

Impact Of Inflow Of Fid On Select Macro Economic Variables

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ABSTRACT

This study examines and explores the relationship among foreign direct investment (FDI) inflows on key economic variables in India between 2021 and 2023. Despite extensive literature on FDI in India, a gap exists in analysing its effects using descriptive statistics on GDP, exports, exchange rates, aggregate income of the country and price Index. The research employs secondary data from Reserve Bank of India publications and statistical tools such as SPSS. Findings reveal varied stability in FDI inflows, with countries like Singapore showing low variability, while others like Canada exhibit high fluctuations. Significant changes in economic indicators include an increase in exports, inflationary pressures, rupee depreciation, and GDP growth. These results suggest the need for tailored policies to stabilize FDI inflows, manage inflation, and enhance trade. Overall, the study highlights mixed economic stability and performance, underscoring both growth opportunities and challenges for India.

Keywords: FDI, GDP Growth, Exports & Economic stability

INTRODUCTION

Foreign direct investment often used popularly as FDI, it refers to an investment made by a company or entity based in one country into a business or entity located in another country and establishes a long-term relationship between the investor and the business in the foreign country, where the investor acquires a significant influence or control over the foreign business. It also includes in a foreign company, setting up new ventures or subsidiaries, mergers (Hassan, 2016), and acquisitions. It's different from indirect investments, like purchasing stocks or bonds, as FDI implies a lasting interest in and control over a business enterprise. This investment flow often involves multinational corporations (MNCs), utilize resources, benefit from lower production costs, or leverage specialized skills available in the foreign country. Countries often encourage FDI (Chandrachud, 2013) through policies and incentives, recognizing its potential to provide to economic growth, job creation, technology transfer, and infrastructure development. FDI can significantly impact the recipient country's economy, influencing various aspects from GDP growth to employment rates and industry development.

MACRO ECONOMIC VARIABLES:

1. GDP: It serves as a critical measure of a country's economic performance and overall size of its economy.

2. EXPORTS: Major Export Commodities

1. Petroleum Products: Refined petroleum products are one of the largest categories.
2. Gems and Jewellery: India is a significant exporter of cut and polished diamonds, gold jewellery, and other precious stones.
3. Pharmaceuticals: Generic drugs and pharmaceutical products form a substantial part of India's exports.
4. Textiles and Garments: India exports a variety of textiles, including cotton, silk, and synthetic fibers, as well as ready-made garments.
5. Engineering Goods: This includes products like machinery, automobiles, and auto components.

Key Export Destinations

1. United States: One of the largest markets for Indian exports, particularly IT services, pharmaceuticals, and textiles.
2. United Arab Emirates: A major destination for gems and jewelry, petroleum products, and agricultural products.
3. China: Imports significant quantities of Indian iron ore, organic chemicals, and cotton.
4. European Union: Various member countries import textiles, pharmaceuticals, machinery, and IT services.
5. Southeast Asia: Countries like Singapore and Malaysia import a range of goods including petroleum products and engineering goods.

Government Initiatives

1. Make in India: Encourages manufacturing in India to boost exports.
2. Digital India: Aims to enhance IT infrastructure, indirectly supporting IT exports.
3. Export Promotion Councils: Various councils promote specific sectors, such as textiles, engineering, and pharmaceuticals.
4. Special Economic Zones (SEZs): Provide tax benefits and infrastructure to boost exports.

3. WHOLESALE PRICE INDEX (WPI): It is a measure of change in the prices of goods at the wholesale level. It's one of the key indicators of inflation in the economy.

- ❖ Wholesale Price Index (WPI): It tracks the price changes of goods sold and traded in bulk by wholesalers, reflecting the supply-side economy.
- ❖ Coverage: The WPI covers various commodities, including primary articles (like food and non-food items), fuel and power, and manufactured products.

1. Volatility in Prices: WPI can be highly volatile due to fluctuations in prices of primary articles and fuel.
2. Base Year Updates: Regular updates to the base year and composition of the basket of goods are necessary to maintain its relevance.
3. Comparison with CPI: While WPI measures wholesale price changes, the Consumer Price Index (CPI) measures retail price changes. Both indices provide complementary insights into inflation.
4. Foreign exchange rate: It particularly the value of the Indian Rupee against other currencies, is a critical aspect of the country's economic landscape. Here are some key points about exchange rates in India:

Types of Exchange Rates:

- ❖ Fixed Exchange Rate: decided by the central government or central bank of country.
- ❖ Floating Exchange Rate: The market demand and supply determines this rate.
- ❖ Managed Float: A system where the central bank intervenes occasionally to stabilize or increase the value of the currency.

Impact of FDI on GDP:

It shows a significant impact on a country's Gross Domestic Product (GDP) in several ways:

1. Increased Economic Output: FDI often leads to increased production capacities, efficiency improvements, and technological advancements in various sectors. This increased productivity and output contribute directly to GDP growth.
2. Employment Creation: FDI creates new job opportunities and enhance skill development, leading to higher employment rates. Increased employment levels can boost consumer spending, which in turn drives economic growth and contributes to GDP.
3. Infrastructure Development: FDI often targets infrastructure projects, such as transportation, energy, and telecommunications. Improved infrastructure not only attracts further investment but also enhances overall productivity, positively impacting GDP.
4. Technology Transfer and Innovation: Foreign investors bring in advanced technology, managerial expertise, and innovative practices that can enhance the competitiveness of domestic industries. This transfer of knowledge can lead to increased efficiency and higher-quality production, positively affecting GDP.
5. Boost in Exports: FDI can facilitate access to international markets and can increase their exports, leading to an increase in GDP due to higher export revenues.

6. Multiplier Effect: FDI has a multiplier effect on the economy. When foreign investors invest in a particular sector, it often generates demand for various goods and services, benefiting related industries. This spillover effect contributes to overall economic growth and consequently impacts GDP positively.

Foreign Direct Investment (FDI) plays key role in shaping India's economy.

1. Per Capita Income: FDI contributes to increased per capita income. As foreign investment flows in, it stimulates economic growth, leading to higher incomes for individuals.

2. Consumption Improvement: With rising incomes, consumption patterns improve. People have more purchasing power, which positively affects various sectors of the economy.

3. Tax Revenues and Government Spending: FDI boosts tax revenues due to increased economic activity. Governments can allocate more resources for public services and infrastructure development.

4. GDP Growth: FDI has a direct impact on GDP. As investments grow, so does the overall economic output. Additionally, there's a lagged effect where subsequent years' GDP continues to benefit from FDI.

5. Long-Term Returns: Although FDI may have a gestation period, the returns tend to increase over time. Patience is a key, as investments yield substantial benefits in the long run.

REVIEW OF LITERATURE

- ❖ FDI inflows(Kumar, 2023) and various crucial economic factors in India. Using a multiple regression model, it investigates how FDI affects selected economic variables. The current study shed light on the intricate connections between FDI and indicators like GDP growth, employment rates, inflation, and other significant aspects of India's economy. This delves into the trajectory of FDI inflows within India, covering period from 2016-2017 to 2020-2021. This comprehensive analysis(Khosla, 2020) investigates the patterns, fluctuations, and trends in FDI, offering insights into the factors influencing investment during these years. The study serves as a valuable resource for understanding the evolving landscape of FDI in India across these critical five years.
- ❖ This study also conducts a deep inquiry into the relationship FDI inflows & bureaucratic obstacles, commonly known as red-tapesm, within India from 2020 to 2023. By examining(Kaur, 2019) the interplay between political factors and economic policies, it seeks to unravel how red-tape hurdles impact FDI trends during this period.
- ❖ Foreign Direct Investment in India, delving into its trends, patterns, and the consequential influence on the country's economic growth. It analyses the inflow(GOEL, 2020) patterns of FDI over recent years, identifying sectors and regions that have attracted significant investments. Furthermore, it explores the multifaceted impact of FDI on India's growth rate, considering factors such as employment generation, technology transfer, industrial development, and overall economic prosperity. Meticulously dissects the symbiotic associationwithFDI and India's economic growth in 2023. By scrutinizing empirical data, it unearths the intricate ways FDI impacts diverse sectors and fuels the nation's progress. From bolstering GDP expansion (Alam, 2020) and employment rates to driving industrial and technological advancements, the study illuminates these connections through robust statistical models and real-world evidence. It doesn't stop at analysis; the article navigates potential policy avenues, offering strategies to harness FDI's potential for sustainable, inclusive growth in India's economic landscape.
- ❖ Comprehensive study scrutinizes explain the GDP growth rate and unemployment, spanning(Bhowmik, 2018) from 1991 to 2023 in India. India's economic performance improved through various techniques specifically delving into how FDI has impacted GDP growth and unemployment rates. The findings promise to illuminate the influential role of FDI in shaping India's economic trajectory, providing crucial insights into the complex dynamics among FDI, economic growth, and employment trends across this significant timeframe. This in-depth analysis takes a focused lens to study Foreign Direct Investment in the Indian automobile Industry in 2023. It thoroughly investigates FDI's influence, trends, and driving forces shaping this industry, emphasizing its impact on technological advancements, market expansion and overall economic growth. Furthermore, it critically evaluates the regulatory landscape and policy framework (Dhande, 2017) impacting FDI, providing insights into how these factors affect the sector's competitiveness and long-term sustainability. Through this exploration, the study offers a

detailed perspective on the ever-evolving relationship between FDI and India's automobile industry in the current year.

- ❖ The current landscape of FDI across diverse states in India in 2023. It dissects the varying patterns (Murthy, 2015) of FDI inflows, pinpointing states attracting significant investments and sectors garnering substantial foreign attention. Additionally, it assesses the efficacy and impact of state-specific policies designed to allure and streamline FDI, evaluating their role in fostering economic growth and industrial progress. By shedding light on regional nuances and policy approaches, the article offers valuable insights into the evolving FDI distribution among Indian states and their strategies for cultivating favourable investment environments. Employing robust empirical methods, the current article sheds a light on FDI inflows and the development of various sectors. By meticulously assessing FDI's (Chodisetty, 2022) contributions to infrastructure enhancement, economic expansion, and job creation, the study uncovers the intricate ways in which FDI influences this pivotal area. It delves into both qualitative and quantitative aspects, revealing the mechanisms through which FDI shapes India's infrastructure landscape and, in turn, propels broader economic growth. Ultimately, the research aims to provide concrete evidence and insights into how FDI significantly bolsters India's infrastructure and overall economic advancement.
- ❖ This thorough analysis delves into the nuanced impacts of both FDI and FII on India's economy in 2022. It meticulously dissects their individual roles, highlighting how FDI, with its long-term focus, drives growth in sectors like manufacturing and technology (Masood, 2022) while fostering job creation. Simultaneously, it scrutinizes the shorter-term influence of FII on market dynamics and capital flows, impacting liquidity and financial markets. By delineating these distinct impacts, the study offers a comprehensive understanding of how FDI and FII collectively shape India's economic landscape, showcasing their intertwined yet unique roles in fostering growth and stability across various sectors and financial realms. This empirical assessment critically explores the intricate relationship between Foreign Direct Investment & India's economic development in the year of 2022. Through robust empirical approach, the study meticulously analyses how FDI inflows (Shekhar, 2022) contribute to multifaceted aspects of economic progress, including industrial growth, technological advancements, employment generation, and overall productivity enhancement. The analysis delves into the nuanced mechanisms through which FDI interacts with domestic industries, policies, and infrastructure, serving as a catalyst for economic development. By providing empirical evidence and a nuanced assessment, the study aims to deepen our understanding of the pivotal role played by FDI in fostering India's economic advancement in the contemporary scenario of 2022.
- ❖ This explores the transformative potential of FDI as a significant opportunity for the Indian economy. It delves into how FDI serves as a catalyst, offering a multitude of prospects and advantages for India's economic landscape. Through an in-depth analysis, it highlights the various sectors and industries where FDI infusion can spur growth, innovation, and employment opportunities. Moreover, it (Bhattacharya, 2021) discusses the potential for technology transfer, skill development, and the overall enhancement of infrastructure that FDI brings to the table. By painting a comprehensive picture of FDI's potential, the article aims to underscore its pivotal role in propelling India towards sustained economic development and global competitiveness.
- ❖ It analyses the various dimensions of FDI inflow, examining how it influences (Niharika, 2023) economic indicators such as GDP growth, employment generation, technological advancement, and industrial development. Through empirical evidence and case studies, it highlights impacts of FDI on the Indian economy, shedding light on its role as a catalyst for growth while also addressing potential challenges and the need for effective policy frameworks. Ultimately, the article presents a comprehensive overview of the nuanced effects of FDI on India's economic landscape, offering valuable insights for policymakers, investors, and economists.
- ❖ Presents a comprehensive analysis of the trends in Foreign Direct Investment in India and evaluates its direct influence on the country's Gross rate in 2021. It meticulously examines the inflow patterns (De la Medina Soto, 2013) of FDI across sectors and regions, identifying key trends, drivers, and sectors that attracted significant investment. Additionally, the study quantifies and qualifies the impact of FDI on India's GDP growth, considering both short-term and long-term effects. Through statistical analysis and empirical evidence, it provides insights into the

relationship between FDI inflows and GDP growth, highlighting the sectors that have experienced substantial growth due to FDI infusion. The study also delves into policy implications and recommendations aimed at optimizing FDI inflows to further bolster India's economic growth trajectory.

- ❖ This delves into the multi-dimensional impact of FDI on growth of Indian economy. It meticulously explores how FDI acts as a catalyst for economic growth through capital inflow, technology transfer, job creation, and infrastructure development. By analysing key sectors attracting (De Noni, 2024) significant FDI and their broader economic impacts, the article showcases the transformative influence of FDI on India's economic landscape. Additionally, it discusses challenges and risks associated with FDI, emphasizing the importance of strategic policies to maximize benefits and address potential drawbacks. Offering empirical evidence and case studies, it provides a holistic overview of how FDI shapes and drives India's economy, serving as a valuable resource for policymakers, investors, and economists seeking insights into its role and influence.

RESEARCH GAP

There is a significant literature available on FDI and its impact on GDP, but till now there hasn't been a study that uses a multiple regression model to analyse the impact of foreign direct investment on significant economic variables like Gross Domestic P, trade openness, exports, exchange rates, per capita income, and the wholesale price index. These factors, which are important for economic development, have been specifically chosen to evaluate the effects of foreign direct investment inflows. This is especially true for emerging nations such as India. Thus, the current study is an attempt in this direction.

NEED FOR THE STUDY

FDI plays vital role in sourcing the capital into India. It allows outsiders to invest in our country, which helps in increase in working capital for business organisations and leads to Economic growth. FDI affects India's GDP is crucial since it sheds light on how FDI influences the country's economic development, welfare, and growth. In order to optimize the advantages and reduce the costs of FDI for India, policymakers can benefit from researching the effect of FDI on the country's GDP.

OBJECTIVES OF THE STUDY

- ❖ To assess the country wise inflows of FDI in India during 2021-2023
- ❖ To analyse the impact of FDI inflows into India on selected Economic variables.

HYPOTHESIS OF THE STUDY

Hypothesis 1:

H0: There is no significant difference in the consistency of FDI inflows from the ten countries.

H1: There is significant difference in the consistency of FDI inflows from the ten countries.

Hypothesis 2:

(H₀): There is no significant difference between the values of the economic indicators for 2021-22 and 2022-23.

(H₁): There is a significant difference between the values of the economic indicators for 2021-22 and 2022-23

SCOPE OF THE STUDY

The scope of the study is limited to select variables such as GDP Rate, Exports in India, WPI Rate, and Foreign Exchange Rate.

LIMITATIONS OF THE STUDY

- ❖ The current study is confined to secondary data only.
- ❖ The present study is limited 2 years only (2021-2022,2022-2023)
- ❖ The study is confined to few economic indicators only (GDP, Exports, WPI, and Exchange rate).

Data Analysis and Interpretation

Table 1 : Coefficient of variation of FDI Inflows in India			
Country	2020-2021	2021-2022	2022-23
Singapore	17.4	15.9	17.2
Mauritius	5.6	9.4	6.1
US	13.8	10.5	6
UAE	4.2	1	3.4
Netherlands	2.8	4.6	2.5
Japan	1.9	1.5	1.8
UK	2	1.6	1.7
Cyprus	0.4	0.2	1.3
Canada	0	0.5	0.8
Cayman Islands	2.8	3.8	0.8

Source: RBI Website

Interpretation:

Singapore: Singapore has a very low coefficient of variation (CV) of 4.8%, indicating remarkable stability and consistency in the data values over the three years. The mean value is 16.833 with a standard deviation of just 0.814, showing minimal fluctuations. This suggests that Singapore's values have remained steady, with little variation from year to year.

Mauritius: Mauritius exhibits a moderate CV of 29.4%, reflecting noticeable variability in the data values over the three years. The mean value is 7.033 and the standard deviation is 2.065, indicating some fluctuations. This suggests that while the values for Mauritius show some degree of instability, they are not excessively erratic.

US: The US has a CV of 38.8%, indicating moderate to high variability in the data values over the three years. With a mean value of 10.100 and a standard deviation of 3.915, the data shows considerable changes. This suggests that the values for the US experienced significant fluctuations, pointing to some level of instability during this period.

UAE: The UAE exhibits a high CV of 58.1%, suggesting significant variability in the data values over the three years. The mean value is 2.867 and the standard deviation is 1.665, indicating substantial fluctuations. This high degree of variability points to considerable instability in the UAE's data values over the given period.

Netherlands: The Netherlands has a CV of 34.4%, indicating moderate variability in the data values over the three years. With a mean value of 3.300 and a standard deviation of 1.136, the data shows noticeable changes. This suggests that the values for the Netherlands experienced some degree of instability, with fluctuations being evident over the period.

Japan: Japan shows a low CV of 12.0%, indicating relatively stable values over the three years. The mean value is 1.733 with a standard deviation of 0.208, reflecting minimal fluctuations. This suggests a high level of consistency in Japan's data values, with little variability observed over the given period.

UK: The UK exhibits a low CV of 11.8%, indicating stable and consistent data values over the three years. The mean value is 1.767 and the standard deviation is 0.208, showing minimal fluctuations. This suggests that the values for the UK remained relatively steady, with high stability and low variability.

Cyprus: Cyprus shows a very high CV of 92.5%, indicating extreme variability in the data values over the three years. The mean value is 0.633 and the standard deviation is 0.586, reflecting wide fluctuations. This high level of variability suggests considerable instability in Cyprus's data values over the given period.

Canada: Canada has the highest CV of 93.3%, indicating extremely high variability in the data values over the three years. With a mean value of 0.433 and a standard deviation of 0.404, the data shows

significant fluctuations. This suggests a high degree of instability in Canada's values, with substantial changes observed year to year.

Cayman Islands: The Cayman Islands exhibit a high CV of 61.9%, suggesting significant variability in the data values over the three years. The mean value is 2.467 and the standard deviation is 1.528, indicating substantial fluctuations. This high degree of variability points to considerable instability in the Cayman Islands' data values during this period.

	FDI inflows in (US \$ Millions)	Exports (US \$ Millions)	WPI (%)	Exchange Rate (₹ value in US \$)	GDP (US \$ Millions)
2021-22	21809	422004.4	139.4	74.44	14925840
2022-23 (P)	22834	450958.4	152.5	82.17	16006425
Observations	2	2	2	2	2
Sum	44643	872962.8	291.9	156.61	30932265
Mean	22321.5	436481.4	145.95	78.305	15466133
Standard Deviation	724.7845	20473.57	9.2631	5.465935	764089
Minimum	21809	422004.4	139.4	74.44	14925840
Maximum	22834	450958.4	152.5	82.17	16006425

Source:SPSS output

Interpretation:

FDI Inflows: Foreign Direct Investment (FDI) inflows in India have shown a modest increase from \$21,809 million in 2021-22 to \$22,834 million in 2022-23. The mean value for the two years is \$22,321.5 million, with a standard deviation of \$724.78 million, indicating relatively low variability in FDI inflows. The consistency of these inflows suggests a stable investment climate, although the slight increase may not indicate a significant trend without more data. Given the minimal change relative to the standard deviation, it is reasonable to accept the null hypothesis, indicating no significant difference between the two years.

Exports: India's exports have increased substantially from \$422,004.4 million in 2021-22 to \$450,958.4 million in 2022-23. The mean export value is \$436,481.4 million, with a standard deviation of \$20,473.57 million, reflecting notable growth and variability. This significant rise in exports suggests an improvement in trade performance and economic activity. The increase is large compared to the standard deviation, indicating that the growth is statistically significant. Therefore, the data supports accepting the alternative hypothesis, indicating a significant difference in export values between the two years.

Wholesale Price Index (WPI): The Wholesale Price Index (WPI) in India has risen from 139.4% in 2021-22 to 152.5% in 2022-23, with a mean of 145.95% and a standard deviation of 9.26%. This increase reflects inflationary pressures within the economy, showing a significant rise in wholesale prices over the period. The change is substantial relative to the standard deviation, indicating notable inflation. This supports accepting the alternative hypothesis, suggesting that there is a significant difference in WPI between the two years.

Exchange Rate: Indian Rupee rate against the US Dollar has increased from ₹74.44 per US Dollar in 2021-22 to ₹82.17 per US Dollar in 2022-23. The mean exchange rate for the period is ₹78.305, with

a standard deviation of ₹5.47, indicating moderate variability. This increase reflects a depreciation of the Indian Rupee. The change is significant relative to the standard deviation, suggesting a substantial impact on the currency's value. Therefore, the data supports accepting the alternative hypothesis, indicating a significant difference in the exchange rate between the two years.

Gross Domestic Product (GDP): India's GDP has grown from \$14,925,840 million in 2021-22 to \$16,006,425 million in 2022-23, with a mean of \$15,466,132.5 million and a standard deviation of \$764,088.98 million. This significant increase in GDP indicates robust economic growth. The change is substantial compared to the standard deviation, reflecting notable variability but also significant economic expansion. This supports accepting the alternative hypothesis, suggesting that there is a significant difference in GDP between the two years.

RESEARCH HYPOTHESES OF THE STUDY:

Hypothesis 1:

- ❖ **H₀**: There is no significant difference in the consistency of FDI inflows from the ten countries.
- ❖ **H₁**: There is significant difference in the consistency of FDI inflows from the ten countries.

Country	2020-2021	2021-22	2022-23	Mean	Standard deviation	coefficient of variation
Singapore	17.4	15.9	17.2	16.833	0.814	4.8
Mauritius	5.6	9.4	6.1	7.033	2.065	29.4
US	13.8	10.5	6	10.100	3.915	38.8
UAE	4.2	1	3.4	2.867	1.665	58.1
Netherlands	2.8	4.6	2.5	3.300	1.136	34.4
Japan	1.9	1.5	1.8	1.733	0.208	12.0
UK	2	1.6	1.7	1.767	0.208	11.8
Cyprus	0.4	0.2	1.3	0.633	0.586	92.5
Canada	0	0.5	0.8	0.433	0.404	93.3
Cayman Islands	2.8	3.8	0.8	2.467	1.528	61.9

Source: SPSS output

The Coefficient of variation's range from 4.8% (Singapore) to 93.3% (Canada), indicating a wide variation in the consistency of FDI inflows from different countries. This significant variability suggests that there is a considerable difference in the consistency of FDI inflows, supporting the alternative hypothesis (H1).

Therefore, based on the provided data, the alternative hypothesis (H1) is justified.

Hypothesis:2

- ❖ **(H₀)**: There is no significant difference between the values of the economic indicators for 2021-22 and 2022-23.
- ❖ **(H₁)**: There is a significant difference between the values of the economic indicator for 2021-22 and 2022-23

	FDI inflows in (US \$ Millions)	Exports (US \$ Millions)	WPI (%)	Exchange Rate (₹ value in US \$)	GDP (US \$ Millions)
2021-22	21809	422004.4	139.4	74.44	14925840
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Standard Deviation	724.7845	20473.57	9.2631	5.465935	764089
Minimum	21809	422004.4	139.4	74.44	14925840
Maximum	22834	450958.4	152.5	82.17	16006425

Source: SPSS output

The economic data from 2021-22 to 2022-23 suggests that significant changes occurred in most indicators. The null hypothesis (H_0) posits no significant change between the years, while the alternative hypothesis (H_1) posits significant changes. Based on observed changes and standard deviations, we find that FDI inflows did not change significantly, supporting H_0 . However, substantial increases in exports, WPI, exchange rate, and GDP support H_1 , indicating notable economic shifts. Therefore, except for FDI inflows, the data suggests rejecting H_0 in favour of H_1 for the other indicators, highlighting significant economic changes.

FINDINGS OF THE STUDY

- ❖ Countries like Singapore, Japan, and the UK demonstrate low to moderate variability in FDI inflows, indicating stable and consistent investment environments.
- ❖ Conversely, countries such as Canada, Cyprus, and the UAE exhibit high variability, suggesting volatile investment climates with significant fluctuations.
- ❖ CV ranges from 4.8% (Singapore) to 93.3% (Canada), highlighting a wide spectrum of stability and variability in FDI inflows across different countries.
- ❖ Significant increase in exports from \$422,004.4 million to \$450,958.4 million, indicating robust growth in trade performance.
- ❖ WPI rose from 139.4% to 152.5%, reflecting notable inflationary pressures within the economy.
- ❖ Depreciation of the Indian Rupee against the US Dollar, increasing from ₹74.44 per US Dollar to ₹82.17 per US Dollar.
- ❖ GDP growth from \$14,925,840 million to \$16,006,425 million, indicating significant economic expansion.

SUGGESTIONS OF THE STUDY

- ❖ Align policies to attract and stabilize FDI inflows through incentives, infrastructure development, and regulatory reforms.
- ❖ Implement measures to manage inflation and stabilize prices to sustain economic growth without overheating.
- ❖ Enhance trade promotion strategies to capitalize on the growth in exports and expand market access for Indian goods and services.
- ❖ Maintain currency stability through prudent monetary policies to mitigate risks associated with exchange rate fluctuations.
- ❖ Promote diversification in sectors attracting FDI to reduce dependency on specific industries and enhance economic resilience.
- ❖ Continuously monitor economic indicators and FDI trends to adjust policies promptly in response to changing global and domestic economic conditions.
- ❖ These findings and suggestions provide a comprehensive overview of the economic dynamics observed in FDI inflows and related indicators, offering insights for policymakers to strengthen India's economic resilience and growth prospects.

CONCLUSION OF THE STUDY:

The significant variability in the coefficient of variation among different countries supports the alternative hypothesis (H_1) that there is a significant difference in the consistency of FDI inflows. Policies should be tailored to address specific inconsistencies and enhance stability in foreign investments. Significant changes in exports, WPI, exchange rate, and GDP from 2021-22 to 2022-23

support the alternative hypothesis (H1) that there are significant differences in these economic indicators. FDI inflows remained relatively stable, supporting the null hypothesis (H0) of no significant change. Policymakers should focus on sustaining FDI inflows while addressing inflation, currency depreciation, and leveraging GDP growth for broader economic benefits. The overall analysis indicates a mixed picture in terms of economic stability and performance. While FDI inflows show varying levels of stability across countries, economic indicators like exports, WPI, exchange rates, and GDP reflect dynamic changes suggesting both growth opportunities and inflationary pressures.

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