

**Question No.5 Write short notes on the following:  
(b) Inflow of FDI in India**



**Solution:** Flow of Foreign Direct Investment in India till the end of the eighties has been negligible low. It is only with the New Economic Policy and policy of globalisation in 1991, that the flow of FDI started looking up. Look at Table given below, which shows foreign investment flow in India. The country has witnessed progress in the inflow of foreign investments. The foreign investment has increased from 133 million dollar in 1991-92 to 6133 million dollar in the year 1996-97. It has further decelerated in two subsequent years and reached 2401 million dollar in 1998-99

**Table : Foreign Investment Inflow in India**

<b>(US \$ Million) Year</b>	<b>Direct Investment</b>	<b>Portfolio Investment</b>	<b>Total</b>
1991-92	129	4	133
1992-93	315	244	559
1993-94	586	3567	4153
1994-95	1314	3824	5138
1995-96	2144	2748	4892
1996-97	2821	3312	6133
1997-98	3557	1828	5385

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**Source:** Economic Survey, **1999-2000**, GOI.

The major causes of less FDI inflow are: non-availability of the infrastructure: like transport and power, indifference of some of the states to the policy of liberalisation and globalisation and political instability at the centre.

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