



## THE IMPACT OF FDI ON INDIAN ECONOMY: A CASE STUDY

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### Abstract:

OFDI (Outward Foreign Direct Investment) from India has increased appreciably over the past decade following the reforms and liberalization of policies undertaken by the Government since 1991. OFDI has emerged as an important mechanism through which the Indian economy is integrated with the global economy, along with growing trade and inward FDI (Foreign Direct Investment). The OFDI behavior of Indian firms in the earlier periods of seventies and eighties was found to be limited to a small group of large-sized family-owned business houses investing mostly in a selected group of developing countries. The restrictive government policies on firm's growth followed in India seems to have pushed these firms towards OFDI. In many cases, the Ownership pattern of Indian OFDI projects was minority-owned. The joint venture nature of Indian OFDI with intermediate technologies has been found to be appropriate to the needs and requirement of fellow developing countries. The Indian OFDI policy that time was more restrictive with cumbersome approval procedures.

However, the character of OFDI has undergone significant changes since the nineties. A large number of Indian firms from increasing number of industries and services sectors have taken the route of overseas investment to expand globally. Unlike the earlier periods, Indian outward investors have gone for complete control over their overseas ventures and increasingly started investing in developed parts of the world economy. This increased quantum of OFDI from India has been led by a number of factors and policy liberalization covering OFDI has been one among them. The sharp rise in OFDI since 1991 has been accompanied by a shift in the geographical and sectoral focus. Indian companies have also diversified sectorally to focus on areas of the country's emerging



comparative advantages such as in pharmaceuticals and IT software automobiles, auto-ancillary and telecom etc. Indian enterprises have also started to acquire companies abroad to obtain access to marketing. It is contended that the new wave of OFDI reflects changes in the structure of the world economy that are a result of globalization and regionalization of economic activity. These phenomena are associated with:

### Biography:

Butta Singh from Department of Economics, Calorx Teachers' University, Ahmedabad, INDIA

### Publication of speakers:

1. Sharma, Dixit & Singh, butta & Singh, Dilbag. (2014). An Improved ASCII Character Encoding Method for Lossless ECG Compression. *advances in Biomedical Science and Engineering*. 1. 1-11.
2. Singh, Butta & Singh, Dilbag. (2012). Effect of Threshold Value  $r$  on Multiscale Entropy based Heart Rate Variability. *Cardiovascular Engineering and Technology*. 3.
3. Singh, Butta & Singh, Dilbag & Jaryal, Ashok Kumar & Deepak, K K. (2012). Ectopic beats in approximate entropy and sample entropy-based HRV assessment. *International Journal of Systems Science*. 43. 884-893
4. Singh, Butta & Singh, Dilbag. (2012). Modified multiscale entropy in HRV for automatic selection of threshold value  $r$ . *Int. J. of Medical Engineering and Informatics*. 4. 55 - 65.

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