



FOREIGN DIRECT INVESTMENT (FDI) IN INDIA SERVICE SECTOR (A STUDY OF POST LIBERALIZATION)

Dr. V. Sivakumar

Professor Cum Director, Jayam Group of Institutions, Dharmapuri, Tamilnadu.

Mrs. S. Shalini

Final year MBA, Jayam College of Engg & Tech, Nallanur, Dharmapuri. Tamilnadu.

ABSTRACT

FDI is a apparatus for economic growth through its escalation of household capital, yield and employment; FDI also plays a fundamental role in the up sequence of technology, skills and administrative capabilities in various divisions of the economy. The present paper attempts to analyze worth of the FDI in flows in Indian service centre since 2011 and connecting the growth of service sector FDI in generation of service in terms of capable and inexperienced.

KEYWORDS : FDI, Service, Sector, employment

Introduction:

FDI to developing countries in the 2000 was the leading source of outside financing and as become a key element of national progress strategies for approximately all the countries in the world as a vehicle for technology stream and an significant source of non debt in flows for achieving spirited efficiency by creating a trivial network of global inter connections. FDI provide opening to host countries to complicated their economic enlargement and opens fresh prospect to home countries to obtain their earnings by

employing the resources. India ranks 15th in the services output and provides employment to around 23 % of the total work force in the country. The various sectors under the services sector in India are edifice, trade, hotels, transport, restaurant,

communication and storage, social and personal services, community, insurance, financing, business service and real estate.

Need and importance of the study:

The flow of FDI in Indian service sector is improving the growth of Indian economy, this sector underlying the larger in the growing GDP of India. This sector drawing a important section of total FDI in Indian economy and it has exposed particularly in the second decade (2005-2015) of economic reforms in India. Is this association of FDI in this sector is motivating the economic development or not, this knowledge hope of research scholar produce the interest in accomplish this study.

Objectives of study:

1. To study the FDI inflows in Indian service sector from 2001-2015.
2. To study the association between service sector growth and India economic.

Methodology of the study:

The study is based on secondary sources of data. The main source of data are various economic surveys of India and ministry of commerce and industry data, RBI bulletin, online data base of Indian economy, journals, articles, news papers, etc

Service sector contribution to the Indian economic:

The sector of service in India has the biggest share in the country's GDP for it accounts for approximately 53.8% in 2015. The involvement of the service sectors in India GDP has increased a assortment in the last few years. The services sector donated only 14% to the Indian GDP in 1950. further the Indian service sector's share in the country's GDP has augmented from 43.695% in 1990-1991 to around 51.16% in 1998-1999. this demonstrate that the service sector in India accounts for over half of the country's GDP. The endowment of the services sector as increased very quickly in the india GDP for many overseas consumers are exposed interest in the countries service overseas. This is due to the reality that India has

large group of highly skilled, low cost and skilled workers in the country. This has completed sure that the services that are obtainable in the country are of the best quality. This has given a major enhance to the services sector in India, which in it's revolve has made the sector situate in more to the India GDP.

Performance of service sector:

The recital table of services sector gives figures of the yearly enlargement rates of GDP at factor cost and the services sector and its three ingredient grouping from 2015-16 onwards- that is the growth rates documented by the three components services. They are 1. Trade, hotel and transport communication; 2. Financing, Insurance, real estate and 3. Community, social and personal services.

The IMF definition of FDI includes as many as 12 difference elements – equity capital, reinvested incomes of foreign companies, intercompany debt transaction, short term and long term loans, financial leasing, trade credits, grants, bonds, non cash acquirement of equity, investment made by foreign venture capital investors, earning data of circuitously held FDI enterprises, control premium and non achievement fee. India, however, does not assume any other element other than equity capital statement on the basis of issue or move of equity or preference shared to foreign direct investors, in discovering the process how FDI is significant in exploiting of our economic belongings and creating the employment in country as well as imperative for generating economic goods.

FDI and India retail sector:

The sector wise shift of FDI in last two decade as shown a dramatically changed. For measurement, this study divide the period from Aug 1991 to into two decade first from 1991 to 2000 and second 2000 to December 2009 during the first decade of alteration started from august 1991 to December 1999, services sector on Indian economy was incapable to fascinated the politeness of foreign investors and hold third places after the transportation and electrical apparatus, but decade started from January 2000 to march 2009, emergence of service sector have change the symphony of direct investment in India. In the second decade of economic transformation this sector account 27% total FDI and have hold first rank in gorgeous sector for foreign investor this is due to the growth of sub sectors like IT, financial services, and insurance sector extra. There is a new wave in the growth of India financial sector after liberalization insurance industry growing with speedy rate. The number of merger and acquisition in the insurance industry as well as in banking sector also, number of private banks growing in India. The perforation of foreign banks is become quit well. Government of India planning for issue some new license for privatization of Indian banking sector and it is unspecified sector will keep on with sector growth.

Current scenario of employment service in Indian service sector:

The number of service sector jobs (skill and unskilled) has enlarged in India, new finding have exposed. A survey performed by the country's labor ministry pointed out that during the last quarter, employment in the industry rose to 15.72 million, channel news Asia reported. The research exposed that two sector have exposed the strongest development in terms of hire levels; information technology and business process outsourcing. Observation on the findings, Nimish Adani, chief executive of workosaur.com, told channel News Asia: "as far as employment is anxious, there have been certain short-term initiatives taken by the government." There has been an combination of incentive package in sector which were labour intensive. So, there has been mixture of incentive package in sectors which were labor rigorous. So, there has been a insignificant development.

Finance service sector is growing with speedy rate, finance is the second favored alternative of students of management postgraduate in top B-schools in India, explaining the predilection of skilled professional in Indian service sector. For analyzing the sensitivity of skilled toward a variety of service sector, we have taken some data of top B-school in India, In exploring the service interest of MDI batch 2013-15 it has been analyzed that banking and financial services was the most favored area by the student for their potential employment.

It was same in case of IIM K and FMS management student discussing and finance were the major options of students in association to other, it means FDI in service sectors is generating more chances in case of skilled employment India. If it will persist with this rate then the not reusable income in India will go higher and Indian economy creates additional job opening in Indian economy.

Findings:

1. FDI is an important stimulus for the economy development of India
2. FDI has shown an incredible growth in second decade 2000-2010 i.e three times then the first decade FDI in service sector.
3. Banking and insurance is first and telecommunication is second segment of service sector which picked the growth in second decade of reforms
4. FDI create high benefit jobs for skilled employee in Indian service sector.

Conclusion and recommendation:

Amidst today's time of fierce antagonism and mission to accomplish and progress a significant level of economic and social development; Each and every country is annoying to slacken its economic policies in order to magnetize investments from not only, domestic players, but also from magnets all across the globe. Accordingly people with openhanded resource of funs, all order globe, are escalating the wings and seeking prospect of investing in different areas of this productive market.

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