

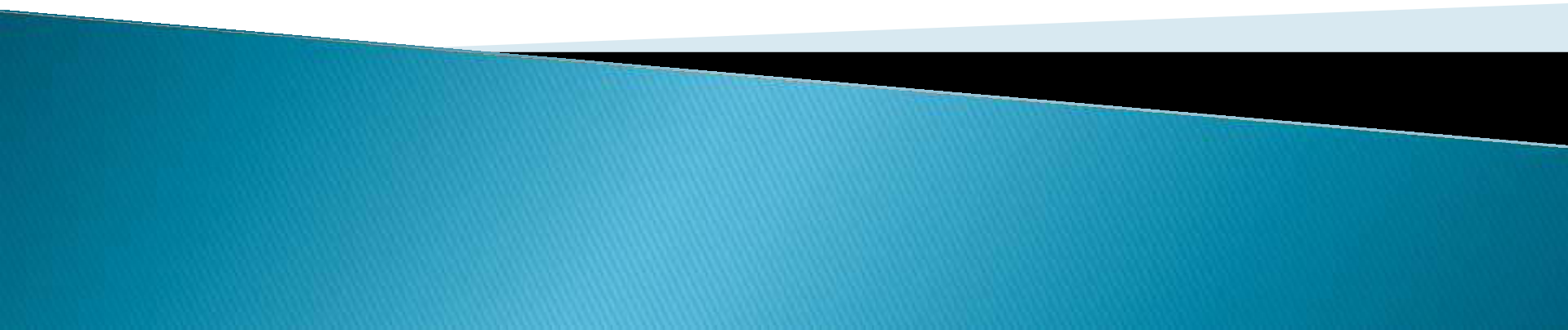
FOREIGN INVESTMENT IS BOON OR BANE FOR INDIA



FOREIGN DIRECT INVESTMENT

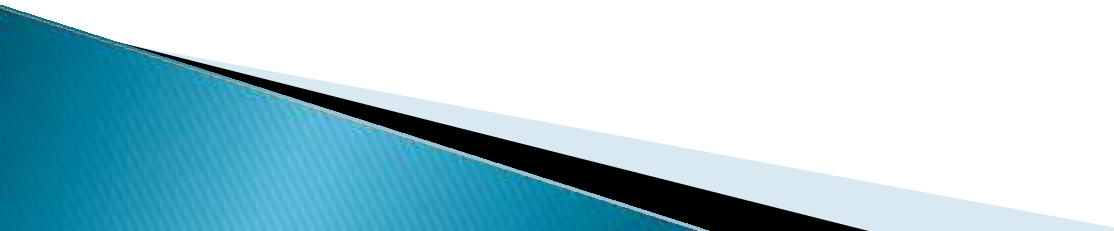
Meaning of FDI

FDI is direct investment into production in a country by a company located in another country, either by buying a company in the target country or by expanding operations of an existing business in that country.



Any country abroad is the net inflow of investment (capital or other), in order to acquire management control and profit sharing (10% or more voting stock) or the whole ownership of an accredited company operating in the country receiving investment.

FDI offers an exclusive opportunity to enter into the international or global business, new markets and marketing channels, elusive access to new technology and expertise, expansion of company with new or more products or services, and cheaper production facilities.



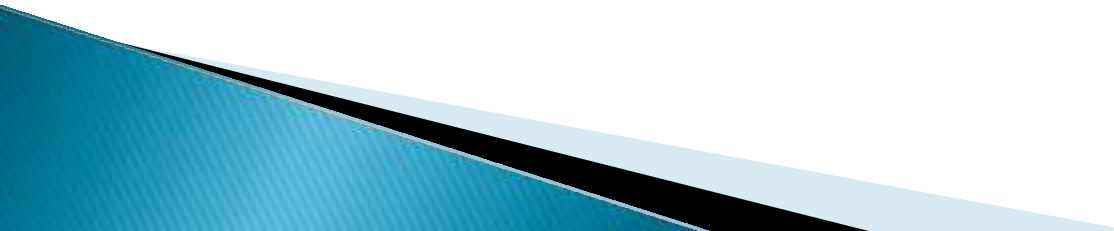
KEY STATICS

- India received FDI worth US \$1.47 billion in July 2012 with cumulative inflow for April 2012-13 stood at \$5.9 billion.
- The sector which attracted huge FDI inflows during the April 2012-13 are service \$1.65 billion, pharmaceuticals \$428 million, construction \$421 million, metallurgical industries (US\$ 334 million), power (US\$ 237 million) and automobile (US\$ 234 million)

- Mauritius infused highest inflows worth US\$ 1.97 billion, followed by Singapore (US\$ 886 million), Netherlands (US\$ 616 million), the UK (US\$ 421 million), Japan (US\$ 417 million) and Germany (US\$ 276 million)

- Foreign exchange reserves stood at US\$ 294.81 billion for the week ended September 28, 2012 where in the value of gold reserves was recorded at US\$ 28.133 billion

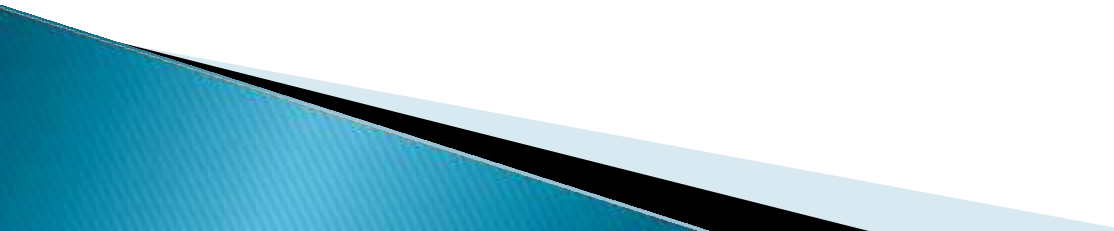
FACTS

- ▶ At least 10% shares of company need to qualify as FDI.
 - ▶ Mauritian has been the largest direct investor.
 - ▶ New Delhi And Mumbai are two major cities where FDI inflows is heavily concentrated.
 - ▶ Retailing is the single largest component of the services sector in terms of contribution of GDP.
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ADVANTAGES OF FDI

- Inflow of equipment and technology
- Competitive advantages and innovation
- Finance resource for expansive
- Employment generation
- Contribution to export growth
- Improved consumer welfare through reduced cost, wider choice & improved quality.
- Provide access to global markets for Indian producer.

DISADVANTAGES OF FDI


- ▶ Crowding of local industry
 - ▶ Conflict of laws
 - ▶ Loss of control
 - ▶ Effect on notional environment
 - ▶ Effect on culture
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FDI IN RETAIL SECTORS

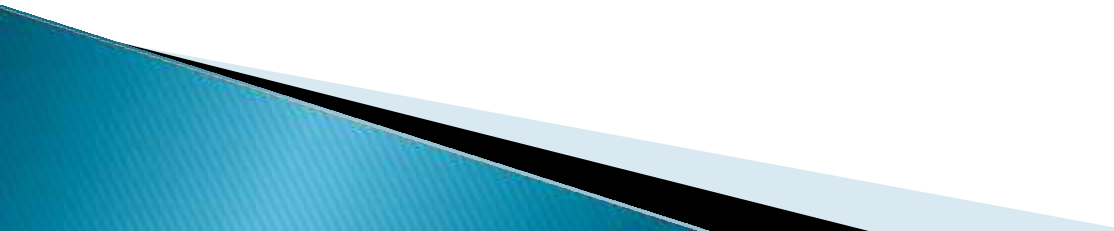
Indian retailers have made steady progress in the past decade, their efforts fall short in matching global norms in a sector estimated to be worth more than \$450 billion. Consequently organised retail has barely more than 4 per cent market share.

Some stakeholders speculate that millions of jobs would be lost due to FDI in retail. Actually, it will be the other way around. With the entry of modern retailers, the market will expand, creating millions of additional jobs in retail and other tertiary sectors market share in India.

FDI Boon in Retail

- ▶ Inflow of investments and funds
 - ▶ Generates more employment
 - ▶ Increased local sourcing
 - ▶ Provide better value to end consumers
 - ▶ Growth of infrastructure
 - ▶ Cost reduction
 - ▶ Improvement in supply chain and warehousing
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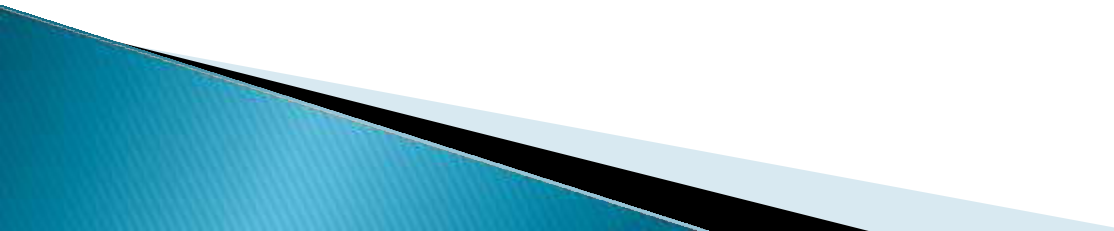
FDI BANE IN RETAIL

- ▶ Cutthroat competition
 - ▶ Creating monopoly
 - ▶ Increase in real estate prices
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FDI IN INSURANCE SECTOR

The Indian Cabinet Committee on Economic Affairs (CCEA) is strongly expected to raise the FDI ceiling in the Insurance and Pension sectors.

FDI threshold to 49% in the Insurance sector from the existing limit of 26%, has been submitted to the cabinet for proper approval in the quickest possible period.




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Increment in the FDI ceiling in the insurance sector of India, will certainly be highly and greatly appreciated by domestic and foreign insurance companies, for the purpose of expanding and enriching their insurance and re-insurance businesses

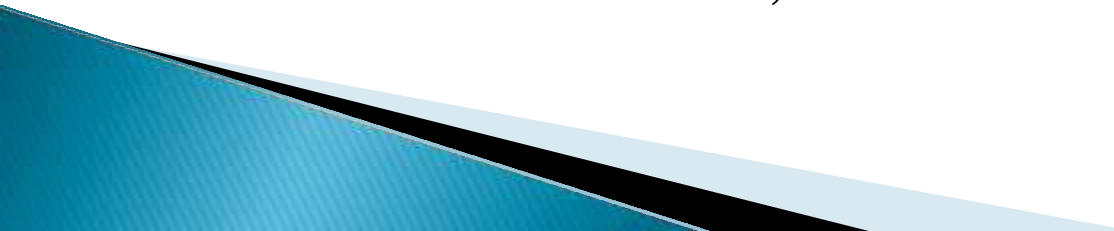
PENSION

The proposal to allow foreign direct investment, or FDI, in the pension space has to clear the parliamentary hurdle before pension funds become a reality in the country where more and more people are working in private sector enterprises that do not offer a pension after retirement.

"What the pension reforms will do is attract more money and help the companies sustain their businesses over a long period of time, which is key for the sector.



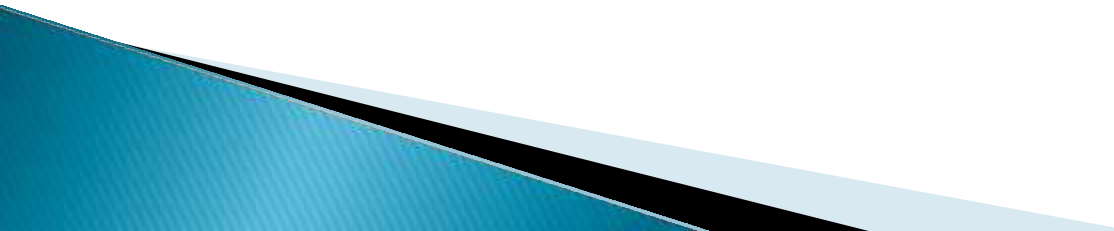
FDI IN AVIATION

- ▶ The latest visionary decision of the Government of India to allow FDI up to 49% in India's domestic aviation, is expected to heal the cash-strapped aviation industry of India, and attract massive foreign direct investment in the aviation sector of India, in short and long future.
 - ▶ The aviation sector of India has been serving about 100 million aviation travellers every year, both international and domestic markets, in the recent years.
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Continues....

According to RNCOS Report, India is one among the top ten largest markets of the world, in respect of aviation, and is growing tremendously.

The domestic aviation market of India will emerge out as the third biggest domestic aviation market in the entire world by 2020 with over 450 million domestic passengers.




FDI IN BROADCASTING SECTOR

Liberalize the Broadcasting sector of India to foreign direct investment, the Indian Cabinet Committee on Economic Affairs (CCEA) raised the FDI cap from 49% to 74% many fields of the Broadcasting sector . CCEA opted to retain the existing cap of 26% in the fields of TV News Channels and the FM Radio.

Continues...

The recent governmental decision will be applied to the following Broadcast Carriage Service Providers.

- ▶ Teleports (Up-linking HUBs/Teleports)
 - ▶ Direct-to Home (DTH)
 - ▶ Head-end in the Sky (HITS)
 - ▶ Cable Networks (Multi-Service Operators who undertake up-gradation of networks for digitalization and addressability)
 - ▶ Mobile TVs
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CONCLUSION

Consider these all aspect finally I conclude that FDI more boon than bane because foreign direct investment has more advantages than this disadvantages.

Referance

website

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Scrib.com

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Business Line

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