

# EMERGING TRENDS AND DETERMINANTS OF OUTWARD FOREIGN DIRECT INVESTMENT FROM INDIA

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*The outward FDI sector in India is fastly emerging in recent periods. The trend analysis shows that the total outward FDI witnessed tremendous increase during recent years. The analysis of the pattern of outward FDI also reveals that India has attained very high diversification in terms of country-wise and sector-wise outward FDI. The estimation of determinants of outward FDI reveals interesting results. Firstly, the Augmented Dickey Fuller test statistics reveals that the model is stationary. The estimation of co-integration tests confirms the long run equilibrium relationship. Since the model variables are co integrated, we have estimated the determinants of outward FDI using the Fully Modified Ordinary Least Squares (FMOLS) Method. The results of the estimation reveals that there is a positive and significant relationship between inward FDI and outward FDI. This clearly shows the emerging role of FDI sector in India. Thus, wa may draw the inference that for the attainment of fast and sustained growth of Indian economy, we have develop coherent policies in the FDI sector. This is very important because Indian economy is basically scarce in the matter of capital. Next, our results also reveal that there is a negative and insignificant relationship between industrial production and outward FDI in India. This shows that when the domestic industrial production increases, outward FDI decreases. Much of the industrial production is to the domestic sector. So, we may draw the inference that the domestic industrial production in the country is gaining importance and many industrialists may not prefer to operate outside the country. The relationship is positive between trade openness and outward FDI. This result shows the importance of outward orientation in the Indian economy. This reflects that the Indian economy is becoming highly globalized and the degree of openness is increasing over the years. However, we may have to be cautious regarding the check and balance of open economic policies, as evidenced by the statistically insignificant co efficient of relationship between trade openness and outward FDI.*

## 1-INTRODUCTION

Outward foreign direct investment is the most emerging feature of Indian economy during the recent years. There are a large numbers of Indian companies making investment abroad and this number

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