund infrastructure growth covering sectors such as highways, ports and airways. This would require support from FDI flows. India's growth rate, along with competitive location in terms of wages and policies like Stand up India, is expected to boost FDI in the coming future.

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