

# **Report**

## **Foreign Direct Investment (FDI)**

### **1. Key Introduction**

Foreign Direct Investment (FDI) refers to the investment made by a firm or individual in one country into business interests located in another country. FDI is a critical driver of economic growth and development, providing capital, technology transfer, management expertise, and employment opportunities. This report explores the trends, sector-wise distribution, and overall impact of FDI in India from the financial year 2000-01 to 2016-17.

### **2. Analytical Purpose**

The primary purpose of this analysis is to understand the following:

- The annual trends of FDI inflows in India over a span of 17 years.
- Sector-wise distribution and the contribution of various sectors to the overall FDI inflows.
- Comparative analysis of the top and bottom sectors in terms of FDI received.
- Year-on-year growth and variations in FDI inflows.
- The impact of exchange rates on FDI values.

### 3. Data Sets

The data for this analysis is sourced from FDI statistics provided in USD and converted into INR using average exchange rates from the Reserve Bank of India (RBI). The key datasets include:

- Yearly FDI inflows in USD (2000-01 to 2016-17)
- Average exchange rates for the corresponding years
- Sector-wise FDI distribution

### 4. Outcomes

#### 4.1 Data Analysis

##### 1. FDI Inflows Overview:

- The dataset was cleaned and converted to INR using the respective year's average exchange rates.
- Null values were checked and handled appropriately.

##### 2. Sector-wise FDI Distribution:

- The sectors attracting the highest and lowest FDI inflows were identified.
- The "Services Sector" attracted the highest FDI, amounting to ₹316,347.59 Crores, holding a 17.65% share of total inflows.
- The "Coir" sector received the lowest FDI of ₹21.64 Crores, with a negligible share in the overall inflows.

##### 3. Year-wise FDI Trends:

- The FDI inflow showed a general increasing trend with significant fluctuations.

- The highest FDI inflow was recorded in 2016-17, amounting to ₹291,608.67 Crores.
- Significant growth in FDI was observed during 2007-08 and 2011-12, while a notable decline occurred in 2009-10 and 2010-11.

## **4. Top and Bottom Sectors:**

- Top 10 sectors' FDI inflows were visualized using bar and pie charts, showcasing their percentage share.
- Bottom 5 sectors' inflows were similarly visualized, highlighting their minimal contribution.

## **4.2 Visualizations**

- **Sector-wise FDI Inflows:**
- **Top 10 Sectors Attracting FDI:**
- **Bottom 5 Sectors Attracting FDI:**

**Year-wise FDI Inflows:**

Figure 1

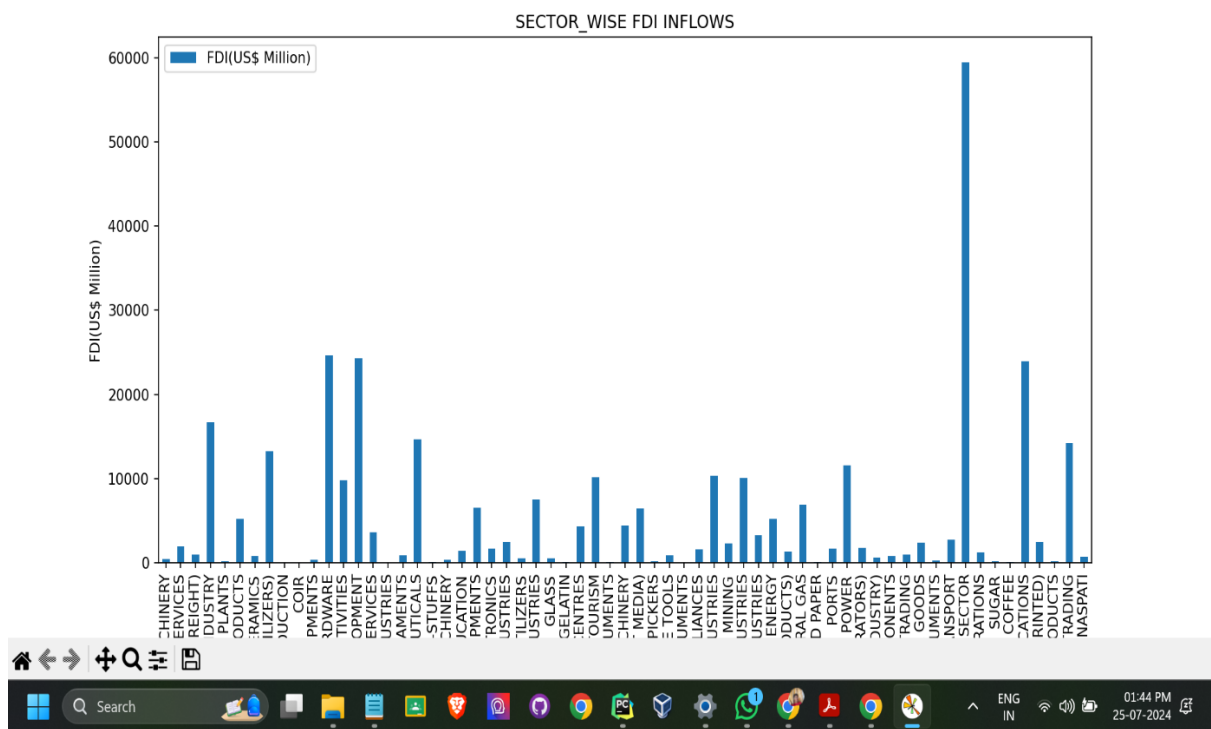
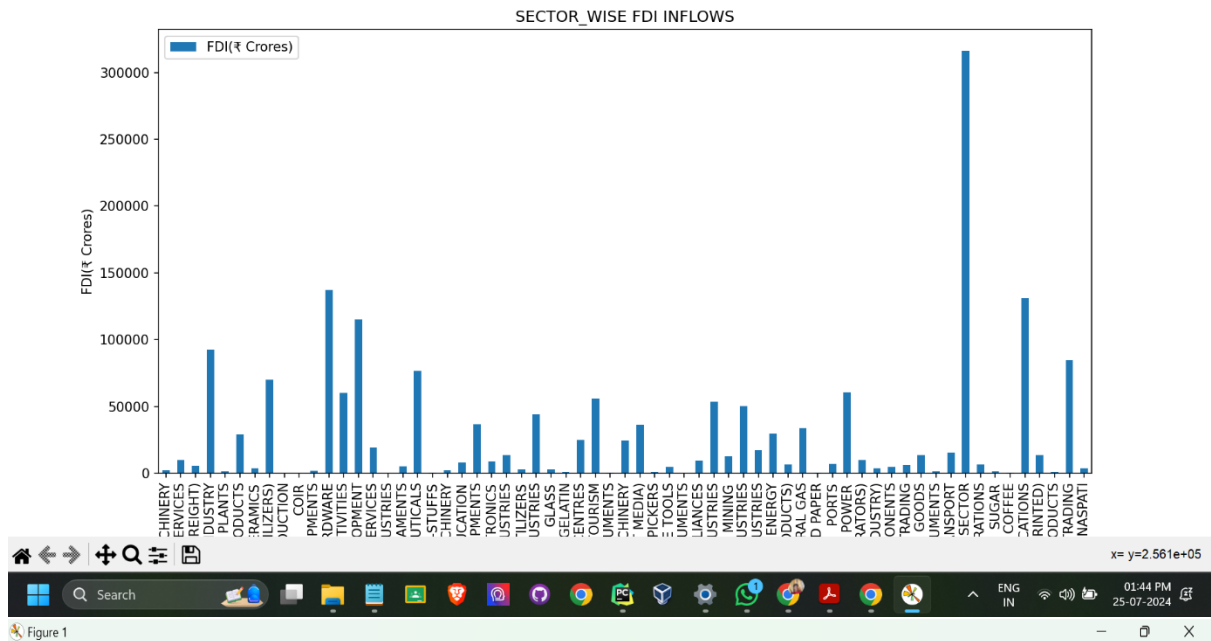


Figure 1

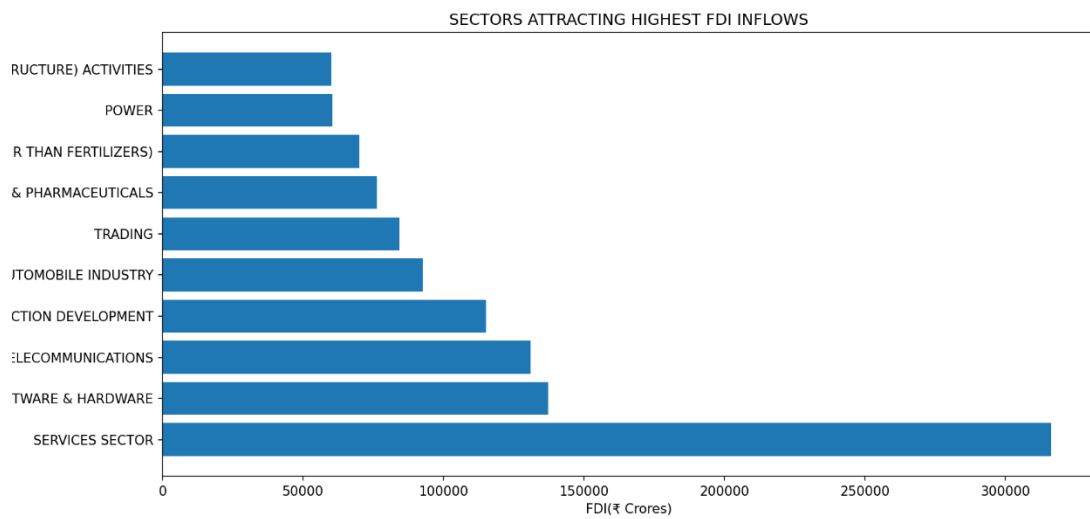
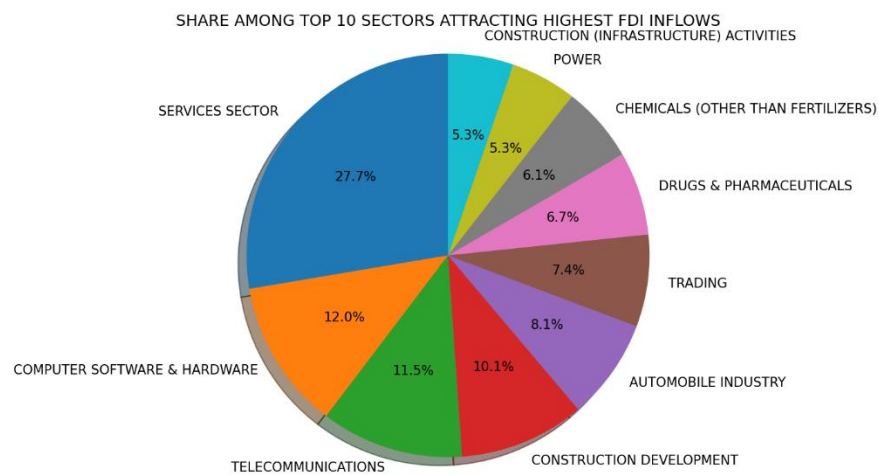


Figure 1



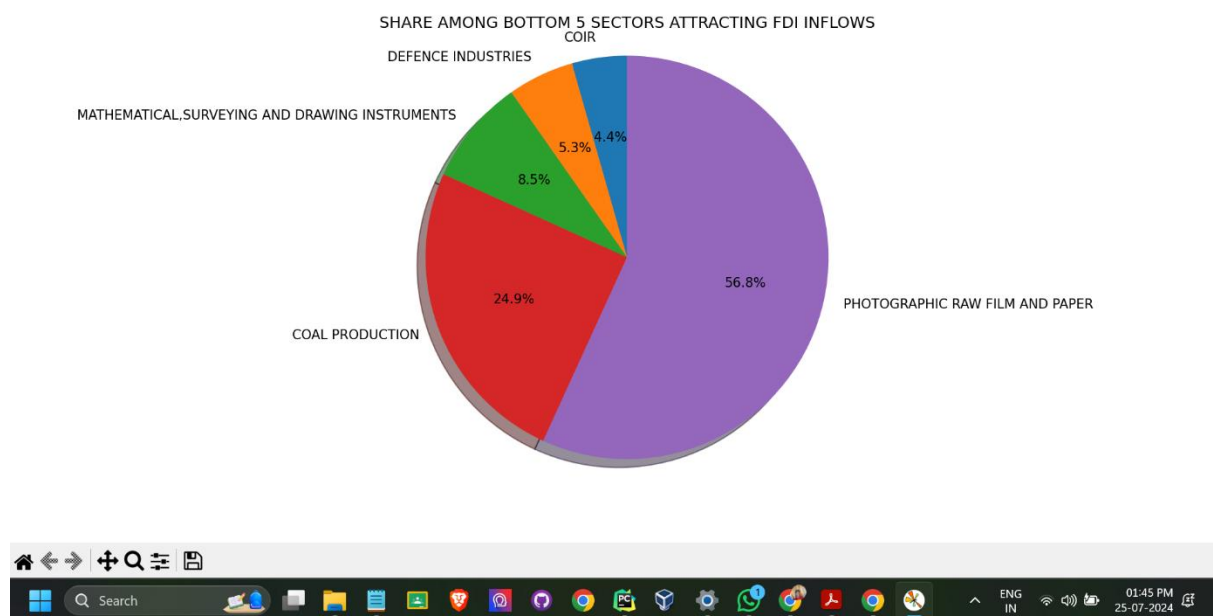
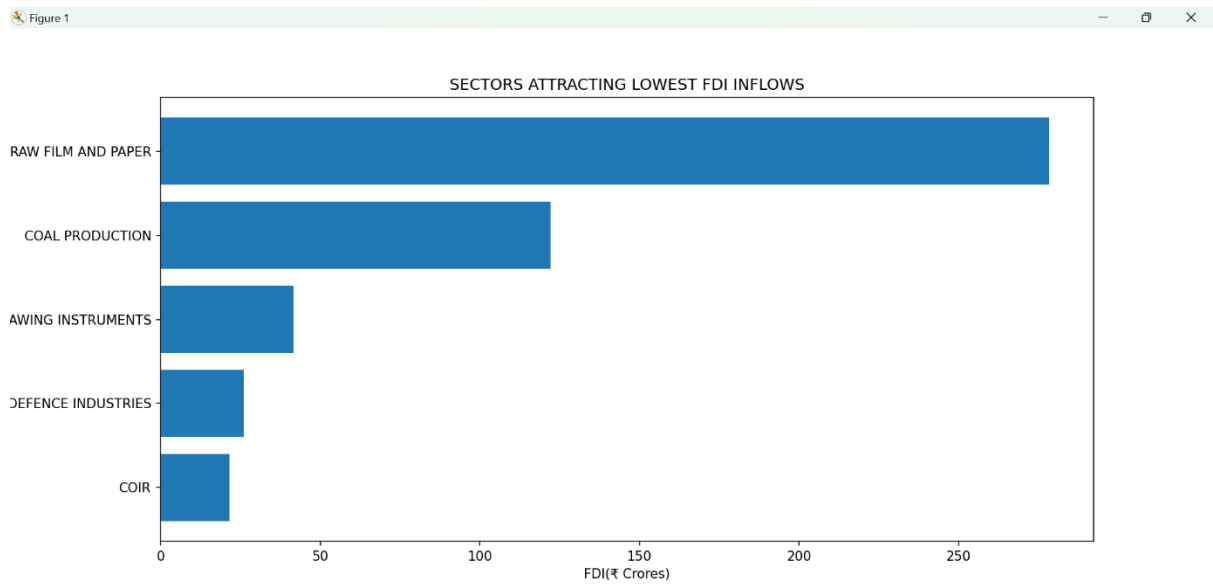
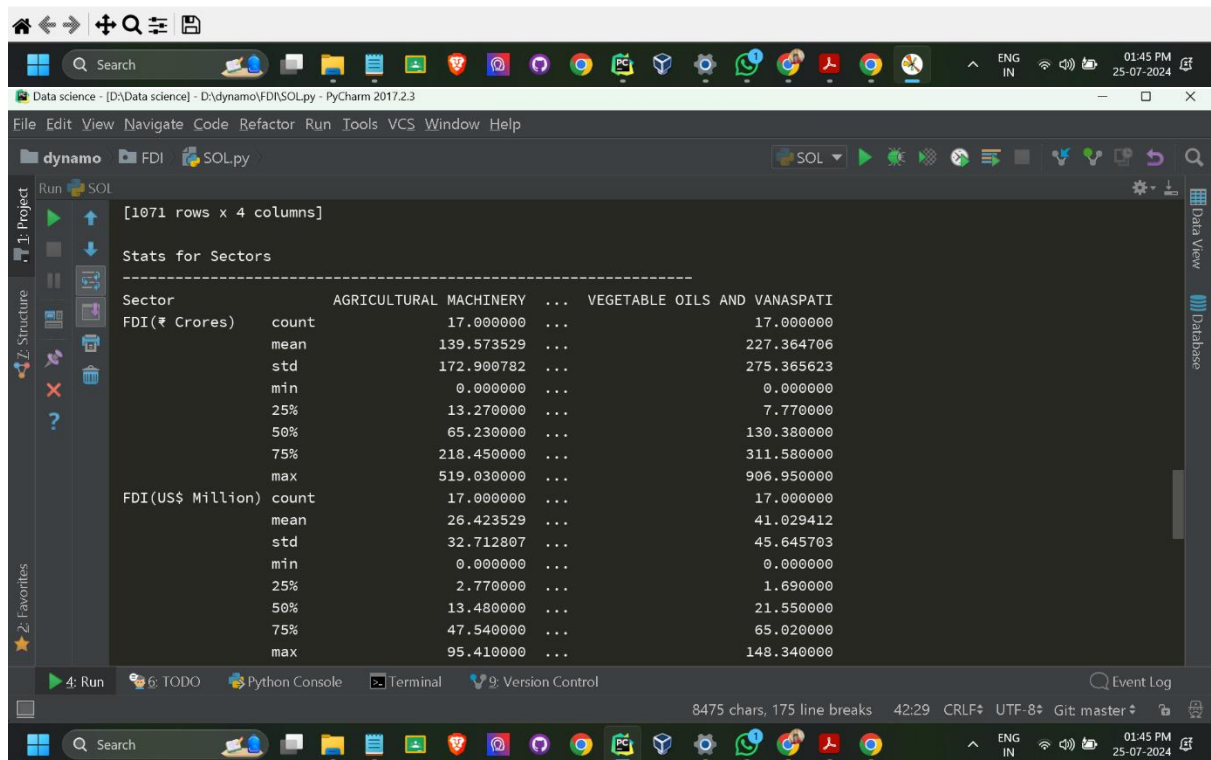
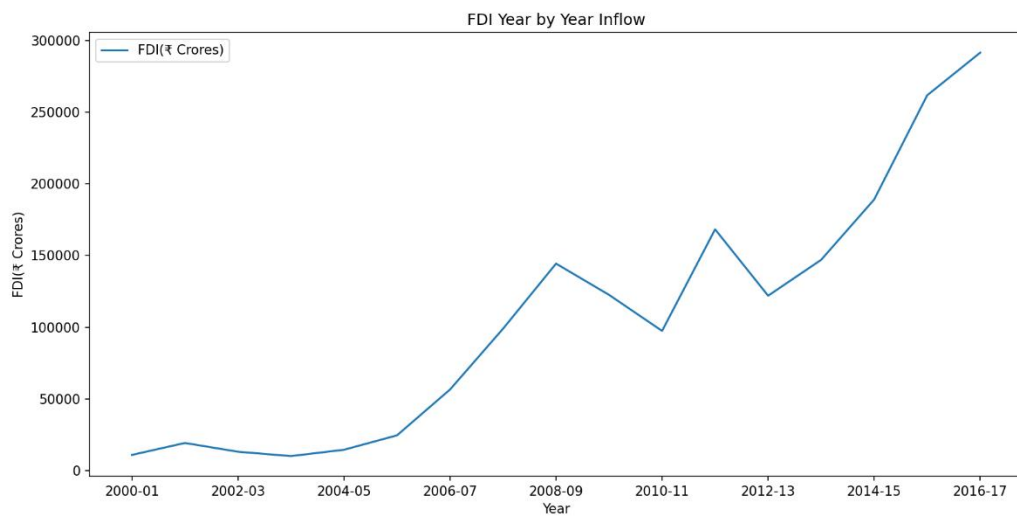


Figure 1



SQL

Sector	FDI(₹ Crores)	%age to Total Inflows
SERVICES SECTOR	316347.59	17.65
COMPUTER SOFTWARE & HARDWARE	137276.82	7.66
TELECOMMUNICATIONS	130966.04	7.31
CONSTRUCTION DEVELOPMENT	115185.97	6.43
AUTOMOBILE INDUSTRY	92622.66	5.17
TRADING	84487.83	4.72
DRUGS & PHARMACEUTICALS	76377.64	4.26
CHEMICALS (OTHER THAN FERTILIZERS)	70031.18	3.91
POWER	60397.97	3.37
CONSTRUCTION (INFRASTRUCTURE) ACTIVITIES	60099.59	3.35

[10 rows x 4 columns]

Sector	FDI(₹ Crores)	%age to Total Inflows
COIR	21.64	0.001
DEFENCE INDUSTRIES	26.09	0.001
MATHEMATICAL, SURVEYING AND DRAWING INSTRUMENTS	41.61	0.002
COAL PRODUCTION	122.13	0.007
PHOTOGRAPHIC RAW FILM AND PAPER	278.37	0.016

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## 5. Conclusion

The analysis of FDI inflows in India from 2000-01 to 2016-17 reveals several key insights:

- There has been a significant increase in FDI inflows over the years, with notable fluctuations due to various economic and policy factors.
- The service sector has consistently attracted the highest FDI, underscoring its critical role in the Indian economy.
- While some sectors have shown remarkable growth in FDI inflows, others, such as the "Coir" sector, have lagged.



- The year-wise analysis highlights the periods of high and low FDI inflows, providing insights into the economic conditions and policy impacts during those years.

This comprehensive analysis serves as a valuable resource for policymakers, investors, and researchers to understand the dynamics of FDI in India and to strategize future investments and policy frameworks.

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