IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)
An International Open Access, Peer-reviewed, Refereed Journal

Pattern of FDI Inflows and Its Impact On Economic Growth In India

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Abstract: Foreign direct investment (FDI) plays an important role in resource mobilization and brings the latest technology. FDI inflows into different sectors of the economy are one of the most essential instruments for the growth of an economy because it leads to employment, export, import substitutions, creates a favourable balance of payment etc. It also fills the gap between investment and saving. India is a developing country, and it needs massive investment in various sectors of the economy to accelerate economic growth. In the present era of globalisation, liberalization and privatisation, the role of foreign direct investment cannot be ignored. The developing countries have opened their economy to FDI. The Indian economy opened for FDI after 1991. Before that, the growth rate of India was meagre and after opening the economy, there has been a significant increase in the growth rate, and it reached 6 to 7 per cent up to 2021-22. With this aim in mind, the present study has been undertaken to determine the impact of foreign direct investment inflows and their effects on the economic growth of the Indian economy.

Index Terms - Balance of Payments, Economy, FDI, Growth Rate.

I. INTRODUCTION

Foreign Direct Investment is the investment of a country's domestic assets in overseas structures, equipment, and organisations, but does not include stock market investments. FDI refers to long-term investment by a resident entity in one country (Direct Investor) in an entity resident in a country other than the investor's (Direct Investment Enterprise). Permanent interests denote the maintenance of a long-term relationship between the direct investor and the firm, as well as a high degree of influence over an enterprise's management. Direct investments comprise both the preliminary contract between the two businesses and any future capital transfers between them and among related enterprises, both incorporated and unincorporated. FDI is an entity (an institutional unit) in one economy that has directly or indirectly bought at least 10% of the voting power of a corporation (business) or the equivalent of an unincorporated business in another economy. According to the Balance of Payment Manual by the International Monetary Fund (1993), "FDI refers to an investment made to acquire a lasting interest in enterprises operating outside of the economy of the investor". The United Nations Conference on Trade and Development (UNCTAD,2008) defines FDI as an investment involving a long-term relationship and reflecting a lasting interest and control by a resident entity in one economy (foreign investor or parent enterprise) in an enterprise resident in an economy other than that of the foreign direct investor.

Foreign Direct Investment: FDI has gained relevance when economies expand beyond their local resources' capabilities. It's progressed beyond investing in fixed assets to acquiring a company's management. Initially, FDI was described as a corporation from one country constructing a plant in another. In contrast to direct investments in buildings, machinery, and equipment, indirect investments include buying business shares. Rapid development and change in global investment patterns have widened the term to encompass the purchase of an enduring managerial stake in a company or operation beyond the investing firm's native nation. (Altzinger et al., 2019; Amal &Tomio, 2014; Bruno et al., 2018; Stoian & Mohr, 2016). As such, it might be a direct acquisition of a foreign firm, facility, or structure. It may also include a joint venture or strategic collaboration with a local firm, as well as technology or intellectual property licensing. Over the last decade, FDI has aided in the internationalization of businesses. FDI has varied in volume, breadth, and methods in response to technical improvements, liberalization of the national legal framework governing firm investment, and changes in capital markets. New information technology and lower global communication costs have simplified FDI management. The liberalization of trade policy and tariffs, the relaxation of limitations on foreign direct investment (FDI) and acquisition in many countries, and the deregulation and privatisation of numerous industries have likely been the most significant catalysts for FDI's growing involvement in recent years. These developments have happened internationally during the last decade.

Forms of Foreign Direct Investment

Foreign direct investment is an investment that is made in a company to get a strategic stake in it. Still, foreign direct investment is about a country staying in another region for a long time. This usually involves ownership, a joint venture, the transfer of technology, and the sharing of knowledge. Foreign direct investment can take the form of a greenfield investment, a brownfield investment, a merger and acquisition, or a joint venture.

Greenfield Investment: Greenfield investments are developments in a factory, workplace, or other physical facility or collection of buildings associated with a business in an area with no existing installations. Greenfield Investing is frequently referenced in the context of Foreign Direct Investment. Green space investments are increasing as global firms and rising nations create new facilities. Greenfield investment is the primary goal of the host nation since it creates new goods and jobs, transferable technology and skills, and can lead to a global market link. Developing countries frequently provide potential entrepreneurs with tax breaks, subsidies, and other sorts of greenfield investment incentives.

Brownfield Investment: Investing in brownfields is lawful, but it eliminates all of the plants and equipment, personnel, and product lines. This is the inverse of a Greenfield investment. This is also a global investment approach. Brownfield's main disadvantage is that its design and operational performance are frequently impeded by existing constraints and the greater potential of cost overruns.

Merger & Acquisition: Mergers and acquisitions are a subtype of FDI. A merger between two corporations that results in the formation of a new entity is referred to as an acquisition, whereas the purchase of one corporation by another corporation does not result in the formation of a new firm. In this manner, foreign companies can acquire a local corporation or combine it with one. When it comes to buying losses and getting market access, M&A transactions are less expensive than greenfield purchases.

Joint Venture: A joint venture is another typical type of foreign direct investment. One of the most successful ways to enter a new market is through an international joint venture. A joint venture can be formed between a business in the host country, a government institution in the host country, and a corporation from any other country. A joint venture arises when two or more parties agree to pool their resources to carry out a certain task. Each party is responsible for its revenues, losses, and expenses under this arrangement.

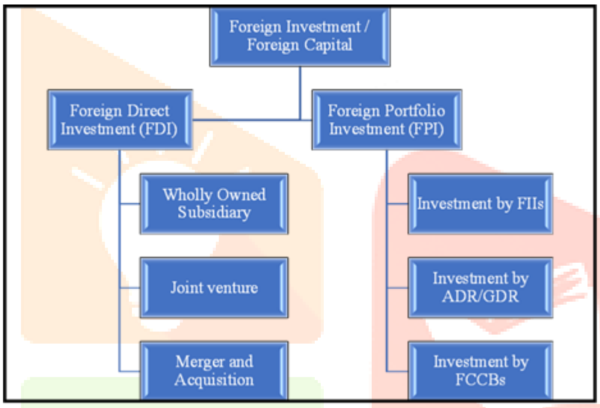


Fig – 1: Various types of FDI Inflows (Source: compiled by author)

Relationship between FDI and economic growth

Sustainable economic growth is a significant influence on the investment rate, which is in effect, mainly influenced by the flow of foreign direct investment. FDI is a crucial flow of capital to cover the gap between expenses and savings. International trade and foreign direct investment are the driving forces of economic growth. All anxiety about the potential negative growth impact of FDI indicates that specific considerations are crucial to ensure a positive impact which does not ignore adverse effects. At the moment, the balance seems to be creating a comfortable environment between the FDI inflow and economic growth. Several analytical studies have been done to produce useful results regarding the causal relationship, effects and determinants of FDI to economic growth. Foreign Direct Investment has been shown to cause economic growth, reverse some linkages and, in certain situations, have no connection. Recent empirical studies suggest that the FDI's impact on economic growth does not rely, as previously predicted, on country-specific variables.

Variables used in this study

GDP: The phrase "gross domestic product" (GDP) refers to the total amount of money or market value represented by all completed goods and services produced within a country's boundaries at a given moment in time.

Per Capita GDP: An economic metric known as the GDP per capita evaluates the level of a nation's economic production about the size of its population. The GDP of the nation is divided by the total number of people living in the nation to arrive at this figure. Because it enables them to evaluate the economic success of a nation regardless of population size, economists use the GDP per capita as a metric for wealth.

II. REVIEW OF LITERATURE

Girish et al., (2022) studied that electricity consumption, economic growth, and FDI in India are all interconnected due to the liberalisation of FDI in India's vital utilities sector. The research paper shows light on the electricity sector in India and the rules governing FDI from a policymaker's perspective. The study finds that policies should help power providers offer the best possible service to commercial and residential customers in order to boost economic growth and India requires world-class infrastructure, efficient and fair regulatory processes, rising living standards across all socioeconomic strata, a healthy, business-friendly environment, and a consistent government to achieve its economic growth goals.

Kumar et al., (2022) examine the floods' influence on India's economic growth from 1980 to 2019, taking into consideration FDI and foreign aid. Floods, FDI, economic growth, and foreign aid have a long-term association, according to the study. The ARDL and FMOLS models show that floods decreased the India's economy in long-term and short-term. Economic growth also benefits from FDI and foreign aid. According to the study, the Indian Government should invest more in flood management research and development. Institutional strengthening is needed to adequately implement pre- and post-flood protection measures. Disaster funding and water management should be prioritized. Strengthening international connections encourages foreign investment.

Ling et al., (2021) studied the relationship between increasing levels of FDI and the growth of economies in developing countries. The outcomes of the study indicate that positive contributions to economic growth made by FDI. The quantity of direct investments from overseas will increase, which will lead to an acceleration of the rate at which emerging economies expand their economies. The study demonstrated that there is a negative relationship between the rate of unemployment and the rate of economic growth and FDI and economic growth in developing countries go hand in hand, which is a positive correlation.

Song et al., (2021) investigated the influence of income disparity on remittances, FDI, and economic development. According to the study, income disparities generated by financial development and relationship between economic growth. The study finds that in long-run elasticities, FDI inflows and remittances enhance income disparity while diminishing economic growth and economic progress generates income disparities in a one-way fashion. The study suggested that policymakers should develop ways for efficiently leveraging remittances and FDI inflows to reduce income disparities in emerging nations.

Goh et al., (2020) FDI inflows are commonly seen as the engine of economic growth, with higher levels of FDI resulting in improved productivity and more international trade. It is critical to remember that economic downturns, political turmoil, and trade tensions can all have an impact on the volatile character of foreign direct investment. The study discovered significant evidence supporting the uneven effects of FDI inflows on the economic growth of Asian rising economies. A rise in FDI inflows is related with higher economic development, whereas a fall in FDI inflows is associated with slower economic growth and rise in both the human capital index and the capital stock is beneficial to the host country's economy.

K Rajamannar (2020) reports that FDI is a long-term investment by a foreign investor in one country and another economy. The value of a parent company's capital, reserves, and net liabilities from overseas affiliates is called FDI. India was rated 10th by UNCTAD in 2017 for FDI inflows, making it one of the top investment destinations, according to the survey.

Puri (2020) reported that FDI has aided economic growth in various countries. The impact of FDI flows into India and its neighbours on economic growth has been varied compared to other Asian countries. The present study looked at FDI into the Indian subcontinent and its neighbours, including Pakistan, Nepal, Bangladesh, and Sri Lanka, as well as the link between FDI and GDP (GDP). The findings suggested that the varied economic strategies of the individual nations explained the diversity in the flow and that there was a correlation between FDI and GDP. In all circumstances, FDI helps the nations under investigation expand economically.

Michael Asiamah et al., (2019) studied that FDI is highly valued for policymakers, investors, the financial industry, and the public. FDI has been more important to Ghana's economy in recent years. The study finds that there was cointegration between FDI and its predictors. In both the long-term and short-term outcomes, the inflation rate, currency rate, and interest rate had a negative influence on FDI in Ghana, but GDP, electricity output, and telephone usage had a positive impact.

Ramar et al., (2019) reported that FDI boosts a nation's economy over time. To attract greater FDI, India needs new legislation and better corporate governance. The research found that poor FDI is due to a lack of sufficient infrastructure, rising corporate tax rates, EPZ sector shortages, communication gaps etc.

Sharma, A. K., & Kumari, R. (2018) studied that there is a correlation between the health of the people and FDI and economic growth in India from 1990 to 2013. The study finds that positive correlations between population health and GDP have been discovered and study show that the health of India's population has a long-term correlation with both incoming FDI and GDP growth between the years of 1990 and 2013.

Stefan Tewes et al. (2018) report that the study intends to investigate the impact of FDI on Cambodian economic growth. It is usually assumed that FDI results in the transfer of technology, labour training, and, more broadly, the overflow of both human skills and technological benefits. The study's findings are both intriguing and consistent with earlier studies on the relationship between economic progress and FDI.

Anitha. R (2015), in her article entitled “FDI and Economic Growth in India" examined FDI flows following liberalisation. FDI inflows are expected to rise from 2010 to 2015. The author employed the ARIMA forecasting approach. This study measured FDI-related metrics. Identifying low inflows and offering remedial measures to increase FDI in India and other emerging markets across the world. She encouraged India to adopt innovative policies and good corporate governance processes in line with international standards to attract more foreign capital in all sectors of the economy and develop a smart economy.

Tripathi, V., Seth, R., & Bhandari, V. (2015), FDI has aided India's financial stability, prosperity, and progress. GDP has increased since India allowed FDI. The global financial crisis of 2008 was opposed by FDI. India's rapidly growing consumer market, easy access to neighbouring countries, low-cost basic inputs, well-developed and stable banking system, and investor-friendly legislation has all drawn foreign direct investment. Domestic market reforms must be driven by policymakers and regulators to attract FDI. Foreign investors seek stable, transparent rules to protect their cash from the risk of instability. Investor confidence in the domestic market increases FDI inflows since FDI and profitability are strongly connected.

Zakari et al. (2012), indicated the relevance of FDI on EG, connecting African and Asian nations. The research examined data from 30 African and Asian countries from 1990 to 2009. The Hausman test selected the optimal model measurement among OLS, Fixed Effects, and Random Effects. They studied aggregate data first and then disaggregated it by Africa and Asia to determine the regional consequences of FDI on EG. The author discovered that FDI had a beneficial impact on GDP growth in Africa and Asia. They discovered one-way causality for Africa but not for Asia. The authors discovered that FDI promoted economic growth and recommended greater economic openness, infrastructure investment, and political commitment to fighting corruption.

Sharma et al (2016), there is a favourable correlation between FDI and economic indicators (inflation, the deficit in BOP, GDP etc.). According to their research, FDI is a key indicator of India's post-liberalization growth. From 1991 to 2015, services made up 17.03 per cent of GDP. By region, Mumbai attracts 29% of FDI, followed by Delhi and Chennai.

According to **Kirthika et al. (2014)**, there is a link between FDI and economic expansion. The paper concentrated on both descriptive and analytical research methodologies. The research concentrated on10 years, from 2003 to 2013. The authors offered convincing proof for the idea by using the CAGR and they discovered that when GDP is paired with FDI inflows, the economy shifts in the direction of FDI inflows (Coefficient of 0.87%) and that the same holds for GNP. However, the connection between FDI influx and BOP drop is 0.46.

Vyas (2015), The study examined FDI inflows to India by sector, country, and location and discovered that it creates jobs for qualified individuals, aids in the construction of infrastructure, and has high growth. Foreign investment in retailing and real estate has slowed. Mumbai received the maximum FDI, 29%. Mauritius is at 1place, followed by Singapore, Japan, and the UK. To improve FDI influx, this analysis advises flexible labour regulations, re-examining sectoral restrictions, and eliminating geographic FDI disparities.

III. OBJECTIVES OF THE STUDY

In this study, the focus is on the following objectives,

1. To examine the trend in Indian foreign direct investment;
2. To study the pattern of FDI flows into various Industries/Sectors of the Indian Economy; and
3. To analyze the FDI's impact on Indian economic growth.

IV. RESEARCH METHODOLOGY

The present paper is an observational methodology to determine the effect of foreign capital inflows in India and their influence on economic growth. The research seeks to quantify the impact of FDI on economic growth in India.

Data collection period and sources: The research paper is depending on secondary data has been collected from 2000 – 01 to 2021 – 22 from the government websites like the RBI and the Ministry of Finance.

Hypotheses

The following null hypotheses were formulated to find the statistical significance of the study objectives.

1. There is no significant relation between FDI and GDP.
2. There is no significant relation between FDI and Per capita GDP.
3. There is no significant influence of FDI on GDP and Per capita GDP.

Statistical tests: For analysis of collected data, regression analysis was employed to find the correlation and impact of the dependent variables on independent variables.

V. RESULTS AND DISCUSSION

In this section, an attempt has been made to analyze i) an 'Outlook of FDI inflows into the country, ii) Country wise break–up of FDI in India, iii) The sector-wise inflow of FDI and iv) the influence of GDP on FDI was also analyzed with the help of statistical tools and graphical presentations, and then FDI inflows from various countries were analyzed.

Outlook of FDI inflows: The flow of FDI was moving at a slow pace up to the year 2006. The FDI inflows were fluctuatingfrom2001 to 2007. Due to the global economic crisis in 2007, foreign investments were in a tremble. The strong economic fundamentals and controlled privatization has been able to maintain a satisfactory level of inflow of FDI. The global financial crisis has had little impact on the Indian economy. The government of India launched "Make in India" in the mid of 2014 to attract more FDI. As expected, economic recovery gains ground, and FDI inflows are likely to maintain an upward trend from 2013 onwards. The flow of FDI in India has been showing a rising trend despite year-wise fluctuations. The gross total inflow of FDI increased at an annual compound growth rate of 22.19percentin the first half and 9.25% in the second half. The R square value shows a 91.15per cent variation in FDI during this period with an F -value is 206.01, which is significant at at 5 per cent level of significance. The growth rate of the overall study period was 25.54per cent. It seems that India will become a favourite destination in future.

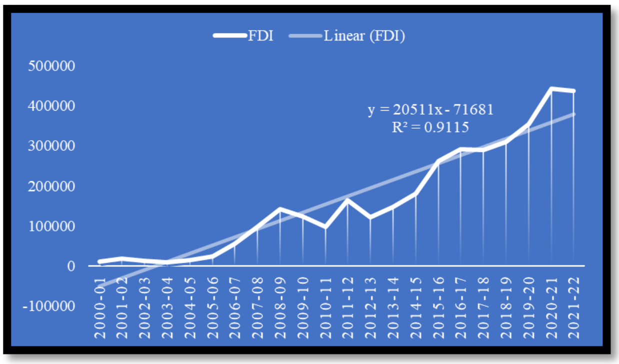
Table - 1: The outlook of FDI inflows into the country (INR crores)

S No	Year	FDI	Growth Rate	CAGR
1	2000-01	10733	-	22.19%
2	2001-02	18654	73.80%	
3	2002-03	12871	-31.00%	
4	2003-04	10064	-21.81%	
5	2004-05	14653	45.60%	
6	2005-06	24584	67.77%	
7	2006-07	56390	129.38%	
8	2007-08	98642	74.93%	
9	2008-09	142829	44.80%	
10	2009-10	123120	-13.80%	
11	2010-11	97320	-20.96%	
12	2011-12	165146	69.69%	9.25%
13	2012-13	121907	-26.18%	
14	2013-14	147518	21.01%	
15	2014-15	181682	23.16%	
16	2015-16	262322	44.39%	
17	2016-17	291696	11.20%	
18	2017-18	288889	-0.96%	
19	2018-19	309867	7.26%	
20	2019-20	353558	14.10%	
21	2020-21	442569	25.18%	
22	2021-22	437188	-1.22%	
Total FDI		**3612202**	**Avg. Growth Rate**	**25.54%**

Trend Equation	
Constant Value	-71681
Reg. Coefficient	20511
R - Square	0.9115
F - Value	206.01
P - Value	0.00

Source: Various newsletters from 2000 to 2022 extracted http://dipp.gov.in/

Calculated@5 percent LoS.



Graph - 1: Graphical representation of FDI Inflows

Country-wise break–up of FDI in India: It appears that severe competition for FDI is going place all around the world. Foreign direct investment (FDI) is the transfer of money into or out of a country for the goal of profit in the host country's economy. This sort of investment is often preferred over other types of external funding since it does not result in the formation of new debt, it is not susceptible to market swings, and the investors' rewards are reliant on how successfully the project they sponsored in the host nation performs. An attempt has been made here to categorise FDI in India based on the various nations that have contributed. The break-up of FDI inflow in India based on the top ten countries has been given in table 2.

Table - 2: Top ten country-wise FDI inflows from April 2000 to March 2022

Ranks	**Country**	**Amt. in Rupees Crores/Amt. in USD Million**	**Cumulative inflow (Apl, 00 – Mar 22)**	**%age to total inflow (in USD)**
1	MAURITIUS	Rupees Crores	907547	27%
		USD Million	157742	
2	SINGAPORE	Rupees Crores	857024	22%
		USD Million	130967	
3	U.S.A.	Rupees Crores	357248	9%
		USD Million	54151	
4	NETHERLANDS	Rupees Crores	263594	7%
		USD Million	41261	
5	JAPAN	Rupees Crores	221733	6%
		USD Million	36942	
6	U.K.	Rupees Crores	177848	5%
		USD Million	31902	
7	CAYMAN ISLANDS	Rupees Crores	99010	2%
		USD Million	14153	
8	Germany	Rupees Crores	79276	2%
		USD Million	13591	
9	UAE	Rupees Crores	80643	2%
		USD Million	12225	
10	CYPRUS	Rupees Crores	62567	2%
		USD Million	11367	
TOTAL FDI EQUITY INFLOW FROM ALL COUNTRIES		Rupees Crores	3612201	-
		USD Million	588528	

source: www.rbi.gov.in

Mauritius has been the most significant contributor to FDI investors in India. The FDI that came from or through Mauritius amounted to the US $ 1, 57,742 million, it accounted for around one-fourth of the total FDI inflow in India. Similarly, Singapore, with US $ 1,30,967 Million, has been recording the second largest contributor of FDI in India. It contributed around one-fifth of the total FDI in India. These two countries accounted for around half of the total FDI in India. These two countries enjoy Double Taxation avoiding agreement (DTAA) with India as pointed out earlier and are, Therefore, preferable routes of FDI. The other essential countries are providing FDI in India in descending order U.S.A, NETHERLANDS, JAPAN, U.K, CAYMAN ISLANDS, Germany, UAE, and CYPRUS. From the above analysis, we have concluded that in the total inflows of FDI top ten countries invest 78 percent of FDI in India and the remaining 133 countries' investment which is accounted for 22per cent.

The sector-wise inflow of FDI: Since the initiation of the economic liberalization process in 1991, the service sector and other sectors such as construction development, telecommunication, computer software and hardware, drugs and pharmaceuticals, automobile, chemicals etc. have attracted a considerable amount of foreign direct investment in India. In the changing economic climate, India offers business opportunities for FDI in virtually every sector of the Indian economy. The sector-wise breakup of FDI in the top ten sectors in India has been given in Table 3 from April 2000 to March 2022.

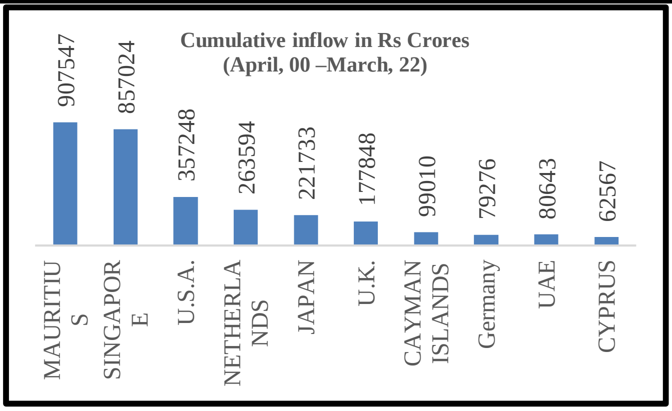


Fig- 2: Top ten country-wise FDI inflows from April 2000 to March 2022

The service sector has attracted a maximum amount of FDI in India with the US $ 94195 million (16%) during this period. Computer Software & Hardware with US $ 85,517 million (14%) has been the next important sector for FDI. Other important sector are telecommunications with US $38 331 million (7%), construction development: (townships, housing, built-up infrastructure, and construction - development projects) with US $26209 6million (5%), trading with US $34741 million (6%), automobile industry with US $32842 million (6%), chemicals (other than fertilizers) with US $ 19405 million (3%), drugs & pharmaceuticals with US $19405 million (3%), construction (infrastructure) activities with US $27969 million (5%) and Metallurgical industries with US $ 17015 million (3%). Thus, FDI has been widely dispersed among different sectors of the economy. The detailed analysis of sector-wise composition is analysed in the following sections.

Table - 3: Sectors Attracting Highest FDI Equity Inflow

Ranks	Sector	Amt. in Rupees Crores/ Amt. in USD Million	Cumulative inflow (April, 00 – March 22)	% age to the total inflow (In terms of USD)
1	Services sector *	Rupees Crores	562438	16%
		USD Million	94195	
2	Computer software & hardware	Rupees Crores	578060	14%
		USD Million	85517	
3	Telecommunications	Rupees Crores	227053	7%
		USD Million	38331	
4	Trading	Rupees Crores	229132	6%
		USD Million	34741	
5	Automobile industry	Rupees Crores	207480	6%
		USD Million	32842	
6	Construction (infrastructure) activities	Rupees Crores	190801	5%
		USD Million	27969	
7	Construction development: Townships, housing, built-up infrastructure and construction-development projects	Rupees Crores	128013	5%
		USD Million	26209	
8	Chemicals (other than fertilizer)	Rupees Crores	112057	3%
		USD Million	19452	
9	Drugs & pharmaceuticals	Rupees Crores	109382	3%
		USD Million	19405	
10	Metallurgical industries	Rupees Crores	101381	3%
		USD Million	17015	

source: www.rbi.gov.in

Note: * Services sector includes Financial, Banking, Insurance, Non-Financial / Business, Outsourcing, R&D, Courier, and Tech. Testing and Analysis, Other.

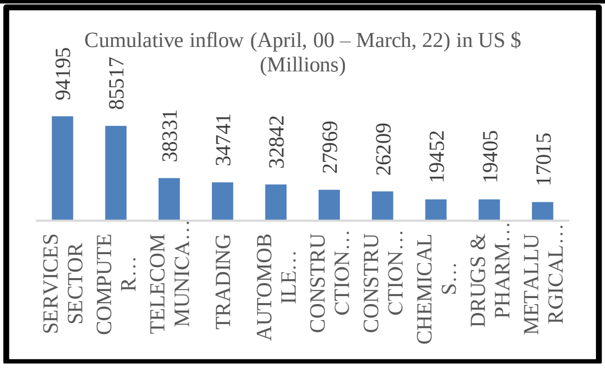


Fig- 3: Sectors Attracting Highest FDI Equity Inflow

Influence of GDP on FDI (GDP vs FDI): To find the relationship between the Gross Domestic Product and Foreign Direct Investment, a hypothesis was framed and analysed with the help of correlation analysis.

HYPOTHESIS – I

H0: There is no significant relationship between Gross Domestic Product (GDP)and Foreign Direct Investment (FDI).

H1: There is a significant relationship between Gross Domestic Product (GDP) and Foreign Direct Investment (FDI).

Table - 4: Correlation Analysis and ANOVA

Variables	R	R^2	Adjusted R^2	F – Value	P – Value
GDP vs. FDI	0.973	0.946	0.943	352.32	0.00

source: Calculated from secondary data using SPSS V 24; @0.05 LoS.

From the above table, it is apparent that R=0.73, R2=0.946, Adjusted R2= 0.943 are statistically significant. The correlation coefficient is 0.973 very close to one, which indicates that a highly positive correlation leads to GDP and FDI moving in the same direction. From the table, it is found that F =352.32, and P=0.000 are statistically highly significant at a 5% level. It is identified that the independent variable Gross Domestic Product of Foreign Direct Investment is highly significant.

HYPOTHESIS – II

H0: There is no significant relationship between the Per Capita GDP and Foreign Direct Investment (FDI).

H1: There is a significant relationship between the Per Capita GDP and Foreign Direct Investment (FDI).

Table- 5: Correlation Analysis and ANOVA

Variables	R	R^2	Adjusted R^2	F – Value	P – Value
Per Capita GDP vs. FDI	0.9703	0.9416	0.938	322.43	0.00

source: Calculated from secondary data using SPSS V 24 @0.05 LoS.

It is apparent from the above table that R=0.9703, R2=0.9416, adjusted R2= 0.938 are statistically significant. The correlation coefficient is 0.9703 positive, which indicates that a positive correlation leads to the per capita GDP and FDI moving in the same direction. From the table, it is found that F=322.43 and P=0.00 are statistically significant at the 5% level. It is identified that the independent variable per capita GDP about FDI is highly significant.

Table – 6: Multiple Regression Analysis

Variables	Beta Values	F- Value	Sig.
Constant	1692.74	176.61	0.00
GDP	0.05		
Per Capita GDP	-4.22		

source: Calculated from secondary data using SPPS v 24; @ 0.05 LoS.

Regression Equation and the multiple regression equation is,

FDI= 0.05*GDP– 4.22* Per Capita GDP +1692.74

The regression coefficients are interpreted as follows:

- The Y-intercept β0 = 1692.74 is the constant of the FDI during 2000 – 2022.
- The slope β1 = 0.05 indicates that the GDP is predicted to change by an average of 0.05 times per one unit of change in FDI.
- The slope β2 = -4.22indicates that the Per Capita GDP is predicted to change by an average of -4.22 times per one unit of change in FDI.

The significance value of F is less than 0.05. Then the independent variables are useful in explaining the variation in the dependent variable of FDI. The analysis results conclude that independent variables and FDI are correlated. It is inferred from the analysis that the null hypothesis is rejected. Hence, it is found that the independent variables and FDI has a statistically significant relationship.

VI. Conclusion

One of the most essential elements determining a country's economic success is the pace of rising FDI inflows. The stability of an economy's diverse investment mechanisms is directly tied to its robustness. The goal of this research was to look into the relationship between FDI and economic growth in India. The goal of this research is to have a better understanding of the strong relationship that exists between FDI and other economic indicators. India has received the most direct foreign investment from Mauritius of any country in the world. During that time, companies having headquarters in Mauritius accounted for more than a quarter of overall FDI inflows. Throughout the research period, the Services Sector has been the most successful in attracting FDI inflows. The study concludes that FDI is an important factor in determining India's pace of economic growth. It contributes significantly to economic growth and helps the country establish a strong financial position.

VII. Acknowledgment

Authors expressed their sincere thanks to all the contributors on the subject matter and for using their work as review of literature.

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