

A Study on Foreign Direct Investment Flows in Selected Sectors

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Abstract

The focus of this study is on FDI flow trends in India from 2000-01 to 2014-17. This study also highlights country-wise approvals of FDI inflows into India and FDI inflows into various areas from April 2000 to June 2017. The study concludes that Mauritius has been the most prevalent contributor to FDIs. The reason is that the Double Tax Avoidance Agreement (DTAA) is between India and Mauritius and most foreign countries want to invest in the services industry. The ordinary least square method states that the FDI influenced the all the selected sectors during the study. The future growth of the sectors has been predicted with the Vector Auto Regression model and the result states that the Automobile sector will attract stronger flows in future. Hence there is a need to do further research in this area be considering all the FDI invested sectors India, so that the global investors may opt Indian marker for the investment purpose.

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I. Introduction

FOREIGN DIRECT INVESTMENT (FDI) is a type of investment by purchasing a business in the country concerned or expanding its existing business in the country to an organisation or a company in a country located in another country. FDI is a form of investment by a company based in another country in the ownership of a company in one country. FDI played an important part in developing and developed countries during the era of globalisation. In the host countries, FDI is linked to economic growth and development, which have Caused global competition in order to attract FDI.

FDI provides numerous advantageous opportunities such as new technology development, innovative products and the expansion of new markets, job opportunities and skills introduction, etc., reflected in income

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VIII. Conclusion of the Study

The study concludes the titled role of Foreign Direct Investments in Selected Sectors from the period of 2010 to 2017. The study has considered the secondary data of five sectors which are attracting the highest FDI flows into the country from the year of 2010 onwards. The study observed that the FDI is having the weak relationship with the investments of Computer, Construction and Automobile Sectors. The ordinary least square method states that the FDI influenced the all the selected sectors during the study. The future growth of the sectors has been predicted with the Vector Auto Regression model and the result states that the Automobile sector will attract stronger flows in future. Hence there is a need to do further research in this area be considering all the FDI invested sectors India, so that the global investors may opt Indian marker for the investment purpose.

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