INDO-US MONETARY TRANSACTIONS- A CRITICAL STUDY

A

SUMMARY OF THESIS

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Introduction

A monetary transaction is a business event, which has a monetary impact on the financial statements of a business and it is recorded in the accounting records of the business. It covers various aspects like, sale on cash to a customer, sale on credit to a customer, receive cash in payment of an invoice owed by a customer, purchase of fixed assets from a supplier, record the depreciation of fixed assets over time, purchase consumable supplies from a supplier, investment in another business and investment in the marketable securities.

The relationship of foreign direct investment is part of history of the two economies. Major ancient civilization and economic relationships are interconnected through their economic relationship. Restrictive trade economic relations are professional, but economic relations expanded. It has expanded in form of Foreign Direct Investment, Foreign Grants in Aids and Personal Transfer in terms of money. The economic transaction includes the monetary trade ties.

It is ordinarily when an entity, usually a corporation, from the home state makes a physical investment in host state. This kind of investment involves building a factory and investment in machinery, equipment, and related corporate assets. Financial and service sector growth in the development of trade and investment in the country, foreign direct investment is a process. FDI in service sector, financial sector, growth in developing countries, and the financial and economic development depend on the rules. The Foreign Direct Investment of 'United States of America' has played important role in professional activities for increase in per capita income, GDP, economic development, and inflow of capital for India.

The word aid is defined by the positive synonyms, like 'help, assistance, support, relief'.

Foreign aid is important moral, political, economic, strategic considerations welfare of developing countries on concessional terms with a combination of capital, goods, and services of the international arrivals. Thus, foreign aid, is process for transfer of goods from developed countries for making profit and provides services to the recipient countries. The foreign aid is necessary for the improving economic development and welfare of developing economy.
The terms and conditions under which these flow takes place must be concessionary that the normal conditions prevailing in the global capital and labour markets. Similarly, implicit transfer of resources occasioned by special import quotas and preferential tariffs accorded to the imports from developing countries as advocated in the United Nations Conference on Trade and Development (UNCTAD) meetings cannot be treated as foreign aid.

In context of monetary transfer it is money transfer from one source to another source. It can be done by the physical or online. In physical mode it is sent money through Cheque, Demand Draft and Money order form. But in case of online transfer of money it requires Net Banking, IFSC Code, Bank account type, Bank account number.

Money transfer generally refers to one of the following cashless modes of payment or payment systems:

- Wire transfer, an international expedited bank-to-bank funds transfer.
- Electronic funds transfer, an umbrella term mostly used for bank card-based payments.
- Email Money Transfer, an online banking transfer between banks.
- Giro, also known as direct deposit.
- Money order, transfer by postal cheque, Money Gram or others.
- First Remit, an international expedited bank-to-bank funds transfer.

**Statement of problem**

The trade transactions between India & US have taken place at international level from the LPG Policy of India (1991). Earlier it is only in the form of trade, but now year by year the volume of trade transactions are increasing which is now in the form of ‘Foreign Direct Investment’. India has the advantages to use foreign technology in the local market place because it expands the business in to undeveloped states of nation by providing the best employment opportunities & proper developed infrastructure to them. Through the proper flow of FDI Indian GDP increases. The foreign aid facility is to give loan to developing country from developed country for reducing its poverty, grants for establishing the Schools & Colleges to children of poor family, Aid to
NGO’s. The Personal Transfer plays key role for the online transfer of money from one account to another. This includes wire transfer, an international expedited bank to bank funds transfer, electronic fund transfer, a bank card based payments, E-mail money transfer, an online banking facility transfer between banks, Giro a direct deposit, Money order, transfer by postal cheque, money gram or others.

**Review-Literature**

To develop a clear understanding about the topic, detailed reviews of previous studies on Monetary Transactions have been organized during the course of this study. The review of literatures have classified into three broad categories based on the objectives of the study. First category is related to Foreign Direct Investment inflows impact, second analyzed the inflow of foreign aid and last has examined the personal transfer transactions.

<table>
<thead>
<tr>
<th>Review-Literature</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Monetary Transactions</td>
</tr>
<tr>
<td>Foreign Direct Investment (23)</td>
</tr>
<tr>
<td>Foreign aid (15)</td>
</tr>
<tr>
<td>Personal Transfer (27)</td>
</tr>
</tbody>
</table>

**Research Gap and Need of the Study**

In earlier studies lot of have been discussed about the different aspects of Foreign Direct Investment. With changing world order, the new dimensions came into existence and new opportunities merged in respect of Foreign Direct Investment in India. But researcher finds during the review of earlier studies that-

1. There is no study when studied all the components of Foreign Direct Investment.
2. Almost all the studies based on impact of Foreign Direct Investment on a particular sector.
3. Earlier studies covered the advantages or disadvantages of Foreign Direct Investment only. No analytical study has been found.

4. Researcher fails to find the any study which is comprehensive in nature covering policies and procedure of Foreign Direct Investment.

5. All the studies cover the all Foreign Direct Investment to India from all over the world.

Therefore, researcher takes the present study which is a comprehensive efforts convening policy and procedure of Foreign Direct Investment, all components of Foreign Direct Investment i.e.

In respect of in depth knowledge of Foreign Direct Investment transactions between India and United States of America have been chosen for study. United States is one of the largest economic partner of India.

**Objectives of Study**-To make the present study scientific one, the researcher has framed the following objectives:

1. To study the (Policies, track record, and impact on Indian economy) Foreign Direct Investment transactions between Indo-US during study period.

2. To analyze the 'Foreign Aid' from USA to India.

3. To examine the personal transfer transaction between USA & India.

4. To suggest an action plan for improving India's monetary transactions with USA.

**Hypothesis:**

In this study, the following Hypotheses have been tested:

Ho₁. There is no significant change in the flow of Foreign Direct Investment to India and world countries from USA.
Ho$_2$: There is no significant change in the foreign aid received by India and world countries from USA.

Ho$_3$: There is no significant change in personal transfer to India and world countries from USA.

**Statistical Tools used for Data Analysis**

In order to analyze the gathered data, the descriptive as well as inferential statistical tools have been used, which are briefly summarized as given below:

<table>
<thead>
<tr>
<th>SN</th>
<th>Objectives</th>
<th>Tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>To study (Policies, track record, and impact on Indian economy) Foreign Direct Investment transactions between Indo-US during study period.</td>
<td>T-Test and Chi-Square Test.</td>
</tr>
<tr>
<td>2</td>
<td>To analyze the 'Foreign Aid' from USA to India.</td>
<td>T-Test.</td>
</tr>
<tr>
<td>3</td>
<td>To examine the personal transfer transaction between USA &amp; India.</td>
<td>T-Test.</td>
</tr>
<tr>
<td>4</td>
<td>To suggest an action plan for improving India's monetary transactions with USA.</td>
<td>Descriptive analysis.</td>
</tr>
</tbody>
</table>

**Data Analysis, Results and Findings**

The results of data analysis are presented in three sections, in order to conduct the research analysis systematically and align with the objective of this research. Section first deals with the analysis of the objectives of the study, second section deals with the hypothesis testing and last section three provides analysis and results of empirical data about the selected variables of this study. Data analysis was performed by using software SPSS 22.0. Further, the results of the analyzed data have been presented, to enable interpretation of findings.

**Analysis, Results and Findings**

**Hypothesis Testing**

Hypotheses are tested at 95% of the confidence level. These have been carried out over the time series analysis of study using SPSS Version 22.0.
Objective-1 - To study (Policies, track record, and impact on Indian economy) Foreign Direct Investment transactions between Indo-US during study period.

H₀: There is no significant change in the flow of Foreign Direct Investment to India and world countries from USA.

<table>
<thead>
<tr>
<th>Foreign Direct Investment</th>
<th>Levene's test for equality of variances</th>
<th>T-Test for Equality of means</th>
<th>95% Confidence Interval of Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>Sign. t</td>
<td>df</td>
</tr>
<tr>
<td>Equal Variance assumed.</td>
<td>77.05</td>
<td>0.00</td>
<td>-4.957</td>
</tr>
<tr>
<td>Equal Variance not assumed.</td>
<td>-4.957</td>
<td>13.1</td>
<td>0.00</td>
</tr>
</tbody>
</table>

It is important to know that the t-test value is (-4.95) which is more than critical value (1.96). Therefore the H₀ is rejected. Hence; there is significant difference between in Foreign Direct Investment from USA to India and World Countries.

H₀₂: There is no significant change in the flow of Foreign Direct Investment to India from USA is equally distributed in all sectors.

<table>
<thead>
<tr>
<th>Chi-Square Test</th>
<th>Value</th>
<th>df</th>
<th>Asymp Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square.</td>
<td>90°</td>
<td>81</td>
<td>0.231</td>
</tr>
<tr>
<td>Likelyhood ratio.</td>
<td>46.052</td>
<td>81</td>
<td>0.999</td>
</tr>
<tr>
<td>Linear by Linear Assumptions.</td>
<td>1.620</td>
<td>1</td>
<td>0.203</td>
</tr>
<tr>
<td>N of valid cases.</td>
<td>10</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

It is an important to know that the calculated Chi-Square value is 0.232 which is less than the critical value (5.892). Therefore, the H₀ is accepted. Hence; there is no significant difference for United States Foreign Direct Investment equally distributed in all sectors.

Objective-2 To analyze the Foreign aid from USA to India.

H₀₃: There is no significant change in the foreign aid received by India from USA and rest of world.
Foreign aid | Levene’s test for equality of variances | T-Test for Equality of means | 95% Confidence Interval of Difference
--- | --- | --- | ---
F | Sign. | t | df | Sign. (2-tailed) | Mean Diff. | Std. Error of diff. | Lower | Upper
Equal Variance assumed. | 21.45 | 0.00 | -14.056 | 26 | 0.00 | 33592.14 | 2389.81 | -38504.47 | -28679.81
Equal Variance not assumed. | 14.056 | 13.1 | 0.00 | -33592.14 | 2389.81 | -38755.00 | -28429.27

It is important to know that the t-test value is (-14.05) which is more than critical value (1.96). Therefore the H₀ is rejected. Hence; there is significant difference between in Foreign aid from USA to India and World Countries.

Objective- 3. To examine the personal transfer transaction between USA & India.

H₀₄: There is no significant change in personal transfer to India from USA and rest of world.

<table>
<thead>
<tr>
<th>Personal Transfer</th>
<th>Levene’s test for equality of variances</th>
<th>T-Test for Equality of means</th>
<th>95% Confidence Interval of Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>F</td>
<td>Sign.</td>
<td>t</td>
<td>df</td>
</tr>
<tr>
<td>Equal Variance assumed.</td>
<td>21.46</td>
<td>0.00</td>
<td>-13.39</td>
</tr>
<tr>
<td>Equal Variance not assumed.</td>
<td>-13.39</td>
<td>13.1</td>
<td>0.00</td>
</tr>
</tbody>
</table>

It is important to know that the t-test value is (-13.39) which is more than critical value (1.96). Therefore the H₀ is rejected. Hence; there is significant difference between in Personal Transfer from USA to India and World Countries.

Objective 4. To suggest an action plan for improving India’s monetary transactions with USA.

After conducting the research work, researcher suggests an action plan to improve Indo-US Monetary Transactions.
Foreign Direct Investment

<table>
<thead>
<tr>
<th>Problems</th>
<th>Suggestions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade barriers.</td>
<td>It should be relaxed to encouraged trade transfers.</td>
</tr>
<tr>
<td>Complicated procedural and frequent change in regulations.</td>
<td>Regulations should be simple, transparent and compliable. This fillips to flow of international funds.</td>
</tr>
<tr>
<td>Procedural delays about permission to invest.</td>
<td>Procedure should be made perfect and less time consuming.</td>
</tr>
<tr>
<td>Long duration of settlement of legal issue.</td>
<td>The judicial reforms may be introduced to make legal system more efficient.</td>
</tr>
</tbody>
</table>

Foreign aid

<table>
<thead>
<tr>
<th>Problems</th>
<th>Suggestions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in foreign debt/debt servicing.</td>
<td>Aid/Debt should be productively utilized.</td>
</tr>
<tr>
<td>Habit of dependence on foreign loan and misuse of aid.</td>
<td>Donee country should be guided to move towards self-reliance and be disciplined about the use of aid.</td>
</tr>
<tr>
<td>Dependence of imported raw material by donor country.</td>
<td>The countries which have natural productive resources should develop internal capability rather than depending upon aid.</td>
</tr>
</tbody>
</table>

Personal Transfer

<table>
<thead>
<tr>
<th>Problems</th>
<th>Suggestions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restriction by the government.</td>
<td>The government should gradually relax restrictions.</td>
</tr>
<tr>
<td>Complex and different tax treatment of remittances.</td>
<td>Tax structure should be streamlined.</td>
</tr>
</tbody>
</table>

Findings

In this section, researcher mentions the findings of analysis work has been completed.

The Findings of study are as follows.

- In International Monetary Transactions from United States to India. The maximum percentage growth over previous year 26.37% was found in 2008-09 while it was minimum (-56.69%) in 2010-11.
- The Foreign Direct Investment from United States to India was found lowest in year 2001-02 which was 282.8 (Mn$) while on other hand in 2007-08 it was found to be highest that was 1,098.36 (Mn$). During the study period annual average was 818.40(Mn$).
• The Foreign Direct Investment from United States to World Countries was found to be lowest with 2,092.15(Mn$) in 2006-07 and highest was found to be 21,260.64 (Mn$) in 2007-08. During the study period annual average was 11,597(Mn$).

• As per the India’s percentage share of Foreign Direct Investment was lowest with 2.68% in 2012-13 and highest 20.85% in 2006-07.

• In Mining Sector, for the year 2002-03, Foreign Direct Investment sector-wise percentage share was lowest with 10.97% while highest was 22.37% in 2010-11. During the study period annual average was 119.80(Mn$).

• In Mining Sector, for the year 2012-13, minimum percentage change for Foreign Direct Investment from World Countries to India was (-43.01%) while maximum 70.87% in 2005-06. During the study period annual average was 1,233.28(Mn$).

• In Mining Sector, for the year 2003-04, minimum percentage change for United States Foreign Direct Investment to India was (-70.82%) while maximum 45.19% in 2012-13. During the study period annual average was 119.80(Mn$).

• In Mining Sector, for the year 2013-14, minimum percentage share was 3.57% while maximum 20.04% in 2003-04.

• In Mining Sector, for the year 2002-03, GDP has made minimum contribution 7.27% while maximum 11.70% in 2006-07 with Compound Annual Growth Rate 0.03.

• In Mining Sector, for the year 2010-11, Export has made minimum contribution 10.38% while maximum 11.27% in 2008-09 with Compound Annual Growth Rate 0.03.

• In Mining Sector, for the year 2010-11, Employment has made minimum contribution 10.38% while maximum 48.25% in 2008-09 with Compound Annual Growth Rate 0.04.

• In Mining Sector, the correlation between Foreign Direct Investment and GDP indicates very high degree of positive correlation with 0.881.

• In Mining Sector, the correlation between Foreign Direct Investment and Export indicates very high degree of positive correlation with 0.815.
• In Mining Sector, the correlation between Foreign Direct Investment and Employment indicates very high degree of positive correlation with 0.812.

• In Petroleum & Natural Gas Sector for the year 2008-09, Foreign Direct Investment sector-wise percentage share was lowest with 14.88% while highest was 21.91% in 2010-11. During the study period annual average was 132.31(Mn$).

• In Petroleum & Natural Gas Sector for the year 2012-13, minimum percentage change for Foreign Direct Investment from World Countries to India was (-68.17%) while maximum 37.96% in 2011-12. During the study period annual average was 1,354.67(Mn$).

• In Petroleum & Natural Gas Sector for the year 2012-13, minimum percentage change for United States Foreign Direct Investment to India was (-54.10%) while maximum 45.07% in 2009-10. During the study period annual average was 132.31(Mn$).

• In Petroleum & Natural Gas Sector for the year 2013-14, minimum percentage share was 4.13% while maximum 16.27% in 2000-01.

• In Petroleum & Natural Gas Sector for year 2013-14, GDP has made minimum contribution 8.52% while maximum 14.58% in 2001-02 with Compound Annual Growth Rate (-0.01).

• In Petroleum & Natural Gas Sector for year 2001-02, Export has made minimum contribution 9.09% while maximum 11.74% in 2012-13 with Compound Annual Growth Rate 0.04.

• In Petroleum & Natural Gas Sector for year 2002, Employment has made minimum contribution 5.89% while maximum 8.78% in 2000-01 with Compound Annual Growth Rate 0.01.

• In Petroleum & Natural Gas Sector the correlation between Foreign Direct Investment and GDP indicates negative degree of correlation with (-0.898).

• In Petroleum & Natural Gas Sector the correlation between Foreign Direct Investment and Export indicates very high degree of positive correlation with 0.822.

• In Petroleum & Natural Gas Sector the correlation between Foreign Direct Investment and Employment indicates moderate degree of positive correlation with 0.435.
• In Defense Sector for the year 2002-03, Foreign Direct Investment sector-wise percentage share was lowest with 13.23% while highest was 22.96% in 2011-12. During the study period annual average was 122.81(Mn$).

• In Defense Sector during the year 2012-13, minimum percentage change for Foreign Direct Investment from World Countries to India was (-72.06%) while maximum 38.75% in 2011-12. During the study period annual average was 1,304.39(Mn$).

• In Defense Sector during the year 2004-05, minimum percentage change for United States Foreign Direct Investment to India was (-41.99%) while maximum 46.18% in 2009-10. During the study period annual average was 122.81(Mn$).

• In Defense Sector for the year 2013-14, minimum percentage share was 3.72 while maximum 16.27 in 2000-01.

• In Defense for the year 2012-13, GDP has made minimum contribution 9.35% while maximum 13.19% in 2000-01 with Compound Annual Growth Rate (-0.02).

• In Defense Sector for the year 2008-09, Export has made minimum contribution 10.32% while maximum 11.99% in 2013-14 with Compound Annual Growth Rate 0.04.

• In Defense Sector for the year 2004-05, Employment has made minimum contribution 3.77% while maximum 12.72% in 2013-14 with Compound Annual Growth Rate 0.05.

• In Defense Sector the correlation between Foreign Direct Investment and GDP indicates negative correlation with (-0.696).

• In Defense Sector the correlation between Foreign Direct Investment and Export indicates very high degree of positive correlation with 0.816.

• In Defense Sector the correlation between Foreign Direct Investment and Employment indicates very high degree of positive correlation with 0.876.

• In Information & Broadcasting Sector for the year 2003-04, Foreign Direct Investment sector-wise percentage share was lowest with 12.04 while highest was 32.44 in 2012-13. During the study period annual average was 122.41(Mn$).
- In Information & Broadcasting Sector for the year 2012-13, minimum percentage change for Foreign Direct Investment from World Countries to India was (-69.64) while maximum 38.34 in 2011-12. During the study period annual average was 1,335.66(Mn$).
- In Information & Broadcasting Sector for the year 2004-05, minimum percentage change for United States Foreign Direct Investment to India was (-36.62) while maximum 43.54 in 2009-10. During the study period annual average was 122.41(Mn$).
- In Information & Broadcasting Sector for the year 2013-14, minimum percentage share was 5.81 while maximum 15.67 in 2000-01.
- In Information & Broadcasting Sector for the year 2013-14, GDP has made minimum contribution 7.26% while maximum 18.9% in 2001-02 with Compound Annual Growth Rate (-0.03).
- In Information & Broadcasting Sector for the year 2004-05, Export has made minimum contribution 6.57% while maximum 9.88% in 2000-01 with Compound Annual Growth Rate 0.03.
- In Information & Broadcasting Sector for the year 2000-01, Employment has made minimum contribution 7.25% while maximum 11.25% in 2004-05 with Compound Annual Growth Rate 0.04.
- In Information & Broadcasting Sector the correlation between Foreign Direct Investment and GDP indicates negative correlation with (-0.890).
- In Information & Broadcasting Sector the correlation between Foreign Direct Investment and Export indicates high degree of positive correlation with 0.712.
- In Information & Broadcasting Sector the correlation between Foreign Direct Investment and Employment indicates high degree of positive correlation with 0.737.
- In Civil Aviation Sector, for the year 2012-13, Foreign Direct Investment sector-wise percentage share was lowest with 4.86% while highest 6.83% in 2009-10. During the study period annual average was 52.95(Mn$).
• In Civil Aviation Sector, for the year 2010-11, minimum percentage change for Foreign Direct Investment from World Countries to India was (-34.74%) while maximum 20.46% in 2009-10. During the study period annual average was 244.40(Mn$).

• In Civil Aviation Sector, for the year 2012-13, minimum percentage share for United States Foreign Direct Investment to India was (-77.54%) while maximum 45.70% in 2009-10. During the study period annual average was 52.95(Mn$).

• In Civil Aviation Sector, for the year 2001-02, minimum percentage share was 7.88% while maximum 44.28% in 2009-10.

• In Civil Aviation Sector, for the year 2003-04, GDP has made minimum contribution 6.48% while maximum 9.80% in 200-10 with Compound Annual Growth Rate 0.03.

• In Civil Aviation Sector, for the year 2002-03, Export has made minimum contribution 7.92% while maximum 12.24% in 2004-05 with Compound Annual Growth Rate 0.05.

• In Civil Aviation Sector, for the year 2000-01, Employment has made minimum contribution 6.27% while maximum 8.11% in 2009-10 with Compound Annual Growth Rate 0.03.

• The correlation between Foreign Direct Investment and GDP indicates high degree of positive correlation with 0.616.

• The correlation between Foreign Direct Investment and Export indicates high degree of positive correlation with 0.555.

• The correlation between Foreign Direct Investment and Employment indicates high degree of positive correlation with 0.521.

• In Industrial Parks Sector, for the year 2012-13, Foreign Direct Investment sector-wise percentage share was lowest with 6.35% while highest was 8.15% in 2002-03. During the study period annual average was 61.35(Mn$).

• In Industrial Parks Sector, for the year 2012-13, minimum percentage change for Foreign Direct Investment from World Countries to India was (-70.51%) while maximum 39.96% in 2011-12. During the study period annual average was 1,237.00(Mn$).
• In Industrial Parks Sector, for the year 2010-11, minimum percentage change for United States Foreign Direct Investment to India was (-71.03%) while maximum 43.03% in 2009-10. During the study period annual average was 61.35(Mn$).

• In Industrial Parks Sector, for the year 2012-13, minimum percentage share was 2.02% while maximum 11.91% in 2003-04.

• In Industrial Parks Sector, for the year 2008-09, GDP has made minimum contribution 9.71% while maximum 11.63% in 2005-06 with Compound Annual Growth Rate 0.09.

• In Industrial Parks Sector, for the year 2000-01, Export has made minimum contribution 7.77% while maximum 8.65% in 2013-14 with Compound Annual Growth Rate 0.04.

• In Industrial Parks Sector, for the year 2006-07, Employment has made minimum contribution 8.91% while maximum 12.53% in 2003-04 with Compound Annual Growth Rate 0.03.

• The correlation between Foreign Direct Investment and GDP indicates high degree of positive correlation with 0.085.

• The correlation between Foreign Direct Investment and Export indicates high degree of positive correlation with 0.861.

• The correlation between Foreign Direct Investment and Employment indicates moderate degree of positive correlation with 0.470.

• In Telecom Sector for the year 2005-06, Foreign Direct Investment sector-wise percentage share was lowest with 14.05% while highest was 22.97% in 2010-11. During the study period annual average was 125.21(Mn$).

• In Telecom Sector for the year 2011-12, minimum percentage change for Foreign Direct Investment from World Countries to India was (-34.25%) while maximum 27.16% in 2009-10. During the study period annual average was 296.14(Mn$).

• In Telecom Sector for the year 2011-12, minimum percentage change for United States Foreign Direct Investment to India was (-79.31%) while maximum 43.27% in 2009-10. During the study period annual average was 125.21(Mn$).
- In Telecom Sector for the year 2001-02, minimum percentage share was 19.16% while maximum 65.15% in 2009-10.

- In Telecom Sector for the year 2001-02, GDP has made minimum contribution 9.29% while maximum 10.93% in 2012-13 with Compound Annual Growth Rate 0.01.

- In Telecom Sector for the year 2005-06, Export has made minimum contribution 7.77% while maximum 9.66% in 2013-14 with Compound Annual Growth Rate 0.04.

- In Telecom Sector for the year 2008-09, Employment has made minimum contribution 6.45% while maximum 11.79% in 2004-05 with Compound Annual Growth Rate 0.01.

- The correlation between Foreign Direct Investment and GDP indicates moderate degree of positive correlation with 0.367.

- The correlation between Foreign Direct Investment and Export indicates moderate degree of positive correlation with 0.355.

- The correlation between Foreign Direct Investment and Employment indicates negative degree of correlation with (-0.369).

- In Automobile Sector for the year 2010-11, Foreign Direct Investment sector-wise percentage share was lowest with 3.79 while highest was 4.70 in 2007-08. During the study period annual average was 35.66(Mn$).

- In Automobile Sector for the year 2012-13, minimum percentage change for Foreign Direct Investment from World Countries to India was (-64.60) while maximum 37.95 in 2011-12. During the study period annual average was 1,362.58(Mn$).

- In Automobile Sector for the year 2010-11, minimum percentage change for United States Foreign Direct Investment to India was (-55.84) while maximum 56.04 in 2009-10. During the study period annual average was 35.66(Mn$).

- In Automobile Sector for the year 2012-13, minimum percentage share was 0.68 while maximum 5.40 in 2003-04.
• In Automobile Sector for 2001-02, GDP has made minimum contribution 6.26% while maximum 11.89% in 2012-13 with Compound Annual Growth Rate 0.04.

• In Automobile Sector for 2012-13, Export has made minimum contribution 9.83% while maximum 11.21% in 2000-01 with Compound Annual Growth Rate 0.03.

• In Automobile Sector for 2012-13, Employment has made minimum contribution 11.55% while maximum 14.71% in 2004-05 with Compound Annual Growth Rate 0.01.

• The correlation between Foreign Direct Investment and GDP indicates high degree of positive correlation with 0.735.

• The correlation between Foreign Direct Investment and Export indicates very high degree of positive correlation with 0.893.

• The correlation between Foreign Direct Investment and Employment indicates moderate degree of positive correlation with 0.449.

• In Retail Sector for the year 2012-13, Foreign Direct Investment sector-wise percentage share was lowest with 9.56% while highest was 22.04% in 2010-11. During the study period annual average was 117.26(Mn$).

• In Retail Sector for the year 2013-14, minimum percentage change for Foreign Direct Investment from World Countries to India was (-35.24%) while maximum 36.21% in 2006-07. During the study period annual average was 1,272.35(Mn$).

• In Retail Sector for the year 2011-12, minimum percentage change for United States Foreign Direct Investment to India was (-65.14%) while maximum 45.39% in 2009-10. During the study period annual average was 117.26(Mn$).

• In Retail Sector for the year 2013-14, minimum percentage share was 3.54% while maximum 18.56% in 2003-04.

• In Retail Sector for the year 2003-04, GDP has made minimum contribution 11.08% while maximum 12.27% in 2008-09 with Compound Annual Growth Rate 0.07.

• In Retail Sector for the year 2006-07, Export has made minimum contribution 8.95% while maximum 9.84% in 2000-01 with Compound Annual Growth Rate 0.03.
• In Retail Sector for the year 2007-08, Employment has made minimum contribution 10.82% while maximum 15.53% in 2002.03 with Compound Annual Growth Rate 1.68.

• The correlation between Foreign Direct Investment and GDP indicates very high degree of positive correlation with 0.877.

• The correlation between Foreign Direct Investment and Export indicates very high degree of positive correlation with 0.855.

• The correlation between Foreign Direct Investment and Employment indicates negative degree of correlation with (-0.118).

• In Asset Reconstruction Sector for the year 2012-13, Foreign Direct Investment sector-wise percentage share was lowest with 6.35% while highest was 8.12% in 2013-14. During the study period annual average was 61.52(Mn$).

• In Asset Reconstruction Sector for the year 2012-13, minimum percentage change for Foreign Direct Investment from World Countries to India was (-68.74%) while maximum 38.85% in 2011-12. During the study period annual average was 1,307.46(Mn$).

• In Asset Reconstruction Sector for the year 2004-05, minimum percentage change for United States Foreign Direct Investment to India was (-29.34%) while maximum 46.36% in 2010-11. During the study period annual average was 61.52(Mn$).

• In Asset Reconstruction Sector for the year 2012-13, minimum percentage share was 1.95% while maximum 10.03% in 2003-04.

• In 2005-06, GDP has made minimum contribution 7.71% while maximum 9.02% in 2002-03 with Compound Annual Growth Rate (-1.35).

• In 2006-07, Export has made minimum contribution 8.04% while maximum 10.20% in 2000-01 with Compound Annual Growth Rate 0.03.

• In 2013-14, Employment has made minimum contribution 11.25% while maximum 14.48% in 2000-01 with Compound Annual Growth Rate 0.24.

• The correlation between Foreign Direct Investment and GDP indicates negative degree of correlation with (-0.179).
• The correlation between Foreign Direct Investment and Export indicates very high degree of positive correlation with 0.869.

• The correlation between Foreign Direct Investment and Employment indicates low degree of positive correlation with 0.054.

• The Foreign aid from United States to India was found lowest in year 2013-14 which was 172 (Mn$) while on other hand in 2000-01 it was found to be highest that was 222.00 (Mn$). During the study period annual average was 181.29(Mn$).

• The Foreign aid from United States to World Countries was found to be lowest with 16,836 (Mn$) in 2000-01 and highest was found to be 48,923 (Mn$) in 2007-08. During the study period annual average was 33,773(Mn$).

• As per the India’s percentage share of Foreign aid was lowest with 0.30% in 2008-09 and highest 1.32% in 2000-01.

• The Personal Transfer from United States to India was found lowest in year 2000-01 which was 461.35 (Mn$) while on other hand in 2008-09 it was found to be highest that was 1,802.71 (Mn$). During the study period annual average was 1,099.35(Mn$).

• The Personal Transfer from United States to World Countries was found to be lowest with 9,867.23 (Mn$) in 2005-06 and highest was found to be 23,249.54 (Mn$) in 2011-12. During the study period annual average was 15,768.68(Mn$).

• As per the India’s percentage share of Foreign aid was lowest with 3.64% in 2002-03 and highest 11.96% in 2008-09.

During the study period, the followings problems have been identified.

Foreign Direct Investment

• Trade barriers.

• Opaque and complicated tax structure.

• Complicated procedural and frequent change in regulations.

• Procedural delays about permission to invest.

• Unfair advantages to the local public sectors.
• Lack of infrastructure facilities.
• Long duration of settlement of legal issue.
• Problem in re-possession of securities.
• Lack of secondary market for selling stressed assets.
• Regional dispersion, political challenges and federal challenges etc.

**Foreign aid**
• Natural disaster.
• Increase in foreign aid/debt servicing.
• Increase in productive cost.
• Habit of dependence on foreign loan and misuse of aid.
• Exploitation by donor country.
• Commodity aid discourages domestic agriculture output.
• Dependence of imported raw material by donor country.
• Project tied loans for less priority projects.
• Unstable political situation.

**Personal Transfer**
• Restriction by the government.
• Technology failure-modes of transfer.
• Danger of money laundering and different KYC standards.
• Complex and different tax treatment of remittances.

**Suggestions**
During the research, researcher came across with so many people who are involved in such activities. On the basis of analysis work and the conversation of various noted academicians, researches, bankers. The researcher submits suggestions.

**Foreign Direct Investment**
• Trade barriers should be relaxed to encourage trade transfers.
• Tax system/structure should be made simple, transparent and compliable. This will give fillip to flow of international funds.
• Regulations should be made simple, easy to comply and consistent.
• Procedure should be made perfect and less time consuming.
• Governments should endeavor to maintain level play amongst various players.
• Infrastructure should be improved to attract foreign investors in industry.
• The judicial reforms may be introduced to make legal system more efficient.
• Government can work towards creating enabling environment to create such market.
• These challenges can be overcome by mutual dialogue, discussions and proper planning.

**Foreign aid**

• An efficient disaster management system should be put in place.
• Aid/debt should be productively utilized.
• Implementation of projects should be efficiently managed and costs kept in check.
• Donee country should be guided to move towards self-reliance and be disciplined about the use of aid.
• Donor countries should refrain from exploitation and multi partner agreements can be worked out to avoid monopolistic exploitations.
• The countries which have natural productive resources should develop internal capability rather than depending upon aid.

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• Loans and aids should be subjected to proper planning and monitoring.
• International fraternity and brotherhood and respect for each other’s sovereignty can ensure stability.

**Personal Transfer**

• The government should gradually relax restrictions.
• Technology needs to be properly tamed.
• KYV regulations and compliance may help in combating this problem.
• Tax structure should be streamlined.

Conclusions

Researcher in his study, covers the research areas, ‘Foreign Direct Investment, Foreign aid and Personal Transfer’ for the period from 2000-01 to 2013-14 with United States. He analyzes inflows from United States to World Countries and India and noticed that the United States Foreign Direct Investment played an important role in attracting the maximum inflows amongst rest components.

Apart from this, researcher identifies the contribution of United States Foreign Direct Investment in Gross Domestic Product, Export and Employment. He finds that in Gross Domestic Product, it was maximum in Information & Broadcasting Sector while minimum in Automobile Sector. Further, in export, it was maximum in Civil Aviation Sector while minimum in Information & Broadcasting Sector and last, in Employment, it was maximum in Mining Sector while minimum in Automobile Sector.

The study clearly shows the direct relationship between Foreign Direct Investment and Gross Domestic Product of country. The United States has positive relationship with growth of Mining Sector, Petroleum & Natural Gas Sector, Defense Sector, Information & Broadcasting Sector, Civil Aviation Sector, Industrial Parks Sector, Telecom Sector, Automobile Sector, Retail Sector and Asset Reconstruction Sector during the study period. United States of America also shows the positive correlation with export & employment and above mentioned sector.

Foreign Direct Investment plays an important role in promoting growth of country and suggested for avoiding economic fluctuations and helps to make stable policies for economic growth of India for increasing inflows of Foreign Direct Investment. Further, in Foreign aid, the steady flow of foreign assistance was required for increasing Per Capita Income & Purchasing Power Parity and in Personal Transfer, maintenance transfer must be stable for increasing earning capacity of recipients.

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