FOREIGN DIRECT INVESTMENT AND ECONOMIC GROWTH IN INDIA: THE EMERGING SCENARIO

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ABSTRACT

Previous researches have inferred that there is relationship between FDI and economic growth. Foreign direct investment increases the productive capacity of economy on one hand and influences the demand on the other side due to increase in the income level. Keeping in view the above said phenomenon, Government of India has abandoned its long held restrictive foreign investment policy in 1991, and sought to compete with the successful Asian economies to get a greater share of the world’s FDI. The present study is undertaken to identify the emerging trends with regard to FDI and the impact of FDI on Economic Growth Parameters in India. The economic growth indicators selected for the study are gross domestic production, net domestic production, gross national product and net national product. The results of the analysis indicate that gross domestic product and gross national product increase to a large extent increase in the volume of FDI while other selected parameters also indicate the positive relationship.