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TRENDS AND PATTERN OF FOREIGN DIRECT INVESTMENT IN INDIA SINCE 1991

Parul Singh

Research Scholar, Economics Department, University of Allahabad

ABSTRACT

The role of foreign direct investment in economic growth is multidimensional and well-recognized in both developing and developed countries. FDI plays a vital role in facilitating the integration of global value chain across countries. However, the flows of FDI are not automatic, it is subject to many factors, including regulatory policy, investment environment, competitiveness, market size and political stability in the host country. FDI is now widely perceived as an important resource of expediting the industrial development of developing countries in view of the fact that it flows a bundle of capital, technology, skills and some-time even market access. India, therefore, offer a welcoming attitude to MNEs that are usually associated with FDI. India liberalized her FDI policy regime since 1991. This liberalization has been accompanied by rising inflows. The liberalization has also been accompanied by changes in the sectoral composition, sources and entry modes of FDI. This paper is devoted to study the trends and pattern of FDI inflows in India from 1991 to 2022. The data are collected from secondary sources from various Government bodies (websites) like DPIIT, RBI and various issues of Economic Survey of India. This paper showed that there has been sizeable increase in the amount of FDI inflow in India. The share of equity inflow is increasing in recent decades while the share of acquisition of shares and reinvested earning are declining. The services sector has dominant share in FDI inflows while the manufacturing sector has received not even one-third of total FDI inflows in India.

Key words: FDI, DPIIT, RBI, FIPB/Government approval route, automatic route, equity inflows, acquisitions of shares, service sector, manufacturing.

INTRODUCTION

India suffered from scarcity of financial resources and low level of capital formation during 1990s due to extensive Government controls over production, investment and trade. The policies designed in pre-reform period were inward looking with emphasis to protect domestic trade and indigenous industries of the country and emphasis on import substitution. All these led to slow economic growth (Bhagwati, 1994). The efficiency of private sector was adversely affects due to scarcity of capital caused by the rigid policies regarding foreign investment and promotion of public sector. Restrictive investment policies followed till 1991, focused on financial assistance in the form of aids, grants and external commercial borrowings (Nagraj, 2003). The condition became adverse and in 1991, foreign exchange reserves came down to $1 billion barely sufficient for two weeks imports at that time (Economic Survey, 2004,2007,2010,2014,2021,2022). India opted LPG model in 1991, which encompassed- market based adjustment of convertible currencies, dismantling of industrial licensing, encouraging FDI, introduction of various NRI schemes, private participation of public sectors, repeal of Monopolistic and Restrictive Trade Practice Act (MRTP Act 1969) and reduction of tariff. As of developing country, capital scarcity, along with issues like poor public health systems, poverty, unemployment, low base of R&D, technology obsolescence, and global competition create pitfalls for development. FDI serves as an important source to fulfill the gap between income and savings in technology upgradation and efficient exploitation of natural resources along with the development of basic infrastructure (Khan & Banerji, 2014). It is now widely perceived as an important resource of expediting the industrial development of developing countries in view of the fact that it flows a bundle of capital, technology, skills and some-time even market access. India, therefore, offer a welcoming attitude to MNEs that are usually associated with FDI. India liberalized her FDI policy regime since 1991. This liberalization has been accompanied by rising inflows. The liberalization has also been accompanied by changes in the sectoral composition, sources and entry modes of FDI. By realizing the fact that missing the manufacture sector growth will not lead on the path of sustained growth. Therefore, to increase the share and growth of manufacturing sector along with liberalized policy regime many institutional and structural policy initiatives has been taken by the recent government to make India a most attractive destination for foreign investment. Foreign investment comes in host country through various routes and in many forms. The two main routes are FDI and FIIs or FPI. The three principal forms of FDI in India are Joint ventures, acquisitions of assets in a country and Greenfield investment. The liberalization has been accompanied with increasing inflows of FDI in India. The liberalization has also been accompanied by changes in sectoral composition, sources and entry modes.

From the early post-independence years, Government of India encouraged foreign companies to enter through joint ventures, commonly called foreign collaborations. This was the message of the policy note issued in 1961 on the role of foreign capital in India's industrialization (Kust, 1964). There were two types of foreign collaboration approvals; one, technical collaborations, in which foreign enterprises contributed only technology and other know-how to unaffiliated enterprises, and two, financial collaborations, in which foreign investors made capital infusion into enterprises, in both affiliated and unaffiliated. The financial collaborations could be done either in association with Indian partners or through sole ventures.

the statement of Industrial Policy Statement of July 1991 set in motion the process of progressively exempting foreign investors from mandatory government approvals. Initially, 'automatic approvals' were made applicable to foreign investors investing up to 51 percent foreign equity in an enterprise belonging to a set of identified high-priority industries. The approval limit of foreign shareholding in cases of 'automatic approval' was raised in 1997 from 51 percent to 74 percent (100percent in case of investment by NRIs) in notified industries. Over the next two decades, FDI policy underwent two important modifications. First, the ambit of government approval was drastically reduced and, second, caps on foreign shareholding were progressively raised and eventually eliminated in most sectors (Dhar & Rao, 2020) This meant that automatic approval was expanded to cover almost the entire manufacturing sector, and several activities in agricultural and the services sectors as well. Government approvals currently cover only a small set of sectors.

Definition of Foreign Direct Investment

Foreign direct investment (FDI) is defined as an investment involving a long-term relationship and reflecting a lasting interest and control by a resident entity in one economy (foreign direct investor or parent enterprise) in an enterprise resident in an economy other than that of the foreign direct investor (FDI enterprise or affiliate enterprise or foreign affiliate). FDI implies that the investor exerts a significant degree of influence on the management of the enterprise resident in the other economy. Such investment involves both the initial transaction between the two entities and all subsequent transactions between them and among foreign affiliates, both incorporated and unincorporated. FDI may be undertaken by individuals as well as business entities.

As per IMF and OECD definition; A direct investment enterprise is an incorporated or unincorporated enterprise in which a foreign investor owns 10% or more of the ordinary shares or voting power of an incorporated enterprise or the equivalent of an unincorporated enterprise. Direct investment enterprises may be subsidiaries, associates or branches. A subsidiary is an incorporated enterprise in which the foreign investor controls directly or indirectly (through another subsidiary) more than 50% of the shareholders' voting power. An associate is an enterprise where the direct investor and its subsidiaries control between 10% and 50% of the voting shares. A branch is a wholly or jointly owned unincorporated enterprise.

Composition of FDI in India:

FDI usually has three components: equity capital, reinvested earnings of FDI and mergers and acquisitions.

a. **Equity capital** comprising equity in branches, all shares in subsidiaries and associates (except non-participating, preferred shares that are treated as debt securities and are included under other direct investment capital) and other capital contributions such as provisions of machinery, etc. it adds to the country's capital stock, including plant and machinery, and is also called **'greenfield'** investment. For the host countries, greenfield investments are the most preferred form of FDI, for they make net additions to the productive capacities. They also come with maximum possibility of the host countries benefiting from the positive externalities in the form of intangible technology (know-how) and managerial skills provided by direct investors.

b. **Reinvested earnings** consist of the direct investor's share (in proportion to direct equity participation) of earnings not distributed, as dividends by subsidiaries or associates and earnings of branches not remitted to the direct investor. If such earnings are not identified, all branches' earnings are considered, by convention, to be distributed. The UN system of National accounts (SNA) explains that retained earnings of an FDI enterprise are to be treated as if they have been 'distributed and remitted to foreign direct investors in proportion to their ownership of the equity of the enterprise and then reinvested by them by means of additions to equity'. The rationale behind this treatment of retained earnings is that since direct investment enterprises are under direct control, or influence, of foreign investors, the decision to retain some of the earnings of such enterprises ' must represent a deliberate investment decision' on the part of foreign direct investors. Retained earnings remain as reserves until they are converted into equity through issue of bonus shares.

c. **Mergers and Acquisitions-** Mergers take place when two or more companies agree to combine into a single entity. Acquisitions, on the other hand, occur when the equity capital of one company or group of companies is bought by another company or group of companies. Although the two phenomena are different in their motivations, they are considered together, as they entail the taking over of existing entities, locally or foreign owned, by a foreign investor. Entities resulting from mergers or acquisitions (M&A) involving a foreign investor are identified as FDI enterprises. It is known as **brownfield** investment.

Routes of FDI in India:

Basically, there are two routes for FDI in India:

- Automatic route: no prior approval is required by any authority , only information to the RBI within 30 days of inflows.
- Government/Approval route: the prior approval of the Government of India is required through FIPB. But in union budget 2017-18, Government has abolished the FIPB and FDI approval process has been assigned to 11 administrative Ministries/Department as per standard operating procedure (SOP) issued by DPIIT. This provides ease of doing business and will help in promoting the principle of maximum governance and minimum government (MoF. GOI,2018). Under the Government approval route, applications for FDI proposals are considered and approved on the Foreign Investment Facilitation Portal (FIFP), the new online single point interface of the Government of India for investors to facilitate FDI.

Foreign Direct Investment in India does not have a uniform rate. Some industries allow 100% FDI, i.e., the entire funds of the business can be from foreign direct investment. The percentages vary from 26% to 49% to 51%. There are a few industries where FDI is strictly prohibited under any route. These industries are

i. Atomic Energy Generation

ii. Any Gambling or Betting businesses

iii. Lotteries (online, private, government, etc.)

iv. Investment in Chit Funds

v. Nidhi Company

vi. Agricultural or Plantation Activities (although there are many exceptions like horticulture, fisheries, tea plantations, Pisciculture, animal husbandry, etc.)

vii. Housing and Real Estate (except townships, commercial projects, etc.)

viii. Trading in TDR's

ix. Cigars, Cigarettes, or any related tobacco industry

There has always been opposing views about FDI in some sensitive industries like defence, insurance, media, etc. Because of the integrity of our democracy and the safety of our nation are at stake. So, for many such industries, the FDI limits are there. For example, defence industry allows only 49% FDI.

Objectives of the Study:

- To study the trends and pattern of FDI inflows in India since 1991.
- To examine the sectoral composition of FDI inflows in India since 1991.

Research Methodology:

To fulfill the objective, data collection has been done from secondary sources from various Government bodies (websites) like Department for Promotion of Industry and Internal Trade (DPIIT), Reserve Bank of India (RBI), various issues of Economic Survey. Research papers for literature review has been taken from sources available within the institute i.e., limited access to springer link, Taylor & Francis, Science Direct, JSTOR and Google Scholar etc.

This paper examined the features and trends of FDI inflows in India from 1991 to 2022. The entire time period of this study has been divided into three time periods; 1991-2000, 2001-2010 & 2011-2022. While this periodization can be justified on the grounds of the availability of comparable datasets. The data for the first period is available only for the approved cases of FDI. In the second period , Indian agencies took steps towards adopting the global best practices in reporting statistics on FDI. As the third time period is when every successive Government has taken steps to make FDI policy more liberal and taken many policy initiatives to make India investment friendly destination for foreign investors. The present Government's flagship program like Make in India initiative as well as the more recent PLI scheme , were no exceptions.

Literature Review:

(Kumar, 2005)Even, in pre-liberalisation era, the manufacturing sector used to receive the maximum foreign investment. However, the share has declined from 85 percent in 1990 to 48 percent in 1997

(Singla, 2012) studied pre and post reform economic situation of the Indian economy. An interesting finding of the study is that in post reform period; there was deceleration in the growth rate to the tune of 15% of the rate for a period of 5 years (1996 to 2002) due to slow down of the reforms and fractured mandates of coalition governments was partially responsible for it. As per (Azhar & Marimuthu, 2012)**,** between 2000 to 2010 more than 8000 foreign technology collaboration agreements were approved by RBI, Secretariat for Industrial Approvals and Foreign Investment Promotion Board. Electrical equipment, chemicals, industrial machinery, metallurgical industry, drugs and pharmaceuticals recorded 15.6 percent, 11.2 percent, 10.8 percent, 5 percent and 3.6 percent respectively of total approvals. "As per RBI 2015, manufacturing had received 70.1 percent and 77.5 percent of total foreign technology collaboration agreements in 2010-12 and 2012-14 respectively".

(Sharma & Singh, 2013) concluded that "the institutional factors that reduce investors' confidence should be reason of moderation in FDI inflows in India after 2012". (Madem, Gudla, & Rao, 2012) had shown in their research paper that there was a decrease in FDI in 2009 in manufacturing sector following the Global Financial Crises of 2008. Due to mergers and acquisitions, only few industries like electrical and electronic equipment received higher investment during that period.

(Sagar, 2013)**,** in his thesis "*FDI and industrial development in India"* found out that a positive high coefficient of correlation is found between FDI approvals and actual inflows. RBI automatic route is found contributing the maximum share of 45.7 percent to the total FDI inflows followed with a gap by government's FIPB route (25.30 percent) and another route (29.00 percent).

(Sahoo, Natraj, & Dash, 2014) showed that between August 1991 and March 2005, the electronics equipment industry attracted the maximum FDI, followed by telecommunications, transportation, and the services sector: together, these attracted 38 percent of the FDI in India. The power, chemicals, and food-processing industries also contributed significantly.

Prasana Mohanty, 2019 (news article), seeking FDI has always been more than just about foreign capital. The statement of industrial policy of 1991 stated, that the objectives of opening the economy to FDI were to bring attendant advantages of technology transfer, marketing expertise, introduction of modern managerial techniques and new possibilities for promotion of experts. The last FDI policy statement, consolidated FDI policy circular of 2017, also made it clear that the FDI was also about supplementing technology and skills to propel economic growth.

Analysis of data (for years 2000 to 2019) shows a larger of the FDI equity (gross FDI includes equity, re-invested earnings and other capital) has gone into services (mainly financial services, software, telecommunication, construction and trading etc.) than manufacturing sector (mainly automobile, chemicals, drugs & pharmaceuticals etc.). While the services sector attracted 65.4 percent of the total. The manufacturing sector got a mere 34 percent. Half of the FDI equity into manufacturing, it seems, goes into acquisitions, of existing businesses, rather than creating new capacities in the economy.

(Dhar & Rao, 2020) showed that 55 percent of the 'real' FDI equity inflows (that is excluding investment by private equity, banks and entities controlled by the Indians which bring no technology or reinvested for long) into manufacturing during 2004 to 2014 went into acquisition of existing facilities or existing investors. These FDI inflows, he said, didn't add to manufacturing capacity or generate employment.

Trends of Inflows of FDI in India Since 1991

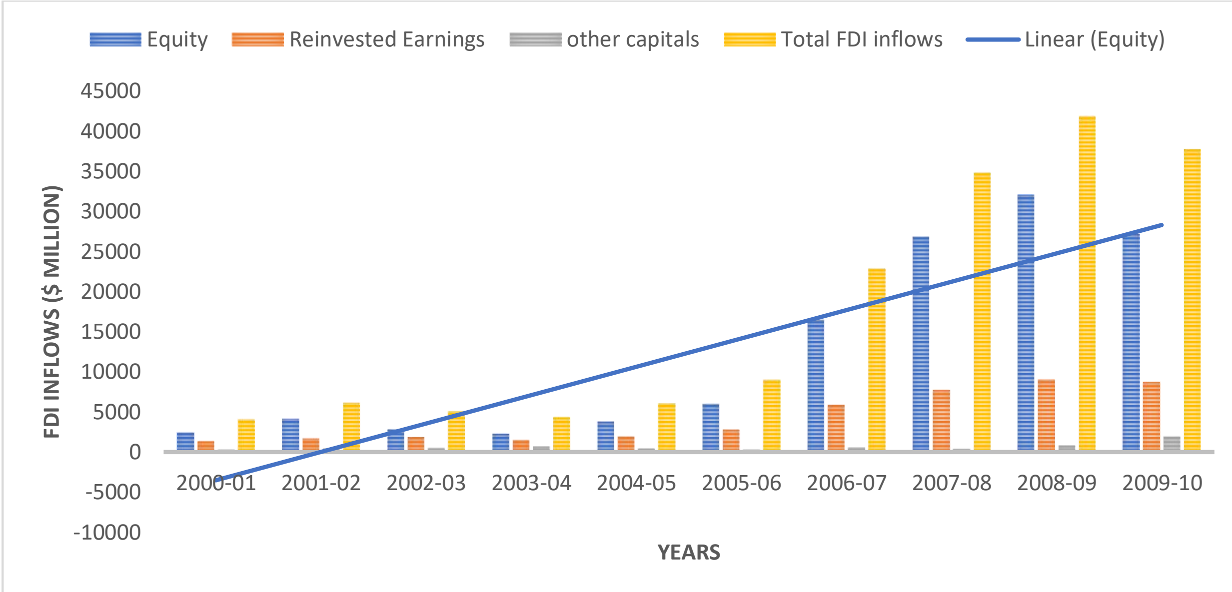
Inflows of FDI in the first decade of Economic reform (1991-2000):

Foreign investors responded positively to the initiative of economic reforms, as a result the FDI inflows increased to more than 10-fold between 1991-92 to 1994-95. In 1992 FDI inflows crossed the $100 million, and as Table 1 shows there was a steady increase in inflows thereafter. This increase in inflows during 1990-91 took place despite the critical balance of payments situation (Development, 1995). There has been significant increase in the inflows of FDI when FDI touched the $2 billion mark. The increase in inflows seems more impressive considering that the rupee had depreciated by more than 40 percent during this period, it refers that FDI had the potential of contributing more to the capital formation of the country in terms of the domestic currency (Dhar & Rao, 2020). Moreover, as shown in table, the inflows data for the acquisitions of shares by foreign companies or M&A were reported separately from 1995-96, which were quite modest, but by the end of the decade, they had increased to more than 22 percent of the total inflows.

Inflows of FDI in second decade of Economic Reform (2000-2010):

During the first decade of the millennium, two major developments has been taken place regarding FDI. First, between 2000-2009, FDI policies were liberalized more than 80 times , covering all the major sectors- agriculture, manufacturing, and the services sectors. Second important development was change in the reporting practice introduced new items, especially reinvested earnings of the already established enterprises which made reporting FDI compatible with IMF's BPM5. With the adoption of the recommendation of the Technical Monitoring Group on FDI statistics, the coverage of FDI was expended since 2000 and include equity capital, reinvested earnings and other direct capital. As a result, there was a sizeable increase in reported FDI inflows from $4,029 million in 2001 to $8,961 million in 2005-06. The increase in inflows gathered momentum in 2008-09 when it peaked to nearly $42 billion ($41,873 million) in 2008-09. As evident form table 2 that the inflows of FDI grew at an average rate of 15 percent during 2000-01 to 2004-05.

Figure 1: FDI inflows during 2000-01 to 2009-10 (Amount in $ million):



Source: Based on RBI, Monthly Bulletin, 2011, table 44.

After 2005-06, the dramatic increase in inflows of FDI was mainly attributed from the exceptionally high increase in equity inflows. The trend line for equity inflows of figure1 are showing that the equity inflows are the main contributing component in the FDI inflows since 2005-06. The total equity inflows were $15,266 million and $1,08,532 million during 2000-01 to 2004-05 and 2005-06 to 2009-10 respectively. During the period of 2005-06 to 2013-14, FDI equity inflows were almost seven times higher than those in the immediately preceding quinquennium. This trend in equity inflows were attributed to the relaxation of controls on foreign investors. Caps on the shareholding by foreign investors in enterprises were either raised or removed for several critical sectors, including telecommunications, petroleum (both in exploration and refining) and pharmaceuticals (Dhar & Rao, 2020). There were many sectors in which foreign investors either could hold majority stakes and establish subsidiaries in India or they could fully own enterprises. Alongside, funds could be brought into the country directly through the automatic route.

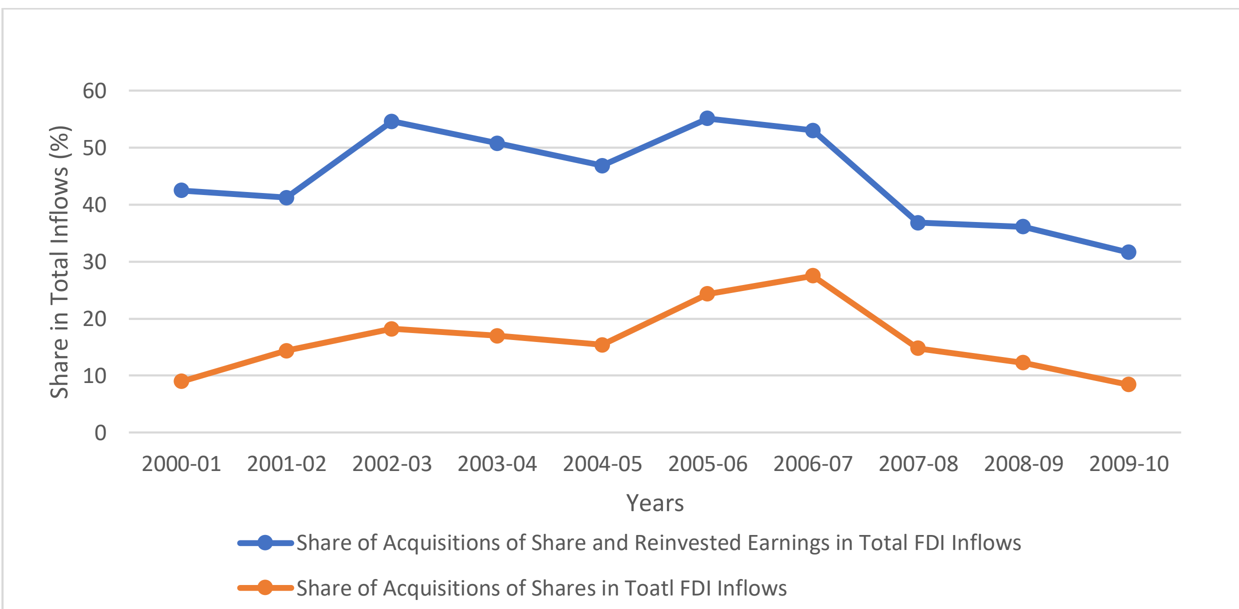
To study the nature of FDI inflows through which foreign investors expanded their presence in the country we must go through the route-wise distribution of FDI inflows (Table 3). There are three major routes through which foreign investors brought in equity investment- namely the approvals route, the FIPB, automatic route and acquisitions route.

The table shows some notable trends in inflows of FDI which are followings:

- The share of equity inflows in total FDI has increased substantially from 59.56 percent in 2000-01 to 72.66 percent in 2009-10, and the share of reinvested earnings and other capital inflow has been declined from 33.50 percent to 23.20 percent and from 6.92 percent to 5.20 percent respectively during the same period.
- The proportion of the inflows subject to specific government approvals declined from 60.66 percent to 12.78 percent between 200-01 to 2009-10.

- On other side, the share of automatic approvals in total equity inflows of FDI increased largely from 18.91 percent to 69.94 percent during the same time period. It reflects that the foreign investors enjoyed great freedom to invest in India without being subjected to government scrutiny.
- From the beginning of the decade the acquisitions of domestic enterprises by foreign investors made important contribution, it peaked in 2005-06 and 2006-07 with share of 36.50 percent and 38.09 percent respectively in total equity inflows of FDI in India.
- The acquisition of share in total FDI inflows has increased since 2000 which peaked at 27.50 percent in 2006-07, which do not represent actual inflows and hence cannot create fresh capacities in the economy.
- As evident form figure 2 , the acquisition of shares with reinvested earnings accounted for the substantial proportion of the reported total FDI inflows, peaked at 55.13 percent in 2005-06 which reduced in subsequent years but remained at 31.62 percent in 2009-10.

Figure 2: Relative Contribution of Reinvested Earnings and Acquisition of Shares to FDI, (2000-01 to 2009-2010)

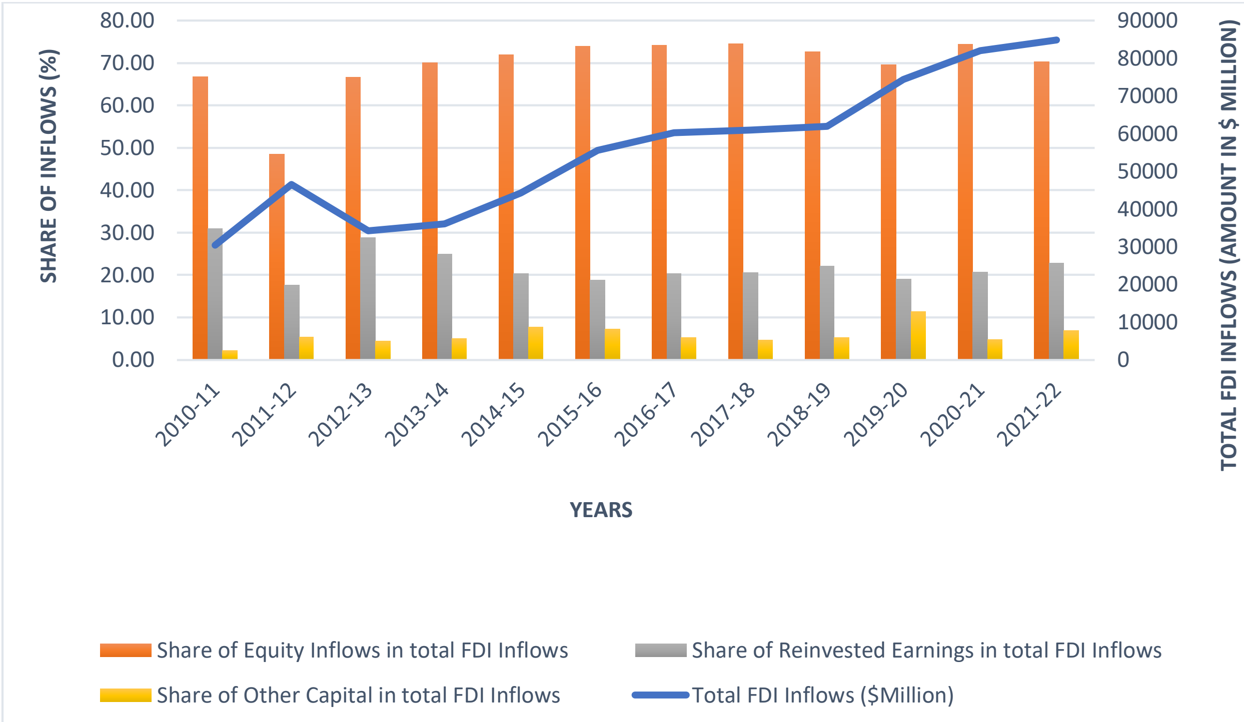


Source: Based on RBI Monthly Bulletin, 2011. Table 44.

Inflows of FDI During Third Decade of Economic Reform (from 2011-2022):

In the initial years of 2010s, the persist effect of the economic recession of 2008 were being felt by the global economy, and the FDI inflows were subdued in those early years. Since 2008 the growth story of FDI in India is mix and volatile. As shown in table 3, the inflows of FDI into India were significantly expanded after 2013-14.

Figure 3: Foreign Direct Investment Inflows during 2011-2022



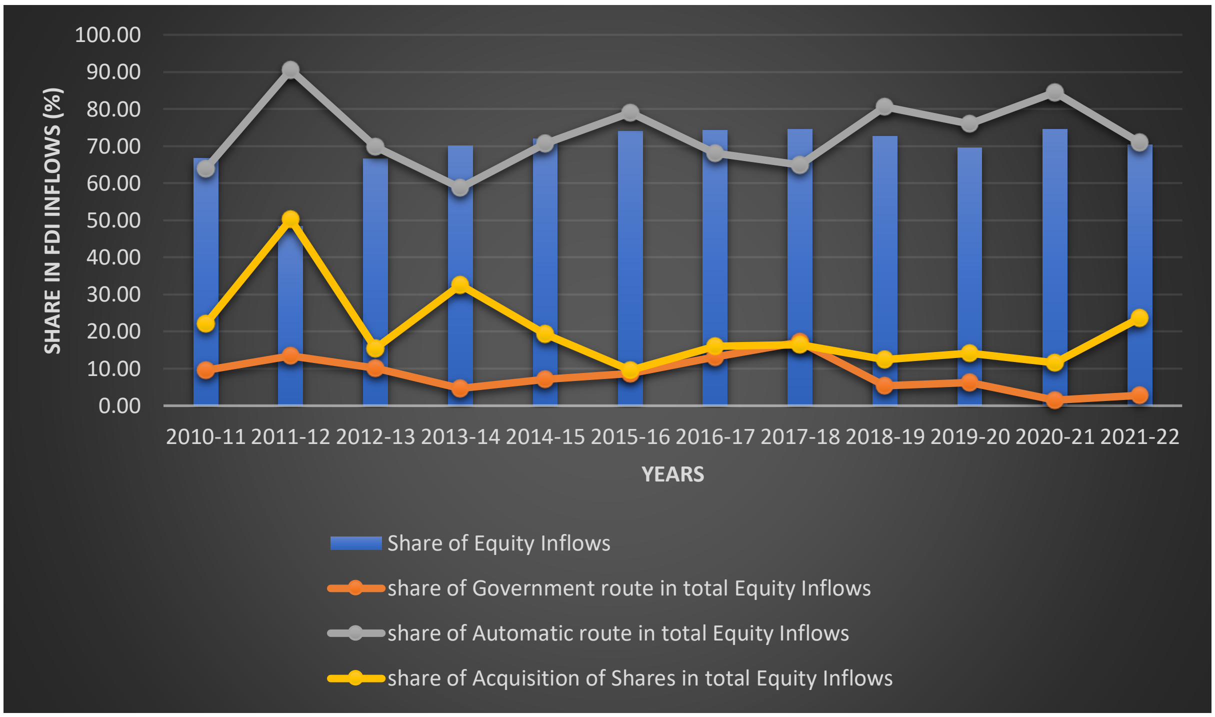
Source: Based on RBI, Monthly Bulletin , various issues.

Although, the effect of financial crises 2008 was very mild and short lived for Indian economy, as the growth of FDI inflows during 2009-10 and 2010-2011 was declined by (-) 1.25 percent and (-) 18.68 percent respectively. The western markets were severely hit by economic crisis and the uncertainty in western markets caused the foreign investors to looked at Indian market, as a better and safe destination. Despite taxation and policy issues, the FDI inflows were gathered momentum in 2011-12 with growth of 53.24 percent despite the fall in GDP growth rate to 6.9 percent in the same period. During the 2011-12, government had taken many decisions to attract foreign investment. important among those are , allowed FDI in multi-brand retail and civil aviation sector and increased FDI cap in insurance and pension sector. Thereafter the FDI inflows in 2012-13 was declined by 26.24 percent. The growth of FDI inflows rose sharply by 25 percent in 2014-15, but in subsequent years, there was a marked slowing of the growth of inflows but it always increased in absolute amount.

The reforms taken by the Government of India have resulted in increased FDI inflows into the country. FDI inflows in India stood at $44291 million in 2014-15 and have continuously increased since then, and India registered its highest ever annual FDI inflow of US$ 84,835 million in 2021-22. India's FDI inflows have increased 21 times from 2000-01 to 2021-22. These increase in investment in India have been because of the government supportive policy framework, vibrant business climate, rising global competitiveness and economic influence. The government has recently made numerous efforts including easing FDI regulations in various industries, PSUs, oil refineries, telecom, and defense. According to the World Investment Report 2022, India was ranked 8th among world's major FDI recipients in 2020, up from 9th in 2019.

The equity inflow constituted the 66.83 percent share of total FDI inflows , and reinvested earnings and other capital has constituted 31.02 percent and 2.15 percent in total FDI inflows respectively in 2010-11. These proportions of equity inflows, reinvested earning and other capital have increased to 70.35 percent, 22.81percent, and 6.84 percent respectively in 2021-22 (Figure 5.4).

Figure 4: Relative Distribution of Various Routes in Total Equity Inflows of FDI in India, 2011-2022 (Share in percent)



Source: Based on RBI, Monthly Bulletin, Various Issues.

Since the beginning of 2010s, the average growth of equity inflows through automatic route doubled between 2010-11 to 2021-22 as compared to earlier decade of 2000-01 to 2009-10. The average annual growth of FDI inflows through automatic route has increased to 80 percent from 40 percent during the same period. It indicates that the foreign investors enjoyed great freedom from the extent of relaxation of FDI policies in making their investment decisions. The share of automatic route in total equity inflows in India was 64 percent the beginning of 2010s, which increased to 71 percent in 2021-22. In the financial year 2011-12, the automatic route has 90 percent share in total equity inflows.

The average annual share of government approval in total equity inflows reduced substantially to 8.35 percent between 2010-11 to 2021-22, as compared to 29 percent in earlier decade (2000-01 to 2009-10). The share of government approval route declined from 9.58 percent in 2010-11 to 2.84 percent in 2021-22, after reaching a peak of over 16 percent in 2017-18.

Similarly, the average cumulative share of Acquisition of shares in total equity inflows between 2011-22 is 18.35 percent , which was 21 percent in previous decade. As evident from figure 4, acquisition of shares accounted for just less than 10 percent in 2015-16, after reaching a peak of equity inflows reduced marginally to 20.33 percent during the period of 2011-22 from 25 percent in earlier decade (2001-2010).

Sectoral Distribution of FDI in India Since 1991

This was emphasized in the Statement of Industrial Policy, which said: 'foreign investment and technology collaboration will be welcomed to obtain higher technology, to increase exports and to expand industrial base', that the primary objective of the economic reform of 1991 of the FDI policy framework was to provide incentives to foreign investors to participate in high-technology and export-intensive sectors. (Dhar & Rao, 2020).

The details of FDI approvals in terms of value for the top-10 sectors during 1991-2000 shows in table 5. One point to be remember here is that , the data presented in Table 5 includes not only the approvals for FDI, but also for portfolio investment in the form of ADRs, GDRs and other forms of non-FDI inflows. These 10 sectors consist 80 percent of total FDI inflows for the entire period, excepting year 2000. In year 2000 these top-10 sectors explain 95 percent of total FDI inflows. The data on FDI approvals shows that during entire period the industrial sector had large share in total FDI approvals except in year 1996, which justify that the focus of the FDI policies was on attracting investments for stimulating India's industrial base. In the year 1996, the services sector had share of more than 18 percent in total FDI approvals. The dilution of post-independence industrial policy during the 1990s, leading to the de-reservation of areas earlier reserved for public sector enterprises, was a possible trigger for the dramatic rise in FDI approvals in these sectors (Dhar & Rao, 2020). The combined share in FDI approvals of top-three sectors, namely electrical equipment, telecommunications and fuels, was 56 percent of all proposed investments. The foreign companies started to look into the iron and steel, and transportation industry for investment due to shift in policy. The consolidation of foreign companies in automobile industry changed the character of industry in 1990s. Though not on the top-10 list in table 5, other sectors like automobile, pharmaceuticals, saw an increase in interest by foreign companies towards the close of the 1990s, mainly due to the changed priorities of the government (Dhar & Rao, 2020).

The services sector was the one of the top-10 leading sectors in the list of investment approvals, including banking and other financial services like insurance and non-insurances services (like hospital, and diagnostic services). During 1990s, financial services accounted for the 70 percent of total FDI approvals granted to Services sector.

Sectoral Distribution of FDI from 2000-01 to 2009-10:

I experienced few issues in estimating the sectoral distribution of FDI inflows in the 2000s. I came across the issues related to inconsistency in the presentation of the official statistics and the excessive aggregation and changes in the classification system by the authority over the years. In the initial years of this decade, data available on FDI approvals rather than actual FDI inflows from DPIIT. Later on, the norm for reporting official statistics were- using calendar year against financial year even when actual FDI inflows were reported. Moreover, as per Economic Survey of 2014-15 there were ambiguity in the classification of FDI in different activities under services sector. *Survey pointed out three problems:*

- First, is the overlap of sectors in various groupings. For instance, construction is included in both Group I (Miscellaneous manufacturing industries as, construction activities and real estate) and Group III (Consultancy services ; as construction).
- Second, the category of 'others' in various several groups constituted largest share in the group, for example 'others' in miscellaneous manufacturing industries. They accounted for more than 50 percent share of the approvals/inflows during several years.
- Finally, the telecommunications sector includes an entry which suggests that some elements of broadcasting were also taken into consideration.

Table 6 shows sectoral distribution of FDI approvals for the years 2000-01 to 2003-04 for the top-10 sectors.

It is depicted from table 6 that, these top-10 sectors have largest share in total FDI approvals during the initial period of 2000s (2000-01 to 2003-04). They accounted for 83-96 percent of the total FDI approvals. Among these 10 top sectors, engineering goods, telecommunications and fuels were dominated the approvals in all four years.

Table 7: Broad Sectoral Distribution of Approved Foreign investment, 2000-04 (%)

Sectors/ Years	2000-01	2001-02	2002-03	2003-04
Agriculture	0.3	0.4	0.2	0.5
Manufacturing	58.1	70.7	54.3	45.3
Services	40.2	25.1	35.0	42.6
Unclassified	1.4	3.8	10.4	11.5

Source: Compiled by researcher from SIA Newsletter (renamed FDI Newsletter), various issues, DPIIT.

Table 7 shows that there were beginning of sectoral shifting in FDI approvals during early period of 2000s. In 2000-01 the manufacturing had largest share in total FDI approvals with 58.1 percent, which followed by services sector with 40.2 percent in same year. As shows in table 8, the share of manufacturing increased substantially to 70.7 percent whereas, the share of services has declined to 25.1 percent in 2001-02. But thereafter, the share of manufacturing sector has reduced with the increase in the share of services sector. This indicate that from the early years of millennium foreign investors reinforced the movement towards modern services sector that was seen in India.

At this point I would like to mention here that these figures are merely shows the trends of involvement of foreign investors in India. As I already mentioned that these figures are the approvals granted by government that have been used in the absence of data on sector wise actual inflows for the years mentioned in table 7. The approvals data are considered to be weak proxy for the participation of foreign companies because of the slackening of government regulations over foreign investors (Dhar & Rao, 2020) .

DPIIT provides data for the major sectors receiving equity inflows from the year 2004-05. Table 8 provides data on sectoral pattern of FDI equity inflows among top-10 sectors until the end of 2000s. It is evident from table that after the mid-2000s, the services sectors were major recipients of FDI. Among services sector, financial services had largest share in total FDI inflows than followed by housing and real estate, construction , telecommunication and computer software and hardware. The automobile industry had largest share in total FDI inflows of manufacturing sector which followed by metallurgical and chemicals industry.

Table 9: Distribution of Foreign Equity Inflows, 2005-10 (%)

Sectors/Years	**2004-05**	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Manufacturing	61	52.3	19.2	22.6	24.1	25.6
Services	29.8	36.2	75.3	60.8	65.2	60.6
Energy	0	1.7	2.0	5.0	3.4	9.3
Miscellaneous industries	9.2	9.7	3.5	11.6	7.4	4.4
Total	100	100	100	100	100	100

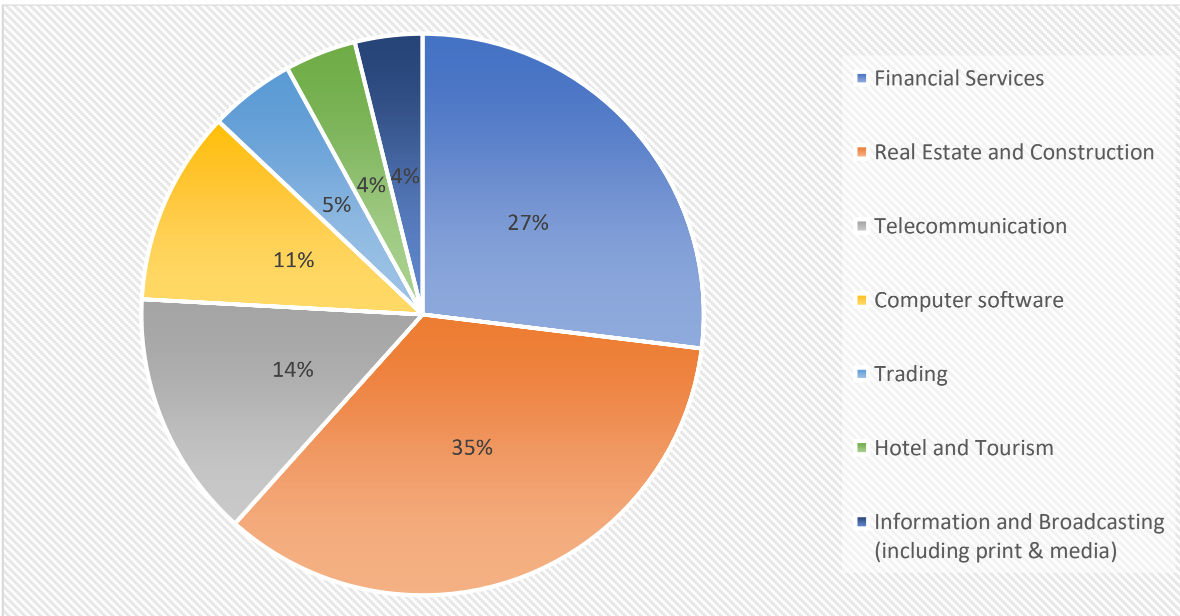
Source: Compiled by researcher from the Annual report of RBI, various issues.

Table 9 provides a detailed account of FDI inflows by sectors. The table depicted the two trends in FDI inflows during 2005-10: first, the dominance of the services sector and the diminished role of manufacturing sector. from the middle of 2000s, there was steady shift in FDI equity inflows from manufacturing to services sector. However, around this phase Government of India had started taking note of the low share of manufacturing in the country's GDP: it was around 17-18 percent of the GDP. In the 2006, the National Manufacturing Competitiveness Council (GOI 2006) commented in its report that the share of manufacturing in GDP should increase to at least 23 percent by 2015 from the then-existing level. Although successive governments progressively removed entry barriers for foreign investors in the manufacturing sector, expecting that these investors would help revive its sagging fortunes, foreign investors did not respond to the priorities of the government. The share of FDI inflows in the manufacturing sector registered a steep decline from 61 percent in 2004-05 to 25.6 percent in 2009-10.

The table 10 gives detailed picture of sectoral distribution of FDI during 2007-10. For this purpose, I classified the sectors in four major headings: service sector, manufacturing sector, energy and others. Each major sector further consists its sub-sectors that attracted major share of FDI inflows during 2007-10.

As we seen that there has been sectoral shift in inflows of FDI from manufacturing to services sector after 2004-05. The share of manufacturing had declined from 61 percent in 2004-05 to 25 percent in 2009-10 and the share of services sector had increased from 30 percent to 61 percent during the same period of time.

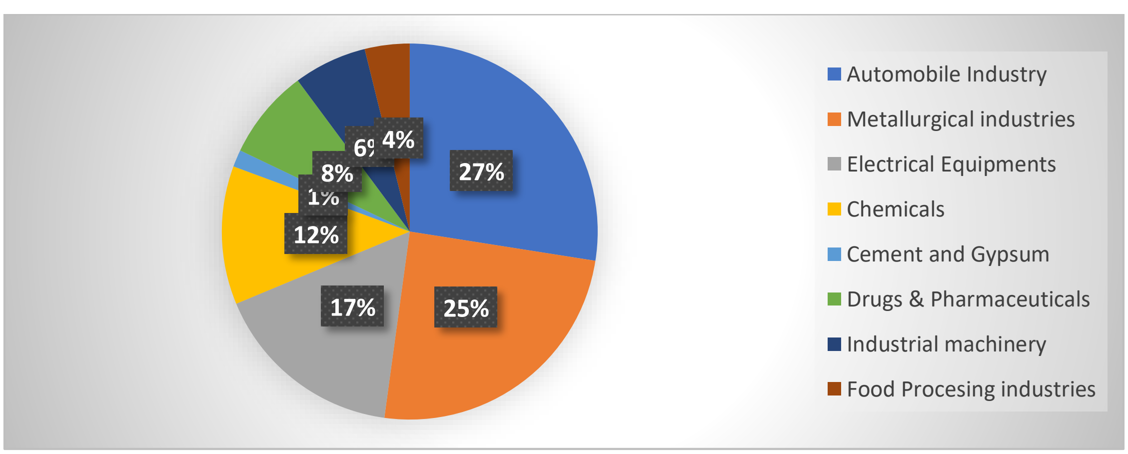
Figure 5: Distribution of FDI inflows in Services sector, 2007-10 (%):



Source: compiled by researcher from the FDI Newsletter various issues, DPIIT.

Within the services sector, real estate and construction received 35 percent of total inflows in the services sector, which followed by financial services, telecommunication, computer software, trading , hotel & tourism, and information & broadcasting with share of 27, 14, 11,5,4,4 percent respectively. The financial services and real estate and construction occupied 62 percent of the total inflows in the services sector and 39 percent of overall inflows during 2006-07 to 2009-10. The priorities of the foreign investors are quite evident from these numbers.

Figure 6: Distribution FDI in manufacturing sectors, 2006-07 to 2009-10 (%):



Source: Compiled by researcher from FDI Newsletter various issues , DPIIT.

The automobile industry had largest share in total inflows in manufacturing sector with 27 percent, which followed by metallurgical industries, electrical equipment, chemicals, drugs and pharmaceuticals, industrial machinery, food processing industries and cement and gypsum with 25 percent, 17 percent, 12 percent, 8 percent, 6 percent, 4 percent and 1 percent respectively during 2007-10. The share of manufacturing sector in total FDI inflows was 20 percent in 2007-10.

Sectoral Distribution of FDI from 2011 to 2022:

During the period of 2011-2022, services sector continued to be highly FDI equity inflows concentrated sector, confirming a trend that was established in the previous decade. The Government of India relaxed government control over many important areas in the financial sector that paved the way for the strong penetration of foreign capital. Financial services were the most equity inflows receiving sector of services sector. In the decade of 1990s, India's financial sector had very less exposure to the global capital market that's why the earlier episodes of financial crises did not adversely affect the country's economy. But since the last major global economic downturn in 2008 the situation had completely changed.

Table 11: Share of the Broad sectors in FDI Inflows, 2011-22

Sectors/Years	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2011-22
Services Sector	51.2	51.6	54.6	50.3	54.5	70.6	60.6	75.3	72.4	74.2	81.5	67.2	63.0
Manufacturing	32.4	39.8	35.7	39.7	38.8	23.4	33.0	18.9	20.4	19.2	15.6	27.7	29.3
Energy	9.0	5.9	9.0	8.0	5.2	3.8	4.7	5.0	6.3	5.6	2.2	3.7	5.8
Others	7.4	2.7	0.6	2.0	1.5	2.2	1.7	0.8	0.9	1.0	0.7	1.4	1.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

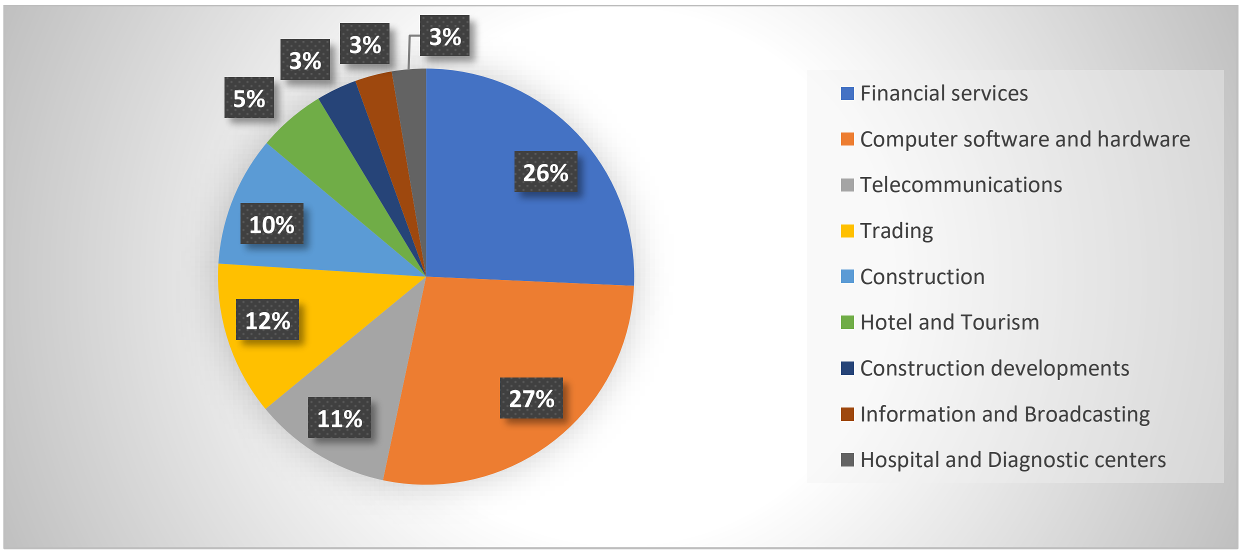
Source: Compiled by researcher from the Annual report of RBI, various issues, RBI.

As Table 11 showing that the services sector has dominant share in FDI inflows with the share of 63 percent in total FDI inflows during the period of 2011-22. The manufacturing sector consolidate only 29 percent share in total FDI inflows during the same period. The share of manufacturing declined continuously after 2013-14. In 2017-18, the share of manufacturing sector declined to 18.9 percent, its lowest in decade of 2010s. Although the economic reforms were initiated three decades ago to attract foreign companies to beef up the country's manufacturing sector has been one of the major objectives of successive government. Even the present government flagship program, the Make in India initiative as well as the more recent PLI scheme, were no exceptions.

Despite the fact that the country's investment regime is now among the most liberal among all major economies, the reported figure of FDI inflows showed that the investment in India's manufacturing sector has not been the priority of foreign investors. The manufacturing sector has been attracting less than one-third of the total foreign investment in last 12 years (from 2011-22). On other side, foreign investors have found India's services sector more attractive and investing three times more than in manufacturing sector in the same period of time.

As I have taken the top FDI equity recipient sectors to study the sectoral distribution of FDI inflows in different sectors of India. It will be depicted from the tables of sectoral distribution of FDI (Table 4.B.6 and table 4.B.8) that some new sub-sectors were came in the category of highest FDI recipient sector in the period of 2011-22, like construction of infrastructural activities, construction development and hospital and diagnostic centers under the services sector, and electronics and textiles under manufacturing sector.

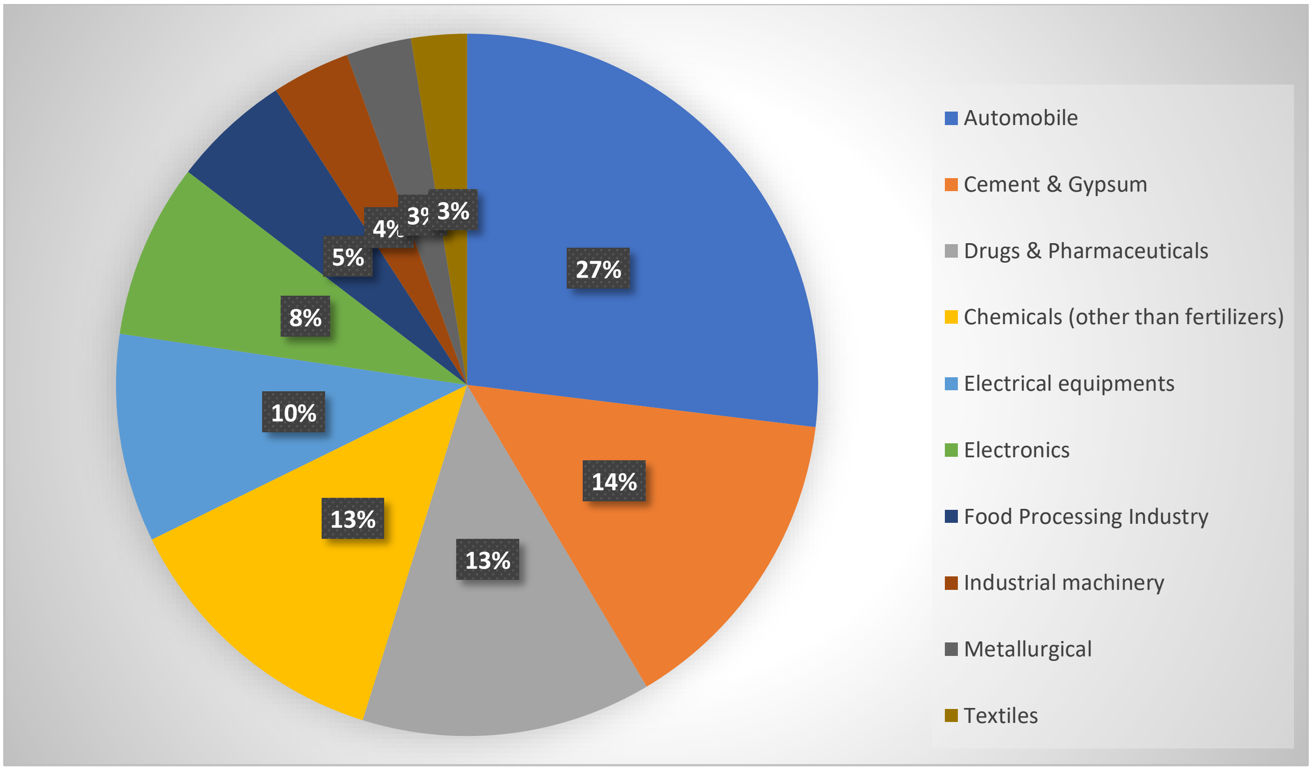
Figure 7 : Sectoral FDI Equity Inflows in Service sector , 2011-22 (%)



Source: Compiled by the researcher from the FDI Newsletter, various issues, DPIIT.

In the last 12 years (2011-22) Financial services and computer software and hardware constituted 53 percent of total FDI equity inflows in the services sector. They followed by trading, telecommunications, construction, hotel and tourism, construction developments, information and broadcasting and hospital and diagnostic centers with share 12 percent, 11 percent, 10 percent, 5 percent, 3 percent, 3 percent, and 3 percent respectively in same period of time.

Figure 8 : Sectoral Distribution of FDI equity Inflows in Manufacturing sector, 2011-22 (%)



Source: Compiled by the researcher from FDI Newsletter various issues, DPIIT.

Among the top-10 FDI equity inflows sector, automobile has prominent share of 27 percent in total FDI equity inflows in manufacturing sector during 2010-11 to 2021-22. Cement and gypsum at second place with 14 percent share in total manufacturing FDI. It followed by D&P and chemicals with 13 percent , electrical equipment with 10 percent, electronics with share of 8 percent, food processing industry with share of 5 percent, industrial machinery has share of 4 percent, and metallurgical and textiles both have share of 3 percent of each.

The rough estimation of sector-wise FDI indicates that the services sector attracted higher FDI, followed by manufacturing and primary sector. There has been dramatic shift in the sectoral distribution of FDI inflows in recent decade, from transportation, electrical equipment, fuels, food processing, and drugs and pharmaceuticals during decade of 1990 to services, computer software and hardware, telecommunications, housing and real estate, construction, automobiles, and power sectors.

CONCLUSIONS

FDI in India, has shown continuous upward trend. As economic reforms progressed in India, FDI started increasing. There is sizeable increase in FDI inflows in the period of 2000s, peaked to nearly $42 billion in 2008-09. Since 2008, the growth story of FDI in India is mix and volatile. The inflow of FDI in India has expanded after 2013-14. The growth of FDI inflow rose sharply by 25 percent and stood at $44 billion in 2014-15. The services sector has attracted significant foreign investment. The inflow of FDI has continuously increased since then and registered its highest ever annual FDI inflow of $84 billion in 2021-22. More than 70 percent FDI inflows come in form of equity inflows. The average annual growth rate of FDI through automatic route has increased to 80 percent whereas the share of government approval route has reduced to 8.35 percent between 2011-22. In FY 2021-

22, 71 percent of total FDI inflows came through automatic route and only 2.84 percent came via government approval route. It indicates that the foreign investors enjoyed great freedom from the extent of relaxation of FDI policies in making their investment decisions.

The share of FDI equity inflows in Energy sector has declined from the share of 12 percent in 2007-10 to 6.6 percent in 2011-22. In year 2011-22, the share of non-conventional energy increased to 39 percent in total equity inflows in energy sector from 7.4 percent in year 2007-10. Along with this, the share of petroleum and natural gas declined to 19.6 percent in total equity inflows in energy sector from 44 percent in year 2007-10.

However, the inflows of FDI are increasing over the years from 2004-05. The services sector of India found very attractive more than manufacturing sector by foreign investors from several years. Several research have showed that FDI inflows to host country are largely dependent on the motivations of the foreign companies . It implies that the extent of openness of investment regime in host countries are necessary but not sufficient condition for attracting foreign investment. The decision of foreign investors is dependent also on the existence of large markets: but more importantly, on the existence of large strategic assets in the host countries.

The sectoral distribution of FDI inflows in India resonates with these findings. Information Technology Enabled Services (ITES) and several other segments of services sector have received large FDI inflows due to the presence of an efficient workforce that can be regarded as the strategic asset. Since, the beginning of 2010s millennium, India’s ITES has been able to extend its business in the global market place and it is now evident that foreign investors are utilizing this workforce to expand their presence in India’s services sector (Dhar & Rao, 2020). Even with the earlier initiatives for reviving the manufacturing sectors through greater infusion of foreign investment, the ‘Make in India” initiative too received a hesitant response.

APPENDIX

Table 1: FDI Inflows into India, 1991-2000 ($Million)

Years	Direct Investment to India	Equity	Government (SIA/FIBP)	RBI	NRI	Acquisition of Shares
1990-91	97	-	-	-	-	-
1991-92	129	129	66	-	63	-
1992-93	315	315	222	42	51	-
1993-94	586	586	280	89	217	-

1994-95	1314	1314	701	171	442	-
1995-96	2144	2144	1249	169	715	11
1996-97	2821	2821	1922	135	639	125
1997-98	3557	3557	2754	202	241	360
1998-99	2462	2462	1821	179	62	400
1999-2000	2155	2155	1410	171	84	490

Source: Database of the Indian Economy, 2020, RBI.

Table 2: Foreign Direct Investment Inflows during 2000-2010 ($million)

Years	**Equity**		**Reinvested earnings**	**Other Capitals**	**Total FDI Inflows**
	FIPB route/ RBI's Automatic route/ Acquisitions routes	**Equity Capital of Unincorporated Bodies**			
2000-01	2339	61	1350	279	4029
2001-02	3904	191	1645	390	6130
2002-03	2574	190	1833	438	5035
2003-04	2197	32	1460	633	4322
2004-05	3250	528	1904	369	6051
2005-06	5540	435	2760	226	8961
2006-07	15585	896	5828	517	22826

2007- 08	24573	2291	7679	300	34843
2008-09	31364	702	9030	777	41873
2009-10	25606	1540	8668	1931	37745

Source: Based on RBI, Monthly Bulletin, 2011, Table 44

Table 3: Entry Route-wise Distribution of FDI Equity Inflows during 2000-10 (Amount in $ Million)

Years	Direct Investment to India	Equity					Reinvested Earnings	Other Capital
		Total Equity	Government(SIA/FIPB)	Automatic Route (RBI)	Acquisitions of Shares	Equity Capital of Unincorporated Bodies		
2000-01	4,029	2,400	1,456	454	362	61	1,350	279
2001-02	6,130	4,095	2,221	767	881	191	1.645	390
2002-03	5,035	2,764	919	739	916	190	1,833	438
2003-04	4,322	2,229	928	534	735	32	1,460	633
2004-05	6,051	3,778	1,062	1,258	930	528	1,904	369
2005-06	8,961	5,975	1,126	2,233	2,181	435	2,760	226
2006-07	22,826	16,481	2,156	7,151	6,278	896	5,828	517
2007-08	34,835	26,864	2,298	17,127	5,148	2,291	7,679	292
2008-09	37,838	28,031	4,699	17,998	4,632	702	9,030	777
2009-10	37.763	27,149	3,471	18,990	3,148	1,540	8,669	1,945

Source: Based on RBI Monthly Bulletin, 2011, Table 44.

*Includes small quantities on account of NRI investment for the years 2000-01 and 2001-02.

Table 4: Trends of FDI inflows in India, 2011-2022 (Amount in $ Million)

Years	Gross Direct Investment Inflows	Equity					Reinvested Earnings	Other Capital
		Total Equity	**Government (SIA/FIBP)**	**Automatic Route (RBI)**	**Acquisition of Shares**	**Equity Capital of Unincorporated Bodies**		
2010-11	30,380	20,304	1,945	12,994	4,491	874	9,424	652
2011-12	46,553	22,564	3,046	20,427	11,360	1,021	8,205	2,494
2012-13	34,298	22,884	2,319	15,967	3,539	1,059	9,880	1,534
2013-14	36,046	25,274	1,185	14,869	8,245	975	8,978	1,794
2014-15	44,291	31,885	2,291	22,530	6,185	952	8,983	3,423
2015-16	55,559	41,112	3,574	32,494	3,933	1,111	10,413	4,034
2016-17	60,220	44,701	5,900	30,417	7,161	1,223	12,237	3,176
2017-18	60,974	45,521	7,797	29,569	7,491	664	12,542	2,911
2018-19	62,001	45,055	2,429	36,315	5,622	689	13,672	3,274
2019-20	74,390	51,734	3,265	39,364	7,348	1,757	14,175	8,482
2020-21	81,973	61,088	948	51,597	7,091	1,452	16,935	3,950
2021-22	84,835	59,684	1,698	42,392	14,143	910	19,347	5,805

Table 5: FDI Approvals by major Sectors, 1991-2000 ($ Million)

Sectors/Years	1991-95	1996	1997	1998	1999	2000	1991-2000
Fuels (power and oil refinery	4,093.1 (19.7)	1,623.5 (15.9)	7,279.0 (48.2)	3,366.9 (45.1)	1,317.7 (20.0)	1,282.9 (15.6)	18,963.3 (27.7)
Telecommunications	6,302.3 (30.3)	1,252.0 (12.3)	1,978.8 (13.1)	751.4 (10.1)	906.2 (13.8)	2,056.4 (25.0)	13,247.1 (19.40
Electrical equipment (including computer software)	969.9 (4.7)	881.1 (8.6)	603.9 (4.0)	346.0 (4.6)	592.2 (9.0)	2,784.4 (33.8)	6,177.6 (9.0)
Transportation industry	1,040.4 (5.0)	812.5 (8.0)	1,043.7 (6.9)	378.8 (5.1)	1,444.8 (21.9)	226.8 (2.8)	4,947.1 (7.2)
Services sector	1,107.3 (5.3)	1,487.2 (14.6)	395.7 (2.6)	411.3 (5.5)	531.4 (8.1)	307.4 (3.7)	4,240.3 (6.2)
Metallurgical industry	1,432.9 (6.9)	653.7 (6.4)	693.1 (4.6)	538.0 (7.2)	325.2 (4.9)	407.2 (4.9)	4,050.1 (5.9)
Chemical (other than fertilizers)	1,244.9 (6.0)	855.1 (8.4)	778.6 (5.2)	440 (5.9)	188.2 (2.9)	58.1 (0.7)	3,564.5 (5.0)
Food-processing industries	838.2 (4.0)	955.3 (9.4)	530.6 (3.5)	153.3 (2.1)	32.8 (0.5)	61.3 (0.7)	2,571.5 (3.5)
Hotel and tourism	641.1 (3.1)	126.7 (1.2)	200.5 (1.3)	116.5 (1.6)	182.2 (2.8)	83.4 (1.0)	1,350.4 (2.0)
Miscellaneous industries	392.6 (1.9)	231.9 (2.3)	88.5 (0.6)	53.7 (0.7)	199.2 (3.0)	174.5 (2.1)	1,140.4 (1.7)
Total for the top-10 industries	16,168.0 (77.6)	7,182.7 (70.4)	12,366.5 (81.8)	6,150.7 (82.4)	5,572.8 (84.6)	7,837.4 (95.1)	55,278.1 (77.0)
Total FDI approvals	20,824.8	10,201.4	15,116.1	7,468.2	6,588.4	8,241.7	71,752.3

Note: Figure in parentheses are percentage shares of the total approvals for the years/period.

Source: Handbook of Industrial Policy and Statistics, 2001, Ministry of Commerce and Industry, Government of India.

Table 6: FDI approvals in major sectors during 2001-2004 ($Million)

Sectors/Years	2000-01	2001-02	2002-03	2003-04	Total
Engineering goods	2,236.2 (31)	680.0 (20.12)	267.9 (21.66)	291.7 (28.03)	3,475.8 (26.98)
Telecommunications	2,602.7 (36)	444.4 (13.15)	166.1 (13.43)	149.5 (1.43)	3,362.7 (26.10)
Trading	56.5 (0.78)	35.0 (1.03)	44.3 (3.58)	128.4 (12.34)	264.2 (2.05)
Services sectors	125.3 (1.73)	301.6 (8.92)	182.1 (14.72)	110.8 (10.65)	719.8 (5.58)
Chemicals	345.5 (4.78)	103.3 (3.05)	100.4 (8.12)	82.3 (7.91)	631.5 (4.90)
Fuels	1,130.2 (15.63)	1,110.7 (32.87)	65.9 (5.32)	48.8 (4.69)	2,355.6 (18.28)
Hotel and tourism	69.4 (0.96)	23.2 (0.68)	18.6 (1.50)	36.3 (3.48)	147.5 (1.14)
Processed food	40.9 (0.56)	106.4 (3.14)	149.3 (12.07)	22.9 (2.20)	319.5 (2.48)
Consultancy services	51.0 (0.70)	41.6 (1.23)	21.5 (1.78)	18.3 (1.75)	132.4 (1.02)
Metallurgical industries	316.5 (4.37)	156.5 (46.32)	13.1 (1.05)	7.1 (6.82)	493.2 (3.82)
Others	253.6 (3.50)	369.8 (10.94)	207.2 (16.75)	144.1 (13.85)	974.7 (7.56)
Total	7,227.8	3,378.3	1,236.4	1,040.3	12,882.8

Note: figure presented in parentheses are the percentage share in total FDI approvals in given period/years.

Source: Data Compiled by the researcher from the SIA Newsletter (renamed FDI Newsletter), various issues, DPIIT, available at https://dipp.gov.in/publications/si-news-letters/archives.

Table 8: FDI inflows in top-10 sectors, 2004-10 ($Million)

Sectors/Years	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Services sector (financial and non-financial services)	469	543	4,664	6,615	6,116	4,392
Computer software and hardware	539	1,375	2,614	1,410	1,677	919
Housing and real estate	0	38	467	2,179	2,801	2,844
Construction activities (including roads and highways)	152	151	985	1,743	2,028	2,868
Telecommunications (radio paging, cellular mobile, basic telephone services)	129	624	478	1,261	2,558	2,554
Power	53	87	157	967	985	1,437
Automobile industry	122	143	276	675	1,152	1,177
Metallurgical industries	182	147	173	1,177	961	407
Petroleum and natural gas	113	14	89	1427	412	272
Chemicals (other than fertilizers)	198	390	205	229	749	362
Total for the top-10 sectors (% share in equity inflows)	1,928 (59.3)	3,512 (63.4)	10.108 (64.9)	17,683 (72S)	19,439 (71.1)	17,232 (67.3)

Source: Compiled by researcher from the SIA Newsletter (renamed FDI Newsletter), various issues, DPIIT, available at https://dipp.gov.in

Table.10: FDI Inflows in Major Sector/ Industries, 2006-7 to 2009-10, ($ Million)

Sectors/Years	2006-07	2007-08	2008-09	2009-10	2007-10
Services	**6959.04**	**11829.05**	**16112.05**	**13208.85**	**48108.99**
Financial Services	2472.81	3850	4430	2206	12958.81
Real Estate and Construction	1452	3921.67	5603.28	5712.03	16688.98
Telecommunication	478	1261.46	2558.39	2553.95	6851.8
Computer software	1387.78	1409.64	1676.54	918.66	5392.62
Trading	543.67	621.02	631.69	578.6	2374.98
Hotel and Tourism	356.87	421.44	449.83	748.26	1976.4
Information and Broadcasting (including print & media)	267.91	343.82	762.32	491.35	1865.4
Manufacturing	**2498.93**	**3259.33**	**3741.06**	**3481.47**	**12980.79**
Automobile Industry	565.18	674.76	1151.74	1176.61	3568.29
Metallurgical industries	657.87	1176.89	960.85	406.67	3202.28
Electrical Equipments	467.21	639.67	386.85	656.72	2150.45
Chemicals	205	228.95	749.8	361.83	1545.58
Cement and Gypsum	14.78	16.89	124.8	33.8	190.27
Drugs & Pharmaceuticals	276.63	334.09	181.61	212.86	1005.19
Industrial machinery	262.42	119	82.77	353.65	817.84
Food Procesing industries	49.84	69.08	102.64	279.33	500.89
Enery	**2794**	**2437.42**	**1482.34**	**2207.27**	**8921.03**
Power	912	967.49	984.8	1437.25	4301.54
Petroleum and Natural Gas	1847.24	1426.78	412.27	272.11	3958.4
Non-conventional energy	34.76	43.15	85.27	497.91	661.09
others	**3411.27**	**2040.7**	**2009.93**	**1287.91**	**8749.81**
Miscellaneous industries	1743.93	677.76	1482.56	1048.46	4952.71
Ports	1123.45	918.18	493.15	65.41	2600.19
Minning	543.89	444.76	34.22	174.04	1196.91
Total	**12869.24**	**19566.5**	**23345.38**	**20185.5**	**75966.62**

Source: Compiled by researcher from the SIA Newsletter (renamed FDI Newsletter), various issues, DPIIT.

Table 12: Sectoral Distribution of FDI Equity Inflows, 2011-22 (US $ Million)

Sectors/Years	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2011-2022
Services sector	**8451.73**	**14275.77**	**11876.94**	**9312.61**	**14444.21**	**25676.18**	**25384.26**	**29170.73**	**28546.66**	**31600.06**	**43685.97**	**31749.84**	**274174.96**
Computer software and hardware	784.3	796.35	485.96	1126.27	2199.95	5904.36	3652	6153	6415.21	7673.32	26144.69	14461.35	75796.76
Construction	1124.6	386.28	283.89	485.37	858.6	4510.71	1861	2730	2258	2041.72	7874.54	3247.5	27662.21
Construction developments	0	3140.78	1332.49	1226.05	757.88	117.55	105	540	213.15	616.54	422.09	124.98	8596.51
Financial services	3403.08	5215.98	4832.98	2225.1	3252.97	6889.46	8684.07	6709	9157.54	7853.58	5060.22	7131.43	70415.41
Hospital and Diagnostic centers	256	310.43	256.86	684.58	663.21	742.35	747.38	708.09	1044.61	634.73	501.16	697.5	7246.9
Hotel and Tourism	320.73	992.86	3259.05	486.38	798.77	1332.69	916.13	1131.97	1075.75	2937.79	368.96	729.08	14350.16
Information and Broadcasting	412.11	675.96	404.04	428.52	256.63	1009.34	1516.68	638.67	1252.36	823.4	313.98	152.27	7883.96
Telecommunication	1664.5	1997.24	303.87	1306.95	2895.02	1324.4	5564	6212	2667.91	4445.16	392.11	668.144	29441.304
Trading	486.41	759.89	717.8	1343.39	2761.18	3845.32	2338	4348	4462.13	4573.82	2608.22	4537.59	32781.75
Manufacturing Sector	**4597.66**	**11966.6**	**5674.8**	**9331.04**	**7632.59**	**7184.57**	**11419.41**	**7306.96**	**8079.97**	**9205.88**	**8051.92**	**14229.12**	**104680.52**
Automobile	1330.78	922.99	1537.28	1517.28	2570.35	2526.82	1609	2090	2623.22	2824.03	1637.44	6993.55	28182.74
Chemicals (other than fertilizers)	398.64	4040.71	292.16	786.76	669.4	1469.95	1393	1308	1980.99	1057.71	847.07	965.78	15210.17
Drugs & Pharmaceuticals	21	3232.28	1123.46	1279.34	1523.36	754.26	857	1010	265.97	571.79	1490.49	1414.23	13543.18
Metallurgical	1104.78	1786.14	1466.23	567.63	472.03	456.31	1440.18	371.76	598.84	2100.65	1340.47	2272.35	13977.37
Food Processing Industry	188.67	170.21	401.46	3982.89	516.72	505.88	727.22	904.9	628.64	904.7	393.41	709.71	10034.41
Electrical equipments	162.79	566.39	195.87	134.31	557.9	444.88	2230.69	488.72	976.5	571.39	1411.95	683.7	8425.09
Industrial machinery	563.44	620.66	503.83	477.38	852.06	568.26	329.3	462.82	338.18	424.63	253.33	320.66	5714.55
Cement & Gypsum	637.68	267.9	12.38	254.01	208.89	19.69	2130.1	19.44	17.61	5.1	3.78	204.4	3780.98
Textiles	129.65	164.91	103.89	198.86	162.91	230.13	618.95	454.45	198.14	323.52	298.67	247.75	3131.83
Electronics	60.23	194.41	38.24	132.58	98.97	208.39	83.97	196.87	451.88	422.36	375.31	416.99	2680.2
Energy	**2020.54**	**4134.53**	**1856**	**1592.65**	**2343.77**	**1748.33**	**2076.97**	**2849.64**	**2690.23**	**2870.93**	**1273.65**	**2182.98**	**27640.22**
Power	1252.33	1652.38	535.68	1066.08	657.03	868.8	1113	1621	1105.64	672.16	373.63	525.65	11443.38
Petroleum & Natural gas	573.62	2029.98	214.8	112.32	1075.42	103.02	180.4	24.18	138.43	805.38	102.81	56.4	5416.76
Non-conventional energy	194.59	452.17	1105.52	414.25	611.32	776.51	783.57	1204.46	1446.16	1393.39	797.21	1600.93	10780.08
Others	**1567.92**	**2109.51**	**318.97**	**757.47**	**2301.95**	**943.34**	**541.64**	**505.18**	**603.67**	**900.21**	**831.62**	**904.07**	**12285.55**
Total	**16637.85**	**32486.41**	**19726.71**	**20993.77**	**26722.52**	**35552.42**	**39422.28**	**39832.51**	**39920.53**	**44577.08**	**53843.16**	**49066.01**	**418781.25**

Source: Compiled by the researcher from FDI Newsletter, various issues, DPIIT

Note: Financial services include finance, banking, insurance, non-insurance, non-finance/business services, outsourcing, R7D, courier, technical testing, and analysis, others.

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