

Table of Contents

CHAPTER 1	INTRODUCTION	1-10
	1.1 Introduction	1
	1.2 Statement of the Problem	4
	1.3 Significance of the Study	5
	1.4 Objectives of the Study	5
	1.5 Scope of the Study	6
	1.6 Hypotheses of the Study	6
	1.7 Methodology	7
	1.7.1 Frame	7
	1.7.2 Type of Data	7
	1.7.3 Sampling	7
	1.7.4 Sources of Data	8
	1.7.5 Tools Used for Analysis	9
	1.7.6 Period	9
	1.8 Scheme of the Report	10
CHAPTER II	LITERATURE REVIEW	11-68
	2.1 Introduction	11
	2.2 Determinants of FDI Inflows to Host Economies	11
	2.3 Influence of FDI Inflows on the Host Economies	30
	2.4 Summary and Research Gap	64
CHAPTER III	FOREIGN DIRECT INVESTMENT (FDI) POLICY OF INDIA	69-113
	3.1 Introduction	69
	3.2 Concept of Foreign Capital	69
	3.2.1 Concept of FDI	70
	3.2.2. FDI Accounts in India	72
	3.2.3 Classification of FDI	74
	3.2.3.1 Component wise Classification of FDI	74
	3.2.3.2 Corporate Forms of FDI	75
	3.2.3.3 Vertical, Horizontal and Conglomerate Forms of FDI	76
	3.2.3.4 John. H. Dunning's Classification of FDI	77

3.2.3.4.1 Resource Seeking	77
3.2.3.4.2 Market Seeking	77
3.2.3.4.3 Efficiency Seeking	77
3.2.3.4.4 Strategic Asset Seeking FDI	78
3.2.4 Factors Affecting Foreign Investment	78
3.2.4.1 Wage Rates	78
3.2.4.2 Labour Skills	78
3.2.4.3 Tax Rates	79
3.2.4.4 Transport and Infrastructure	79
3.2.4.5 Size of Economy, Potential of the Economy for Growth and Economic Conditions	79
3.2.4.6 Exchange Rate	79
3.2.4.7 Agglomeration Economies	79
3.3 Theoretical Framework on FDI	80
3.3.1 Determinants of FDI: Theoretical Approach	81
3.3.1.1 FDI Theories Based on Perfect Market	81
3.3.1.1.1 Theory of Differential Rate of Return	82
3.3.1.1.2 Theory of Portfolio Diversification	82
3.3.1.2 FDI Theories Based on Imperfect Market	83
3.3.1.2.1 Theory of Industrial Organization	83
3.3.1.2.2 FDI Theory Based on Monopolistic Power	85
3.3.1.2.3 Theory of Internalization	85
3.3.1.2.4 Oligopolistic Theory of FDI	87
3.3.1.2.5 Eclectic Paradigm to FDI	88
3.3.1.3 FDI Theories Based on Strength of Currency	90
3.3.2 Impact of FDI on the Host Economy: Theoretical Approach	91
3.3.2.1 The Benign Model of FDI and Development	91
3.3.2.2 The Malign Model of FDI and Development	92
3.4 Foreign Direct Investment (FDI) Policy in India	92

	3.4.1 Pre -Liberalization Era	94
	3.4.1.1 Phase – I- 1948 to 1966: The period of Cautious Welcome Policy	96
	3.4.1.2 Phase - II – 1967 to 79: The Period of Selective and Restrictive Policy	97
	3.4.1.3 Phase - III - 1980-90: The Period of Partial Liberalization	99
	3.4.2 Post - Liberalization Era	100
	3.4.2.1 Phase IV- 1991 to 2000: The Period of Liberalization and Open Door Policy	100
	3.4.2.2 Phase V- From 2000 and onwards: Further Liberalization in the FDI Regime	103
	3.5 Abolition of Foreign Investment Promotion Board (FIPB)	110
	3.6 Conclusion	113
CHAPTER IV	TREND AND PATTERN OF FDI IN INDIA SINCE ECONOMIC REFORMS	114-183
	4. 1 Introduction	114
	4. 2 Trend of World FDI	114
	4.2.1 Trend of FDI in Developing Economies	119
	4.3 Trend of FDI Inflows in India since 1990	126
	4.4 Monthly Inflow of FDI to India	142
	4.5 Pattern of FDI Inflows to India	146
	4.5.1 Component - wise FDI Inflows to India	146
	4.5.2 Route -wise FDI Inflows to India	149
	4.5.3 Source Countries of FDI to India	153
	4.5.4 Sectors Attracting FDI to India	156
	4.5.4.1 FDI Synopsis on Top Ten Sectors	160
	4.5.4.1.1 Service Sector	160
	4.5.4.1.2 Telecommunication Sector	163
	4.5.4.1.3 Computer Software and Hardware	166
	4.5.4.1.4 Construction Development	169
	4.5.4.1.5 Automobile Industry	171
	4.5.4.1.6 Trading	173
	4.5.4.1.7 Drugs and Pharmaceuticals	175

	4.5.4.1.8 Chemicals (other than Fertilizers)	177
	4.5.4.1.9 Power Sector	179
	4.5.4.1.10 Construction (Infrastructure) Sector	181
	4.6 Conclusion	183
CHAPTER V	REGIONS WITH HIGH INFLOW OF FDI (RHIF) IN INDIA	184-239
	5.1 Introduction	184
	5.2 Brief Economic Profile of RHIF	187
	5.3 Trend and Pattern of FDI inflows in RHIF	190
	5.4 Determinants of FDI Inflows to RHIF	210
	5.4.1 Model	213
	5.4.2 Results	213
	5.4.3 Correlation Matrix	222
	5.4.4 Regression Results	223
	5.5 Role of FDI in RHIF	226
	5.5.1 Model	228
	5.5.2 Results	228
	5.5.3 Correlation Matrix	235
	5.5.4 Regression Results	236
	5.6 The Overall Conceptual Model	238
	5.7 Conclusion	239
CHAPTER VI	REGIONS WITH LOW INFLOW OF FDI (RLIF) IN INDIA	240-267
	6.1 Introduction	240
	6.2 Brief Economic Profile of RLIF	241
	6.3 Trend of FDI in RLIF	245
	6.4 Determinants of FDI Inflows to RLIF	253
	6.4.1 Model	254
	6.4.2 Results	255
	6.4.3 Correlation Matrix	261
	6.4.4 Regression Results	262
	6.5 FDI Scenario in Kochi	264
	6.6 Conclusion	267

CHAPTER VII	FINDINGS, CONCLUSION AND POLICY IMPLICATIONS	268-283
	7.1 Introduction	268
	7.2 Major Findings	269
	7.2.1 Trends and Patterns of FDI Inflows to India during the Post Reform Period	269
	7.2.2 Policy Framework	274
	7.2.3 Regions with High Inflow of FDI (RHIF) in India	275
	7.2.4 Regions with Low Inflow of FDI (RLIF) in India	276
	7.3 Suggestions and Policy Implications	277
	7.4 Limitations of the Study	281
	7.5 Scope for Further Research	281
	7.6 Conclusion	282