

Questions

Chapter 4 Unit V: International Capital Movements

Prepared by Dr. Alice Mani Jacob

1. Foreign capital may flow into an economy in different ways.' Explain the different types of foreign capital?
2. Define foreign direct investment?
3. What is meant by foreign portfolio investment?
4. Enumerate the components of foreign direct investment?
5. Distinguish between horizontal and vertical foreign direct investment
6. What are the different routes for securing FDI?
7. What is meant by FDI automatic route?
8. Why does FDI signify of a long-term relationship with the host country?
9. Distinguish between horizontal direct investment and vertical direct investment
10. Explain the reasons for the speculative nature of foreign portfolio investments
11. The chief motive for shifting of capital getting behind the tariff wall'.
12. What are the major goals of market -seeking FDI ?
13. Do foreign direct investment inflows contribute to the economic growth of developing countries?
14. Explain briefly six major implications of inviting foreign direct investment (FDI) for developing economies?
15. Explain the concept of resource or asset-seeking FDI in the context of growth of FDI in developing countries
16. 'Efficiency spillovers from FDI positively influence the productivity of domestic firms' Elucidate

17. Do you think foreign direct investment (FDI) can have positive impacts on productivity? Substantiate your answer
18. Explain how policy framework of the host country can be a disincentive to foreign investors?
19. Explain the role of business facilitation by host country as a determinant of FDI
20. 'FDI help generates a competitive environment in the host country'. How?
21. Do you think FDI can accelerate economic growth and development in developing countries? What are the limitations?
22. What possible effects do FDI have on labour employment in the recipient country?
23. What are the potential effects of FDI on consumers and producers?
24. Do you think foreign capital results in income inequalities?
25. Explain the concept of 'crowding-out' effect of foreign investments
26. Do you think FDI may lead to decreasing competitiveness of domestic firms?
27. What are the host country factors that may discourage inflow of foreign investments?
28. What are the different modes of Foreign Direct Investment (FDI)
29. Mention the effects of FDI on host country labour.
30. What impact does FDI have on host country employment?
31. Outline the effect of FDI on technology of host country?
32. Enumerate the effect of FDI on domestic industries?
33. Do you think FDI would help prevent formation of monopolies? How ?
34. Do you agree with the argument that FDI is likely to reduce employment?
35. What are the implications of FDI on domestic resource use?
36. Why did India discourage FDI in its early stages?

37. What are the features of FDI? Compare and contrast with FPI?
38. What are the characteristics of foreign portfolio investments (FPI)?
39. Enumerate the host country determinants of foreign direct investment?
40. What are the benefits of foreign direct investments to the human capital of the host country?
41. Critically examine the environmentalists' arguments against the entry of foreign direct investments
42. Write a note on foreign direct investment in India.
43. Give an account of overseas direct investments by Indian companies?
44. Elucidate the potential costs of foreign direct investment?
45. Explain the state of affairs of foreign direct investment in India.
46. What are the grounds on which the opponents of foreign investments criticize the flow of FDI to developing countries?
47. Mention two arguments made in favour of FDI to developing economies like India? Illustrate your answer.
48. Which are the sectors in India where FDI is prohibited? Why?
49. "Foreign capital is not a bag of unmixed blessings as far as its impact on the host country is concerned". Comment on this statement.
50. What are the modes in which an Indian company may receive foreign investment?
51. Explain the concept of 'Tariff Jumping' What effect does it have on domestic producers?
52. What is the essential feature of FDI?
53. If a British manufacturer of household appliances wants to take advantage of the cheaper labour available in the India, what are the investment possibilities open to it?