

“Role of FDI & Its Determinants in India: A critical Assessment”

1. **Dr R.K. Agrawal, Head Department of economics, S.D.P.G.college, Muzaffarnagar(U.P.).**
2. **Pritam Singh, Research scholar, Department of economics, S.D.P.G.college, Muzaffarnagar(U.P.).**

Abstract

Nation's progress and prosperity is reflected by the pace of its sustained economic growth and development. Investment provides the base and pre-requisite for economic growth and development. Apart from a nation's foreign exchange reserves, exports. Government's revenue, financial position, available supply of domestic savings, magnitude and quality of foreign investment is necessary of the well being of country. Developing nations, in particular, consider FDI as the safest type of international capital flows out of all the available source of external finance available to them. It is during 1990s that FDI inflows rose faster than almost all other indicators of economic activity worldwide. According to WTO, the total world FDI outflows have increased nine – fold during 1982 to 1993, world trade of merchandise and services has only doubled in the same. Since 1990 virtually every country-developed or developing, large of small alike-have sought FDI facilitate their development process. Thus, a nation can improve its economic fortunes by adopting liberal policies vis-à-vis by creating conditions conducive to investment as these things positively influence the inputs and determinates of the investment process. This paper highlights the role of FDI on economic growth of the country.

Key Words: Robustness, vertical linkages, Economic Integration, efficient distribution.

1.1 Introduction

FDI spillovers have been investigated both through statistical studies directly linking host country spillovers to foreign presence, as well as through more “structurally oriented” studies that identify channels through which FDI spillovers might be realized and then evaluate the robustness of those channels. The evidence is convincing in showing the existence of FDI efficiency spillovers in host countries, although there is no strong consensus on the associated magnitudes.

Studies focusing on potential channels through which FDI spillovers are realized also tend to support the empirical relevance of those channels, although there is a fair amount of heterogeneity across the relevant studies. The implication is that FDI spillovers are likely generated through a variety of activities in the host economy including labor and management training, technological “copying”, direct licensing of technology, vertical linkages in production and distribution value chains and so forth.

No consensus, however, can be inferred about the relative importance of the different channels. Certain factors appear to have a reasonably consistent and significant influence on the magnitude of the efficiency spillovers captured by host country firms, including spillovers that are generated outside of the host country, for example from the R&D activities of firms based in

foreign countries. One such factor seems to be the openness of the host country to imports. As noted above, to some extent, such openness is a proxy for the competitiveness of domestic markets. It is also a proxy for investment in technology embodied in intermediate inputs and capital equipment. There is also evidence that direct competition between host country firms stimulates the capture of appropriable spillover benefits. Another broad factor related to the magnitude of host country spillovers is the technical capability of local firms.

Developed economies consider FDI as an engine of market access in developing and less developed countries vis-à-vis for their own technological progress and in maintaining their own economic growth and development. Developing nations look at FDI as a source of filling the saving, foreign exchange reserves, revenue, trade deficit, management and technological gaps. FDI is considered as an instrument of international economic integration as it brings a package of assets including capital, technology, managerial skills and capacity and access to foreign markets.

The impact of FDI depends on the country's domestic policy. In order to study the impact of foreign direct investment on economic growth, two models were framed and fitted. The foreign direct investment model shows the factors influencing the foreign direct investment in India. The economic growth model depicts the contribution of foreign direct investment to economic growth.

Different economic factors encourage inward FDI. These include interest loans, tax breaks, grants, subsidies and the removal of restrictions and limitation. The government of India has given many tax exemption and subsidies to the foreign investors who would help in developing the economy. There is abundant labor available in India in terms of skilled and unskilled human resources. Foreign investors will take advantage of the difference in the cost of labor as we have cheap and skilled labors. Example: Foreign firms have invested in BPO's in India which require skilled labor and we have been providing the same.

1.2 Identification of key determinants:

Macroeconomic indicators of an economy are considered as the major pull factors of FDI inflows to a country. The analysis of above theoretical rationale and existing literature also provides a base in choosing the right combination of explanatory variables that explains the variations in the flows of FDI in the country. In order to have the best combination of explanatory variables for the determinants of FDI inflows into India, different alternative combinations of variables were identified and then estimated. The alternative combinations of variables included in the study are in tune with the famous specifications given by United Nations Conference on Trade and Development, (UNCTAD 2007) the study applies the simple and multiple regression method to find out the explanatory variables of the FDI inflows in the country. The regression analysis has been carried out in two steps. In the first step, all variables are taken into consideration in the estimable model. In the second stage, the insignificant variables are dropped to avoid the problem of multi-collinearity and thus the variables are selected. However, after thorough analysis of the different combination of the explanatory variables, the present study includes the following macroeconomic indicators: total trade (TRADEGDP), Research and development expenditure (R&DGDP), financial position (FIN. Position), exchange rate (EXR), foreign exchange reserves (RESERVESGDP), and foreign direct investment (FDI), foreign direct investment growth rate (FDIG) and level of economic growth (GDPG). These macroeconomic indicators are considered as the pull factors of FDI inflows in the country. In other words, it is said that FDI inflows in India at aggregate level can be considered as the function of these said macroeconomic indicators. Thus, these macroeconomic indicators can be put in the following specifications:

MODEL-1

$$FDI_t = a + b_1 \text{TRADEGDP}_t + b_2 \text{RESGDP}_t + b_3 \text{R\&DGDP}_t + b_4 \text{FIN. Position}_t + b_5 \text{EXR}_t + e \dots (4.1)$$

MODEL-2

$$\text{GDPG}_t = a + b \text{FDIG}_t + e \dots (4.2)$$

Where,

FDI = Foreign Direct Investment

GDP = Gross Domestic Product

FIN. Position = Financial Position

TRADEGDP = Total Trade as percentage of GDP.

RESGDP = Foreign Exchange Reserves as percentage of GDP.

R&DGDP = Research & development expenditure as percentage of GDP.

FIN Position = Ratio of external debts to exports

EXR = Exchange rate

GDPG = level of Economic Growth

FDIG = Foreign Direct Investment Growth

T = Time frame

Economic growth has a profound effect on the domestic market as countries with expanding domestic markets should attract higher levels of FDI inflows. Notwithstanding some concerns about the large fiscal deficit, India represents a promising macroeconomic story, with potential to sustain high economic growth rates. According to a survey conducted by Ernst and Young in June 2006 India has been rated as the fourth most attractive investment destination in the world after China, Central Europe and Western Europe. Similarly, UNCTAD's World Investment Report 2005 considers India the 2nd most attractive investment destination among the Transnational Corporations (TNCs). All this could be attributed to the rapid growth of the economy and favorable investment process, liberal policy changes and procedural relaxation made by the government from time to time.

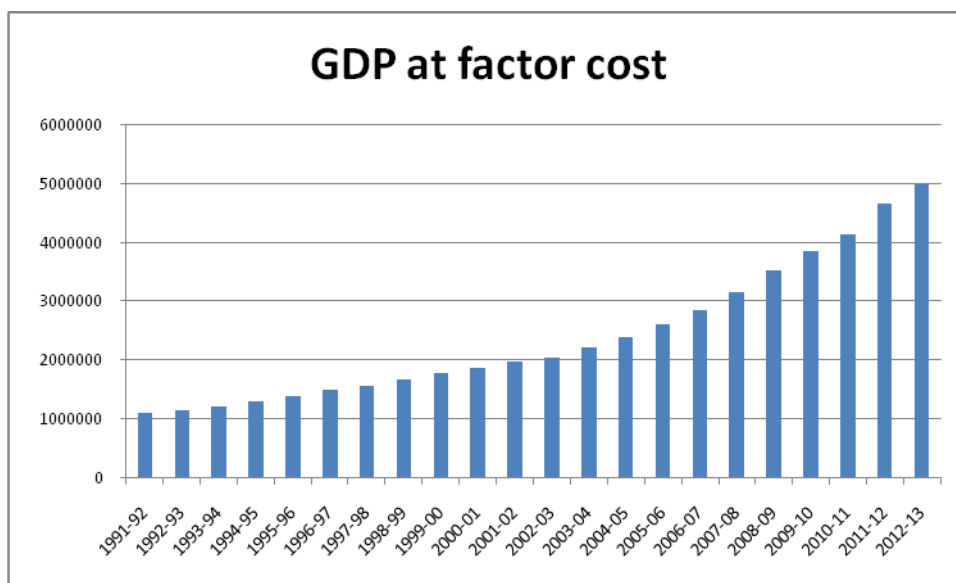
Gross Domestic product is used as one of the independent variable. The tremendous growth in GDP (Chart 1.1, Table 1.1) since 1991 put the economy in the elite group of 12 countries with trillion dollar economy. India makes its presence felt by making remarkable progress in information technology, high end services and knowledge process services. By achieving a growth rate of 9% in three consecutive year's opens new avenues to foreign investors from 2004 India's GDP growth was 8.37 percent reaching an historical high of 10.10 percent in 2006

Table – 1.1
GROSS DOMESTIC PRODUCT

(Amount in Rs. Crores)

Years	GDP at factor cost
1991-92	1099072
1992-93	1158025
1993-94	1223816
1994-95	1302076
1995-96	1396974
1996-97	1508378
1997-98	1573263
1998-99	1678410
1999-00	1786525
2000-01	1864301
2001-02	1972606
2002-03	2048286
2003-04	2222758
2004-05	2388768
2005-06	2616101
2006-07	2845614
2007-08	3145264
2008-09	3512456
2009-10	3845214
2010-11	4125412
2011-12	4658796
2012-13	4971234

Source: various issues of RBI Bulletin from 1991-2013.



Source: various issues of RBI Buttetin. (P) Provisional (1991-203)

India's diverse economy attracts high FDI inflows due to its huge market size, low wage rate, large human capital (which has benefited immensely from outsourcing of work from developed countries). In the present decade India has witnessed unprecedented levels of economic expansion and also seen healthy growth of trade. GDP reflects the potential market size of Indian economy. Potential market size of an economy can be measured with two variables i.e. GDP (the gross domestic product) and GNP (the gross national product). GNP refers to the final value of all the goods and services produced plus the net factor income earned from abroad. The work 'gross' is used to indicate the valuation of the national product including depreciation. GDP is an unduplicated total of monetary values of product generated in various kinds of economic activities during a given period, i.e. one year. It is called as domestic product because it is the value of final goods and services produced domestically within the country during a given period i.e. one year. Hence in functional form $GDP = GNP - \text{Net factor income from abroad}$. In India GDP is calculated at market price and at factor cost. GDP at market price is the sum of market values of all the final goods and services produced in the domestic territory of a country in a given year. Similarly, GDP at factor cost is equal to the GDP at market prices minus indirect taxes plus subsidies. It is called GDP at factor cost because it is the summation of the income of the factors of production. Further, GDP can be estimated with the help of either (a) Current prices or (b) constant prices. If domestic product is estimated on the basis of market prices, it is known as GDP at current prices. On the other hand, if it is calculated on the basis of base year prices prevailing at some point of time, it is known as GDP at constant prices. Infact, in a dynamic economy, prices are quite sensitive due to the fluctuations in the domestic as well as international market. In order to isolate the fluctuations, the estimates of domestic product at current prices need to be converted into the domestic product at constant prices. Any increase in domestic product that takes place on account of increase in prices cannot be called as the real increase in GDP. Real GDP is estimated by converting the GDP at current prices into GDP at constant prices, with a fixed base year. In this context, a GDP deflator is used to convert the GDP at current prices to GDP at constant prices. The present study uses GDP

at factor cost (GDPFC) with constant prices as one of the explanatory variable to the FDI inflows into India for the aggregate analysis.

Gross Domestic Product at Factor cost (GDPFC) as the macroeconomic variable of Indian economy is one of the pull factors of DI inflows into India at notional level. It is conventionally accepted as realistic indicator of the market size and the level of output. There is direct relationship between the market size and FDI inflows. If market size of an economy is large than it will attract higher FI inflows and vice versa i.e. an economy with higher GDPFC will attract more FDI inflows. The relevant data on GDPFC have been collected from the various issues of Reserve bank of India (RBI) bulletin and Economic Survey of India.

TRADE GDP refers to the total trade as percentage of GDP. Total trade implies sum of total exports and total imports. Trade, another explanatory variable in the study also affects the economic growth of the country. The values of exports and imports are taken at constant prices. The relationship between trade, FDI and growth is well known. FDI and trade are engines of growth as technological diffusion through international trade and inward FDI stimulates economic growth. Knowledge and technological spillovers (between firms, within industries and between industries etc.) contributes to growth via increasing productivity level. Economic growth, whether in the form of export promoting or import substituting strategy, can significantly affect trade flows. Export led growth leads to expansion of exports which in turn promote economic growth by expanding the market size for developing countries.

Economic growth and FDI are closely linked with international trade. Countries that are more open are more likely to attract FDI inflows in many ways: Foreign investor brings machines and equipment from outside the host country in order to reduce their cost of production. This can increase export of the host country. Growth and trade are mutually dependent on one another. Trade is complement to FDI, Such that countries tending to be more open to trade attract higher levels of FDI.

RESGDP represents Foreign Exchange Reserves as percentage of GDP. India's foreign exchange reserves comprise foreign currency assets (FCA), gold, special drawing rights (SDR) and Reserve Tranche Position (RTP) in the International Monetary Fund. The emerging economic giants, the BRIC (Brazil, Russian Federation, India, and China) countries, hold the largest foreign exchange reserves globally and India is among the top 10 nations in the world in terms of foreign exchange reserves. India is also the world's 10th largest gold holding country (Economic Survey 2009-10) Stock of Economic Survey, (2009-10): Ministry of Finance, Government of India, New Delhi.

Foreign exchange reserves show a country's financial strength. India's foreign exchange reserves have grown significantly since 1991 (Chart-1.2). The reserves, which stood at Rs. 23850 crores at end march 1991, increased

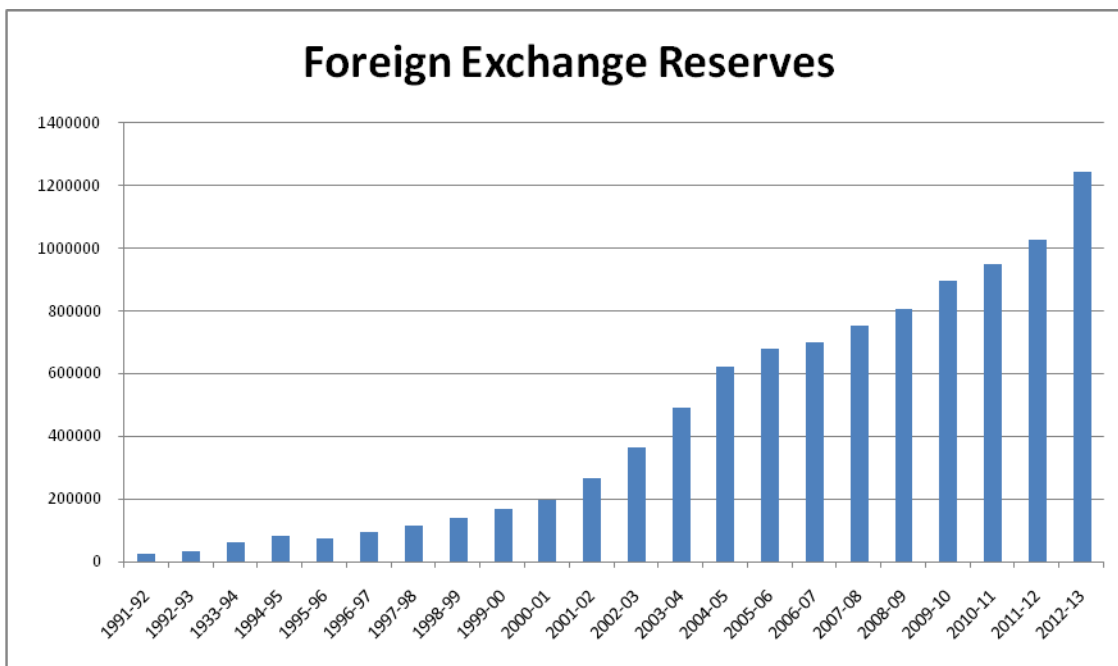
Table – 1.2

FOREIGN EXCHANGE RESERVES

(Amount in Rs. Crores)

Years	Foreign Reserves	Exchange
1991-92	23850	
1992-93	30744	
1993-94	60420	
1994-95	79781	
1995-96	74384	
1996-97	94932	
1997-98	115905	
1998-99	138005	
1999-00	165913	
2000-01	197204	
2001-02	264036	
2002-03	361470	
2003-04	490129	
2004-05	619116	
2005-06	676387	
2006-07	697090	
2007-08	752941	
2008-09	802583	
2009-10	895268	
2010-11	946895	
2011-12	1023531	
2012-13	1242531	

Source: various issues of RBI Bulletin.



Gradually to Rs. 361470 crores by the end of March 2002, after which rose steadily reaching a level of Rs. 676383 crores in March 2006.

Further, an adequate FDI inflow adds foreign reserves by exchange reserves which put the economy in better position in international market. It not only allows the Indian government to manipulate exchange rates, commodity prices, credit risks, market risks, liquidity risks and operational risks but it also helps the country to defend itself from speculative attacks on the domestic currency. Adequate foreign reserves of India.

Foreign direct investment - net inflows (% of GDP) in India

Foreign direct investment; net inflows (% of GDP) in India was last measured at 1.95 in 2011, according to the World Bank. Foreign direct investment are the net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors, and is divided by GDP. This page has the latest values, historical data, forecasts, charts, statistics, an economic calendar and news for Foreign direct investment - net inflows (% of GDP) in India.

FDI & Its Determinants in India

Foreign Direct Investment (FDI) is considered to be the lifeblood of economic development especially for the developing and underdeveloped countries. Multinational companies (MNCs) capitalise on foreign business opportunities by engaging in FDI, which is investment in real assets (such as land, buildings, or existing plants) in foreign countries. MNCs engage in joint ventures

with foreign firms, acquire foreign firms, and form new foreign subsidiaries. It plays an important role in the long-term development of a country not only as a source of capital but also for enhancing competitiveness of the domestic economy through transfer of technology, strengthening infrastructure, raising productivity and generating new employment opportunities. MNCs are interested in boosting revenues through FDI by attracting new sources of demand, entering into profitable markets and exploiting monopolistic advantages. Currently these corporations are increasingly establishing overseas plants or acquiring existing overseas plants to learn the technology of foreign countries.

The value for coefficient of correlation (r) is calculated to be +0.92 in India. Since the correlation coefficient must vary between -1 and +1, it can be said that there exists a high degree of positive correlation between openness of trade and FDI inflow.

Table 1.3: Degree of Correlation (r) between Different Economic Factors and FDI inflow in India

Year	FDI Inflow Rupees Crore	Wholesale Price Index	GDP at Market Price (Rupees Crore)	REER (Export- based)	Openness of Trade (Rupees Crore)
1991-92	316	207.8	654729	NA	0.140353
1992-93	965	228.7	752591	NA	0.155547
1993-94	1838	247.8	865805	100	0.164993
1994-95	4126	112.6	1015764	104.88	0.169966
1995-96	7172	121.6	1191813	100.1	0.19217
1996-97	10015	127.2	1378617	98.95	0.186953
1997-98	13220	132.8	1527158	103.07	0.186148
1998-99	10358	140.7	1751199	94.34	0.181615
1999-00	9338	145.3	1952036	95.28	0.192004
2000-01	18406	155.7	2102314	98.67	0.20665
2001-02	29235	161.3	2278952	98.59	0.19931
2002-03	24367	166.8	2454561	95.99	0.225027
2003-04	19860	175.9	2754620	99.07	0.236866
2004-05	27188	187.3	3239224	98.3	0.27056
2005-06	39674	103.37	3706473	100.54	0.301218
2006-07	103367	109.59	4283979	97.42	0.329667
2007-08	140180	114.94	4947857	104.12	0.337151
2008-09	161536	124.92	5574448	94.12	0.397383
Coefficient of Correlation (r)		(-)0.45	(+)0.91	(-)0.11	(+)0.92

Note: 1. REER indices are recalculated from 1993-94 onwards using the new Wholesale Price Index (WPI) series (Base 1993-94=100)

2. (r) is Author's Calculation

3. NA stands for Data Not Available

Source: (1) <http://eaindustry.nic.in/Jz>) RBI Publications: Handbook of Monetary statistics of India (march 2006) (3) RBI Handbook of Statistics on Indian Economy (2010)

Market size

Increased market size represents an increase in customer base which further signifies more opportunities for MNC's to target millions of people receptive to foreign brands and hence more incentives and better economies of scale. Wheeler & Mody (1992), Asiedu (2006) and Kok & Ersoy (2009) found positive significant impact of market size in attracting FDI. India uses GDP as a measure of market size. Larger market size is expected to attract more FDI as it provides greater potential for demand and lower production costs through scale economies. Market size has been proxied by GDP in purchasing power parity (PPP) terms Wang and Blomström (1992).

Openness

The openness of trade was tested by Chakrabarti (2001). He concludes that a close correlation between FDI and a country's openness of trade is much expected. Trade openness is generally calculated as the sum of exports and imports of goods and services measured as a share of gross domestic product. Impact of openness or liberalised trade is somewhat ambiguous and depends on relative strength of two effects. First, economy with trade barriers is expected to attract more horizontal FDI so that production sites could be built within the national boundaries of those restricted economies. Second, increasing openness attracts vertical FDI flows in search of cheap intermediate and capital goods (Resmini, 2000).

Macroeconomic stability

Macro Economic Sustainability could be a key factor in attracting foreign investment. If government finances and external sector are considered sustainable, foreign investor feel assured of the safety of its investments. Sustainability has been captured through two variables Cantwell (1991). Fiscal sustainability has been captured by GFD to GDP ratio and external sector sustainability has been captured by net IIP to GDP ratio. Lower inflation rate and stable exchange rate are expected to attract greater FDI by mitigating uncertainty risk. It has been proxied by inflation and exchange rate volatility.

Exchange rate valuation

Exchange rates influence the foreign direct investment in India. When host country's currency depreciates it means its value declines relative to the value of source country currency. Thus it reduces the country's wage and production cost relative to foreign counterparts giving it "location advantage", in other words, attractiveness as a location for receiving productive investments. It

also improves the overall rate of return to the source country making the investment. Froot and Stein (1991) have evidently found that a weaker host country currency tends to increase inward FDI as depreciation makes host country assets less expensive relative to assets in the home country which may act as an attraction for vertical FDI. On the other hand, a stronger real exchange rate might be expected to strengthen the incentive of foreign companies to produce domestically thereby attract more horizontal FDI.

Table 1.4: FDI inflow and GDP Growth rate in India. (Rupees in crore)

Year	Export	Import	GDP at Market Price	Openness of Trade	FDI inflow
1991-92	44042	47851	654729	0.140353	316
1992-93	53688	63375	752591	0.155547	965
1993-94	69751	73101	865805	0.164993	1838
1994-95	82674	89971	1015764	0.169966	4126
1995-96	106353	122678	1191813	0.19217	7172
1996-97	118817	138920	1378617	0.186953	10015
1997-98	130101	154176	1527158	0.186148	13220
1998-99	139753	178332	1751199	0.181615	10358
1999-00	159561	215237	1952036	0.192004	9338
2000-01	203571	230873	2102314	0.20665	18406
2001-02	209018	245200	2278952	0.19931	29235
2002-03	255137	397206	2454561	0.225027	24367
2003-04	293367	359108	2754620	0.236866	19860
2004-05	375340	501065	3239224	0.27056	27188
2005-06	456418	660409	3706473	0.301318	39674
2006-07	571779	840506	4283979	0.329667	103367
2007-08	655864	1012312	4947857	0.337151	140180
2008-09	840755	1374436	5574448	0.397383	161536

Note: Trade Openness is computed by = $\frac{\text{Export}-\text{import}}{\text{GDP}}$

Source: RBI Monthly Bulletin (2009) & Publications (2010).

Clustering effects

A larger stock of FDI is regarded as a signal of a benign business climate for foreign investors and thus may attract more FDI. Moreover, by clustering with other firms, new investors benefit from positive spillovers from existing investors in the host country. The studies of Wheeler and Mody (1992), Barrel and Pain (1999) and Campos and Kinoshida (2003) have found empirical evidence of agglomeration effects. It has been proxied by the stock of FDI.

Institutions and Governance

Institutional and Governance quality has been identified as a likely determinant of FDI, particularly for less developed countries, for a variety of reasons. First, good governance is associated with higher economic growth, which should attract more FDI inflows. Second, poor institutions that enable corruption tend to add to investment costs and reduce profits. Third, the high sunk cost of FDI makes investors highly sensitive to uncertainty, including the political uncertainty that arises from poor institutions. Institutional framework and governance has been captured by 'Government Effectiveness' Index (Kaufmann Index). It captures "perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies". Score is assigned on the scale of -2.5 to 2.5. Higher score means Government procedures are more efficient.

Vertical Linkages

Closer linkages between MNCs and domestically owned firms are presumed to enhance spillovers in the host country. For example, it is (often implicitly) presumed that closer commercial ties between MNC affiliates and "upstream" suppliers and "downstream" customers lead to a greater (uncompensated) transfer of technical and commercial information to suppliers and customers. They may also lead to the "defection" of key personnel from the MNC affiliate to domestically owned firms. De Bresson, Niosi, Dalpe and Winer, 1991 conclude that foreign ownership is only indirectly important to the build-up of technological capability on the part of domestically owned suppliers.

Inflation rates

Host country's economic instability can be a major determining factor for FDI Inflow. Akinboade, Siebrits and Roussot (2006, p. 190-191) state that "low inflation is taken to be a sign of internal economic stability in the host country. High inflation indicates the inability of the government to balance its budget and the failure of the central bank to conduct appropriate monetary policy." India uses Wholesale Price Index (WPI) as a measure of Inflation.

Conclusions and Discussions

In table 1.5, we get a positive (+) 0.91 coefficient of correlation (r) between GDP and FDI inflow in India. This implies that the two variables move in the same direction, so that with an increase in the values of GDP, the values of FDI inflow increases in India and vice versa. As the calculated coefficient of correlation (r) is close to +1 it shows a high degree of positive correlation between the two variables.

We get a negative (-) 0.11 coefficient of correlation (r) between real effective exchange rate (REER) of Indian Rupee and FDI inflow in India (refer table 5). This implies that the two variables move in the opposite direction, so that with an increase in the values of REER in India, the values of FDI inflow decreases and vice versa. As the calculated coefficient of correlation (r) is close to 0 it shows a relatively lesser degree of negative correlation between the two variables in Indian scenario

We get a negative (-) 0.45 coefficient of correlation (r) between Inflation and FDI inflow in India. This implies that inflation rate and FDI inflow move in opposite direction, so that with an increase in the values of WPI the values of FDI inflow decrease in India and vice versa

Also, openness in trade is correlated with economic liberalisation policy of an economy that may sound favorable to investors. Openness has been proxied by sum of current receipts and payments to GDP ratio (Caves, 1996).

There is some evidence bearing upon the factors that promote vertical linkages with foreign-owned firms. Most of the available evidence is from the experience of developing countries. One robust finding is that the technical capability of potential local suppliers positively influences the extent of backward linkages. A second is that linkages are more pronounced, the larger the size of the host country market. A less robust finding is that local content requirements can promote increased local purchasing by MNE affiliates; however, the potential for the requirements to discourage inward FDI is usually not factored into the analysis Blomström and Kokko 1998.

Bibliography

1. Burak Camurdan, Ismail Cevis, (2009), 'The Economical Determinants Of Foreign Direct Investment (FDI) In Developing Countries And Transition Economies', e-Journal of New World Sciences Academy, Volume: 4, Number: 3, Article Number: 3C0015
2. Deutsche Bundesbank (2003) 'The Role of FDI in emerging market economies compared to other forms of financing: Past developments and implications for financial stability'
3. Eichengreen Barry and Hui Tong (2005), 'Is China's FDI Coming at the Expense of Other Countries'? NBER Working Paper No. 11335, May.
4. Fortanier, Fabienne (2001), Foreign Direct Investment and Sustainable Development, OECD, November.
5. Fung, K.C., Hitomilizaka, Sarah Tong (2002), Foreign Direct Investment in China: Policy, Trend and Impact, IMF Working Paper No.74
6. Government of India (2003) Manual on FDI in India: Policy and Procedures, Secretariate for Industrial Promotion, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry.
7. Hosein Elboiashi, Farhad Noorbakhsh, Alberto Paloni and Celine Azemar, (2009), 'The causal relationships between Foreign Direct Investment (FDI), Domestic Investment (DI) and Economic Growth (GDP) in North African non-oil producing Countries: Empirical Evidence from Cointegration Analysis', Advances In Management Vol. 2 (11)
8. Jenkins, Carolyn and Lynne Thomas (2002), Foreign Direct Investment in Southern Africa: Determinants, Characteristics and Implications for Economic Growth and Poverty Alleviation', October.
9. Jung Wan Lee, (2009), 'The Effects of Foreign Direct Investment on Economic Growth of A Developing Country: From Kazakhstan', Proceedings of the Academy for Economics and Economic Education, Volume 12, Number 2

10. Kearney A.T. (2010), “A. T. Kearney Global Management Consultants : Expanding Opportunities for Global Retailers, ‘The 2010 A.T. Kearney Global Retail Development Index’.
11. Kishor Sharma (2000), ‘Export Growth in India: Has FDI Played A Role?’, Economic Growth Center, Yale University, Center Discussion Paper No. 816, pp.5-22.
12. Lipsey, Robert E. (2007), ‘Defining and Measuring the Location of FDI Output’, NBER Working Paper No. 12996, March.
13. Long, Guoqiang (2005), ‘China’s Policies on FDI: Review and Evaluation’ In Does Foreign Direct Investment Promote Development?, eds ., Moran Theodore H, Edward M. Graham and Magnus Blomström, Institute of International Economics.
14. Piteli,Eleni E. N. (2010), Determinants of Foreign Direct Investment in Developed Countries: A Comparison between European and Non-European Countries, Contributions to Political Economy Vol. 29, pp111–128.
15. Razin, Assaf, Yona Rubinstein, EfraimSadka (2004), Fixed Costs and FDI: The Conflicting Effects of Productivity Shocks’, NBER Working Paper No. 10864, October.
16. Shah, Ajay and Ila Patnaik (2007), India’s Experience with Capital Flows: The Elusive Quest for a Sustainable Current Account Deficit, in Sebastian Edwards(Eds) ‘Capital Controls and Capital Flows in Emerging Economies: Policies, Practices and Consequences’, University of Chicago Press.