



INVESTMENT APPROACHES IN CHANGING ECONOMIC SCENARIO

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ABSTRACT:

Today, India is seen as a vibrant economy and there are ample business opportunities in India. India offers huge investment potential in several sectors like infrastructure, retail, real estate, automobiles, food processing, information technology, knowledge process outsourcing, business process outsourcing, healthcare, telecom among many others. With the policy regime being increasingly liberalized, India is able to woo the investors from across the globe. Overall the macro-economic fundamentals continue to inspire investors' confidence and the investment climate is full of optimism. The following paper indicates the significant surge in capital inflows into the economy in the recent period, even when the global economy is showing distinct sign of slowing down.

Keywords:

Investment, Employment, GDP, Sector, Economic policy, Opportunities

INTRODUCTION:

India's diverse economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services. Slightly more than half of the work force is in agriculture, but services are the major source of economic growth, accounting for nearly two-thirds of India's output, with less than one-third of its labor force. India has capitalized on its large educated English-speaking population to become a major exporter of information technology services and software workers. In 2010, the Indian economy rebounded robustly from the global financial crisis - in large part because of strong domestic demand and growth exceeded 8% year-on-year in real terms. In late 2012, the Indian Government announced reforms and deficit reduction measures to reverse India's slowdown. The outlook India's medium-term growth is positive due to young population





and corresponding low dependency ratio, healthy savings and investment rates and increasing integration into the global economy.

MATERIAL AND METHOD:

Approaches to investment India is a diverse and vibrant country whose economy is increasingly incorporating with the world economy. The far reaching economic reforms undertaken during the last few decades have comprehensive consequences. If we consider the current state then Indian operations have occupied a centre stage in the global network. The large and increasing market, classy financial sector, developing infrastructure, supple regulatory environment along with the steady and strong outlook of economy makes India an attractive destination for investment. The business environment here is considered favorable for achieving sustainable growth at a high level. The same is illustrated in short as follows: - Capital market: India is one of the fastest growing economies in the world providing a good platform for investments. The strategic location of India also facilitates an easy access to the domestic and South Asian market. The major factor that makes Indian economy a superior place for investment on a global scale involves the capital. India is known for its vivacious capital market. This market specializes in the allocation of capital in diverse economic activities. The government almost has no supremacy over directing the capital allocation in the market because it is burdened by complex finances. Domestic market: India also has a vibrant domestic market for credit that encompasses active rate of interest, credit initiative markets and government bond market. These factors induce foreign investments in the country. India on the other hand is entirely driven by private enterprises. Entrepreneurship pervades the Indian social fabric at the grass root level. The only thing that drives an Indian entrepreneur is profit. These factors make India a justifiable place for development of economic





activity. Self-sufficiency: The other factor in India's favor is the low dependence of export. Only ten percent of India's economy is reliant on the international trade and export. India has abundant company's participation in the national growth of the country. India is undergoing rapid economic development and with its abundant reforms and resources has the potential to grow the fastest among the four BRIC countries - Brazil, Russia, India and China. As a prominent global supplier of manufactured goods and services, India is likely to outshine most of the recent richest countries of the world. It has greatly stressed education, domestic consumption, foreign investment and domestic entrepreneurship. Thus there are number of sectors where investments could be made profitable from every aspect.

RESULT AND DISCUSSION:

Present Economic Condition Every investor aims at procuring profits, in fact the economic condition of a nation surely affects the return on investment. The present condition of Indian Economy is stated as follows: - Inflation Rate The annual rate of inflation, based on monthly WPI, stood at 6.84% (Provisional) for the month of February, 2013 (over February, 2012) as compared to 6.62% (Provisional) for the previous month and 7.56% during the corresponding month of the previous year. Build up inflation in the financial year so far was 5.71% compared to a buildup of 6.56% in the corresponding period of the previous year. Trade Deficit India's exports rose 4.25 per cent in February 2013 from a year earlier to INR 1412 Billion, while imports rose 2.6 per cent to INR 2214 billion, leaving a trade deficit of INR 802 billion, according to trade ministry data GDP The Gross Domestic Product (GDP) in India expanded 4.5 percent (worse-than-expected) in the fourth quarter of 2012 over the same quarter of the previous year hurt by a slowdown in agriculture, mining and manufacturing. In India, the annual growth rate in GDP at





factor cost measures the change in the value of the goods and services produced in India, without counting government's involvement. Current account to GDP India recorded a Current Account deficit of 3.70 percent of the country's Gross Domestic Product in 2011 as reported by the Ministry of Finance, Government of India. Historically, from 1980 until 2011, India Current Account to GDP averaged -1.3 Percent reaching an all time high of 1.5 Percent in December of 2003 and a record low of -3.7 Percent in December of 2011. The Current account balance as a percent of GDP provides an indication on the level of international competitiveness of a country. Usually, countries recording a strong current account surplus have an economy heavily dependent on exports revenues, with high savings ratings but weak domestic demand. On the other hand, countries recording a current account deficit have strong imports, a low saving rates and high personal consumption rates as a percentage of disposable incomes. Interest Rate: - The benchmark interest rate in India reported by the Reserve Bank of India was last recorded at 8 percent. Industrial Production: - Industrial Production in India reported by the Ministry of Statistics and Programme Implementation increased 2.4 percent in January of 2013 over the same month in the previous year. After falling in November and December, industrial production grew 2.4 percent from the year earlier in January. The main contributors to growth were consumer goods and electricity whereas manufacturing expanded only 1 percent. Balance of Trade India recorded a trade deficit of 802.43 INR Billion in February of 2013 as reported by the Ministry of Commerce and Industry. Imports Imports in India decreased to 2214.49 INR Billion in February of 2013 from 2475.94 INR Billion in January of 2013 as reported by the Directorate General of Commerce. Exports Exports in India increased to 1412.06 INR Billion in February of 2013 from 1389.82 INR Billion in January of 2013 as reported by the Directorate General of Commerce. Population The total





population in India was last recorded at 1241.5 million people in 2011 from 434.9 million in 1960, changing at a rate of 185 percent during the last 50 years. Employment status Employed Persons in India increased to 28708 Thousand Persons in 2010 from 28172 Thousand Persons in 2009. Unemployed Persons in India decreased to 39974 Thousand Persons in December of 2007 from 41466 Thousand Persons in December of 2006. Unemployment Rate in India decreased to 3.80 percent in 2011 from 9.40 percent in 2010 as reported by the Indian Ministry of Labour. Historically, from 1983 until 2011, Indian Unemployment Rate averaged 7.6 Percent reaching an all time high of 9.4 Percent in December of 2009 and a record low of 3.8 Percent in December of 2011. Budget India is expected to record a Government Budget deficit equal to 5.2 percent of the country's Gross Domestic Product in 2012-13 fiscal year. Business confidence Business Confidence in India decreased to 49.90 in the fourth quarter of 2012 from 51.30 in the third quarter of 2012 as reported by the Confederation of Indian Industry (CII). Historically, from 2005 until 2012, India Business Confidence averaged 61.03 reaching an all time high of 71.80 in March of 2007 and a record low of 48.60 in December of 2011.

CONCLUSION:

Today, thousands of people will acquire new heights in their business and services and Indian Economy will fulfill the dreams of the millions of people. The prediction of the India's finance ministry that the economy is likely to expand between 6.1 and 6.7 per cent in the fiscal year to March 2014 is achievable. Thus on the positive side, the Indian government has introduced pro-business economic reforms as allowing marginal increases on fuel prices and promoting foreign direct investment on various sectors. More importantly, India's new budget for 2013-14 fiscal year outlined plans to increase spending on capital investment and large-



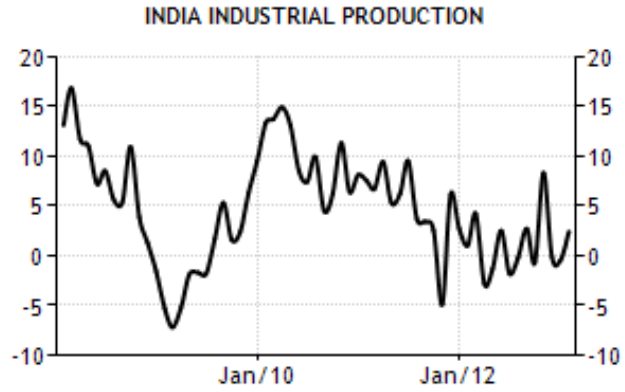
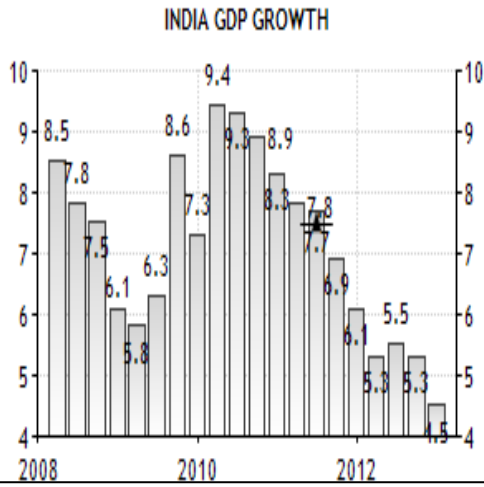


scale social programs by 29 percent, while imposing a one-year 10 per cent tax surcharge on the “super-rich”. It becomes essential for India that this success should reach to every corner of the population where it has not yet reached which can be obtained by ensuring double benefit from the programmes like infrastructure, health, education and employment guarantee instead of economy expansion. A well-planned investment strategy is essential before having any investment decisions. A business strategy is generally based upon long run period and risk on the investment. As the return on investment is not always clear, so the investors prepare the strategy so as to face the ongoing challenges in investment.

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Retail Sector

Marketing & Communication Sector



Media Sector

Hospitality Sector



Health Sector

