

Foreign Direct Investment and Indian Economy: A Time Series Analysis

Anayatullah Nayaji*

Abstract

Many researchers believe that foreign direct investments can be beneficial to the economic development of countries. The relationship between foreign direct investment (FDI) and economic growth is a subject that includes many theoretical and empirical studies in the economic growth literature. But the truth is that it is not easy to draw conclusions. There are many factors that determine the growth and development of foreign direct investments. Therefore, it is important to remain neutral when discussing the role of foreign direct investment in economic growth because there are studies that reveal a positive relationship between foreign direct investment and economic growth. Theoretically, economic growth can lead to foreign direct investment inflows, and foreign direct investments can stimulate economic growth. The flow of foreign direct investment to developing countries raises the question of the relationship between foreign direct investment and development. Although there is significant evidence on the link between foreign direct investment and economic growth, the relationship between them has not been investigated with a systematic approach. This research article contributes to the literature by identifying the existence and nature of these relationships. The purpose of this article is to investigate the relationship between foreign direct investment inflows and economic growth using a time series analysis for the period of data collected from 1990 to 2022. The findings show that there is a positive relationship between foreign direct investment and economic growth in India.

Keyword: FDI, GDP, OLS, INDIA

JEL Classification: F21, E01, C21

*Assistant Professor, Ch. B.P. Government College, New Delhi

Introduction

FDI stands for Foreign Direct Investment, which refers to the investment made by a company or individual in one country into business interests located in another country. This investment could take the form of establishing new facilities, acquiring a stake in an existing business, or providing capital to help a business expand its operations. FDI is an important driver of economic growth and development in many countries, as it can bring in new technologies, management expertise, and access to global markets. It also creates job opportunities and can lead to the transfer of skills and knowledge. Governments often encourage FDI by offering incentives such as tax breaks, streamlined regulations, and infrastructure support. However, FDI can also be a source of controversy, as it may lead to concerns about loss of domestic control over key industries and resources. Foreign direct investment (FDI) is a crucial component of the global economy, and it involves a long-term relationship between the investor and the foreign country. Here are some key points to understand about FDI:

Types of FDI: FDI can be categorized into two main types - Greenfield investment and Mergers & Acquisitions (M&A). Greenfield investment involves establishing new facilities or expanding existing ones in a foreign country, while M&A involves acquiring or merging with an existing company in a foreign country.

Benefits of FDI: FDI brings various benefits to both the investing company and the host country. For the investing company, it provides access to new markets, resources, and

strategic assets. For the host country, FDI can lead to job creation, technology transfer, infrastructure development, and increased export opportunities.

Factors influencing FDI: Several factors influence the flow of FDI, including market size, labor costs, political stability, infrastructure, regulatory environment, and access to skilled labor. Additionally, economic policies and trade agreements can also impact FDI inflows.

FDI regulations: Many countries have specific regulations and policies governing FDI. These regulations may include restrictions on foreign ownership in certain industries, requirements for local partnerships, and incentives to attract FDI.

FDI and economic development: FDI is often seen as a catalyst for economic development in host countries. It can contribute to the transfer of technology, knowledge, and skills, which can enhance productivity and competitiveness in local industries.

Challenges of FDI: While FDI brings numerous benefits, it can also pose challenges such as potential exploitation of natural resources, loss of domestic control over key industries, and concerns about labor standards and environmental impact. Overall, FDI plays a significant role in the global economy and it is a key driver of international business expansion and economic growth. Inflows and outflow FDI are closely monitored by governments and international organizations.

Foreign Direct Investment in India

India has been a major recipient of foreign direct investment (FDI) in recent years, and the country has implemented several policy reforms to attract more FDI inflows. Here are some key points about FDI inflow in India:

Growth in FDI: India has witnessed a significant increase in FDI inflows over the past few years. The government has been actively promoting India as an attractive destination for foreign investment, leading to a rise in FDI across various sectors.

Sectors attracting FDI: FDI inflows in India have been prominent in sectors such as services, computer software and hardware, telecommunications, trading, construction development, automobile, and pharmaceuticals. Additionally, the government has also encouraged FDI in sectors like defense, insurance, and retail through policy reforms.

Policy reforms: The Indian government has implemented several policy reforms to liberalize and simplify the FDI regime. These reforms include raising FDI caps in various sectors, easing entry and exit norms for foreign investors, and improving the ease of doing business in India.

Bilateral investment treaties: India has signed bilateral investment treaties (BITs) with many countries to provide protection and promote investment flows. However, in recent years, India has been revisiting its BITs and negotiating new agreements to align with its evolving economic and legal framework.

Challenges: Despite the growth in FDI, India still faces challenges such as bureaucratic hurdles, complex regulatory processes, and concerns about legal and policy stability. These challenges can sometimes deter foreign investors from making long-term commitments.

Source countries: Traditionally, Singapore, Mauritius, the Netherlands, the United States, and Japan have been among the top sources of FDI inflows into India. These countries have been significant contributors to FDI due to factors such as favorable tax treaties, ease of doing business, and strong economic ties.

Greenfield vs. M&A: While mergers and acquisitions (M&A) have historically dominated FDI inflows into India, there has been a growing trend of Greenfield investments in recent years. Greenfield investments involve establishing new facilities or expanding existing ones, indicating a long-term commitment by foreign investors.

Impact of COVID-19: The COVID-19 pandemic had a temporary impact on FDI inflows into India, with a slowdown in the first half of 2020. However, as economic activities began to recover, FDI inflows gradually picked up, demonstrating resilience and continued

interest from foreign investors.

Focus on technology and innovation: There has been a noticeable shift in FDI inflows towards technology and innovation-driven sectors such as e-commerce, digital payments, artificial intelligence, and renewable energy. This reflects the increasing emphasis on cutting-edge technologies and sustainable practices.

Regional distribution: While major cities like Mumbai, Delhi, and Bangalore have traditionally attracted substantial FDI inflows, there is a growing trend of investment spreading to other regions of India. States such as Gujarat, Andhra Pradesh, Tamil Nadu, and Maharashtra have also been successful in attracting FDI through proactive policies and infrastructure development.

These trends highlight the evolving nature of FDI inflows in India and the changing preferences of foreign investors as they seek opportunities in various sectors and regions across the country. Overall, India continues to be an attractive destination for FDI, and the government's ongoing efforts to improve the investment climate are expected to further enhance the country's appeal to foreign investors.

Regulatory Framework for FDI in India

The Companies Act, 1956 regulates the registration and operations of domestic and foreign companies. The Indian Companies Act, 1932 and Competition Act, 2002, Foreign Exchange Act, 1999 and various other tax and intellectual property laws and regulations are applicable to any business operating in India. Authorization of the Reserve Bank of India and other foreign direct investment regulations. Under the foreign direct investment policy, businesses that do not allow 100% foreign direct investment can establish a full stock exchange. Foreign direct investment can be freely repatriated. Foreign direct investment is directly regulated by the Department of Investment through the Department of Investment and Promotion (DIPP). SIA) and Foreign Investment Promotion Board (FIPB). Since November 2012, 100% foreign direct investment has been allowed in many retail markets. However, the government has not yet reached an agreement on this issue. Projects that allow 100% FDI are approved under various laws and other conditions, similar to projects where FDI is restricted, before FIB approval is required. India restricts investments by companies or citizens of certain countries. Pakistani citizens or organizations established in Pakistan are not allowed to invest in India. Bangladesh Nationals are registered entities that allow Bangladeshi citizens to invest with government approval. Investment and distribution are permitted to non-residents of India and citizens of Nepal and Bhutan in Nepal and Bhutan if the investment is freely settled in foreign currency from bank accounts. India has signed 60 investment agreements in both defense companies and defense sectors.

Relation between FDI and Economic Growth

The relationship between Foreign Direct Investment (FDI) and economic growth is a topic of significant interest and debate among economists and policymakers. Here are some key aspects of the relationship between FDI and economic growth:

Capital Inflows: FDI involves the transfer of capital from one country to another for the purpose of establishing or acquiring productive assets, such as factories, technology, or infrastructure. When foreign companies invest in a host country, they bring in capital, technology, and managerial expertise, which can contribute to the expansion and modernization of the host country's economy.

Technology Transfer and Knowledge Spillovers: FDI can facilitate the transfer of advanced technologies, management practices, and skills from multinational corporations to domestic firms. This transfer of knowledge can lead to productivity gains, innovation, and the development of new industries within the host country, contributing to long-term economic growth.

Job Creation and Human Capital Development: FDI inflows often lead to the

creation of employment opportunities within the host country. This can help reduce unemployment and underemployment, leading to higher incomes and improved living standards for the local population. Additionally, exposure to international best practices and training provided by foreign companies can contribute to the development of human capital in the host country.

Linkages and Spillover Effects: FDI can stimulate linkages between foreign and domestic firms, suppliers, and service providers, leading to positive spillover effects throughout the local economy. This can result in increased demand for local goods and services, enhanced productivity, and the development of local supply chains, all of which can contribute to economic growth.

Market Access and Export Promotion: FDI can provide access to new markets for domestic firms through partnerships with foreign investors or by integrating into global value chains. This can lead to increased exports, foreign exchange earnings, and improved competitiveness in international markets, thereby contributing to economic growth.

It's important to note that while FDI has the potential to promote economic growth, its impact can be influenced by various factors such as the host country's institutional environment, regulatory framework, infrastructure, human capital, and macroeconomic stability. Additionally, the quality of governance, the absorptive capacity of the economy, and policies related to trade, investment, and technology transfer play crucial roles in determining how FDI contributes to sustained economic growth.

FDI and the growth of economy are interrelated and interdependent. The benefits of FDI are numerous. Most empirical studies distribute that FDI help in the integration in to global economy and help in gaining access to a weather global and better platform in the world economy. FDI can enormously benefit the host country and GD of the country by contribution of economic growth of the country. Overall, FDI can be a catalyst for economic growth by bringing in capital, technology, skills, and market access. However, its potential benefits depend on how effectively a country leverages FDI to enhance its productive capacity and competitiveness

Table 1: Economics Profile of India

Economic indicators	Millions of US\$ unless otherwise specified			
	2005	2010	2015	2022
GDP, current	823612	1669620	2146759	3483536
GDP per capita, current US\$	71 3	134 6	162 3	245 8
Real GDP growth, y-on- y, %	7.9 2	8.5 0	8.0 0	6.5 6
Current account balance, % of GDP	1.2 5	3.2 7	1.0 5	2.3 1
Exchange rate (/US\$)	44.1 00	45.7 26	64.1 52	78.6 04
Financial flows	Millions of US\$ unless otherwise specified			
FDI inflows	7 621.77	27 417.08	44 064.10	49 354.61
FDI outflows	2985.49	15 947.43	7 572.42	14 543.10
Personal remittances, % of GDP	2.6 9	3.2 0	3.2 1	NA

Source: UNCTAD Country Report

Figure 1: Trend of FDI Inflows and Remittance received

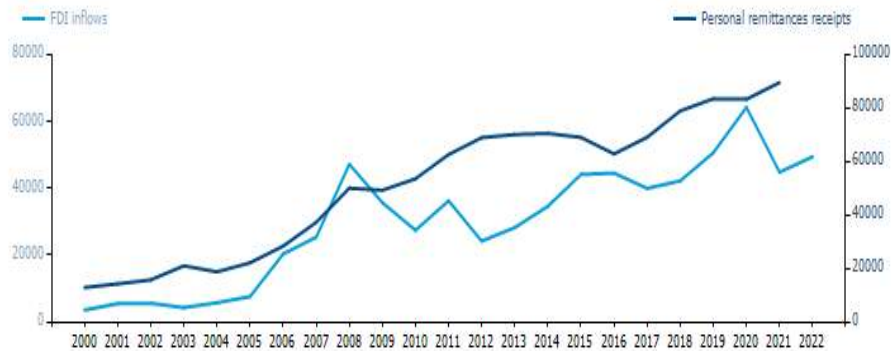
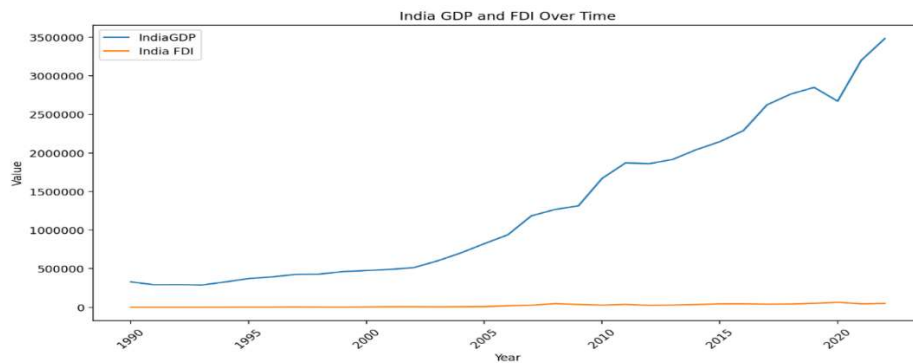
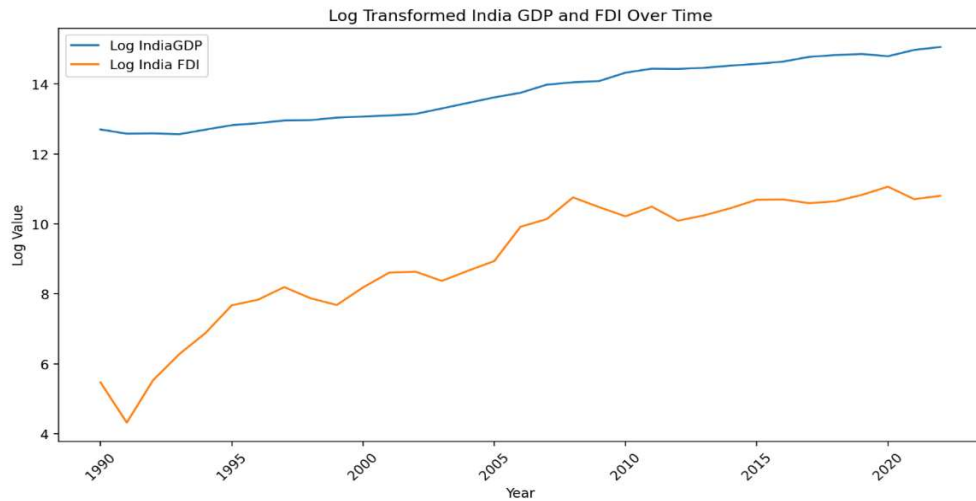


Figure 2: Year Wise Trend of FDI Inflows and Total GDP



'India GDP' shows a general upward trend over the years, indicating economic growth. 'India FDI' also shows an increasing trend, with some fluctuations, suggesting growing foreign investment interest in India. Both trends are consistent with a developing economy that is attracting foreign investment and experiencing GDP growth. The log transformation of the 'India GDP' and 'India FDI' time series has been plotted. This transformation is often used to stabilize the variance across time in time series data.

Figure 3: Year wise trend of Log Transformed FDI Inflows and GDP



Literature Review

Number of studies have been conducted by various researcher on the issue of Foreign Direct Investment and Economics Growth. Klaus E Meyer and et. al. (2005) in their research work “Foreign direct investment in Emerging market: A comparative study in Egypt, India, South Africa and Vietnam” policy prevailing in the host countries lay an important role in determining the FDI inflows. Iyare Sunday O, BhaumikPradip K, BanikArindam (2004) in their study “Explaining FDI inflow to India, China and Caribbean: An Extended Neighborhood Approach” find the economic indicators like market size, export intensity, institutions etc play an important role in attracting FDI inflows. Anderson P S and et el (2004) in study on Foreign Direct Investment and Employment in Industrial Countries” found that direct relationship between FDI and employment also found that direct relationship between FDI and high labor cost. Ray Surbpriya studied on topic of “Impact of FDI on economic Growth in India: A Co Integration Analysis” concluded that there is unidirectional causality between FDI and Growth in India. Chew Ging Lee (2009) in his study “Foreign Direct Investment, Pollution and Economic Growth” finding of this study are that bidirectional causality exists, between FDI and Growth in Malaysia.

Thus, the study attempts to address the objectives viz. i) To find the causal relationship between FDI and Economic Growth in India; ii) To study the trends in FDI in India.

Database and Methodology

The data are collected on secondary basis for the country India. The annual data on FDI and GDP per capita in US million dollars are collected from UNCTAD database from 1990 to 2022. The first objective is completed in three steps: (1) test for stationary; (2) test for cointegration; and (3) test for direction of causality. We conduct these three tests at the individual. To achieve second objective study used available literatures and based on journals, websites.

Unit Root Test

A unit root test is a statistical method used to determine whether a time series variable is stationary or non-stationary. Initially we have performed Unit Root at levels and then in first difference form. A stationary time series is one whose statistical properties, such as mean and variance, do not change over time. Non-stationary time series, on the other hand, exhibit trends, cycles, or other forms of long-term dependence that make their statistical properties change over time.

The most popular method for Unit Root Test is Augmented Dickey-Fuller (ADF) test The ADF test involves estimating a regression model that includes lagged values of the time series variable and then testing whether the coefficient on the lagged variable is significantly different from zero. If the coefficient is found to be statistically significant, it suggests the presence of a unit root and non-stationarity in the time series.

$$Y_t = \rho Y_{t-1} + U_t$$

$$Y_t - Y_{t-1} = \rho Y_{t-1} - Y_{t-1} + U_t - U_{t-1}$$

$$\Delta Y_t = (\rho - 1) Y_{t-1} + V_t$$

$$\Delta Y_t = \delta Y_{t-1} + V_t$$

$$H_0: \delta = 0 \quad H_a: \delta > 0$$

Co-integration

The concept of co-integration was first introduced into the jargon of econometrics by Granger (1980). The Johansen cointegration test is a statistical method used to assess the presence of cointegration among multiple time series variables. Cointegration is a concept in time series analysis that relates to the long-term equilibrium relationship between variables that may individually be non-stationary. In other words, cointegrated variables move together in the long run, despite potentially exhibiting short-term fluctuations. It is an extension of the Engle-Granger two-step cointegration test. It allows

for the analysis of cointegration in systems with more than two variables, making it particularly useful for multivariate time series data.

The test is based on the estimation of vector autoregressive (VAR) models and involves examining the rank of the cointegrating matrix, which represents the number of cointegrating relationships among the variables in the system. The cointegrating matrix captures the linear combination of the variables that are stationary, indicating their long-term equilibrium relationship.

Granger-Causality Test

The Granger causality test is a statistical method used to determine whether one time series variable can be used to predict another. It is named after Clive Granger, a Nobel Prize-winning economist who developed the test. The test is widely used in econometrics and time series analysis to explore causal relationships between variables.

The concept of Granger causality is based on the idea that if one variable, FDI, can be used to predict another variable, GDP, then FDI is said to "Granger-cause" GDP. The test helps to assess whether there is a causal relationship between two variables in the context of time series data.

The test involves estimating two regression models:

$$GDP_t = \alpha_1 + \sum \alpha_{1i} FDI_{t-i} + \sum \beta_{2i} GDP_{t-i} + U_{1t}$$

$$FDI_t = \alpha_2 + \sum \beta_{1i} GDP_{t-i} + \sum \alpha_{2i} FDI_{t-i} + U_{2t}$$

$$H_0: \alpha_{2i} = \beta_{2i} = 0 \quad H_a: \alpha_{2i} = \beta_{2i} > 0$$

Result and Discussion

Country-wise FDI Inflows in India

The country wise FDI inflow in India data shown that Mauritius contributing maximum in overall financial year and after Mauritius the Singapore contributed 11% followed by U.K. with 9%. Japan and USA have contributed 7% and 6% respectively as Foreign Direct Investment in India. It notably that there is only marginal 1% differences between contribution of countries like Japan, USA, Netherland, Cyrus, Germany, France and UAE in India with 7%, 6%, 5%, 4%, 3%, 2%, and 1% respectively.

Table 2: Country-wise FDI Inflows in India

Rank	Country	% of total FDI inflows
1	Mauritius	38
2	Singapore	11
3	U.K.	9
4	Japan	7
5	U.S.A.	6
6	Netherland	5
7	Cyprus	4
8	Germany	3
9	France	2
10	U.A.E.	1
Total		83

Source: FDI Statistics, Department of industrial policy and promotion, Ministry of Commerce and Industry, Govt of India

Sector-wise FDI inflows in India

The Table 3 revealed that India receive maximum FDI inflows in service Sector which is accounted 21% of total inflows of FDI in India after that computer Hardware and Software, Telecommunication and Housing real Estate contributed 9%, 8%, and 7% respectively which is significant in inflows of FDI in India and Chemical & petroleum receive only about 2% each.

Table 3: Sector-wise FDI Inflows

Sector	% of FDI Inflows
Service Sector	21
Computer Hardware& Software	9
Telecommunication	8
Housing and Real Estate	7
Construction activity	7
Power	4
Automobile Industry	4
Metallurgical industry	3
Petroleum & Natural Gas	2
Chemicals	2

Source: FDI Statistics, Department of industrial policy and promotion, Ministry of Commerce and Industry, Govt of India

To analyzed the study first applied correlation to know the relationship between FDI and GDP for 33 years. The result of correlation shows that FDI is highly positively correlated with GDP in India as economic theory also suggest that FDI is primarily depend upon economic growth on country. The correlation result shown in Table 4.

Table 4: Correlation between FDI and GDP

		FDI	GDP
Karl Pearson Correlation Test	FDI	1	0.92
	GDP	0.92	1
Sig. (1-tail)	FDI		0.0024
	GDP	0.0024	
N	FDI	33	33
	GDP		

Source: Authors Compilation

Secondly, the stationarity test was performed on the log-transformed data to determine if the time series is stationary, which is a common assumption in many time series analysis methods. Proceeded with the Augmented Dickey-Fuller (ADF) test, a widely used statistical test for stationarity.

- For 'Log India GDP':
- ADF test statistic: 0.5383
- p-value: 0.9860
- Critical values: {1%: -3.6535, 5%: -2.9572, 10%: -2.6176}
- For 'Log India FDI':
- ADF test statistic: -1.8084
- p-value: 0.3763
- Critical values: {1%: -3.6535, 5%: -2.9572, 10%: -2.6176}

The p-values for both 'Log India GDP' and 'Log India FDI' are greater than the common significance level of 0.05, which suggests that we cannot reject the null hypothesis of non-stationarity for both series. The test statistics are also higher than the critical values, further supporting the non-stationarity conclusion.

This indicates that the time series may require differencing or other transformations to achieve stationarity, which is often a prerequisite for many time series forecasting methods.

Augmented Dickey-Fuller Test: Differenced Log India GDP

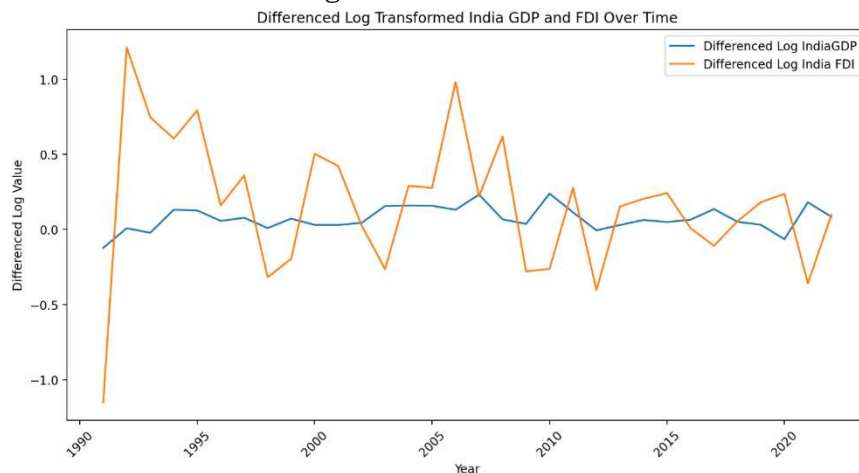
ADF test statistic -5.00233875957974 p-value 0.003 lags used 0.0 observations 31.0
Critical value (1%) -3.661428725118324 critical value (5%) -2.960525341210433 critical
value (10%) -2.6193188033298647

Augmented Dickey-Fuller Test: Differenced Log India FDI

ADF test statistic -6.422744402576733 p-value 0.006 lags used 0.0 observations 31.0
Critical value (1%) -3.661428725118324 critical value (5%) -2.960525341210433 critical
value (10%) -2.6193188033298647

After differencing, both the 'Differenced Log India GDP' and 'Differenced Log India FDI' series have ADF test statistics that are significantly lower than the critical values, and the p-values are close to zero. This suggests that the differenced series are stationary, and we can reject the null hypothesis of non-stationarity for both series. This is a good indication that the data is now suitable for time series forecasting models that assume stationarity.

Figure 4: First Difference Log Transformed trend of FDI Inflows and GDP



The first-order differencing of the log-transformed 'India GDP' and 'India FDI' time series has been plotted. This is a common method to remove the trend and make a time series stationary.

After conducting stationarity tests on log-transformed 'India GDP' and 'India FDI' time series, we apply granger causality test to know the any short run relationship between the FDI and GDP and vice versa.

Table 5: Pairwise Granger Causality Tests (Lags 2)

Pairwise Granger Causality Tests

Date: 12/18/23 Time: 12:29

Sample: 1990 2022

Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
LINDIAGDP does not Granger Cause LINDIAFDI	31	7.89757	0.0021
LINDIAFDI does not Granger Cause LINDIAGDP		1.72557	0.1978

Source: Authors Compilation

Table 6: Pairwise Granger Causality Tests (Lags 3)

Pairwise Granger Causality Tests
Date: 12/18/23 Time: 12:30
Sample: 1990 2022
Lags: 3

Null Hypothesis:	Obs	F-Statistic	Prob.
LINDIAGDP does not Granger Cause LINDIAFDI	30	5.22471	0.0067
LINDIAFDI does not Granger Cause LINDIAGDP		2.07795	0.1310

Source: Authors Compilation

The Granger causality test results indicate that we fail to reject the null hypothesis at a 5% significance level at lag 2 and lag 3. This means that based on the data and the model fitted, there is not enough evidence to conclude that 'India FDI' Granger-causes 'India GDP'. However, p value shows that there is short run relationship between India GDP and India FDI as we do reject the null hypothesis of therefore, we conclude that 'India GDP' Granger-causes 'India FDI'. It means there are unidirectional relationship between Economic Growth to Foreign Direct Investment.

As the study is not able to establish bi-directional relationship between FDI and GDP for the India in Granger Causality Test we applied, now we will apply The Johansen cointegration test to know any long term relationship between the two variables.

Table 7: Johansen Cointegration Test

Date: 12/18/23 Time: 12:30
Sample (adjusted): 1992 2022
Included observations: 31 after adjustments
Trend assumption: Linear deterministic trend
Series: LINDIAFDI LINDIAGDP
Lags interval (in first differences): 1 to 1

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.639763	33.54522	15.49471	0.0000
At most 1	0.059281	1.894423	3.841465	0.1687

Trace test indicates 1 cointegrating eqn(s) at the 0.05 level

* denotes rejection of the hypothesis at the 0.05 level

**MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None *	0.639763	31.65080	14.26460	0.0000
At most 1	0.059281	1.894423	3.841465	0.1687

Max-eigenvalue test indicates 1 cointegrating eqn(s) at the 0.05 level

* denotes rejection of the hypothesis at the 0.05 level

**MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Cointegrating Coefficients (normalized by b*S11*b=I):

LINDIAFDI	LINDIAGDP
-1.404638	2.028563
0.921789	-2.891689

Unrestricted Adjustment Coefficients (alpha):

D(LINDIAFDI)	0.308051	0.017828
D(LINDIAGDP)	-0.017621	0.015838

1 Cointegrating Equation(s): Log likelihood 40.20642

Normalized cointegrating coefficients (standard error in parentheses)

LINDIAFDI	LINDIAGDP
1.000000	-1.444189
	(0.13413)

Adjustment coefficients (standard error in parentheses)

D(LINDIAFDI)	-0.432701
	(0.06555)
D(LINDIAGDP)	0.024751
	(0.01794)

Source: Authors Compilation

The Johansen cointegration test results indicate that at lag 1, both the trace statistic and the maximum eigenvalue statistic are greater than the 99% critical value, suggesting that there is cointegration at this lag level. At lag 2, the statistics are also above the 99% critical value, further supporting the presence of cointegration between the series. This implies that there is a long-term equilibrium relationship between the differenced log-transformed GDP and FDI series.

Conclusion

FDI in India is increased dramatically after 2001. Furthermore, the policymaker of most of countries emphasis on attracting FDI nowadays and economic rational also indicate that Foreign Direct Investment is important tool to bring foreign technologies for Economic Growth. Present study explores the empirical relationship between FDI and growth of Indian Economy over the period 1990- 2022 and study reveals that FDI is highly and positively correlated with GDP, the economic theory also indicates that Economic growth is depending upon policies to promote FDI. FDI inflows are an affirmation of the economic policies that policymaker has been implementing to attract global companies to invest in India and it's also a stamp of approval of the future economic health of India. Future research, when more data become available, could examine possible causality effects between FDI and the host country's growth.

References

- Ang, J.B. (2008) "Determinant of Foreign Direct Investment in Malaysia" *Journal of Policy modeling*, Vol.30, No.1, pp 185-189.
- Anitha, R, "Foreign Direct Investment and Economic Growth in India" *IJMFMR*, Vol.1 Issue.8 pp108-125.
- Borenzstien et el, "How does FDI effect economic growth" *Journal of International Economics*, Vol.45, pp.115-135.
- Charaborty, C and Basu,P, "Foreign Direct Investment and Growth in India: A Cointegration Approach", *Applied Economics*, No.34, pp.1061-1073.
- Balasubramanayam, V. N.; M. Salisu and D. Spasford (1996), "Foreign direct investment and growth in EP and IS countries", *Economic Journal*, 106: 92-105
- Chowdhury, A. and G. Mavrotas (2005), "FDI and growth: A causal relation", *WIDER Research Paper*. Finland: UNU World Institute for Development Economics Research.
- Nayaji. A et al. (2015) "Foreign Direct Investment and Economic Growth in SAARC Countries" *Journal of Business Studies*, Vol VII
- Shri Prakash, et al (2005) *Input output modeling of impact of FDI on Indian economic growth*, Birla Institute of Management, Nodia.
- Sahoo, P. (2006). *Foreign Direct Investment in South Asia: Policy, Trends, Impact and Determinants*. ADB Institute, Discussion Paper No. 56
- Zhang, K. H. (2001), "Does foreign direct investment promote economic growth? Evidence from East Asia and Latin America", *Contemporary Economic Policy*, 19: 175-185