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COMPARATIVE ANALYSIS OF FDI AND PORTFOLIO INVESTMENT IN INDIA DURING 2005-2015

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Abstract

It is known that the growth in FDI and FPI are increasing at the global scenario. Especially in the developing countries like India, FDI and FPI increased significantly in last two decades. The current study investigates the effect of Foreign Direct Investment and Foreign Portfolio Investment on the economic indicators in India.
Keywords: - FDI, FPI, Global Scenario, Investigates, Economic Indicators.

I. INTRODUCTION

Investment assumes a vital part in quickening monetary extension of any economy. Indian economy opened up to the widespread world in 1991 through enabling remote financial specialists to put resources into India. The remote ventures can be channelized either in the recorded organizations' offer through money related markets (called Outside Institutional Financial specialists) or through straightforwardly interest in capital structure of the recorded/unlisted organizations in India (called Remote Direct Speculation). Outside speculation helps the household ventures by expanding financial exercises and capital arrangement and it makes the local market more aggressive. Foreign institutional Investors (FIIs) help up the household speculation by expanding capital inflows through the optional markets and by nature, it is exceptionally unstable whereas Foreign Direct Investment assumes more critical part than FIIS in advance of any creating nation particularly like India. It contributes fundamentally to human capital, for example, administrative aptitudes and innovative work (Research and development)

For the investors, India is being considered as the second most imperative FDI destination after China for transnational partnerships amid 2010-12. Although two sorts of speculations give an emphasis to financial and modern extension, yet now India give more accentuation on drawing in FDI as it remains for longer period, for its exist strategy isn't as simple with respect to FIIs. Accessibility of exceedingly qualified human asset, immense undiscovered potential residential markets, minimal effort producing, makes India a good destination for overseas financial investors.

II. ECONOMIC INDICATORS FDI AND FPI (FII)

It has been a well established fact that the growth of foreign direct investment (FDI) escalates the economic growth of a country. The impact of FDI on the economic factors-GDP, Currency, Stock Market, Foreign Exchange Reserves, Interest Rate, Current Account, Exports, Imports, and Unemployment Rate has been phenomenal.

Market Size (Gross Domestic Product): if the market size (GDP) of a country is large it will attract more FDI and vice versa. There is positive correlation between GDP and FDI which is matched with the objective to achieve higher growth in terms of GDP and FDI.

Availability of Human Resources (Wages Paid): Availability of human resources is another factor which has influenced on any country's economy. It is noted there is positive correlation between Wages paid and FDI inflow, it mean if there is 1% change in wage rate it causes positive changes in FDI too.

Economic Stability (Deficit Balance of Payment): Balance of Payment is one of the pull factors of FDI inflow. The economic theory suggested the negative elasticity coefficient between FDI and Deficit in Balance of Position.

Government Policies (Trade Openness): Government policies are one of the major factors which determine the flow of FDI in Countries .Degree of trade openness means ratio of total trade to real GDP of Economy. As the government policies are liberal then there is high probability of inflow of FDI into the country.

Exchange Rates: Exchange rate can be defined as the admiration of Indian Rupee in international market which encourages the foreign investors firms to obtain the specific assets required at cheap rates and earn higher profits.

Inflation: A reliable economy can be defined if the inflation rate is low. Any changes in inflation rates of home country and foreign country are probably alter the most favourable investment decisions and gives negative impact on FDI.

NSE & BSE index:

The National Stock Trade (NSE)

The National Stock Exchange (NSE) is India's driving stock exchange, arranged at Mumbai. NSE was set up by driving establishments to give a cutting edge, totally computerized screen-based trading system with national reach. The Exchange has accomplished unparalleled straightforwardness, speed and viability, security and market respectability.

The NSE List or the Nifty Index as it is prominently known is the list of the execution of the 50 biggest and most productive, prevalent organizations recorded in the list. Each organization that is a piece of the list has its own particular weightage in the estimation of the List. The estimation of the Clever File is the weighted normal of the costs of these 50 organizations.

Bombay Stock Trade (BSE)

The BSE is the most settled stock exchange of Asia, situated in Dalal Road, Mumbai. It is the third greatest stock exchange in south Asia and the tenth greatest on the globe. BSE has more than 5000 associations that are recorded in it. The objectives of the BSE resemble that of the NSE. BSE similarly uses the latest progressions in the IT field to give a single place where dealers from over the globe can purchase/sell offers in the Indian share market.

BSE Index or SENSEX:

The BSE Index or the Sensex as it is famously known is the list of the execution of the 30 biggest and most beneficial, prominent organizations recorded in the file. Each organization that is a piece of the file has its own weightage in the estimation of the Index. Since the quantity of organizations is lesser, the index varieties are higher when contrasted with the Nifty Index.

III. REVIEW OF LITERATURE

Hamidah Muhd Irpan (2016)[4] et al conducted an assay that spotlights on the effect of FDI on work rate in Malaysia. Different factors, like, the quantity of overseas labourers, gross domestic product (GDP) and exchange rate (EXCR) were likewise incorporated into the assay. They utilized yearly information from 1980 to 2012. Autoregressive distributed lag (ARDL) demonstrate was utilized to decide the long run relationship between the factors. Their investigation further finds that FDI, number of overseas labourers, and GDP altogether impact the joblessness rate in Malaysia.

Kumar & Pradhan (2002)[5]conducted a study to find out the effects of FII inflows on the Indian stock market and concludes that FII investments are more driven by Fundamentals and do not respond to short-term changes or technical position of the market

Balasubramanyam et al. (1996)[2] reveals significant results to support the assumption that FDI is more important for economic growth in export promoting than in importing substituting countries. This stated that the impact of FDI varies across countries and trade policy can affect the role of FDI in economic growth.

Pal (1998)[8] in his study highlighted that FII flows have failed to invigorate the stock market in India. It further analyses the linkages between the stock market and domestic saving rate both theoretically and at empirical level in context of Indian experience.

Alfaro et al. (2004)[1] reveal that FDI plays an important role in contributing to economic growth but the level of development of local financial markets is crucial for these positive effects.
Mohan (2005)[6] highlighted that flows of private capital in form of FII in recent years have amplified the Forex reserves in emerging markets and helped in enhancing capital markets in India. The study further analyses the implications of an enlarged FII presence in terms of stock market and macroeconomic volatility. The study concluded that drastic increased in FII flows in Indian economy has shifted the focus of equity market from mutual funds to FII inflows.

IV. RESEARCH GAP

Overseas speculation assumes a critical part being developed of any economy as like India. Numerous nations give numerous motivators to pulling in the foreign direct investment (FDI). Need of FDI relies upon sparing and speculation rate in any nation. Foreign Direct investment goes about as an extension to satisfy the gap amongst speculation and sparing. During the time spent monetary advancement overseas capital covers the domestic sparing requirement and give access to the unrivalled innovation that advance effectiveness and efficiency of the present creation limit and produce new generation opportunity.
The results of macroeconomic studies on FDI and growth have generally been mixed. Though most studies find some positive correlation between FDI and growth but some are not. But till now no combined study have been found to compare FDI and FII jointly and show their impact on growth and stock market indices in India

V. OBJECTIVES

- To study the pattern of FDI and FII in Indian economy in the last twenty four years.
- To analyze the relationship between FDI and FPI.

VI. RESEARCH METHODOLOGY

Data collection

The present research will investigate the relation of economic indicators and FDI as well as FII for Indian subcontinent. The study is based on the secondary data. The Indian data of Gross Domestic Product growth, BSE SENSEX, NSE NIFTY Foreign exchange reserve(FCA) from 1992 to 2015 have been used to perform the analysis.

Analytical tools

A line in a two-dimensional or two-variable space is defined by the equation $Y=a+bX$; in full text, the Y variable can be expressed in terms of a constant (a) and a slope (b) times the X variable. The constant is also referred to as the intercept, and the slope as the regression coefficient or B coefficient.

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I. DATA ANALYSIS AND INTERPRETATION:

Tab 1: FDI FROM 1992-2015

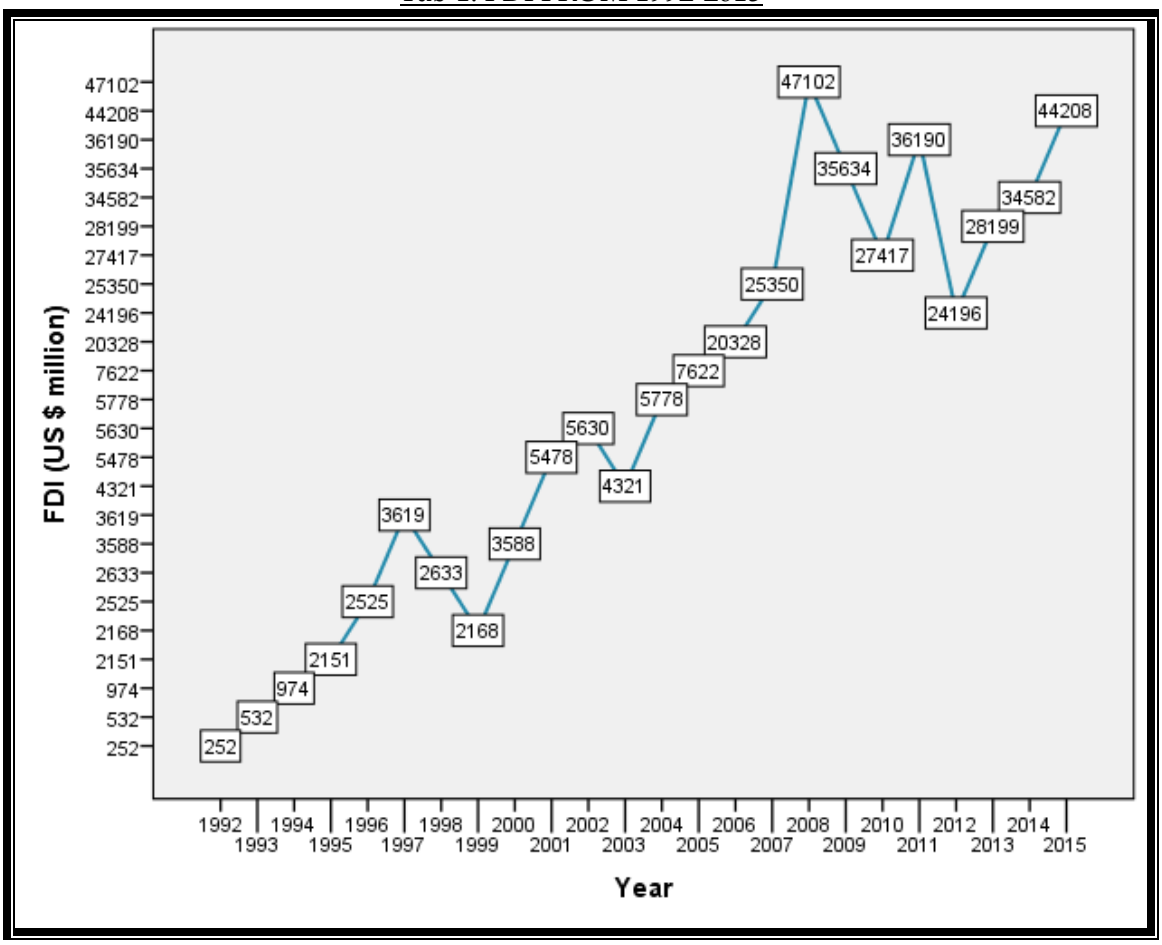

Figure 1: Trend of FDI Inflows

Interpretation

The above line chart shows the growth of FDI in Indian economy. From 1992 to 2004, there was no significant movement of FDI. In the year of 2008, it was significantly increased, whereas in 2012 there was a gradual drop down. But for the next two consecutive years 2013 and 2014 it raised again. Hence, the equation of the model is polynomial which fits best among the regression model. The R^2 value, 0.787 explains that about 78.7% of the total variation of the dependent variable by the independent variable.

$y = 62.20x^2 + 372.5x - 1921.$

$R^2 = 0.787$

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Tab 2: FPI FROM 1992-2015

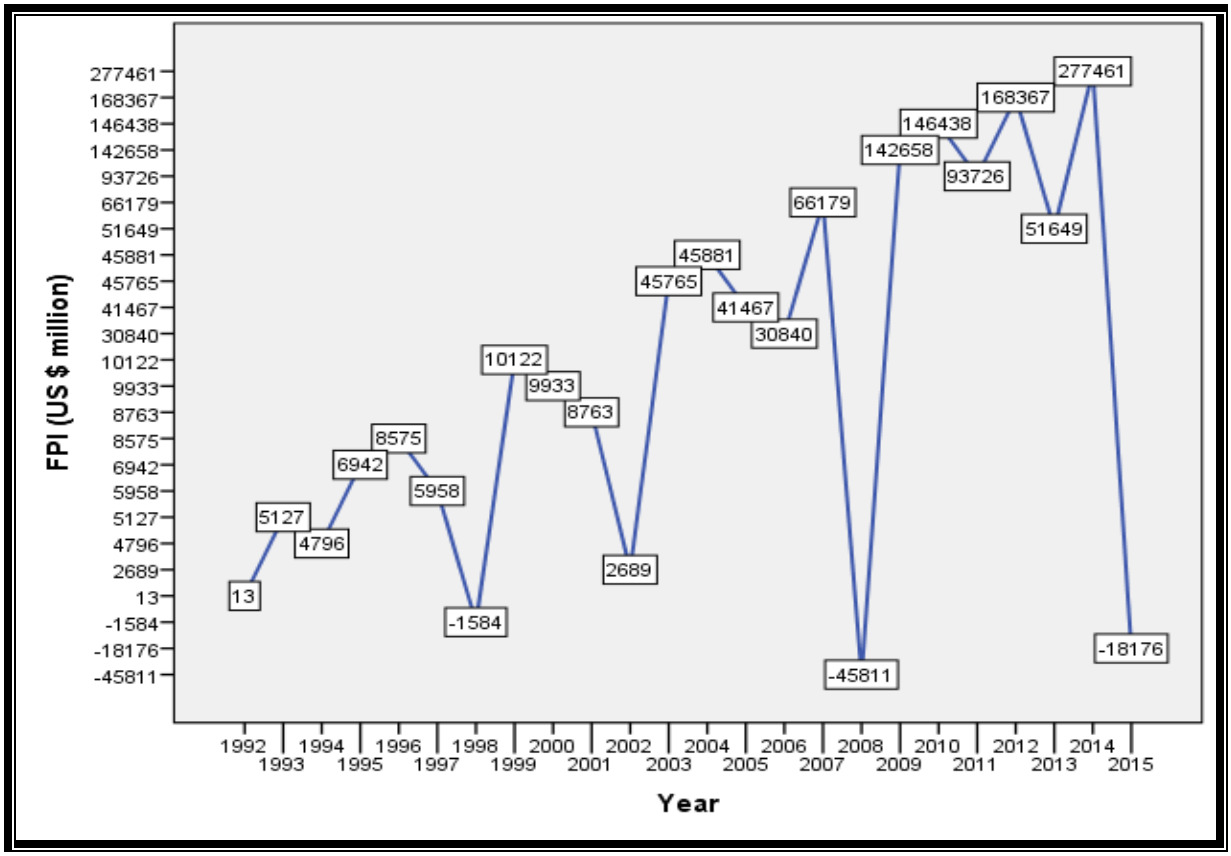

Figure 2: Trend of FPI Inflows

Interpretation:

The above line chart shows the growth of FPI in Indian economy. From 1992 to 2002, there was no significant movement of FPI. In the year of 2008, it was significantly decreased and went to negative amount. On the other hand, in 2011 there was again a drop down. In 2013 it was significantly decreased. So the equation of the model is polynomial which is best fitting among the regression model. The R^2 value 0.440, explains that about 44% of the total variation of the dependent variable by the independent variable.

$$y = -11.17x^4 + 516.1x^3 - 7271x^2 + 36783x - 43730$$

$$R^2 = 0.440$$

The following Equations are being formulated to measure the relationship between FDI and other economic indicators. Where Economic indicators are dependent variable and FDI is independent variable.

1. $GDP = a + \beta_1 FDI + e$ (1)

2. $NSE\ (NIFTY) = a + \beta_1 FDI + e$ (2)

3. $BSE\ (SENSEX) = a + \beta_1 FDI + e$ (3)

4. $FCA = a + \beta_1 FDI + e$ (4)

Impact of FDI on GDP:

Tab 3: **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.889[a]	.791	.781	1109.18143

a. Predictors: (Constant), FDI

According to Table – 3, manifests the regression model fit summary, the value of R, .889, signifies that 88.9% of correlation is present between the dependent and independent variables. The value of R^2, 0.791 depicts linear regression and further explains that 79.1% of the variance in the dataset when the independent variable in the model affects the dependent variable, and the adjusted value of R^2, .781 depicts that 78.1% of variation is explained by only independent variables that in actuality affect the dependent variable.

Tab 4: **ANOVA[a]**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	102240467.161	1	102240467.161	83.103	.000[b]
	Residual	27066235.690	22	1230283.440		
	Total	129306702.851	23			

a. Dependent Variable: GDP
b. Predictors: (Constant), FDI

According to the Table – 4, the F-test depicts a high value of 83.103 along with degree of freedom (df), 23, which means there is no linear relationship between any of the two variables in the model. The p-value (Sig.) is .000 i.e. less than 0.05, which indicates that the regression model is statistically significant and predicts the outcome variable.

Tab 5: **Coefficients[a]**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	949.110	321.318		2.954	.007
	FDI	.135	.015	.889	9.116	.000

a. Dependent Variable: GDP

According to Table – 5, the independent variable "FDI" is having a beta value of 0.135. Hence, a unit increase in the variable X1 (FDI) will lead to increase 0.135 unit in the variable Y (GDP).

Y= 949.110 + 0.135X1

Impact of FDI on NSE:

Tab 6: **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.889[a]	.791	.781	1109.05906

a. Predictors: (Constant), FDI

Table – 6, manifests the regression model fit summary, the value of R, .889, signifies that 88.9% of correlation is present between the dependent and independent variables. The value of R^2, 0.791 depicts linear regression and further explains that 79.1% of the variance in the dataset when the independent variable in the model affects the dependent variable, and the adjusted value of R^2, .781 depicts that 78.1% of variation is explained by only independent variables that in actuality affect the dependent variable.

Tab 7: **ANOVA[a]**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	102188118.031	1	102188118.031	83.079	.000[b]
	Residual	27060263.855	22	1230011.993		
	Total	129248381.886	23			

a. Dependent Variable: NSE
b. Predictors: (Constant), FDI

According to the Table – 7, the F-test depicts a high value of 83.079 along with degree of freedom (df), 23, which means there is no linear relationship between any of the two variables in the model. The p-value (Sig.) is .000 i.e. less than 0.05, which indicates that the regression model is statistically significant and predicts the outcome variable.

Tab 8: **Coefficients[a]**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	950.157	321.283		2.957	.007
	FDI	.135	.015	.889	9.115	.000

a. Dependent Variable: NSE

According to Table – 8, the independent variable "FDI" is having a beta value of 0.135. Hence, a unit increase in the variable X1 (FDI) will lead to increase 0.135 unit in the variable Y (NSE).

Y= 950.157 + 0.135X1

Impact of FDI on BSE:

Tab 9: **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.898[a]	.807	.798	1362.78613

a. Predictors: (Constant), FDI

Table – 9, manifests the regression model fit summary, the value of R, .898, signifies that 89.8% of correlation is present between the dependent and independent variables. The value of R^2, .807 depicts linear regression and further explains that 80.7% of the variance in the dataset when the independent variable in the model affects the dependent variable, and the adjusted value of R^2, .798 depicts that 79.8% of variation is explained by only independent variables that in actuality affect the dependent variable.

Tab 10: **ANOVA[a]**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	170746350.187	1	170746350.187	91.938	.000[b]
	Residual	40858092.714	22	1857186.032		
	Total	211604442.900	23			

a. Dependent Variable: BSE
b. Predictors: (Constant), FDI

According to Table – 10, the F-test depicts a high value of 91.938 along with degree of freedom (df), 23, which means there is no linear relationship between any of the two variables in the model. The p-value (Sig.) is .000 i.e. less than 0.05, which indicates that the regression model is statistically significant and predicts the outcome variable.

Tab 11: **Coefficients[a]**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1663.323	394.785		4.213	.000
	FDI	.174	.018	.898	9.588	.000

a. Dependent Variable: BSE

According to Table – 11, the independent variable "FDI" is having a beta value of 0.174. Hence, a unit increase in the variable X1 (FDI) will lead to increase 0.174 unit in the variable Y (BSE).

Y= 1663.323 + 0.174X1

Impact of FDI on FCA:

Tab 12: **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.842[a]	.709	.695	4587.27417

a. Predictors: (Constant), FDI

Table – 12, manifests the regression model fit summary, the value of R, .842, signifies that 84.2% of correlation is present between the dependent and independent variables. The value of R^2, .709 depicts linear regression and further explains that 70.9% of the variance in the dataset when the independent variable in the model affects the dependent variable, and the adjusted value of R^2, .695 depicts that 69.5% of variation is explained by only independent variables that in actuality affect the dependent variable.

Tab 13: **ANOVA[a]**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1126443847.440	1	1126443847.440	53.530	.000[b]
	Residual	462947855.605	22	21043084.346		
	Total	1589391703.045	23			

a. Dependent Variable: FCA
b. Predictors: (Constant), FDI

According to Table – 13, the F-test depicts a high value of 53.530 along with degree of freedom (df), 23, which means there is no linear relationship between any of the two variables in the model. The p-value (Sig.) is .000 i.e. less than 0.05, which indicates that the regression model is statistically significant and predicts the outcome variable.

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Tab 14: **Coefficients**[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3585.179	1328.885		2.698	.013
	FDI	.447	.061	.842	7.316	.000

a. Dependent Variable: FCA

According to Table – 14, the independent variable "FDI" is having a beta value of 0.447. Hence, a unit increase in the variable X1 (FDI) will lead to increase 0.447 unit in the variable Y (FCA).

Y= 3585.179 + 0.447X1

Probing the Impact of FPI on leading Economic indicators in the Indian scenario-

The following Equations are being formulated to measure the relationship between FDI and other economic indicators. Where Economic indicators are dependent variable and FDI is independent variable.

1. $GDP = a + \beta_1 FPI + e$ *(1)*
2. $NSE\ (NIFTY) = a + \beta_1 FPI + e$ *(2)*
3. $BSE\ (SENSEX) = a + \beta_1 FPI + e$ *(3)*
4. $FCA = a + \beta_1 FPI + e$ *(4)*

Impact of FPI on GDP

Tab 15: **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.977[a]	.955	.953	515.93428

a. Predictors: (Constant), FPII

Table – 15, manifests the regression model fit summary, the value of R, .977, signifies that 97.7% of correlation is present between the dependent and independent variables. The value of R^2, .955 depicts linear regression and further explains that 95.5% of the variance in the dataset when the independent variable in the model affects the dependent variable, and the adjusted value of R^2, .953 depicts that 95.3% of variation is explained by only independent variables that in actuality affect the dependent variable.

Tab 16: **ANOVA**[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	123450562.784	1	123450562.784	463.772	.000[b]
	Residual	5856140.066	22	266188.185		
	Total	129306702.851	23			

a. Dependent Variable: GDP
b. Predictors: (Constant), FPI

According to Table – 16, the F-test depicts a high value of 463.772 along with degree of freedom (df), 23, which means there is no linear relationship between any of the two variables in the model. The p-value (Sig.) is .000 i.e. less than 0.05, which indicates that the regression model is statistically significant and predicts the outcome variable.

Tab 17: **Coefficients**[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-301.596	187.055		-1.612	.121
	FPI	.004	.000	.977	21.535	.000

a. Dependent Variable: GDP

According to Table – 17, the independent variable "FPI" is having a beta value of 0.004. Hence, a unit increase in the variable X1 (FPI) will lead to increase 0.004 unit in the variable Y (GDP)

Y= -301.596 + 0.004X1

Impact of FPI on NSE

Tab 18: **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.977[a]	.955	.953	516.06205

a. Predictors: (Constant), FII

Table – 18, manifests the regression model fit summary, the value of R, .977, signifies that 97.7% of correlation is present between the dependent and independent variables. The value of R^2, .955 depicts linear regression and further explains that 95.5% of the variance in the

dataset when the independent variable in the model affects the dependent variable, and the adjusted value of R^2, .953 depicts that 95.3% of variation is explained by only independent variables that in actuality affect the dependent variable.

Tab 19: **ANOVA[a]**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	123389341.047	1	123389341.047	463.312	.000[b]
	Residual	5859040.838	22	266320.038		
	Total	129248381.886	23			

a. Dependent Variable: NSE
b. Predictors: (Constant), FPI

According to Table – 19, the F-test depicts a high value of 463.312 along with degree of freedom (df), 23, which means there is no linear relationship between any of the two variables in the model. The p-value (Sig.) is .000 i.e. less than 0.05, which indicates that the regression model is statistically significant and predicts the outcome variable.

Tab 20: **Coefficients[a]**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-300.256	187.101		-1.605	.123
	FPI	.004	.000	.977	21.525	.000

a. Dependent Variable: NSE

According to Table – 20, the independent variable "FPI" is having a beta value of 0.004. Hence, a unit increase in the variable X1 (FPI) will lead to increase 0.004 unit in the variable Y (NSE)

Y= -300.256+ 0.004X1

Impact of FPI on BSE

Tab 21: **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.881[a]	.776	.766	1467.06612

a. Predictors: (Constant), FPI

Table – 21, manifests the regression model fit summary, the value of R, .881, signifies that 88.1% of correlation is present between the dependent and independent variables. The value of R^2, .776 depicts linear regression and further explains that 77.6% of the variance in the dataset when the independent variable in the model affects the dependent variable, and the adjusted value of R^2, .776 depicts that 76.6% of variation is explained by only independent variables that in actuality affect the dependent variable.

Tab 22: **ANOVA**[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	164254216.998	1	164254216.998	76.316	.000[b]
	Residual	47350225.903	22	2152282.996		
	Total	211604442.900	23			

a. Dependent Variable: BSE
b. Predictors: (Constant), FPI

According to Table – 22, the F-test depicts a high value of 76.316 along with degree of freedom (df), 23, which means there is no linear relationship between any of the two variables in the model. The p-value (Sig.) is .000 i.e. less than 0.05, which indicates that the regression model is statistically significant and predicts the outcome variable.

Tab 23: **Coefficients**[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	509.182	531.893		.957	.349
	FII	.004	.000	.881	8.736	.000

a. Dependent Variable: BSE

According to Table – 23, the independent variable "FII" is having a beta value of 0.004. Hence, a unit increase in the variable X1 (FII) will lead to increase 0.004 unit in the variable Y (BSE)

Y= 509.182+ 0.004X1

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Impact of FPI on FCA

Tab 24: **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.947[a]	.898	.893	2720.48423

a. Predictors: (Constant), FPI

Table – 24, manifests the regression model fit summary, the value of R, .947, signifies that 94.7% of correlation is present between the dependent and independent variables. The value of R^2, .898 depicts linear regression and further explains that 89.8% of the variance in the dataset when the independent variable in the model affects the dependent variable, and the adjusted value of R^2, .893 depicts that 89.3% of variation is explained by only independent variables that in actuality affect the dependent variable.

Tab 25: **ANOVA[a]**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1426568945.288	1	1426568945.288	192.753	.000[b]
	Residual	162822757.757	22	7401034.444		
	Total	1589391703.045	23			

a. Dependent Variable: FCA
b. Predictors: (Constant), FPI

According to Table – 25, the F-test depicts a high value of 192.753 along with degree of freedom (df), 23, which means there is no linear relationship between any of the two variables in the model. The p-value (Sig.) is .000 i.e. less than 0.05, which indicates that the regression model is statistically significant and predicts the outcome variable.

Tab 26: **Coefficients[a]**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-832.943	986.326		-.844	.407
	FII	.012	.001	.947	13.884	.000

a. Dependent Variable: FCA

According to Table – 26, the independent variable "FII" is having a beta value of .012. Hence, a unit increase in the variable X1 (FII) will lead to increase .012 unit in the variable Y (FCA)

Y= -832.943+ 0.012X1

VII. CONCLUSIONAL OBSERVATION

1. This research manifested that FDI and FPI have positive impact on stock market development indicators (BSE and NSE). The correlation result depicts that there is a positive correlation among the economic indicators FDI, BSE and NSE (0.798,0.781) and are also statistically significant with p value being less than 0.05 whereas FPI also have a positive relation with the economic indicators BSE and NSE(0.953,0.766) and are also statistically significant with p value being less than 0.05. **Dhiman & Sharma (2013)[3]** probed that the influx of capital in terms of foreign direct investment (FDI) has a positive impact on the economy as well as the capital markets. They concluded that there is strong degree of correlation between FDI & Sensex, and FDI & Nifty.

2. Another observation of this research manifested that FDI and FPI have positive impact on GDP in India. The correlation result depicts that there is a positive correlation among the economic indicators FDI and GDP (0.781) and is also statistically significant with p value being less than 0.05 whereas FPI also have a positive relation with the economic indicator GDP (0.953) and is also statistically significant with p value less than 0.05. **Yameen & Ahmad (2015)[9]** have conducted a study and concluded that there is a strong positive relation among FDI and GDP and FPI and GDP

3. The third observation of this research manifested that FDI and FPI have positive impact on FCA in India. The correlation result depicts that there is a positive correlation among the economic indicators FDI and FCA (0.695) and is also statistically significant with p value being less than 0.05 whereas FPI also have a positive relation with GDP (0.893) and is also statistically significant with p value less than 0.05**. Kotishwar (2016)[4]** found that FII and FDI are having the significant impact on foreign reserves.

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