

**FOREIGN DIRECT INVESTMENT OF CHEMICAL (OTHER THAN FERTILIZERS)
SECTORS IN INDIA**

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ABSTRACT

A foreign direct investment inflow is witnessed for growth of Indian economy. The present study explores chemical (other than fertilizers) sector FDI inflows increasing level. Government recognizes Chemical industry as a key growth element of Indian economy. In Chemical Sector, 100% FDI is permissible. The study the FDI inflows of chemical (other than fertilizers) sector of India financial years from 2000-2001 to 2020-2021. There is the positive growth of FDI inflows in this sector.

Key word: *Growth, Explores, Increasing, Permissible, Financial, FDI*

INTRODUCTION

The FDI refers that the capital flows by company or person or firm from their own or other country and they involve the factors of production and holding or acquisition of companies. FDI is the key for Indian economic development The FDI inflows in several sectors the chemical industry in India is an indispensable part of the country's economy, for it constitutes around 6% of the country's GDP. The chemicals industry in India is highly diversified, covering more than 80,000 commercial products. It is broadly classified into Basic chemicals, Specialty chemicals, and Agrochemicals. The chemicals industry in India has been de-licensed except for few hazardous chemicals.

GOVERNMENT POLICIES AND FDI INVESTMENTS

Government recognizes Chemical industry as a key growth element of Indian economy. In Chemical Sector, 100% FDI is permissible. Manufacture of most of chemical products is delicensed. The entrepreneurs need to submit only IEM with the DIPP provided no locational angle is involved. Only the following items are covered in the compulsory licensing list because of their hazardous nature.

- Hydrocyanic acid & its derivatives
- Phosgene & its derivatives
- Isocyanates & di-isocyanates of hydrocarbons

THE INDIAN CHEMICAL INDUSTRIES

The Indian Chemical Industry comprises both small and large-scale units, and presently, there are about 70,000 chemical manufacturing units located in the country. (Deptt. Of Chemicals and Petrochemicals-Draft National Chemical Policy-December 2013) a major component (in numbers) is covered in the small scale sector. Top ten chemical companies listed in the Indian markets.

CHEMICAL (OTHER THAN FERTILISERS) INDUSTRY CURRENT SCENARIO

India is a global solid dye supplier, accounting for approximately 16% of the world's dyestuff and dye intermediates. Alkali chemicals had the largest share in the Chemical industry in India, with approximately 69% share in the total production. Production of polymers accounts for around 59% of the total production of basic primary petrochemicals. The Indian colorant industry, valued at USD 6.8 billion, exports nearly 75% of its production

REVIEW OF THE LITERATURE

Mohammed Amin et.al (2014), in their study comprises the relationship between the foreign direct investment is significantly positive in most of the cases and few cases it is negative or null. There are some factors which influencing the relation between FFDI-EG, such as adequacy of man power, the well-built services, provision of exchangeability between domestic and foreign investment and the open trade operations, etc.

S. Chandrachud et.al. (2019) in their study throws light on the economic impact of Foreign direct investment in chemical industry. Increasing demand for the chemical product is in global scenario, India has witnessed the significant growth in both chemical and petrochemical sector in the past decade. They analyze the Economic impact of FDI in indicant chemicals sector and portrays the future scope of chemicals industry and they conclude with imperative economic effects of FDI in chemical and petro chemical industries.

OBJECTIVES OF THE STUDY

- ❖ To study the FDI inflows of chemical (other than fertilizers) sector of India

METHODOLOGY OF THE STUDY

In this research study based on the secondary data collected from DPIIT and RBI Bulletin, online data base of Indian Economy, journals, and articles. The FDI equity inflows of Chemicals (other than fertilizers), Total FDI Equity inflows are the value in Rupees in crores. The study period the financial years from April 2000-2001 March to April 2020-2021.

TABLE NO: 1 FOREIGN DIRECT INVESTMENT OF INFLOWS IN INDIA FROM 2000-2001 TO 2020-2021.

Financial year	Total FDI equity inflows in India Rs. in Crores	% age growth over previous year
2000-01	10733	
2001-02	18654	(+)73%
2002-03	12871	(-)31%
2003-04	10064	(-)21%
2004-05	14653	(+)45%
2005-06	24584	(+)67%
2006-07	56390	(+)129%
2007-08	98642	(+)74%
2008-09	142829	(+)44%
2009-10	123120	(-)13%
2010-11	97320	(-)20%
2011-12	165146	(+)69%
2012-13	121907	(-)26%
2013-14	147518	(+)21%
2014-15	181682	(+)23%
2015-16	262322	(+)44%
2016-17	291696	(+)11%
2017-18	288889	(-)0.96%
2018-19	309867	(+)7%

2019-20	353558	(+)14%
2020-21	442569	(+)25%

Source: Various of issues of Newsletter of Department for Promotion of Industry and Internal Trade

The above Table No.1 explains the inflows of Foreign Direct investment in India from 2000-2001 to 2020-2021 had been recorded Cumulative amount of Rs. 3175014 crore. Inflows of Foreign direct investment in India from the period of 2000 to 2002 has been increased but following two consecutive years 2002 to 2004 FDI has moved downward because world economy slightly affected Iraq war in the year 2003-2004. The Foreign direct inflows of India gradually increased during the year 2004-2005 to 2008-2009. The FDI felt down during the year 2009-2010 to 2010-2011 percentage of growth is negative the effect of the global economic crisis (2008-09). FDI inflows of India has increased in percentage growth is positively from 2013-2014 to 2020-2021 except two years 2012-2013 and 2017-2018. Overall the FDI inflows of India equity inflows are positively year over the year.

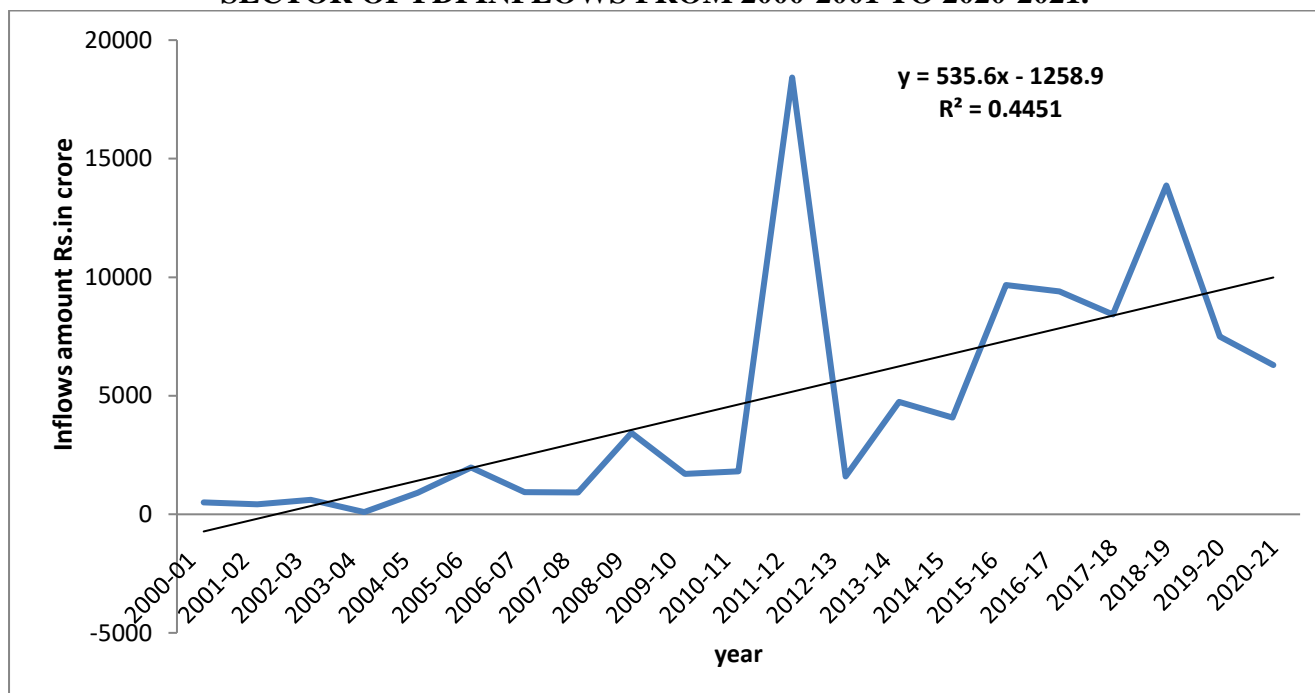
TABLE NO: 2 CHEMICAL (OTHER THAN FERTILIZERS) SECTORS FDI EQUITY INFLOWS IN INDIA FOR THE FINANCIAL YEAR OF 2000-01 TO 2020-21

Year(Financial Year April-March)	Amount in Rs.crore	Percentage Change (%)
2000-01	507	
2001-02	416	(-)17
2002-03	611	(+)46
2003-04	94	(-)84
2004-05	909	(+)867
2005-06	1979	(+)11
2006-07	930	(-)53
2007-08	920	(-)1
2008-09	3427	(+)272
2009-10	1707	(-)50
2010-11	1810	(+)6
2011-12	18422	(+)917
2012-13	1596	(-)91
2013-14	4738	(+)19
2014-15	4077	(-)13
2015-16	9664	(+)137
2016-17	9397	(-)2
2017-18	8425	(-)10
2018-19	13865	(+)64
2019-20	7492	(-)45
2020-21	6300	(-)15

Source: Various issues of SIA/Newsletter of Department for promotion of Industry and Internal Trade

The above Table No.2 explains the chemical (other than fertilizers) sector inflows from the financial year 2000-01 to 2020-21. The high level of FDI inflows amount increased were found in the financial years that 2005-06, 2008-09 and 2011-2012 the amounts were respectively Rs. 1979 crore Rs.3427 crore and Rs.18422 crore. In this sector inflows were very low level of inflows this study period.

FIGURE 1 THE TREND LINE THE CHEMICAL (OTHER THAN FERTILIZERS) SECTOR OF FDI INFLOWS FROM 2000-2001 TO 2020-2021.



The above figure denotes that $y=535.6x - 1258$ is the trend line value. 535.6 express that the Chemical (other than fertilizers) sector linear trend which also reflects growth of this sector in the study period. The 0.445 value depicts the R square value that 44 percent medium level of movement in this sector.

CONCLUSION

The Study concludes that the FDI inflows have shown positive in chemical (other than fertilizers) sector during the financial year 2011-12 to 2020-21. The FDI inflows have grown low level during the year from 2000-01 to 2010-11. Overall the growth of the Chemical sector is positively in this study period. FDI is the key components of investment helping for an Indian economy growth. Government should take necessary step for incentives for investor attractive to invest in chemical (other than fertilizers) sector.

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