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Significance of Foreign Direct Investment

FDI is the sum of equity capital other long-term capital and short-term capital as shown the balance of payments FDI usually involves participation in management joint venture transfer of technology and expertise stock of FDI is the net (I.e. inward FDI minus outward FDI)

cumulative FDI for any given period direct investment excludes investment through purchase of shares. There are various ways through which FDI enters in India. i.e. Horizontal FDI, Platform FDI and Vertical FDI

IMPORTANCE AND BARRIERS OF FDI

The rapid growth of world population since

1950 has occurred mostly in developing countries the growth has been matched by more rapid increases in gross domestic product and thus income per capital has increased in most countries around the world since 1950 while the quality of the data form 1950 may be of question taking the average across arrange of estimates confirms this only war-torn and countries with other serious external problem such as Haiti,somalia and Niger have not registered substantial increases in GDP per capital



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DEVELOPING WORLD

A 2010 meta analysis of the effects of foreign direct investment on local firms in developing and

transition countries suggests that foreign investment robustly increases local productivity growth.

The commitment to development index ranks the "Development-friendliness" of rich country investment policy.

Foreign investment was introduced in 1991 under foreign exchange management act (FEMA), driven by then finance minister Manmohan singh as singh subsequently became the prime minister, this has been one of his top political prob-

lems even in the current time.

Starting from a baseline of less than on \$1 billion in 1990, a 2012 UNCTAD survey projected india as the seco0nd most important FDI destination (after china) for transnational corporations during 2010-2012. As per the data, the sectors that attracted higher inflows were services, telecommunication, construction activities and computer software and hardware.

Mauritius, singapore, US and UK were among the leading sources of FDI. Based on UNCTAD data FDI flows were \$10.4 billion, a drop of 43% from the first half of the last year.