



# CONTRIBUTION OF MNC'S IN INDIAN ECONOMY

## ABSTRACT

In the present world of globalization Mnc's play an important role in development of economy. MNC' contribute through Foreign direct investment in india. Fdi directly impacts to GDP, GNP, Foreign trade and Foreign Reserves. Being MNC a company gest many benefits. Inviting Global companies to invest in India as well as efforts done by government to simplify FDI regulation will make India a favourite destination for multinational corporations.

**Kawalpreet Kaur**  
BAP/17/305

## Contents

1. INTRODUCTION:.....	2
2. REVIEW OF LITERATURE:.....	2
3. OJECTIVE OF STUDY:.....	3
4. RESEARCH DESIGN:.....	3
5. RESEARCH METHODOLOGY: .....	4
6. ROLE OF MNC's: .....	4
7. BENEFITS OF BEING MNC:.....	5
8. STRATEGIES AND STRUCTURE:.....	5
9. FACTORS CONTRIBUTED FOR GROWTH OF MNC.....	6
10. TOP MNC'S OPERATING IN INDIA: .....	6
11. DATA ANALYSIS: .....	7
12. RECOMMENDATIONS: .....	17
13. CONCLUSION: .....	17
REFERENCES: .....	18

FIGURE 1 NO. OF MNC'S .....	8
FIGURE 2 TOP MNC'S OPERATING IN INDIA. ....	9
FIGURE 3 GROWTH IN FDI AND ECONOMIC VARIABLES. ....	10
FIGURE 4 GRAPHICAL ANALYSIS OF MNC AND FDI .....	15
FIGURE 5 GRAPHICAL ANALYSIS OF FDI AND GDP .....	15
FIGURE 6 GRAPHICAL ANALYSIS OF FDI AND GNP .....	16
FIGURE 7 GRAPHICAL ANALYSIS OF FDI AND FOREIGN TRADE .....	16
FIGURE 8 GRAPHICAL ANALYSIS OF FDI AND FOREIGN RESERVES .....	17

TABLE 1 .....	7
TABLE 2 .....	8
TABLE 3 .....	9
TABLE 4 .....	10
TABLE 5 .....	11
TABLE 6 .....	11
TABLE 7 .....	11
TABLE 8 .....	11
TABLE 9 .....	11
TABLE 10 .....	12
TABLE 11 .....	12
TABLE 12 .....	13
TABLE 13 .....	13
TABLE 14 .....	14

## 1. INTRODUCTION:

A multi-national corporation /company is an organisation doing business in more than one country, they are considered as huge industrial organizations which extend 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 controls value adding activities in more than one country” (Dunning 1993, 3).

Most of the MNC’s have started their operations in developing countries by 1990, which leads to significant growth in investment and gross domestic Product in recent times. Mnc’s are also known as transnational companies, which are engaged in various activities like exporting, importing, manufacturing in different countries. They have worldwide involvement and global perspective in its management and decision making. The first Multinational Corporation was established in 1920’s. Due to expansion of US business worldwide many mnc’s 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 the country out of 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 and globalization). Liberalization in Indian market make India home to number of multinational corporations. India houses majority of multinational companies hailing from the United States, which account 37% of turnover of first 20 firms that operate in India and rest comes from European Union and their Asia counterparts. Mnc’s also:

- Consider opportunities throughout the globe though they do 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.

## 2. REVIEW OF LITERATURE:

NAME OF THE PAPER	AUTHOR	RESEARCH DESIGN	OBJECTIVE	MAIN FINDINDGS
MULTINATIONAL COMPANIES IN INDIA -AN ANALYSIS	Dr. Ranjan Kshetrimayum & Pushparani Naorem	MNC role in development of countries.	Analysing multinational corporations in Indian market, especially in globalization. Economic development and Fdi.	Findings revealed that “Make in India “and skill Indian campaigns by PM invites Global companies for investing In India which increases the economic and Fdi growth. Making India Favourite destination for, mnc’s.

Trend of FDI in India and Its Impact on Economic Growth	Vinay Kumar	Fdi statistics with different sectors.	To analyse the trend of FDI it relation with economic Growth in India.	Findings revealed that Fdi has positive trend and correlation with Gap which leads Indi most promising investment destination for most of the developed and developing nations
Impact of Multinational Corporations on Developing Countries	Shameema Ferdausy Shameema Ferdausy & Md. Sahidur Rahman	Statistical study over a period of years showing the impact of MNCs on host States.	Identify the overall positive and negative impact of MNCs on developing countries, discussing the factors to attract, more MNC's.	MNC plays important role, Showing both negative as well as positive impact on the country.

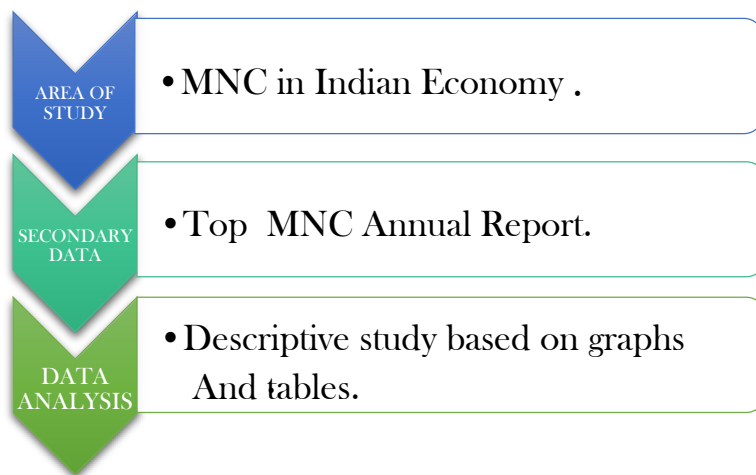
### 3. OJECTIVE OF STUDY:

The objective of study is:

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

### 4. RESEARCH DESIGN:

It is the arrangement of conditions for collection and analysis of data. Selltiz et al. (1962) pg50.



## 5. RESEARCH METHODOLOGY:

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

The research design can be classified into two: primary data and secondary data. The data which is not available earlier or you have to find 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 form internet, magazines, journals, research papers to analyse the impact or 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, World Bank, IMF, Unctad.

## 6. ROLE OF MNC's:

**Economic Development:** Mnc's are considered as the major tool for the 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 the UNCTAD world investment report, Fdi increases to \$547 billion in 2010.<sup>1</sup> FDI benefits economy by contributing in gross domestic product, Gross fixed capital formation and balance of payments.

✚ **Technology Transfer:** Another important function of is MNC is that it provides sophisticated knowledge to the developing countries. Transferring of technologies in developing countries 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 technologies so that it can benefit the developing countries.

✚ **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 have has generated employment opportunities in developing countries "MNCs account for one fifth of

---

<sup>1</sup> UNCTAD.2010.

all paid employment in non-agricultural sectors and creates a large number of jobs in the manufacturing industries especially where technology is concerned (UNRISD, 2010)”

✚ **Promotion of Export:** Due to the world wide network and extensive link multinationals play an important role in promoting exports of a country by producing the efficient and low cost products. For e.g., rapid expansion in china’s export in recent year is due to the large investment made by multinational in various fields of chine 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 udyog 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.

✚ **Investment In Infrastructure:** The ability to raise resources both globally and inside India and a large command over financial years leads to investment of mnc’s in infrastructure such as power projects, modernisation of airports, telecommunication with a 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. There 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, Heilbron & van der Veen, 2012, p.3). CSR helps 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.

✚ **Differences in tax System:** The aspiration to get benefit from lower unit labour cost and other favourable production factors in business have encouraged countries to makes changes in their tax system to attract Fdi many countries have engaged in tax competition between each other to gain investment projects.

## 7. BENEFITS OF BEING MNC:

Every company wants to become a 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 cost/cheap investments.
- Manufacturing and selling of products in other countries exempt them from import of quotas and tariffs.
- Mnc’s hire both local and foreign workers, 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.
- One of the major advantages of being a multinational corporation is that they can enjoy access to cheap labour due to wider geographical regions more over it also solves the problem of unemployment as they higher the local workers of the area.
- As Company are producing products in developed countries they can get knowledge of hi-tech/superior technologies.

## 8. STRATEGIES AND STRUCTURE:

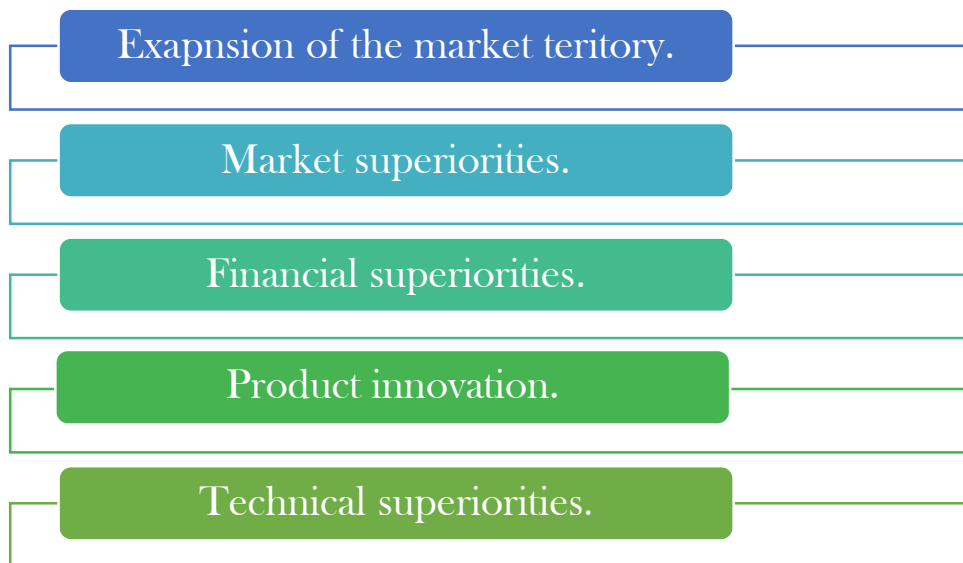
Growth is a way of life, almost all organizations plan to expand. Growth strategies are followed when an organization aims at higher growth by broadening one or more of its business in terms of their respected customer groups. Some steps for growth strategies are:

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

Organization structure: Multinational cooperation can be divided into 3 broad groups according to their configuration of their production facilities.

- Horizontally integrated Mnc's manage production establishment located in different countries to produce same or similar products e.g., M.C. Donald's.
- Vertically integrated monk manage production establishment in certain country to produce products that serve as inputs to its production e.g. adidas, Nike.
- Diversified Mnc's manage production establishment locate in different countries that are neither horizontally, nor vertically, nor straight e.g. best western or Hilton hotels.

## 9. FACTORS CONTRIBUTED FOR GROWTH OF MNC



## 10. TOP MNC'S OPERATING IN INDIA:

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

- ✚ **Proctor and Gamble {P&G}:** It is an American multinational company headquartered in downtown CINCINNATI, OHIO, founded in 1837 by British American William Proctor and Irish American James Gamble. It specializes in a wide range of personal health/ consumer health and hygiene products these products are organized into several segments including beauty, healthcare, fabric, homecare & baby, Famine and family care. Before the sale to the Kellogg company, it product portfolio also included foods, snacks and beverages.
- ✚ **Nestle:** Nestle is a Swiss transnational food and drink company headquartered in vevy vaud Switzerland. It is the largest food company in the world .It is ranked no. 64 in future fortune global 500 in 2007 and no.33 on the 26<sup>th</sup> edition of Forbes global in 2000, list of largest companies.
- ✚ **ITC:** An Indian multinational company headquartered in Kolkata, west Bengal. Established in 1910 as the '**Imperial Tobacco Company of India Limited**', the company was renamed as the '**India Tobacco Company Limited**' in 1970 and later to '**I.T.C. Limited**' in 1974. Study conducted by economic time's shows that ITC ranks in 10 most valuables brands in India. ITC has diversified itself in FMCG, hotels, paperboards and specialty papers, packaging, agri-business and information technology.

- ✚ **TATA Motors:** Formerly name as **Tata Engineering and Locomotive Company (TELCO)** part of Tata group, is an Indian **multinational automotive company** headquartered in Mumbai, Maharashtra, India. Its products include passenger cars, trucks, vans, coaches, buses, sports cars, construction equipment and military vehicles. In 1998, Tata launched the first fully indigenous Indian passenger car, the Indica, and in 2008 launched 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 sciences and health care, consumer packaged food.
- ✚ **Mahindra and Mahindra Ltd.:** Established in 1945, An Indian multinational car Manufacturing Corporation was firstly named as Muhammad & 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 the sales of automobiles, spare parts, services rendered for IT and telecom.

## 11. DATA ANALYSIS:

**A} Rise in MNC:** The table depicts the steady rise in the number of multinational corporations in India.

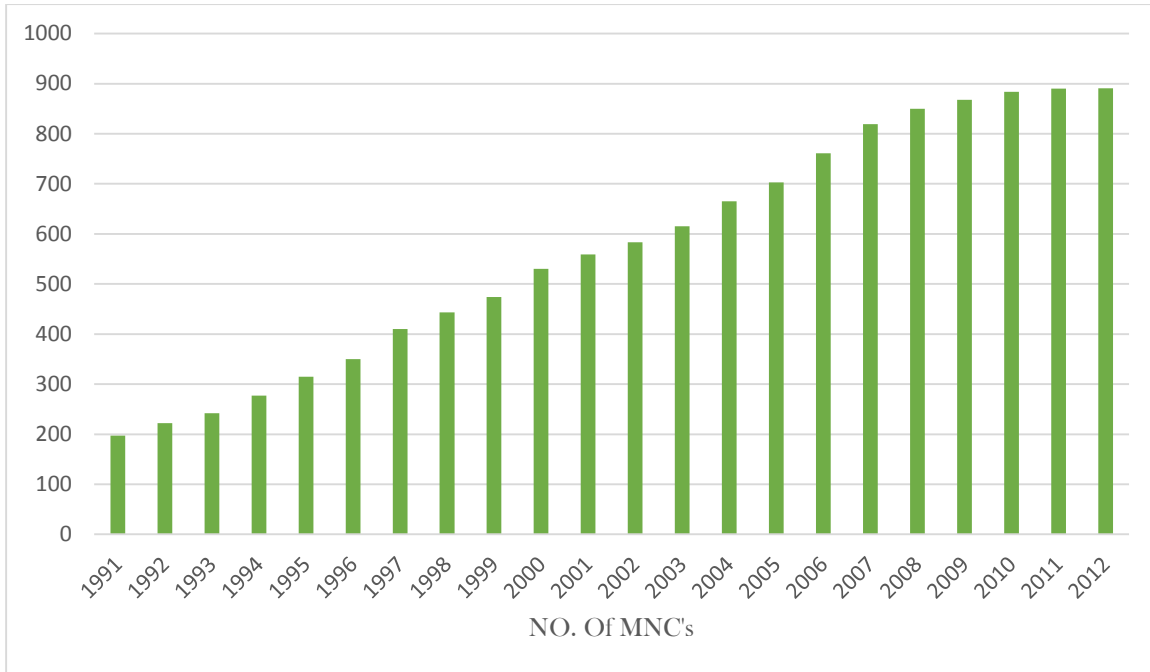
Table 1

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



<b>2011</b>	890
<b>2012</b>	891

Figure 1 NO. Of MNC's



Source: Data collected from google ([www.livemint.com](http://www.livemint.com))

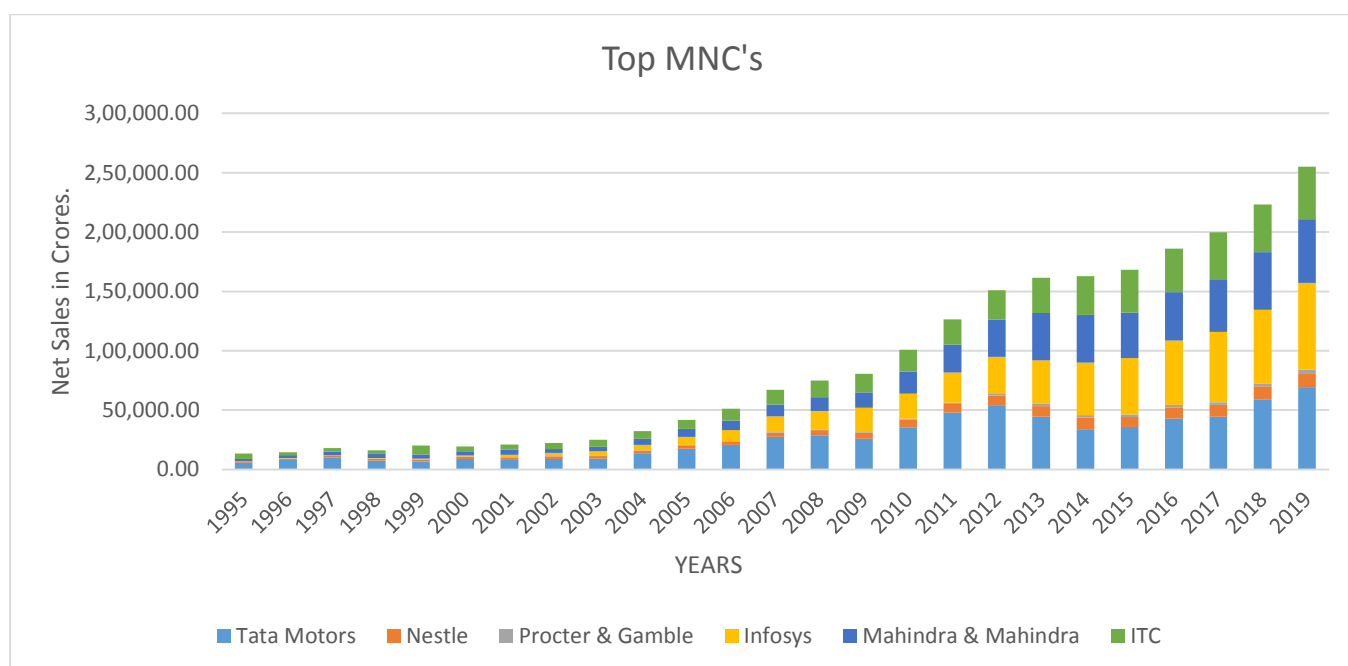
**B} Top Mnc's of India:** India gets a lot of benefit through Multinational Corporation. The growth of mnc's can depict with the help of graphs and tables given below:

Table 2

Year	Tata Motors	Nestle	Procter & Gamble	Infosys	Mahindra & Mahindra	ITC
1995	5,669.83	996.3	268.04	55.42	1,751.22	4,553.06
1996	7,850.58	1,204.80	366.28	88.55	2,398.98	2,535.72
1997	10,096.59	1,425.60	387.58	139.22	3,024.80	2,814.95
1998	7,327.05	1,599.90	440.68	303.65	3,371.73	3,074.85
1999	6,599.61	1,543.90	468.26	508.8	3,463.35	7,579.17
2000	8,791.79	1,677.50	475.14	869.7	3,569.20	3,819.17
2001	8,077.81	1,921.00	425.22	1,900.56	4,293.77	4,208.12
2002	8,891.95	2,047.20	409.41	2,603.59	3,273.09	5,059.23
2003	9,096.91	2,140.85	442.39	3,622.69	3,732.12	5,865.78
2004	13,223.22	2,227.58	577.24	4,760.89	4,959.11	6,470.44
2005	17,419.13	2,476.90	684.92	6,859.66	6,660.55	7,639.45
2006	20,602.20	2,816.06	566.73	9,028.00	8,222.68	9,790.53
2007	27,535.24	3,504.35	540.38	13,149.00	10,050.26	12,369.30
2008	28,730.82	4,335.11	645.02	15,648.00	11,503.48	13,947.53

2009	25,660.79	5,149.99	772.81	20,264.00	13,093.68	15,582.73
2010	35,593.05	6,273.64	904.46	21,140.00	18,602.11	18,382.24
2011	47,807.42	7,490.82	1,000.25	25,385.00	23,493.72	21,167.58
2012	54,005.40	8,302.26	1,294.70	31,254.00	31,392.03	24,798.43
2013	44,373.04	9,061.90	1,684.86	36,765.00	39,903.12	29,605.58
2014	33,906.97	9,806.27	2,047.20	44,341.00	39,963.36	32,882.56
2015	2015	35,890.50	8,123.27	2,332.27	47,300.00	36,083.21
2016	42,845.47	9,159.28	2,481.68	53,983.00	40,875.07	36,582.67
2017	44,363.60	9,952.53	2,320.40	59,289.00	43,785.36	40,088.68
2018	58,831.41	11,216.23	2,455.29	61,941.00	48,685.55	40,254.67
2019	68,764.88	12,295.27	2,946.50	73,107.00	53,614.00	44,432.67

Figure 2 Top MNC's operating in India.



Source: Data compiled from annual reports of the company.

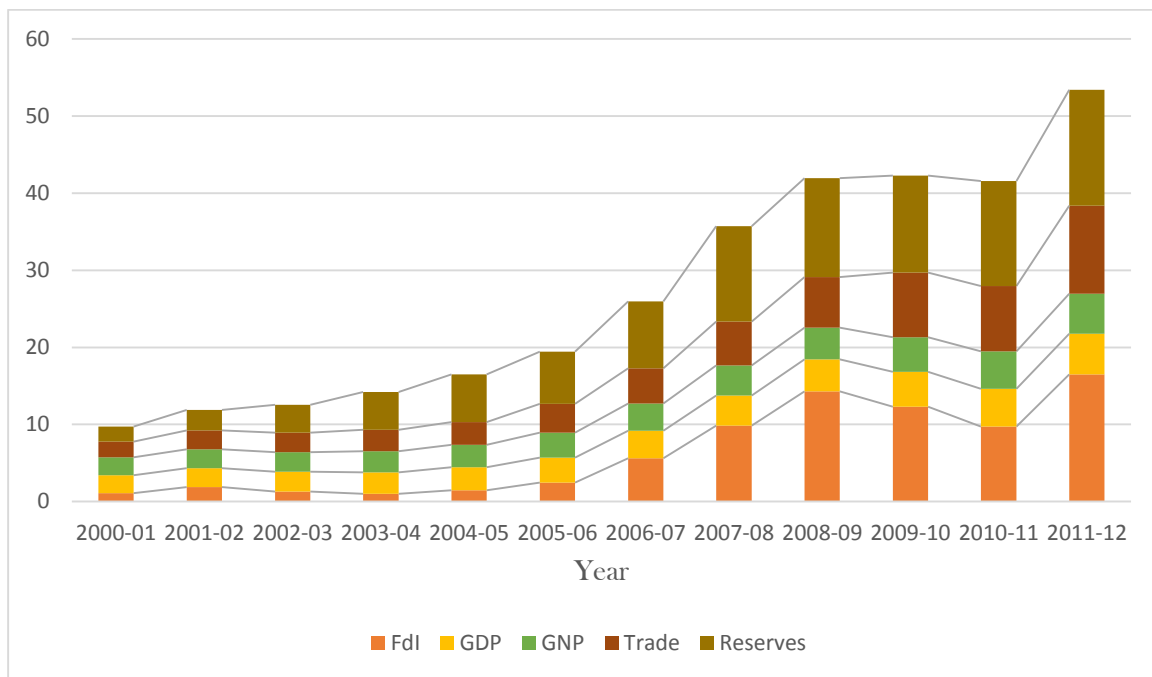
**C} FDI and Economic variables:** With the increase in the number of mnc's, mnc's s have direct impact on FDI (n Foreign Direct Investment and economic variables. Economic variables include Gdp {Gross domestic product}, GNP {Gross national product}, foreign trades and Foreign Reserves. The table depicts 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, GDP, GNP, Foreign trade and foreign reserves.

Table 3

Year	Fdi	GDP	GNP	Trade	Reserves
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

Figure 3 Growth in FDI and Economic variables.



Source: Data taken from research paper.

## DESCRIPTIVE STATISTICS.

Table 4

DESCRIPTIVE STATISTICS					
	FDI	GDP	GNP	Foreign Reserves	Foreign Trade
<b>Mean</b>	6.453333333	3.555	3.5275	8.434166667	5.13
<b>Standard Error</b>	1.668002949	0.285135534	0.282904644	1.3534364	0.869303971
<b>Median</b>	4.04	3.405	3.38	7.72	4.15
<b>Mode</b>	#N/A	#N/A	#N/A	#N/A	#N/A
<b>Standard Deviation</b>	5.77813171	0.987738464	0.980010436	4.688441219	3.01135729
<b>Sample Variance</b>	33.38680606	0.975627273	0.960420455	21.98148106	9.068272727

<b>Kurtosis</b>	-1.323076708	-1.151973934	-1.161941715	-1.698117303	-0.101361707
<b>Skewness</b>	0.582094797	0.417131332	0.410786011	0.010799993	0.921123413
<b>Range</b>	15.51	2.9	2.88	13.09	9.39
<b>Minimum</b>	1	2.34	2.32	1.97	2.03
<b>Maximum</b>	16.51	5.24	5.2	15.06	11.42
<b>Sum</b>	77.44	42.66	42.33	101.21	61.56
<b>Count</b>	12	12	12	12	12

## CORRELATION:

Correlation refers to the relationship between two or more variables that fluctuates together. There are 3 types of correlation: Positive correlation, negative correlation and no correlation. The present study shows the correlation between MNC and FDI, FDI and Economic variables.

Table 5

	<b>MNC</b>	<b>FDI</b>
<b>MNC</b>	1	0.911262097
<b>FDI</b>	0.911262097	1

Table 6

	<b>FDI</b>	<b>GDP</b>
<b>FDI</b>	1	0.92184448
<b>GDP</b>	0.92184448	1

Table 7

	<b>FDI</b>	<b>FOREIGN TRADE</b>
<b>FDI</b>	1	0.933203785
<b>FOREIGN TRADE</b>	0.933203785	1

Table 8

	<b>FDI</b>	<b>FOREIGN RESERVES</b>
<b>FDI</b>	1	0.936575034
<b>FOREIGN RESERVES</b>	0.936575034	1

Table 9

	<b>FDI</b>	<b>GNP</b>
<b>FDI</b>	1	0.923043731
<b>GNP</b>	0.923043731	1

## **REGRESSION:**

Regression refers to the measure of the relation between the mean value of one variable (e.g. output) and corresponding values of other variables (e.g. time and cost).<sup>2</sup>

Table 10

### FDI and GDP

SUMMARY OUTPUT								
<i>Regression Statistics</i>								
Multiple R	0.921844							
R Square	0.849797							
Adjusted R Square	0.834777							
Standard Error	0.401492							
Observations	12							
ANOVA								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	9.119939	9.119939	56.57668	2.01E-05			
Residual	10	1.611961	0.161196					
Total	11	10.7319						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	2.538058	0.178079	14.25243	5.71E-08	2.141273	2.934842	2.141273	2.934842
X Variable 1	0.157584	0.02095	7.521747	2.01E-05	0.110904	0.204265	0.110904	0.204265

Table 11

### FDI and Foreign Trade

<sup>2</sup> Source: google

SUMMARY OUTPUT								
<b>Regression Statistics</b>								
Multiple R	0.933204							
R Square	0.870869							
Adjusted R	0.857956							
Standard Error	1.134941							
Observations	12							
<b>ANOVA</b>								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	86.87008	86.87008	67.44092	9.35E-06			
Residual	10	12.88092	1.288092					
Total	11	99.751						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	1.991404	0.503395	3.955948	0.002704	0.86977	3.113037	0.86977	3.113037
X Variable 1	0.486353	0.059223	8.212242	9.35E-06	0.354396	0.61831	0.354396	0.61831

Table 12

FDI and Foreign Reserves

SUMMARY OUTPUT								
<b>Regression Statistics</b>								
Multiple R	0.936575							
R Square	0.877173							
Adjusted R	0.86489							
Standard Error	1.723345							
Observations	12							
<b>ANOVA</b>								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	212.0971	212.0971	71.41519	7.26E-06			
Residual	10	29.69916	2.969916					
Total	11	241.7963						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	3.529972	0.764377	4.618104	0.000953	1.826834	5.23311	1.826834	5.23311
X Variable 1	0.759948	0.089927	8.450751	7.26E-06	0.559579	0.960317	0.559579	0.960317

Table 13

MNC and FDI

SUMMARY OUTPUT								
<i>Regression Statistics</i>								
Multiple R	0.911262							
R Square	0.830399							
Adjusted R Square	0.813438							
Standard Error	2.495735							
Observations	12							
ANOVA								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	304.9679	304.9679	48.96178	3.73E-05			
Residual	10	62.28694	6.228694					
Total	11	367.2549						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
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

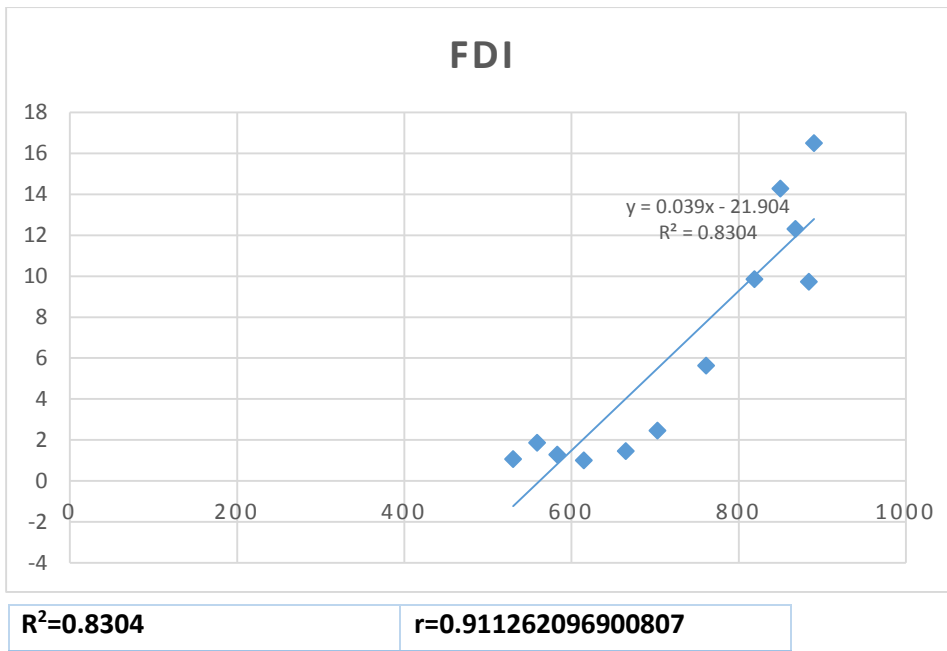
Table 14

FDI and GNP

SUMMARY OUTPUT								
<i>Regression Statistics</i>								
Multiple R	0.923044							
R Square	0.85201							
Adjusted R	0.837211							
Standard Error	0.395406							
Observations	12							
ANOVA								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	9.001163	9.001163	57.57201	1.87E-05			
Residual	10	1.563462	0.156346					
Total	11	10.56463						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	2.517202	0.17538	14.35288	5.34E-08	2.126432	2.907972	2.126432	2.907972
X Variable 1	0.156554	0.020633	7.587622	1.87E-05	0.110582	0.202527	0.110582	0.202527

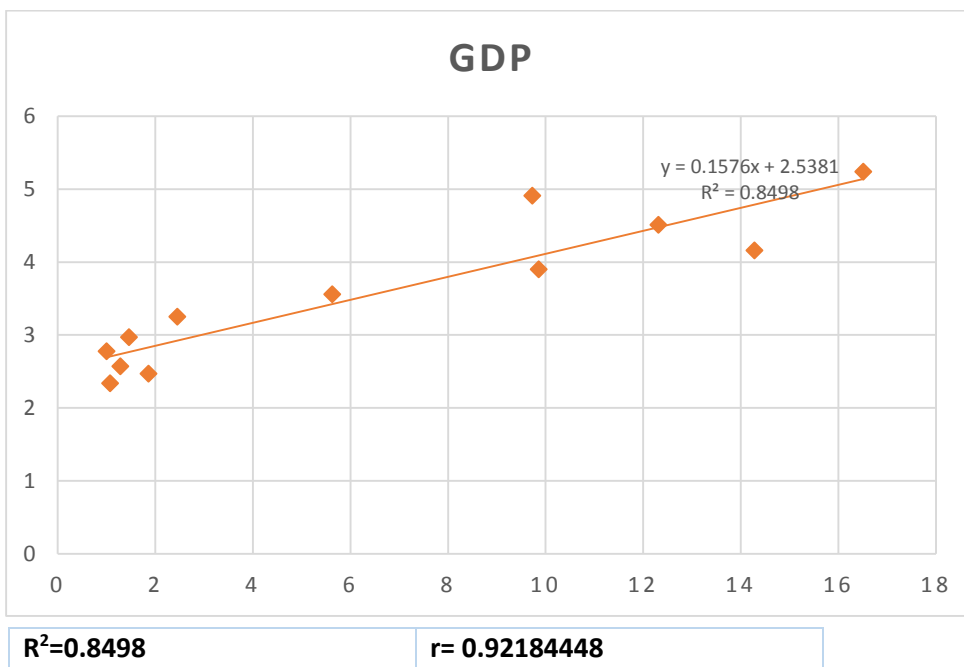
**ANALYSIS OF CORRELATION & REGRESSION GRAPHICALLY:**

Figure 4 Graphical analysis of MNC and FDI



Analysis: Karl Pearson’s Coefficient of correlation for total MNC and FDI in India is 0.911262097. This analysis shows that the two variables FDI and MNC have a strong positive correlation between them as it is closer to 1. This indicates that an increase in the number of MNCs leads to an increase in the flow of FDI in India.

Figure 5 Graphical analysis of FDI and GDP

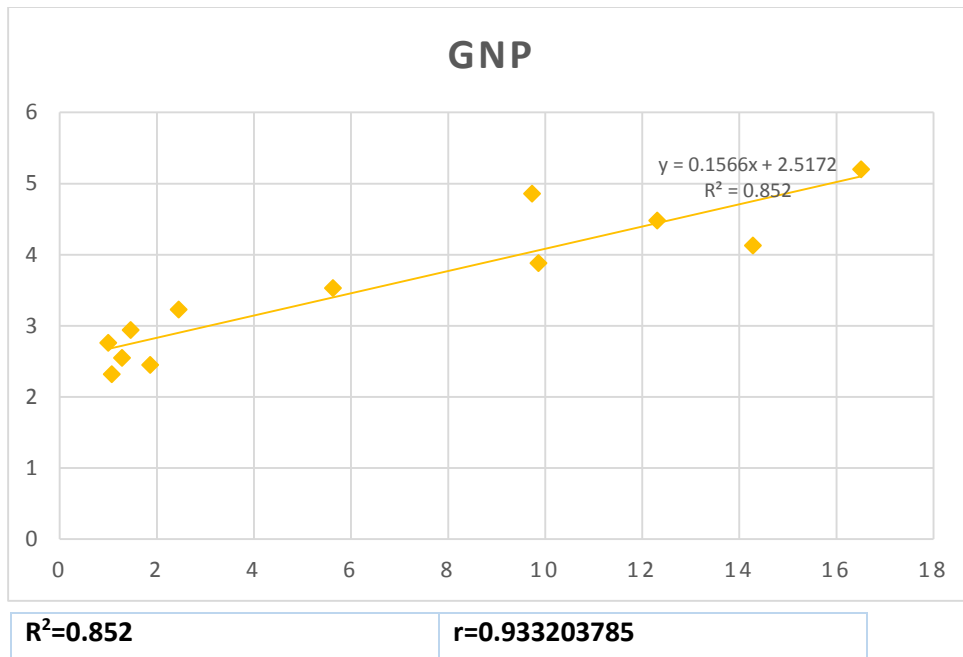


Analysis: Karl Pearson’s Coefficient of correlation for total FDI and GDP in India is 0.92184448. This analysis shows that the two variables FDI and GDP have a strong positive correlation between them as it



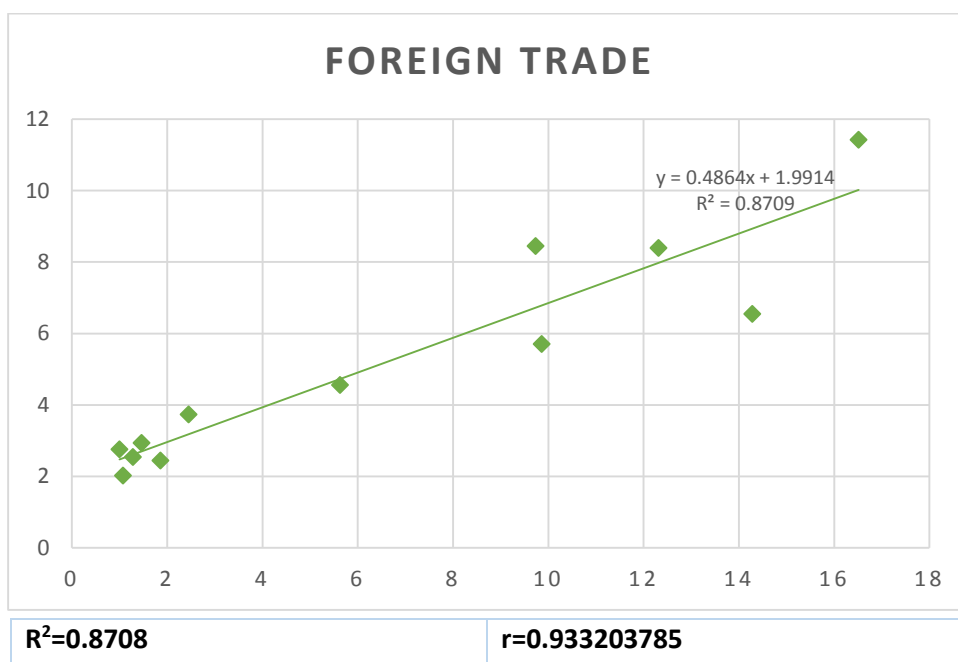
is closer to 1. This indicates that increase in the inflow of Fdi leads to growth in gross domestic product of the country.

Figure 6 Graphical analysis of FDI and GNP



Analysis: Karl Pearson’s Coefficient of correlation for total FDI and GNP in India is 0.923043731 .This Analysis shows that the two variable FDI and GDP have strong positive correlation between them as it is closer to 1. This indicates that increase in the inflow of Fdi leads to growth in gross national product of the country.

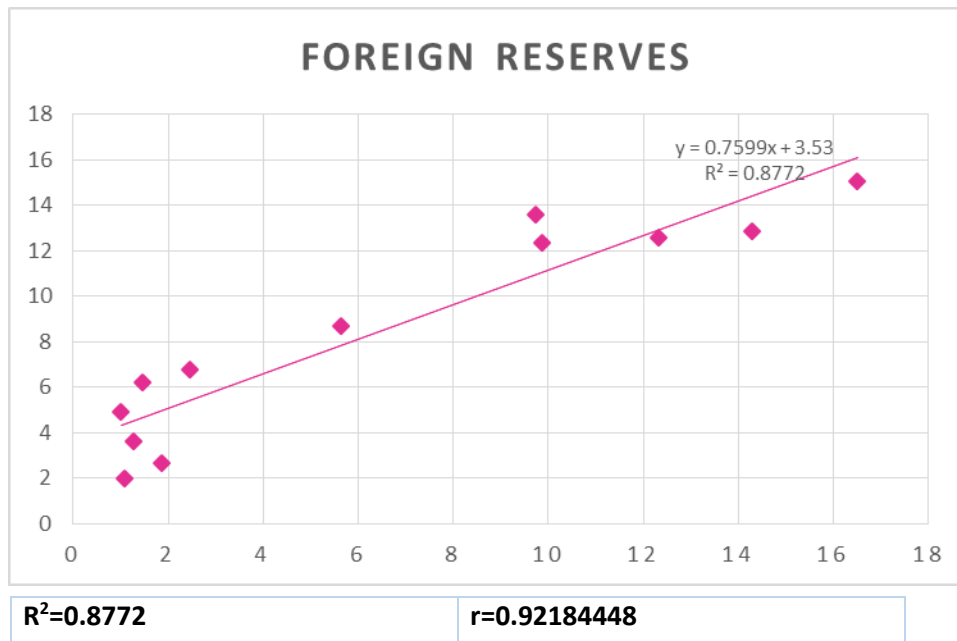
Figure 7 Graphical analysis of FDI and Foreign trade



Analysis: Karl Pearson’s Coefficient of correlation for total FDI and Foreign trade in India is 0.933203785.This Analysis shows that the two variable FDI and Foreign trade are highly positive

correlation between them as it is closer to 1. This indicates that increase in the inflow of Fdi leads to growth in foreign trade of the country.

Figure 8 Graphical analysis of FDI and Foreign reserves



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 trade are highly positive correlation between them as it is closer to 1. This indicates that increase in the inflow of Fdi leads to growth in foreign reserves of the country.

**12. RECOMMENDATIONS:**

CSR activities now a days is important part of the economy MNC who have still not be a part of csr activities strict actin by the government should take. There should be reduction on restrictions of Fdi, 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 in India help target suitable foreign investors so that there will be more growth in economy. Provide open, transparent and dependable conditions for all kinds 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.

**13. CONCLUSION:**

Establishment of MNC the world of Privatisation, globalisation and Liberalisation, have plays an important role in development of economy. For achieving sustainable growth of the company FDI is essential. Fdi also have 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 there all the factors are interlinked showing flow of data in same direction. Both Fdi and Foreign reserves, Fdi and foreign trades are highly positively correlated. International oppourtunities 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 Nature 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 organization which has the resources and scope to think, to plan, and to act with worldwide planning of markets and sources. Many International Opportunities require capital and technology only large scale multinational corporations can supply”

## REFERENCES:

Dr. Ashok Pawar “Role of Multinational corporations in India” Volume: 2, Issue 10, October 2013, ISSN No 2277 – 8179

Dr. Ranjan Kshetrimayum and Pushparani Naorem “MULTINATIONAL COMPANIES IN INDIA - AN ANALYSIS” Sai Om Journal of Commerce & Management Volume 2, Issue 1 (January, 2015)

<http://www.economicdiscussion.net/multinational-corporations/role-of-multinational-corporations-in-the-indian-economy/10917>

<https://futureofworking.com/7-advantages-and-disadvantages-of-multinational-corporations>

<https://www.gr8ambitionz.com/2016/12/Role-of-MNCs-in-india.html>

<https://www.groupdiscussionideas.com/open-economy-role-of-mncs-in-india>

<https://www.livemint.com>

<https://www.mbaknol.com>

Shameema Ferdausy & Md. Sahidur Rahman “Impact of Multinational Corporations on Developing” Countries” The Chittagong University Journal of Business Administration, Vol. 24, 2009, pp. 111-137

Tigari, Harish, and Chandrashekhar, R. “Multi-National Companies in India - A Critical Review.”

Shanlax International Journal of Economics, vol. 7, no. 2, 2019, pp. 52-57

Vinay Kumar “Trend of FDI in India and Its Impact on Economic Growth” International Journal of Science and Research (IJSR), 2319-7064

[www.corporatefinanceinstitute.com/resources/knowledge/strategy/multinational-corporation/](http://www.corporatefinanceinstitute.com/resources/knowledge/strategy/multinational-corporation/)

[www.economicdiscussion.com](http://www.economicdiscussion.com)

[www.moneycontrol.com](http://www.moneycontrol.com)

[www.researchgate.net](http://www.researchgate.net)

[www.scribd.com](http://www.scribd.com)

[www.worldbank.org](http://www.worldbank.org)

