

## **SEMINAR NOTICE**

- Topic:** *The Pattern of Inbound FDI in India in Dirty Sectors*
- Speaker:** **Ms. Rashmi Rastogi, SRT Fellow, Institute of Economic Growth**
- Date & time:** Friday, April 06, 2018 at 3.30 p.m.
- Venue:** A.M. Khusro Room, Institute of Economic Growth,  
University of Delhi Enclave, North Campus, Delhi - 110 007
- Chair:** Prof. B.K. Pradhan, Institute of Economic Growth

All are welcome.

**(Sabyasachi Kar)**  
**Seminar Convenor**

### **Abstract:**

Encouraging foreign direct investment inflow has been an important development strategy for a Capital-scarce economy like India. Systematic reform and investment liberalization policies adopted since 1991 has substantially increased FDI in manufacturing industry, especially since 2006. However, the sustained growth of FDI in polluting manufacturing industries compared to the cleaner manufacturing raises question that why polluting industries in India have attracted foreign direct investment after liberalization of investment policies. We address this question by first examining the composition of the FDI inflow by industry-specific characteristics (at disaggregated 3-digit industry classification) of the Indian manufacturing. Second, we analyze the FDI inflows by home country to examine different sources of comparative advantage that motivates investment in India from relatively high income countries, covering a 15-year period from 2000 through 2014. We find that there are many factors, other than environmental regulations, that play an important role in influencing the decision of foreign investors to invest in polluting industries in India. Analysis of aggregate FDI at industry level reveals that FDI inflows in India is concentrated into capital intensive industries and in less-export oriented industries, while inflows in polluting industries is mostly into export oriented and less energy intensive industries. Country level analysis reveals that aggregate FDI in polluting industries and in specific polluting industries (such as drugs, metals, and Food processing) are sourced from capital abundant and large size countries.