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While the world still grapples with lurking fears of a double dip deflation, here's another testimony of "India Shining". The UN Conference on Trade and Development study (World Investment Report, 2010-12) ranks India as the 2nd most attractive destination for Foreign Direct Investment (FDI) in the world, up from 9th last year. By this, India has managed to upstage the US as the second most favoured location for FDI, after China.

Net FDI into India is in the \$20 billion-plus range from \$5 billion earlier. Over recent years, trends in both inward and outward FDI to/by India have risen significantly. Inward FDI which was in the \$5 billion range till FY05 has risen to over \$30 billion since FY08. Like-wise, outward investments by Indian companies which were in the \$2 billion range in FY05 have risen to the \$15 billion range. This has resulted in net FDI now being over \$20 billion as against \$3-4 billion earlier. India received \$35 billion in FDI in 2009.

While the increase in FDI inflows is stating the obvious- a reflection of the growing bullish sentiments of the global investor about the economy's resilient and strong fundamentals; it is the fact of higher outward FDI (not to be confused with withdrawal of investments made by FIIs in India) that begets our attention. For, higher outbound FDI indicates the coming of age of the Indian entrepreneur and investor on the global map.

The 1990s days of India are long past when the country emerging from an external balance and liquidity crisis desperately needed funds to carry its nascent growth march forward. Consequently, this period saw loosening of norms to make the country more inviting for capital. Since FDI has always been preferred to its more volatile counterpart- the portfolio variety, owing to its long term and stable nature, even the South East Asian crisis could not dampen the enthusiasm for FDI. FDI was seen as an essential recipe for growth for it brought in funds and the latest technical know-how and comparisons were (and still are) forever being drawn of how China pipped us in this race. We were viewed as a nation that was destined to remain in the shadows of the developed nations.

However a lot has changed in the recent years. We are increasingly being seen a mover on the international scene; theories abound on how our educated and young workforce, our high savings rate and innate sense of entrepreneurship that can survive despite the systemic deficiencies ("jugaad") will propel us to the top by 2050. This can be attributed to the superlative success achieved by India in the field of information technology and the fact that we could emerge unscathed from the sub-prime crisis which has injected a never before kind of confidence in our businessmen. Major acquisitions by our corporate conglomerates in areas as diverse as telecom, automobiles, energy and natural resources are all manifestations of how the Indian entrepreneur is a major force to reckon with in the world. India is a breeding ground for breakthroughs in R&D (think "Nano", think pharma). Our IT giants are today setting up off-shoring units in different overseas locations- providing jobs, capital and cutting edge technology to the host nations; economic policies in the developed nations today get shaped taking into account the dynamics of Indian business.

However as discussed in this column in the last issue, much needs to be done on all fronts if such high expectations are to be met. We at ICWAI are an integral part of this way ahead. Towards this end, we launch from this issue onwards special issues on different domains where India enjoys a comparative advantage. A beginning is made with a widely debated topic- climate change. India is in a very difficult position in that it has to balance the livelihood concerns of its poor and at the same time be a responsible global citizen by combating environmental degradation. On one hand, we have taken a lead in holding of carbon credit certificates; on the other hand major projects guaranteeing jobs to thousands are getting held up on environmental grounds. The October edition takes a peek at all these issues on "Green Gains".

From the ICWAI family we wish all our readers a very happy festival season ahead. □