

**A Study of Growth of Foreign Direct Investment in Service Sector in India – A Descriptive and Analytical Study**Dr. Rajni Saluja  
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India is a one of the fastest growing economies in the world and has emerged all one of the top destination of foreign direct investments. Foreign direct investments to the service sector contributes 60 percent to GDP. Service sector has become the most significant sector for the economic growth of a country by generating employment opportunities and structural transformation. The Government is also adopting liberal policies to promote more and more foreign investments. The present paper focus on the financial year wise trend analysis of FDI equity inflows and FDI equity inflows to service sector along with other sectors being part of service sector and cannot be ignored. The secondary data has been used for study. The study covers the period from 2006-07 to 2016-17. The analysis has revealed that service sector attracts the highest amount of FDI inflows to India and shows rising trend. This paper put light on FDI equity inflows to service sector year wise, sector wise & country wise.

**Key-Words : Foreign Direct Investments.****Introduction**

Foreign Direct Investments is an investment made by a company or entity based in another country. Foreign direct investment plays a significant role in countries economic growth by boosting the job markets, providing technical knowledge and also capital formatives. Mauritius becomes the top investing country among other countries for FDI equity inflows to India. Out of the three sectors of Indian economy i.e. agriculture, manufacture and service sector, service sector is the only sector contributing near about 66% to GDP. This sector shows a continuously rising trend of FDI inflows in service sector in India from 2006-07 onwards.

**Literature Review**

Basu, Nayak and Vani (2007) in their paper attempt to study the qualities shift in FDI inflows to India over a period of fourteen years. They observed that India becomes the major destination for research and development activities. They found that software industry is one of the industries to promote export and opening new markets with support of R & D activities. They concluded that although big local markets, cheap labour and human capital are the main factors which help to attract FDI inflow to India yet some other factor like poor quality infrastructure, strict labour laws, limited number of special economy zones to promote export results in less attraction of investment by the foreign investors.