

↓ ———

✓ (i)

(ii) A big part (around 40%)

of inward FDI in India
is brownfield FDI.

↓

Implication: Indian

Companies

were acquired

+

Capital formation could not
much increase.

∫

(iii) A big part of Inward FDI

↓
few centres

↓
New Delhi, Mumbai,
Chennai, Ahmedabad, Bangalore,
Hydrabad etc.

↓
Regional Imbalances

(iv) Around $\frac{2}{3}$ of Inward
FDI.



Companies of the
worth of more than ₹100 crore



Implication: MSMEs & small
companies could
not get much benefit

(Against the goal of inclusive dev.)

(V) According to a report by UNCTAD



India's 20 years Experience of
Liberalisation.



Most the FDI in India



Air & Water pollution.

(vi) Some economists say that India is using FDI as a soft option to mobilise resources for economic development.

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2. The Outward FDI by India poses various challenges like -

(i) Negative impact



Domestic Investment

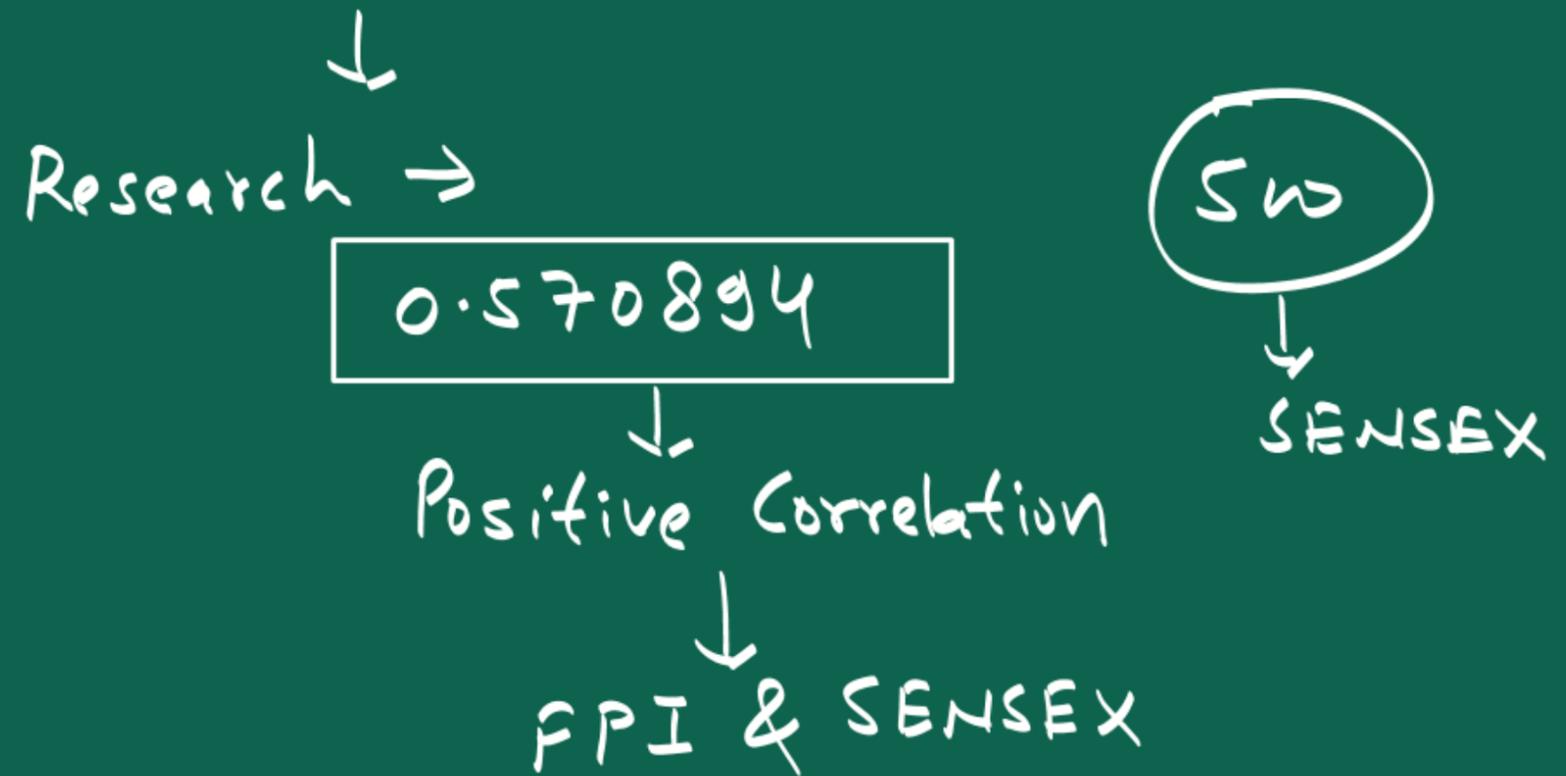
(ii) Problem regarding



Financing of CAD.

(iii) Indian companies become exposed to various foreign risks.

3. Due to the liberalisation of FPI, the volatility of India's stock market got increased.

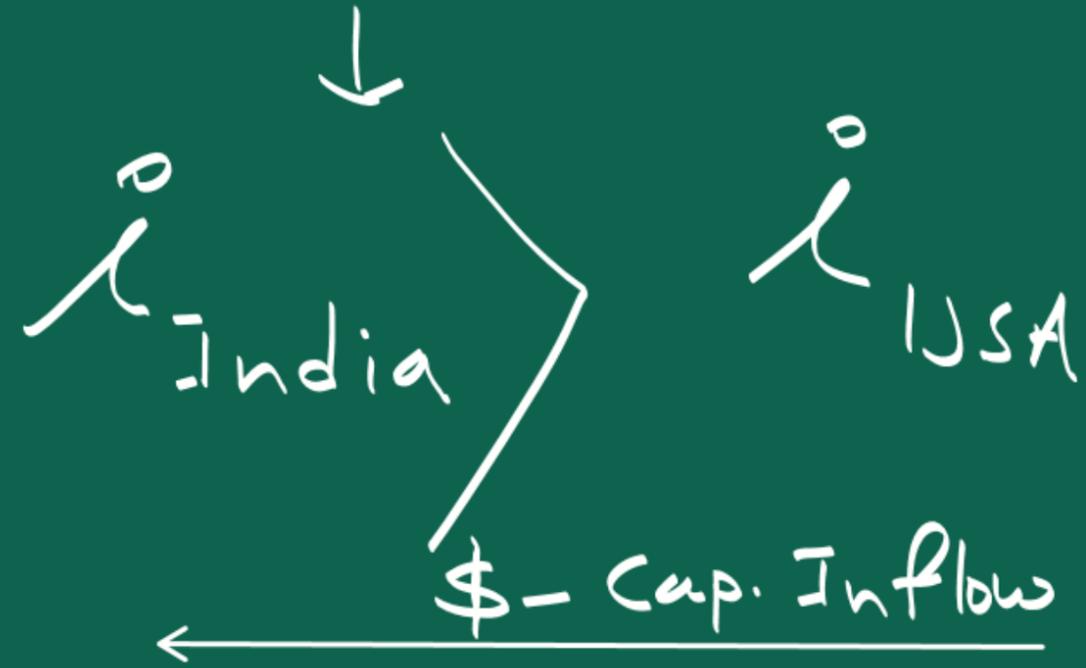


4. For the RBI, the management of the exchange rate of Indian Rupee has become more challenging, particularly due to financial liberalisation & capital mobility.

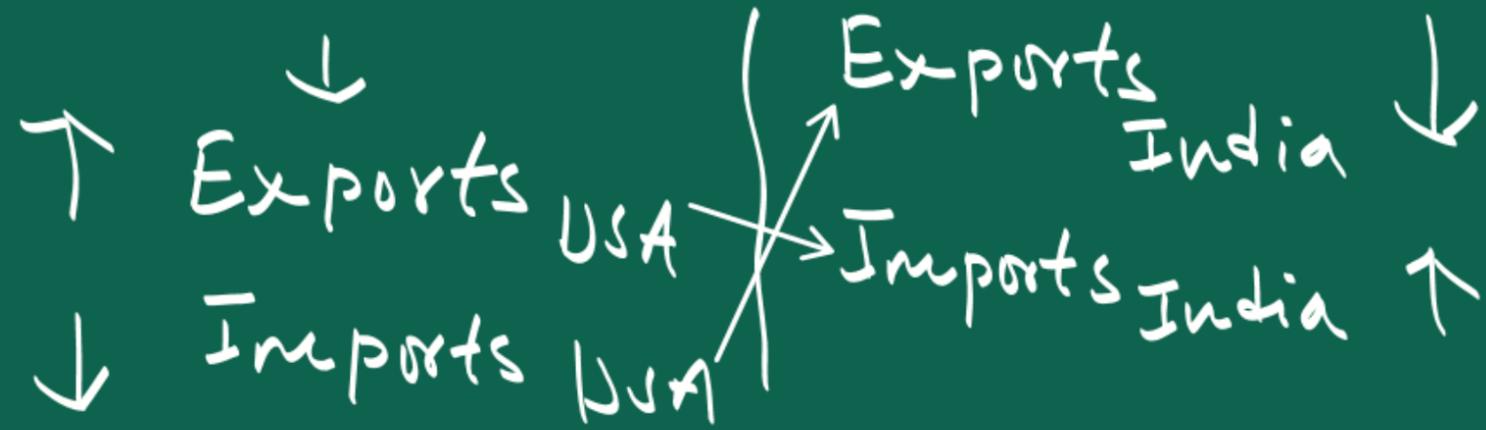
5. The monetary policies of the developed countries, particularly that of the USA impact macro-economic stability of India hugely.

Sometimes countries like the USA use 'monetary

policy for Currency Manipulations.



↓ Ex. Rate (\$)



6. Increase



Inequalities
of

Income & Assets

(Ref. : Chapter for
Inclusive Dev.)

(7)

Jobless growth

due to less

focus on MSMEs, Agriculture,
Skill dev. etc.

+
more focus on labour-saving
& capital-intensive technology.

(8) Survival crisis

↓
MSMEs

↓
Competition

↓
Cheaper imports

↓
FTA
countries

↓
China

↓
large domestic
industries

↓
Policy of dereservation

(9) Informalisation of labour market.



Competition



Implied in the process of globalisation



Thus, it can be said that the process of economic liberalisation being implemented in India needs a drastic change in order to make it people friendly.

FPI → Hot Money

