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DATA ANALYSIS.

CONTRIBUTION OF MNCs IN INDIAN ECONOMY



ABSTRACT

In the present world of globalization MNC's play an important role in the development of economy. MNC's contribute through Foreign Direct Investment in India. FDI has direct impact on GDP, GNP, Foreign Trade and Foreign Reserves. Being an MNC a company gets lot of benefits. Inviting company to invest in India as well as efforts done by government to simplify FDI regulations will make India a perfect and favourite destination for multinational corporation.

The paper depicts what is the relation between MNC's, FDI and other economic variables. MNC's have solution for many problems. Being a favourite destination. Many MNC's are operating in India.

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INTRODUCTION

A multi-national corporation / company is an organisation doing business in more than one country, they are considered as huge industrial organisations which extends their industrial and marketing operations through a network of their branches. A multinational corporation is "an enterprise that engages in foreign direct investment (FDI) and owns or control value adding activities in more than one country".

Most of the MNC's have started their operations in developing countries by 1990, which leads to the significant growth in investment and gross domestic product (GDP) in recent times. MNC's are also known as transnational companies, which are engaged in various activities like exporting, importing and manufacturing in different countries. They have worldwide involvement and global perspective in its management and decision making. The first multinational corporation was established in 1980's. Due to expansion of the US business worldwide many multinational corporations come up in 1950-1960 which also had become the notable feature of that time.

Before 1991, India was a closed economy and faces many crisis. To the lift of the country out of the crisis, government of India implement new economic policy in 1991 that invites the foreign investments in Indian markets with the concept of "LPG" [Liberalization, Privatization, globalization]. Liberalization in Indian markets make home to number of multi-national corporations. India houses majority of multi-national companies hailing from the United States, which account 37% of turnover of first 50 firms that operate in India and rest comes from European Union and their Asia counterparts. MNC's also consider :-

- Consider opportunities throughout the globe though they do the business in few countries.
- Engage in international activities and operate plants in many countries.
- Invest considerable portion of their assets internationally.
- Take managerial decision based on global perspective.

REVIEW OF LITERATURE

NAME OF THE PAPER	AUTHOR	RESEARCH DESIGN	OBJECTIVE	MAIN FINDINGS
MULTINATIONAL COMPANIES-IN INDIA - AN ANALYSIS	Dr. Ranjan Kshetrimayum & Pushparani Naxsem	MNC's role in development of countries.	Analysing mnc's in Indian market especially in globalization, Economic development and FDI.	Findings revealed that "Make in India" & "Skill India" campaigns by PM invited global companies for Investing in India which involves the economic and FDI growth. Making India's favourite destination for mnc's.

NAME OF THE PAPER	AUTHOR	RESEARCH DESIGN	OBJECTIVE	MAIN FINDINGS
Trend of FDI in India and its Impact on Economic growth.	Vinay-kumar	FDI Statistics with different sectors.	To Analyse the trend of FDI and its relation with Economic Growth in India.	Findings revealed that Fdi has positive trend and correlation with Gap which leads India most promising investment decision and destination for most of the developed and developing nations.
Impact of multinational corporations on developing countries.	Shameema Ferdousy & Md. Shahidur Rahman	Statistical Study over a period of showing the impact of MNC's on host States.	Identify the overall positive and negative impact of mncs on developing country discussing the factors to attract more mncs.	MNC's play an imp. role showing both negative as well as positive imp-act on the country.

OBJECTIVE OF STUDY

The objective of the study is :

- To explore MNC in Indian Economy.
- Empirical Analysis since 1990's.

RESEARCH DESIGN

It is the arrangement of conditions for collection and analysis of data. Selltiz et al (1962)
Pg 50.

AREA OF
STUDY

• MNC in Indian Economy

SECONDARY
DATA

• Top MNC Annual Report

DATA
ANALYSIS

• Descriptive study based on graphs and tables.

RESEARCH

METHODOLOGY

It refers to the process used to collect information and data for the purpose of making business decisions. The methodology may use and include publication research, interviews, surveys & other research technique that may include both present and historical information.

The research design may be classified into two: primary and secondary data. The data which is not available earlier or you have to find out through surveys or questionnaires is called as primary data and the data which you can find in journal, articles, books, research papers or through internet is called secondary data. The present study is based on quantitative research i.e. collection of statistical data from internet, magazines, journals, research paper to analyze the impact of contribution of MNC's in economic development. It is descriptive as well as exploratory research. The data and the facts collected from various sources such as ministry of commerce, IMF, Unctad.

ROLE OF MNC'S

- Economic Development : Mnc's are considered as the major tool for economic development in developing countries. It leads to the positive / inward flow of foreign direct investment in developing countries. FDI in developing countries accounted to \$150 billion in 1990 each year. According to UNCTAD world investment report. FDI increases to \$547 billion in 2010. FDI benefits economy by contributing in Gross Domestic Product, Gross fixed capital formation and balance of payments.
- Technology Transfer : Another important function of MNC is that it provides sophisticated knowledge to the developing countries. Transferring of technologies in developing increases the quality and productivity of the output produced. MNC's not only import higher technology but skills and technical knowledge also. It leads Indian workers come to know about superior technology and the way to use it. MNC's spend a lot in the development of new technology so that it can benefit the developing countries.

→ Investment in Infrastructure : The ability to raise resources both globally and inside India and large command over financial years leads to investment of mnc's in infrastructure such as power projects, modernization of airports, telecommunications with large command over financial years. The investment in infrastructure will give a boost to industrial growth and help in creating income and employment in Indian economy. The external economies generated by investment in infrastructure by mnc's will therefore crowd in investment by indigenous private sector will stimulate economic growth.

→ CSR Activities : CSR refers to 'corporate social responsibility', "responsibilities to society beyond that of making profits for the shareholders" (Quak, Heiborn & van der Veen, 2012, p.3). CSR helps to boost the company's reputation and increases brand awareness (Kotler & Lee, 2005, p.14) which also helps in increasing sales as customers will more likely choose the one that deals with issues they care more about.

→ Difference in Tax System : The aspiration to check or to get benefit from lower unit labour cost and other favourable production factors in business have encouraged countries to make changes in their tax system to attract FDI, many countries have engaged in tax competition between each other.

→ **Employment Opportunity** : One of the most serious problem that mnc's has overcome is the problem of unemployment. Due to contribution in economic development mnc's has generated employment opportunities in developing countries. "MNC's account for one fifth of all paid employment in non agricultural sectors and creates a large no. of jobs in the manufacturing industries especially where technology is concerned (UNRISD, 2010)".

→ **Promotion of Export** : Due to world wide network and extensive links multinational corporations play an important role in promoting exports of a country by producing the efficient and low cost products. For. eg. rapid expansion in china's export in recent year is due to the large investment made by multinational in various fields of chinese industry.

Historically, in India multinationals made large investment in plantation whose product they exported. In early years Japanese automobile company "Suzuki" made a large investment in maruti udyaog with a joint collaboration with govt. of India. which lead to sale of maruti cars not only in Indian market but also they are exported in large no. countries.

BENEFITS OF BEING AN MNC

Every company wants to become an multinational corporation, benefits of mnc's are:

- Growing global and setting up production plants especially in developed countries gives company a chance to access lower production costs / cheap investments.
- Manufacturing and selling products in other countries exempt them from import of goods and tariffs.
- MNC's hire both local and foreign worker with collusion of their ideas mnc's are able to produce more creative and innovative products.
- Due to wider geographical regions mnc's can have the access to new customers that will increase their income / business as well as goodwill.
- As company are producing products in developed countries they can get knowledge of hightech / super technologies.
- Biggest advantage of being mnc, they access to cheap labour due to wider geographical regions and solve the problem of unemployment.

STRATEGIES AND STRUCTURE

Growth is a way of life, almost all the organisation plan to expand. Growth strategies are followed when an organization aims at higher growth by broadening one or more of its business in terms of their suspected customers groups. Some steps are:

- Expansion through concentration
- Expansion through integration
- Expansion through diversification.
- Expansion through cooperation.

Organization Structure : They are divided into 3 broad groups according to the configuration of their production facility.

- Horizontally integrated mnc's manage production establishment located in different countries to produce same or similar products eg. Mc. Donald's
- Vertically integrated mnc manage production establishment in certain countries to produce products that serve as inputs to its production eg. adidas, Nike

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- Diversified mnc's manage production establishment locate in different countries that are neither horizontally, nor vertically, nor straight. eg. best western. Or Hilton Hotels.

FACTORS CONTRIBUTED FOR GROWTH OF MNC'S

- Expansion of the market territories.
- Market Superiorities.
- Financial Superiorities.
- Product Innovation.
- Technical Superiorities.

TOP MNC'S OPERATING IN INDIA

At present there are many mnc's operating in India, some of the top mnc's are given below.

- **Procter and Gamble (P&G)**: It is an American multinational company headquartered in downtown CINCINNATI, OHIO, founded in 1837 by British American William Procter and Irish American James Gamble. It specializes in a wide range of personal health/consume health and hygiene products, that are organized into several segments including beauty, healthcare, fabric, homecare & baby, Feminine and Family care. Before the sale of to Kellogg's company, its product portfolio also included foods, snacks and beverages.

- **Nestle**: Nestle is a Swiss transnational food and drink company headquartered in Vevey, Switzerland. It is the largest food company in the world. It is ranked no. 64 in Fortune Global 500 in 2007 and no. 33 on the 26th edition of Forbes Global in 2000, list of largest companies.

• **I.T.C.:** An Indian multinational company headquartered in Kolkata, West Bengal. Est. in 1910 as the "Imperial Tobacco Company of India limited". The company was renamed as the "Indian Tobacco Company limited" in 1970 and later to "I.T.C. Limited" in 1974. Study conducted by economic times shows that ITC ranks in 10 most valuable brands in India. ITC has diversified itself in FMCG, hotels, paperboards and speciality papers, packaging, agri-business and information technology.

• **TATA MOTORS:** Formerly name of "Tata Engineering and Locomotive Company" (TELCO) part of tata group, is an Indian multinational automotive company headquartered in Mumbai, Maharashtra, India. Its product include passenger cars, trucks, van, coaches, buses, sports, cars, construction equipments and military vehicles. In 1998, Tata launched the first fully indigeneous Indian passenger car, "The Indica" and in 2008 launch the Tata Nano the world's cheapest car.

• **INFOSYS Ltd:** An Indian multinational corporation that provides business consulting, Information technology and outsourcing services. Headquartered in Bangalore, Karnataka, India. It is considered to be the second largest Indian 'IT' company after Tata consultancy service by 2017 revenue. Company is also

engaged in the business of financial services, Energy and utilities, life science and healthcare, consumer packaged food.

- MAHINDRA & MAHINDRA Ltd. : Established in 1945, An Indian multinational car manufacturing corporation was firstly named as Muhammad and Mahindra and later it was renamed as Mahindra and Mahindra. It becomes largest manufacturing vehicle industry in India and largest tractor manufacturer in world. Company was headquartered in Mumbai, Maharashtra, India. The automotive company includes in the sales of automobiles, spare parts, services rendered for IT and Telecom.

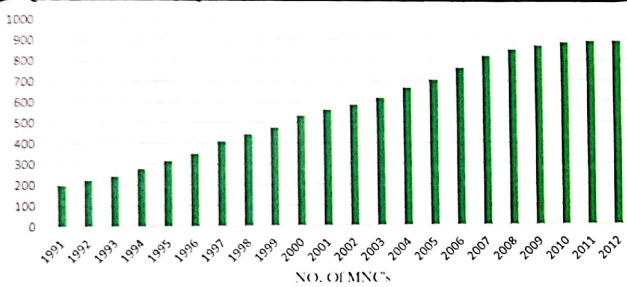
DATA ANALYSIS

(A) Rise in MNC: The table below depicts the steady rise in the no. of mnc in India. From 197 in 1991 the no. of mnc increase to 891 in 2012. Growth in FDI and compaign run by govt. led to increase in the no. of mnc in India

Table-1

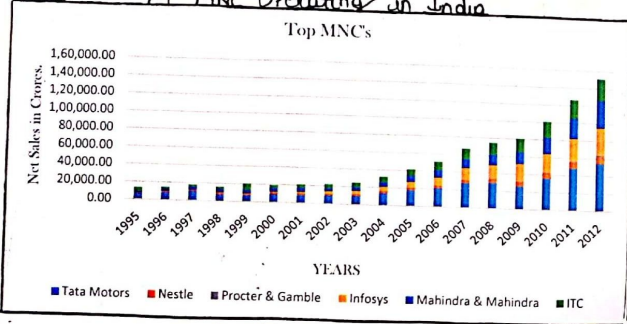
Year	No. of MNC's
1991	197
1992	222
1993	242
1994	277
1995	315
1996	350
1997	410
1998	443
1999	474
2000	530
2001	559
2002	583
2003	615
2004	665
2005	703
2006	761
2007	819
2008	850
2009	868
2010	884
2011	890
2012	891

Figure 1: NO. of MNC's



Source : Data collected from google (www.livemint.com)

Fig 2: Top MNC Operating in India



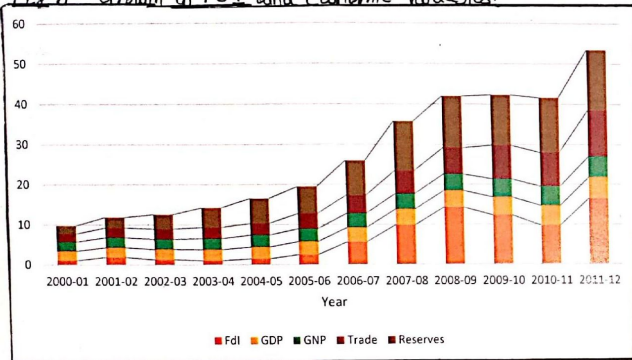
(Source: Data compiled from annual reports of the company.)

Table 2: Top Mnc's of India

Year	Tata Motors	Nestle	Proctor & Gamble	Infosys	Mahindra & Mahindra	ITC
1995	5669.83	946.3	268.04	55.42	1751.22	4553.06
1996	7850.58	1204.80	366.28	88.55	2398.98	2535.72
1997	10096.59	1425.60	387.58	139.22	3024.80	2814.95
1998	7327.05	1599.90	440.68	303.65	3371.73	3074.85
1999	6599.61	1543.90	468.26	508.8	3463.35	7597.19
2000	8791.79	1677.50	475.14	869.7	4423.77	3819.17
2001	8077.81	1921.00	725.22	1900.56	3273.09	4208.12
2002	8891.95	2047.20	409.41	2603.59	3732.12	5059.23
2003	9096.91	2140.85	442.39	3622.69	3732.12	5865.78
2004	13223.22	2227.88	577.24	4760.89	4959.11	6470.44
2005	17419.13	2476.90	684.92	6859.66	6660.55	7639.45
2006	20602.20	2816.06	566.73	9028.00	8222.68	9790.53
2007	27535.24	3504.35	540.38	13149.00	10050.26	12369.30
2008	28730.82	4335.11	645.02	15648.00	15648.00	13947.53
2009	25660.79	5149.99	772.81	20264.00	13093.68	15582.73
2010	35593.05	6273.64	904.46	21140.00	18602.11	18382.44
2011	47807.42	7490.82	1000.25	25385.00	23493.72	21167.58
2012	54005.40	8302.26	1294.70	31254.00	3192.03	24798.47

The above Table depicts the sales of Top mnc's of India. Tata motors have the highest sales among the mnc in 2012 and Infosys has lowest sales in 1995. There is a increase in the sales of ITC in 1999, with an increasing rate. From year 2006-2008 we see a drop in the sales of Proctor & Gamble at a very low decreasing rate. And the rest i.e., the overall data shows the fluent increase in the no. of sales of the company's.

Fig-3: Growth in FDI and Economic Variables.



(Source: Data taken from research paper).

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Table 3: FDI & Economic Variables.

Year	FDI	GDP	GNP	TRADE	RESERVE\$
2000-01	1.07	2.34	2.32	2.03	1.97
2001-02	1.86	2.47	2.45	2.45	2.64
2002-03	1.28	2.57	2.55	2.55	3.61
2003-04	1	2.78	2.76	2.76	4.9
2004-05	1.46	2.97	2.94	2.94	6.19
2005-06	2.45	3.25	3.23	3.74	6.76
2006-07	5.63	3.56	3.53	4.56	8.68
2007-08	9.86	3.9	3.88	5.71	12.37
2008-09	14.28	4.16	4.13	6.55	12.83
2009-10	12.31	4.51	4.48	8.4	12.59
2010-11	9.73	4.91	4.86	8.45	13.61
2011-12	16.51	5.24	5.2	11.42	15.06

The above table depicts that mnc's have direct impact on FDI and economic variables. Economic variables include GDP (Gross Domestic Product), GNP (Gross National Product), Foreign Trade and Foreign Reserves. The table depicts that in 2000-01, FDI, GDP, GNP, Trade and reserves are respectively 1.07, 2.34, 2.32, 2.03 and 1.97.

But with the increase in FDI in 2011-12 all the components i.e GDP, GNP, Trade and Reserves also increase which then shows the direct relation b/w FDI and economic variables.

DESCRIPTIVE STATISTICS

Table 4

	FDI	GDP	GNP	Foreign Reserves	Foreign Trade
Mean	6.453333	3.55	3.5275	8.43416667	5.13
Standard Error	1.668002949	0.28513534	0.282904644	1.3534364	0.869303971
Median	4.04	3.404	3.38	7.72	4.15
Mode	-	-	-	-	-
Standard Deviation	5.77813171	0.987738464	0.980010436	4.688441219	3.01135729
Sample Variance	33.38680606	0.97562727	0.96042045	21.98148106	9.068272727
Kurtosis	-1.323076708	-1.15197393	-1.16194171	-1.6981173	-0.101361707
Skewness	0.582094797	0.417131332	0.410786011	0.010799993	0.921123431
Range	15.51	2.4	2.88	13.09	9.39
minimum	1	2.34	2.32	1.97	2.03
Maximum	16.51	5.24	5.2	15.06	11.42
Sum	77.4	42.66	42.33	101.21	61.56
Count	12	12	12	12	12

CORRELATION AND REGRESSION

CORRELATION: Correlation refers to relationship b/w two or more variables that fluctuates together. There are 3 types of correlation. Positive correlation, negative correlation and no correlation.

Karl's Pearson coefficient of correlation (r) =
$$\frac{\sum xy}{\sqrt{\sum x^2} \sqrt{\sum y^2}}$$

REGRESSION: Regression refers to the measures of the relationship b/w the mean value of one variable (eg. output) and corresponding values of other variables (eg. time and cost).

The regression and coefficient model are mathematically related, and the coefficient correlation also serves as useful tool for measuring relationship to the observed data.

$$y = a + bx$$

$$b = \frac{\sum xy}{\sum x^2}$$

$$\text{where } x = x - \bar{x}$$

$$y = y - \bar{y}$$

$$a = \bar{y} - b\bar{x}$$

The present study shows the correlation b/w MNC & FDI, FDI and economic variables.

Table-5 Correlation between MNC and FDI: The table below depicts that MNC and FDI have highly positive correlation.

	MNC	FDI
MNC	1	0.911262097
FDI	0.911262097	1

Table-6 Correlation between FDI and GDP: The table below depicts that FDI and GDP are positively correlated.

	FDI	GDP
FDI	1	0.9218448
GDP	0.9218448	1

Table-7 Correlation between FDI and Foreign Trade: It shows the positive relation b/w FDI and Foreign Trade.

	FDI	FOREIGN TRADE
FDI	1	0.933203785
Trade	0.933203785	1

Table-8 Correlation between FDI and Foreign Reserves: It shows a highly positive correlation b/w FDI and Foreign Reserves.

	FDI	Reserves
FDI	1	0.936575034
Reserves	0.936575034	1

Table 9. Correlation between FDI and GNP: It shows a positive relation b/w FDI and GNP.

	FDI	GNP
FDI	1	0.9234043731
GNP	0.9234043731	1

REGRESSION STATISTICS

Table-10

FDI & GNP

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.923044
R Square	0.85201
Adjusted R Square	0.837211
Standard Error	2.331312
Observations	12

ANOVA

	df	SS	MS	F	Significance F
Regression	1	312.9047	312.9047	57.57201	1.86611E-05
Residual	10	54.35015	5.435015		
Total	11	367.2549			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-12.74423	2.618091	-4.867755	0.000654	-18.57769778	-6.91076	-18.5777	-6.91076
X Variable 1	5.442257	0.717255	7.587622	1.87E-05	3.84411383	7.040399	3.844114	7.040399

Table-11: FDI & GDP

SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.921844							
R Square	0.849797							
Adjusted R Square	0.834777							
Standard Error	2.348674							
Observations	12							
ANOVA								
	df	SS	MS	F	Significance F			
Regression	1	312.0922	312.0922	56.57668	2.01197E-05			
Residual	10	55.16269	5.516269					
Total	11	367.2549						
	Coefficient	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-12.71758	2.63737	-4.822068	0.0007	-18.59400314	-6.84115	-18.594	-6.84115
X Variable 1	5.392661	0.716943	7.521747	2.01E-05	3.795213347	6.990109	3.795213	6.990109

Table-12: FDI & RESERVES

SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.936575							
R Square	0.877173							
Adjusted R Square	0.86489							
Standard Error	2.123885							
Observations	12							
ANOVA								
	df	SS	MS	F	Significance F			
Regression	1	322.146	322.146	71.41519	7.26E-06			
Residual	10	45.10889	4.510889					
Total	11	367.2549						
	Coefficient	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-3.28184	1.304985	-2.51485	0.030657	-6.18953	-0.37415	-6.18953	-0.37415
X Variable 1	1.154254	0.136586	8.450751	7.26E-06	0.849922	1.458587	0.849922	1.458587

Table-13.

MNC & FDI

SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.911262							
R Square	0.830399							
Adjusted R Square	0.813438							
Standard Error	2.495735							
Observations	12							
ANOVA								
	df	SS	MS	F	Significance F			
Regression	1	304.9679	304.9679	48.96178	0.0000373			
Residual	10	62.28694	6.228694					
Total	11	367.2549						
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-21.9041	4.116182	-5.32146	0.000337	-31.0755	-12.7327	-31.0755	-12.7327
X Variable 1	0.038993	0.005573	6.99727	3.73E-05	0.026576	0.051409	0.026576	0.051409

Table-14.

FDI & TRADE

SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.9332038							
R Square	0.8708693							
Adjusted R Square	0.8579562							
Standard Error	2.1777024							
Observations	12							
ANOVA								
	df	SS	MS	F	Significance F			
Regression	1	319.831	319.831	67.440921	9.35485E-06			
Residual	10	47.42388	4.742388					
Total	11	367.2549						
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-2.7325094	1.283107	-2.129604	0.0590607	-5.59145017	0.126431	-5.59145	0.126431
X Variable 1	1.7906126	0.218042	8.212242	9.355E-06	1.304785066	2.27644	1.304785	2.27644

GRAPHICAL

ANALYSIS OF

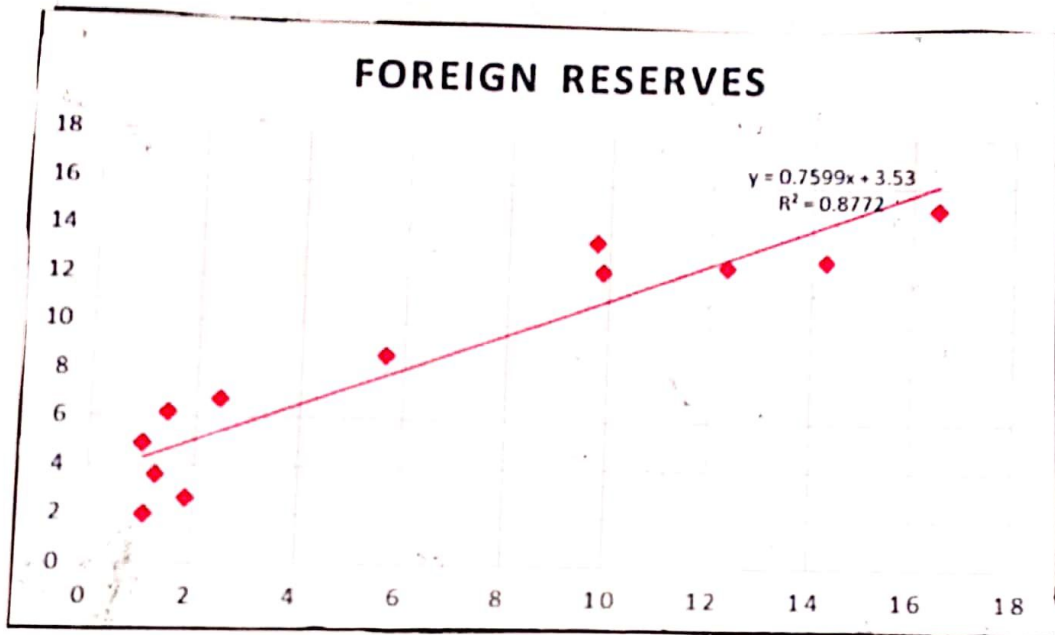
CORRELATION

AND

REGRESSION

Graphical Analysis of FDI & Reserves.

Figure-4

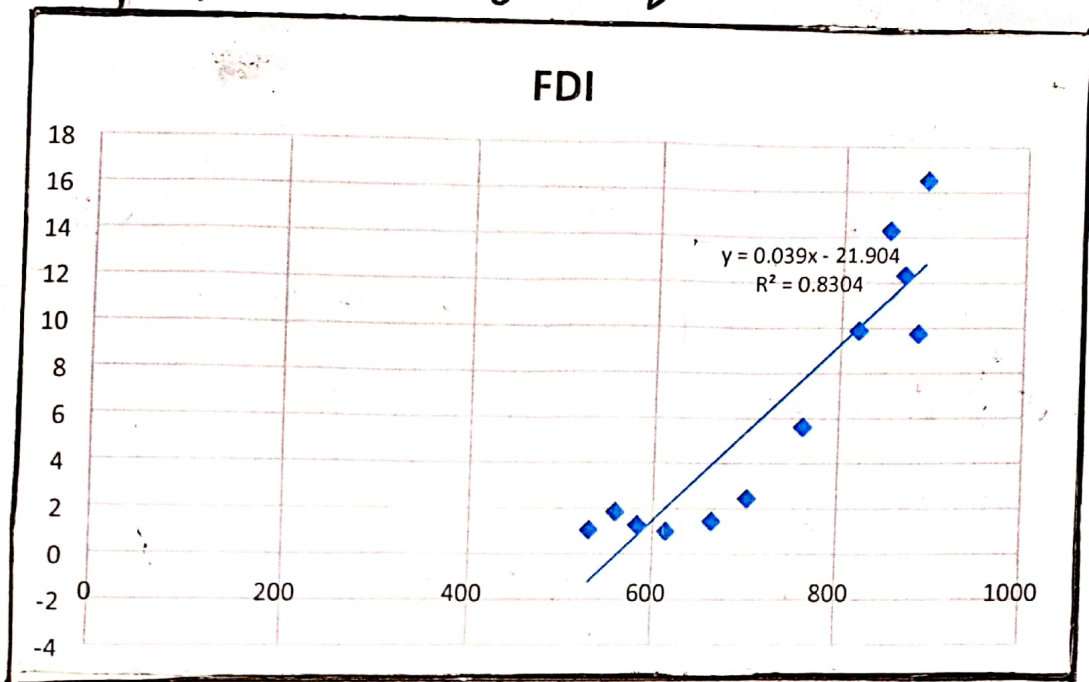


$R^2 = 0.8772$	$r = 0.92184448$
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ANALYSIS : Karl Pearson's coefficient of correlation for total FDI and Foreign Reserves in India is 0.92184448. This analysis shows that the two variable FDI and Foreign Reserves are highly positively correlated as it is closer to 1. which indicates that with the increase in flow of FDI leads to growth in foreign reserves of the country.

Graphical Analysis of MNC & FDI

Figure-5

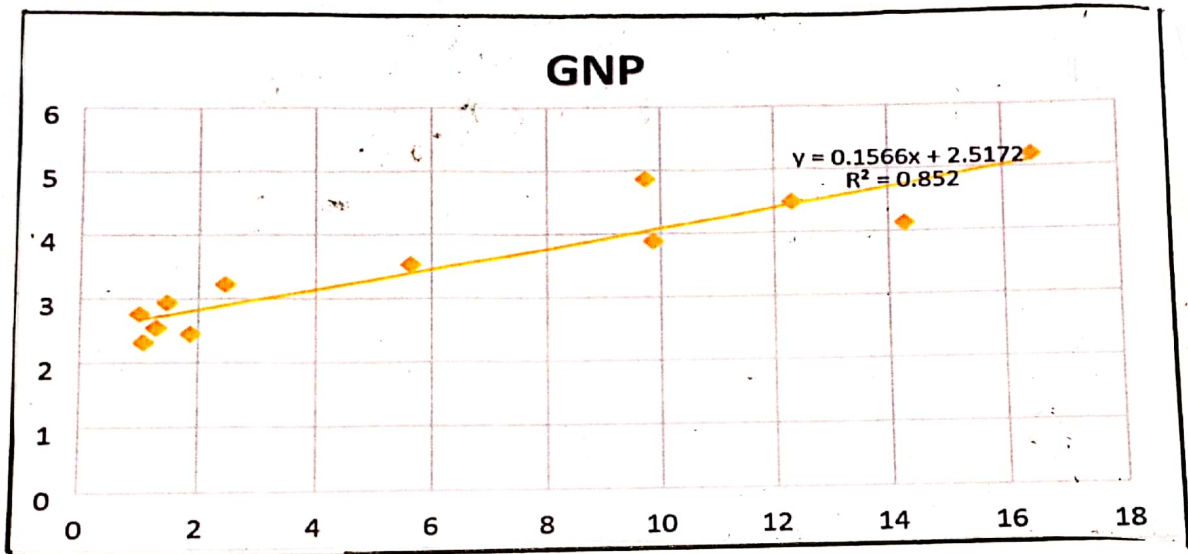


$$R^2 = 0.8304 \quad || \quad r = 0.911262097$$

ANALYSIS : Karl Pearson's coefficient of correlation for total MNC and FDI in India is 0.911262097. This analysis shows that two variables FDI and MNC are strongly correlated with each other as it is closer to 1. This shows that increase in growth of MNC leads to growth in FDI.

Graphical Analysis of GNP & FDI

Figure-6

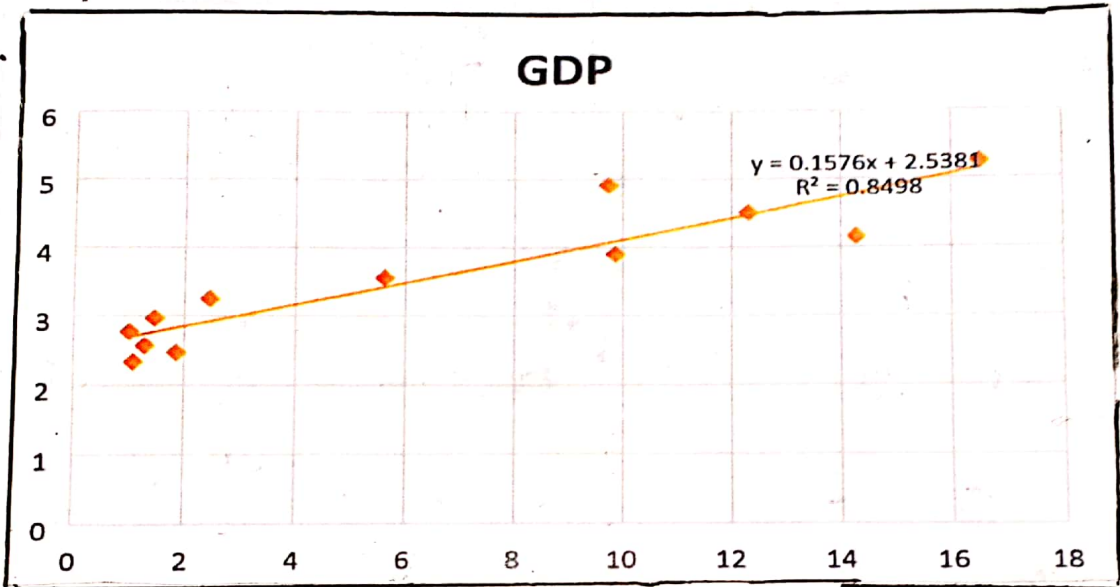


$$R^2 = 0.852 \quad || \quad r = 0.923043731$$

ANALYSIS : Karl Pearson's Coefficient of Correlation for total FDI and GNP 0.923043731. This analysis shows that the two variable FDI and GNP have strong positive correlation between them as it is closer to 1. This indicates that growth in FDI leads to growth in Gross National Product of the country.

Graphical Analysis of FDI & GDP

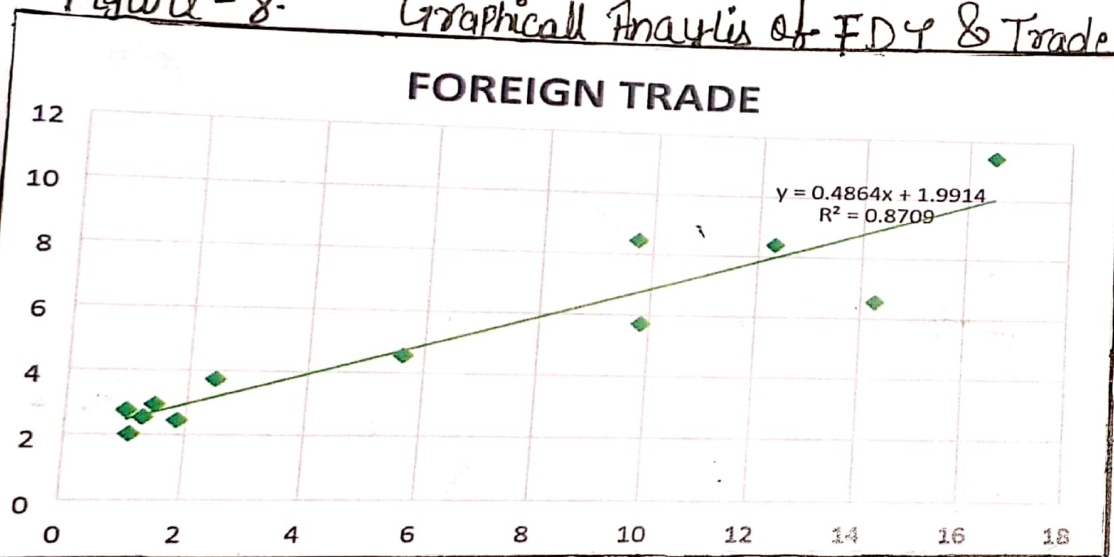
Figure-7.



$R^2 = 0.4898$	$r = 0.92184448$
$y = 0.1576x + 2.5381$	

Analysis: Karl Pearson's coefficient of correlation for total FDI and GDP in India is 0.92184448. This analysis shows that two variables of FDI and GDP have strong positive correlation b/w them as it is closer to 1. This indicates that the increase in inflow of FDI leads to growth in gross domestic product of the country.

Figure - 8. Graphical Analysis of FDI & Trade



$$R^2 = 0.8709$$

$$r = 0.933203785$$

$$Y = 0.4864x + 1.9914$$

Analysis : Karl Pearson's coefficient of correlation for total FDI and Foreign Trade in India is 0.933203785. This analysis shows that the two variables FDI and Foreign trade are highly positively correlated as it is closer to 1. This indicates that an increase in the flow of FDI leads to growth in Foreign Trade of the country.

RECOMMENDATION

CSR activities now a days is important part of economy. MNC's who are still not be a part of CSR activities, strict actions should be taken by the government against them. There should be reduction on restrictions of FDI (Foreign direct Investment). Moreover just like 'Skill India' and 'Make in India' campaigns, more campaigns should be run to make India a hub of mnc's. Investment Promotion Agency (IPA) in India help target suitable foreign investors so that there will be more growth in economy. Provide open, transparent and dependable conditions for all kind of firms, whether foreign or domestic, including: ease of doing business, access to imports, relatively flexible labour markets and there should be clear cut specification about transfer of technology i.e. technical skills, knowledge etc. Government of economic Policy should focus on the policy measures that result in the fair distribution of FDI in the country.

CONCLUSION

Establishment of MNC in the world of Privatisation, globalisation and liberalisation, have plays an important role in the development of economy. For achieving suitable and sustainable growth of the company FDI is essential. FDI has positive effect on economy by promoting export facility, employment generation etc. The positive correlation between MNC and FDI, FDI and economic variables of India from 2000 onwards indicates that all the factors are interlinked showing flow of data in same direction. Both FDI and Foreign Reserves, FDI and Foreign Trade are highly positively correlated. International opportunities attracts many countries to make changes in their tax system to attract more mnc's. Involvement of MNC's in CSR activities have played an important role in responsibility towards society, Projects like Blossom, Aspire Nurture by 'Tata chemicals' etc. have made a step ahead for the betterment of the societies.

N. Fatem concludes that "The Multinational Corporation is the only organisation which has the resources and scope to think, to plan, and to act with worldwide planning of markets and services. Many International opportunities require capital and technology only large scale mnc's can supply"

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