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# A STUDY OF ECONOMICS IMPLICATIONS OF FOREIGN DIRECT INVESTMENT IN INDIA

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## ABSTRACT

The main purpose of this study was to determine of foreign direct investment (FDI) inflows in India. The study uses multiple regressions represented by ordinary least square (OLS) to examine the relationships between FDI and the proposed explanatory variables that are anticipated to determine FDI inflows to India. Time-series analysis for 40 years, 1947-20115 primarily uses data from World Bank and UNCTAD. Trade investment and FDI, inflation rate, GDP, GDP growth. GDP growth has a positive impact on FDI inflows, If GDP growth is increased by one unit, FDI flows will go up by 1482.223, and also it is slope of GDPG linear curve. Total population have statistically significant relationships with FDI inflows in India, total population has a positive impact on FDI If total population is increased by one unit, FDI will go up by.054. Portfolio equity net inflows has a positive impact on FDI, If portfolio equity net inflows is increased by one unit, FDI will go up by.586. Hence, these factors are considered as the main determinants of FDI inflows in India. Exports and import potential represented, total investment flows is: (FDI+portfolio India), were found to have positive but statistically insignificant relationships with FDI inflows.

**KEYWORDS:** Foreign Direct Investment, Ordinary Least Square, Multiple Regression, Trade Investment, Gross Domestic Product Growth, Economics Implications