"INDIAN ECONOMY IN STAGFLATION

: CAUSES AND WAY FORWARD"

SRI-VIPRA PROJECT

2021



IQAC

Sri Venkateswara College

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SRIVIPRA PROJECT 2021

Title: Indian Economy in Stagflation : Causes and Way Forward

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Project Report of 2021: SVP-2105

"Determinants of Foreign Direct Investment in India"



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Date: 25th August, 2021

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ARIMA:	Abbreviations
BRICS:	Analysis of Variance
CPI:	Autoregressive Integrated Moving Average
DEA:	Brazil, Russia, India, China and South Africa
DPIIT:	Consumer Price Index
FEMA:	Department of Economic Affairs
FDI:	Department for Promotion of Industry and Internal Trade
FPI:	Foreign Exchange Management Act
GDP:	Foreign Direct Investment
ICT:	Foreign Portfolio Investment
LPG:	Gross Domestic Products
MINT:	Information and Communication Technology
OLS:	Liberalization, Privatization and Globalization
R&D:	Mexico, Indonesia, Nigeria and Turkey
REITs:	Ordinary Least Square
TDRs:	Research and Development
VIF:	Real Estate Investment Trusts
	Trading in Transferable Development Rights
	Variance Inflation Factor

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I. Introduction

Foreign Direct Investment (FDI) is considered as a major source of non-debt financial resource for the economic development of a country. FDI, as distinguished from Foreign Portfolio Investment (FPI), has the meaning of establishing a "lasting interest" in an enterprise that is resident in an economy other than that of the investor.

"Foreign Investment" means any investment made by a person resident outside India on a repatriable basis in capital instruments of an Indian company or to the capital of a Limited Liability Partnership (LLP). FDI means investment through capital instruments by a person resident outside India in an unlisted Indian company; or in ten per cent or more of the post issue paid-up equity capital on a fully diluted basis of a listed Indian company (Consolidated FDI Policy 2020; Department for Promotion of Industry and Internal Trade).

The study begins the analysis by documenting the trends of FDI at global level and country level and its potential determinants in attracting FDI inflows into India. The study has divided into five sections. The section I provided a comprehensive picture of global FDI inflows in 2020; trends of FDI inflows into India, sector-wise and country-wise FDI equity inflows into India from January 2000 to March 2021; present FDI policy for various sectors/activities in which FDI is permitted under automatic route and government route in addition to restricted areas in which FDI is not permissible. Section II provided past empirical studies and reports for determinants of FDI in host countries under the heading literature review. Section III described the broad research methodology for the present study. Section IV discussed results and conclusions of the study and last Section V provides summary and recommendations with scope for further research.

1.1 Global FDI Inflows

Global foreign direct investment (FDI) inflows fell by 35 per cent in 2020, reaching \$1 trillion, from \$1.5 trillion in 2019. This is the lowest level since 2005 and almost 20 per cent lower than the 2009 trough after the global financial crisis. The fall in FDI was significantly sharper than the fall in gross domestic product (GDP) and trade (World Investment Report, 2021).

Table 1.1 showed that FDI inflows to developed economies fell by 58 per cent to \$312 billion. Aggregate inflows in Europe plummeted by 80 per cent, reaching only \$73 billion. FDI inflows

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to developing economies decreased less steeply, by 8 per cent to \$663 billion. Developing Asia, already the largest FDI recipient region – accounting for more than half of global FDI – registered a rise of 4 per cent to \$535 billion, increasing Asia''s share of global inflows to 54 per cent. Asia was the only region where FDI was resilient in 2020. It benefits from growing markets, extensive regional and global FDI linkages and an investment climate that has remained generally open despite the pandemic. FDI in Latin America and the Caribbean dropped 45 per cent to \$88 billion, the steepest decline among developing regions. FDI inflows to Africa declined by 16 per cent in 2020 to \$40 billion – a level last seen 15 years ago. In 2020, flows to the transition economies shrank by 58 per cent to \$24 billion.

Table 1.2 showed that FDI inflows to the United States decreased by 40 per cent, to \$156 billion, mainly because of a reduction in reinvested earnings. Nevertheless, the country remained the largest recipient of FDI, followed closely by China. In India FDI rose, pushed up by acquisitions in the information and communication technology (ICT) industry, making it the fifth largest recipient in the world. Amid India''s struggle to contain the COVID-19 outbreak, robust investment through acquisitions in ICT (software and hardware) and construction bolstered FDI.

Region	2019	2020	2019-20	2019-20
			<u>Absolute</u>	<u>% change</u>
			<u>Change</u>	
World	1530	999	(531)	(-35)
Developed Economies	749	312	(437)	(-58)
Europe	363	73	(290)	(-80)
North America	309	180	(129)	(-42)
Developing Economies	723	663	(60)	(-8)
Africa	47	40	(7)	(-16)
Latin America and the Carribbean	160	88	(72)	(-45)
Asia	516	535	19	4
Transition Economies	58	24	(34)	(-58)

 Table 1.1: FDI Inflows, by region, 2019 and 2020 (Billions of dollars and per cent)

Source: World Investment Report, 2021

Host Economies	2019	2020	2019-20	2019	2020
			<u>Absolute</u>	<u>Rankings</u>	<u>Rankings</u>
			<u>Change</u>		
United States	261	156	(105)	1	1
China	141	149	8	2	2
Hong Kong, China	74	119	45	5	3
Singapore	114	91	(23)	3	4
India	51	64	13	8	5
Luxembourg	15	62	47	25	6
Germany	54	36	(18)	7	7
Ireland	81	33	(48)	4	8
Mexico	34	29	(5)	14	9
Sweden	10	26	16	32	10

Table 1.2: FDI inflows, top 10 host economies, 2019 and 2020 (Billions of dollars)

Source: World Investment Report, 2021

1.2 FDI Inflows into India

FDI inflows into India have grown consistently since Liberalization, Privatization and Globalization (LPG) programme of 1991 and are an important component of foreign capital since FDI infuses long term sustainable capital in the economy and contributes towards technology transfer, development of strategic sectors, greater innovation, and competition and employment creation amongst other benefits. India received \$64 billion in FDI in 2020, the fifth largest recipient of inflows in the world. The COVID-19 second wave in the country weighs heavily on the country's overall economic activities but its strong fundamentals provide optimism for the medium-term (World Investment Report, 2021).

Table 1.3 showed that the cumulative FDI from April 2000 to March 2021 is USD \$736,576 million. The amount is a sum of Equity (FIPB Route/ RBI's Automatic Route/ Acquisition Route and Equity capital of unincorporated bodies), Re-invested Capital and Other capital. The year

over year increase in foreign direct investment from 2019-20 to 2020-21 has been 10 per cent. FDI equity inflows into India grew 19 per cent in the April 2020-March 2021 over last year. A year earlier 2019-2020, FDI equity inflows have stood at US\$ 49,977, rose to the level of US\$ 59,636 in 2020-21 as per Department for Promotion of Industry and Internal Trade (DPIIT). FDI equity flows accounted for a large chunk of this inflow attributed to measures taken to reform the FDI policy and improve the ease of doing business. In the 2020-21, total FDI (including re-invested earnings) rose 10% to US\$ 81,722 million, from US\$ 74,390 million in April-March 2019-2020. Therefore, it is concluded that India has registered its highest ever annual FDI Inflow of US \$81,772 million (provisional figure) during the last financial years (2014-20), India has received FDI inflow worth US\$ 440.01 billion which is 58 percent of the FDI reported in the last 21 years (US\$ 763.58 billion).

Table 1.3: FDI Inflows (as per International Practices) (Amount in US\$ million)

S.	Financial	Equity		Reinvested	Other	Total	%age
no.	Year	FIPB Route /	Equity	Earnings	Capital	FDI	growth
	(AprilMarch	RBI's	capital of			Inflows	over the
)	Automatic	unincorpo				previous
		Route/	rated				years
		Acquisition	bodies #				
		Route					
FINA	FINANCIAL YEARS FROM 2000-01 TO 2020-21						
1.	2000-01	2,339	61	1,350	279	4,029	-
2.	2001-02	3,904	191	1,645	390	6,130	(+) 52 %

3.	2002-03	2,574	190	1,833	438	5,035	(-) 18 %
4.	2003-04	2,197	32	1,460	633	4,322	(-) 14 %
5.	2004-05	3,250	528	1,904	369	6,051	(+) 40 %
6.	2005-06	5,540	435	2,760	226	8,961	(+) 48 %
7.	2006-07	15,585	896	5,828	517	22,826	(+) 155 %
8.	2007-08	24,573	2,291	7,679	300	34,843	(+) 53 %
9.	2008-09	31,364	702	9,030	777	41,873	(+) 20 %
10.	2009-10	25,606	1,540	8,668	1,931	37,745	(-) 10 %
11.	2010-11	21,376	874	11,939	658	34,847	(-) 08 %
12.	2011-12	34,833	1,022	8,206	2,495	46,556	(+) 34 %
13.	2012-13	21,825	1,059	9,880	1,534	34,298	(-) 26 %
14.	2013-14	24,299	975	8,978	1,794	36,046	(+) 5 %
15.	2014-15	30,933	978	9,988	3,249	45,148	(+) 25 %
16.	2015-16	40,001	1,111	10,413	4,034	55,559	(+) 23 %
17.	2016-17	43,478	1,223	12,343	3,176	60,220	(+) 8 %
18.	2017-18	44,857	664	12,542	2,911	60,974	(+) 1 %
19.	2018-19	44,366	689	13,672	3,274	62,001	(+) 2 %
20.	2019-20 (P)	49,977	1,757	14,175	8,482	74,390	(+) 20 %
21.	2020-21 (P)	59,636	1,787	16,216	4,082	81,722	(+) 10%
CUMULATIVE		532,513	19,005	170,509	41,549	7,63,576	-
TOTAL							
(From	n April, 2000						
March 2021)							

Source: RBI Monthly Bulletin for May, 2021.





Table 1.4 revealed share of top investing countries in FDI equity inflows from January 2000 to March 2021 and found that India attracts maximum funds from Mauritius, Singapore, U.S.A., Netherland, Japan, U.K., Germany, UAE, Cyprus and Cayman Islands respectively in descending order. Table 1.5 revealed sector-wise FDI equity inflows into India from January 2000 to March 2021 and found that sectors attracted maximum foreign inflows included services, computer software and hardware, telecommunications, trading, construction development, automobiles, construction (infrastructure), chemicals (except fertilizers), drugs & pharmaceuticals and hotel and tourism.

Rank	Country	Cumulative Inflows (January	%age to total Inflows
		2000 – March 2021)	
1	Mauritius	148,537	32.62%
2	Singapore	115,090	25.27%
3	U.S.A	43,742	9.61%
4	Netherland	36,661	8.05%
5	Japan	35,530	7.80%
6	U.K.	30,268	6.65%
7	Germany	12,873	2.83%

 Table 1.4: Share of Top Investing Countries in FDI Equity Inflows (US\$ million)

8	UAE	11,194	2.46%	
9 Cyprus		11,134	2.45%	
10	Cayman Islands	10,335	2.27%	
Cumulative		455,364	100%	

Source: FDI Fact Sheet, Author Calculation.

Table	1.5: Se	ector-wise	FDI	Equity	Inflows	(US\$ million)
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Rank	Sector	Cumulative Inflows (January	%age to total
		2000 – March 2021)	Inflows
1	Services Sector	87,084	24.53%
2	Computer Hardware & Software	71,080	20.02%
3	Telecommunications	37,666	10.61%
4	Trading	30,227	8.51%
5	Construction Development	26,084	7.35%
6	Automobile	26,005	7.32%
7	Construction (infrastructure)	24,721	6.96%
8	Chemicals (except fertilizers)	18,498	5.21%
9	Drugs & Pharmaceuticals	18,032	5.08%
10	Hotel & Tourism	15,658	4.41%
Cumula	tive	355,055	100%

Source: FDI Fact Sheet, Author Calculation.

1.3 FDI Policy

The Government has put in place a policy framework on FDI, which is transparent, predictable and easily comprehensible. This framework is embodied in the Circular on Consolidated FDI Policy, which may be updated on an annual basis, to capture and keep pace with the regulatory changes, effected in the interregnum. The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce & Industry, Government of India makes policy pronouncements on FDI through Consolidated FDI Policy Circular/Press Notes/Press Releases which are notified by the Department of Economic Affairs (DEA), Ministry of Finance, Government of India as amendments to the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 under the Foreign Exchange Management Act, 1999 (42 of 1999) (FEMA). The present FDI Policy is in operation from October 15, 2020 and FDI up to 100% is allowed on the automatic approval route in most sectors / activities. Under the Automatic Route, the nonresident investor or the Indian company does not require any approval from Government of India for the investment. Under the Government Route, prior approval of the Government of India is required. India amended its FDI policy on civil aviation, permitting non-resident Indian nationals to own up to 100 per cent (up from previously 49 per cent) of Air India under the automatic route. India opened investment in the coal mining industry to non-coal companies, which are now allowed to bid for coal mines. The country also liberalized the digital news media industry and the defence sector: foreign ownership is now allowed up to 26 per cent through the government approval route in the former industry and up to 74 per cent under the automatic route in the latter. In March 2021, India increased the FDI ceiling on insurance companies from 49 per cent to up to 74 per cent.

The FDI is prohibited in the following sectors/activities:

- a) Lottery Business including Government/private lottery, online lotteries, etc.
- b) Gambling and Betting including casinos etc.
- c) Chit funds
- d) Nidhi company
- e) Trading in Transferable Development Rights (TDRs)
- f) Real Estate Business or Construction of Farm Houses. "Real estate business" shall not include development of townships, construction of residential /commercial premises, roads or bridges and Real Estate Investment Trusts (REITs) registered and regulated under the SEBI (REITs) Regulations 2014.
- g) Manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes
- h) Activities/sectors not open to private sector investment e.g. (I) Atomic Energy and (II) Railway operations.

Table 1.6 presents a list of sectors under automatic route and Table 1.7 provide a list of sectors under government route.

S. No.	Sector	Сар
1	Agriculture	100%
2	Plantation Sector	100%
3	Mining and Exploration of metal and nonmetal ores	100%
4	Mining – Coal & Lignite	100%
5	Manufacturing	100%
	Broadcasting Carriage Services (Teleports, DTH, Cable Networks, Mobile	
6	TV, HITS)	100%
	Broadcasting Content Service - Up-linking of Non- "News & Current	
7	Affairs" TV Channels/ Down-linking of TV Channels	100%
8	Airports – Greenfield	100%
9	Airports – Brownfield	100%
10	Air Transport Service - Non-Scheduled	100%
11	Air Transport Service - Helicopter Services/ Seaplane Services	100%
12	Other services under Civil Aviation Sector - Ground Handling Services	100%
	Other services under Civil Aviation Sector - Maintenance and Repair	
13	organizations; flying training institutes; and technical training institutions	100%
14	Construction Development	100%
15	Industrial Parks -new and existing	100%
16	Trading – Wholesale	100%
17	Trading –E-commerce activities	100%
18	Trading – SBRT	100%
19	Duty Free Shops	100%
20	Railway Infrastructure*	100%
21	Asset Reconstruction Companies	100%
22	Credit Information Companies	100%
23	Intermediaries or Insurance Intermediaries	100%
24	White Label ATM Operations	100%
25	Other Financial Services	100%
26	Pharmaceuticals – Greenfield	100%
27	Petroleum & Natural Gas - Exploration activities of oil and natural gas fields	100%
28	Petroleum refining by PSUs	49%
29	Infrastructure Company in the Securities Market	49%
30	Insurance	49%
31	Pension	49%
32	Power Exchanges	49%

 Table 1.6: FDI Policy: Sectors under Automatic Route

* Proposals involving FDI beyond 49% in sensitive areas from security point of view, to be brought by the Ministry of Railways before the Cabinet Committee on Security (CCS) for consideration on a case to case basis.

Source: <u>www.dipp.gov.in</u>

Table 1 7. FDI Pa	licy. Sectors w	vhere Government	Annroval	is required
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S. No.	Sectors	Cap	Government
			Approval
1	Mining and mineral separation of titanium bearing		
	minerals and ores	100%	Upto 100%
2	Food Product Retail Trading	100%	Upto 100%
3	Defence	100%	Beyond 49%
4	Broadcasting Content Service a) FM Radio b) Up linking		
	of "News & Current Affairs" TV Channels	49%	Upto 49%
5	Uploading/ Streaming of News & Current Affairs through		
	Digital Media	26%	Upto 26%
6	Print Media - Publishing of newspaper and periodicals		
	dealing with news and current affairs	26%	Upto 26%
7	Print Media - Publication of Indian editions of foreign		
	magazines dealing with news and current affairs	26%	Upto 26%
8	Publishing/printing of scientific and technical		
	magazines/specialty journals/ periodicals	100%	Upto 100%
9	Publication of facsimile edition of foreign newspapers	100%	Upto 100%
10	Air Transport Service - Scheduled, and Regional Air		
	Transport Service,	100%	Beyond 49%
11	Investment by Foreign Airlines	100%	Upto 49%
12	Satellites- establishment and operation	100%	Upto 100%
13	Telecom Services	100%	Beyond 49%
14	Private Security Agencies	74%	Beyond 49%
15	Trading – MBRT	51%	Upto 51%
16	Banking - Private Sector	74%	Beyond 49%
17	Banking - Public Sector	20%	Upto 20%
18	Pharmaceutical – Brownfield	100%	Beyond 74%

Source: <u>www.dipp.gov.in</u>

Conclusion

Global FDI inflows are expected to rise in 2021 with an increase of 10-15 per cent and a further increase in 2022 which could bring FDI inflows back to the 2019 level of \$1.5 trillion. FDI inflows to developed economies are expected to remain high but in Asia will remain resilient. India will continue to attract foreign investment in high-tech industries, given their market size and their advanced digital and technology ecosystem. Samsung is expanding its investment in manufacturing in India under that country"s federal plan to boost domestic smartphone production over the next five years. FDI to India has been on a long-term growth trend and its market size will continue to attract market-seeking investments. In addition, investment into the Information and Communication Technology (ICT) industry is expected to keep growing. Export-related manufacturing, a priority investment sector, will take longer to recover, but government facilitation can help. The country"s Production Linkage Incentive scheme, designed to attract manufacturing and export-oriented investments in priority industries (e.g. automotive and electronics) can drive a rebound of investment in manufacturing. India boasts of being among the top 12 recipients of FDI globally. The increased FDI inflows in India over the years are testament to the attractive investment opportunities available for foreign investors in India. Announced Greenfield projects in India contracted by 19 per cent to \$24 billion, and the second wave in April 2021 is affecting economic activities, which could lead to a larger contraction in 2021. India introduced a requirement that all investment originating from countries that share land borders with India must obtain prior governmental approval, to curb opportunistic takeovers or acquisitions of Indian companies during the pandemic.

In the past year (2019-2020), the Centre has eased FDI policy for sectors such as insurance intermediaries and defence. Since the opening of defence sector to private participation in 2001, 44 FDI proposals and joint ventures have been approved for manufacture of various equipment, both in public and private sectors. From tax regime to FDI norms, the government has a predictable and friendly environment. Unless we invest in human capital, FDI will not help. For the India FDI landscape, the year 2020 may have been a welcome bag of enhanced equity inflows, bold policy changes and billion-dollar milestones.

II. Literature Review

A review of literature is a very crucial part of any research paper, it provides fundamental knowledge of where the research problem is heading as well as identifies inconstancies like research gaps, conflicts in previous studies and open questions left from other research. There have been several empirical studies done for determinants of FDI inflows in developing countries. The choice of dependent as well as explanatory determinants varied depending on the econometric model (e.g. autoregressive integrated moving average (ARIMA), panel data analysis, time-series analysis) and the countries examined. This literature review draws from past empirical studies and provides an explorative view of the relationship between FDI inflows and its determinants.

Sharma and Baby (2019) identified the major determinants of FDI inflows into India''s service sector and found that real gross domestic product, trade openness, real interest rate, infrastructure, tertiary education and FDI stock are significant determinants of FDI. Asongu, et al. (2018) examined the factors that determine the flow of FDI to BRICS (Brazil, Russia, India, China and South Africa) and MINT (Mexico, Indonesia, Nigeria and Turkey) Countries employing sample data from 2001 to 2011. The results demonstrates that market size, availability of infrastructure and trade openness are significant determinants while availability of natural resources and institutional quality are insignificant variables in attracting FDI to BRICS and MINT Countries. **Goel and Walia (2017)** paper "Determinants of Foreign Direct Investment (FDI) in India: An Analysis" confirmed that gross domestic product, trade Openness, inflation, foreign exchange reserves, real expected exchange rate contributed positively while inflation rate and debt service ratio had negative effect on FDI inflows in India.

Kaur and Sharma (2013) examined the determinants of FDI in India. The study suggested that explanatory variables of gross domestic product, openness, foreign exchange reserves, long-term debt contributed positively to FDI inflows while inflation and exchange rate had a negative impact. **Ibrahim and Hassan (2012)** explored the determinants of foreign direct investment (FDI) in Sudan over the period (1970–2010) by considering the market size, inflation rate, exchange rate, indirect taxes, trade openness, and investment incentive policy as variables

influencing FDI. The results of the long-run FDI equation indicated that FDI flows in Sudan are influenced by the market size, inflation rate, exchange rate, and investment incentive policy.

Singhania and Gupta (2011) examined the determinants of FDI by applying autoregressive integrated moving average (ARIMA) using data from 1991 to 2008 to explain variation in FDI inflows into India. The study found that GDP, inflation and scientific research were significant determinants in explaining the variance in FDI inflows in India while trade openness, real interest rate, money growth were insignificant determinants. Further, the study found that FDI policy changes in years 1995 and later 1996 and 1997 had important effect on the FDI inflow into India. Seetanah and Rojid (2011) examined the determinants of FDI in Mauritius and found that the most instrumental determinants appear to be trade openness, wages and the quality of labour whereas determinant of size of the market was reported to have a relatively lesser impact on FDI, due to lesser population and small size of domestic market on the one hand and the good export opportunities from Mauritius to other countries.

Azam and Lukman (2010) examined the effects of various economic factors on foreign direct investment (FDI) inflows into Pakistan, India and Indonesia during the study period of 19712005 by employing Log linear regression model for each country and the method of least squares. Empirical results revealed that market size, external debt, domestic investment, trade openness, and physical infrastructure were the important economic determinants of FDI. Further, this study found that the empirical results of the economic determinants of India matched with the empirical results of Pakistan excluding two determinates (viz, trade openness and government consumption) while the results of Indonesia do not match with the results of the economic determinants of FDI for Pakistan and India.

Ang (2008) examined the determinants of FDI for Malaysia using annual time series data for the period 1960-2005. The study found that market size had a significant positive impact on FDI inflows while growth rate of GDP exerts a small positive impact on inward FDI. On the other hand, higher statutory corporate tax rate and appreciation of the real exchange rate appear to discourage FDI inflows. Interestingly, the results also seem to suggest that higher macroeconomic uncertainty induces more FDI inflows.

Wijeweera and Mounter (2008) examined the long-run effects of economic determinants such as GDP, trade openness, wage rate, exchange rate and interest rate on FDI inflows in Sri Lanka. The findings indicated that the wage rate was the significant determinant of inbound FDI to Sri Lanka whereas GDP, exchange rate, interest rate, and trade openness were insignificant to FDI inflows. Fedderke and Romm (2006) found the growth impact and the determinants of FDI in South Africa using data from 1956 to 2003. The findings of the study revealed complementarity of foreign and domestic capital in the long run showing positive technological spillover from foreign to domestic capital. FDI through the spillover effect generate requisite technology, resources and skills in the host country but the capacity to absorb created resources depends upon host country policies. Moran, et al. (2005) concluded the impact of FDI on the host country"s growth depends to a large extent on the host country"s economic liberation (i.e. removal of undesirable restrictions on various sectors and creation of favorable policy environment for attracting FDI inflows). The greater liberation of economy results in positive impact of FDI on growth while restricted policy environment creates negative impact of FDI on host country's growth. Naeem and Azam (2005) examine the determinants of FDI in Pakistan using time series data from 1970-71 to 1999-2000 and found that market size, domestic investment, trade openness, indirect taxes, inflation, and external debt were significant determinants of FDI inflows.

Asiedu (2002) found that openness, return on investment and GDP as proxy variable for market size, were significant variables for FDI inflows while infrastructure and political risk found insignificant determinants of FDI. Maniam and Chatterjee (1998) examined the determinants of US foreign investment in India using the ordinary least square (OLS) method for the period 1962 to 1994. The study observed that market size, market growth rate, trade balance were insignificant variables while exchange rate was only significant variable of U.S. foreign direct investment (FDI) in India.

From the reviewed research works, it is evident that results again provide a mixed response as far as the determinants of FDI inflows is concerned.

III. Research Methodology

3.1 Objective of the study

To find the determinants that determines the FDI inflows into India.

For the purpose, dependent variable is "Log FDI inflows in India". The FDI inflows will be transformed using logarithm to make the data normal. The unit of the data is \$ million. The independent variables considered to test the individual hypotheses and to give a comprehensive understanding of the determinants of FDI inflows into India while maintaining the number of explanatory determinants limited to be able to manage issues of multicollinearity.

3.2 Data and Sample Selection

There are numerous sources from where the data can be collected and used. The selection of data is based upon the reliability of the source and usability of the data. The study has selected data from World Bank Database (World Development Indicators) and Department for Promotion of Industry and Internal Trade (DPIIT) fact sheet, as it is standard and is used in most of the empirical research studies on the determinants of FDI. The data used has been presented in Appendix.

Time Period

3.3 The study is based on secondary data. The study uses annual time-series data from 1991 to 2019.Methodology

The methodology adopted for studying the objective is simple averages, percentages and

3.4 multiple regression analysis. The data collected have been analyzed using statistical software the Statistical Package for Social Sciences and Microsoft spreadsheet (i.e. MSExcel). Ordinary least square (OLS) multiple regression analysis has been adopted to estimate the FDI model. A regression analysis is concerned with the study of the dependence of one variable (i.e. the dependent variable) on one or more other variables (i.e. explanatory variables), with a view to estimating and predicting the average value of the former in terms of the known values of the latter.

Multiple Regression Analysis

Multiple regression analysis is a study of relationship among independent variables. The values of the dependent variable (Y) are related to the values of a set of explanatory variables $(X_1, X_2, X_3, \dots, X_k)$. The equation that represents the simple regression model is:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_k X_k + \varepsilon$$

Where β_0 is the intercept parameter of the population regression equation and β_i , i = 1, 2, ...,k, are the regression coefficient parameters of regression equation. X_i represents the value of the independent variable and ϵ indicates error in the regression line. The corresponding sample regression equation is given by:

$$Y = b_0 + b_1 X_1 + b_2 X_2 + \dots + b_k X_k + e,$$

Where b_0 is the intercept of the sample regression equation and b_i , i = 1, 2, ..., k, are the regression coefficients of the sample regression equations. These coefficients $b_1, b_2, ...,$ bk are the estimates of $\beta_1, \beta_2, ..., \beta_k$, and e is the error term for sample regression model. Therefore, the estimated sample regression equation would be:

 $\hat{\mathbf{Y}} = \mathbf{b}_0 + \mathbf{b}_1 \mathbf{X}_1 + \mathbf{b}_2 \mathbf{X}_2 + \dots + \mathbf{b}_k \mathbf{X}_k + \mathbf{e}$ Where

 $b_0, b_1, b_2 \dots, b_k$ are sample regression coefficients.

Ordinary Least Square (OLS) technique isl⁸ sed to estimate multiple regression models.

Research Hypotheses

In terms of determinants of FDI inflows into India, past empirical studies focused on determinants related to market size (Rogmans and Ebbers, 2013; Singhania and Gupta,

2011; Estrin and Bevan, 2004; Chakrabarti, 2001; Dunning, 1980) market growth rate (Moran, et al., 2005; Alfaro, 2003; Moosa, 2002) inflation (Singhania and Gupta, 2011; Wint and Williams, 2002), scientific progress (Singhania and Gupta, 2011), interest rate (Singhania and Gupta, 2011; Wint and Williams, 2002), money growth (Singhania and Gupta, 2011; Chowdhury and Mavrotas, 2006; Ali and Guo, 2005;), political stability (Dupasquier and Osakwe, 2006; Wint and Williams, 2002), labour quantity (Hailu, 2010; Skablic and Orlic, 2007; Zhao and Zhu, 2000) labour quality (Casi and Resmini, 2010) and a country''s openness to trade (Singhania and Gupta, 2011; Jun and Singh, 1995). Each of the independent variable associated with FDI inflows is discussed and testable hypotheses for the India are developed. Table 3.1 showed variables, definitions and data sources.

1. Market Size

The larger market size of host country is expected to attract more FDI as it provides greater potential for demand and lower production costs through scale economies. The main determinant associated with FDI inflows is a country"s market size usually measured by a country"s GDP. Several empirical studies found market size to be positive and statistically significant determinants of FDI inflows to host country. In the present study, market size is positively correlated with FDI inflows into India. Market size has been proxied by GDP per capita and the unit of data is \$ million for GDP per capita Therefore, it is hypothesized that:

H₁: FDI inflows are positively associated with a country's market size.

2. Market Growth Rate

The several empirical studies strongly evidenced the role of GDP in describing FDI inflows (Estrin and Bevan, 2004; Chakrabarti, 2001), FDI inflows are stated as a proportion of a country"s GDP. In the present study, market growth rate is positively correlated with FDI inflows into India. Market growth rate size has been proxied by GDP $\frac{20}{20}$ growth rate and the unit of data is annual percentage. Therefore, it is hypothesized that:

H_2 : FDI inflows are positively associated with a country's market growth rate.

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3. Macroeconomic Stability

High Inflation rate in the host country is negatively associated with high FDI because foreign direct investors demotivated due to deterioration of capital. The government of host country formulates strategies to keep inflation within manageable limit and create a stable macro environment to attract foreign investment. In the present study, macroeconomic stability proxied by inflation rate (calculated as percentage change in Consumer Price Index (CPI) as a determinant of FDI inflows and expected sign is negative. Thus, it is hypothesized that:

H₃: FDI Inflows are negatively associated with inflation rate in host country.

4. Scientific Progress

Several empirical studies used research and development (R&D) as a determinant of FDI inflows ((Singhania and Gupta, 2011; Palit and Nawani, 2007). R&D determinant is indirect representation of the scientific progress of a host country. The present study used the patent application residents" number (units of the data in number) from India as a proxy variable for scientific progress and expected sign is positive. Therefore, it is hypothesized that:

*H*₄: *FDI* inflows are positively related with scientific progress of host country.

5. Interest Rate

Nominal interest rate after adjusted for inflation results into real interest rate in a country which is a strong determinant for FDI inflow. Foreign investors search for lower capital avenues as well as higher yields on the capital infused in host country. The procurement of capital at cheaper cost is expected to be associated with high FDI inflows. This study used real interest rate (unit is percent) with expected positive sign. So, it is hypothesized that:

H_5 : FDI inflows are positively associated with lower interest rate in host country.

6. Money Growth

The money availability, growth of financial system relies upon money growth in a country. Several empirical studies found a moderately strong relationship between money growth and FDI inflows. In this study, the quasi money growth is taken as proxy for the

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money growth. The units are annual per cent change with expected positive sign. Therefore, it is hypothesized that:

 H_6 : FDI inflows are positively related with an increase in money growth in host country.
7. Political Stability

The political stability in a host country is evaluated by foreign investors before taking a decision of investment. Hence, certain investment projects will be attractive in politically stable country. Several empirical studies showed that political stability in a country is a statistically significant determinant affecting the inflows of FDI. The present study used military expenditure (percentage of GDP) as a proxy determinant for political stability in India. Thus, its expected relationship with FDI inflows is positive and it is hypothesized that:

H_7 : FDI inflows are positively associated with political stability of the host country.

8. Labour Quantity

The population growth has been used as proxy for the labour quantity. The units are annual percent change. Labour quantity is positively correlated with FDI inflows. Thus, it is hypothesized that:

H₈: FDI inflows are positively associated with lower labour cost in the host country.

9. Labour Quality

The industrial value added has been used as proxy for the labour quality. The units are percent of GDP. Thus, labour quality is positively correlated with FDI inflows. Thus, it is hypothesized that:

H₉: FDI inflows are positively associated with skilled labour in the host country.

10. Trade openness

Trade openness is expected to be associated with high FDI if foreign investment leads to manufacturing of goods and services for export. Trade openness is defined by the total sum

3.6 of exports and imports and signifies the international trade by the country. The impact of liberalized trade on the FDI is found by both horizontal and vertical FDI flows. Trade openness has been proxied by sum of exports and imports divided by the GDP and the units are percent of GDP.

H_{10} : FDI inflows are positively associated with host country trade openness.

Model Specification

The determinants chosen for the present study have been decided by taking into account the relationship and significance of the determinants in India and the availability of reliable data to enable the process of undertaking an empirical study. The econometric model is

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planned to study the determinants of FDI inflows in India. The study undertakes ordinary least square regression analysis and testing whether a positive or a negative relationship holds true between the selected determinants and FDI. Multiple regression analysis is the most widely used statistical technique to analyze the relationship between a single dependent determinant and several independent determinants.

The econometric model designed for the study is:

FDI = f (Market size, Market growth rate, Macroeconomic stability, Scientific progress, Interest rate, Money growth, Political stability, Labour quantity, Labour quality, and Trade Openness).

The above model has been transformed into logarithmic form:

 $Log FDI = \alpha + \beta_1 Log GDP_PC + \beta_2 Log GDP_GR + \beta_3 Log INF_RA + \beta_4 Log SCI_PRO +$

 β_5 LogINT_RA + β_6 LogMON_GR + β_7 LogPOL_ST + β_8 LogLAB_QN +

 β_9 LogLAB_QL + β_{10} LogTRD_OPEN + ε_{it} Where:

Log FDI = Foreign Direct Investment (US\$ million)

Log GDP_PC = Gross Domestic Product per capita (proxy used for market size) (US\$)

LogGDP_GR = Gross Domestic Product growth rate (proxy used for market growth rate) (%)

LogINF_RA = Inflation rate (proxy used for macroeconomic stability (percent)

LogSCI_PRO = Scientific progress (proxy used patent application residents" number)

LogINT_RA = Interest rate (used real interest rate) (percent)

LogMON_GR = Money growth (quasi money growth is taken as proxy) (percent)

LogPOL_ST = Political stability (military expenditure (% of GDP) as a proxy (percent)

LogLAB_QN = Labour Quantity (percent)

 $LogLAB_QL = Labour Quality (percent)$

LogTRD_OPEN= Trade Openness (percent)

 e_{it} = error term over the time t. α =

Intercept term β_1 = Vector of coefficients

Before applying the Ordinary Least Square (OLS) step-wise regression, there are some assumptions that should be satisfied by dependent and independent determinants namely:

Variance: The study has used log of the time series data in order to shorten the variance in the data over the years and restrict the data to a small range. Small variance is needed for correct and consistent results of the regression modeling. For, e.g. the time series for dependent variables FDI inflows is LogFDI.

Autocorrelation: The application of OLS is based on the assumption that the different explanatory variables are not correlated to each other and the violation of this assumption is called multicollinearity which leads to unreliable results in regression analysis. The autocorrelation arises when in the time series data which is gathered over a period of time, the error terms tend to correlate each other sequentially. The Durbin-Watson (D-W) statistic is used to measure autocorrelation in the error term in a time series data.

Variance Inflation Factor (VIF): It is a technique of identifying the presence of multicollinearity among independent variables. VIF is computed as the inverse of tolerance as given below:

$$\frac{1}{\text{VIF}_k} = \frac{1}{\text{Tolerance}} = \frac{1}{1 - R_k^2}$$

Where R_k^2 is the R² measure derived by regressing the kth predictor on the remaining explanatory variable in the model. If the VIF value for each individual variable is below 5; therefore, it is conclude that there is no multicollinearity in sample data.

In the above model, the determinants of scientific progress, political stability, labour quantity and trade openness were excluded for inclusion in the final model due to presence of multicollinearity because the VIF of each determinant was greater than 5.

The final multiple regression model fit for the study is given below:

Log FDI = $\alpha + \beta_1 \text{LogGDP}_PC + \beta_2 \text{LogGDP}_GR + \beta_3 \text{LogINF}_RA + \beta_4 \text{LogINT}_RA + \beta_5 \text{LogMON} GR + \beta_6 \text{LogLAB} QL + \epsilon_{it}$ Where:

Log FDI = Foreign Direct Investment (US\$ million)

Log GDP_PC = Gross Domestic Product per capita (proxy used for market size) (US\$)

 $LogGDP_GR = Gross Domestic Product growth rate (proxy used for market growth rate) (%)$ 26

- LogINF_RA = Inflation rate (percent)
- LogINT_RA = Interest rate (used real interest rate) (percent)

LogMON_GR = Money growth (quasi money growth is taken as proxy) (percent)

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 $LogLAB_QL = Labour Quality (percent) e_{it} =$

error term over the time t. α = Intercept term β_1

= Vector of coefficients Workable Hypotheses

*H*₁: *FDI inflows are positively associated with a country's market size.*

 H_2 : FDI inflows are positively associated with a country's market growth rate.

*H*₃: *FDI Inflows are negatively associated with inflation rate in host country.*

*H*₄: *FDI* inflows are positively associated with lower interest rate in host country.

*H*₅: *FDI* inflows are positively related with an increase in money growth in host country.

*H*₆: *FDI inflows are positively associated with skilled labour in the host country.*

3.7 Limitations of the study

- The study is based on the macro level data and may not capture strictly the firm specific characteristics in the determination of FDI.
- Dataset for each variable have been sourced from a single source to ensure comparability. Since international institutions may make suitable adjustments for the sake of comparability, data for an individual country may marginally vary from the country"s own datasets.
- The effect of recessions and other disturbances (e.g. COVID-19) are bound to be present in the time series data.
- The study uses specific statistical methods to verify the regression model and therefore, the basic limitations of the statistical methods used will apply to our model.

Sr.	Variables	Abbreviation	Definition	Unit	Expected	Sources
no.					Sign	
1.	FDI Inflows		Foreign Direct Investment Inflows	US\$		Secretariat for Industrial
	(Dependent)			million		Assistance, various FDI Fact
						Sheets
2.	Market Size	GDP_PC	Gross Domestic Product per capita	US\$	Positive	World Development Indicators,
						2021
3.	Market Growth	GDP_GR	Gross Domestic Product growth	Percentage	Positive	World Development Indicators,
			rate			2021
4.	Inflation Rate	INF_RA	Inflation, Consumer prices Index	Percentage	Negative	World Development Indicators,
						2021
5.	Scientific	SCI_PRO	Patent Applications residents	Number	Positive	World Development Indicators,
	Progress					2021
6.	Interest Rate	INT_RA	Real Interest rate	Percentage	Positive	World Development Indicators,
						2021
7.	Money Growth	MON_GR	Money and quasi money growth	Percentage	Positive	World Development Indicators,
						2021
8.	Political	POL_ST	Military Expenditure as	Percentage	Positive	World Development Indicators,
	stability		percentage of GDP			2021
9.	Labour	LAB_QN	Population growth	Percentage	Positive	World Development Indicators,
	Quantity					2021
10.	Labour Quality	LAB_QL	Industrial value added	Percentage	Positive	World Development Indicators,
						2021
11.	Trade	TRD_OPEN	The ratio of exports and imports	Percentage	Positive	World Development Indicators,
	Openness		divided by GDP			2021

Table 3.1: Variables, Definitions and Data Sources

Source: Survey

IV. Analysis and Findings

Table 4.1 reports the summary statistics of all determinants undertaken for the study. Table 4.2 shows correlation matrix between the dependent and independent determinants for the period 1991-2019. It can be observed that the dependent determinant (i.e. FDI inflow) is positively correlated with GDP per capita, GDP growth rate, scientific progress, interest rate and trade openness while negatively related with inflation rate, money growth, political stability, labour quantity and labour quality. Among the independent determinants in the model, the highest correlation is that of 0.992 between GDP per capita and scientific progress which is significant at the 1 per cent level. In case of dependent and independent determinants, the highest correlation is that of 0.967 between FDI inflow and GDP per capita and 0.966 between FDI inflow and scientific progress which are significant at 1 per cent level.

Determinants							Confidence
		Standard					Level
	Mean	Error	Kurtosis	Skewness	Minimum	Maximum	(95.0%)
FDI	24046.103	4453.173	-1.118	0.576	129.000	74390.000	9121.911
GDP_PC	1158.850	89.566	-0.697	0.671	575.502	2152.216	183.467
GDP_GR	6.263	0.360	0.129	-0.836	1.057	8.846	0.738
INF_RA	7.260	0.612	-1.091	0.507	3.328	13.870	1.253
SCI_PRO	6429.034	972.419	-0.155	0.910	1209.000	19454.000	1991.909
INT_RA	5.491	0.458	1.702	-0.926	-1.984	9.191	0.938
MON_GR	15.465	0.728	-0.628	-0.331	6.801	22.272	1.491
POL_ST	2.649	0.034	-1.128	0.148	2.343	2.957	0.071
LAB_QN	1.544	0.062	-1.361	-0.176	1.013	2.040	0.127
LAB_QL	28.103	0.329	-0.425	0.283	24.178	31.137	0.674
TRD_OPEN	35.993	2.351	-1.438	0.023	16.988	55.794	4.815

 Table 4.1: Summary Statistics of the Determinants

Source: Author Calculation.

Table 4.3 provides the estimated values of the coefficients and their corresponding t-statistics using OLS regression test. The step-wise OLS estimation shows that all independent determinants coefficients have correct theoretical signs. Tests point out that the model does not suffer from multicollinearity problems. For the model, multicollinearity statistics have been obtained and the variance inflation factor (VIF) is below 2 for independent determinants, whereas typically only VIF values over 5 or 10 give concern for multicollinearity in the model.

Table 4.2: Correlation Matrix of the Study Dete	rminants Depe	ndent
-------------------------------------------------	---------------	-------

Variable: FDI Inflows

Variables	FDI Inflow	GDP per	Scientific Progress	GDP Growth Rate	Inflation	Interest rate	Money Growth	Political Stability	Labour Quantity	Labour Quality	Trade Openness
		сарна									
FDI Inflows	1.000		•			•					
GDP Per capita	.967**	1.000									
	(.000)										
Scientific	.966**	.992**	1.000								
Progress	(.000)	(.000)			-						
GDP Growth Rate	.188	.211	.165	1.000							
	(.474)	(.271)	(.392)								
Inflation	239	349	299	171	1.000						
	(.213)	(.063)	(.115)	(.374)							
Interest Rate	288	240	255	041	431*	1.000					
	(.116)	(.209)	(.182)	(.832)	(.020)			-			
Money Growth	512**	626**	618**	135	.374*	196	1.000				
	(.004)	(.000)	(.000)	(.486)	(.046)	(.307)			-		
Political	667**	639**	657**	242	.085	.164	.299	1.000			
Stability	(.000)	(.000)	(.000)	(.206)	(.663)	(.395)	(.115)				
Labour	945**	979**	957**	257	.333	.300	.582**	.607**	1.000		
Quantity	(.000)	(.000)	(.000)	(.179)	(.077)	(.114)	(.001)	(.000)			
Labour Quality	007	104	153	.276	.277	572**	.520**	041	040	1.000	
	(.971)	(.591)	(.428)	(.148)	(.146)	(.001)	(.004)	(.831)	(.839)		
Trade Openness	.735**	.718**	.679**	.250	099	569**	179	477**	824**	.549**	1.000
	(.000)	(.000)	(.000)	(.190)	(.608)	(.001)	(.353)	(.009)	(.000)	(.002)	

Note: The asterisks **, *, shows that estimates are significant at 1 percent and 5 percent level of significance respectively. ρ-values are in parentheses. The Durbin-Watson (D-W) statistic is used to measure autocorrelation in the error term in a time series data. The D-W statistic is observed as 0.876 which is less than standard statistic of 2, confirms absence of autocorrelation in data. Therefore, the presence of autocorrelation and consequently, the possibility of any omission of important determinants remain inconclusive. The coefficient of determination (R^2) measures the strength of the fitted OLS equation. It explains what proportion of the variations in the dependent variable explained by the independent variables. Explained variation is also known as variation due to the regression and the unexplained variation is also called as variation due to error term. The adjusted R^2 is an improved measure over coefficient of determination in case of more than one independent variables is considered. The value of adjusted R^2 should be maximum possible. The adjusted R^2 is 0.944 which explain 94 percent of the variation in the FDI inflows. The GDP per capita is a significant determinant of FDI inflows in India. The significance of (R^2) is tested with the help of analysis of variance (ANOVA) tool that involves the use of F-test. The F-value should be significant enough to reject the null hypothesis that there is no model possible. The present study found that F-value is 157.129 which is significant at the one percent level, therefore it is concluded that the estimated regression line is significant. The results yield several insights into the determinants of FDI inflow into India. First, a India"'s GDP per capita (a proxy used for market size) is positively associated with its FDI performance which is a significant determinant at 1 per cent level. The coefficient value is 4.131 which mean US\$1 increase in GDP per capita results into US\$4.131 increase in FDI inflows into India. Therefore, the study hypothesis of FDI inflows is positively associated with a country"s GDP per capita does not reject. This finding is in line with the study of (Singhania and Gupta, 2011) which provides support to the role of market seeking as a motive for FDI in India. Second, the role of the independent determinant of labour quality is positive and significant (at 1 per cent level) in attracting FDI inflows into India. The coefficient value of 9.181 means that 1 per cent increase in industrial value added as a per cent of GDP results into 9.181 per cent increase in FDI inflow. Therefore, the study hypothesis of FDI inflows is positively associated with skilled labour in the host country does not reject. The interest rate is positive and significant determinant of FDI inflow in India. A positive interest rate differential helps in attracting FDI inflows. Therefore, the study hypothesis of FDI inflows is positively associated with lower interest rate in host country is true. The result is in line with the studies of (Coskun, 2001; De Wet, 2003) suggested that lower interest rate on

borrowed capital by foreign investors in host country can attract foreign investors and increase the FDI inflow.

The GDP growth rate is positive but insignificant determinant of FDI. The inflation rate coefficient has the correct sign and insignificant. The money growth also has the correct sign but insignificant determinant of FDI inflow into India.

Independent Variables	dependent Variables Coefficients				Collinearit	y Statistics
	β	Std.	t	Sig.	Tolerance	VIF
		Error				
Constant	-22.120	2.509	-8.816	0.000		
GDP_PC	4.131**	0.203	20.375	0.000	0.907	1.103
LAB_QL	9.181**	1.552	5.915	0.000	0.659	1.518
INT_RA	0.404*	0.190	2.127	0.043	0.614	1.629
GDP_GR	0.42	-	0.806	0.428	0.746	1.340
INF_RA	-0.056	-	-0.953	0.350	0.579	1.726
MON_GR	0.047	-	0.646	0.524	0.382	2.616
F-Statistics	157.129**	k				
Adjusted R ²	0.944					
R Square	0.950					
R	0.974					
Std. Error of the estimate	0.18177					
Durbin-Watson	0.876					
Note: * and **Significant a	t 5 % and 1	l % level.				

 Table 4.3: Regression Results

Table 4.4: Acceptance/Rejection of Research Hypotheses

Objective	Hypothesis	Hypothesis Statement	Result
	H_1	FDI inflows are positively associated with a country"s	Does not
To find the		GDP per capita.	reject
determinants	H ₂	FDI inflows are positively associated with a country"s	Reject
of FDI		GDP growth rate.	
Inflows in	H ₃	FDI Inflows are negatively associated with inflation rate	Reject
India		in host country	
	H ₄	FDI inflows are positively associated with lower interest	Does not
		rate in host country.	reject

H ₅	FDI inflows are positively related with an increase in	Reject
	money growth in host country.	
H ₆	FDI inflows are positively associated with skilled labour	Does not
	in the host country.	reject

Source: Survey

Summary and Recommendations

An analysis of the recent trends in FDI flows at the global level as well as across regions/countries suggests that India has generally attracted higher FDI flows in line with its robust domestic economic performance and gradual liberalization of the FDI policy as part of the cautious capital account liberalization process. The study tried to find the determinants determining FDI inflows in India. For this, independent determinants selected such as market size, market growth rate, inflation rate, scientific progress, interest rate, money growth, political stability, labour quantity, labour quality and trade openness which have been considered as determining variables for influencing FDI inflows in any country in empirical research studies. The study found that market size, labour quality and real interest rate are significant determinants in attracting FDI inflows in India whereas market growth rate, inflation rate and money growth are insignificant determinants of FDI inflows in India during the study period. Further, the regression model is able to explain 94 percent of the variation in the FDI inflows. This study has confirmed some of the classical determinants of FDI inflows found in the review of literature and has obtained new findings.

Scope for Further Research

The subsequent research work should be done to find out other independent determinants that can be used to define 6 percent remaining variation in the FDI inflows. The FDI inflows can be affected by several socio-economic determinants and it will be practical if a comprehensive list of determinants can be prepared and analyzed to explain up to 99 percent variation in the FDI inflows in India. The main determinants that can be used are exchange rate, trade strikes, natural resource endowments, environmental risk, trade flows and trade discrimination.

The exchange rate is a significant variable and affects the inflows/outflows to a great extent. Some exchange theories proved that strong home currency discourages and weaker currency encourages FDI in the country. Trade strikes will provide an idea about the industrial environment and risk magnitude which will assist the foreign investors to decide $\frac{39}{100}$ if their investments are safe and will generate higher returns. Natural resource endowments e.g. oil and gas are important determinant to be attracting resource seeking FDI.

V.

Environmental risk as a determinant of FDI inflows can be defined as "the unpredictability

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of an entrant"s external environment" (Anderson and Gatignon, 1988) and referred to as external risk or country risk. It is expected that a high level of environmental risk in a country leads to lower FDI inflows. Trade discriminatory practices like imposition of high tariffs on imported products and use of non-tariff barriers encourage market seeking FDI inflows in large market size countries like India and China.

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Appendix

Table A

<u>Year</u>	Indicators Name											
	FDI*	GDP	GDP	Inflation,	Patent	Real Interest	Money and	Military	Population	Industrial	Trade (% of	f
	Inflows	Per capita	Growth Rate	Consumer	Applicatio	rate (%)	quasi money	Expenditure	Growth	value added	GDP)	
	US\$ (US	\$) (Annual %)	prices ns growt	h (% of GDP) (A	nnual %) (%	of GDP) millio	n (Annual %) res	idents (Annual	%)			
1991	129	575.5015517	1.056831433	13.8702461	8 1267	3.624716594	18.31695228	2.90997432	8 2.039728	736 26.441	2018	
	16.98	772655										
1992	315	595.013461	5.482396022	11.7878170	4 1248	9.132749407	16.86249497	2.70483970	5 2.003178	24 26.792	4327	\vdash
	18.43	309904										\vdash
1993	586	611.1188528	4.75077622	6.32689048	8 1209	5.814776514	17.00766251	2.82354224	<u> </u>	}87 26.781 €	5428	H
	19.65	153979										
1994	1314	639.268756	6.658924067	10.2479355	6 1588	4.337109732	20.27772825	2.66467372	7 1.943243	22 27.6282	20125	Γ
	20.07	814438										
1995	2144	674.6195597	7.57449184	10.2248861	6 1545	5.864178113	11.0111211	2.57848357	2 1.918940	<u>59 28.5998</u>	30942	\vdash
1000	22.86	744871	7.540500040	0.0771.5000	0 1.((1	7 70200 (202	10 52 (25.12.1	0.4707(000	1 00 50 10			\vdash
1996	2821	711.92883	7.549522249	8.97/15233	8 1661	7.792994302	18./362/434	2.4/2/6822	5 1.895219:	<u>)// 27.9122</u>	2/037	\vdash
1007	21.92	948/8/	4.040920940	7 16425211	5 1026	6 000578002	17 65675420	2 64772242	1 960172	02 27 827	2076	F
199/	22 61	039697	4.049820849	/.10423211	5 1926	0.909378992	17.03073429	2.04775242	1.809172	105 <u>27.85</u> A	5076	Γ
1008	22.01	757 93/109	6 184415821	13 2308380	8 2247	5 12127633	18 1730148	2 727311411	7 1 839658	764 27 3031	3785	\square
1770	2402	947008	0.104413021	15.2506567	0 2247	5.12127055	10.1750140	2.72731141	1.857058	27.3030	,5785	
1999	2155	810 2172848	8 845755561	4 66982038	2206	9 191247325	17 14918048	2 95719564	7 1 805559	26 519	19335	-
	24.81	559804	0.010700001	1.00902090		9.191217323	17.11710010	2.75717501	1.0000000	20.0171		\vdash
2000	4029	826.5924939	3.840991157	4.00943591	2206	8.34261083	15.17170763	2.94892990	5 1.768125	51 27.3258	82838	F
	26.90	092291										Γ
2001	6130	851.6165622	4.823966264	3.77929312	2 2379	8.591449296	14.32055069	2.92443554	6 1.728768:	57 <u>26.487</u>	77734	
	25.99	325475								ļ		
2002	5035	869.201389	3.803975321	4.29715203	9 2693	7.90717719	16.76116474	2.82686683	1.689561	61 <u>27.660</u> (\$5416	\vdash
	29.50	866294									<u> </u>	\vdash
2003	4322	922.1679584	7.860381476	3.80585899	5 3425	7.30788116	13.03361109	2.67777693	2 <u>1.651491</u> 2	2 69 27.474 2	0712	H
	30.59	243613										Γ
2004	6051	979.283839	7.922936613	3.76725173	5 4014	4.910128304	16.73233295	2.82875224	3 1.6153082	295 29.219	0631	\square
	37.50	381406										
2005	8961	1040.312316	7.923430621	4.24634362	4721	4.855145172	15.5999039	2.754907660	5 1.579709	143 29.5337	76419	
	42.00	166962										
2006	2282	6 1106.9	92647 8.06	50732573 5.	.796523376	5686 2.57	0606702 21.6	3314112 2.:	52680863	1.545696439	30.92723994	
		45.7244805										1

2007	34843	1173.875311	7.660815065	6.372881356	6296	5.681844063	22.27150287	2.342633883	1.509221986	30.90323825
	45.680	526868								
2008	41873	1192.511735	3.08669806	8.349267049	6425	3.77175625	20.49520988	2.550194847	1.464889915	31.13671924
	53.368	822044								
2009	37745	1268.249208	7.861888833	10.88235294	7262	4.808592108	17.99583922	2.89349597	1.410582714	31.12137211
	46.272	286964								
2010	34847	1357.563727	8.497584702	11.98938992	8853	1.983859222	17.80217706	2.707464042	1.350338314	30.72507823
	49.25	52065								
2011	46556	1410.426797	5.241315001	8.858360966	8841	1.317979708	16.13758934	2.651496681	1.288512962	30.16167976
	55.623	388001								
2012	34298	1469.180566	5.456388753	9.312445605	9553	2.473521656	11.04569666	2.537346604	1.231484894	29.3985277
	55.793	372173								
2013	36046	1544.624083	6.386106401	11.06367478	10669	3.865992863	14.83153	2.472726714	1.182904215	28.40489956
	53.844	413195								
2014	45148	1640.185025	7.410227605	6.649500151	12040	6.69517609	10.5873816	2.496769881	1.145673402	27.6564012
	48.922	218575								
2015	55559	1751.664449	7.996253786	4.906973441	12579	7.556488414	10.61772456	2.40512747	1.116895913	27.34739148
	41.922	291387								
2016	60220	1875.721312	8.256305502	4.948216341	13199	6.232711415	6.800954124	2.506470751	1.090459321	26.61899994
	40.082	248571								
2017	60974	1981.995576	6.795383419	3.328173375	14961	5.327608862	10.43104371	2.509624558	1.06335943	26.50001665
	40.742	249695								
2018	62001	2089.678931	6.532989011	3.945068664	16289	5.510956675	10.51961998	2.38257161	1.037827848	26.38289869
	43.598	865716								
2019	74390	2152.216009	4.041554187	3.723276483	19454	5.697090258	10.51024843	2.395246379	1.013261249	24.17759497
	39.380	677104								

*FDI inflows data is available at:

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Source: World Bank Databank, available at: https://databank.worldbank.org/source/world-development-indicators#

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Table B

Year	Indicators Name											
	Log	Log	Log	Log	Log	Log	Log Money and	Log	Log	Log	Log	
	FDI	GDP	GDP	Inflation	Patent	Real	quasi money	Military	Population	Industrial	Trade	
	Inflows	Per	Growth	Rate	Applications	Interest	growth	Expenditure	Growth	value added	Openness	
		capita	Rate		residents	rate						
1991	2.11	2.76	0.02	1.14	3.10	0.56	1.26	0.46	0.31	1.42	1.23	
1992	2.50	2.77	0.74	1.07	3.10	0.96	1.23	0.43	0.30	1.43	1.27	
1993	2.77	2.79	0.68	0.80	3.08	0.76	1.23	0.45	0.29	1.43	1.29	
1994	3.12	2.81	0.82	1.01	3.20	0.64	1.31	0.43	0.29	1.44	1.30	
1995	3.33	2.83	0.88	1.01	3.19	0.77	1.04	0.41	0.28	1.46	1.36	
1996	3.45	2.85	0.88	0.95	3.22	0.89	1.27	0.39	0.28	1.45	1.34	
1997	3.55	2.86	0.61	0.86	3.28	0.84	1.25	0.42	0.27	1.44	1.35	
1998	3.39	2.88	0.79	1.12	3.35	0.71	1.26	0.44	0.26	1.44	1.37	
1999	3.33	2.91	0.95	0.67	3.34	0.96	1.23	0.47	0.26	1.42	1.39	
2000	3.61	2.92	0.58	0.60	3.34	0.92	1.18	0.47	0.25	1.44	1.43	
2001	3.79	2.93	0.68	0.58	3.38	0.93	1.16	0.47	0.24	1.42	1.41	
2002	3.70	2.94	0.58	0.63	3.43	0.90	1.22	0.45	0.23	1.44	1.47	
2003	3.64	2.96	0.90	0.58	3.53	0.86	1.12	0.43	0.22	1.44	1.49	
2004	3.78	2.99	0.90	0.58	3.60	0.69	1.22	0.45	0.21	1.47	1.57	
2005	3.95	3.02	0.90	0.63	3.67	0.69	1.19	0.44	0.20	1.47	1.62	
2006	4.36	3.04	0.91	0.76	3.75	0.41	1.34	0.40	0.19	1.49	1.66	
2007	4.54	3.07	0.88	0.80	3.80	0.75	1.35	0.37	0.18	1.49	1.66	
2008	4.62	3.08	0.49	0.92	3.81	0.58	1.31	0.41	0.17	1.49	1.73	
2009	4.58	3.10	0.90	1.04	3.86	0.68	1.26	0.46	0.15	1.49	1.67	
2010	4.54	3.13	0.93	1.08	3.95	0.00	1.25	0.43	0.13	1.49	1.69	
2011	4.67	3.15	0.72	0.95	3.95	0.12	1.21	0.42	0.11	1.48	1.75	
2012	4.54	3.17	0.74	0.97	3.98	0.39	1.04	0.40	0.09	1.47	1.75	
2013	4.56	3.19	0.81	1.04	4.03	0.59	1.17	0.39	0.07	1.45	1.73	
2014	4.65	3.21	0.87	0.82	4.08	0.83	1.02	0.40	0.06	1.44	1.69	
2015	4.74	3.24	0.90	0.69	4.10	0.88	1.03	0.38	0.05	1.44	1.62	
2016	4.78	3.27	0.92	0.69	4.12	0.79	0.83	0.40	0.04	1.43	1.60	
2017	4.79	3.30	0.83	0.52	4.17	0.73	1.02	0.40	0.03	1.42	1.61	
2018	4.79	3.32	0.82	0.60	4.21	0.74	1.02	0.38	0.02	1.42	1.64	

2019	4.87	3.33	0.61	0.57	4.29	0.76	1.02	0.38	0.01	1.38	1.60	
Source	: Author ca	lculation										-
						3	1					
						C C	-					

SRI VENKATESWARA INTERNSHIP PROGRAM

FOR RESEARCH IN ACADEMICS

(SRI-VIPRA)

Project Report of 2021-22: SVP-2102

Climate Change: Socio-economic Analysis of Individual Carbon Footprint



IQAC

Sri Venkateswara College

University of Delhi

Dhaula Kuan

New Delhi -110021

SRIVIPRA PROJECT 2021

Title: "Climate Change: Socio-economic Analysis of individual Carbon footprint" Mentors:



List of students under the SRIVIPRA Project

S. No	Name of the student	Course	Photo
1.	Aarushi Jugran	B. Sc. (H) Mathematics	
2.	Gargi Virmani	B. Sc. (H) Mathematics	

3.	Govind Goyal	B. Com.(H)	
4.	Harshita Bhati	B. Sc. (H) Botany	
5.	Hrithik Bhatt	B. Com.(H)	
6.	Minal	B. Sc. (H) Botany	C. C.
7.	Navya Simran Chhabra	B. Com.(H)	
8.	Neha Gupta	B. A.(H) Economics	

Signature of Mentors

Pooje Jain .



Dr. Pooja Jain

Certificate

This is to certify that the aforementioned students from Sri Venkateswara College have participated in the summer project SVP-2102 titled "Climate Change: Socio-economic Analysis of individual Carbon Footprint". The participants have carried out the research project work under our guidance and supervision from 1st July 2021 to 28th August 2021. The work carried out is original and carried out in an online mode.



Pooje Jain

Dr. Pooja Gokhale Sinha

Dr. Pooja Jain

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Coordinators

Uskedy

Principal

SRI VENKATESWARA INTERNSHIP PROGRAM FOR RESEARCH IN ACADEMICS (SRI-VIPRA)

Project Report of 2021: SVP-2103

"Social Media Marketing: Prospects for New Businesses"



IQAC Sri Venkateswara College

University of Delhi Dhaula Kuan New Delhi -110021

Name of Mentor: Dr. Neha Singhal Name of Department: Commerce Designation: Assistant Professor



SRI-VIPRA PROJECT 2021

Title: Social Media Marketing: Prospects for New Businesses

List of students under the SRI-VIPRA Project

S.No	Name of the student	Course	Photo
1	Ananya Chawla	B. Com Honours	

2	Anisha Bansal	B. Com Honours	
---	---------------	----------------	--

3	Guncha Sachdeva	B. Com Honours	
4	Isha Sah	BA(Hons) Economics	
5	Manan Bajaj	B. Com Programme	



10	Shreya Katiyar	B. Com Honours	
----	----------------	----------------	--

Neha Singhal

Signature of Mentor

CERTIFICATE

This is to certify that the aforementioned students from Sri Venkateswara College have participated in the summer project SVP-2103 titled "Social Media Marketing: **Prospects for New Businesses**". The participants have carried out the research project work under my guidance and supervision from 1st July 2021 to 20th August 2021. The work carried out is original and carried out in an online mode.

Neta Surg

Signature of Mentor

SRI VENKATESWARA INTERNSHIP PROGRAM FOR RESEARCH IN ACADEMICS

(SRI-VIPRA)

Project Report -2021

"<u>A comparative analysis of the values and attitudes of</u> <u>Generation X and Generation Y in India</u>"



Sri Venkateswara College

University of Delhi

Dhaula Kuan

New Delhi -110021
SRIVIPRA PROJECT 2021

Title : <u>A comparative analysis of the values and attitudes of</u> <u>Generation X and Generation Y in India</u>

Name of Mentor: Dr. Arg	bita Kaul	
Name of Department: Comm	erce	200 1.01
Designation: Assist	ant Professor	

List of students under the SRIVIPRA Project

S. No.	Name	Course	Photo
1.	Ankit Satija	B.Com (Hons.)	
2.	Arushi Gupta	B.Com (Prog.)	

3.	Bhavyaa Aggarwal	Bsc. Life Sciences	
4.	Chhavi Kapoor	B.Com (Hons.)	Anu
5.	Harsh Gupta	B.Com (Hons.)	
6.	Jayati Gupta	B.A. (Prog.)	
7.	Karnika Pagaria	B.Com (Hons.)	

8.	Pooja Jhamb	B.Com (Hons.)	
9.	Swasti Mishra	B.Com (Hons.)	
10.	Vanshika Kalra	B.Com (Prog.)	

Hand

Signature of Coordinator

SRIVIPRA 2021

Signature of Mentor

SRI VENKATESWARA INTERNSHIP PROGRAM FOR RESEARCH IN ACADEMICS (SRI-VIPRA)

Project Report of 2021: SVP-2104

"Performance Evaluation of Mutual Funds during COVID Crisis"



IQAC Sri Venkateswara College University of Delhi Dhaula Kuan New Delhi -110021



SRIVIPRA PROJECT 2021

Title: "Performance Evaluation of Mutual Funds during COVID Crisis"

List of students under the SRIVIPRA Project:

S. No	Name of the student	Course	Photo
1	Aarushi Govil	B. Com(H)	

2 Anchal Kansal B. Com(H)

3	Anjali	B. Com(H)	
4	Anuj Thakur	B. Com(H)	
5	Garima Sethi	B. Com(H)	

6	Mansi Goenka	B. Com(H)	
7	Priya	B. Com(H)	
8	Reet Meddiratta	B. Com(H)	
9	Sandhya Gupta	B. Com(H)	

10	Shweta Tanwar	B. Sc. Stats(H)	
----	---------------	-----------------	--

Mamba Arong April

Signature of Mentor

Certificate

This is to certify that the aforementioned students from Sri Venkateswara College have participated in the summer project SVP-2104 titled "Performance Evaluation of Mutual Funds during COVID Crisis". The participants have carried out the research project work under our guidance and supervision from 5th July 2021 to 25th August 2021. The work carried out is original and carried out in an online mode.

Mamba Arona April