

A STUDY ON FOREIGN DIRECT INVESTMENT IN INDIA

Submitted in partial fulfillment of the requirement for the reward of

MASTER OF BUSINESS ADMINISTRATION

By

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DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

**Accredited with Grade “A++” by NAAC I 12B Status by UGC I
CATEGORY - 1 UNIVERSITY BY UGC I Approved by AICTE
JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI -600119**

Dec-2023



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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **DHINESH S (42410087)** who has done the Project work entitled **A STUDY ON THE FOREING DIRECT INVESTMENT IN INDIA** under my supervision from September 2023 to October 2023.

Dr. John paul.M

Internal Guide

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Head of the Department

Submitted for Viva voice Examination held on _____

Internal Examiner

external examiner

DECLARATION

I **DHINESH S (42410087)**. Hereby declare that the Project Report entitled “**A STUDY ON THE FOREING DIRECT INVESTMENT IN INDIA**” done by me under the guidance of **Dr.John paul.M ,M.B.A, MHRM, M.PHIL ,TN- SET, PhD., Associate Professor, Department of Management Studies** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration.

DATE: 21/12/2023

PLACE: CHENNAI

DHINESH .S

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ABSTRACT

This study has Previous literature has shown positive contributions of foreign direct investment (FDI) on the host countries' economic development. FDI helps to transfer technological know-how and high-quality management to host countries. As a result, benefits from inward FDI include job creation, increased productivity, and higher gross domestic product (GDP). Many researchers have explored the impacts of FDI in different economic sectors such as retailing, manufacturing, banking, and general service. As a result, this study will summarize all of past researches on this topic with the focus on educational sector. This paper will have strong policy implications that can provide the government policy makers knowledge to capture the benefits of FDI in the various sectors of the economy.

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CHAPTER -1

1.1 INTRODUCTION

The surge in flows of foreign direct investment (FDI) in the last two decades has had important effects on global value chains of production, developing countries and attitudes toward such investment. Attitudes toward FDI and experiences with it in developing countries affect host economy policies, which in turn affect subsequent experiences. Both, FDI policies and experiences as well as their perceived feedback, influence attitudes towards negotiating a multilateral framework for investment.

Distinguishing characteristics of FDI are its stability and ease of service relative to commercial debt or portfolio investment, as well as its inclusion of non financial assets in production and sales processes. Aside from increasing output and income, potential benefits to host countries from encouraging FDI inflows include the following:

(i) Foreign firms bring superior technology: The extent of benefits to host countries depends on whether the technology spills over to domestic and other foreign – invested firms.

(ii) Foreign investment increases competition in the host economy: The entry of a new firm in a non tradable sector may increase industry output and reduce the domestic price, leading to a net improvement in welfare.

(iii) Foreign investment typically results in increased domestic investment: In an analysis of panel data for 58 developing countries Bosworth and Collins (1999) found that about half of each dollar of capital inflows translates into an increase in domestic investment. However, when the capital inflows take the form of FDI, there is a near one-for-one relationship between the FDI and domestic investment.

(iv) Foreign investment gives advantages to terms of export market access arising from economics of scale in marketing of foreign firms or from there ability to gain market access abroad : Besides there contributions through joint ventures, foreign firms can serve as catalysts for other domestic exporters. The probability a domestic plant will export is positively correlated with proximity to multinational firms.

(v) Foreign investment can aid in bridging a host country's foreign exchange gap.

Foreign direct investment impacts on the growth and development of host countries in a variety of ways ranging from 'direct effects' on employment and training; through classical "multiplier effects" (e.g. workers use their wages to buy goods, which stimulates other industries) to "spill over" effects whereby indigenous firms acquire knowledge and technology from foreign firms through a variety of transmission mechanisms. If both labour and capital are fully employed before and after the capital movement, the total and average returns to capital increase while total and average returns to labour decrease in the source country.

While the country gains as a whole, income is redistributed from labour to capital. Meanwhile in the recipient country, income is redistributed from capital to labour, as total and average returns to capital decrease and total and average returns to labour increase. The result is potentially a win-win situation for the two countries.

Under full employment, a capital inflow that reduces the relative scarcity of capital and raises the productivity of labour in the host country can raise real wages across the board and reduce income disparity within the host country. However, the question of distribution also arises with respect to the sharing of gains between foreign capital and host countries' factor of production.

Many new foreign investments in developing countries are in process manufacturing because of lower labour costs, such as sports shoe factories across developing Asia. The host countries often import unfinished components and export finished goods or refined components for further processing elsewhere. While wages may rise across the board in host countries and reduce income disparity, in practice wages are likely to rise only for a small fraction of the labour force employed by the foreign investor. By creating a favoured local group, this can lead to greater income disparity within the host country. The result can be to improve the absolute and relative condition of workers within the favoured group, in process aggravating income inequality. Overtime, however, and given a conducive policy environment, linkages and leakages emerge creating a country reputation that influences other potential investors,

A capital inflow can lead to a rise in prices of nontradable goods and services relative to those of imported goods and services. If world demand for the country's export is perfectly price-elastic, the price of nontradables will rise relative to the price of exports as well. Consequently, the change will affect the returns to factors that are used intensively in either tradable or nontradable sectors.

Thus a capital inflow, reduced terms of trade effect may affect real income for any given level of real output, which may or may not be affected, when capital flows to an industry in which an existing firm has monopoly power in the world market, and increase in output from the new competition lowers the price of the exportable, thus reducing the terms of trade and potentially lowering welfare in the host country.

Under International Monetary Fund guidelines, FDI is defined when an investor based in one country acquires an asset in another country with the intent to manage that asset. This means the FDI inflows into a country by a foreign investor imply an objective of long commitment.

According to the IMF BPM5, Paragraph 359, FDI is the category of international investment that reflects the objective of a resident entity in one economy ('Direct Investor' or Parent Enterprises) obtaining a 'lasting interest' and controls an enterprise resident in another economy. (Direct Investment Enterprise). The two criteria incorporated in the notion of 'lasting interest':

- a. The existence of a long-term relationship between the direct investor and the enterprise and
- b. The significant degree of influence that give the direct investor and effective voice in the management of the enterprise.

According to the above criteria, Direct Investment Enterprises are those in which the foreign direct investor owns an amount of shares or voting power that allows him to participate effectively in the management of the enterprise or in its control.] The concept of lasting interest is not defined by IMF in terms of a specific time frame, [and the more pertinent criterion adopted is that of the degree of ownership in an enterprise]. The IMF threshold is 10% ownership of the ordinary shares or voting power or the equivalent for unincorporated enterprises. The OECD also recommends the 10% numerical guideline of ownership of ordinary shares or voting stock to determine the existence of a direct investment relationship. If the criteria are met, then the concept of FDI includes the following organizational bodies:

- a. Subsidiaries (in which the non-resident investor owns more than 50 percent);
- b. Associates (In which the non resident investor owns between 10 and 50 percent).
- c. Branches (Unincorporated enterprises wholly or jointly owned by the non-resident investor).

There could be cases in which a foreign investor controls a company even owning a rather small amount of shares or when an investor owns a significant amount of shares but does not have and effective voice in the management of the enterprise. The IMF BPM5 (paragraph 364) explains that "most direct investment enterprises are either branches or subsidiaries that are a rather small proportion of the universe".

1.2 Components of FDI

The BPM5 and the benchmark recommend that FDI statistics be compiled as part of balance of payment and international investment position statistics. Consequently, countries are expected to collect and disseminate FDI data according to the standard components presented in the BPM5. The concept of Direct Investment includes the capital funds that the direct investor provides to a direct investment enterprise as well as the capital funds received by the direct investment enterprises from the direct investor. It comprises not only the initial transaction establishing the relationship between them and among affiliated enterprises, both incorporated and unincorporated.

The components of Direct Investment constitute direct investment income, direct investment transaction and direct investment position, FDI flows are the sum of three basic components via, equity capital, reinvested earning and other capital associated with various inter-company debt transactions.

Equity capital constitutes the value of the MNC's investment in shares of an enterprise in a foreign country. Equity capital consists of non-cash, which again is in the form of tangible and intangible components such as technology fee, brand name etc. It comprises equity in branches, all shares in subsidiaries and associated (except non-participating preferred shares that are treated as debt securities). and other capital contributions. An equity capital stake of 10 percent or more of the Ordinary shares of voting power is an incorporated enterprise, or its equivalent in an unincorporated enterprise, is normally considered as threshold for the control of assets.

Reinvestment earnings consists of the sum of direct investor's share (in proportion to direct equity participation) of earnings not distributed as dividends by subsidiaries or associated, and earnings of branches not remitted to the direct investor. According to IMF guideline, these reinvested earnings are the part FDI inflows, and should be recorded as inflow on the capital account of host country's balance of payments.

Other direct investment capital (or inter-company debt transactions) covers the borrowing and lending of funds-including debt securities and supplier's credits between direct investors and subsidiaries, branches, and associates. In sum, direct investment capital

transactions include these operations that create or liquidate investments as well as those that serve to maintain, expand or reduce investment. The IMF definition FDI includes twelve different elements, namely : equity capital, reinvested earnings of foreign companies, inter company debt transactions including short-term and long-term loans, overseas commercial borrowings (financial leasing, trade credits, grants, bonds), non cash acquisition of equity, investment made by foreign venture capital investors, earning data of indirectly-held FDI enterprises, control premium, non-competition fee.

FDI flows are recorded on a net basis (capital account credits less debits between direct investors and their foreign affiliates) in the balance of payments accounts. The liabilities represent the source of funding, which covers loans, capital and reserves and the profits brought forward. The assets represent the use of funds that involves the act of investment by the company to acquire plant and machinery, real estate etc. FDI, defined in accordance with IMF guidelines, can take the form of existing local enterprise. Undistributed profits of the subsidiary figure in FDI accounts even though they may not strictly be used for investments. FDI flows with a negative sign indicate that at least one of three components of FDI (equity, capital, reinvested earnings or intercompany loans) is negative and is not offset by positive amounts of the other components. These are indications of disinvestments.

The IMF definition of FDI is based on source of capital funds from the point of view of the subsidiary in the host country, but not on the use of funds. In other words, these guidelines do not necessarily interpret investments in the sense of leading to immediate addition to productive assets like plant, machinery or capital stock. This is for the following reasons:

- a. Recorded inflows of new equity or debt into the host country may be destined for the purpose of buying up an existing firm or merging with one. Though counted as FDI in the statistics, this does not necessarily represent any immediate addition to plant and machinery or stocks;

- b. The profits of a subsidiary in a host country, whether those are repatriated or not, are nationally regarded as an outflow in the current account of the host country's balance of payments. At the same time, the portion of undistributed

profits which remain in the host country regarded as an Inflow of FDI from the home country to the host country and recorded as a notional inflow on the capital account of the host country's balance of payments. However, a subsidiary in a host country may use undistributed profits to buy financial assets or loan them to another enterprise for any use whatsoever and there will therefore have been into net addition to capital stock or inventories of the subsidiary or of the nation

Existing Definition of FDI in India:

FDI in India is defined in a way that does not conform to the international standard. This non-conformance of India's FDI definition to the IMF style has been left to underestimate the actual FDI inflows into the country, as it does not include several components, which are included in international reporting. FDI statistics in India are monitored and published by two official sources: (a) Reserve Bank of India (RBI) and (b) Secretariat for Industrial Assistance (SIA) in the ministry of commerce and industry. The finance and external affairs ministries also play part from time to time.

The RBI presents balance of payments statement in the RBI Bulletin and its Annual Report on monthly and annual report on monthly and annual basis, respectively, SIA's newsletter and SIA statistics. Total FDI is composed of those sanctioned by RBI, those through the SIA/FIPB (Foreign investment Promotion Board) route, the non-resident Indian (NRI) investment and the acquisition of shares.

There are striking elements of non-conformance between the IMF definition of FDI and that of FDI in India used by RBI for computational purpose. Some of the principle components that India excludes from the IMF definition while estimating actual FDI inflows are:

- Reinvested earnings by foreign companies (which are part of foreign investor profit that are not distributed to shareholder as dividends and are reinvested in the host country);

- Proceeds of foreign equity listings and foreign subordinated loan to domestic subsidiaries as part of inter-company (short and long term) debt transactions;
- Overseas commercial borrowings (financial leasing trade credits, grants, bonds) by foreign direct investors in foreign firms.
- Equity well over 20 percent in the form of American Depository Receipts (ADRs) and Global Depository Receipts (GDRs) held by foreign Institutional Investors

The FDI accounting procedure in India also emits non-cash acquisition of equity, investment made by foreign venture capital investors, earnings data of indirectly held FDI enterprises, control premium, non-competition fee etc. All of these accounts for a massive underestimation of FDI in India could be substantially enhanced.

With a view to aligning the FDI reporting system in India with the international computation standards and to updating the FDI inflows into the country, the Government of India had, in 2002, set up a joint committee comprising representatives from the RBI and the Department of Industrial Policy and Promotion (DIPP), under the chairmanship of the secretary of the DIPP, Mr. V. Govindarajan. The committee submitted the Report in the middle of November 2002, with following recommendation:

a. Collection of data in accordance with the international definition of FDI recommended by IMF;

b. Collection of data on 'reinvested earnings and other capital by overseas investors, which is presently not collected, through a survey by the RBI by making the reporting system mandatory for the companies through modification of the Foreign Exchange Management Act and the Industrial Development and Regulation Act.

c. Collection of data by RBI ON external commercial borrowings, suppliers, and trade credit between foreign enterprises and investment by unincorporated entries.

d. Devising a suitable reporting mechanism by the RBI in order to segregate related entry transactions for inclusion of external commercial borrowings,

supplier credit and trade credit between foreign enterprises and investment by unincorporated entities.

e. Collection of data on swaps from existing data with RBI.

1.3 Objectives of study

- The primary objectives of this project report are as follows:
- a. To analyze the trends and patterns of FDI inflows in India over the years.
- b. To assess the impact of FDI on key sectors of the Indian economy, including manufacturing, services, and infrastructure.
- c. To evaluate the government policies and regulations governing FDI in India and their effectiveness in promoting foreign investments.
- d. To understand the challenges and opportunities associated with FDI in India.
- e. To provide recommendations for enhancing FDI inflows and maximizing their positive impact on India's economy.

CHAPTER 2

LITERATURE OF REVIEW

Foreign direct investments (FDI) have fuelled the economic growth of developing countries (Edrak et al., 2014; Irbil, Hassan, & Rabat, 2012; Masron, Zulkafli, & Ibrahim, 2012).

Moreover, in the last few decades, the world has observed a rapid increase in both the flow and the stock of FDI as a result of globalization (Hill & McKaig, 2015).

FDI contributes to the economic growth of host countries in different ways including the transfer of technology, creating jobs, import substitutes, and expanding export volume (Chen, Melachroinos, & Chang, 2010).

Globalization is the force that integrates national economies around the world (Velde, 2005)

It also improves economic development (Iqbal et al., 2012)

Furthermore, globalization has led to significant increases in both the flow and the stock of FDI (Hill & McKaig, 2015)

FDI brings many benefits to the economies of host countries (Büthe & Milner, 2008)

FDI also fills in technological gaps and provides high-skilled labour as well as quality management (Masron et al., 2012)

As a result, FDI facilitates job creation, increases GDP, improves infrastructure, promotes competition, and increases the productivity of the host countries (Edrak et al., 2014). Yucel (2014) and Yildirim and Tosuner (2014) confirmed similar findings, stating that FDI helps to grow the economies of developing countries.

There are two major forms of FDI: Greenfield and Brownfield. As stated by Chen et al. (2010)

Greenfield FDI helps to increase capital stock, employment, and outputs; while Brownfield contributes to improving productivity (Chen et al., 2010).

Other researchers categorize FDI in a different way: horizontal FDI (market-seeking) and vertical FDI (efficiency-seeking; Masron et al., 2012)

A more comprehensive categorization of FDI includes natural resource-seeking, market-seeking, efficiency seeking, and strategic asset-seeking (Chen et al., 2010).

According to Büthe and Milner (2008), the flow of FDI is driven by political factors.

As stated by Wang and Wong (2011), to attract more FDI, the governments provide incentives such as tax breaks and low-interest loans to multinational enterprises (MNEs).

Since economic reform in 1986, the country has started to attract more FDI. FDI into Vietnam grew from 40,000 USD in 1986 to more than 16 billion USD in 2019 (The World Bank, 2021).

At the same time, FDI increases the demand for educated people (Yildirim & Tosuner, 2014).

According to Yildirim and Tosuner (2014), MNEs can also provide education and training to the host country.

Therefore, developing countries tried to attract foreign higher education institution to invest in their countries by setting up subsidiary centres (Velde, 2005)

CHAPTER 3

RESEARCH METHDOLOGY

3.1 METHDOLOGY

Research methodology simply refers to the practical “how” of any given piece of research. It’s about how a researcher systematically designs a study to ensure valid and reliable results that address the research aims and objectives

3.2 SOURCE OF DATA COLLECTION

The data required for the study is collected from both primary data and secondary data.

➤ PRIMARY DATA:

Questionnaire is main tool for collecting primary data. Questionnaire has been designed in a systematic manner covering adequate and relevant questions which covers all aspects of the study.

➤ SECONDARY DATA:

The background of the present study was collected from various sources which include Books, journals, website and other related research work.

3.3 SAMPLING TECHNIQUE:

Sampling technique is the technique used to select the sample size. Convenient sampling technique is used for this research. Investors were taken according to the convenience of the research study. The respondents are from various locations spread across the country.

3.4 SAMPLE SIZE:

The sample size of this study consists of 50 respondents. The respondents are from various locations spread across the region.

3.5 HYPOTHESIS:

- H0 - there is no significant difference between economic growth of country and foreign direct investment
- H1-- there is significant difference between economic growth of country and foreign direct investment.

3.6 STRUCTURE OF THE QUESTIONNAIRE:

The questionnaire follows a simple and basic layout. It is made easy for the participants to respond to the questionnaire without any delay or confusion. The set of question and the answer options present in the questionnaire are predetermined and are constructed by myself based on general questions regarding the main topic. The structure of questionnaire used in this project is as follows.

3.7 STATISTICAL TOOLS USED

The following statistical tools have been used to analyses and interpret the data

- ❖ Percentage analysis
- ❖ Correlation
- ❖ CHI SQUARE

CHAPTER 4

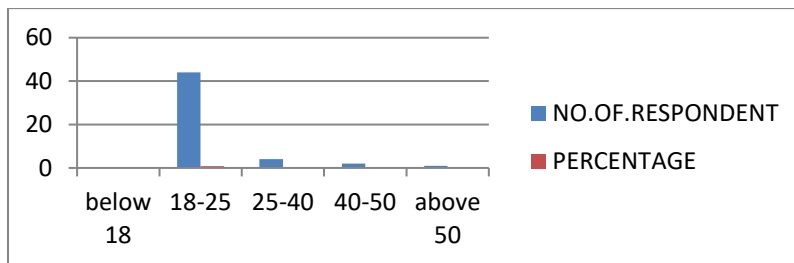
DATA ANALYSIS AND INTERPRETATION

The following consist of the data analysis and interpretation of my questionnaire

4.1 percentage analysis

AGE	NO.OF.RESPONDENT	PERCENTAGE
below 18	0	0
18-25	44	88%
25-40	4	7.80%
40-50	2	3.90%
above 50	1	2%

Chart no.4.1



Interpretation

From the above table, it is interpreted that 86.3 % of respondents are of age group 18-25, 7.8% of them belong to age group 25-40, 3.9% of them belong to the age group 45-50 and 2% belong to the group above 50

Inference

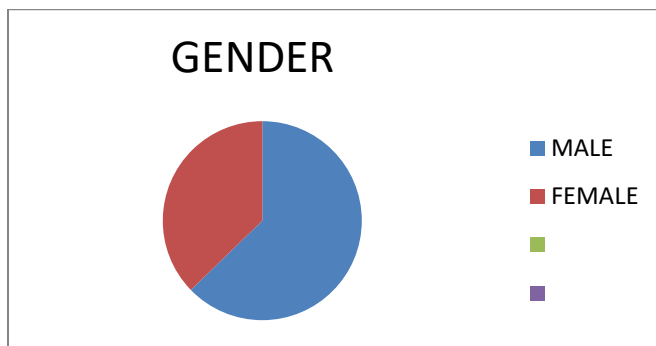
Majority (56.4%) of the respondents of my questionnaire belong to the age group 20-30

Table no.4.2

4.2 Gender wise classification of respondents

GENDER	NO.OF.RESPONDENT	PERCENTAGE
MALE	32	67.20%
FEMALE	19	37.30%

CHART NO .4.2



INTERPRETATION

From the above table, it is interpreted that 67.2% of respondents are of male category and 37.3% of them belong to female category.

Inference

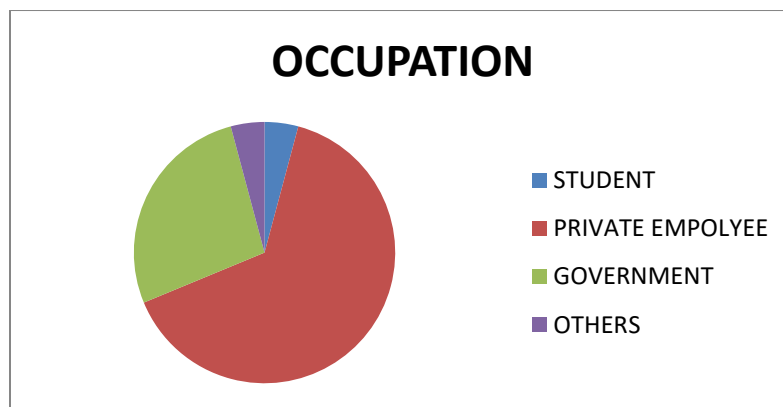
Majority (62.7%) of the respondents of my questionnaire are male.

TABLE NO 4.3

OCCUPATION OF THE RESPONDENT

OCCUPATION	NO.OF.RESPONDENTS	PERCENTAGE
STUDENT	33	64.70%
PRIVATE EMPOLYEE	13	25.50%
GOVERNMENT	3	5.90%
OTHERS	2	3.90%

CHART NO 4.3



Interpretation.

From the above table, it can be interpreted that out of the option given 764.7% of respondents are PRIVATE EMPOLYEE, 25.5% of the respondents are private employed, 5.9% of respondents are Government employee, and 3.9% of the respondents are others.

Inference

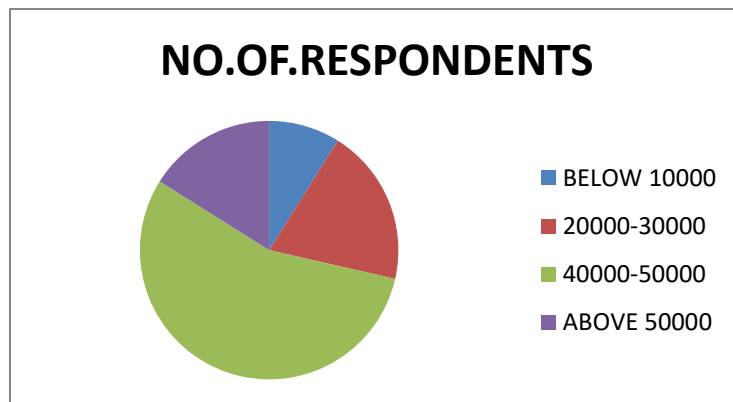
Majority (64.7%) of the respondents are PRIVATE EMPOLYEE

TABLE NO.4.4

Question based respondents

OPTION	NO.OF.RESPONDENTS	PERCENTAGE
BELOW 10000	5	9.80%
20000-30000	11	21.00%
40000-50000	31	60.30%
ABOVE 50000	9	9.80%

CHART NO.4.4



Interpretation.

From the above table, it can be interpreted that out of the option given 60.8% of respondents are earning below 40000rs monthly, 21.6% of the respondents earn 20000- 30000, 7.8% of respondents are earn 40000-50000, and 9.8% of the respondents are above 50000.

Inference:

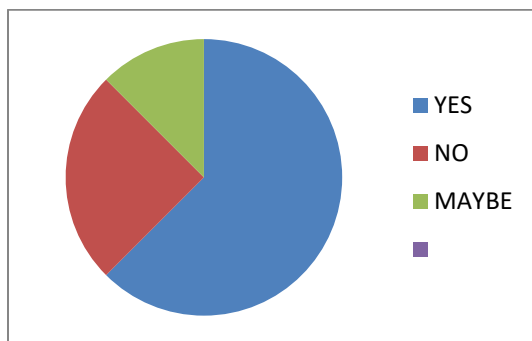
majority (60.8%) of the respondents' monthly income below 40000.

TABLE .4.5

Are you aware of foreign direct investment

OPTION	RESPONDENT	PERCENTANG
YES	25	36.10%
NO	10	12.5%
MAY BE	5	3.3%

CHART NO.4.5



Interpretation.

From the above table, it can be interpreted that out of the option given 96.1% of respondents are using direct investment , and 3.9% of the respondents are not using foreign direct investment.

Inference

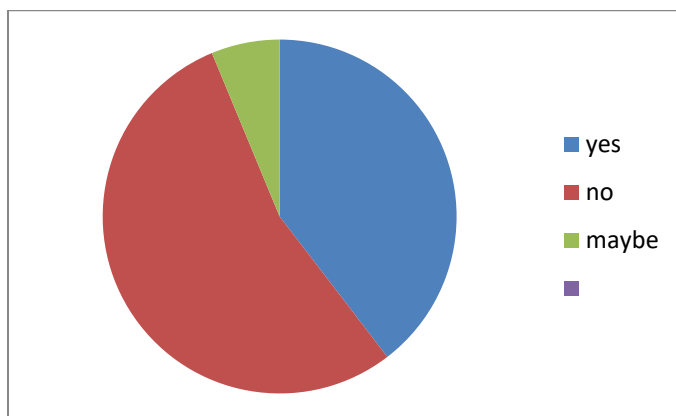
Majority (96.1%) of the respondents are agreed that they are using service foreign direct investment.

Table no .4.6

Have you done any foreign investment

option	respondent	percentage
yes	19	6.70%
no	26	42.30%
maybe	3	3.30%

CHART NO.4.6



Interpretation.

From the above table, it can be interpreted that out of the option given 96.1% of respondents are using direct investment, and 3.9% of the respondents are not using foreign direct investment.

Inference

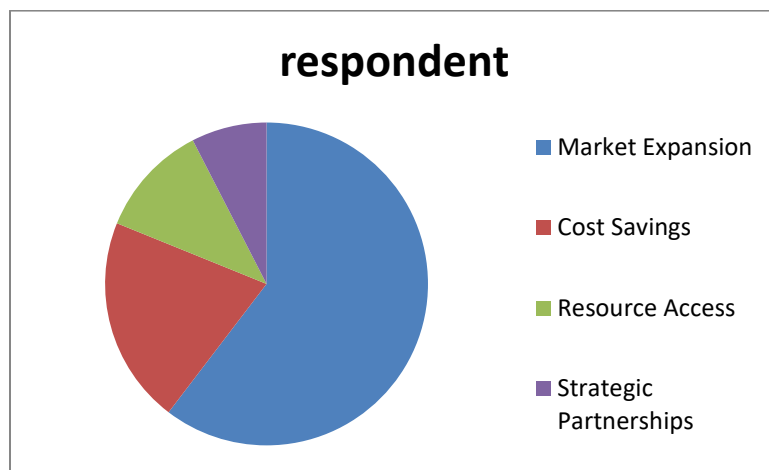
Majority (96.1%) of the respondents are agreed that they are using service foreign direct investment.

Table no .4.7

Purpose of Investment

option	respondent	percentage
Market Expansion	32	65.15
Cost Savings	11	21.35
Resource Access	6	2.30%
Strategic Partnerships	4	8.95

CHART NO.4.7



Interpretation.

From the above table, it can be interpreted that out of the option given 65.1% of respondents are using direct investment, and 3.9% of the respondents are purpose of investment

Inference

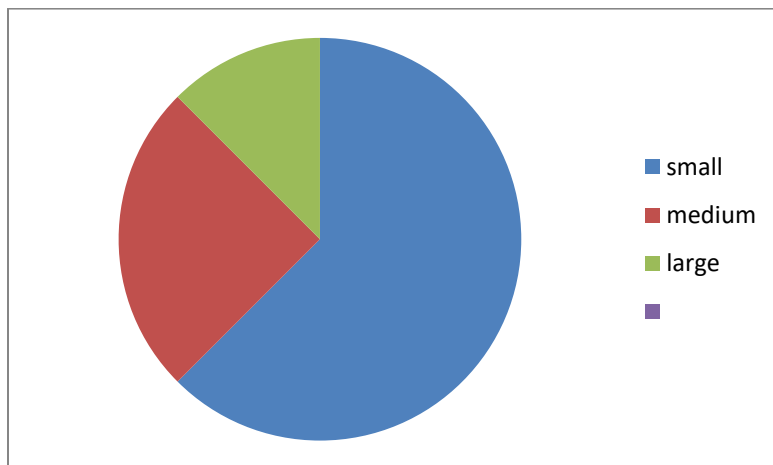
Majority (65.1%) of the respondents are agreed that they are using service foreign direct investment.

Table no .4.8

Investment Size

option	respondent	percentage
small	25	36.30%
medium	10	12.35
large	5	3.35

CHART NO.4.8



Interpretation.

From the above table, it can be interpreted that out of the option given 65.1% of respondents are using direct investment, and 3.9% of the respondents are purpose of investment

Inference

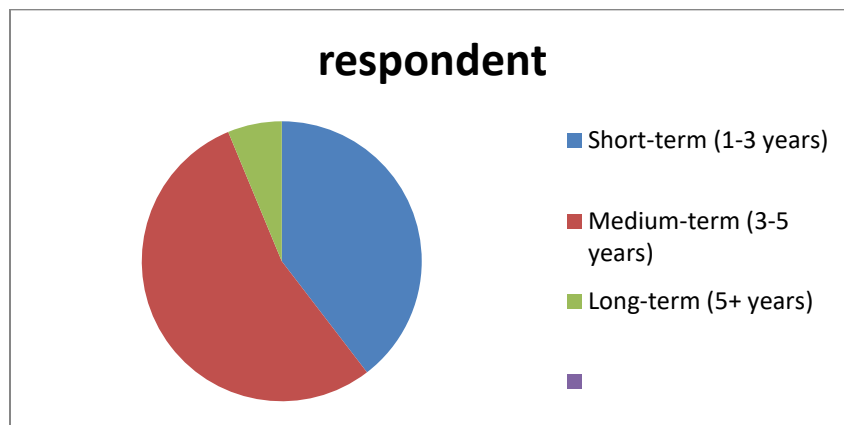
Majority (65.1%) of the respondents are agreed that they are using service foreign direct investment.

Table no .4.9

Investment Time Horizon

option	respondent	percentage
Short-term (1-3 years)	19	16.60%
Medium-term (3-5 years)	26	42.30%
Long-term (5+ years)	3	3.30%

CHART NO.4.9



Interpretation.

From the above table, it can be interpreted that out of the option given 45.1% of respondents are using direct investment, and 3.9% of the respondents are purpose of investment

Inference

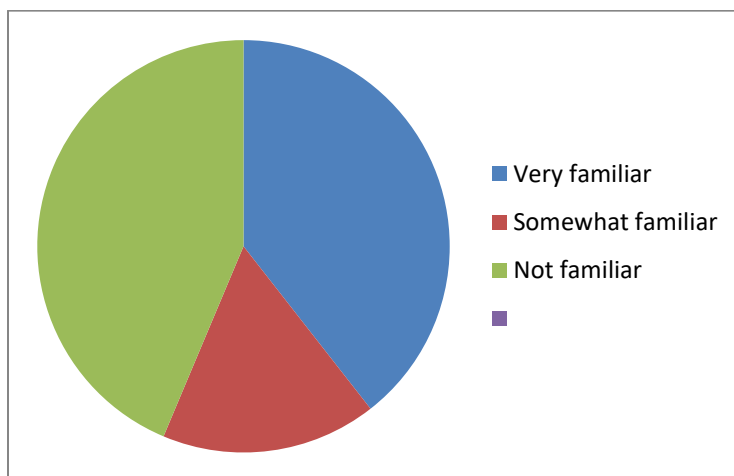
Majority (36.1%) of the respondents are agreed that they are using service foreign direct investment.

Table no .4.10

Funding Structure

option	respondent	percentage
Very familiar	28	33.50%
Somewhat familiar	12	12.10%
Not familiar	31	23.30%

CHART NO.4.10



Interpretation.

From the above table, it can be interpreted that out of the option given 45.1% of respondents are using direct investment, and 3.9% of the respondents are purpose of investment

Inference

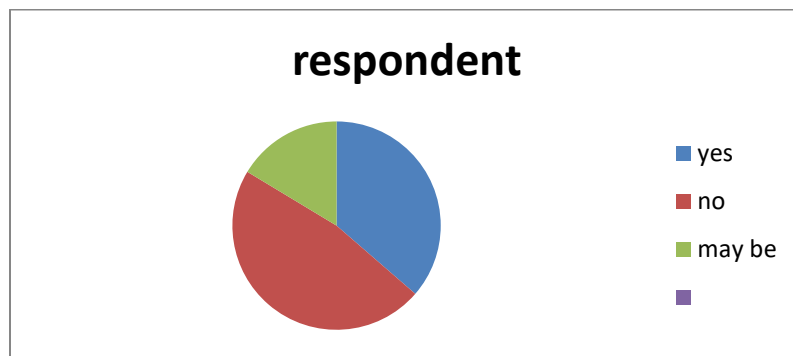
Majority (36.1%) of the respondents are agreed that they are using service foreign direct investment.

Table no .4.11

Does economic growth and development of country attract you toward FDI

option	respondent	percentage
yes	20	36.20%
no	26	23.80%
may be	9	6.50%

CHART NO.4.11



Interpretation.

From the above table, it can be interpreted that out of the option given 45.1% of respondents are using direct investment, and 3.9% of the respondents are purpose of investment

Inference

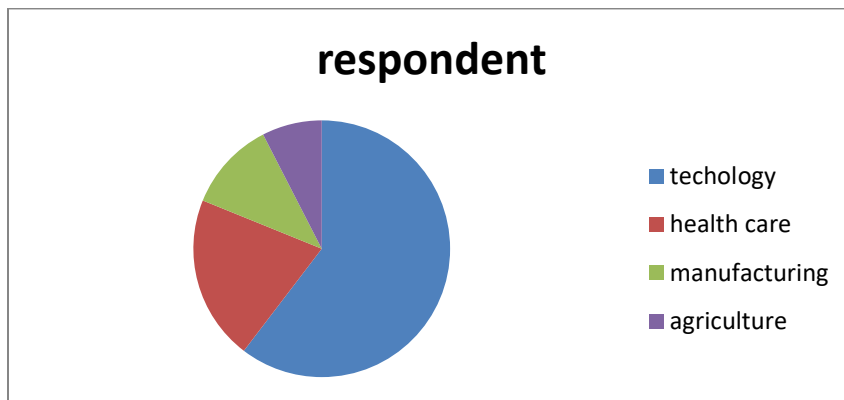
Majority (36.1%) of the respondents are agreed that they are using service foreign direct investment.

Table no .4.12

4.12 Target industry for investment

option	respondent	percentage
technology	32	65.50%
health care	11	21.30%
manufacturing	6	2.30%
agriculture	4	4.20%

CHART NO.4.12



Interpretation.

From the above table, it can be interpreted that out of the option given 45.1% of respondents are using direct investment, and 3.9% of the respondents are purpose of investment

Inference

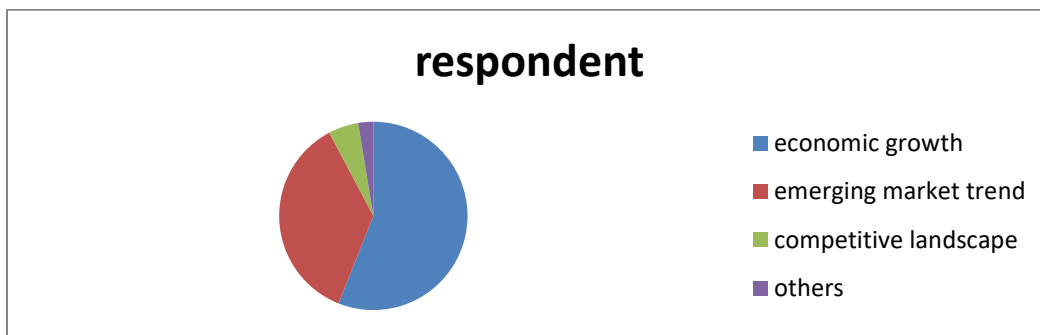
Majority (36.1%) of the respondents are agreed that they are using service foreign direct investment.

Table no .4.13

4.13 Which market trend and opportunities you prefer

option	respondent	percentage
economic growth	65	56%
emerging market trend	42	25%
competitive landscape	6	12%
others	3	3.30%

CHART NO.4.13



Interpretation.

From the above table, it can be interpreted that out of the option given 45.1% of respondents are using direct investment, and 3.9% of the respondents are purpose of investment

Inference

Majority (36.1%) of the respondents are agreed that they are using service foreign direct investment.

Table No.4.14 CORRELATION

CHI SQUARE :

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Are you aware of foreign direct investment * Investment Time Horizon	59	100.0%	0	0.0%	59	100.0%

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	90.139 ^a	9	.000
Likelihood Ratio	81.226	9	.000
Linear-by-Linear Association	45.182	1	.000
N of Valid Cases	59		

12 cells (75.0%) have expected count less than 5. The minimum expected count is .08.

CORRELATION

Correlations			
		Are you aware of Foreign direct investment	Purpose of Investment
Are you aware of foreign direct investment	Pearson Correlation	1	.846**
	Sig. (2-tailed)		.000
	N	59	59
Purpose of Investment	Pearson Correlation	.846**	1
	Sig. (2-tailed)	.000	
	N	59	59

** . Correlation is significant at the 0.01 level (2-tailed).

CHAPTER 5

FINDINGS, SUGGESTIONS, CONCLUSION

5.1 FINDINGS

- 1) Majority of the respondents of my questionnaire belong to the age group 30-40
- 2) Majority of the respondents of my questionnaire are male.
- 3) Majority of the respondents are private employee.
- 4) Majority of the respondents of my questionnaire annual income level less than Rs1 lakh.
- 5) Majority of the respondents are above aware of foreign direct investment
- 6) Majority of the respondents are didn't no foreign direct investment
- 7) Majority of the respondents are using cost saving
- 8) Majority of the respondents investment size medium
- 9) Majority of the respondents Investment Time Horizon medium term
- 10) Majority of overall opinion about foreign direct investment now
- 11) Majority of the respondents are time for satisfied the invest
- 12) Majority of the respondents are satisfied with the foreign direct investment

5.2 SUGGESTION

According to previous studies by other researchers, India has been able to attract huge amount of FDI only in the post-reform period, that is, since July 1991. However, it cannot be denied that it is still lagging behind many other developing nations based on the quantum of FDI inflows in respect of its size. Hence, it is recommended to shift the focus more to the long-term development of the country rather than its short-term growth. In the context of FDI, the government is suggested to further liberalise the

foreign direct investment policies and make India more investment-friendly. It cannot keep relying upon a handful number of nations; rather it should look for multiple opportunities. At the same time, it can look for possible sectors where foreign investors can enter through automatic route and formulate policies favourable for investments in other sectors alongside service sector.

5.3 CONCLUSION

Trends are just relative numbers which might differ from that of the original numbers. It only shows the relation in the form of percentage growth over last year whereas the foreign direct investment keeps on coming into the economy. There can be many factors responsible for such variations in the trends of foreign direct investment inflows like economic, institutional and political factors. These factors include economic growth of the country, market size, resource location, return on investment, inflation, government regulation, political stability, tax policies and foreign exchange rate among others.

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5. Patil, D. and Kadam, S. (2014). Effects of FDI on Indian Economy: A Critical Appraisal. Journal of Economics and Sustainable Development, 5(19).

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- (a) www.ibef.org
- (b) www.statisticstimes.com
- (c) www.coursehero.com
- (d) <https://witanworld.com>
- (e) <https://taxguru.in>
- (f) www.nso.gov.pg
- (g) <https://dipp.gov.in>

QUESTIONNAIRE

1. name

2. gender

Mark only one oval.

☐ male

☐ Female

☐ Prefer not to say

3. age

Mark only one oval.

☐ below 18

☐ 18-25

☐ 25-30

☐ 35-45

☐ 45 above

4. occupation

Mark only one oval.

- ☐ student
- ☐ teacher
- ☐ doctor
- ☐ employee
- ☐ others

5. monthly income

Mark only one oval.

- ☐ 10000-20000
- ☐ 20000-30000
- ☐ 30000-40000
- ☐ 40000 above

6. Are you aware of foreign direct investment?

Mark only one oval.

- ☐ yes
- ☐ no
- ☐ maybe

7. Have you done any foreign investment?

Mark only one oval.

☐ yes

☐ no

☐ maybe

8. . Purpose of Investment

Mark only one oval.

☐ Market Expansion

☐ Cost Savings

☐ Resource Access

☐ Strategic Partnerships

9. Investment Size

Mark only one oval.

☐ small

☐ medium

☐ large

10. Investment Time Horizon

Mark only one oval.

- ☐ Short-term (1-3 years)
- ☐ Medium-term (3-5 years)
- ☐ Long-term (5+ years)

11. Funding Structure

Mark only one oval.

- ☐ Equity
- ☐ Debt
- ☐ Joint Ventures
- ☐ Other

12. Familiarity with Foreign Investment Regulations

Mark only one oval.

- ☐ Very familiar
- ☐ Somewhat familiar
- ☐ Not familiar

13. Does economic growth and development of country attract you toward FDI?

Mark only one oval.

- ☐ yes
- ☐ no
- ☐ may be

14. target industry for investment

Mark only one oval.

☐ technology

☐ health care

☐ manufacturing

☐ agriculture

15. which market trend and opportunities you prefer

Mark only one oval.

☐ economic growth

☐ emerging market trend

☐ competitive landscape

☐ others

16. suggestion