

A Study on Performance of FDI Inflow in Indian Segments

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Abstract

India, with its relatively well developed financial sector, appears to be well placed to reap the benefits of FDI inflows. Liberalization of Indian economy in the early 1990s boosted the inflow of FDI to India, The potential benefits the growth rate of FDI inflow to India in fiscal 2008-09 was 65% In view of this, India should continue to take steps to ensure an enabling business environment to improve India's attractiveness as an investment destination and a global manufacturing hub. The present study concentrate on performance analysis of FDI inflow in highly attracting sectors as per RBI fact sheet of Indian economy. The paper examines the performance of FDI inflow during the study period 2005-2009. By applying statistical tools it is evidenced that there is a highest positive correlation of 0.80 exists between FDI inflow and GDPFC. To examine the significant difference between the performance of FDI inflow among the different sectors one sample t- test is used, and the result shows that there is a significant different exist among the sectors.

I. Introduction

ECONOMIC POLICYMAKERS IN most countries go out of their way to attract foreign direct investment (FDI). A high level of FDI inflows is an affirmation of the economic policies that the policymakers have been implementing as well as a stamp of approval of the future economic health of that particular country. There is clearly an intense global competition for FDI. India, for its part, has set up the "India Brand Equity Foundation" to try and attract that elusive FDI dollar. According to UNCTAD (2007), India has emerged as the second most attractive destination for FDI after China and ahead of the US, Russia and Brazil. While India has experienced a marked rise in FDI inflows in the last few years (doubling from an average of US\$ 5-6 billion the previous three years to around US\$ 19 billion in 2006-07)

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