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# A Compound Curve Fit Analysis of FDI Flows in Selected Sectors in India

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***Abstract---*** *This paper attempts to analyze Foreign Direct Investment flows in selected sectors. An analytical research is attempted to investigatethe Compound fit for the FDI flows in three selected sectors such asService, Telecommunication and Drug and Pharmaceutical industry for the years 2005-15. Suitable suggestions are given based on flows in selected sectors.*

***Keywords---*** *Foreign Direct Investment, Compound Fit, Service, Telecommunication and Drug and Pharmaceutical Industry.*

## I. INTRODUCTION

A foreign direct investment is an investment in the form of a controlling ownership in a business in one country by an entity based in another country. It is thus distinguished from a foreign portfolio investment by a notion of direct control.

Most of the countries have realized that foreign capital is a stimulant of economy in this century. To support the statement, the experience of many countries owned their growth and development to the volume of foreign capital inflow into their economies. Later, the need for foreign capital is realized among the various countries of the world. Developing countries especially developed multi-pronged strategies to attract foreign capital into the country. One such strategy is the adoption of liberalization policy. Almost all the developing countries started opening their economy, out of the compulsion, to increase their economic growth and development.

Every country is dependent on other countries. Even developed countries have to depend on the developing countries for certain purposes and also for marketing their products. Further, specialization in finance is common worldwide. Every investor wants to minimize the risk and maximize the return on his investments. This is applicable both to corporate and private investment as well as to government investment. In this situation, flow of capital from one country to another in different forms happens for several reasons.

## II. OBJECTIVES OF THE STUDY

- To conduct a Compound Curve fit analysis of FDI flows in selected sectors in India.
- To give suggestions to improve the FDI flows in selected sectors in India.

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## III. RESEARCH DESIGN

The design adopted for the study is Analytical Research Design, as the study is concerned with analysis of FDI in India during the particular period.

## IV. PERIOD OF STUDY

The study analyzed 10 years data from 2005-2015 in India using the FDI Fact Sheet.

### *4.1. FDI Inflows in Service Industry*

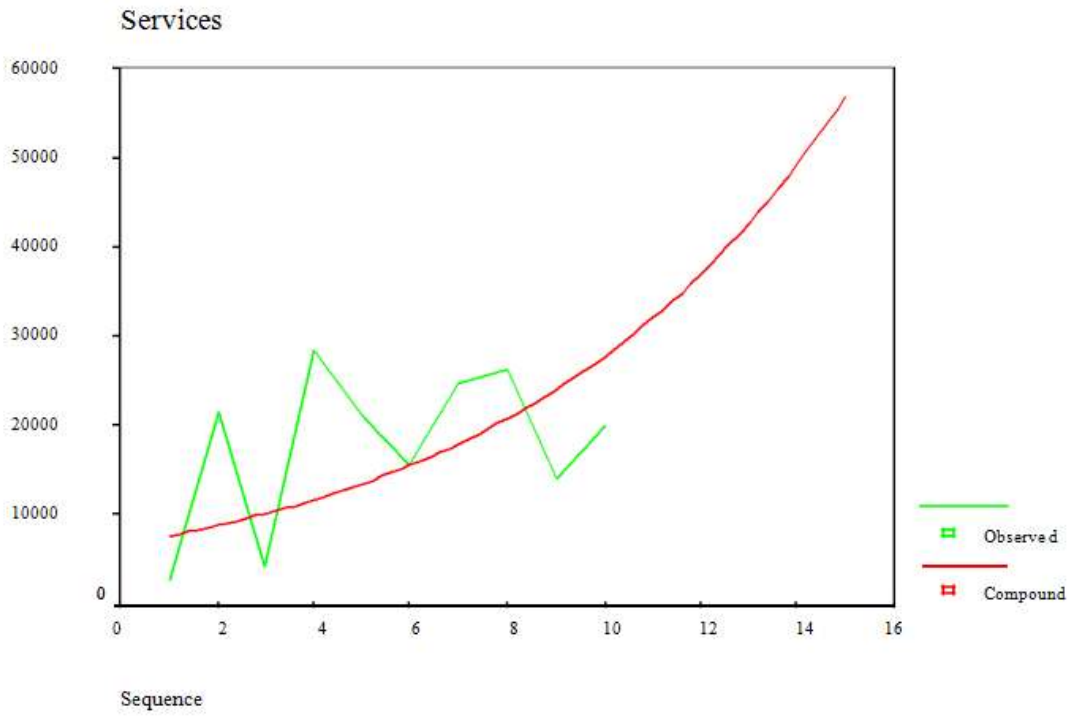
Table 1.1: The Table showing the Curve Fit-Compounded of FDI Inflows in Service Industry

| **Dependent** | **Methodology** | **Rsq** | **D.F** | **F value** | **Sig P** | **B0** | **B1** |
|---|---|---|---|---|---|---|---|
| **Service** | Compounded | 287 | 8 | 3.23 | .110 | 6493.61 | 1.1559 |

**$H_0$:** There is no significant difference between time and FDI inflows.

**$H_1$:** There is significant difference between time and FDI inflows.

The above table shows the values for the compounded curve fit of FDI Inflows from Service industry for the past ten years in between 2005 to 2015. Since the calculated P Value= .110 is greater than significant value of .05, the Null hypothesis is accepted. There is no significant difference between period of FDI and FDI inflows in India from Service industry.




1.1 Chart showing the Curve Fit- Compounded of FDI Inflows in Service Industry

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### *4.2. FDI Inflows in Telecommunication Industry*

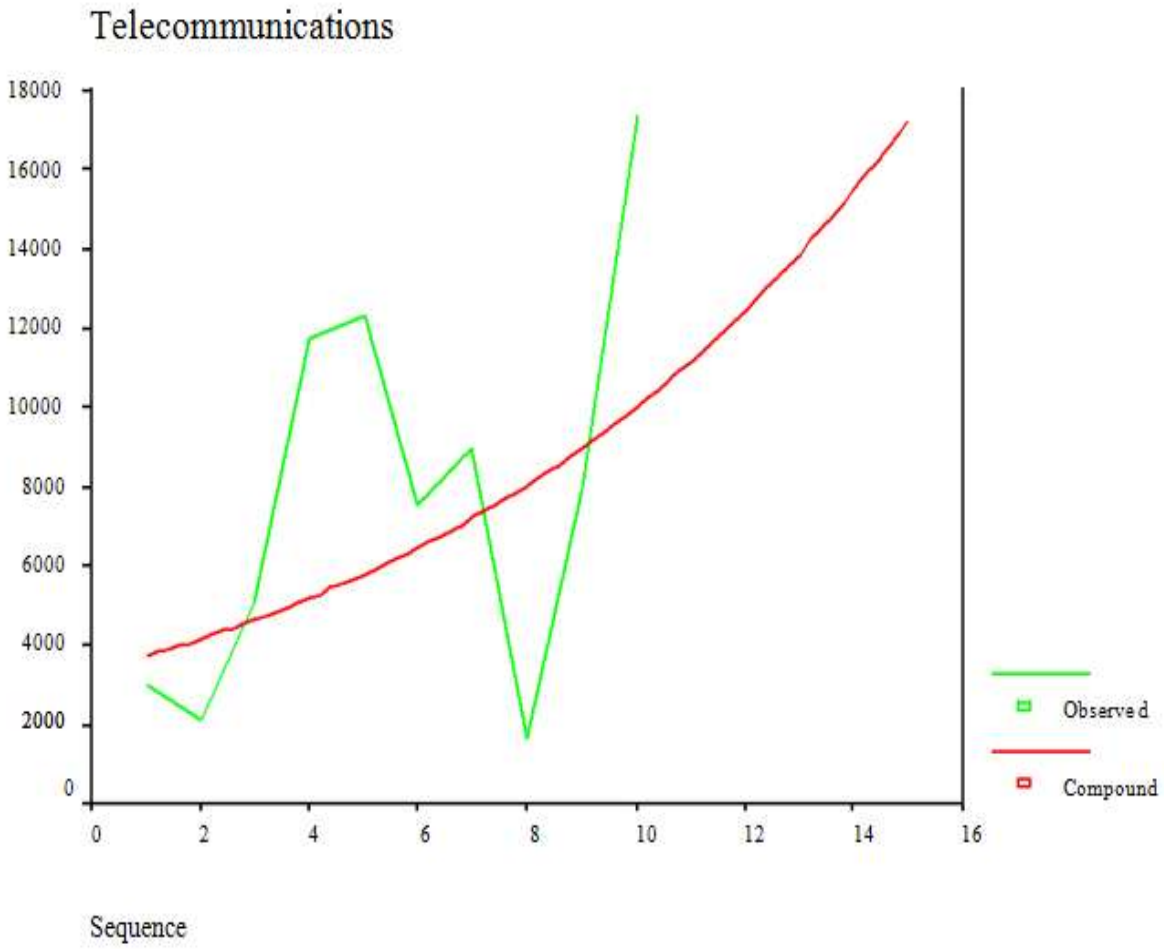
Table 1.2: The Table showing the Curve Fit- Compounded of FDI Inflows in Telecommunication Industry

| **Dependent** | **Methodology** | **Rsq** | **D.F** | **F value** | **Sig P** | **B0** | **B1** |
|---|---|---|---|---|---|---|---|
| Telecommunication Industry | Compounded | .175 | 8 | 1.70 | .229 | 3365.56 | 1.1152 |

**$H_0$:** There is no significant difference between time and FDI inflows.

**$H_1$:** There is significant difference between time and FDI inflows.

The above table shows the values for the compounded curve fit of FDI Inflows from Telecommunication industry, for the past ten years in between 2005 to 2015. Since the calculated P Value= .229 is greater than significant value of .05, the Null hypothesis is accepted. There is no significant difference between period of FDI and FDI inflows in India from Telecommunication industry.




1.2 Chart showing the Curve Fit- Compounded of FDI Inflows in Telecommunication Industry

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### *4.3 FDI Inflows in Drug & Pharmaceutical Industry*

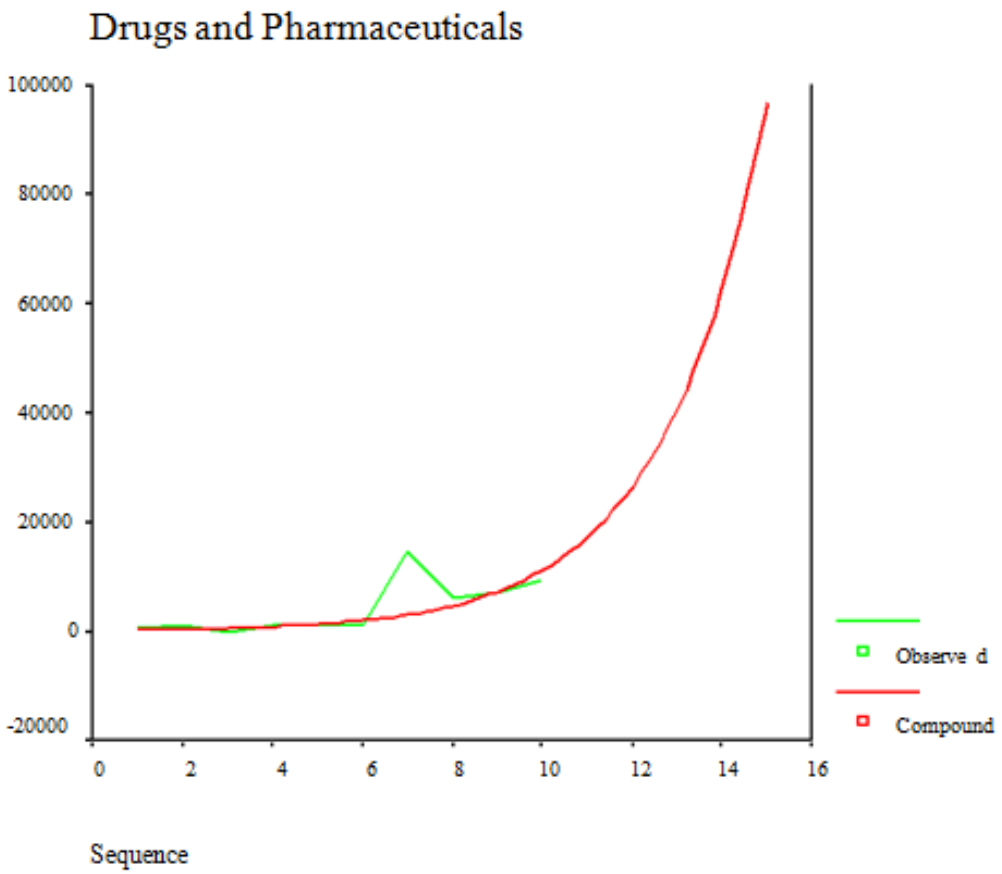
Table 1.3: The Table showing the Curve Fit- Compounded of FDI Inflows in Drug and Pharmaceutical Industry

| **Dependent** | **Methodology** | **Rsq** | **D.F** | **F value** | **Sig P** | **B0** | **B1** |
|---|---|---|---|---|---|---|---|
| Drug and Pharmaceutical Industry | Compounded | .522 | 8 | 8.74 | .018 | 151.155 | 1.5383 |

**$H_0$**: There is no significant difference between time and FDI inflows.

**$H_1$**: There is significant difference between time and FDI inflows.

The above table shows the values for the compounded curve fit of FDI Inflows from Drug &Pharmaceutical, for the past ten years in between 2005 to 2015. Since the calculated P Value= .018 is less than significant value of .05, the Null hypothesis is rejected. There is significant difference between period of FDI and FDI inflows in India from Drugs and Pharmaceutical.




1.3: Chart showing the Curve Fit- Compounded of FDI Inflows in Drug and Pharmaceutical Industry

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## V. FINDINGS

**1.** The compounded curve fit of FDI Inflows from Service industry, for the past ten years in between 2005 to 2015. Since the calculated P Value= .110 is greater than significant value of .05.

**2.** The Compounded Curve Fit of FDI Inflows from Telecommunication industry, for the past ten years in between 2005 to 2015. Since the calculated P Value= .229 is greater than significant value of .05.

**3.** The compounded curve fit of FDI Inflows from Drug &Pharmaceutical, for the past ten years in between 2005 to 2015. Since the calculated P Value= .018 is less than significant value of .05.

## VI. SUGGESTIONS

1. The Compounded Curve Fit results of FDI inflow in Service and Telecommunication Industry shows high significant value. Hence, Service and Telecommunication Industry have to make remarkable changes to sustain their share in the global market.

2. The Compounded Curve Fit results of FDI inflow in Drug and Pharmaceutical Industry shows low significant value. Hence, the Drug and Pharmaceutical Industry has to attract more FDI to stabilize its business in global market and also the government has to formulate a favorable policy to attract foreign investors to invest in the Indian Drug and Pharmaceutical industry.

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