Strategic Management Of Foreign Direct Investment: Potential Markets Analysis

Swapnamoyee P.Palit

1Assistant Professor of Economics, Kalinga Institute In Industrial Technology, Deemed to be University

https://doi.org/10.26782/jmcms.2019.10.00065

Abstracts

India has made its place in the top 100 clubs on Ease of Doing Business (EoDB) and has gradually occupied the first rank in Greenfield FDI. There has been an increase in its inward and outward FDI. However, through the gap between the two, it has been narrowing sharply over the years, yet it has remained a net recipient of FDI for all the years. While the inward FDI shows its attractiveness as a destination for global investment, the outward FDI reflects its capability of venturing into the global market and make a global presence. India has not only shown an increase in its OFDI but has reflected some unique features like major investment in developed and sophisticated destination countries rather than its neighbour developing countries, the same sectors appearing as its major inward and outward investment field reflecting the underlying link between the two with the roles played by factors like liberal government FDI policies, market size, the development status of these sectors etc. This paper seeks to empirically analyse the inward and OFDI of India with respect to its status, direction, composition and future prospects.

Keywords: FDI, Global, Greenfield, Investment, Outward

I. Introduction

Foreign Direct Investment (FDI) is a strategic component of the investment strategy of any country which necessitates its strategic management. Strategic management encompasses 3 phases which are strategy formulation, implementation and their evaluation and control to achieve the set mission and vision of the organisation/country. FDI is accepted not only for its complimentarily to investible resources, enhancing access to newer technologies and technical know-how, promoting exports but also because it is a very stable component of foreign capital which is required to finance the deficit in the current account. There has been an increase in the Foreign Direct Investment (FDI) both inward and outward in the world.
with a liberal policy towards foreign investment. The changing trend has been the increase in the outward foreign direct investment (OFDI) from emerging economies and its pattern. For instance, it is observed that most of the companies from the BRIC countries chose the large and competitive OECD countries for setting their subsidiaries instead of the developing countries in their neighbourhood quite contrary to the classical step-wise Learning Theory of Internationalisation which states a stepwise process by learning from investment in less developed countries and gradually expanding to the more developed countries. While inward FDI shows that the foreign investors are being attracted towards the country as an investment destination, the increase in OFDI shows the country's capability of venturing out into the global market and make a global presence.

Also, a huge difference is often observed in the foreign investment strategies between developed and emerging economies. In case of developed countries, it is backward integration which involves outsourcing processes to less developed countries to take advantage of their logistics and low cost of labour and others in these countries while selling products in their own home markets. But in the case of emerging economies, it is their forward integration which mostly guides their investment strategies. Making use of their location advantages, these emerging economies curves their internationalisation processes through OFDI.

This paper seeks to highlight the changing FDI scenario in India, both inward and outward, highlighting their pattern, direction and exploring their potential markets.

Objectives: The objectives of the study would attempt to achieve are:

i. To study the trend, composition and direction of outward and inward FDI in India.
ii. To make a comparative analysis of these foreign investments from the developed and emerging economies with a focus on India.
iii. To identify the potential markets of these inward and outward FDI in India.

Hypotheses: The various hypotheses of this study are:

i. That, the FDI and OFDI have increased in India.
ii. That OFDI can complement the benefits from exports and inward FDI.
iii. That, there are many potential markets for FDI in India and OFDI of India.

II. Research Methodology

This study would be completely based on secondary data collected from available published sources like that of the World Bank, United Nation, Reserve Bank of India and various journals. It will mostly focus on the changing trend, composition and direction of the inward and outward foreign investment in India to identify the factors and potential markets for these foreign investments in and outside India. It will analyse the data using statistical software to make use of various statistical tools like descriptive analysis etc as required.
III. Review of Literature

In the last decades, there has been a tremendous increase in the FDI in the emerging market economies due to their transformation through liberalisation. Vide et al. (2014) used multinomial Nested Logit model for a quantitative analysis supplemented by qualitative analysis using semi-structured experts' interview. He finds that specific agglomeration of the investor nation to be one of the major location choice factors of FDI of companies of Austria and Germany in Brazil. Besides, the other factors identified were workforce qualification, physical infrastructure and industry specialisation. Thus the location of the new companies was found to be greatly influenced by the past investment decisions of these companies.

In 2015, India even left behind developed countries like USA and China in receiving the highest FDI in the world. Leaving some sectoral caps in a few sectors. India has liberalised foreign investment in almost all sectors. The study by Massand and Gopalakrishna(2017) on determining the inflow of bank FDI into India uses country wise panel data from 2001 to 2003 and analysed it using generalised methods of moments. It tested the hypotheses of 'follow your client' and 'location advantages' and finds no evidence of the former hypothesis or either the crisis periods as determinants in India. Among the location advantages, the lack of competition in the banking sector or high savings is not determining factors of bank FDI in India. They found the high growth rate, the high returns on investments as major determinants of bank FDI while domestic liberal policies as partial determinants. It recommends increasing the sectoral cap on the bank to encourage the entry of more foreign banks.

Holtbrugge and Kreppel(2010) analysed the determinants of OFDI of firms from BRIC countries( consisting of Brazil, Russia, India and China). Case studies of 8 companies were conducted based on an exploratory approach using both a within case and a Cross case approach. It finds the determining factors relevant at the country, industry and firm level. It varies from country to country with many similarities as well as differences. The main reasons for the OFDI of WEG and CVRD, the two Brazilian companies are the accessibility to managerial and technical know-how as well as market-seeking motives, after facing stiff competition in the local market. Similar is the motive behind Indian companies like Reliance and Wipro, which are further facilitated by a high growth rate of around 8% in India such that WEG Equipamentos Eletricos are the largest manufacturer of electrical motors on Latin America with an 80% market share and occupy 4th position globally. It has 19 subsidiaries located all over the world.

CVRD: Companhia Vale Do Rio Doce have subsidiaries in 16 countries over 5 continents specialising in mineral research plants, mining and commercial offices appearing among top 50 non-financial Transnational Corporations(TNCs) from developing countries.

Copyright reserved © J. Mech. Cont.& Math. Sci.
Swapnamoyee P.Palit
821
they are able to grow in the home market before going abroad. Thus the major sectors for OFDI are the IT and software services through huge potentialities also lies in steel and chemical industries in India. Compared to these in case of both Russian and Chinese companies, though asset and market seeking motives lie beneath their OFDI, a major factor is the strong governmental support for their internalisation strategies. Among the country-level determinants, the major factors are the size of the host market, their potentiality of 'forward integration' as well as the level of managerial and technical know-how. The strategic importance of the OFDI making industries as well as the competitive pressures in the home market are the industry level determinants. At the firm level, the determinant was found to be the resource strength of the firm.

A study by Knoerich(2017) finds that OFDI has the potential to complement the benefits of development through FDI inflows, trade and migration in these countries with the returns potential higher for the emerging economies. This is because of their persisting development needs, considerable absorptive capacity and endowment with capital. The motives behind these investments are to get financial yield, intangible capability, tangible capacity returns with additional macroeconomic benefits to these economies and removal of many typical barriers to economic development in these countries.

While most of the research papers concentrate on the foreign market entry strategies of large companies, a study by Lin and Ho,2018 analyses the same for small and medium enterprises(SMEs). They find many factors affecting this decision like innovative and product characteristics, the intensity of export and advertisement and resource commitments.

Findings: This section brings out the findings on the observation of both the inward and outward FDI in India.

FDI Inflows and Outflows: The FDI into India enters into different routes categorised into (i) Foreign Investment Promotion Board route(FIPB)/ RBI's automatic route / Acquisition route (ii) as equity capital of unincorporated bodies (iii) reinvested earnings and as (iv) other capital. From 2000-10 to 2015-16 (up to March,2016), out of a total FDI of $424,167, the highest is through the FIPB/RBI's automatic route/acquisition route at $290,199 which is 68%, followed by reinvested earnings at$101,197 (which is 23%) and other capital at 6%. The equity capital of unincorporated bodies at $12,816 is only 3%. This is a good indicator which shows that the majority of the FDI inflows are in Greenfield Investment(RBI Bulletin, May 2016).

There exists huge inter-state differences in FDI inflows in India which in descending order are:Maharashtra,Dadra and Nagar Haveli and Daman & Diu(30%),Delhi, part of UP and Haryana(20%),Karnataka((9%),Tamil Nadu and Pondicherry(7%),Gujarat(5%),Andhra Pradesh(4%) and West Bengal, Sikkim and
Andaman & Nicobar Island(1%). Rest other states have negligible FDI inflows of 0.5% or less. This is in accordance with the data from April 2000 till March 2018. Table 1 shows the country-wise inflow of FDI in India from 2006-07 to 2017-18 over a period of 12 years based on the RBI data. It ranks the countries in terms of their volume of investment in ascending order where '1' represents the highest investor and so on. So the lower the absolute rank number the higher is its volume of investment. Their status has been marked under different categories which are 'improvement' where their rank has increased from lower to the upper position, 'decrease' where the rank has fallen, 'entrant' for those who were not investors at all in India or were not major investors being in the 'other category'. It is observed that in 2006 the countries in the top 5 investors category were Mauritius, UK, USA, Singapore and the other smaller investors included in the 'other' category. In 2017-18 among the top 5 investors in India while Mauritius has maintained its 1st rank and Singapore has improved from 5th to 2nd rank, among the other 3 are Netherland and Japan who have occupied the 3rd and 4th rank by 'improvement' while Cayman Island is a new entrant among the top 5 investors in India. Thus the Asian countries remain the major investors in India mostly from South East Asia, while most of the European countries have reflected a lowering of their rank. Similarly, while China, Italy and Canada have appeared as major investors in India, some of the earlier existing investors in 2006-07 like Spain and Luxembourg have ceased to exist as such.

| Countries  | FDI inflows 2006-07 | Rank | Countries  | FDI inflows 2010-11 | Rank | Countries  | FDI inflows 2014-15 | Rank | Countries  | FDI inflows 2017-18 | Rank | Status In 2017-18 |
|------------|-------------------|------|------------|-------------------|------|------------|-------------------|------|------------|-------------------|------|-----------------|
| Mauritius  | 3,780             | 1    | Mauritius  | 5,616             | 1    | Mauritius  | 5,878             | 1    | 13,415     | 1                |      | Maintained      |
| Singapore  | 582               | 5    | Singapore  | 1,540             | 2    | Singapore  | 5,137             | 2    | 9,273      | 2                |      | Improved        |
| The U.S.A  | 706               | 4    | U.S.A      | 1,071             | 6    | Netherlands| 2,154             | 3    | 2,677      | 3                |      | Improved        |
| Cyprus     | 58                | 14   | Cyprus     | 571               | 7    | USA        | 1,981             | 5    | 1,973      | 6                |      | Decreased       |
| Japan      | 80                | 10   | Japan      | 1,256             | 4    | Japan      | 2,019             | 4    | 1,313      | 4                |      | Improved        |
| Netherlands| 559               | 6    | Netherlands| 1,417             | 3    | Cayman Islands| 72               | 18   | 1,140      | 5                |      | Entered         |
| United Kingdom | 1,800         | 9    | United Kingdom | 538          | 8    | Germany   | 942               | 8    | 1,095      | 9                |      | Decreased       |
| Germany    | 116               | 8    | Germany    | 163               | 14   | Hong Kong | 325               | 13   | 1,044      | 14               |      | Decreased       |
Table 1. Country-wise Inflows of FDI in India 2006-07 to 2017-18 (US$ million)

| Country      | Rank | Inflows | Country | Rank | Inflows | Country | Rank | Inflows | Decreased |
|--------------|------|---------|---------|------|---------|---------|------|---------|-----------|
| UAE          | 7    | 215     | United Kingdom | 12 | 1,891   | Switzerland | 9    | 292     | Maintained |
| France       | 9    | 100     | France | 486  | 9       | Switzerland | 14   | 506     | Decreased |
| Switzerland  | 15   | 57      | Switzerland | 16 | 327     | UAE       | 12   | 408     | Decreased |
| Hong Kong    | 13   | 60      | Hong Kong SAR | 11 | 347     | France    | 11   | 403     | Decreased |
| Spain        | 12   | 62      | Spain   | 183  | 13      | China     | 10   | 350     | Entran    |
| South Korea  | 11   | 68      | South Korea | 15 | 167     | Italy     | 15   | 308     | Entran    |
| Luxembourg   | NA   | *       | Luxembourg | 10 | 248     | South Korea | 17  | 293     | Decreased |
| Others       | 3    | 1,057   | Others | 1184 | 5       | Cyprus    | 9    | 290     | Decreased |
|              |      |         |         |      |         | Canada    | 16   | 274     | Entran    |
|              |      |         |         |      |         | Others    | 7    | 1,889   | Decreased |

Source: Compiled from Annual Report of RBI on FDI inflows (various years)

Table 2 provides the sector-wise analysis of FDI inflows in India over the same time period. The status of these sectors has been based on the same ranking basis as mentioned above with the categories being 'maintained, decreased and improved'. Over these 12 years, manufacturing and communication services have not only maintained their rank but they also feature in the top 5 positions maintaining a 2nd and 5th rank respectively. The other emerging potential markets which have shown significant increase in FDI inflows in decreasing order are: Retail and wholesale trade(9428%), communication services(1982%), Electricity and other Energy Generation, Distribution and Transmission(975%), Education, Research & Development(707%), transport(668%), computer services(285%), restaurants and hotels(195%) and mining(95.23%).
| Sectors                                      | FDI inflows (2006-07) | Rank | FDI inflows (2010-11) | Rank | FDI inflows (2014-15) | Rank | FDI inflows (2017-18) | Rank | Status         |
|---------------------------------------------|-----------------------|------|-----------------------|------|-----------------------|------|-----------------------|------|------------------|
| Manufacture                                 | 1,641                 | 2    | 4,793                 | 1    | 9,613                 | 1    | 7,066                 | 2    | Maintained (330%)* |
| Construction                                | 967                   | 4    | 1,599                 | 2    | 1,640                 | 5    | 1,281                 | 8    | Decreased        |
| Financial Services                          | 1,330                 | 3    | 1,353                 | 3    | 3,075                 | 2    | 4,070                 | 4    | Decreased        |
| Real Estate Activities                      | 431                   | 6    | 444                   | 11   | 202                   | 14   | 405                   | 12   | Decreased        |
| Electricity and other Energy Generation, Distribution and Transmission | 174                   | 10   | 1,338                 | 4    | 1,284                 | 6    | 1,870                 | 7    | Improved (975%)  |
| Communication Services                      | 423                   | 7    | 1,228                 | 5    | 1,075                 | 7    | 8,809                 | 1    | Improved (1982%)  |
| Business Services                           | 2,425                 | 1    | 569                   | 8    | 680                   | 9    | 3,005                 | 6    | Decreased        |
| Miscellaneous Services                      | 298                   | 8    | 509                   | 9    | 586                   | 10   | 835                   | 10   | Decreased        |
| Computer Services                           | 824                   | 5    | 843                   | 13   | 2,154                 | 4    | 3,173                 | 5    | Maintained (285%) |
| Restaurants & Hotels                        | 153                   | 12   | 218                   | 9    | 686                   | 8    | 452                   | 11   | Improved (195%)  |
| Retail & Wholesale Trade                    | 47                    | 14   | 391                   | 14   | 2,551                 | 3    | 4,478                 | 3    | Improved (9428%)  |
| Mining                                      | 42                    | 16   | 592                   | 12   | 129                   | 16   | 82                    | 15   | Improved (95.23%) |
| Transport                                   | 165                   | 11   | 344                   | 16   | 482                   | 11   | 1,267                 | 9    | Improved (668%)  |
| Trading                                     | 82                    | 13   | 156                   | 7    | 228                   | 13   | 0                     | 16   | Decreased        |
| Education, Research & Development           | 43                    | 15   | 56                    | 15   | 131                   | 15   | 347                   | 13   | Improved (707%)   |
| Others                                      | 262                   | 9    | 506                   | 10   | 232                   | 12   | 226                   | 14   | Decreased        |

**Table 2.** Sector wise FDI inflow in India from 2006-07 to 2017-18 (US$ million)  
Source: Compiled from Annual Report of RBI on FDI inflows (various years)
The figures in brackets are calculated percentages changes from 2006 to 2017. The World Bank provides data of FDI inflows from 1975. Till 1986, it was less than 4% of the GDP with the rate being negligible at less than 1% for many years like 1983 and 1984. From 1987 to 1992 it increased to figures less than 10% of the GDP hovering over 7-8%. However, it also dipped to 2% in 1991 itself, just the year before the country adopted the Economic Reform measures in 1992 with the liberalisation of its external sectors like foreign trade and investment in many respect. It increased from 20% of the GDP in 1993 rising to a peak level in 2008 at 362% of the GDP which was the global Economic Crisis period. However there has been a drop in this rate after 2008 but for all the years till 2017, it has been more than 100% of the GDP in India (figure 1).

The OFDI provides the needed competitiveness to the firm by providing them access to new markets, technology and technical know-how, essential resources and strategic assets. The FDI outflows of India as a share of the total outflows from developing countries till the 1990s has remained modest at 0.5% and has shown an increase only after 2005, reaching to about 3.8% in 2011. The World Bank provides data from 1980 which however has been negligible at less than 1% of the GDP till the year 1994 when it increased to 2% for the first time. Thereafter it has shown an increase with the figure peaking in 2008 at 160% of the GDP. However, the global crisis has affected the FDI outflow more as can be observed from the figures which dropped to less than 60% of the GDP for most of the years except a few exceptional years with more than 60% but however less than 100% of the GDP. It has been as low as 9% of the GDP in 2013 and is about 41% of the GDP in 2017 as has been shown in figure 1.

The market size of its OFDI is reflected in terms of its various components which consists of the equity, loans and guarantee issued. In India these components in 2018-19 are 21%, 17% and 61% respectively. The condition onward 1992 of FDI inflows and outflows in India is depicted in figure 1.

![Graph showing FDI net inflows and outflows as percentage of GDP](image)

**Fig.1.** FDI net Inflows and Outflows as Percentage of GDP (year wise)

Source: Chart based on FDI data of World Bank on India
The net FDI outflows have been lower than the net FDI inflows (measured as % of the GDP) for all the years. Thus though the gap between the two has been narrowing sharply over the years, yet it has remained a net recipient of FDI for all the years. This requires a look at the type of Indian industries which are venturing out as TNCs in other countries and their destination in the world market to know the future prospects.

OFDI of India-Destination Countries and Sectors: The top ten destination countries for OFDI of India is reflected in figure 2. These 10 countries together account for 80.95% of the total ODI of India of US$41428.46. Of this the highest is in Singapore (at $8268.82) followed by Mauritius ($6927.79 or 16.72%), USA ($5569.58 or 13.44%), UK ($3560.18 or 8.59%), Netherlands ($2868.05 or 6.92%) and UAE ($2200.07 or 5.31%). The other countries have still lesser investment from India. Thus the top 6 countries as mentioned account for more than 60% of India's ODI.

![Fig.2. Top Ten OFDI Destination Countries of India](image)

Source: Compiled from the data of the Department of Economic Affairs, Ministry of Finance, GOI

Exploring the sectors which have attracted the highest OFDI from India in descending order (top 5) are Financial, Insurance and Business services, Manufacturing, Agriculture & Mining, Wholesale, Retail Trade, Restaurants and Transport, Storage And Communication Services And Hotels which together accounts for 90.8% of the total ODFI. Of these again the services sector alone accounts for 59%, of which the finance, business and business sector has the largest contribution of 38.30% (Table 3).

The most significant feature observed was in the comparative analysis of the sectors with the highest inward and outward FDI of India. If we take the top five sectors with the highest OFDI as mentioned above (and by comparing the tables 2 and 3) very noteworthy results are observed. It is seen that majority of the top 5 sectors with the highest OFDI are also the ones which have attracted the highest

*Copyright reserved © J. Mech. Cont.& Math. Sci.*

*Swapnamoyee P.Palit*

827
inward FDI in India or have improved upon ranks in terms of their volume of inward FDI received from 2006-2018. Manufacturing occupies the second rank in both the inward and OFDI of India over these years reflecting the cutting edge potentiality which Indian manufacturing sector is gradually achieving not only in attracting global investors but also in producing globally acceptable technology and products. Wholesale, retail and trade have improved its rank from 14th in 2006 to occupy the 3rd rank in 2018 with a jump of about 9428% over these periods and has also made its global presence occupying the 3rd rank. For transport occupying the 5th rank in OFDI shows an improvement in its inward FDI ranking in India from 11 to 9th. For the financial services, which occupies the first rank in OFDI, shows a fall in case of inward FDI rank from 3rd to 4th position. However analysing this position, it is observed that in fact it has made a quantum increase in its absolute investment by about 206% from 2006 to 2018 and has always featured among the top five investors in India over this entire period.

The only exception is the agriculture sector which though appears among the top 5 ranks in case of OFDI shows no major inward FDI.

| Manufacturing | Agriculture & Mining | Construction | Electricity, Gas and Water | Miscellaneous | Services |
|---------------|----------------------|--------------|-----------------------------|---------------|----------|
| 9411.51       | 5042.13              | 1462.44      | 818.14                      | 239.49        | Financial, Insurance and Business services |
| (22.50%)      | (12.05)              | (3.50)       | (1.96%)                     | (0.57)        | 16020.92 |
|               |                      |              |                             |               | (38.30)  |
|               |                      |              |                             |               | Wholesale, Retail Trade, Restaurants And Hotels |
|               |                      |              |                             |               | 4970.21  |
|               |                      |              |                             |               | (11.88)  |
|               |                      |              |                             |               | Community, Social And Personal Services |
|               |                      |              |                             |               | 1323.48  |
|               |                      |              |                             |               | (3.16)   |
|               |                      |              |                             |               | Transport, Storage And Communication Services |
|               |                      |              |                             |               | 2540.12  |
|               |                      |              |                             |               | (6.07)   |

Table.3. Sectors Attracting the Highest OFDI from India(2016-18)

Source: Department of Economic Affairs, Ministry of Finance, GOI (* figures in US dollars)
Thus the concluding remarks regarding OFDI are:

The moderate increase in OFDI is the result of many factors like relaxations of investment policies, easing of the capital account convertibility to facilitate foreign investment due to the comfortable foreign exchange reserve (FER) position attained with a total reserve of US$ 309.7 in 2008 from just $29.4 in 1998, and have been maintained at the level with some fall during the crisis period. Also there was some appreciation of the average exchange rate as in 2008 when OFDI in India peaked over the years.

India's OFDI is highly dispersed continent wise with major destinations like South Africa (Mauritius), SE Asia (Singapore), USA and UK.

It targets developed countries like USA and UK and sophisticated destinations like Mauritius and Singapore rather than its immediate neighbours in South Asia (like it has only 0.9% of its OFDI in Sri Lanka) or other Asian countries.

Its direction of OFDI has varied from countries like Australia etc which are resource-rich nations to countries like Singapore, Mauritius, Netherland etc which provides encouragement to overseas investment in the form of higher tax benefits etc.

The service sector has the highest OFDI in India. Thus the sector represents the one in which the country has a comparative advantage in terms of low cost and unskilled as well as a highly skilled labour force. It not only contributes the highest to the Indian GDP directly but is also contributing to its external earning through its OFDI.

The comparative analysis of its inward and OFDI clearly point out to some underlying link between the two due to factors like the liberal policies adopted towards these sectors to make them attractive as global FDI destinations and thereby indirectly contributing towards their enhancement to globally competitive standards themselves turning into global investors in the long run. This necessitates a look at the government's FDI policies towards these sectors which shows a 100% automatic route approval in most of these sectors.

The various components of OFDI show a favourable position in terms of actual outflow of FER as the actual guarantee invoked out of that issued which represents the actual currency reserve outflow is only 2% of the issued guarantee. Thus the actual reserve outflow which is the summation of its equity (US$ 6331.49), loans (US$ 5198.82) and guarantees invoked (US$ 466.9) represents 40% of the total OFDI commitment. Similar has been the distribution of these components even for all the earlier years.

India's total FER in July, 2018 is US$405.14 trillion consisting of FE assets ($380.04 billion), gold reserves ($21.14), Special Drawing Rights (SDRs) ($1.48) and reserves in IMF ($2.47).
While India has a large share of its inward FDI in Greenfield investment, a majority of its OFDI is in the form of Mergers and Acquisitions.

IV. Future Prospects

India is gradually emerging as a major global player not only as an attractive investment destination but also itself as a global investor. It has negated the critiques of 'free market' as a new form of colonisation by becoming a major investor in the UK occupying the third rank from 2015, itself providing not only products and services of international standards but also generating thousands of needed secure jobs.

In the coming years its global presence would become more prominent with many major M&As in the line like increase of Infosys's stake in ABN AMRO, Sun Pharmaceuticals' stake in PJSC Biosintez of Russia, global expansion of hospitality startup OYO, Ashok Leyland's Joint Venture with OFAD Autos in Dhaka, Bangladesh etc to cite a few.

The government is aiming at a target of US$100 billion by 2020. With this motive, it has already liberalised the sectoral caps to 100% in most of the sectors and mostly under the automatic route. It is also targeting to increase the cap limit in the financial sector like insurance and others from its present 49% to 100% seeing its potentiality as a major player in both the inward and OFDI of India.

V. Conclusions

India has already made its global presence not only emerging as an attractive destination for global investors but also is making its presence as a global investor itself through its OFDI. The potential markets identified are financial sector, manufacturing, wholesale and retail trade, transport, communication services, computer services, restaurants and hotels as well as Education & research and development. Most of the top FDI sectors were found to be common for inward and OFDI of India reflecting some factors interlinking them. These factors are like the government's FDI policies towards these sectors, the market size, the performance of these sectors over the years etc. Thus the sectors which are capable of investing overseas are mostly those which shows a domestic performance over the years. Thus adequate government policies towards developing the identified potential sectors are the road to enable the country to emerge as a global leader in overseas investment. However, this is only the tip of the iceberg as India's share in the total FDI for developing countries is very low at only 5%. In 2018 the total FDI inflow in India was US$22 compared to US$70 in China. This not only points to the gap it has to cover but also the huge potentiality it has given the right boost up by the mix of different policies to remove all obstacles constraining it from putting its global footprint.
References

I. Holtbrugge, Dirk and Heidi Kreppel(2012): Determinants of Outward Foreign Direct Investment from BRIC Countries: An Explorative Study. International Journal of Emerging Markets, vol.7(1),pp.4-30. doi:10.1108/17468801211197897.

II. Indian Investment Abroad-Overseas Direct Investment by Indian Companies.www.ibef.org,April 2019.

III. Kishan Varma, M.S., Koneru, K., Yedukondalu, D.(2019). Affect of worksite wellness interventions towards occupational stress. International Journal of Recent Technology and Engineering. 8(1), pp. 2874-2879.

IV. Knoerich, Jan(2017): How does Outward FDI Contribute to Economic Development in Less Advanced Home Countries?. Oxford Development Studies,vol.45(4),pp.443-459. doi:10.1080/13600818.2017.1283009.

V. Lin, Feng Jyh and Ching Wei Ho(2018): The Knowledge of Entry Mode Decision for Small and Medium Enterprises, Journal of Innovation and Knowledge,vol4,pp.32-37.

VI. Massand, A.B and Gopalakrishna B.V.(2017): Determinants of Bank Foreign Direct Investment Inflow in India: A Dynamic Panel Data Approach. IIM Kozhikode Society and Management Review.vol.6(1).pp.13-22.Sage Publication.

VII. Manukonda et al. (2019). What Motivates Students To Attend Guest Lectures?. The International Journal of Learning in Higher Education. Volume 26, Issue 1. 23-34.

VIII. ODI Factsheet, April 2016 to March 2019.Department of Economic Affairs, Ministry of Finance, GOI.

IX. Sivakoti Reddy, M. (2019). Impact of RSVQ on customer satisfaction: A comparative analysis between traditional and multi-channel retailing. International Journal of Recent Technology and Engineering. 8(1), pp. 2917-2920.

X. Sivakoti Reddy, M., Venkateswarlu, N.(2019). Customer relationship management practices and their impact over customer purchase decisions: A study on the selected private sector banks housing finance schemes. International Journal of Innovative Technology and Exploring Engineering. 8(7), pp. 1720-1728.

XI. Vide, Romana Korez, Patrick Voller and Vito Bobek(2014): Foreign Direct Investment Location Choice Factors: Some Evidence for Brazil. Management Dynamics in Knowledge Economy.vol.2(3),pp.424-439.