

## THE EVOLUTION OF FDI POLICY IN INDIA

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### ABSTRACT

India has had a fluctuating policy towards attracting FDI since 1948. Its initial favorable attitude to foreign investment was followed by a more restrictive phase and then, an effort to attract foreign investment in a more aggressive and welcoming manner.<sup>1</sup>

The evolution of FDI policy in India can be categorized into four phases

- The first phase (1948-66)-Cautious welcome policy
- The second phase (1969 -1991)-Selective and Restrictive policy and then Partial liberalization policy
- The third phase (1991-2000)- Liberalization and open door policy
- The fourth phase (2000 –till date)-increasing globalization of Indian economy<sup>2</sup>

**KEYWORDS:** FDI, Foreign Investment, Industrial Policy

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<sup>1</sup> Pravakar Sahoo, Geethanjali Nataraj, Ranjan Kumar Dash, Foreign Direct Investment in South Asia: Policy, Impact, Determinants and Challenge, p.41,(26<sup>TH</sup> Ed., 2014)

<sup>2</sup> Usha Bhati 'Foreign Direct Investment: Contemporary Issues', Deep and Deep Publications, (1<sup>st</sup> Ed.2006)