GROWTH OF FOREIGN DIRECT INVESTMENTS IN INDIA

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ABSTRACT: Foreign direct investment (FDI) in all over the world in general and in India in particular after the opening up of our market with the adoption of the policies namely globalization, privatization and liberalization has no doubt emerged as one of the most significant source and contributor of external inflow of resources and is one of the most crucial contributors to the capital formation despite their share in the world arena still catching up. When we talk about the term FDI we are talking about a bundle of resources that usually flow into a country including besides capital, production technology, global managerial skills, innovative marketing strategies and access to new markets.

In this project it has been tried to provide a comprehensive picture about the foreign direct investment ranging from its conception as a potent source of investment the world over, its various types, the methodology adopted top FDI countries and agencies engaged and other important aspects. A cumulative and an exhaustive study of the overall scenario of FDI in India starting from the introduction of FDI in the country, share of top investing countries, sectors attracting highest FDI flows, sector wise technology transfer and approvals.

We will also look at the determinants for attracting FDI in the country and also the causes for low flow of FDI and the mechanisms that can be undertaken to make our country attractive enough for investors. This study entirely relies on secondary data collected after a thorough and exhaustive study of various websites, text books, journals, newspapers, magazines and great inputs form various professors and professionals specializing in this area. Though the policy is reviewed frequently we lack when compared with countries like china, so it's high time the government takes steps to further liberalize the economy and streamline and liberalize the policies to make India the most preferred FDI destination in the world.

Keywords: Foreign Direct Investments, FDIS market

INTRODUCTION

Foreign direct investment (FDI) is defined as "investment made to acquire lasting interest in enterprises operating outside of the economy of the investor." The FDI relationship consists of a parent enterprise and a foreign affiliate which together form a Multinational corporation (MNC). In order to qualify as FDI the investment must afford the parent enterprise control over its foreign affiliate. The UN defines control in this case as owning 10% or more of the ordinary shares or voting power of an incorporated firm or its equivalent for an unincorporated firm; lower ownership shares are known as portfolio investment.

HISTORY:

In the years after the Second World War global FDI was dominated by the United States, as much of the world recovered from the destruction brought by the conflict. The US accounted for around three-quarters of new FDI (including reinvested profits) between 1945 and 1960. Since that time FDI has spread to become a truly global phenomenon, no longer the exclusive preserve of OECD countries. FDI has grown in importance in the global economy with FDI stocks now constituting over 20 percent of global GDP.

TYPES OF FOREIGN DIRECT INVESTMENT:

BY DIRECTION:

Inward

Inward foreign direct investment is when foreign capital is invested in local resources.

Inward FDI is encouraged by:

> Tax breaks, subsidies, low interest loans, grants, lifting of certain restrictions

> The thought is that the long term gain is worth short term loss of income

Inward FDI is restricted by:

> Ownership restraints or limits

> Differential performance requirements.

OUTWARD

Outward foreign direct investment, sometimes called "direct investment abroad", is when local capital is invested in foreign resources. Yet it can also be used to invest in imports and exports from a foreign commodity country.

Outward FDI is encouraged by:

> Government-backed insurance to cover risk

Outward FDI is restricted by:

> Tax incentives or disincentives on firms that invest outside of the home country or on repatriated profits

> Subsidies for local businesses

Leftist government policies that support the nationalization of industries (or at least a modicum of government control) Self-interested lobby groups and societal sectors who are supported by inward FDI or state investment, for example labour markets and agriculture. Security industries are often kept safe from outwards FDI to ensure the localised state control of the military industrial complex.

OBJECTIVES OF THE STUDY

1 To study the trends in the inflow of foreign direct investment
2 The sector attracting highest FDI equity inflow
3 Foreign technology transfer
4 Sector wise technology transfer approvals
5 To study the causes and reasons for low FDI inflow in the country
6 To study the determinants for attracting the FDI
7 To study and understand mechanism of approvals of FDI by RBI and FIPB

RESEARCH METHODOLOGY:

This project is entirely based on freelance work done by the student and therefore no organization has been taken as a base for doing the project. AN exhaustive amount of data available on the internet, from the text books, news papers, and various magazines and suggestions from a few experts in the field has been taken in doing this project.
As this is a free lance project, the data has been entirely collected from secondary sources and therefore its authenticity can be vouched for only by going through the same literature which has been used.

LIMITATIONS OF THE STUDY

The study is conducted in a short period, which was not detailed in all aspects.
Non-availability of accurate data to FDI
Data in one secondary source do not match with that of another source.

LITERATURE REVIEW - FOREIGN DIRECT INVESTMENT

Greenfield investment

Direct investment in new facilities or the expansion of existing facilities. Greenfield investments are the primary target of a host nation's promotional efforts because they create new production capacity and jobs, transfer technology and know-how, and can lead to linkages to the global marketplace. The Organization for International Investment cites the benefits of greenfield investment (or insourcing) for regional and national economies to include increased employment (often at higher wages than domestic firms); investments in research and development; and additional capital investments. Criticism of the efficiencies obtained from greenfield investments include the loss of market share for competing domestic firms. Another criticism of greenfield investment is that profits are perceived to bypass local economies, and instead flow back entirely to the multinational's home economy. Critics contrast this to local industries whose profits are seen to flow back entirely into the domestic economy.

Mergers and Acquisitions

Transfers of existing assets from local firms to foreign firms takes place; the primary type of FDI. Cross-border mergers occur when the assets and operation of firms from different countries are combined to establish a new legal entity. Cross-border acquisitions occur when the control of assets and operations is transferred from a local to a foreign company, with the local company becoming an affiliate of the foreign company. Unlike greenfield investment, acquisitions provide no long term benefits to the local economy-- even in most deals the owners of the local firm are paid in stock from the acquiring firm, meaning that the money from the sale could never reach the local economy. Nevertheless, mergers and acquisitions are a significant form of FDI and until around 1997, accounted for nearly 90% of the FDI flow into the United States. Mergers are the most common way for multinationals to do FDI.

Horizontal FDI

Investment in the same industry abroad as a firm operates in at home.

Vertical FDI

Backward Vertical FDI

Where an industry abroad provides inputs for a firm's domestic production process.

Forward Vertical FDI

Where an industry abroad sells the outputs of a firm's domestic production.

By Motive

FDI can also be categorized based on the motive behind the investment from the perspective of the investing firm:

Resource-Seeking

Investments which seek to acquire factors of production that are more efficient than those obtainable in the home economy of the firm. In some cases, these resources may not be available in the home economy at all (e.g. cheap labor and natural resources). This typifies FDI into developing countries, for example seeking natural resources in the Middle East and Africa, or cheap labor in Southeast Asia and Eastern Europe.

Market-Seeking

Investments which aim at either penetrating new markets or maintaining existing ones. FDI of this kind may also be employed as defensive strategy; it is argued that businesses are more likely to be pushed towards this type of investment out of fear of losing a market rather than discovering a new one. This type of FDI can be characterized by the foreign Mergers and Acquisitions in the 1980's by Accounting, Advertising and Law firms.

Efficiency-Seeking

Investments which firms hope will increase their efficiency by exploiting the benefits of economies of scale and scope, and also those of common ownership. It is suggested that this type of FDI comes after either resource or market seeking investments have been realized, with the expectation that it further increases the profitability of the firm.

Strategic-Asset-Seeking

A tactical investment to prevent the loss of resource to a competitor. Easily compared to that of the oil producers, whom may not need the oil at present, but look to prevent their competitors from having it.

OPPOSITION:
The late 1960s and early 1970s foreign direct investment became increasingly politicized. Organized labor, convinced that foreign investment exported jobs, undertook a major campaign to reform the tax provisions which affected foreign direct investment. The Foreign Trade and Investment Act of 1973 (or the Burke-Hartke Bill) would have eliminated both the tax credit and tax deferral. The Nixon Administration, influential members of Congress of both parties, and well-financed lobbying organizations came to the defense of the multinational. The massive counterattack of the multinational corporations and their allies defeated this first major challenge to their interests.

List of countries by received FDI:
This is a list of countries by FDI in 2013 mostly based on CIA fact book accessed in January 2008.
1 United states
2 United kingdom
3 Hong kong
4 Germany
5 China
6 France
7 Belgium
8 Netherlands
9 Spain
10 Canada

INTERNATIONAL ACCREDITATIONS AND AGENCIES
INTERNATIONAL INVESTMENT POSITION:
A country's international investment position (IIP) is a financial statement setting out the value and composition of that country's external financial assets and liabilities. The IIP is one component of the capital account of a country's balance of payments, containing for example stock of companies, real estate, financial instruments, and so on. By comparison, imports and exports of goods and services are part of the current account.
The difference between a country's external financial assets and liabilities is the net international investment position (NIIP).
International Investment Position = domestically owned foreign assets - foreign owned domestic assets

INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES (ICSID)
The International Centre for Settlement of Investment Disputes (ICSID), an institution of the World Bank group based in Washington, D.C., was founded in 1966 pursuant to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the ICSID Convention or Washington Convention). As of May 2005, 155 countries had signed the ICSID Convention.
ICSID has an Administrative Council, chaired by the World Bank's President, and a Secretariat. It provides facilities for the conciliation and arbitration of investment disputes between member countries and individual investors.
During the past decade, with the proliferation of bilateral investment treaties (BITs), most of which refer present and future investment disputes to the ICSID, the caseload of the ICSID has substantially increased. As of June 30, 2005, ICSID had registered 184 cases more than 30 of which were pending against Argentina – Argentina's economic crisis in the late 1990s and subsequent Argentine government measures led several foreign investors to file cases against Argentina. Bolivia, Nicaragua, Ecuador and Venezuela have announced their intention to withdraw from the ICSID

WORLD ASSOCIATION OF INVESTMENT PROMOTION AGENCIES
The World Association of Investment Promotion Agencies, or WAIPA, is an international NGO hosted by UNCTAD that acts as a forum for investment promotion agencies, provides networking and promotes best practice in investment promotion.
Having spoken elaborately about the definition, history, types, top countries and various types of agencies related to foreign direct investment the other aspect that gains importance is the factors that actually stand in favor or against a country’s interests in encouraging or discouraging countries from investing in that particular nation.

FACTORS THAT ENOCURAGE FDI:
LOCATION SPECIFIC ADVANTAGES:
The location specific advantages involve a number of factors that favor a location in comparison to an alternative location. The factors deciding location of the foreign direct investment involve labor costs, marketing factors, trade barriers and government policy.
1. MARKET FACTORS:
2. TRADE BARRIERS:
3. LABOUR COSTS:
4. COST FACTORS:
5. EXCHANGE RATES:
6. MACRO ECONOMIC STABILITY:
7. RATE OF INFLATION:
8. OVERALL ECONOMIC STABILITY:
9. RESEARCH AND DEVELOPMENT:
10. POLICY INITIATIVES AND ENVIRONMENT:
11. INCENTIVES:

ELIMINATION OF RESTRICTIONS:

Developing countries have applied various forms of restrictions to FDI in the pre liberalized era mostly because of their troubled past and exploitation by their colonial rulers. Various controls like ownership and control and other operational restrictions like closing down certain sectors to private enterprises, screening regularization authorization of investment and minimum capital requirements. For example allowing only fixed percentage of foreign owned capital in an enterprise, compulsory joint ventures, compulsory transfer of ownership to local private firms and restrictions on reimbursement of capital upon liquidation. Even when the foreign firms enter the host country's market they could face certain restrictions on their operations such as restrictions on employing key foreign personnel and performance requirements such as sourcing or local content requirements, training requirements and export targets.

The best example is the erstwhile Indian economy which followed the license permit raj before embarking upon economic reforms. But the whole scenario of controlling the economy in most of the developing nations has been done away with, in most of the countries and they have seriously embarked upon many liberal measures like quick licensing, many tax incentives and so on which have changed the economic scenario of many a nations.

 India's economy is $3,815.6 trillion (purchasing power parity) which accounts for a 6.3% share of world income, the fourth largest in the world in terms of real GDP.

The economy of India, when measured in USD exchange-rate terms, is the twelfth largest in the world, with a GDP of US $1.25 trillion (2008). It is the third largest in terms of purchasing power parity. India is the second fastest growing major economy in the world, with a GDP growth rate of 9.4% for the fiscal year 2013–2014. However, India's huge population has a per capita income of $4,542 at PPP and $1,089 in nominal terms (revised 2014 estimate).The World Bank classifies India as a low-income economy.

Indian economy is very diverse ranging from agriculture which provides direct and indirect employment to more than 65% of the population to the services sector which contributes about 55%of the GDP and still growing strong. India also ranks among the most promising countries in other sectors like industry, manufacturing, telecommunications etc.

After independence India's economy was influence by the colonial policy though exploitative and also by the Fabian socialist ideas of our leaders. India followed a socialistic policy for most part of its independent history with strict governmental control over private sector participation, foreign trade and foreign direct investment, with a strong emphasis on import substitution, self sustainability and central planning which led to a lot of bottle necks being created in the way of the nations development with extremely low growth rate termed as the Hindu rate of growth.

The collapse of the Soviet Union as the major trade partner and the first gulf war which spiked the oil prices caused a major balance of payments crisis in India which found the prospect of defaulting on its loans. In response, Prime Minister Narasimha Rao along with his finance minister Man Mohan Singh initiated the economic liberalization of 1991. The reforms did away with the License Raj (investment, industrial and import licensing) and ended many public monopolies, allowing automatic approval of foreign direct investment in many sectors.

Since 1990 India has emerged as one of the wealthiest economies in the developing world; during this period, the economy has grown constantly, but with a few major setbacks. This has been accompanied by increases in life expectancy, literacy rates and food security. The credit rating of India has been raised to investment level in 2014 by S&P and Moody's. In 2003, Goldman Sachs predicted that India's GDP in current prices will overtake France and Italy by 2020, Germany, UK and Russia by 2025 and Japan by 2035. By 2035, it was projected to be the third largest economy of the world, behind US and China.

FACTORS MAKING INDIA A FAVOURED FDI DESTINATION:

India, the largest democracy and 4th largest economy (in terms of purchase power parity) in the world is also the tenth most industrialized country in the world. With its consistent growth performance and abundant high-skilled manpower, India provides enormous opportunities for investment, both domestic and foreign.

Since the beginning of economic reforms in 1991, major reform initiatives have been taken in the fields of investment, trade, financial sector, exchange control simplification of procedures, enactment of competition and amendments in the intellectual property rights laws, etc. India provides a liberal, attractive, and investor friendly investment climate. Main features of policy on Foreign Direct Investment are dealt with in this chapter.

10 reasons to Invest in INDIA

A number of studies in the recent past have highlighted the growing attractiveness of India as an investment destination. According to the study 'Dreaming with BRICS' by Goldman Sachs, Indian economy is expected to continue growing at the rate of 5% or more till 2050. Some of these conclusions are listed below:

 2nd most attractive destination – A. T. KEARNEY Business Confidence Index, 2005
 2nd most attractive investment destination among Transnational Corporations – UNCTAD's 'World Investment Report, 2005'
 Most attractive location for "off shoring" of services activities - A.T. Kearney Global Services Location Index 2005.

India has among the most liberal and transparent policies on FDI among the emerging economies. FDI up to 100% is allowed under the automatic route in all activities/sectors except the following which require prior approval of the Government:

i. Manufacture of Cigars & Cigarettes of tobacco and manufactured tobacco substitutes;
ii. Manufacture of Electronic aerospace and defence equipments: all types
iii. Manufacture of items exclusively reserved for Small Scale Sector with more than 24% FDI;
iv. Proposals in which the foreign collaborator has an existing financial / technical collaboration in India in the 'same' field [Refer Press Note No.1 (2005 series)];
v. All proposals falling outside notified sectoral policy/caps.

FDI policy is reviewed on continued basis and changes in sectoral policy/sectoral equity cap are notified through Press Notes by the Secretariat for Industrial Assistance (SIA), Department of Industrial Policy & Promotion (DIPP). All Press Notes are available at DIPP website (www.dipp.gov.in). FDI Policy is also notified by Reserve Bank of India (RBI) under Foreign Exchange Management Act (FEMA) 1999.

FDI up to 100% is permitted on the automatic route in most sectors. Investments under the automatic route do not require any prior approval

and require only post-entry notification to the Reserve Bank of India. In limited sectors requiring prior Government approval, proposals are considered in a time bound and transparent manner. There is no restriction on repatriation of original investment and returns on investment.
Some of the major sectors where FDI up to 100% is allowed under the Automatic route include most infrastructure sectors, viz., roads and highways, ports and harbours, power generation except nuclear power; almost all manufacturing activity except few activities under compulsory licensing or reserved for exclusive manufacture in small scale sector; and a large number of services.
The Policy also encourages acquisition of technology by the Indian companies to become globally competitive. Foreign technology collaborations are also allowed on automatic route within specified ceilings for payment of royalties. Companies, who have entered into foreign technology collaboration agreements on automatic route, can make royalty payments without any restriction on duration. All foreign investments, dividends and profits thereon are fully repatriable.

FOREIGN INVESTMENT ACTS- FERA AND FEMA:
India's foreign investment policy since independence has been guided by two important acts namely foreign exchange regulation act 1973 and Foreign exchange management act 1999 among other acts and regulations. As we discuss elaborately the various factors of foreign direct investment it is pertinent to have an overview of these two acts.

FOREIGN EXCHANGE REGULATION ACT-1973
The Foreign Exchange Regulation Act, 1947, was enacted as a temporary measure and later placed permanently in the year 1957. At that time the limited objective of the Act was to regulate the inflow of foreign capital in the form of branches and concerns with the substantial non-resident interest, and the the employment of foreigners. The country attained freedom in 1947, after two centuries of foreign rule and protracted freedom struggle stretched over decades. The prevailing mood then was one of preserving and consolidating the freedom and not to permit once again any type of foreign domination, political or economic. Initial approach on foreign capital was negative to a not-interested attitude. Prime Minister explained that "the stress on the need to regulate, in the national interest, the scope and manner of foreign capital and control (as per the Industrial Policy Statement 48) arose from the past association of foreign capital and control with foreign domination of the economy of the country."
However after initiation of a process of rapid industrialization of the country, the need to conserve foreign exchange was keenly felt. Exports were not picking up and imports were surging, putting the country to severe balance of trade and balance of payment crisis. This in trn led to the need to tap the donors or Foreign Aid Givers.
This background induced the Government of India to re-focus the FERA act with the main aim of conservation of foreign exchange rather than regulation of entry of foreign capital. The Foreign Exchange Regulation Act, 1973, (hereinafter referred to as FERA) was drafted with the object of introducing the changes felt necessary for the effective implementation of the Government policy and removing the difficulties faced in the working of the previous enactment. FERA is crisis-driven regulation and naturally it contained several draconian provisions. Any offence under FERA was a criminal offence liable for imprisonment.
However in the early Nineties due to the major changes in Indian economy and liberalization of industrial and trade policies, consistent with the fast changing international economic and trade relations the need for a more conducive climate for increased inflow of foreign investment and capital in the country to accelerate industrial growth and promotion of trade (especially exports) was felt. In order to remove the special restrictions in respect of companies registered in India and to simplify the regulations in regard to foreign investment to attract better flow of foreign capital and investment was paramount. The Amending Act 29 of 1993 was enacted in order to remove unnecessary restrictions and simplify procedure. Thereby certain provisions dealing with emergencies of different kinds, which were no longer relevant, were removed for improving the climate for investment in India.

FOREIGN EXCHANGE MANAGEMENT ACT-1999
As the crisis of foreign exchange melted once for all and the country came to be endowed with sizeable reserves of foreign exchange, the basic aim of foreign exchange policy shifted from one of control and conservation to that of effective management, to facilitate external trade/payment and promote the orderly development and maintenance of the forex market in India. The Act was thoroughly revised and replaced by the by the Foreign Exchange Management Act, 1999. The latter has dropped many of the stringent provisions of the older Act, in the area of transactions involving foreign exchange. The FEMA 1999 took effect from June 1, 2000.
To investigate due adherence to the provisions of the Act by the market participants, the Central Govt. have established the Directorate of Enforcement with a Director and other officers as officers of the Enforcement. This Act extends to the whole of India and will also apply to all branches, offices and agencies outside India owned or controlled by a person resident in India. It will also be applicable to any contravention committed outside India by any person to whom this Act is applicable.

INVESTMENT PROMOTION AND FACILITATION:
The ministry of Finance, ministry of corporate affairs and the ministry of commerce and industries are the most important ministries which with the help of Reserve bank of India look after the foreign direct investment operations in the country. These ministries have an elaborate set of institutions and agencies to facilitate the flow of foreign direct investment into the country and remove the procedural bottlenecks if any that would take place in the promotion of foreign direct investment.

SECRETARIAT FOR INDUSTRIAL ASSISTANCE:
SIA has been set up by the Government of India in the Department of Industrial Policy and Promotion in the Ministry of Commerce and Industry to provide a single window for Entrepreneurial assistance, investor facilitation, receiving and processing all applications which require Government approval, conveying Government decisions on applications filed, assisting entrepreneurs and investors in setting up projects, (including liaison with other organizations and State Governments) and in monitoring implementation of projects. It also notifies all Government Policy relating to investment and technology, and collects and publishes monthly production data for 209 select industry groups.

FOREIGN INVESTMENT PROMOTION BOARD (FIPB):
The FIPB is the competent body to consider and recommend Foreign Direct Investment proposals, which do not come into the country

through the automatic route. The board has been transferred to Department of economic affairs in the Ministry of Finance from the Ministry of commerce and industries. The functions of the board are:

- To ensure expeditious clearance of the proposals for foreign investment;
- To review periodically the implementation of the proposals cleared by the Board;
- To review, on a continuous basis, the general and sectoral policy regimes relating to FDI and in consultation with the Administrative Ministries and other concerned agencies, evolve a set of transparent guidelines for facilitating foreign investment in various sectors;
- to undertake investment promotion activities including establishment of contact with and inviting selected international companies to invest in India in the appropriate projects;
- to interact with the Industry Association/Bodies and other concerned government and non-government agencies on relevant issues in order to facilitate increased inflow of FDI;
- to identify sectors into which investment may be sought keeping in view the national priorities and also the specific regions of the world from which investment may be invited through special efforts;
- to interact with the Foreign Investment Promotion Council (FIPC) being constituted separately in the Ministry of Industry; and
- To undertake all other activities for promoting and facilitating foreign direct investment, as considered necessary from time to time.

The Board will submit its recommendations to the Government for suitable action within six weeks.

FOREIGN INVESTMENT IMPLEMENTATION AUTHORITY (FIIA):

FIIA was established in the Department of Industrial policy and Promotion, Ministry of commerce and Industry to facilitate quick translation of Foreign Direct Investment approvals in implementation, provide a proactive one- stop after care service to foreign investors by helping them obtain necessary approvals, sort out operational problems and meet with various government agencies to find solution to problems of the investors. The FIIA may co-opt other secretaries to the Government of India, Chief Commissioner (NRI), top functionaries of financial institutions and professional experts from industry and commerce, as and when necessary. The secretariat for Industrial Assistance (SIA) functions as the secretariat of the FIIA.

FOREIGN INVESTMENT PROMOTION COUNCIL (FIPC):

Apart from making the policy framework investor friendly and Transparent, promotional measures are also taken to attract Foreign Direct Investment into the country. The Government has constituted a Foreign Investment Promotion Council (FIPC) in the Department of Industrial

Policy and Promotion, Ministry of Commerce and Industry. This comprises of professionals from industry and trade. It has been set up to have a more target oriented approach toward Foreign Direct Investment promotion. The basic functions of the Council are to identify the sectors/projects within the country requiring Foreign Direct Investment and target specific regions/countries of the world from where FDI can be brought in through special efforts.

INVESTMENT PROMOTION & INFRASTRUCTURE DEVELOPMENT CELL (IP&IDC):

Consequent upon the Department of Industrial Policy and Promotion having assumed a promotional role as against the regulatory one prior to the process of liberalization initiated in the year 1991, an Investment Promotion and Infrastructure Development Cell was created in 1996 to give further impetus to facilitation and monitoring of investment

as well as for better coordination of infrastructural requirements of industry. The activities handled by the Cell relates to organization of "Destination India"

events in foreign countries in collaboration with FICCI, dissemination of information on investment climate in India through publications, promotional films and CD-ROMS.

Investment facilitation and coordination of progress made in infrastructure projects, promotion of private investment including foreign investment, compilation of sectoral policy, strategies and guidelines in the infrastructure sector are also the responsibilities assigned to this Cell. Processing and approval of proposals pertaining to setting up of Industrial Parks and Industrial Model Towns is also undertaken by this Cell.

ENTREPRENEURIAL ASSISTANCE UNIT (EAU):

The Entrepreneurial Assistance Unit functioning under the Secretariat for Industrial

Assistance, Department of Industrial Policy and Promotion provides assistance to entrepreneurs on various subjects concerning investment decisions. The unit receives all papers/applications related to industrial approvals and immediately issues a computerised acknowledgement, which also has an identity/reference number. All correspondence with the SIA should quote this number. In case of papers filed by post, the acknowledgement will be sent by post. The Unit extends this facility to all papers/applications relating to IEMs, Industrial Licenses, Foreign Investment, Foreign Technology Agreements, 100 per cent EOUs, EHTP, STP Schemes, etc.The Unit also attends to enquiries from entrepreneurs relating to a wide range of subjects concerning investment decisions. It furnishes clarifications and arranges meetings with nodal officers in concerned Ministries/Organizations. The Unit also provides information regarding the current status of applications filled for various industrial approvals.

INVESTOR EDUCATION AND PROTECTION FUND - INVESTMENT COMMISSION:

The Investment commission was set up in 2004 with a view to make the environment in India attractive for investors. The commission has the broad authority of the government to engage, discuss with and invest in India. The recommendations of the commission are to be processed in the Ministry of finance and will be put up to the competent authority for approval. All policy decisions emerging from the recommendations of the Commission would be put up to Cabinet Committee On Economic Affairs for approval.

The commission studied 25 key sectors spanning Infrastructure, Manufacturing, Services, Natural Resources and the Knowledge Economy. These sectors are significant and would require an aggregate investment of US $ 550 billion over the next five years.

The commission has recommended a need to identify a few National Thrust Areas where all impediments for growth are removed, and

where appropriate incentives are provided, to encourage investment. The Thrust Areas could include:
1 Tourism
2 Power
3 Textiles
4 Agro-processing

NRI UNIT:
Major functions of the NRI Unit which is a part of the Investment Division are as under:
(a) Euro-equity/foreign currency convertible bonds policy.
(b) Foreign Institutional Investors Portfolio Investment Policy.
(c) Investment policy for Non-Resident Indian.
(d) Policy governing opening up of branch/liaison/project office by the foreign companies and coordination in respect of individual proposals referred to Government by RBI
Matters related to Indian Investment Centre, an autonomous body under the Ministry of Finance.

FOREIGN DIRECT INVESTMENT POLICY:
The government of India has recently undertaken a comprehensive review of the FDI policy and associated procedures. As a result, a number of rationalization measures like dispensing with the need of multiple approvals from Government and/or regulatory agencies that exist in certain sectors, extending the automatic route to more sectors, and allowing FDI in new sectors.
As per the extant policy, FDI up to 100% is allowed, under the automatic route in most sectors/ activities. FDI under the automatic route does not requires prior approval either by the government or the reserve bank of India. Investors are only required to notify the concerned Regional office of RBI within 30 days of issue of shares to foreign investors.
Under the Government approval route, applications for FDI proposals, other than by Non-Resident Indians, and proposals for FDI in "Single Brand" product retailing, are received in the Department of Economic Affairs, Ministry of Finance. Proposals for FDI in "Single Brand" product retailing and the NRI'S are received in the Department of Industrial policy and Promotion, Ministry of Commerce and Industry.
Foreign investments in equity capital of an Indian company under the Portfolio Investment Scheme are not within the ambit of FDI policy and are government by separate regulations of RBI/ Securities and Exchange Board of India (SEBI).
At present FDI is prohibited in the following sectors:
1- Retail trading (except single brand product retailing)
2- Atomic energy
3- Lottery business
4- Gambling and betting.
All activities/ sectors would require period government approval in the following circumstances:
1 where provisions of press note (2005 series) are attracted
2 Where more than 24 percent foreign equity is proposed to be inducted for manufacture of items reserved for the small scale sector.
FDI is permitted up to 100 percent in the automatic route in most sectors subject to sectoral rules/ regulations applicable.

SECTOR SPECIFIC GUIDELINES FOR FDI IN INDIA:
1 FDI up to 100% is allowed under the automatic route in all activities/sectors except the following which will require approval of the following:
2 Activities or items that require an industrial license;
3 Proposals in which the foreign collaborator has a previous/ existing venture/ tie up in India or allied field.
4 All proposals relating to acquisitions of shares in an existing Indian company by a foreign/ NRI investor.
5 All proposals falling outside notified sectoral policy/ caps or under sectors in which FDI is not permitted.

AUTOMATIC ROUTE:
All activities which are not covered under the automatic route according to para 2.1, prior approval of the Government for FDI shall be compulsory. Areas/ Sectors/ Activities hitherto not open to FDI investment shall continue to be so unless otherwise decided and notified by Government. An investor can make an application for prior government approval even when the proposed activity is under the automatic route.

PROCEDURE TO GET GOVERNMENT APPROVAL:
The Foreign Investment Promotion Board (FIPB) considers approving all proposals for foreign investment, which requires Government approval. The FIPB also grants composite approvals involving foreign investment, foreign technical collaboration. For seeking the approval for FDI other than NRI Investments and 100% EOU, applications in form FC-IL should be submitted to the department of Economic Affairs (DEA), Ministry of Finance.
Application for proposals requiring prior government approval should be submitted to FIPB in FC-IL from, plain paper applications carrying all relevant particulars are also accepted, no fee is charged. The following information should form part of the proposals submitted to FIPB:
1 Whether the applicant has had or has any previous/ existing financial/ technical collaboration or trade mark agreement in India in the same or allied field for which approval has been sought; and
2 If so, details thereof and the justification for proposing the new venture/ technical collaboration (including trademarks).
3 Applications can also be submitted with Indian missions abroad who will forward them to the department of Economic affairs for further processing.
4 Foreign investment proposals received in the DEA are placed before the Foreign Investment Promotion Board (FIPB) within 15 days of receipt.
The decision of the government in all the cases is usually conveyed by the DEA within 30 days.
Reserve Bank Of India's general permission under FEMA, RBI looks after granting of general permission under the Foreign Exchange

Management Act in respect of proposals approved by the government, Indian companies getting foreign investment approval through FIPB route do not require any further clearance from RBI for the purpose of receiving inward remittances and issue of shares to the foreign investors. The companies are, however required to notify the Regional office concerned of the RBI of receipt of inward remittances within 30 days of such receipt and to file the required documents with the concerned Regional offices of the RBI within 30 days after issue to the foreign investors or NRIs.

EXCHANGE CONTROL

Foreign Exchange Management Act:

The Reserve Bank of India's Exchange Control Department, administers Foreign Exchange Management Act, 1999, (FEMA).

Repatriation of Investment Capital and Profits Earned in India:

(i) All foreign investments are freely re patriable, subject to sectoral policies and except for cases where NRIs choose to invest specifically under non-re patriable schemes. Dividends declared on foreign investments can be remitted freely through an Authorized Dealer.

(ii) Non-residents can sell shares on stock exchange without prior approval of RBI and repatriate through a bank the sale proceeds if they hold the shares on repatriation basis and if they have necessary NOC/tax clearance certificate issued by Income Tax authorities

(iii) For sale of shares through private arrangements, Regional offices of RBI grant permission for recognized units of foreign equity in Indian company in terms of guidelines indicated in Regulation 10.B of Notification No. FEMA.20/2000 RB dated May '2000. The sale price of shares on recognized units is to be determined in accordance with the guidelines prescribed under Regulation 10B (2) of the above Notification.

(iv) Profits, dividends, etc.,(which are remittances classified as current account transactions) can be freely repatriated.

Current Account Transactions

Current account transactions are regulated under the Foreign Exchange Management (Current Account Transactions) Rules 2000. {No G.S.R. 381(E), dated 3.5.2000]. Prior approval of the RBI is required for acquiring foreign currency above specified limits for the following purposes:

a. Holiday travel over US$10,000 p.a.

b. Gift / donation over US$5,000 / US$10,000 per beneficiary p.a.

c. Business travel over US$25,000 per person

d. Foreign studies as per estimate of institution or US$100,000 per academic year

e. Architectural / consultancy services procured from abroad over US$1,000,000 per project

f. Remittance for purchase of Trade Mark / Franchise

g. Reimbursement of pre incorporation expenses over US$100,000

h. Remittances exceeding US$25,000 p.a. (over and above ceilings prescribed for other remittances mentioned above) by a resident individual for any current account or capital account transaction.

The above figures are for the purpose of general guidance of the investors. It is suggested that investors must reconfirm, the permissible limits before undertaking transactions.

Acquisition of Immovable Property By Non-Resident:

A person resident outside India, who has been permitted by Reserve Bank of India to establish a branch, or office, or place of business in India (excluding a Liaison Office), has general permission of Reserve Bank of India to acquire immovable property in India, which is necessary for, or incidental to, the activity. However, in such cases a declaration, in prescribed form (IPI), is required to be filed with the Reserve Bank, within 90 days of the acquisition of immovable property.

Foreign nationals of non-Indian origin who have acquired immovable property in India with the specific approval of the Reserve Bank of India cannot transfer such property without prior permission from the Reserve Bank of India. Please refer to the Foreign Exchange Management (Acquisition and transfer of Immovable Property in India) Regulations' 2000 [Notification No.FEMA.21/2000-RB dated May 3, 2000].

Acquisition of Immovable Property by NRI

An Indian citizen resident outside India (NRI) can acquire by way of purchase any immovable property in India other than agricultural/ plantation /farm house. He may transfer any immovable property other than agricultural or plantation property or farm house to a person resident outside India who is a citizen of India or to a Person of Indian Origin resident outside India or a person resident in India.

SPECIAL ECONOMIC ZONES (SEZs) AND EXPORT ORIENTED UNITS (EOUs)

Policy for Setting up Special Economic Zone (SEZ):

SEZ is a specifically delineated duty free enclave and is deemed to be foreign territory for the purposes to trade operations and duties and tariffs. Goods and services going into the SEZ area form DTA are treated as exports and goods coming from the SEZ area into DTA are to be treated as if these are being imported.

A SEZ may be set up in the Public, Private or Joint Sector or by State government(s). Proposals as per criteria under appendix 14 II O available at DGFT website (http://dgft.delhi.nic.in) is considered by Board of Approvals and Department of Commerce issues the letter of permission.

Procedure:

The applicant should follow the following procedure:

a. Submission of 10 copies of application along with project report to Chief Secretary of the concerned State.

b. Forwarding of application along with comments by the State government to Board of Approvals in the Department of Commerce.

c. Issue of letter of permission by Department of Commerce.

Policy for FDI/NRI Investment for setting up SEZ/FTWZ:

100% FDI is permitted under automatic route for setting up Special Economic Zones and Free Trade Warehousing Zones subject to Special Economic Zones Act, 2005 and the Foreign Trade Policy. FDI in setting up of SEZs & units in SEZ are exempt from Press Note No. 2 (2005), governing FDI in Construction Development projects.

Policy for setting up EOUs/Units in SEZ under Automatic Route:

Development Commissioners (DCs) of Special Economic Zones (SEZs) accord automatic approval to projects where
(a) Activity proposed does not attract compulsory licensing or falls in the services sector except R&D; Software & IT enabled services;
(b) Location is in conformity with the prescribed parameters;
(c) Units undertake to achieve positive net foreign exchange earning;
An EOU unit may be shifted to SEZ with the approval of DCs provided the EOU unit has achieved pro-rata obligation under the EOU scheme.
If the Unit is amenable to bonding by customs authorities; conversion of existing Domestic Tariff Area (DTA) units into EOU is also permitted under automatic route, if the DTA unit satisfies the parameters in Para 8.1. In case there is an outstanding export commitment under the EPCG scheme, it will be subsumed in the export performance of the unit. If the unit is having outstanding export commitment under the Advance Licensing Scheme, it will apply to ALC for reducing its export commitment in proportion of the quantum of duty free material actually utilized for production and permitted to carry forward the unutilized material imported against the Advance License.

Policy for Setting up EOUs/ Units in SEZ under Government Route:

Proposals not covered by the automatic route are forwarded by the Development Commissioner to the Board of Approval (BOA), Department of Commerce for consideration. On consideration of the proposal by the Board, the decision would normally be conveyed within 45 days.

Procedure for Approval:

Applications in the prescribed form for EOUs and units in SEZ should be submitted to the concerned DCs of the SEZs. The application should be submitted along with a crossed demand draft of Rs.5000/- drawn in favour of the "the Pay & Accounts Officer, Department of Commerce, Ministry of Commerce and Industry", payable at New Delhi.
Application form and detailed procedure may be obtained from the website of Department of commerce at http://commerce.nic.in. The form is also available at all outlets dealing in Government publications.

Policy for FDI/ NRI Investment for EOUs/ Units in SEZ:

Details about the type of activities permitted are given in the Foreign Trade Policy issued by Department of Commerce (web site - http://commerce.nic.in). Proposals not covered under the automatic route are considered by the FIPB.

SETTING UP OF INDUSTRIAL PARKS, INDUSTRIAL MODEL TOWNS AND GROWTH CENTRES

Policy under Automatic Route:

The Government notified Industrial Park scheme on 1.4.2002 (available at www.dipp.gov.in) for setting up Industrial Parks/ Industrial Model Towns. SIA in DIPP accord approval to set up the Industrial Parks/ Industrial Model Towns, which meet the criteria laid down for approval under the automatic route within fifteen days.

Approval by Empowered Committee:

Proposals not meeting any or all of the parameters for automatic route require approval of Empowered Committee set up in the DIPP, Ministry of Commerce & Industry. The decision of the Committee is usually conveyed within six weeks.

Procedure for Approval and availing 100% Tax Exemption:

Application in the Form-IPS-1, available on this Department's web site (http://dipp.gov.in), for obtaining approval for setting up an Industrial Park and for availing 100% tax exemption available under section 80 IA of the Income Tax Act, should be made to the PR&C Section of the DIPP. Application for automatic route has to be submitted in duplicate and for non-automatic approval, in six sets. The application must be accompanied by a fee of Rupees 6,000/- by a demand draft drawn in favor of the Pay and Accounts Officer, DIPP payable at New Delhi.

A. TOTAL FDI INFLOWS (from April, 2000 to December, 2017):

QUATERLY FACT SHEET
FACT SHEET ON FOREIGN DIRECT INVESTMENT (FDI)
FROM APRIL, 2000 to DECEMBER, 2017

(up dated up to December , 2017) **I. CUMULATIVE FDI FLOWS INTO INDIA (2000-2017):**

1.	**CUMULATIVE AMOUNT OF FDI INFLOWS (Equity inflows +'Re-invested earnings' +'Other capital')**	-	**US$ 532,552 Million**
2.	**CUMULATIVE AMOUNT OF FDI EQUITY INFLOWS (excluding,** amount remitted through RBI's NRI Schemes)	**Rs.)18,479 Crore**	**US$ 367,932 Million**

B. FDI INFLOWS DURING SECOND QUARTER OF FINANCIAL YEAR 2017-18 (October, 2017 TO DECEMBER, 2017):

1.	**TOTAL FDI INFLOWS INTO INDIA (Equity inflows + 'Re-invested earnings' + 'Other capital')** (as per RBI's Monthly bulletin)s	-	**US$ 14,547 Million**

2.	**FDI EQUITY INFLOWS**	**Rs. 68,429 Crore**	**US$ 10,587 Million**

Note: *(i) Country & Sector specific analysis is available from the year 2000 onwards, as Remittance-wise details are provided by RBI from April, 2000 onwards only. # Figures are provisional, subject to reconciliation with RBI, Mumbai.*

FDI EQUITY INFLOWS (MONTH-WISE) DURING THE FINANCIAL YEAR 2017-18:

Financial Year 2017-18 (April-March)		*Amount of FDI Equity inflows*	
		(In Rs. Crore)	*(In US$ mn)*
1.	**April, 2017**	20,826	3,229
2.	**May, 2017**	26,159	4,060
3.	**June , 2017**	20,101	3,119
4.	**July, 2017**	31,112	4,827
5.	**August, 2017**	51,198	8,004
6.	**September, 2017**	13,632	2,115
7.	**October, 2017**	17,454	2,682
8.	**November, 2017**	20,019	3,086
9.	**December, 2017**	30,956	4,819
2017-18 (form April, 2017 to December , 2017) #		**231,457**	**35,941**
2016-17 (form April, 2016 to December , 2016) #		240,385	35,844
%age growth over last year		**(-)4%**	**(+)0.27%**

Note: *(i) Country & Sector specific analysis is available from the year 2000 onwards, as Remittance-wise details are provided by RBI from April, 2000 onwards only. # Figures are provisional, subject to reconciliation with RBI, Mumbai.*

STATEMENT ON RBI'S REGIONAL OFFICES (WITH STATE COVERED)
RECEIVED FDI EQUITY INFLOWS
(from April, 2000 to December , 2017*):*

Amount Rupees in Crores (US$ in Million)

S. No.	*RBI's - Regional Office*[1]	*State covered*	*2015-16*	*2016-17*	*2017-18*	*Cumulative Inflows (April, 00 - Dec ,17)*	*%age to total Inflows (in terms of US$)*
1	MUMBAI	**MAHARASHTRA, DADRA & NAGAR HAVELI, DAMAN & DIU**	62,731 **(9,511)**	131,980 **(19,654)**	74,123 (11,541)	621,855 **(113,824)**	31%
2	NEW DELHI	**DELHI, PART OF UP AND HARYANA**	83,288 **(12,743)**	39,482 **(5,884)**	39,434 **(6,113)**	411,228 **(74,150)**	20%
3	BANGALORE	**KARNATAKA**	26,791 **(4,121)**	14,300 **(2,132)**	41,574 **(6,446)**	164,786 **(28,820)**	8%
4	CHENNAI	**TAMIL NADU, PONDICHERRY**	29,781 **(4,528)**	14,830 **(2,218)**	17,745 (2,756)	151,123 (26,516)	7%
5	AHMEDABAD	**GUJARAT**	14,667 **(2,244)**	22,610 **(3,367)**	5,069 (787)	96,143 **(17,438)**	5%
6	HYDERABAD	**ANDHRA PRADESH**	10,315 **(1,556)**	14,767 **(2,195)**	4,887 (758)	79,209 **(14,524)**	4%
7	KOLKATA	**WEST BENGAL, SIKKIM, ANDAMAN & NICOBAR ISLANDS**	6,220 **(955)**	332 **(50)**	1,329 (205)	22,508 **(4,191)**	1%

8.	KOCHI	**KERALA, LAKSHADWEEP**	589 **(90)**	3,050 **(454)**	1,098 (171)	10,887 **(1,926)**	1%
9	JAIPUR	**RAJASTHAN**	332 **(50)**	1,111 **(165)**	617 (96)	8,854 (1,576)	0.4%
10.	CHANDIGARH	**CHANDIGARH, PUNJAB, HARYANA, HIMACHAL PRADESH**	177 **(27)**	39 **(6)**	697 (108)	7,273 **(1,472)**	0.4%
11	BHOPAL	**MADHYA PRADESH, CHATTISGARH**	518 **(80)**	515 **(76)**	131 (20)	7,260 (1,392)	0.4%
12	PANAJI	**GOA**	117 (18)	555 **(83)**	263 (41)	4,802 (965)	0.3%
13	KANPUR	**UTTAR PRADESH, UTTRANCHAL**	524 **(80)**	50 **(8)**	527 (82)	3,545 (652)	0.2%
14	BHUBANESHWAR	**ORISSA**	36 **(6)**	83 **(12)**	**61** (10)	2,141(425)	0.1%
15	PATNA	**BIHAR, JHARKHAND**	272 (43)	69 **(10)**	63 (10)	670 (113)	0.03%
16	GUWAHATI	**ASSAM, ARUNACHAL PRADESH, MANIPUR, MEGHALAYA, MIZORAM, NAGALAND, TRIPURA**	66 (10)	15 **(2)**	50 (8)	**512** (104)	0.03%
17	JAMMU	**JAMMU & KASHMIR**	11 **(2)**	2 **(0.2)**	**0** **(0)**	39 (6)	0.0%
18	REGION NOT INDICATED		25,886 **(3,936)**	47,909 **(7,162)**	43,788 **(6,790)**	425,643 (79,838)	**22%**
SUB. TOTAL			262,322 **(40,001)**	**291,696** (43,478)	**231,457 (35,941)**	**2,018,479 (367,932)**	
19	**RBI'S-NRI SCHEMES** *(from 2000 to 2002)*		0	0	0	533 **(121)**	-
GRAND TOTAL			262,322 **(40,001)**	**291,696** (43,478)	**231,457 (35,941)**	**2,019,012 (368,053)**	-

Note: *(i) Country & Sector specific analysis is available from the year 2000 onwards, as Remittance-wise details are provided by RBI from April, 2000 onwards only. # Figures are provisional, subject to reconciliation with RBI, Mumbai.*

II. FINANCIAL YEAR-WISE FDI INFLOWS DATA:

A. AS PER INTERNATIONAL BEST PRACTICES:

(Data on FDI have been revised since 2000-01 with expended coverage to approach International Best Practices)

(Amount US$ Million)

S. No.	Financial Year (April-March)	FOREIGN DIRECT INVESTMENT (FDI)						Investment by FII's Foreign Institutional vestors Fund (net)
		Equity		Reinvested earnings +	Other capital +	FDI FLOWS INTO INDIA		
		FIPB Route/ RBI's Automatic Route/ Acquisition Route	Equity capital of unincorpora ted bodies #			Total FDIFlows	%age growth over previous year (in US$ terms)	
FINA NCIAL YEARS 2000-01 TO 2017-18								
1.	**2000-01**	2,339	61	1,350	279	**4,029**	-	**1,847**
2.	**2001-02**	3,904	191	1,645	390	**6,130**	**(+) 52 %**	**1,505**
3.	**2002-03**	2,574	190	1,833	438	**5,035**	**(-) 18 %**	**377**
4.	**2003-04**	2,197	32	1,460	633	**4,322**	**(-) 14 %**	**10,918**
5.	**2004-05**	3,250	528	1,904	369	**6,051**	**(+) 40 %**	**8,686**
6.	**2005-06**	5,540	435	2,760	226	**8,961**	**(+) 48 %**	**9,926**
7.	**2006-07**	15,585	896	5,828	517	**22,826**	**(+)155 %**	**3,225**
8.	**2007-08**	24,573	2,291	7,679	300	**34,843**	**(+) 53 %**	**20,328**
9.	**2008-09**	31,364	702	9,030	777	**41,873**	**(+) 20 %**	**(-) 15,017**
10.	**2009-10**	25,606	1,540	8,668	1,931	**37,745**	**(-) 10 %**	**29,048**
11.	**2010-11**	21,376	874	11,939	658	**34,847**	**(-) 08 %**	**29,422**
12.	**2011-12**	34,833	1,022	8,206	2,495	**46,556**	**(+) 34 %**	**16,812**
13.	**2012-13**	21,825	1,059	9,880	1,534	**34,298**	**(-) 26%**	**27,582**
14	**2013-14**	24,299	975	8,978	1,794	**36,046**	**(+) 5%**	**5,009**
15.	**2014-15 (P)**	30,933	978	9,988	3,249	**45,148**	**(+) 25%**	**40,923**
16.	**2015-16 (P)**	40,001	1,111	10,413	4,034	**55,559**	**(+) 23%**	**(-) 4,016**
17.	**2016-17 (P)**	**43,478**	**1,227**	**12,176**	**3,201**	**60,082**	**(+) 8%**	**7,735**
18	**2017-18 (P) (upto December – 17)**	**35,941**	**818**	**9,016**	**2,426**	**48,201**	**-**	**19,788**
CUMULATIVE TOTAL (from April, 2000 to December , 2017)		**369,618**	**14,930**	**122,753**	**25,251**	**532,552**	**-**	**214,098**

***Source:* (i) RBI's Bulletin February, 2018 dt.10.02.2018 (Table No. 34 – FOREIGN INVESTMENT INFLOWS).**

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

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

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

) Figures updated by RBI up to December, 2017.

i) Data in respect of 'Re-invested earnings' & 'Other capital' are estimated as average of previous two years.

'#' Figures for equity capital of unincorporated bodies are estimates. (P) All figures are provisional

B. DIPP'S – FINANCIAL YEAR-WISE FDI EQUITY INFLOWS:

(As per DIPP's FDI data base – equity capital components only):

S. Nos	*Financial Year (April – March)*	*Amount of FDI equity Inflows*		*%age growth over previous year (in terms of US $)*
FINANCIAL YEARS 20 00-01 TO 2017-18		*In RsCrores*	*In US$ Million*	
1.	**2000-01**	10,733	**2,463**	**-**
2.	**2001-02**	18,654	**4,065**	**(+) 65 %**
3.	**2002-03**	12,871	**2,705**	**(-) 33 %**
4.	**2003-04**	10,064	**2,188**	**(-) 19 %**

5.	**2004-05**	14,653	**3,219**	**(+) 47 %**
6.	**2005-06**	24,584	**5,540**	**(+) 72 %**
7.	**2006-07**	56,390	**12,492**	**(+)125 %**
8.	**2007-08**	98,642	**24,575**	**(+) 97 %**
9.	**2008-09**	142,829	**31,396**	**(+) 28 %**
10.	**2009-10**	123,120	**25,834**	**(-) 18 %**
11.	**2010-11**	97,320	**21,383**	**(-) 17 %**
12.	**2011-12 ^**	165,146	**35,121**	**(+) 64 %**
13.	**2012-13**	121,907	**22,423**	**(-) 36 %**
14.	**2013-14**	147,518	**24,299**	**(+) 8%**
15.	**2014-15 #**	189,107	**30,931**	**(+) 27%**
16.	**2015-16 #**	262,322	**40,001**	**(+) 29%**
17.	**2016-17#**	291,696	**43,478**	**(+) 9%**
18.	**2017-18# (upto December 2017)**	231,457	**35,941**	
CUMULATIVE TOTAL (from April, 2000 to December , 2017)		**2,019,013**	**368,054**	

Note: *(i) includingamount remitted through RBI's-NRI Schemes (2000-2002).*
(ii)FEDAI (Foreign Exchange Dealers Association of India) conversion rate from rupees to US dollar applied, on the basis of monthly average rate provided by RBI (DEPR), Mumbai.
 # Figures are provisional subject to reconciliation with RBI.
^ Inflows for the month of March, 2012 are as reported by RBI, consequent to the adjustment made in the figures of March, '11, August, '11 and October, '11.

STATEMENT ON SECTOR-WISE FDI EQUITY INFLOWS FROM APRIL 2000 TO DECEMBER 2017

S.No	Sector	Amount of FDI Inflows		%age of Total Inflows
		(In Rs crore)	(In US$ million)	
1	SERVICES SECTOR*	346,387.14	64,096.61	17.42
2	TELECOMMUNICATIONS	169,427.61	30,081.87	8.18
3	COMPUTER SOFTWARE & HARDWARE	170,034.91	29,825.38	8.11
4	CONSTRUCTION DEVELOPMENT: Townships, housing, built-up infrastructure and construction-development projects	117,092.19	24,673.94	6.71
5	AUTOMOBILE INDUSTRY	103,420.86	18,413.17	5.00
6	TRADING	99,206.83	16,484.57	4.48
7	DRUGS & PHARMACEUTICALS	81,481.55	15,585.28	4.24
8	CHEMICALS (OTHER THAN FERTILIZERS)	76,278.87	14,429.64	3.92
9	POWER	68,998.78	12,967.06	3.52
10	CONSTRUCTION (INFRASTRUCTURE) ACTIVITIES	76,719.84	12,357.17	3.36
11	HOTEL & TOURISM	60,700.58	10,895.57	2.96
12	METALLURGICAL INDUSTRIES	54,559.84	10,560.23	2.87
13	FOOD PROCESSING INDUSTRIES	50,431.98	8,364.91	2.27
14	INFORMATION & BROADCASTING (INCLUDING PRINT MEDIA)	40,215.45	7,071.63	1.92
15	ELECTRICAL EQUIPMENTS	39,527.26	6,996.42	1.90
16	PETROLEUM & NATURAL GAS	34,008.49	6,879.69	1.87
17	NON-CONVENTIONAL ENERGY	36,445.90	6,255.95	1.70
18	CEMENT AND GYPSUM PRODUCTS	29,095.87	5,248.01	1.43
19	HOSPITAL & DIAGNOSTIC CENTRES	28,963.60	4,985.66	1.36
20	INDUSTRIAL MACHINERY	26,383.28	4,725.16	1.28
21	CONSULTANCY SERVICES	23,047.65	4,186.40	1.14

22	SEA TRANSPORT	20,061.72	3,440.29	0.94
23	MISCELLANEOUS MECHANICAL & ENGINEERING INDUSTRIES	17,317.97	3,389.27	0.92
24	TEXTILES (INCLUDING DYED,PRINTED)	15,985.82	2,816.78	0.77
25	RUBBER GOODS	15,430.38	2,643.44	0.72
26	FERMENTATION INDUSTRIES	13,866.87	2,523.30	0.69
27	MINING	12,617.10	2,305.14	0.63
28	AGRICULTURE SERVICES	10,402.63	2,015.43	0.55
29	PRIME MOVER (OTHER THAN ELECTRICAL GENERATORS)	10,771.40	1,887.51	0.51
30	ELECTRONICS	9,488.28	1,836.38	0.50
31	EDUCATION	9,586.58	1,670.95	0.45
32	MEDICAL AND SURGICAL APPLIANCES	9,712.30	1,659.02	0.45
33	PORTS	6,730.91	1,637.30	0.45
34	AIR TRANSPORT (INCLUDING AIR FREIGHT)	9,572.55	1,608.51	0.44
35	PAPER AND PULP (INCLUDING PAPER PRODUCTS)	7,080.83	1,332.09	0.36
36	SOAPS, COSMETICS & TOILET PREPARATIONS	7,521.22	1,330.34	0.36
37	RETAIL TRADING	7,288.92	1,141.50	0.31
38	DIAMOND,GOLD ORNAMENTS	6,400.84	1,111.52	0.30
39	MACHINE TOOLS	4,759.82	901.10	0.24
40	RAILWAY RELATED COMPONENTS	5,150.23	897.09	0.24
41	CERAMICS	3,925.18	792.10	0.22
42	VEGETABLE OILS AND VANASPATI	4,385.74	775.73	0.21
43	PRINTING OF BOOKS (INCLUDING LITHO PRINTING INDUSTRY)	3,894.37	685.70	0.19
44	GLASS	3,313.37	604.83	0.16
45	FERTILIZERS	3,237.80	592.16	0.16
46	AGRICULTURAL MACHINERY	2,472.00	466.31	0.13
47	EARTH-MOVING MACHINERY	2,332.88	417.73	0.11
48	COMMERCIAL, OFFICE & HOUSEHOLD EQUIPMENTS	1,915.04	369.55	0.10
49	SCIENTIFIC INSTRUMENTS	1,553.65	260.46	0.07
50	BOILERS AND STEAM GENERATING PLANTS	1,603.60	260.20	0.07
51	SUGAR	1,263.47	211.45	0.06
52	LEATHER,LEATHER GOODS AND PICKERS	1,030.10	187.63	0.05
53	TIMBER PRODUCTS	960.15	165.87	0.05
54	GLUE AND GELATIN	842.50	132.12	0.04
55	TEA AND COFFEE (PROCESSING & WAREHOUSING COFFEE & RUBBER)	619.85	127.25	0.03
56	DYE-STUFFS	510.44	88.40	0.02
57	INDUSTRIAL INSTRUMENTS	381.40	78.03	0.02
58	PHOTOGRAPHIC RAW FILM AND PAPER	273.76	67.29	0.02
59	COAL PRODUCTION	119.19	27.73	0.01
60	MATHEMATICAL,SURVEYING AND DRAWING INSTRUMENTS	39.80	7.98	0.00
61	DEFENCE INDUSTRIES	25.52	5.12	0.00
62	COIR	22.05	4.07	0.00
63	MISCELLANEOUS INDUSTRIES	51,582.47	10,372.89	2.82
	Sub Total	**2,018,479.17**	**367,931.89**	

64	**RBI's- NRI Schemes (2000-2002)**	**533.06**	**121.33**	
	GRAND TOTAL	**2,019,012.23**	**368,053.22**	

Services sector includes Financial, Banking, Insurance, Non-Financial / Business, Outsourcing, R&D, Courier, Tech. Testing Analysis
FDI inflows data re-classified, as per segregation of data from April 2000 onwards.
Percentage of inflows worked out in terms of US$ & the above amount of inflows received through FIPB/SIA route RBI's automatic route & acquisition of existing shares only.
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.

CONCLUSION

The most important determinants for attracting FDI are the Cost Factors, Market Size, Real Exchange Rates, Macro Economic Stability, Rate of Inflation, Overall Economic Stability, National FDI Policy, Investment Incentive, and Removal of Restrictions like Access to few industries, foreign ownership restrictions, ease of entry performance requirements.

The policy on Foreign Direct Investment has been reviewed on a continuing basis and several measures announced from time to time for rationalization/ liberalization of the policy and simplification of procedures.

As a result, a number if rationalization measures have been undertaken which, inter alia include, dispensing with the need to multiple approvals from Government and/or regulatory agencies that exist in certain sectors, extending the automatic route to more sectors and allowing FDI in new sectors.

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