

## IMPACT OF FDI ON AGRICULTURAL, INDUSTRIAL AND SERVICE EMPLOYMENT IN INDIA

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### Abstract

*A country like India which is economically progressing and growing FDI plays a significant role in the overall development of the economy, FDI refers to long term assistance by one nation into an another nation it basically involves assistance in various investments, transmission of technical know-how and expertise, an overall increase in FDI indicates increase in overall growth in the economy. The significance of FDI was sighted from when India had gained its independence. However, the essential economic reforms took place in 1990's when India accepted liberalisation and globalisation policies, which basically expanded the FDI inflows into India. The present paper focuses on FDI flows and employment in basic three sectors of India. FDI can be considered as one of the most definitive stimulant of creating employment in India. The Indian economy is been labelled as agrarian economy, and there are three sectors which are divided as primary sector which is the agriculture sector second there is secondary sector which has industrial sector and the tertiary sector has service sector. The objective of the paper is to examine the association and study the impact of FDI on agricultural, industrial and service employment in India. The data have been considered for the period 2000-01 to 2017-18. Statistical methods like ARDL Long Run Form and Bounds Test, Robust Least Squares are been utilized to find accurate results.*

**Keywords:** FDI, agricultural employment, industrial employment, service employment

### Introduction

According to the IMF and OECD definitions, foreign direct investment (FDI) is basically defined as a cross border investment made by an entity resident in one economy in an enterprise resident in another economy with the aim of acquiring a lasting interest and control. In other words, FDI refers to the net inflows in an enterprise operating in other than that of the investor. FDI acts as a bridge to fulfil the gap between domestic investment and domestic saving.

FDI has gained wide recognition as a striking measure of economic growth and development in both developed and developing economies. The role of FDI is very important with regard to transfer of technology know how. The objective behind allowing FDI is to complement and supplement domestic investment, for achieving a higher level of economic development and providing opportunities for technological improvement, as well as access to global managerial skills and practices. There is a long-standing impression among the policy makers that FDI is more conducive to long-run growth and development than other forms of capital inflows. With respect with the above discussions, FDI's will boost the economy that is GDP and GDP will increase only when the business increases moving further business will develop only if trading takes place both at domestic and international markets, business experience economies of scale only when volume of production increases which means along with FDI technology comes in thereby leading to change in the working pattern takes place. There is basically a direct and positive relationship between FDI and employment. As companies are operated in India they require both skilled and unskilled labour. In India labour is a cheap source and available is easily. Therefore, FDI provides employment to every section of people. The present paper basically focuses on the association between employment and FDI inflows in India.

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