

A SUMMARY OF THEORIES GOVERNING FDI INFLOWS IN DEVELOPING AND DEVELOPED COUNTRIES

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Abstract

After the Second World War, FDI has acquired a significant role in the international economic environment. To understand the reasons behind such upsurge movements in the FDI flows, one needs to analyze the various motivations that cause a company to invest abroad rather than indulging in exports or outsourcing the production processes to domestic firms. Various researchers in the past have contributed to the literature providing newer pieces of evidence to explain the phenomenon of FDI flows; however, there is no consensus on a single approach or theory.

Keywords: Theories of FDI, Developed Countries, Developing Countries, FDI inflows, Foreign Direct Investment

JEL classification: E22, F21