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Foreign direct investment is that magical policy that has not just saved India's drowning economy but has bloomed it. Historically, India was a very rich country but by the time Britishers left India in 1947, we had nothing left in hand. Electricity availability, access to vehicles, motors; pumps etc. all were considered luxuries which only a few could afford. The Govt. of India was very well aware that India being an agro based country, development of agriculture sector should be the foremost priority. However, since beginning, Indian economy is mainly dependant on four main sectors viz. agriculture, Transport, industry and service sector. At the time of Independence, India did not have the technology as well as capital to explore non renewable resources. With the passage of time, oil and gas sector has also emerged as a major contributor to the country's GDP. Indian govt. targeted availability and generation of power as its major goal as it was well aware that without sufficient availability of electricity, development of all the core sectors and hence in turn, development of Indian economy could never be realized. But due to lack of expertise; resources; capital; mismanagement and technical knowhow, performance of government companies halted and need was felt to open the domain for private partnership. As a result, during the 8th five year plan in 1991, foreign direct investment was allowed for the first time. National prosperity and national growth are considered as the synonyms of economic growth and development of a nation. For developed nations, FDI is a key to enter the domestic markets of the third world countries in order to secure their own technological growth and economic prosperity. For developing countries, FDI is an engine to fill foreign exchange reserves, technological and management gaps. With the introduction of FDI, there is division of labor as well as risks and the investments are also shared. This helped in reducing the burden over Govt. of India to a great extent. Govt. only provides fiscal benefits to the investors; however, there is no sharing of risk as well as investment capital. The Policy of FDI has acted as an aid to the Indian economy otherwise it would never have been possible for the Indian economy to flourish at such a fast pace. Presently, almost all the sectors are left open for private investments except the nuclear energy and agriculture sector. However, there is no denial to the fact that there are some sectors, entry to which requires prior approval from the govt.

FDI Advantages:

- 1) FDI helps in bringing foreign exchange to the country.
- 2) FDI has made it possible to give employment to millions of unemployed across the country.
- 3) Since FDI has been opened for all the sectors, this has resulted in the development of various factors in the terms of technology and expertise.
- 4) Division of work as well as investment capital has reduced burden from the government.
- 5) Benefitted the consumers and also the farmers and other people engaged in agricultural activities get good price for their services.

FDI Disadvantages:

- 1) With the introduction of private players, mechanization of the industry has happened and small merchants as well as traders and artisans who depended on hand crafted items have been affected badly.
- 2) Environmental safety has not been taken much care of.

- 3) There are not proper provisions for the safety and protection of workers.
- 4) There is no security of job and workers can be fired any time.
- 5) Monopoly of private players has come into place.
- 6) Generally, these shops are located away from small towns and villages as a result of which people residing at such places have to pay heavy travel expenses to get the benefits of FDI. It should also be noticed that a major part of Indian population still resides in villages and towns.

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