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THE EFFECT OF FOREIGN DIRECT INVESTMENTS ON ECONOMY

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ABSTRACT

An international transaction is one in which commodities, capital, or a specialised service are exchanged or sent outside of the international borders with prior approval from government authorities. Almost every country's GDP is intertwined with global commerce in one way or another. In a historical context, international commerce has been around for thousands of years and was used to build and deepen the ties between nations in terms of both social and economic aspects. Exported goods and services are those that are sold on the international market, whereas imported goods and services are those that are purchased from beyond the international boundary. Incentives for the investor include tax exemptions or reductions, development of site upgrades or new building amenities, and big local infrastructures such as highways or rail lines. Concessions that shift policies for: decreased taxes and tariffs; limiting safeguards for smaller-business from the big or global; and laxer implementation of rules on labour safety and environmental preservation are more politically challenging (particularly for less-developed countries). It is not uncommon for these "cooperations" to be corrupted because they are often done in secret. FDI investments may be hazardous, plagued with setbacks, and delayed for years before they finally come to fruition. Phase one's completion is still up in the air, even after the signing ceremonies have concluded and work has begun. Since junk bonds carry such large risk premiums, lenders and investors are prepared for them. For many nations, FDI has been hindered by these high costs and frustrations.

KEYWORDS: *Foreign Direct Investment, FDI, FDI in India, FDI and Its Impact.*

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