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## **FDI Promotions and Advancement through Make in India Programme**

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### **ABSTRACT**

*Foreign direct investment is a investment made by a company or individual in one country in business interest in another country. It is a debt free investment made by a foreign investor most influential financial resources utilised to attain a desired level of development in the nation. Government has taken various initiative to increase FDI into India. According to that make in India is one of the initiative taken by government to attract foreign direct investment by giving a suitable investment environment. This scheme was introduced in India on September 2014. After introduction of this scheme there is advancement in the India FDI from 15<sup>th</sup> position 2014 to 10<sup>th</sup> position in 2015 among other countries. It has attracted 40 billion FDI for the financial year 2015-2016 Which was higher than 29.2% than last year. This paper has exhibit FDI progress and opportunities through make in India programme.*

**Keywords:** *Investment, Business, India, Environment, scheme, countries*

### **1. INTRODUCTION**

Foreign direct investment is an investment in the form of a controlling ownership in a business in one country by an entity based in another country. To attract more FDI the government of India has amended FDI policy .liberalise and give investment friendly climate to the investor. It means to encourage national and multinational companies to manufacture their product in India. Government take initiative to implement make in India programme to invite companies by liberalise the FDI policy of 25 sectors. Liberalisation and new initiative made in FDI India has received USD 7.59 billion during April –June 2016-2017 according to department of industrial policy and promotion (DIPP).

### **2. FDI ROUTE**

There are two routes by which India gets FDI

- Automatic Route: In this route FDI is allowed without prior approval by government of India or Reserve bank of India
- Approval Route: Approval route or government route the foreign investor should obtain prior approval of the government.

### **3. TYPES OF INVESTORS UNDER MAKE IN INDIA**

) **Individual:**

- FVCI (Foreign Venture Capital Investors)

- Pension/Provident Fund
- Financial Institutions

**) Company:**

- Foreign Trust
- Sovereign Wealth Funds
- NRIs (Non Resident Indians)/ PIOs (Persons of Indian Origin)

**) Foreign Institutional Investors:**

- Private Equity Funds
- Partnership / Proprietorship Firm
- Others

#### **4. PROGRESS OF FDI THROUGH MAKE IN INDIA**

Make in India Programme has jumps FDI To Further Increase recent years.It has increase 37% that is 10.4 billion during April-June 2017 during first quarter of the current fiscal year. The main sectors that attract higher foreign direct investment include services, telecom, trading, computer software and hardware and Automobiles. Bulk Investment come from Singapore, maritius, netherland and Japan. A strong inflow of foreign investments will help improve the country s balance of payments situation and strengthen the rupee value against other global currencies, especially the US dollar. The DIPP through its 'Make in India' twitter handle also stated that FDI equity inflow in manufacturing sector grew by 31 per cent to USD 4.19 billion during April-June this fiscal.FDI equity inflow in glass, Leather cement & gypsum products, sea transport, air transport, construction development, mining, sugar and medical & surgical appliances recorded five fold jump during the quarter.It added that since the launch of 'Make in India' initiative (October 2014 - June this year), foreign inflows jumped 64 per cent to USD 110.12 billion from USD 67.26 billion in the same period last year. In the last three years, the government has eased 87 FDI rules across 21 sectors to accelerate economic growth and boost jobs.The country has now become the top most attractive destination for foreign investment.

#### **5. IMPORTANT SECTOR THAT ATTRACT FDI THROUGH MAKE IN INDIA**

##### **➤ TELECOMMUNICATION**

The Indian telecommunications sector shaped by consumer demand, innovation and competitive forces offers tremendous investment opportunities. With the second largest subscriber base in the world with 1.06 billion connections (including fixed phone lines), the telecom industry is booming. Recently, India with 275 million smart phone subscribers, outpaced the United States, to become the second largest smart-phone subscriber. 100% FDI is allowed in telecom sector, of this 49% is allowed through the automatic route. In the last two years from April 2014-16, FDI jumped to USD 4.2 billion as compared to USD 1.61 billion in FDI inflow in the two year period from April 2012-14 FDI worth USD 10 billion has been received in the first 8 months of FY 2016-17. 2.6 times growth in FDI (2014-2016).

##### **➤ TEXTILES AND APPAREL SECTOR**

The Indian textile industry exhibits rich cultural heritage of India with wide variety of fabrics, techniques and hues that reflect the diverse setoff people and traditions across the country. One of the oldest industries in India, it coversan extensive spectrum of segments, from hand-woven/hand-spun, unorganized segment on one end to capital and technology intensive organized segment on the other. India is the largest producer of Jute in the world and is the second largest producer of silk and cotton globally. 100% FDI is allowed under the automatic route in the sector. FDI inflow grew by 41% from USD 303 million in year 2012-14 to USD 428 million in year 2014-16. Between April 2016 and December 2016 the FDI equity inflows in the Textiles sector was USD 563.75 million.

### ➤ **TOURISM AND HOSPITALITY**

Tourism & Hospitality Sector (including Travel and Hospitality services such as hotels and restaurants) has been universally recognized as an agent of development and an engine for socio economic growth. According to WTTC's India Benchmarking Report 2015, every USD 1 million in Travel and Tourism spending in India generates USD 1.3 million in GDP. 100% FDI is permitted through automatic route for all construction development projects such as construction of hotels and resorts, recreational facilities, city and regional level infrastructure. The Hotel & Tourism sector is among the top ten sectors attracting highest FDI equity inflows in FY 2015-16, accounting for 3.3% share of total FDI equity inflows. FDI equity inflow in the sector increased by 72% in FY 2015-16 to USD 1.33 billion as compared to USD 777 million in FY 2014-15.

### ➤ **PORTS AND SHIPPING SECTOR**

The Indian maritime industry is an integral part of the country's trade and commerce. It supports 90% of India's trade by volume. India's has a coastline of 7,517 kms with potentially navigable waterways of 14,500 kms. 12 major and 200 non major ports are dotted along the coast. FDI Policy: 100 per cent FDI allowed under the automatic route for port and harbour construction and maintenance projects. 9 times increase in FDI in Ports & Sea transport sector in two years from USD 85 Million (2012-14) to USD 764 million (2014-16). USD 587 million received as FDI equity during Apr-Dec 2016

### ➤ **RAILWAY SECTOR**

Indian Railways is the backbone of long distance passenger transport in India with a network that spans more than 66030 km, making it the world's third largest rail network and the fourth largest rail freight carrier. The Railways runs 12,000 trains connecting more than 8000 stations and carrying 23 million passengers, and over 7000 freight trains, carrying 3 million tonnes of freight every day. Indian Railways transports 90% of the total coal moved in the country, supplying 50% of the power in India. 100 % FDI is permitted through automatic route for construction, operation and maintenance railway infrastructure since November 2014.

Some of the key areas open for investments are:

Suburban corridor projects through PPP II. High speed train projects III. Dedicated freight lines, iv. Rolling stock including train sets, and locomotives/coaches manufacturing and maintenance facilities. Railway Electrification, vi. Signaling systems, vii. Freight terminals, viii. Passenger terminals, ix. Infrastructure in industrial park pertaining to railway line/sidings including electrified railway lines and connectivity to main railway line x. Mass Rapid Transport Systems. Major Investments & FDI Inflows the sector has witnessed USD 281.77 million FDI equity inflow during April 2014 to December 2016. 2 The major investments in the sector have been in the manufacturing of railway wagons, coaches, mechanical & electro-mechanical signaling system, safety and traffic control systems.

## 6. **OPPORTUNITIES IN MAKE IN INDIA PROGRAMME**

Five industrial corridor are identified across countries planned by the government of India to give FDI investment based infrastructure to attract FDI in India. In each corridor the manufacturing is the economic driver and these project are seen as raising the share of manufacturing in india's gross domestic product from the current levels of 15% to 25% by 2025. The five industrial corridor.

- Delhi-Mumbai industrial corridor (DMIC)
- Amritsar-kolkata Industrial corridor ( AKIC)
- Bangalore-Mumbai economic corridor (BMEC)
- Chennai-Bangalore industrial corridor (CBIC)
- Vizag-chennai industrial corridor (VCIC)

## 7. TOP 5 COUNTRIES AND SECTOR OF FDI INFLOW

COUNTRY	TOTAL FDI INFLOW (%)	SECTOR	PERCENTAGE OF INFLOW
MURITIES	34.45	SERVICE	17.46
SINGAPORE	16.76	TELECOMMUNICATIONS	8.4
JAPAN	7.45	COMPUTER HARWARE AND SOFTWARE	7.76
UNITED KINGDOM	6.97	CONSTRUCTION DEVELOPMENT	6.00
NETHERLANS	6.33	AUTOMOBILE	5.01

SOURCE: RBI AND DIPP WEBSITE

FDI investment from 2000 to 2017 total investment the maritius is the first country which contribute 34.45%. The service sector has contribute its highest FDI among other sector it is 17.46%.

## 8. CONCLUSION

Make in India programme is an initiative of government to attract more FDI in the recent years. It has enormous subsidies and concessions given to invite a foreign company to invest their money in to India. Since 2014, the Modi government opened up “conservative” sectors like rail infrastructure and defence. FDI reforms were also carried out in financial sector, medical devices and construction sectors. FDI rules were radically overhauled across sectors such as broadcasting, retail trading and air transport with this, India has now become a vibrant market for manufacturers, The concept of Make in India has really succeeded as it added more employment.

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