

To Study the Role of FDI to Promote Economic Growth in India

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Abstract: *This research is based on the impact of Foreign Direct Investments (FDIs) on economic growth in India. There are certain components which influence the Foreign Direct Investments. It comprises Trade openness, Inflation rate, Economic stability, Investment policies, rules and regulations adopted, implemented Exchange rates, foreign reserves and Political stability of the country. Further, Foreign Direct Investments succeed to amplify trade and it dispenses financial aid too. Foreign Direct Investments have ameliorated Balance of Payment problems in the Indian economy. The foremost objective of this paper is to analyze the impact of foreign direct investment towards the growth of the Indian economy. Net Foreign Direct Investment inflows and Gross Domestic Product are taken as the variables for the study. Simple Regression and Pearson's correlation methods are used for the study to measure the impact of Foreign Direct Investments towards the Indian Economy. The study is based on Secondary data collected through the World Bank website from 1970 to 2019. According to the Empirical results it reveals that Foreign Direct Investments are significant for the growth of the Indian Economy and the positive association between FDI and GDP*

Keywords: Foreign Direct Investments (FDI), Gross domestic Product (GDP), Balance of Payments, Economic Growth

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