International Journal of Multidisciplinary Research and Development
www.allsubjectjournal.com
Online ISSN: 2349-4182, Print ISSN: 2349-5979
Received: 21-04-2021, Accepted: 07-05-2021, Published: 26-05-2021
Volume 8, Issue 5, 2021, Page No. 35-40

Role and growth of direct forein investment in india after 1991: Implication of financial crisis to India

Rajesh Kumar Dikshit
Research Scholar, Department of Commerce, Magadh University, Budh-Gaya, Bihar, India

Abstract
Developing economies started to feel the impact later, but the worst is yet to come. Services contribute highest in the Gross Domestic Products (GDP) among all sectors in India. It is observed that Indian services sector attracted the FDI (FDI) significantly in comparison to other sectors. Recent Global economic crisis costs two to three years growth for nearly all developed and developing nation except emerging economies inclusive of India. Foreign investment has always been constantly growing in the retail Sector. This is primarily due to the reason that foreign investors have always viewed the Indian Market as a potentially profitable market in addition to housing the second largest population in the world. The opening of the retail sector offers tremendous opportunities to the foreign Investors and gives them access to effectively more than a billion customers. *This paper analyses what constitutes FDI in services in India, will put light on the advantages, disadvantages and challenges faced by FDI in retail in single and multi-brand.*

Keywords: contribute, observed, economic, crisis, retail, market, challenges, service

Introduction

The retail industry of India is one of the fastest companies are financially strong and well settled, growing sectors in the country. It is currently ranked at However, the retail sector is constrained by several 20th position among the top thirty developing countries factors, basically by a highly restrictive licensing policy identified by management consulting firm AT Kearney in of government and overall poor infrastructure. Its 2014 Global Retail Development Index (GRDI). Growing Hundred per cent FDI in single-brand retail, paving at a compounded annual growth rate of 15 per cent overall way for global chains like Reebok, Nike, Adidas, Gucci retail market in India including both organized and Lotto to have full ownership of their operations in unorganized sectors is likely to reach a whopping Rs 47 India. This paper examines the prospects of FDI in retail lakh crore (US$738.71 billion) by 2016-17 from the level of in India and highlights the challenges regarding this. Rs 23 lakh crore (US$361.49 billion) recorded in 2011-12 Retailing is the interface between the producer and the individual consumer buying for personal consumption. As such, retailing is the last link that connects the individual consumer with manufacturing and distribution chain. This paper tries to establish the need of the retail community to invite FDI in multi brand retailing. FDI inflows in Indian retailing, there are few issues to be addressed its pros and cons to be discussed, for the regularization of the different retailers working in different areas, etc. In spite of so many reasons behind allowing and not allowing FDI from entering our Indian borders, there are few examples of other developing countries who initially protested against the entry of foreign investment in retail sector and then, later on proved out to be the most effective decision in country's development and standing in the world. The Government recently announced FDI in retail; namely 51% in Multi Brand Retail and 100% in Single Brand; but fortunately or unfortunately had to roll back the same due to political opposition both within and outside the coalition.

Review literature

FDI and Financial Crisis As noted in the introduction, most studies on the relationship between financial crisis and FDI are related to the Asian financial crisis. A large number of these papers investigated FDI in flows to Asian countries before and after the crisis of 1997–98. The Asian financial crisis, which broke out in Thailand in March 1997, caused great damage to Asian economics. However, the Asian financial crisis affected the economies of various countries differently. Journal of Business Economics and Management, 2010, 11(1): 20–33.

Athukorala (2003) also examined FDI during the financial crisis in East Asia. The author analyzed FDI policy and the overall investment climate in the five crisis-hit countries (Thailand, Malaysia, Indonesia, Korea, and the Philippines). The findings suggested that FDI was a relatively stable source of foreign capital in the crisis. the Asian Financial crisis has not resulted in a major discontinuity in FDI flows to the region, apart from a modest decline in the immediate aftermath of the crisis" (Athukorala 2003).

Nevertheless, Thu (1998) claimed that the Asia financial crisis had some favorable effects on Vietnam. For instance, the crisis forced the government to take measures to prevent the financial crisis, reform economic management, and improve the investment environment (Thu 1998). In this respect, structural reforms are very important for developing economies to attract more FDI inflows.

Furthermore, Kian Wie (2006) analyzed the Indonesian investment climate and FDI after the Asian financial crisis. The author reported that after the crisis, domestic investment and FDI dramatically declined, largely as a result of the deteriorating investment climate.

Graham and Wada (2000) analyzed the crisis of 1995 and the response of FDI and foreign-controlled enter-prises in Mexico. The authors reported that it was clear that FDI from the United States was indeed stable. However, as the authors mentioned, during the crisis year, Mexico experienced a slowdown of FDI in flux, but there was no exit for this form of investment. Some other studies have investigated the behavior of Japanese FDI during the Asian Financial crisis. The financial crisis changed the FDI environment drastically; that is, the crisis had a discouraging impact on FDI. For instance,.

Edgington and Hayter (2001) examined the extent to which the Asian financial crisis impacted the behavior of Japanese FDI in the manufacturing sector. In general, their findings suggested that Japanese TNCs have not field Asia but rather responded in the following manner: Although it was set to decline thereafter, at least for the short term, flows of Japanese FDI into Asia overall held steady during the Asian financial crisis. Some other studies analyzed the relationship between economic crisis and FDI inflows using various economic aspects. For instance,.

Hui and Shang-Jin (2009) examine that whether capital flows affect the degree of credit crunch faced by a country's manufacturing firms during the 2007-09 crises. Examining 3823 firms in 24 emerging countries, they find that the decline in stock prices was more severe for firms that are intrinsically more dependent on external finance for working capital.

Doraisami (2007) argues that FDI flows in Malaysia contributed to vulnerability to crisis by causing chronic current account deficits and was associated with a slowdown in export growth prior to the crisis. This suggests that when assessing a country's vulnerability to financial crisis, emphasis should not only be placed on the Reversibility of flows but also on the macroeconomic impact of these flows.

Objectives

The study covers the following objectives:

1. to study the foreign direct investment inflows to Indian economy and implication of economic slowdown
2. To appreciate the determinants of FDI inflows and financial crisis
3. To evaluate the impact of FDI crisis on the synthesis of Indian Economy.

Research Methodology

Sources of information

This study is based on secondary data. The data is collected from various sources. The hand book of statistics of Indian economy, publication, journals and internet.Analysis Method: The collected data are analyzed with the help of linear Regression.

Data collection

This study is based on secondary data. The required data have been collected from various sources i.e. World Investment Reports, Asian Development Bank's Reports, various Bulletins of Reserve Bank of India, publications from Ministry of Commerce, Govt. of India, Economic and Social Survey of Asia and the Pacific, United Nations, Asian Development Outlook, Country Reports on Economic Policy and Trade Practice-Bureau of Economic and Business Affairs, U.S. Department of State and from websites of World Bank, IMF, WTO, RBI, UNCTAD, NASCOM, SAIM, Ministry of Power websites and data for sector wise FDI has been collected from DIPP website etc.. It is a time series data and the relevant data have been collected for the period 1991 to 2015. The descriptive research methodology has been used to collect the data. To evaluate the overall position of the entry of FDI in multi brand retail in India, secondary data has been collected from various published sources and websites from the year 1991 to 2015 few assumptions from the future.

Important of the study

It is apparent from the above discussion that FDI is a predominant and vital factor in influencing the contemporary process of global economic crisis. The study attempts to analyze the important dimensions of FDI in India. The study works out the crisis, main determinants and investment flows to India. The study also examines the role of FDI on economic crisis in India for the period 1991-2015. The period under study is important for a variety of reasons. First of all, it was during July 1991 India opened its doors to private sector and liberalized its economy. Secondly, the experiences of South-East Asian countries by liberalizing their economies in 1980s became stars of economic growth and development in early 1990s. Thirdly, India's experience with its first generation economic reforms and the country's economic growth performance were considered safe havens for FDI which led to second generation of economic reforms in India in first decade of this century. Fourthly, there is a considerable change in the attitude of both the developing and developed countries towards FDI. They both consider FDI as the most suitable form of external finance. Fifthly, increase in competition for FDI inflows particularly among the developing nations.

The shift of the power center from the western countries to the Asia sub -continent is yet another reason to take up this study. FDI incentives, removal of restrictions, bilateral and regional investment agreements among the Asian countries and emergence of Asia as an economic powerhouse (with China and India emerging as the two most promising economies of the world) develops new economics in the world of industrialized nations. The study is important from the view point of the macroeconomic variables included in the study as no other study has included the explanatory variables which are included in this study. The study is appropriate in understanding inflows during 1991-2015

Limitations of the study

The availability of data has been a major constraint as data for industry growth was not available for longer periods therefore observations are based on limited data for specific sectors. ¾ The research paper analyzes the impact of economic slowdown represented by declining GDP on FDI flow to India. There may be other factors as well which have an implication on FDI. ¾ It is difficult to conclude that whether GDP affects FDI or it is a two way impact i.e. FDI also has implication for growth of GDP.

Scope for further research

1. Due to the time constraint we have analyzed the impact of crisis on inward flow of FDI. While it may be equally interesting to find the impact of crisis on outward FDI flow from India.
2. Further research is needed for finding whether FDI

affect GDP more strongly or it gets affected by GDP more strongly. A separate study can be under taken in this direction

Enlightenment of financial crisis to India on FDI inflows

Foreign direct investment (FDI) is important to many developing economies for various reasons. Both economic theory and empirical evidence indicate that FDI has a beneficial influence on developing host countries. In fact, FDI has played an important role in the economic development of many countries.FDI in services in India in pre-crisis and post-crisis period. It also compares the Growth rate of GDP, Growth rate of Services and Growth rate of FDI in Services for the same period in India. It provides a roadmap on what the government needs to do in order to use the FDI opportunities in the service sector to take the economy out of the crisis. India has witnessed a steady growth in the economy with the FDI's inflows. Interestingly, given the booming property market across the country FDI's are not confined to metros and big cities alone. The policy for FDI's has changed overtime with the changing requirements. India's share in the global FDI's regime is still minuscule which needs further liberalization in the policies.

Resist the temptation of protectionism

FDI flows are likely to decrease significantly on a global scale in the short-to-medium term. For many countries, this may have a strong impact on their economic performance. The effectiveness of public policy responses – at both the national and international levels in dealing with the financial crisis and its economic consequences – is crucial for creating favourable conditions for a relatively quick recovery in both FDI flows and economic growth. The challenges are to restore the credibility and stability of the financial system, to provide the "right" stimulus to investment, and to renew the commitment to an open economy. So far, no signs of a significant direct impact of the crisis on the policy and legal environment for FDI have been observed. However, there are concerns regarding the implications of the new policies of nationalization and State control, as well as of signs of rising protectionism, for global capital flows. For the Governments of both developed and developing countries, it is important to resist the temptation of "quick-fix" solutions, and to maintain an overall favourable business and investment climate. In this regard, investment promotion agencies can play a proactive role in both retaining existing TNC activities and stimulating new investments.

Policy on foreign direct investment

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:- 1. Sectors prohibited for FDI. 2. Activities/items that require an industrial license 3. Proposals in which the foreign collaborator has an existing financial/technical collaboration in India in the same field 4. Proposals for acquisitions of shares in an existing Indian company in financial service sector and where Securities and Exchange Board of India (substantial acquisition of shares and takeovers) regulations, 1997 is attracted 5. All proposals falling outside notified sectoral policy/CAPS under sectors in which FDI is not permitted Most of the sectors fall under the automatic route for FDI. In these sectors, investment could be made without approval of the central government. The sectors that are not in the automatic route, investment requires prior approval of the Central Government. The approval in granted by Foreign Investment Promotion Board (FIPB). In few sectors, FDI is not allowed. After the grant of approval for FDI by FIPB or for the sectors falling under automatic route, FDI could take place after taking necessary regulatory approvals form the state governments and local authorities for construction of building, water, environmental clearance, etc.

Procedure under automatic route

FDI in sectors/activities to the extent permitted under automatic route does not require any prior approval either by the Government or RBI. The investors are only required to notify the Regional Office concerned of RBI within 30 days of receipt of inward remittances and file the required documents with that office within 30 days of issue of shares of foreign investors.

Procedure under government approval

FDI in activities not covered under the automatic route require prior government approval. Approvals of all such proposals including composite proposals involving foreign investment/foreign technical collaboration is granted on the recommendations of Foreign Investment Promotion Board (FIPB). Application for all FDI cases, except Non-Resident Indian (NRI) investments and 100% Export Oriented Units (EOUs), should be submitted to the FIPB Unit, Department of Economic Affairs (DEA), Ministry of Finance. Application for NRI and 100% EOU cases should be presented to SIA in Department of Industrial Policy and Promotion.

Resist the temptation of protectionism

FDI flows are likely to decrease significantly on a global scale in the short-to-medium term. For many countries, this may have a strong impact on their economic performance. The effectiveness of public policy responses – at both the national and international levels in dealing with the financial crisis and its economic consequences – is crucial for creating favourable conditions for a relatively quick recovery in both FDI flows and economic growth. The challenges are to restore the credibility and stability of the financial system, to provide the "right" stimulus to investment, and to renew the commitment to an open economy. So far, no signs of a significant direct impact of the crisis on the policy and legal environment for FDI have been observed. However, there are concerns regarding the implications of the new policies of nationalization and State control, as well as of signs of rising protectionism, for global capital flows. For the Governments of both developed and developing countries, it is important to resist the temptation of "quick-fix" solutions, and to maintain an overall favourable business and investment climate. In this regard, investment promotion agencies can play a proactive role in both retaining existing TNC activities and stimulating new investments.

Prohibited sectors and industrial licensing

The extant policy does not permit FDI in the following cases: i. Gambling and betting ii. Lottery Business iii.

Atomic Energy iv. Retail Trading v. Agricultural or plantation activities of Agriculture (excluding Floriculture, Horticulture, Development of Seeds, Animal Husbandry, Pisiculture and Cultivation of Vegetables, Mushrooms etc., under controlled conditions and services related to agro and allied sectors) and Plantations (other than Tea Plantations).

With progressive liberalization and deregulation of the economy, industrial license is required in very few cases. Industrial licenses are regulated under the Industries (Development and Regulation) Act 1951. At present, industrial license is required only for the following: - 1.Industries retained under compulsory licensing 2.Manufacture of items reserved for small scale sector by larger units 3.When the proposed location attracts vocational restriction The following industries require compulsory license: - I Alcoholics drinks II Cigarettes and tobacco products III Electronic aerospace and defense equipment IV Explosives V Hazardous chemicals such as hydrocyanic acid, phosgene, isocyanides and di-isocynates of hydro carbon and derivatives.

Past reviews on fdi growth in India

Most of the front line players who had freeze their spreading out plans are reviving their decisions in the last couple of months. Moreover, for the 4th time in five years, India has been ranked as the most attractive nation for retail investment among 30 emerging markets by the US-based global management consulting firm, A T Kearney in its 8th annual Global Retail Development Index (GRDI) 2009. India remains among the leaders in the 2010 GRDI and presents major retail opportunities. India's retail market is expected to be worth about US$ 410 billion, with 5 per cent of sales through organized retail, meaning that the opportunity in India remains immense. Retail should continue to grow rapidly—up to US$ 535 billion in 2013, with 10 per cent coming from organized retail, reflecting a fast-growing middle class, demanding higher quality shopping environments and stronger brands, the report added. Foreign direct investment (FDI) inflows between April 2000 and April 2015, in single-brand retail trading, stood at US$ 194.69 million.

The road ahead

According to industry experts, the next phase of growth is expected to come from rural and semirural markets. According to a market research report published in June 2000 RNCOS titled, 'Booming Retail Sector in India'; organized retail market in India is expected to reach US$ 50 billion by 2015. The key findings of the report are:

Number of shopping malls is expected to increase at a CAGR of more than 18.9 per cent from 2007 to 2015.Rural and semi-rural market is projected to dominate the retail industry landscape in India by 2012 with total market share of above 50 per cent Driven by the expanding retail market, the third party logistics market is forecasted to reach US$ 20 billion by 2012 Apparel, along with food and grocery, will lead organized retailing in India. Leading watchmaker Titan Industries Limited plans to invest about US$ 21.83 million for opening 50premium watch outlets Helios in next five years to attain a sales target of US$ 87.31 million. "We are looking to open Helios outlets in Mumbai, Delhi, Hyderabad Kolkata, Chennai, Pune, Ahmedabad etc in next 12 months," said Ajoy Chawla, Vice President (Retail), Titan. Bharti Retail strengthened its position in northern India by opening 59 stores; BhartiWal Mart is expected to open 10 to 15 wholesale locations in the next three years. Established retailers are tapping into the growing retail market by introducing innovative store formats. Spencer's Retail, More (owned by Aditya Birla Group) and Shoppers Stop (owned by K Raheja Group) already plan to expand British high street retailer, Marks and Spencer (M&S) plans to significantly increase its retail presence in India, targeting 50 stores in the next three years. M&S currently operates 17 stores in India through a joint venture (JV) with Reliance Retail. Chinese retail major, Vision has entered the Indian market and plans to have at least 125 points of sales, including exclusive stores and multi-brand outlets, across India by 2012. It has opened its first exclusive store in New Delhi this year. Spain's Inditex, Europe's largest clothing retailer opened the first store of its flagship Zara brand in India in June 2010. It further plans to open a total of five Zara outlets in India. Bharti Retail, owner of Easy Day store—supermarkets and hyper marts—plans to invest about US$ 2.5 billion over the next five years to add about 10 million sqft of retail space in the country by then, according to a company spokesperson. Raymond Weil plans to invest US$ 883,665 in India during 2010, according to Olivier Bernheim, President and CEO, Raymond Weil. While there are reports of international retailers like Tesco, Carrefour analyzing business opportunities in India; Reliance, the largest Indian conglomerate is investing $3.4 billion.

Developing and transition economies, the worst is yet to come

In developing and transition economies, preliminary estimates suggest that FDI inflows were comparably more resilient in 2008. For them, the growth of FDI inflows, while much lower than in 2007, might still have remained positive. Nevertheless, the estimated 4 per cent growth rate for 2008 as a whole does not reflect the current critical situation in these economies, as the worst impact of the global financial crisis on FDI inflows was transmitted to them mainly in the last quarter of the year. According to the World Investment Prospects Survey undertaken by UNCTAD last year, four of the top five investment destinations preferred by the world’s largest TNCs are Brazil, the Russian Federation, India and China (the so-called BRIC economies). Interestingly, all these countries are estimated to have experienced a rise in inward FDI in 2008. However, the difficulties and uncertainties in their economies have increased substantially after the sudden worsening of the global financial crisis in September and October 2008. Coupled with the reduced availability of capital worldwide, this has led to a reverse of a growth cycle of inflows to these economies at year's end.

The emerging policy environment

The Cabinet Committee on Economic Affairs (CCEA) in Feb 2009 adopted new guidelines for computation of foreign equity holding in Indian companies. Except in the case of 100% subsidiaries of majority foreignowned/controlled Indian companies affects the FDI flows in the subsequent period in the same direction and the GDP can be considered as explanatory variable for FDI to the tune of 0.494357 *The sector wise correlation between industry growth and FDI growth are as follows:*

Table 1

Sector	Correlation Coefficient	Coefficient of determination
Construction	0.824868	0.680407
Power	0.666068	0.443647
Services	0.811446	0.658444
Automobile	0.854023	0.729356
Software	-0.49106	0.241136

where foreign investment will continue to be measured as of now, in all other companies, any notion of indirect or proportionate foreign holding has been done away with. Under the new guidelines, downstream investments by an Indian company that has foreign investment but is "owned and controlled" by Indians will not be considered FDI. "Owned" in this context will mean having a more than 50% shareholding and beneficial ownership. "Controlled" means that the owners will have the power to appoint the majority of board directors and legally direct the board's actions. This means there is a huge opportunity for Indian-owned and –controlled companies to bring in FDI and then undertake downstream investments, without bothering about sect oral limits or restrictions. However, if the investing Indian company is foreign-owned and controlled, then its entire downstream investments will be considered indirect FDI. There is an exception. If the foreign-owned and controlled Indian company undertakes downstream investments in 100 per cent owned subsidiaries, the amount of indirect FDI will be equal to the percentage of foreign investment in the Indian company. This will definitely help India to attract big-ticket FDI in sectors, which have been capped such as media, insurance, retail, telecom, real estate and even private banks. Positive for sectors with foreign investment caps, particularly - Aviation, Banking, Telecom, Media, Real estate, Insurance, Retail and much more. Media sector to benefit immensely due to contentious issues of foreign investment limits for broadcasting, distribution and print and fund requirement for growth, which had translated into network of subsidiaries – Network18 group, Essel (Zee) group, and NDTV group. Retail, in which FDI is only allowed in single-brand and wholesale cash and carry business, is likely to benefit to a great extent. Many foreign players currently operate through the franchisees. If foreign investments can be routed through Indian-owned and -controlled companies, overseas retailers will definitely like to be a part of this. Telecom, sector with huge capex requirement, will benefit through sectoral FDI cap at 74%. Positive for foreign investors looking for higher control and investments in Indian operations – Bharti Airtel, Vodafone Essar, Idea Cellular, and Unitech Wireless. In Insurance, this dispensation is already in place. In airports, the current investments in Mumbai and Delhi are significantly below the ceilings – this could help free up some additional limit. However, the effect can be minimal. There is the Foreign Investment Promotion Board in India which is engage in considering and recommending inflow of those FDI which are not covered by the automatic route. This competent board under the office of the prime minister, is chaired by the Secretary Industry (Department of Industrial Policy & Promotion). Generally the inflow of FDI is permitted on the automatic route, excluding of the following areas- • In those proposals where the foreign collaborator has already venture/tie up in Indian arena. • Proposals which are connected with the acquiring of the shares in the present India company in favor of the foreign/non resident Indian/overseas corporate body investor. • Those proposals which fall outside the notified sectoral policy/caps or under those sectors in which FDI cannot be allowed and/or when the investor has filed the application to the Foreign Investment Promotion Board and is not interested in availing the automatic route. An important side effect of the crisis in all affected countries has been the further liberalization of FDI regimes, which has been encouraging. In light of this, the future of FDI flows to the affected countries looks bright.

Arguments in favor of fdi in retailing

FDI in retailing is favored on following grounds:

1. The global retailers have advanced management know how in merchandising and inventory management and have adopted new technologies which can significantly improve productivity and efficiency in retailing.
2. Entry of large low-cost retailers and adoption of integrated supply chain management by them is likely to lower down the prices
3. FDI in retailing can easily assure the quality of product, better shopping experience and customer services.
4. They promote the linkage of local suppliers, farmers and manufacturers, no doubt only those who can meet the quality and safety standards, to global market and this will ensure a reliable and profitable market to these local players.
5. As multinational players are spreading their operation, regional players are also developing their supply chain differentiating their strategies and improving their operations to counter the size of international players. This all will encourage the investment and employment in supply chain management.
6. Joint ventures would ease capital constraints of existing organized retailers.
7. FDI would lead to expansion of opposite sell formats as good as modernization of a sector.
8. Industry trends for retail sector indicate that organized retailing has major important
9. FDI in retail trade would not attract large inflows of foreign investment since very little investment is required to conduct retail business. Goods are bought once credit and sales are made on cash basis. Hence, the working capital requirement is negligible. On the contrary; after making initial investment on basic infrastructure, the multinational retailers may remit the higher amount of profits earned in India to their own country.

Disadvantages of fdi in multi-brand

The decision set off fears that multinational giants will put small retailers and local shops that service households will be wiped out. Those in favors of FDI say that this unlikely since local mom-and-pop shops give personalized services like home delivery that these huge deep-discount stores won't.

FDI in multi-brand retail has many pre-conditions, though. The minimum FDI limit has been set at $100 million. Half of any investment has to be made in infrastructure like cold-storage chains and warehouses. This is designed to help the agricultural sector and India has a severe shortage of these. The most problematic condition, from the point of view of investors, will be that at least 30 per cent of the goods to be

sold will have to source from local producers. Analysts say that MNCs might have a problem of quality control and supply.

FDI is single-brand retail was already permitted, but that too with several conditions, including 30 per cent local procurement. The government now says if companies don't want to procure 30 per cent locally, they will have to set up a manufacturing unit. Household goods giant IKEA of Sweden wants to invest more than Rs. 10,000 crore to set up stores, but wants this rule to be relaxed. There is split within the government over this.

Coclusion

We can conclude that economic crisis has made a significant downward impact on FDI flow to India in general, and impact was found more profound in constriction and service sector. In this paper we empirically analyze whether financial crisis influences FDI inflows in India. Our results showed that financial crisis (Crisis) exerts a downturn effect and Crisis has an upturn affect on FDI in flows the financial crisis especially in India. Consequently, FDI will return to ordinary processes when the financial crisis ends. To our knowledge the FDI and financial crisis relationship is not analyzed by using semi parametric GPLM. Future work will be directed at a tighter parameterization and use more sample information in estimation in order to identify the influences of crisis on FDI in India.

References

1. Subba Rao SR. "Organized Retail Sector in India, Growth and Impact on the Economy", 2006.
2. *The* Department of Industrial Policy and Promotion (DIPP), Govt. of India, Consolidated FDI Policy, 2010.
3. Alhijazi Yahya ZD. "Developing Countries and Foreign Direct Investment", 1999.
4. Andersen PS, Hainaut P. "Foreign Direct Investment and Employment in the Industrial Countries", 2004.
5. Balasubramanyam VN, Sapsford David. "Does India need a lot more FDI", Economic and Political Weekly, 2007, p1549-1555.
6. Secretariat for Industrial Assistance, SIA: News letters, Annual Issue Ministry of Commerce and Industry, Government of India, New Delhi, 2006.
7. Iyare Sunday O, Bhaumik Pradip K, Banik Arindam: "Explaining FDI Inflows to India, China and the Caribbean: An Extended Neighborhood Approach, Economic and Political Weekly, 2004, p3398-3407.
8. Lata M Chakravarthy. “Foreign Direct Investment in India”, ICFAI University Press, 2005.
9. Dr. Arabi U. “Foreign Direct Investment(FDI’s) Flows and sustained growth: A case study of India and China”.
10. Laura Alfaro, “Foreign Direct Investment and growth: Does the sector matter”, Harvard Business School.
11. Singh Lakhwinder, “India’s economic growth and role of Foreign Direct Investment”, 2007.
12. Shandilya Anil Kumar Thakur TK. “Foreign Direct Investment In India : Problems And Prospects”, Deep & Deep Publications Pvt. Ltd, 1st Edition, 2008.
13. Suman Chatterjee. “An Economic analysis of Foreign Direct Investment in India”, 2009.
14. Nirupa Bajpai, Nandita Dasgupta CGSD. “What constitutes Foreign Direct Investment? Comparsion of India and China”, 2004. www.earth.columbia.edu
15. Global recession has changed FDI’s pattern, India high on priority, http://www.indianground.com/real_estate_FDI’s.aspx
16. RBI’s Bulletin October 2010 dt.12.10.2010 (Table No. 44) - Foreign Investment Inflows). International Journal of Trade, Economics and Finance,2011:2(1):38.
17. www.indiahousing.com
18. CIA World Fact book
19. www.rbi.ac.in
20. Assessing the impact of the current financial and economic crisis on global FDI flows By UNCTAD, 2009.
21. Economic Survey 2007-8
22. Indian IT-BPO Industry: NASSCOM Analysis
23. Asian weekly Economic Insight; Alliance Bernstein Oct 2008 Edition
24. Foreign Direct Investment and Economic Growth in Sri Lanka N. Balamurali and C. Bogahawatte
25. Challenges to investment cooperation in East Asia under global economic uncertainty; Professor John WONG
26. DIPP website
27. Ministry of Finance website
28. www.indianembassy.org