



Factors Determining Foreign Direct Investment in India

Dr. Sangeeta Mittal

Assistant Professor, HSB GJUS&T, Hisar

Minaxi Mittal

Research Scholar, HSB GJUS&T, Hisar

ABSTRACT

The purpose of the present study is to find out the various macro-economic factors determining foreign direct investment (FDI) inflows in India for the period of 1986-2015 through multiple regression technique. Various statistical tools i.e. trend analysis, Annual Growth Rate (AGR), Compound Annual Growth Rate (CAGR) reveal that the trend and growth rate of FDI inflows have been fluctuating during the study period. FDI inflows have been taken as dependent variable while GDP growth rate (market growth), interest rate, inflation rate, infrastructure, exchange rate and export of goods & services growth rate as independent variables. Results of Karl Pearson's coefficient of correlation show positive and significant relationship between FDI inflows and exchange rate, FDI inflows and infrastructure. The empirical results of multiple regression analysis technique reveal that exchange rate and infrastructure are the significant while all other independent variables are the insignificant determinants of FDI inflows in India.

Keywords: Annual growth, FDI, host nation, trend, Variance inflation factor