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A STUDY ON IMPACT OF FOREIGN DIRECT INVESTMENT TOWARDS GLOBALISATION IN INDIA

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ABSTRACT

Globalisation is the process of integration of economics, across the world through the cross border flow of factors, products and information of Indian industry can move towards globalisation by different markets entry strategy such as developing exports, foreign investments including joint ventures and acquisition, strategy alliance, licensing, franchising etc. Foreign direct investment is an investment made by a foreign individual or company in the productive capacity of another country. It is the movement of capital across national frontiers in a way that grants the investor control over the Period of acquired assets. As the third largest economy country in the world in PPP terms, India is a preferred destination for foreign direct investment (FDI).

KEYWORDS

Globalisation, FDI, Industry, GDP, PPP, Strategy and Czech Republic.

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INTRODUCTION

In India economy is the third largest in the world as measured by purchasing power parity, with gross domestic products of US \$3.611 trillion. When measured in USD exchange of rate terms, it is the tenth largest in the world, with a GDP of US \$800.8 billion in 2006. Foreign direct investment is an investment made by a foreign individuals or companies in the productive capacity of other countries. It is the movement of capital across national frontiers in a way that grant the investor control over the acquired assets. As the third largest economy country in the world in PPP terms, India is

a preferred destination for foreign direct investment (FDI). The inflow of foreign direct investment is one of the key indicators of competitiveness of the national economy and regions in the Czech Republic. The aim of this paper is to analyze the role of foreign direct investment as a carrier of Globalization in the case of the Czech Republic.

THE STATEMENT OF THE PROBLEM

The present study deals with impact of foreign direct investment (FDI), the inflow of foreign direct investment is one of the key indicators of competitive of the national economy. In the case of transitive economy (such as the Czech economy), globalization is deeply associated with the inflow of foreign direct investment that is able to integrated the national economy to global markets and global production of goods and services. These unique physical features of the state will influence the researcher to undergo the current research entitled “A STUDY ON IMPACT OF FOREIGN DIRECT INVESTMENT TOWARDS GLOBALISATION IN INDIA” for the current research.

METHODOLOGY

The study will be based on both primary data and secondary data. The major sources of secondary data will be collected from the various publications of report of ministry of Agriculture and ministry of Commerce, Books, Periodical, Magazines, and Published records of the government and web site sources. For the purpose of collecting primary data with regard to the development of exporter and importer in foreign trade and Commerce, the researcher will carefully design separate interview schedule and the same will be administered to the sample respondents living in different parts of selected in the area of India.

OBJECTIVES OF THE STUDY

The researcher will undergo the present study with following objectives.

1. To Study the existing foreign direct investment towards in India.
2. To analyze the growth and development of foreign direct investment in India.

Scope of the Study

The present study would highlight the foreign direct investment with the view to analysis the performance of production and planning involved exports and imports of goods and services. The opinion of the exporter and importer towards the development of foreign direct investment has been analyzed in this study.

Sampling Design

The present study is based on the primary data and secondary data, collected from the various sources in India; the study area sample method was used simple random sampling for this study. The researcher would be selected India only areas under censuses method.

HYPOTHESES

For the purpose of analyzing the responses of the exporter and importer in India, The following null hypotheses have been formulated.

1. There is no significant different between demographic factors of the exporters and importers.
2. There is no significant different between the Economic factors influencing the exporter and importers.
3. There is no significant different between level of satisfaction towards export and import.

FRAMEWORK ANALYSIS

The researcher will use the percentage analyze the trend and growth for the export and import in India and its projection will be estimated for the year 2015. Further the researcher will used the compound growth rate for analyzing the growth and development of foreign direct investment in India.

Limitations of the Study

During the data collection, respondents on accident data, safety infrastructure form some manufacturers were not ready to give any details, at times in completed and regular follow up also were not very effective in a getting accurate details as a information was closely watched over being of sensitive matters.

MACRO REGIONAL DIFFERENCES IN INFLOWS OF FDI IN THE CZECH REPUBLIC

Supranational companies play a prominent role in a research and development in transitive economy. Due to globalization, markets and international business relations are less determined by the national border. At the macro-regional level, the world trade growth dynamics is reflected in the restructuralization of the transition economy in Central and Eastern Europe which have undergone a profound transformation over the past twenty five years and have become a new investment opportunity for many foreign companies. Foreign investors transform these economy by means of the foreign direct investment, support of corporate development, as well as development of new sub-contractor relationships. The vast majority of foreign direct investment is originating from the EU member countries goes to the OECD countries although we can see the growing share goes to developing economy. The difference in FDI is also obvious within the EU where the majority of the original member's countries have recorded a dropped in investment activities in favour of the new members.

As Table No.1 shows, the inflow of foreign direct investment is not stable. The period from 2000 to 2009 show a great oscillation in absolute values of foreign direct investment. From the world view the role of the European countries is most important. It is witnessed by the relativeness values that represent a share of the foreign direct investment from Europe with respective to the total amount of the foreign direct investment. In average, the share of Europe accounted for about 89 % during the monitored period of time. The lowest share 57.13 % was achieved in 2003; in this year to the Czech Republic were relatively strong.

A lower share of the European investment was also reported in 2009 with 76.68 % share. Once again, this weaker position was due to relatively stronger position of American investment (31.48 %) and for all other territories; the negative values of foreign direct investment were reported. Should we take a look of the opposite, i.e. the years with the relatively highest shares of foreign direct investment in the compared to the total volume of foreign direct

investment in said years; the year 2008 was exceptional from foreign direct investment to the Czech Republic was relatively and absolutely highest value of the foreign direct investment worldwide they accounted to 107.7 % share. For other parts of the world, the foreign direct investment values were negative; they reduced the value the European countries. A higher share of Europe was also achieving in 2009 with 99.51 %, again thanks to low shares of the other parts of the world.

From the point of view of the Czech Republic, foreign direct investment of EU member countries playing the major role in the inflow of foreign direct investment in Europe. They contributed to almost 90% of the total European values in the period in question, with the maximum value in 2005 (95.02 %) and minimum value in 2003 (57.13 %). In 2009, the highest foreign direct investment came from Cyprus followed by Belgium and Austria.

In 2008, the top three were Austria, France, and the Netherland. Interesting countries in top ten include Malta or the Bermudas. In 2007 the Netherland occupying the first rank followed by Luxembourg and Germany that ranked in the year of 2006. Spain was the country with the highest share of foreign direct investment in the year of 2005. A stable rank was reported by the Netherland that often ranked the highest rank in 2004, it was the leading country, rather than the highest investment came also from France in 2003 and 2001, and they accounted for most investments in relative terms.

Table No.1: Share of Territories in Inflow of Foreign Direct Investment to the Czech Republic

S.No	Year/Countries	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
1	Europe	76.68	107.74	88.34	99.51	95.02	87.51	57.13	96.62	92.45	89.48
2	Africa	-0.01	0.01	-0.05	-0.35	-0.09	0.94	0.64	-0.02	-0.01	0.00
3	America	31.48	-3.94	-0.17	0.16	3.43	10.08	26.29	2.04	6.39	9.46
4	Asia	-8.11	-2.66	11.96	0.88	1.50	1.39	16.16	1.37	1.30	0.95
5	Oceania	-0.12	-0.01	-0.07	-0.21	0.14	0.07	-0.22	-0.02	-0.14	0.10
6	Total	100	100	100	100	100	100	100	100	100	100

Source: Calculation based on data from the Czech National Bank

CONCLUSION

It can be said that the mechanisms which integrated national and local economy into national production chains are still strengthening and, therefore, the globalization processes actively influence in all territorial levels of the Czech Republic. New forms of economic globalisation of individual region are to be created within the regional economy and their arrangement due to globalization. Regarding development of the economy to the Czech Republic, globalization is closely associated with the process of the economic transformation with different impacts on regions. When closely looking at the districts of to the Czech Republic, it is obvious that the investments are located highly unevenly. Dependence of the regional economy on the world market grows via the sub-contractors in the relations. Therefore, the inflow of foreign direct investment is also an indicator of success of economic development and competitive of the region because successful export proves the ability of a region to succeed in the international competition that continuously increases due to globalization in India.

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CONFLICT OF INTEREST

We declare that we have no conflict of interest.

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