

Foreign Direct Investment in Agriculture and Sustainable Development : Empirical Investigation of their Relationship and Contribution

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Abstract

This research paper investigates the impact of agricultural FDI and agricultural exports on economic growth; and also impact of agricultural FDI on agricultural exports in India for the period 2011 to 2020. The research study used Heteroskedasticity Test of Breusch-Pagan-Godfrey; Autocorrelation; Anova: Single Factor; and Portmanteau's white noise test to check statistical validity which implies that model of this study is good and independently distributed. The study therefore suggests that in order to faster economic growth, agricultural exports must be increased and such policies should be framed out that promotes agricultural productivity so that excess production can be exported. The study concluded that agricultural FDI encourages agricultural exports and agricultural exports further fosters economic growth of the country. The policy implication of this study is that in order to gain faster economic growth, agricultural exports must be increased.

JEL Code : F2, O47, Q100

Keywords : FDI, Agriculture, Exports, Productivity, GVA, Development

I. Introduction

FOREIGN DIRECT INVESTMENT (FDI) is a growth enhancing factor which plays an important role in the development of world economies. Economic progress is a multifaceted marvel which is affected by economic, cultural and institutional aspects. At the outset, FDI inflows could affect capital formation, and subsequently capital formation becomes one of the main factors of economic growth. Secondly, it may increase host country's productivity. If there is enhanced productivity, then FDI would further affect export as well as growth of the country. Thirdly, some

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