FDI – A REFLECTION OF THE STATE OF INDIAN ECONOMY

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ABSTRACT

Capital in any country is considered as a lifeblood for its economy. No doubt there are many ways and many avenues leading to capital formation in a country like foreign direct investment (FDI), Foreign Institutional Investment (FII), or Foreign Portfolio Investment (FPI) but the one of the best considered avenue for capital formation and overall growth and development of an economy in any country is Foreign Direct Investment (FDI). It refers to the foreign investment of more than 10% by an enterprise of one country directly into the enterprise of another country which ensures addition in its productivity or management control in that company. This avenue of investment in another country may take a number of forms such as through acquisitions, setting up of subsidiaries or through Joint Ventures (JVs). The main objective of this paper is to highlight the emerging trends of Foreign Direct Investment in India. It also throws a light on how the changing polices and limits of FDI in different sectors of Indian economy are reflecting both the growing opportunities and challenging for the Indian economy.

KEYWORDS: FDI, Economy, capital, investment, enterprise.