

Recent Global Trends in FDI Flows under Globalized Trade Regime: Prospects and Challenges

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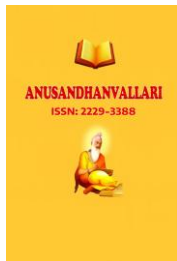
Abstract

The present study examines the recent trends in FDI inflow and outflow, both flows and stocks as an instrument of economic growth as well as its international economic integration, taking developed, developing and transitional countries across the world as the case studied. In its first component, it examines the literature in its theoretical- cum- historical aspects. In the section that follows, it takes up the statistical aspects. It uses the annual time series data to explore the relationship between FDI and the growth rate of the GDP, under globalized trade regime. The results of multivariate linear regression model of FDI show that global GDP, trade openness, infrastructural developments, and human capital are the important macroeconomic determinants and pull factors whereas geopolitical tensions are impediment factor for FDI flows across the world. The findings of the linear trend line regression equations show that growth of FDI inflow and outflow of both stocks and flows is significantly rising among developing and transitional nations across the world.

Keywords: FDI, GDP, Growth, Stock, Inflows, Outflows

1. Introduction

Foreign direct investment is a judicious device of economic progress strategy framework. It frisks a pivotal bit part in the sustainable economic advancement in the long run by enlarging the attainability of resources, strengthening the fierce competition of host country via hand over of innovations, building up basic physical structure, enhancing efficiency, creating new productive livelihood occasions and encouraging exportable surplus. It must be recognized that FDI has predominant place in the economies of the developed nations. In fact, the bulk of the global FDI takes place among developed nations. Many newly emerging



countries in Asia have already embraced progressive development policies to welcome FDI. These progressive initiatives include dismantling administrative and regulatory framework to attract foreign investors, facilities of several fiscal incentives and other policy measures aimed at revamping the suitable atmosphere for FDI. There has been an expeditious gesture towards deregulation and liberalization, which has resulted in Asian developing and fastest growing countries becoming most favorite landing place for foreign investment.

FDI is considered as a channel to augment domestic investment for acquiring an appreciable magnitude of economic progress. FDI eases domiciliary industries along with the public of host country through enhancing moments for scientific advancements, retrieve to world class decision-making capability, judicious allocation of personage & natural expedients, disclosing of merchandise exports, trade transections, giving reverse & onward linkages and to retrieve world class superior tangible and intangible items.

The major economic problem of newly emerging nations is that they do not possess adequate public savings to finance their development projects. They remain eager to get foreign capital in form of both flow and stocks. Earlier, they were used to borrow from international commercial banks. But in the 1980s dwindling of commercial borrowings because of debt crises, many nations were forced to revamp their investment policies framework so as to fetch significant chunk of foreign capital, and overseas direct investment happened to be one of the most suitable means to receive overseas capital destitute of bearing any kind of threats confined to foreign investment. Hence, it embellished a most appropriate substitute to commercial bank advances as a provenance of capital influxes.

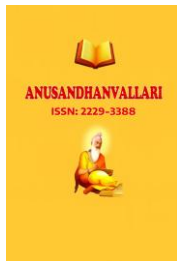
There has been a tremendous rise in FDI under globalized trade regime. It is likely to lead to an international relocation of productive resources and subsequent creation of productive employment and income. This will expedite international specialization of productive resources and is predisposed to generate world economic welfare. However, this would be obstructed if the dispensation of FDI in terms of outflows are not judiciously devoted.

FDI has been accelerating since 1990 in developed, developing and transitional countries across the globe. The results of multivariate linear regression model of foreign direct investment depict that GDP growth, trade openness, price rise, and demographic dividend are the major macroeconomic determinants and pull factors for FDI flows in the world economy.

The entire study has been divided into four sections. Section one includes introduction, and discusses about review of empirical studies confined to FDI. Section 2 elaborates the objectives of the study and research methodology. Section 3 is confined to the analysis of major trends and composition of FDI flows across different groups of nations. The following section 4 analyses results and draws conclusion.

2. Review of Literature

FDI is an indispensable component of an unrolled and efficacious intercontinental economic structure and a main trigger to development. Even, the advantages of overseas direct investment do not follow usually and equally across nations, sectors and regional communities. Countrywide policies and the intercontinental investment constructor dominate for fascinating FDI to a larger number of developing nations and for capturing the full scale advantages of overseas direct investment for economic progress. The challenges basically communicate host nations, that need to build an explicit, comprehensive and efficacious enabling policy atmosphere for investment and to strengthen the human and institutional capabilities to execute them (OECD, 2002). The phenomenon of FDI originated in classical theories of international trade, propounded by David Ricardo and Eli Heckscher & Bertil Ohlin, suggests that country's exports are basically confined to its cheaper existing abundant resources and productive inputs, correspondingly imports associated to the nation's scanty



assets (Kurtishi-Kastrati, 2013). Therefore, overseas straight investment has solid alliance with augmented exportable surplus from feaster nations. FDI also inclines to upgrade the productive capacity of allocated abundant and scarce resources by easing the take of productive resources over different segments of the economy. Overseas direct investment is generally elaborated as capital proceeds happening from the practices of multinational corporations. Components that influence the working performance of MNCs may also influence the volume and direction of overseas direct investment. Generally, MNCs enlarge their businesses to overseas for a number of inducements together with reaping the existing benefits from economies of scope, to utilize the particular abundant resources in the host country, using unique techniques of production just because their counterpart competitive enterprises are also involved in similar production frontiers. Therefore, state governments also fabricate competitive favourable economic policies confined to labour market, company tax regime, trade barriers, tariffs, and subsidies so as to excel the working performance of MNCs in their countries (Agiomirgianakis et al. 2003).

Recently FDI has increased promptly as a result of certain favourable circumstances like, substantial scientific advancements, advent of world-wide connected manufacturing and trading network, mutual beneficial international trade treaties, and favourable authentication from developing countries who have opened up their economies for international trade transactions (Asian Development Outlook, 2020). Only the Covid-19 pandemic crisis which was one of the chronicle shock since the Great Depression to strike the world economy, influenced extensively of the worldwide economic and monetary ventures along with FDI. The quantum of foreign direct investment broke down under the constraints of numerous determinants that affected different sectors, technologies and different sections of the societies across the world (Stiglitz, 2020). The major impact was experienced during the first segment of 2020, in second half of the year 2020, trans-boundary merger & acquisition and intercontinental project funding transactions substantially retrieved. Nevertheless, Greenfield investment projects continued their negative trend throughout the year 2020 and in the initial quarter of 2021 (UNCTAD, 2021).

However, the World Investment Report, 2022 ; concludes that the world economy continues to combat with a jumbled combinations of challenges like rising debt burden, continuous shortfall in GDP growth, geopolitical risks, and structural changes in trade and investment flows. One of the most alarming challenge is the persistent retrogression of investment flows into major sectors confined to the Sustainable Development Goals

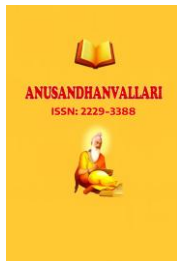
3. Accomplished Goals of the Ongoing Analysis

The precise targets of present scrutiny are depicted here:

1. To scrutinize the growth patterns of global FDI flows and stock under globalized trade regime
2. To cramming the unique antecedents of overseas straight forward investment incursion with respect to developed, developing and transitional countries
3. To investigate the significant spill over repercussion of foreign overseas investments on the magnification performance of the world economy

4. Statistics Details and Quantitative Techniques Applied

In order to study and examine the recent trends and allocation patterns of global FDI among developed, developing and newly emerging transitional nations, both in terms of flow and stock, secondary time series data pertaining to GDP growth, inflation, trade, demographic dividend including inflow and outflow of FDI have been used.



The ongoing analysis incorporates peripheral statistics published in different reports of Asian Development Bank, UNDP, UNCTAD, World Investment Report; current issues. In order to reckon periodical growth index over the years the trend line / exponential growth model / semi-log growth equations are applied.

$$\text{Log (FDI)} = \gamma + \beta T$$

Where

' γ ' is intercept

' β ' represents exponential growth rate per year

' T ' represents time series

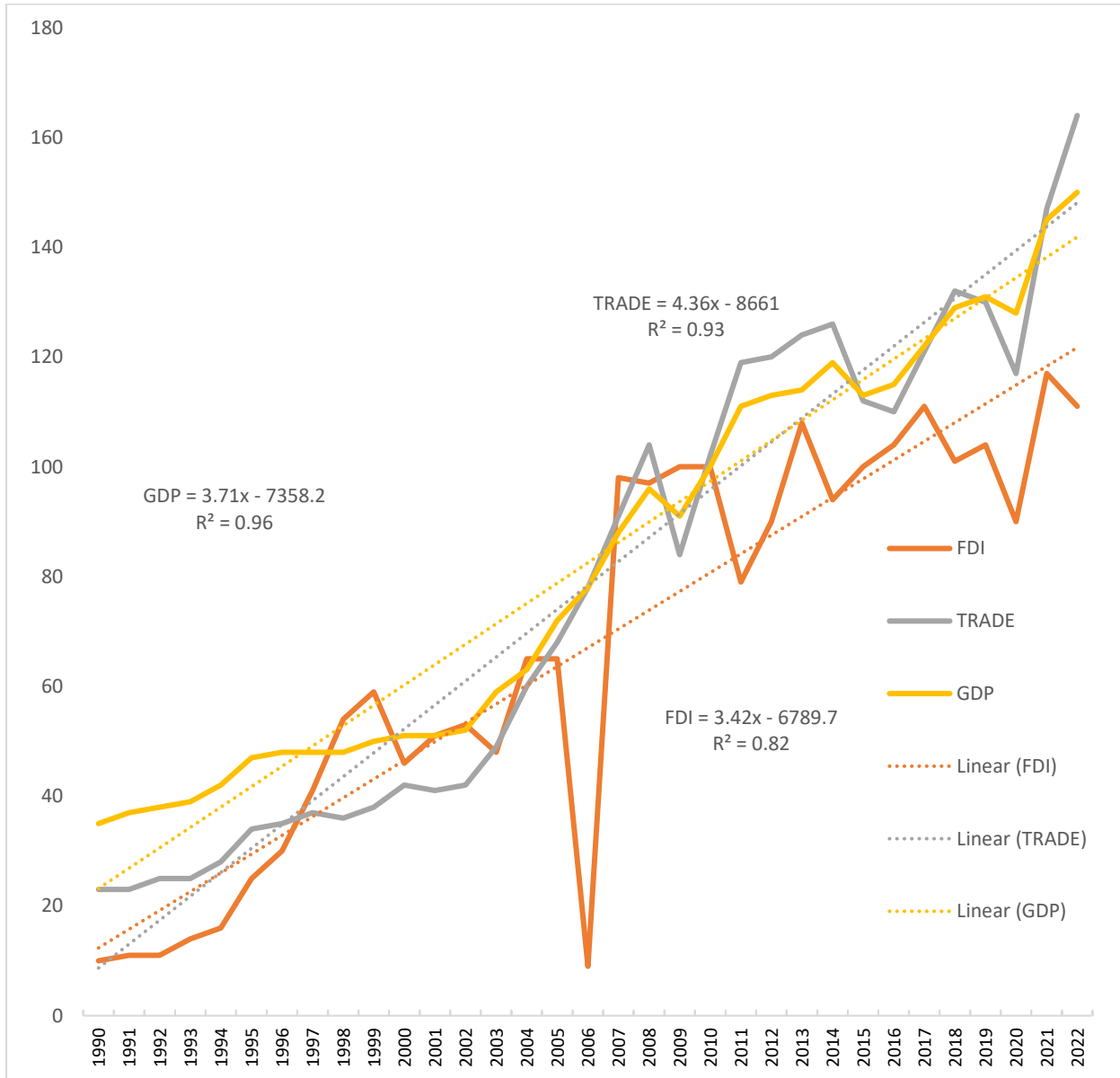
Time component constitutes policy and general factors that have an effect on FDI incursion. This empowers computation of pace of growth via chronological data exploration. Adjusted R^2 estimates influence of time on FDI. Values of 't' statistics represent the level of significance. Further, the analysis uses the multiple regression model to assess the descriptive independent variables of the foreign direct investment incursion. The present study empirically evaluates the causal factors of global FDI fluxes while using chronological data sets from 1990 to 2022. The database has been set up incorporating the World Bank Development Reports, IMF Reports, International Statistics for the fabrication of the foreign direct investment over gross domestic product ratio, human capital, Geopolitical risk Index, and the tangible infrastructural substitutes. All the numerical standards utilized in the study are demonstrated in authentic denominations (US\$). The sphere of the paradigm being constructed at a comparatively accumulated magnitude, is to incorporate the fragmented gamut of effects on settlement creating process while analysing across the globe. Countries are differentiated as developed, developing, and transitional economies dependent on the World Bank encyclopaedia methodology (Kang & Lee; 2021b). As per this methodology, small, smaller middle, and higher middle income nations are considered as the developing countries, whereas, higher income nations are considered as the developed countries. Transitional countries are primarily those nations who have been shifted from state run planned economies to market oriented economies, characterized by the liberalization of prices and trade.

5. Discussion and Analysis

FDI postulates the international movement of the large scale production. Production at large scale requires different productive factors. The perception is that developing and transitional countries have the adequate embryonic for economic growth in view of the fact that they have sufficient quantum of productive factors of production notwithstanding the interdependent factor that is capital. Overseas direct investment characterizes the interdependent productive factors of manufacturing. Consequently, it is realized that the innovation in the magnification of developing nations is feasible only if the interdependent constituents are made accessible. The openness of the world economy, establishing WTO and sprawling of the rules & regulations at the international platform and upcoming swaps in the global economy are anticipated to generate a judicious allocation of the precious meagre interdependent resources, specifically, capital in the configuration of overseas direct investment. Different from diversified cluster of investments, foreign direct investment escorts managerial and technological skill in the host country.

Figure 1 postulates that global FDI, trade and GDP are having the appreciable linear growth trend while moving ahead altogether closely with each other. The range of R^2 symbolizes that time factor is dominantly affecting the growth of global FDI, trade as well as GDP significantly up to 96 percent. In order to examine different independent factors that affect the inflow of FDI the following multiple regression equation model is used:

Figure 1: Recent Global Trends in FDI Inflows



Source: World Investment Report

For the sake of assessing the effects of the exogenous variables, a foreign direct investment linear equation is built up:

$$FDI/Y = \chi_i + \beta_1 GY_{t-1} + \beta_2 y_{t-1} + \beta_3 (FDI/Y)_{t-1} + \beta_4 Gvt.expt_{t-1} + \beta_5 ht_{t-1} + \beta_6 Trade_{t-1} + \beta_7 Gpr_{t-1} + \beta_8 Roads_{t-1} + \beta_9 Railways_{t-1} + \epsilon_{it}$$

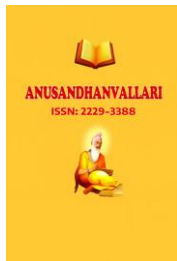
In that place FDI/Y symbolizes the ratio of FDI to GDP across the world, GY designates real world GDP growth, and 'y' is real world GDP per person. These variables highlighted as parameters depicting the size of the market, magnitude of economic development and growth potential of the world economy. The lagged component of FDI is incorporated to take into consideration the presence of cluster effect. These are the

economic advantages, such as enhanced productivity, least cost factor inputs, and augmented discoveries, that emerge only when economy utilizes infrastructural facilities, labour abundance, knowledge spill overs, that frequently create efficiencies and leading to economic growth. However, the inferences of this particular variable are not only bound to accumulation effects, but also reveal the captivating capacity of the host nation. On the other hand, the role of policy initiatives is observed through variable Govt.exp, which symbolizes government expenditures. Whereas, the forthrightness of the economy known as globalized business procedure is accessed through the variable trade openness that is elaborated as the ratio of world business proceeds; import and export items over world gross domestic product. The accumulated skills occupied by the people across the world economy is incorporated as a proxy variable of human capital (h) in the equation, which is dignified as the proportion of students registered in secondary education over the total working age group of persons. Another independent variable that is Geopolitical Risk index (GPR) which reckons the threats like aggressions, war like situations, sabotages, terrorist activities, and tensions through newspaper or media coverage also has a serious impact on global FDI flows, included in the equation. At last, proportion of road spectrum and rail network are used as proxy variables reckoning the physical infrastructure. The purview of these variables is to examine the advantages given by the solid inbuilt basic arrangements. All these changeable facts could also reveal the level of economic development along with population dividend across the globe. Theoretically the wide spread infrastructural network encourages international trade and motivates foreign investors to capture access to several markets with respect to minimum cost.

Table 1 presents the results of regression equation in which the important finding is the crucial bit part frisked by the growth expectations. Statistically significant regression coefficients reveal the positive influence of the level of economic development and size of market in expressions aggregate world gross domestic product and per person growth of gross domestic product. Both the regression coefficients turn out to be notably confined to global FDI flows. It implies that overseas investors invest in those regions at which the expected restorability of their investments is fastened and the signs highlighted by the gross domestic product growth are excellent. The expected role played by the cluster effects (infrastructural developments) also showing the positive impact on investment flows. Coefficient of trade openness also turns out to be positive significantly confined to liberal FDI inflows. It implies that global investors are further keen to invest in those nations who have been spread out to rest of the world. The coefficient of human capital reveals that higher proportion of skilled labour force seems to be more attractive for foreign investors. Unfortunately, prevailing geopolitical risk atmosphere retards the smooth velocity of investment flows across the world.

Table 1: Determinants of World FDI Flows

Dependent Variable: (FDI/Y) _i	
Independent Variables	Regression Coefficients
Constant	-0.143 -(0.172)
(G/Y) _{t-1} Real World GDP Growth	2.647* (2.513)
Y _{t-1} , is real world GDP per capita	0.317* (2.32)
(FDI/Y) _{i,t-1} The ratio of FDI to GDP across the world with lag of one year	0.584* (7.68)
G _{exp i,t-1} Government Expenditure	0.00347 (0.654)
h _{t-1} Human Capital	12.41* (2.65)
Trade t ₋₁	0.624*



Globalized Trade Regime	(2.84)
Gprt-1	-0.0374*
Geopolitical Risk Index	-(3.181)
Road $i,t-1$	0.0012
Road Spectrum	(1.141)
Rail $i,t-1$	0.1721*
Rail Network	(2.81)
R Square (R^2)	0.589
Adjusted R^2	0.527
N	32

*Significant at 1%,

5.1 Recent Trends of FDI Inflows

International FDI inflow had been accelerating significantly during 1990-2000. This period is known as an era of liberalization and globalization. Multilateral institution WTO also came into existence during in this period. International FDI inflow increased around seven times from 1990 to 2022. Overseas direct investment incursion in developed and developing nations also go after intercontinental vogue throughout this period. With respect to intermediate economies, incursion has been surged tremendously up to 2022. Developed and developing nations also come after similar trend throughout this interval. However, inflow to intermediate nations augmented more than developed and developing countries throughout this period. It can be because of swapping consequence. This implies that in the overseas direct investment, incursion is swapped to evolving intermediate nations from developed and developing nations for greater profitability. Throughout 2004-07, worldwide overseas direct investment incursion surged consequently in advanced, developing and intermediate nations also. Worldwide overseas direct investment incursion declined throughout 2008-09 and 2019-20 due to global economic slowdown and Covid-19 pandemic, so as also in case of advanced nations. Nevertheless, effect of worldwide monetary disaster and pandemic has been observed in developing and evolving nations during 2008-09 and 2019-20 respectively. As a result, overseas direct investment incursion to developing and evolving nations begun to slide down during 2009 and 2020.

5.2 Growth of FDI Inflows

Table 2 postulates the higher exponential growth of FDI inflows among transitional countries followed by developing and developed countries over the world economy. International FDI inflow increased 631 proportion points during 2022 concerning to foundation year 1990. Overseas direct investment incursion in advanced nations surged by 221 proportion points during 2022. Nevertheless, the magnification index of developing nations has soared up by 2727 and alike evolving nations 2601 proportion points. Hovering magnification indices of these nations indicates that overseas direct investment incursion has been shifting worldwide useful assets from advanced to developing and evolving intermediate nations. Nevertheless, most of the overseas direct investment incursion is dominated in a few advanced nations.

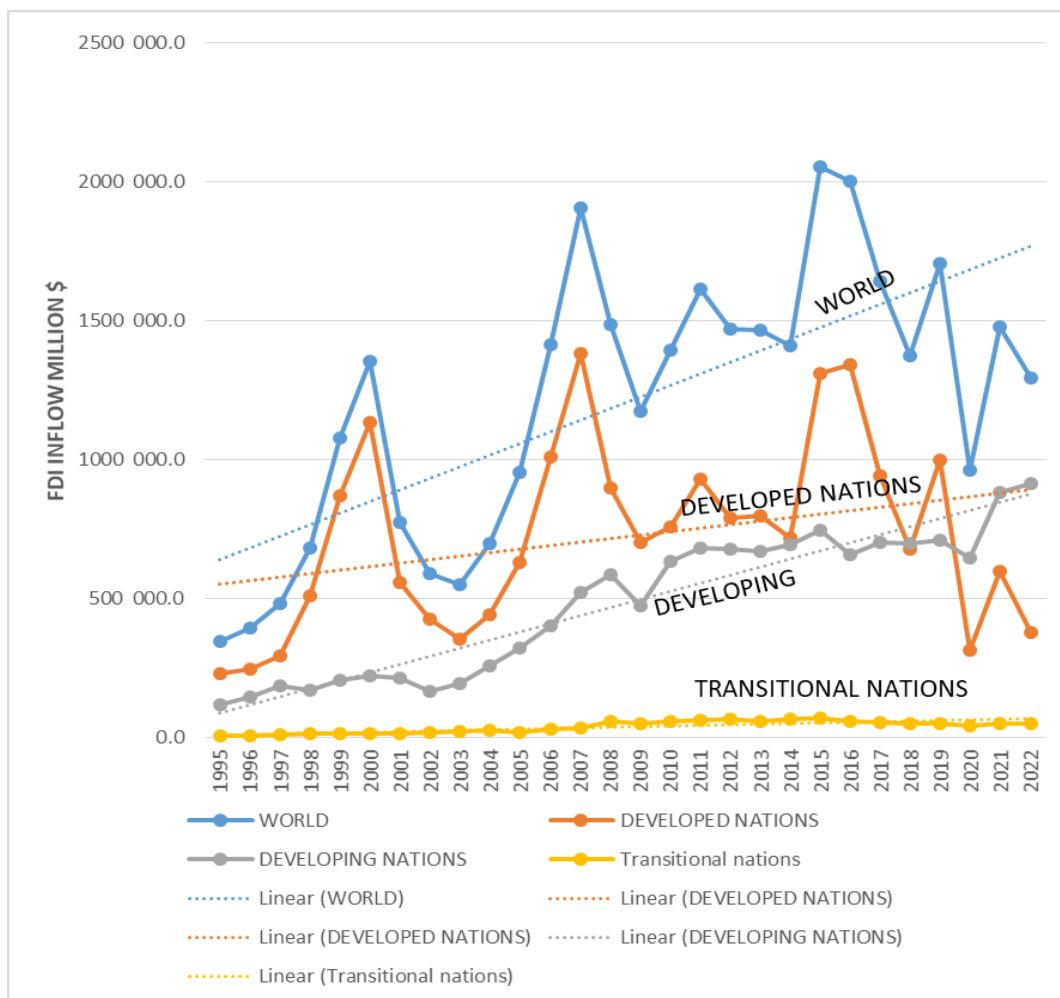
Table 2: Growth of FDI Inflows

Exponential Trend Line Regression Equations of FDI Inflows				
	World	Developed Countries	Developing Countries	Transitional Countries
Exponential Growth Rate (%)	6.96	5.12	9.69	9.76
Adjusted R^2	0.536	0.141	0.913	0.724

Source: www.unctad.org

Figure 2 highlights explicit portrait of overseas direct investment incursions throughout 1990-2022. Overseas direct investment incursion to developing nations has virtually absolutely come after worldwide swing. This implies that worldwide design of overseas direct investment incursion is determined by the trend of overseas direct investment incursion to developing nations.

Figure 2: FDI Inflow (Million \$)



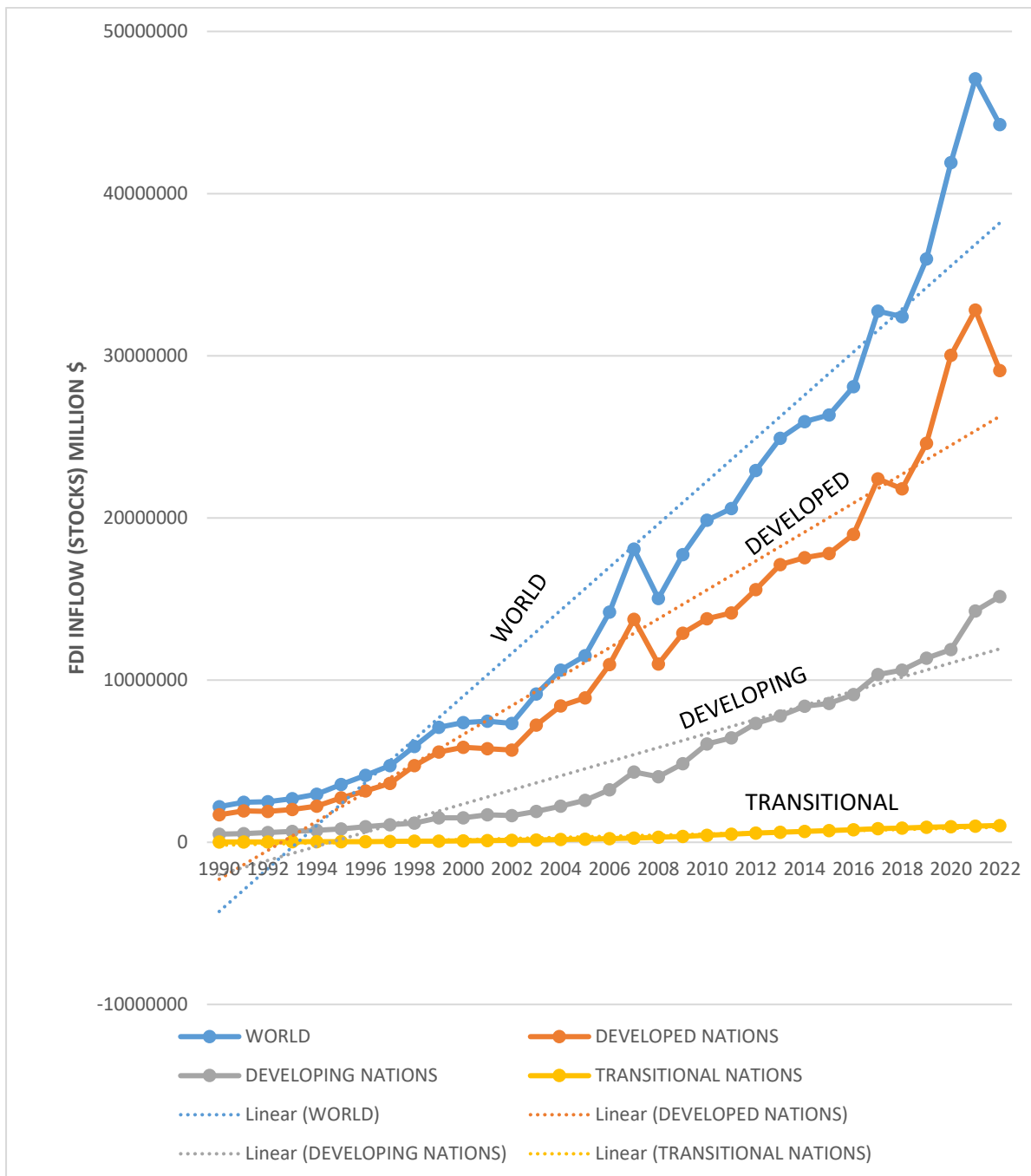
Source: www.unctad.org

5.3 FDI Inward Stock

FDI stocks symbolize the aggregate accrued value of overseas owned assets in the host country, which includes changes in value and preceding flows at specific time. However, FDI flows are dynamic, accumulating or reducing the total stock of overseas owned assets in the reporting country during a year. Table 3 postulates the higher growth of FDI inward stock of transitional countries followed by developing and developed countries over the world. Foreign direct investment stock is a cumulated foreign direct investment incursion over the years. Foreign direct investment stock of all categorized four groups of different countries has been persistently

rising except during 2008-09 and 2019-20. Nevertheless, magnification indices of all four segments is not similar. Eventually, foreign direct investment stock is rising at higher rate in developing and newly emerging transitional nations than worldwide and in developed nations. However, more than two third stock is predominant in developed countries (See Figure 3 and Table 3).

Figure 3: FDI Inward Stock (Million \$)



Source: www.unctad.org

Table 3: Growth of FDI Inflow (Stock)

Exponential Trend Line Regression Equations of FDI Inflow (Stock)				
	World	Developed Countries	Developing Countries	Transitional Countries
Exponential Growth Rate (%)	10.3	9.7	11.9	14.3
Adjusted R ²	0.923	0.925	0.9006	0.912

Source: www.unctad.org

5.4 FDI Outflows

Table 4 postulates the excellent growth of FDI outflows from developing countries followed by developed countries across the world. Immensity of worldwide and advanced nation's overseas direct investment outrush has been increasing concerning foundation year excluding from 1991 to 1993. Outrush from intermediate nations in initial intervals, is in essence of temporary outrush and has no specimen. However, in subsequent time intervals, outrush has been persistently surging. Nonetheless, outrush from developing nations has surged in each successive year concerning to foundation year. With regard to magnification indices, outrush from all four clusters of countries has surged. Nevertheless, overseas direct investment outrush from developing nations has elevated magnification than worldwide, developed and transitional nations outrush. Overseas direct investment outrush from developing nations has been surging due to fierce competition under globalized trade regime. Due to trade openness and globalization process advanced nations' predominance and hegemony over worldwide precious resources have been declined.

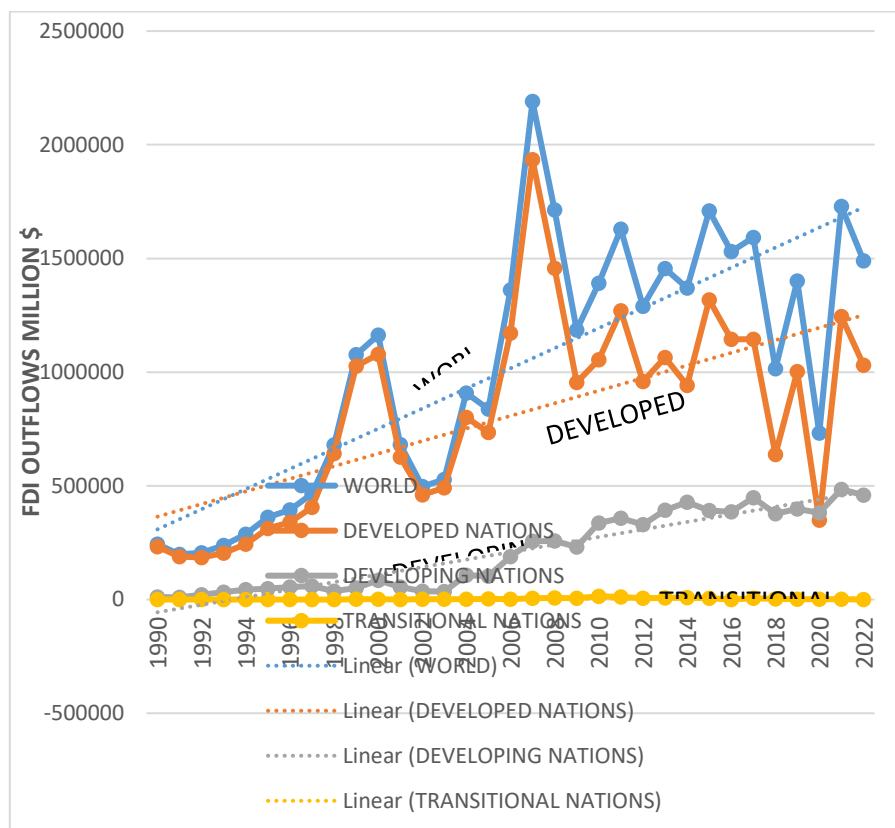
Table 4: Exponential Trend Line Regression Equations of FDI Outflows

	World	Developed Countries	Developing Countries	Transitional Countries
Exponential Growth Rate (%)	6.22	4.93	12.3	9.87
Adjusted R ²	0.589	0.380	0.897	0.189

Source: www.unctad.org

Figure 4 exhibits that worldwide and advanced nations' outrush are going ahead. The disparity between worldwide and advanced nations' trend line is large. This crack authenticates overseas direct investment outrush from developing and evolving nations. This implies that developing and evolving nations are gaining dominance over productive resources most importantly capital.

Figure 4: FDI Outflow (Million \$)



Source: www.unctad.org

5.5 FDI Outward Stock

Table 5 postulates the significant higher growth of FDI outward Stocks from transitional countries followed by developing and developed countries. FDI outward stock is an accumulated investment outflow over the years. FDI stock in all four groups of nations has increased significantly in every subsequent year with respect to 1990. Growth rate of stock is appreciable in case of developing and transitional countries. But, around 76 percent of international productive capital resources are occupied by developed nations across the world, despite a thirty- three years' time interval of a globalized and competitive international plate form.

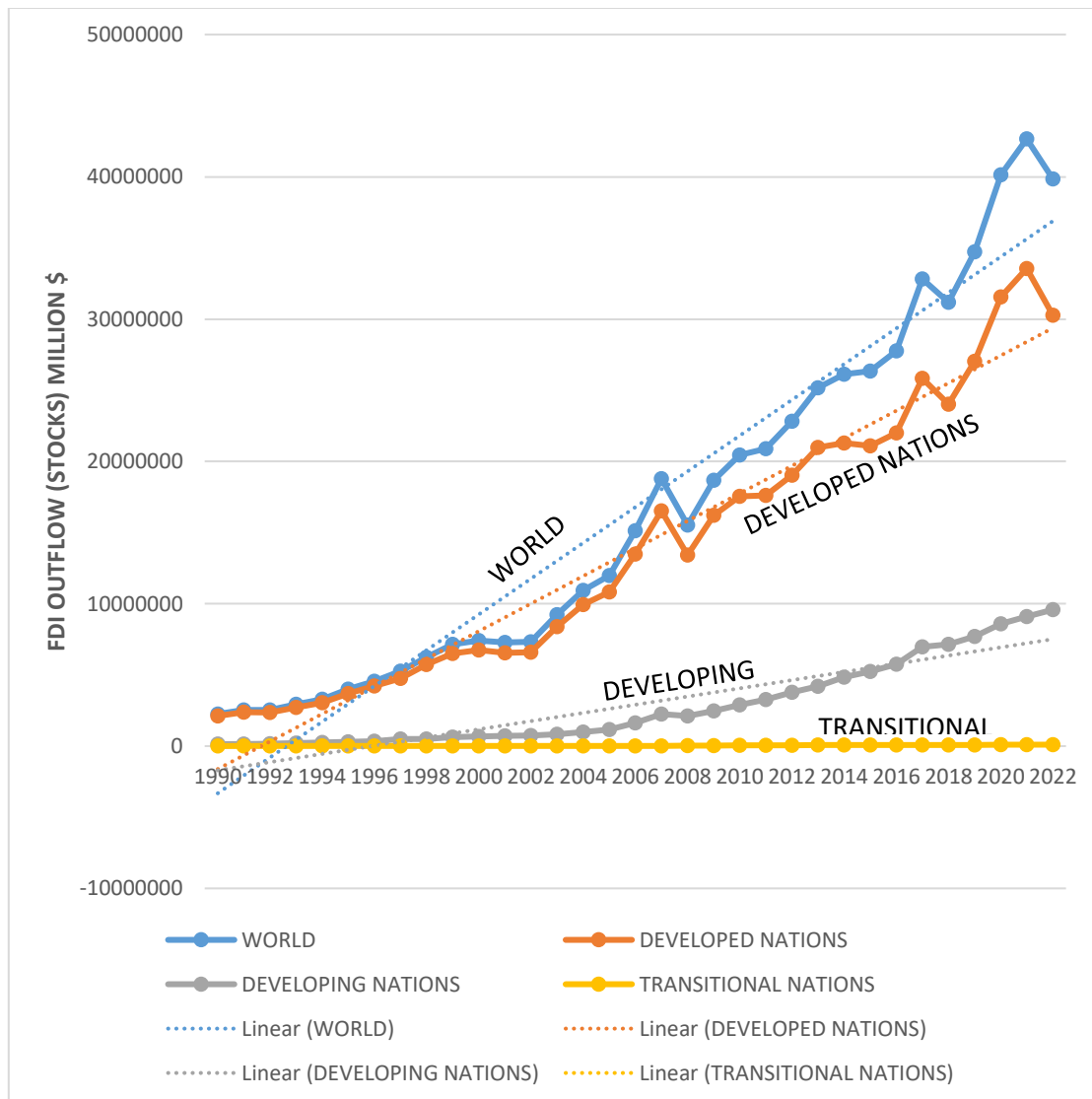
Table 5: Growth of FDI Outflows (Stock)

Exponential Trend Line Regression Equations of FDI Outflows (Stock)				
	World	Developed Countries	Developing Countries	Transitional Countries
Exponential Growth (%)	9.87	9.12	14.9	15.2
Adjusted R ²	0.944	0.956	0.861	0.881

Source: www.unctad.org

Figure 5 depicts a pictorial view of overseas direct investment outflow stock occupied by several groups of nations. Earlier worldwide and advanced nations' trend lines are coinciding and jumbling with each other. This indicates the bulk of overseas direct investment stock has occupied and maintained by a few advanced nations especially in the initial time intervals of nineties. Because of globalization, fierce competition and existence of World Trade Organization, the distance between these two trend lines has been widening. This crack is fulfilled by developing and evolving nations respectively. This symbolizes that these nations' entitlement and dominance have been emerging significantly but at lower pace. Only twenty four percent of worldwide stock is occupied and maintained by a few developing and transitional nations.

Figure 5: FDI Outwards (Stock) Million \$

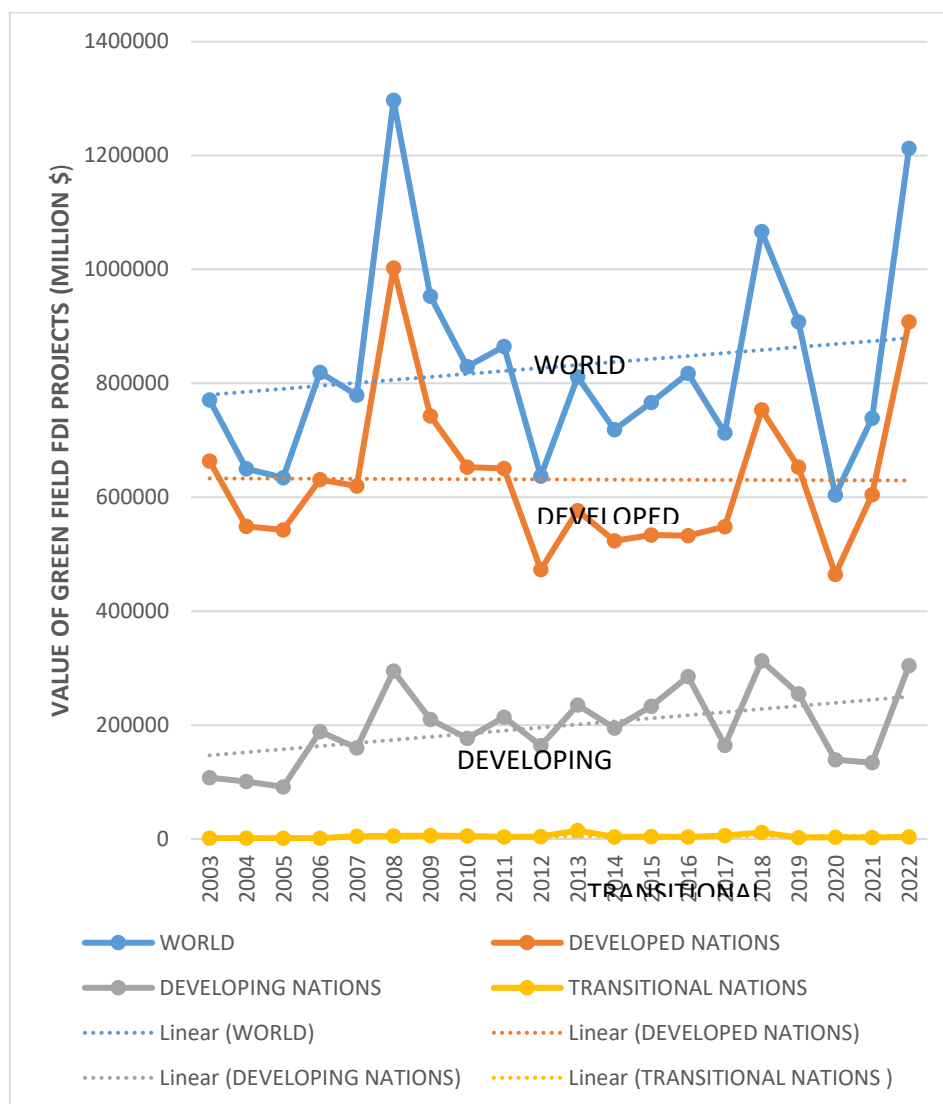


Source: www.unctad.org

5.6 FDI in Green Field Projects

FDI in green field projects refers to a special type of investment in which a company launches wide spread new network operations and facilities in overseas. This kind of investment leads to higher risk, dedication of time and productive capital than other kinds of foreign direct investments. FDI in green field in all four groups of nations has surged significantly during every successive year concerning to 2003. Magnification rate is appreciable confined to developing and transitional nations. But, around 75 percent of international FDI in green field projects is managed by developed nations across the world. Figure 6 depicts a comparative view of FDI in green field projects by different groups of nations. In the present competitive world, green field FDI among all three groups of nations has been rising significantly except in the case of developed countries.

Figure 6: FDI in Green Field Projects (Million \$)



Source: www.unctad.org

5.7 Exponential Growth Equations

After applying semi-logarithmic function to estimate rate of exponential growth over separate time segments, it is observed that regression coefficients of FDI flows turn out to be positive and significant in each group of nations (Table 6).

Table 6: International Pattern of Overseas Direct Investment

FDI Inflows				
	World	Developed Countries	Developing Countries	Transitional Countries
Exponential Growth (%)	6.7	5.0	9.2	10.3
Adjusted R ²	0.69	0.41	0.88	0.83
FDI Outflows				
	World	Developed Countries	Developing Countries	Transitional Countries
Exponential Growth (%)	6	4.8	12	10
Adjusted R ²	0.81	0.69	0.87	0.37

Source: www.unctad.org

Exponential growth of FDI inflow turns out to be higher among developing and transitional countries across the world. Developed countries have adjusted R² of 0.41. This implicates that prevalent constituents and various strategies are not contemplated as crucial factors for foreign direct investment inflows in developed nations. Where as in developing and transitional countries different policy measures, liberalization and globalization policies do influence the foreign direct investment influxes. Regarding foreign direct investment outflows in transitional countries time and policies do not matter much for FDI outflows, since its adjusted R² turns out to be 0.37. Magnification rate is remarkable concerning to overseas direct investment inward and outward stock among all four groups of countries. Inward and outward stocks are growing rapidly concerning to developing and intermediate nations. With respect to overseas direct investment in green field projects developing and transitional countries possess better position, as the exponential growth turns out be higher only in the case of developing and transitional nations in comparison of developed countries across the world (Table 7).

Table 7: International Pattern of FDI Stock

FDI Inward Stock				
	World	Developed Countries	Developing Countries	Transitional Countries
Exponential Growth (%)	9.8	9.3	11.2	13.4
Adjusted R ²	0.98	0.92	0.98	0.96
FDI Outward Stock				

	World	Developed Countries	Developing Countries	Transitional Countries
Exponential Growth (%)	9.4	8.7	15	14
Adjusted R ²	0.98	0.94	0.96	0.93
FDI in Green Field Projects				
	World	Developed Countries	Developing Countries	Transitional Countries
Exponential Growth (%)	0.60	1.5	3	4.7
Adjusted R ²	0.027	0.04	0.23	0.37

Source: www.unctad.org

Table 8 postulates the highest growth of FDI in Green Field Projects with respect to transitional countries followed by developing and developed countries across the world. With regard to overseas direct investment in green projects advanced nations have very lenient adjusted R² that is 0.10 percent. It symbolizes that policy frame work and general prevailing circumstances in developed countries do not affect foreign investment in green field projects to be installed in developed economies of the world. Hence, linear trend line of FDI green projects of developed countries has declining tendency whereas developing and transitional countries have rising tendency.

The final outcome of all four parameters is that the hand-out of advanced nations is sliding down at a slower pace. The hand out of newly emerging and transitional nations is surging at appreciable pace and also statistically reliable in all the four segments. Nonetheless, for developing nations foreign direct investment outrush and extraneous stock are surging steadily and also econometrically reliable.

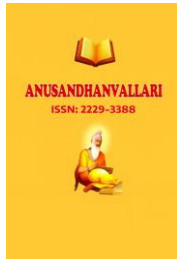
Table 8: Growth of FDI in Green Field Projects

Linear Trend Line Regression Equations of FDI in Green Field Projects				
	World	Developed Countries	Developing Countries	Transitional Countries
Exponential Growth (%)	0.58	1.10	3.1	4.8
Adjusted R ²	0.028	0.0010	0.221	0.061

Source: www.unctad.org

6. Results and Policy Implications

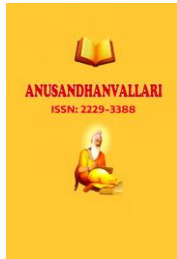
Growth indices highlights the substantial magnification of World overseas direct investment flows in successive year concerning to foundation year 1990. Advanced and developing nations are backing magnification design of worldwide overseas direct investment flow nations. Nevertheless, rate of growth is higher with regard to newly emerging developing and intermediate nations. Overseas direct investment flow and stock have been surging globally in amplitude. Thus, hand out of advanced nations has been sliding down



slightly. Global inter country trade transactions and finance play a vigorous bit part across the world economic structure. Among the major causes is worldwide domain that is fabricating the business and finance in multiple dimensions. Transboundary spill of capital, technology pass on, human work force allocation provides a substantial standard of reciprocal advantages amidst the nations of distinct regions across the world. FDI is supposed to be the impetus behind economic growth in developing and transitional nations. Recently, the developing nations gradually compose rational international business policies in order to amalgamate with global economy. The crop up Asian nations have been encountering surged stream of investment from other regions of the worldwide overseas direct investment influxes during the past few decades. The coming up Asian countries signifies that Asian economies are confronting appreciable economic growth together with some unique features of advanced economy. Booming prospective, unpredictable price movement in the financial market, rising per head productivity, demographic dividend, stable development policies are some usual attributes of the coming up Asian countries. Hence, developing countries have now realized their existence in the periphery of developed nations by getting a frequent inflow of FDI and becoming a most preferable destination of global FDI in the era of globalization and liberalization. It is perceived from the entire study that, big chunk of overseas direct investment fluxes were earlier restricted to the advanced economies. However, now there is a tremendous surge in the overseas direct investment inflow to developing and transitional countries. Developing economies fetch a significant chunk of the world FDI inflows since the mid-nineties. Amidst evolving countries, Asian nations occupied the paramount chunk of overseas direct investment influxes in comparison to other evolving developing nations.

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