



The Indian Economic Journal

JOURNAL OF THE INDIAN ECONOMIC ASSOCIATION

Special Issue, December 2019

**ECONOMIC GROWTH,
INTERNATIONAL TRADE AND
'MAKE IN INDIA': GLOBAL
AND DOMESTIC CHALLENGES**



CONTENTS

1. **Is There a Linkage Between Economic Growth and Employment Generation? An Analysis of Indian Economy at Disaggregate Level in the Post Reform Period**
DOLLY SUNNY
and HARSH SHUKLA 1
2. **Management of NPA in the Commercial Banks in Odisha: An Empirical Study**
SUDHANSU SEKHAR NAYAK
and TANUJ KUMAR BISOIYI 11
3. **Tracing out the Major Developments in India's Fiscal Policy since 1991**
ASIM K. KARMAKAR 18
4. **Impact of Bank Credit on GDP Growth: An Empirical Evidence from India**
TAMMA KOTI REDDY 32
5. **Impact of FDI, Import and Export on Service Sectors Components in India**
RAM PRASAD CHANDRA
RAVINDRA BRAHME
and SUNIL KUMETI 41
6. **An Analysis of India-ASEAN Trade Relation: Pre & Post AIFTA**
ANUP KUMAR
DHARMNATH URAON
and Dinesh Kumar Yadav 52
7. **An Empirical Analysis of the Aggregate Export Demand Function of India**
ARUNA KUMAR DASH
RASHMI RANJAN PAITAL
and SUBHENDU DUTTA 63
8. **Impact of Make in India on International Trade and Economic Growth**
SUDHAKAR PATRA 78
9. **An Analysis of Non-Performing Assets in Banking Sector**
ABHISHEK KUMAR,
BISWOJIT SWAIN, IPSEETA SATPATHY,
B.C.M PATNAIK, PALLAVI MISHRA
and SASMITA MOHAPATRA 86
10. **Dynamics of Balance of Payments in India: An Approach to Structural Imbalances From in-ward to Out-Ward Oriented Trade and Payments Regime**
DHIRAJ KUMAR
BANDYOPADHYAY 95

- 11. Contribution of MSME's to The Economic Growth of India**
SETAKA PALAKA and
SANDHYA RANI DAS 131
- 12. Financial Challenges of Millennial Startups in India: An Overview**
B. VIJAYALAKSHMI 144
- 13. New Economic Policy and FDI in Jharkhand Specially In Jamshedpur**
RAKESH KUMAR SINGH and
TRILOKI NATH TIWAR 150
- 14. Revealed Comparative Advantage of India in Export: The Decadal Experience**
N.K. DASHORA 158
- 15. Foreign Direct Investment in India – An Analysis**
DHAKSHAYANI M. DONGRE 164
- 16. Non-Performing Assets and Its Impact on Banking Sector**
SWETA 174
- 17. Impact of Foreign Direct Investment (FDI) in India: An Overview**
PRITAM KUMAR 182
- 18. Examining the Determinants of FDI Inflows in India: A Co-Integration Analysis**
PRADEEP KUMAR SINGH 189
- 19. Non-Performing Assets of Indian Banks and Measures to Control NPAs**
P. MANJUSHREE
and M. SUDHA 202
- 20. Corporate Governance and Assets Quality of Indian Banks**
BRAHMAIAH BEZAWADA 210
- 21. Potential of FDI for Removing Regional Disparities: A Case Study of Tourism Sector**
GULSHAN AKHTAR 218
- 22. A Curious Phenomenon the Rise of Non-Performing Assets in India**
USHA N. PATIL 230
- 23. An Approach for Insolvency Bankruptcy Code and the Major Reason Impact of NPAs and Suggestions to Reduce the NPA in Banking and Non-Banking Finance Sector**
ANUJ PRATAP SINGH
and SHARAD TIWARI 237
- 24. Does Foreign Direct Investment (FDI) Generate Economic Growth? An Empirical Testing for an Indian Economy**
RITU KANG WALIA
and SURAJ WALIA 244

Does Foreign Direct Investment (FDI) Generate Economic Growth? An Empirical Testing for an Indian Economy

Ritu Kang Walia & Suraj Walia

INTRODUCTION

The effect of Foreign Direct Investment (FDI) on the host economy has attracted much research because it can play a significant role in economic growth of any developing country including India. Earlier many developing countries looked FDI with great suspicion, but now the dilemma has changed now it is considered as a catalyst for economic growth and imperative vehicle for transfer of technology from developed to developing economies. Today is the epoch of globalization, reflecting the free movement of multinational companies (MNCs) from developed to developing economies leading to flow of huge amount of FDI flows into developing countries. In Indian economy, FDI inflow in the past two decades stimulated by economic reforms in the form of LPG have played a complementary role in filling the gap between domestic saving and investment. No doubt, it is a preferred source of external finance for the simple reason that they are not debt creating, non volatile in nature and their returns depend upon the projects financed by the investor. Besides these, still the relationship between FDI and economic growth has always been a debatable issue because of conflicting views of researchers regarding the positive and negative facet of FDI. Keeping in above backdrop, present research is a humble attempt to examine the relationship between FDI and economic growth of Indian economy. Section 2 describes the objective of the study, data source and research methodology. Results and discussions to examine the relationship between FDI and economic growth of India are presented in section 3. And lastly, section 4 concludes the study with policy implication.

OBJECTIVE OF THE STUDY & RESEARCH METHODOLOGY

The prime objective of the study is to analyze the relationship between Foreign Direct Investment (FDI) and economic growth of India. For this, Foreign Direct Investment equity inflow is considered as proxy for FDI and Gross Domestic Product (GDP) of India is taken as proxy for economic growth. The present research is based on secondary data, which has been collected from various sources such as secretariat of industrial approvals newsletters, publications from department of industrial policy and promotion, Ministry of Commerce and Industry, Government of India; Handbook of Statistics on Indian Economy by Reserve Bank of India (RBI).

Assistant Professor, Department of Economics, Guru Nanak Girls College, Santpura, Yamuna Nagar, Haryana

Assistant Professor, Department of Economics, R.K.S.D. (PG) College, Kaithal, Haryana.