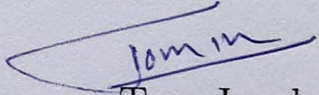


TOM JACOB “IMPACT OF FOREIGN INVESTMENT FLOWS ON INDIAN ECONOMY IN THE POST LIBERALISATION ERA.” THESIS. RESEARCH DEPARTMENT OF COMMERCE ST THOMAS’ COLLEGE (AUTONOMOUS), UNIVERSITY OF CALICUT, 2019.

# DECLARATION

I hereby declare that the thesis entitled "**Impact of Foreign Investment Flows on Indian Economy in the Post Liberalisation Era**" is a bonafide record of research work done by me, under the supervision of Dr. Thomas Paul Kattookaran. I further declare that no part of the thesis has been presented before fully or partially for any degree, diploma or other similar title of the University.

Thrissur  
01 – 08 – 2019

  
Tom Jacob  
(Research Scholar)

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Twenty five years have passed since Indian economy began to experience and experiment with foreign investment. Much has been heard - both positively and negatively- about its impact on the economy from the common parlance, policy makers and academic world. This study is an attempt to verify what is heard and delve deep into the impact of foreign investment on the Indian economy. In other words this study is an attempt to understand and analysis how strong is the grip of the foreign investment on Indian economy through its two arms - FDI and FPI.

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# Abbreviations

AIC	Akaike's Information Criterion
ADRs	American Depository Receipts
ADF	Augmented Dickey Fuller Test
ANR	Average Nifty Return
APT	Arbitrage Pricing Theory
ARCH	Autoregressive Conditional Heteroskedasticity
ARDL	Auto Regressive Distributed Lag
ASR	Average Sensex Return
BoP	Balance of Payments
BSE	Bombay Stock Exchange (Sensex)
CAD	Current Account Deficit
CMR	Call Money Rate
COP	Crude Oil Price
DIPP	Department Of Industrial Policy & Promotion
ECB	External Commercial Borrowings
ECM	Error Correction Model
ECT	Error Correction Term
EG	Engle and Granger Co-integration
ER	Exchange Rate
FDI	Foreign Direct Investment

FER	Foreign Exchange Reserve
FI	Foreign Investment
FII	Foreign Institutional Investment
FIIs	Foreign Institutional Investors
FPE	Final Prediction Error
FPI	Foreign Portfolio Investment
FTA	Free Trade Agreement
GCC	Gulf Cooperation Council
GARCH	Generalized Autoregressive conditional Heteroskedasticity Model
GDP	Gross Domestic Product
GDRs	Global Depository Receipts
HQ	Hannan-Quinn's Information Criterion
IR	Interest Rate
IIP	Index of Industrial Production
IRF	Impulse Response Function
L	Natural Logarithm of the Variables
LR	Log Likelihood Ratio
M3	Money Supply (Broad Money)
MC	Market Capitalization
MNC	Multi National Corporation
NSE	National Stock Exchange
NCF	Net Capital Flows
NEER	Nominal Effective Exchange Rate
NDCC	Non-Debt Creating Capital
OLS	Ordinary Least Square Techniques
RBI	Reserve Bank of India

REER	Real Effective Exchange Rate
SEBI	Securities Exchange Board of India
SIC	Schwarz's information criterion
SMR	Stock Market Return
TBR	Treasury Bill Rates (T-bill rates)
TO	Trade Openness (Export + Import/ IIP)
VAR	Vector Auto Regression
VDC	Variance Decomposition
VECM	Vector Error Correction Method
WPI	Wholesale Price Index