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FINDINGS

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BRIEF STUDY TO TREND ANALYSIS OF FDI INFLOWS INTO THE ISRAEL DURING 1971-2015

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ABSTRACT

In this paper contain the FDI inflows of Israel during four decades. At present his research very important to need Israel due to what about the position of FDI inflows of Israel, whereas the Israel economy will be slowly shake off because happened to the other developed countries financial and debt crisis. This study consists of trend analysis of FDI inflows into the Israel during 1971 to 2015, then the years will be split into the decades, and every decade concerned with ten years, so here for decades used for the trend analysis and last decade concern with fifteen years. Foreign direct investment (FDI) can play an important role in an economy's development effort. Here used in the index number average and the annual growth rate to find out trend analysis of FDI inflows of Israel. While discussing the position of global and developed countries FDI and this paper also presented advantages, disadvantages and benefits of FDI inflows of Israel.

KEYWORDS

FDI inflows, global FDI, index number and AGR, linear growth rate.

INTRODUCTION

In this paper mainly concern with encouraging or faster for economic development and growth of Israel to use through trend analysis. The paper study about trend analysis FDI inflows of Israel during 1971 to 2015 use of time series date of finding the index, average, annual growth rate and linear growth rate of FDI inflows into the Israel. The Israeli economy is still one of the world's most attractive targets for foreign direct investment (FDI), and Israel is in fourth place in the world as a target for foreign investment in proportion to GDP with FDI totaling 4% of GDP in 2015**.** The Republic of Ireland has a relatively small population of 4.5 million, is a parliamentary democracy, and its capital is Dublin. Ireland has a very high literacy rate of 99% and high education standards, as well as a strong life expectancy of 78.9 years. It also has a well-balanced infrastructure, with a GDP of $203.89 billion and a GDP per capita rate of $45,497. The country is ranked 7 for its press freedom, economic freedom, and political freedom it offers to the public. Ireland was in the process of rapid economic growth and development when the global recession began in 2008. Ireland than experienced negative GDP and accumulated massive debt, being rated as one of the five European "P.I.I.G.S." (Portugal, Ireland, Italy, Greece, and Spain) and losing two points on the Human Development Index Scale. Still, collaborating with EU leaders (France and Germany) to relieve this problem and continue developing forward[1].

FDI

Foreign Direct Investments (FDI) is investment of foreign assets into domestic structures, equipment, and organizations. FDI inflows are in the primary market and do not include foreign investments into the stock markets. It is a long-term investment and is used by the developing countries as a source of their economic development, productivity growth, to improve the balance of payments and employment generation. Its aim is to increase the productivity by utilizing the resources to their maximum efficiency. Exit is relatively difficult in this phenomenon.

World Bank definition: Foreign direct investment is the net inflows of investment to acquire a lasting management interest (10 percent or more of the voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors, and is divided by GDP.[2]

IMPORTANCE OF ISRAEL

- Population: 7.9 million
- GDP (PPP): $273.7 billion
- 3.3% growth in 2013
- 5-year compound annual growth 3.6%
- $34,770 per capita
- Unemployment: 6.7%
- Inflation (CPI): 1.5%
- FDI Inflow: $11.8 billion
- Public Debt: 66.7% of GDP

STATEMENT OF THE RESEARCH PROBLEM

In this study only based on the trend analysis of FDI inflows of Israel. During 1970s FDI inflows of Israel was very slowdown comparative to among the European Union and other developed countries. Unprecedented of FDI inflows of Israel after 1990s the implications new economic policy will helpful to gradually increase the FDI inflows of Israel. It means abolish to the trade restriction and motivated to FDI inflows. Used here only for a simple method for Trend analysis, Index number, average, annual and linear growth rate.

NEED FOR THE STUDY

At presently this paper analyses are highly tremendous. Israel is one of the developed country along with other developed and European Countries. The role of FDI can be under recognized in the growth process of developing country, especially in the united Asian developed country of Israel the importance and contribution of FDI for the economic growth has been realized very much for the past four decades the developed country like Israel still require more FDI compared to other developing countries. In this context, there is lack or not available, research work on Israel with basic or elementary of trend analysis and very limited studies is available about the distribution of FDI inflows in various developed countries and the role of FDI promotes the growth of these countries. Hence the present study is undertaken.

OBJECTIVES

In this paper deliberately done used by the following objectives and the paper will structure in objective wise;

1. To study the Trend analysis of FDI inflows of Israel
2. To study the Global FDI
3. To study the advantages, disadvantages and benefits of FDI inflows of various developed countries
4. To study the problems faced by during FDI inflows

METHODOLOGY

DATA REQUIREMENTS

The time series data on total FDI inflows would FDI inflows into developed countries. Israel FDI inflows of the Israel are required for the present study.

SOURCE OF DATA

The data are collected from published sources for this research study mainly from the World Bank publications and UNCTAD.

CHOICE OF TIME PERIOD

In this paper take out the study period is 1971 to 2015, the forty-five years divided into four decades, each decades contain ten years and the last decade was only considered about fifteen years

ANALYSIS OF DATA AND TOOLS USED

In this chapter, all the data on FDI are taken in US dollars. The growth of the FDI has been assessed through Trend analysis like to find out the Index number, average and annual growth rate of FDI inflows.

LIMITATIONS OF THE STUDY

In this work concern with only FDI inflows of Israel during 1971-2015. Here data were collected from published sources that are secondary data. This paper works out trend analysis and did it not take considered about any other factors

REVIEW OF LITERATURE

During the last decade a number of interesting studies of the function of foreign direct investment in stimulating economic growth have seemed. Experienced researched research work will be used for present research work.

Dr. Vandana Tyagi (2015)[4], in his study on "Growth Prospect and opportunities for foreign investors in Indian Education Sector". In his paper's main purpose of the FDI inflows into the Indian Education Sector. Over the last decade, the Education sector in India has grown leaps and bounds. The Indian Education space is by far the largest capitalized space in India with Government spend of USD 30 bn and private spend of USD 50 bn. India has one of the world's largest education systems, which includes 1.3 million schools, 30,000 colleges and 542 universities. Current law allows 100 per cent FDI in education. According to the recent data revealed by the Department of Industrial Policy and Promotion (DIPP), foreign investors have contributed more than US$200 million in the Indian education sector and the number is going to increase steeply in coming years as well. The rapidly growing education sector of India holds a potential to attract more than US$ 75 billion in the next couple of years on the virtue of infrastructure development and skilled professionals in India. There is a strong opportunity for foreign companies and private players to penetrate into the education space of India. In terms of number of collaborations forged by Foreign Universities with Indian Educational Institutions, in 2011 alone, a total of 161 collaborations was reported. The opportunity is available in all three different segments, including vocational training, higher education and schools.

Osama M. Badr Tahar L. Ayed (2015)[5], in their study on "The Mediator Role of FDI in North Africa: Case of Egypt." The main purpose of this paper is to examine the various factors that attract Foreign Direct Investment (FDI) in North Africa countries, in order to find answers to the following question: What are the determinants / impediments of FDI inflow to North Africa countries? The study investigates the relationship between FDI and the economic growth in the North African countries, covering the period 1961-2012.They find results from of the analysis suggest that FDI is explained by some economic determinants but has non- significant effect on GDP growth. This study also investigates FDI Behaviour in Egypt and explaining this behaviour. Although, it is rolling among economists that Foreign Direct Investment (FDI) positively affect economic growth, but they did not specify who benefit more home country or host country? [1] The researcher result an empirical finding was misleading sometimes. Also, there is no general consensus among the economists on the determinants of FDI. Through this theoretical controversy there are three questions dominating the FDI literature 1. Why FDI inflow is biased towards only to a few countries? 2. What are the determinants of FDI inflow? 3. What is an Impact of FDI on economic growth? Thus, Study Objectives are: 1. Identify the most important determinants of FDI inflow. 2. Solve the controversy over the impact of foreign investment in the growth of the host country. 3. Study Egyptian FDI behaviour Case. The study will be organized in three sections as follows: First: Theoretical and Literature Review of the determinants of FDI inflow and Impact of FDI on economic growth. Second: Analyse FDI inflow position in Egyptian Economy. Third: Comparison study between North African countries on the most effective determinants of FDI inflow and Impact of FDI on economic growth. Finally, their results and recommendations.

Arshad Hayata (2014)[6], in his study on" FDI and Economic Growth: The Role of Natural Resources. "In this paper, he explored the links between the inflow of FDI, natural resource abundance and economic growth. This paper is an attempt to analyse a larger sample of 106 countries and investigate the impact of FDI inflow on the economic growth of the Host country. Further, natural resource abundance is considered to slow down the economic growth. His paper explored if the natural resource abundance affects the FDI-growth relationship. Using panel data for a sample the period 1993-2012, the paper uses a fixed effects model and conclude that FDI inflow accelerates economic growth of the host country. However, the presence of natural resources slows down the FDI induced growth. The same results hold after controlling for endogeneity.

Richard Bruton, T.D (2014)[7], in his study on "Policy Statement on FDI in Ireland. "In this paper on examined Ireland's economic growth is dependent on a sustainable, competitive enterprise base encompassing both indigenous and foreign owned firms that trade internationally, those that currently serve local markets with the potential to internationalize, and those that will continue to play a key role in serving local demand. Foreign Direct Investment (FDI) has been a key contributor to Ireland's economic development and growth through providing rewarding employment for over 250,000 people directly, knowledge transfer, and transformation of the enterprise base. Global competition for the attraction of FDI has intensified significantly in recent years. Inward investment can continue to make a substantial contribution to Ireland's economic development. If they continue to create the right conditions and environment that meet the needs of today's globalised businesses. There is a distinction too, between the broader FDI policy framework, which is about developing the Ireland 'product' and that requires the commitment of a number of government departments, agencies and stakeholders; and investment promotion that is primarily the role of IDA Ireland. Ireland's relative cost competitiveness, corporate tax rate and available direct firm level financial supports remain critically important - but in reality they are no longer aspects that will substantially Differentiate Ireland's offering for FDI over the longer term. They need both to maintain a competitive offering in these areas and at the same time redouble efforts to develop and reinforce other aspects to truly differentiate Ireland's offering. They have made some pivotal policy shifts in the past that helped to set Ireland apart in terms of researching FDI offering, for example: education reforms in the 1960s; investment in International Financial Services Centre (IFSC) in the 1980s; Global Crossing in the late 1990s1; and the step change in Science, Technology and Innovation investments since 2000, among others. Step changes of a similar scale are needed to ensure that they sustain globally differentiated competitive advantage. They will focus on differentiating Ireland's offering in three key areas: talent; connected world leading research; and place-making to provide attractive city regions to live, work and attract investment. They will also strengthen our approach to sectoral ecosystem development and to effective execution. It is important to acknowledge that FDI is ultimately a business decision. Fundamentally, Ireland's FDI policy is about competing successfully for the right FDI for Ireland's economy; it is about ensuring that those investments are sustainable and contribute optimally to job creation and economic growth; and it is about ensuring that the decision to invest in Ireland remains strategically the best choice for the multinationals who are considering many alternatives today. This Policy Statement is based on research and analysis undertaken by Forfás, informed by multinational businesses, global FDI trends, Ireland's FDI performance, FDI policy approach internationally, and international Investment Promotion Agency (IPA) approaches.

Stanislav Černoša (2014)[8], in their study on "The between trade, FDI, and immigration: Using the gravity model." This paper provided a new empirical framework that analyses the importance of the link between trade, FDI, and immigration. A further significant contribution of this analysis is the appropriate handling of a large number of zeroes in migration statistics. In this way, the unbalanced panel database of the 15 core European member states (EU15) as destination countries is formed. The researcher's results of the estimation show that the introduced explanatory variables, such as the common language, destination country's population, and great circle distance between two countries, represent the most significant deterministic factors that generally explain the share of the immigrant population. It is also confirmed that the sending country's population, trade, FDI, and sending country's landlocked position are important determinants positively influencing the share of immigration.

Y lmaz Bayar (2014)[9], in her study on “Effects of economic growth, export and foreign direct investment inflows on unemployment in Turkey.”In this paper reviewed there have been significant increases in trade volume and foreign direct investment flows in the world in parallel with globalization since 1980s. This study examined the relationship between unemployment, economic growth, export and foreign direct investment inflows in Turkey during the period of 2000:Q1-2013:Q3 by using a bound testing approach based on autoregressive distributed lag. They found that there was a long run relationship between unemployment, economic growth, export and foreign direct investment inflows. Moreover the researcher’s empirical findings demonstrated that there was a negative relationship between unemployment and economic growth, export, while there was a positive relationship between unemployment and foreign direct investment inflows.

Cuneyt kilic yılmaz bayar feyza arica (2014)[10], in their study on “Effects of Currency Unions on Foreign Direct Investment Inflows: The European Economic and Monetary Union Case.” In this paper analysed Reducing exchange rate and inflation, transaction costs and achieving the economic convergence among member countries are major causes of establishing a monetary union. This paper examined the effects of European Economic and Monetary Union on inflows of foreign direct investments to the Euro zone by using panel data from 16 Group of 20 countries for the period 1999-2012. They found that real GDP, GDP growth rate and exchange rates of 16 Group20 countries affect inflows of real foreign direct investment positively while exchange rate volatility, inflation volatility and distance affects inflows of real foreign direct investment negatively. So European Economic and Monetary Union contribute to the inflows of foreign direct investment by reducing the exchange rate volatility, inflation volatility and distance and supporting economic growth

Nuno Carlos Leitão And Saeed Rasekhi (2013)[11], in their study on “The impact of foreign direct investment on economic growth: the Portuguese experience.” In this paper examined the link between economic growth and foreign direct investment in Portugal. Using a panel data approach, the results show that there is convergence among Portugal and her trading partners. The researcher’s results also demonstrate that foreign direct investment and bilateral trade promote economic growth. The growth is negatively correlated with inflation and the initial level of GDP per capita. As in previous studies taxes plays a minor role in determining the growth.

Baba Insah (2013)[12], in her study on “Foreign Direct Investment Inflows and Economic Growth in Ghana.” In this paper analysed, there exists mixed empirical evidence on the size of gains from Foreign Direct Investment (FDI) inflows for the economies of different countries. The paper thus investigated the relationship between economic growth and FDI inflows a dynamic framework. A study of this sort would inform policy on the role of lagged, coincident and leading effects of FDI on economic growth. Engle-Granger two-step methodology for error correction was employed. The major empirical and methodological contribution of this study is the use of Dynamic Ordinary Least Squares (DOLS) technique. Dynamic OLS becomes better than OLS by coping with small sample sources of bias. The elasticity of economic growth with respect to FDI had a positive sign and also significant at the 1% level. However, the effect of a three (3) year lag of FDI on economic growth had a negative sign and significant at the 5% level. Policy makers should thus not concentrate on current macroeconomic inflows of FDI but consider an effect of past FDI inflows on current levels of economic growth. The study period spanned from 1980 to 2010. A dynamic relationship between FDI and Economic growth was modelled for the economy of Ghana. Investigation of the series reveals the presence of Co integration between FDI and economic growth. Two distinctive empirical techniques were used for the study. A static error correction (ECM) and DOLS model specified in a log-log form were utilized. Findings suggest that the model’s feedback effect is low and therefore a slow pace of adjustment towards equilibrium due to shocks in the short run. The results are consistent with most of the earlier empirical findings. There exists a positive relationship between economic growth and FDI. However, lagged values of FDI have an inverse relationship with economic growth. Policy makers should thus not concentrate on current macroeconomic inflows of FDI but consider the effects of past FDI inflows on current levels of economic growth.

Nina Charbon (2012)[13], in his study on “The Effect of The Crisis on The Investment towards the Netherland.” In this paper reviewed sheds light on the several factors of Foreign Direct Investment (FDI) inflows into the Netherlands over the period 1996-2012. In this research, it is assumed that due to the financial crisis the determinants of FDI and the amount of FDI inflows in the Netherlands have changed. The variable market size, market potential, labour costs, unemployment rate and exchange rate are considered important attractors for the Netherlands, and therefore expect to influence the FDI inflows. The study is guided by the following research question: “To what extent does the crisis have an effect on the important economic determinants that attract FDI towards the Netherlands?” By testing some hypotheses using a regression analysis, there was no significant evidence found that these variables explain the amount of FDI inflows into the Netherlands. It can be concluded that the FDI net inflow in the period during the crisis has decreased. Although, the explanatory variables do not seem to explain this decrease in FDI and therefore the stated hypotheses cannot be supported. This study contributes to current research by yielding more insight into the FDI inflows in the Netherlands in these current unstable times. Future research should not only focus on the host country, but should also pay attention to the conditions of the home country. In addition, more variables that explain the amount of FDI have been ignored in this study due to lack of data and knowledge, however that should be given more priority in further research.

Mohammad Mafizur Rahman Muhammad Shahbaz Abdul Farooq (2012)[14], in their study on “Financial Development, International Trade and Economic Growth in Australia: New Evidence from Multivariate Framework Analysis.” In this paper investigated the relationship between financial development, international trade and economic growth in the case of Australia over the period of 1965-2010. The ARDL bounds testing approach to Co integration was applied to examine the long run relationship between the series, while stationary properties of the variables were tested by applying two structural break tests i.e. Zivot-Andrews (1992) and Clemente et al. (1998).

The researcher empirical evidence confirmed the long run relationship among the variables. Their results showed that financial development, international trade and capital are the drivers of economic growth both in the short run as well as in the long run. The feedback effect exists between international trade and economic growth. Financial development Granger causes economic growth validating the supply-side hypothesis in the case of Australia.

Patrick Enu, Ma Emmanuel Dodzi K. Havi, Prudence Attah-Obeng,(2012)[15], in their study on “Impact of Macroeconomic Factors On Foreign Direct Investment In Ghana: A Co integration Analysis.”In this paper examined the determinants of Foreign Direct Investment Inflows to Ghana. The main objective of this study was to find out the major macroeconomic determinants of Foreign Direct Investment in Ghana between the periods 1980 to 2012. All the variables considered were integrated at first order, as a result the Johansen's Co integration approach was used and the result showed that the variables were not Co integrated. Therefore, the vector autoregressive model was estimated. The result showed that the first past year of Foreign Direct Investment, The last two years of exchange rate and trade openness were statistically significant. Based on the findings, they recommend that policies that encourage Foreign Direct Investment, moderate exchange rate depreciation and increasing trade openness should be implemented.

Stephen Kirchner (2012)[16], in his study on” Foreign Direct Investment in Australia Following the Australia–US Free Trade Agreement.” In this paper reviewed, a model of inward foreign direct investment in Australia is estimated. Foreign direct investment is found to be positively related to economic and productivity growth and negatively related to foreign portfolio investment, trade openness, the exchange rate and the foreign real interest rate. Foreign direct investment is found to be a substitute for both portfolio investment and trade in goods and services. The exchange rate and the US bond rate affect foreign direct investment through the relative attractiveness of domestic assets. Actual foreign direct investment outperforms a model-derived forecast in recent years, consistent with the liberalization of foreign investment screening rules following the Australia–US Free Trade Agreement.

Peter Enderwick (2012)[17], in his study “Inward FDI in New Zealand and its policy context.” In this paper analysed New Zealand, with a low domestic savings rate, has long depended on inward foreign direct investment (IFDI) to facilitate growth and development. The country’s IFDI stock reached US$ 70 billion in 2010, and averaged 51% of GDP over the decade 2000-2010. While recent inward FDI flows, US$ 636 million in 2010 and US$ 3.4 billion in 2011, have been lower than those of other comparable economies, reliance on IFDI is high. New Zealand's policy toward IFDI is based on the creation of an attractive investment climate (low costs of doing business, low levels of corruption, few restrictions); few specific incentives are offered. Major investment sources are Australia and the United States. IFDI is significant in mining, trade and the banking and finance industries. While there is considerable public disquiet regarding the levels and sources of inward investment, future prospects have looked strong with the recently re-elected Government committed to further privatization. New Zealand, with its low savings rate, is highly dependent on foreign investment, including IFDI for maintaining its investment at desirable levels. While there is some public suspicion about the benefits of such investment, a new wave of IFDI is likely in the near future. Data on IFDI are limited, and we know very little about the impact of such investment, particularly the second round effects. Interestingly, New Zealand outward FDI, while directing to the same economies that provide most of its IFDI, is a fraction of inward FDI. A clearer understanding of the links between the two would be helpful in developing effective policy.

Basem Mohammed Louzi1 & Abeer Abadi (2011)[18], in their study on "The Impact of Foreign Direct Investment on Economic Growth in Jordan." In this paper analysed Foreign direct investment (FDI) is assumed to be benefiting a poor country like Jordan. Jordan offers attractive investment opportunities for foreign companies and has adopted a number of policies to attract foreign direct investment into the country. This paper focuses on the FDI-led growth hypothesis in the case of Jordan. The study is based on time series data from 1990 to 2009. The econometric framework of co integration and error correction mechanism was used to capture two way linkages between variables interest. An econometric result shows that FDI inflows do not exert an independent influence on economic growth. And also the impact of DIN and TP on GDP growth rate is found to be positive. Based upon these results the ultimate objective of the Jordan government is to attract FDI for development an appropriate policy mix is necessary to be taken in the future. This paper has examined the relationship between FDI and GDP using time series data from the Jordanian economy. In Jordan FDI has increased dramatically since the 1985. Many studies find a positive link between FDI and growth. But econometric result shows that FDI inflows do not exert an independent influence on economic growth. And also the direction of causation is not towards from FDI to GDP growth but GDP growth of FDI. That is the direction growth impact of FDI on the Jordanian economy has not existed so far. The impact of DIN and TP on GDP growth rate is found to be positive. Net attitude of the civil society and foreign firm towards FDI in the country is positive. Net attitude reveals that the investment climate has improved in Jordan as a result of; political stability and the implied policy stability, good developed infrastructure facilities and high levels of human capital. The importance of FDI can't be over stated. As a result, the investment climate in the country must be improved more through appropriate measures such as creating more transparency in the trade policy and more flexible labor markets and setting a suitable regulatory framework and tariff structure. Currently Jordan provides an attractive investment regime due to the financial crisis, but the response from the investor has not been very encouraging. If the ultimate objective of the government is to attract FDI for development an appropriate policy mix is necessary to achieve these.

Lauge Skovgaard Poulsen and Gary Clyde Hufbauer (2011)[19],in their study on" Foreign Direct Investment in Times of Crisis." In this paper compared the current foreign direct investment (FDI) recession with FDI responses to past economic crises. The authors find that although developed country outflows have taken an equally big hit as major developed countries have after past crises, outflows seem to be bouncing back more slowly this time. By contrast with the overall decline in recent years, inflows to emerging markets often remained stable during their past economic crises. Both patterns indicate that the global scale of the current crisis has led to a greater FDI response than after individual country crises in the past. Compared with global economic downturns since the 1970s, the current FDI recession has also been greater in magnitude. The exception is the FDI plunge in the early 2000s, despite the much smaller economic crisis at the time. The authors conclude by recommending that policymakers not just further liberalize FDI regimes as they find was the typical pattern during earlier crises, but rather use the downturn to rethink their FDI policies with an enhanced focus on "sustainable FDI" promotion.

Elif Arbatli (2011)[20], in his study on "Economic Policies and FDI Inflows to Emerging Market Economies." In this paper investigates the determinants of FDI inflows to emerging market economies, concentrating on the effects of economic policies. The empirical analysis also addresses the role of external push factors and of political stability using a domestic conflict events database. The results suggest that lowering corporate tax rates and trade tariffs, adopting fixed or managed exchange rate policies and eliminating FDI related capital controls have played an important role. Domestic conflict events and political instability are found to have significant negative effects on FDI, which highlights the role of inclusive policies to promote growth and avoid sudden stops of FDI inflows. The global financial crisis has led to a substantial contraction in FDI inflows to emerging market economies. Although other short-term inflows have resumed (at least more broadly), FDI inflows have remained subdued in many countries. The extent to which inflows are driven by domestic policies or other country-specific factors is an important policy question given the role of FDI in financing investment. This paper found that both global push factors and economic policies had a significant effect on FDI inflows for the set of emerging market economies in our sample, especially during 2008–09 as G-7 growth rates declined and uncertainty regarding future economic prospects increased. Among the set of pull factors that were considered, lowering corporate tax rates and tariffs and a stable exchange rate were found to be statistically important determinants of FDI inflows. Accounting for the effects of policy changes or shifts was found to be useful in explaining sharp increases in FDI inflows. Among other country-specific variables that are more structural in nature, and hence changing more slowly education was found to be highly significant. Political stability also appears to be a crucial factor in attracting FDI inflows. Countries that are more prone to domestic conflict and political instability have experienced lower FDI than other countries with similar characteristics. Although the analysis in this paper does not concentrate on the sources of domestic conflict and instability, the significant negative effects of domestic conflict on FDI suggests that economic policies that promote inclusive growth may be highly important. Countries that experience repressed instability may in the future face sudden stops of inflows, reversing previous gains from prudent macroeconomic policies. The empirical exercise presented in this paper fails to consider many potentially relevant policy measures because of data limitations. Going forward, expanding the set of policy variables included in the empirical exercise may yield useful insights. Their empirical work also focuses exclusively on the impact of policies on FDI inflows, but does not investigate factors that link higher FDI inflows with growth and social outcomes. As has been noted elsewhere, the growth benefits of FDI accrue mainly through technology transfers, imports of knowledge and managerial expertise, and spillovers to other industries and competition. Additional actions are usually needed to ensure that these conditions materialize and that the benefits of higher, FDI-induced growth are widely shared. Such measures include investments in infrastructure and human capital (which also attract more FDI); improvements in governance, labour market performance, and financial sector intermediation and the establishment of social safety nets to protect the most vulnerable.

Imola Drigă (2011)[21], in her study on "FDI Flows and Host Country Economic Development." In this paper examined, the propose of the paper is to analyze the relation between economic development and FDI flows. FDI should have a positive effect on economic growth as a result of positive externalities generated for host countries by multinational companies (MNCs). There are several studies on this issue, some of them pointing out that FDI has a considerable positive effect on host country economic growth but the magnitude depends on host country conditions, while other works indicate that there is no powerful interdependence between inward FDI to host country economic growth. However, it is generally accepted that there is a functional link between the degree of openness of trade and foreign direct investment, growth and dynamics of domestic investment flows, showing that FDI is an "accelerator" of domestic investments. It is generally accepted that most countries tend to attract foreign direct investment because of its acknowledged advantages as an instrument of economic development. Thus, evidence suggests that foreign direct investment is playing an increasing role in the global economy as firms increase their cross-border investments. The main benefits of inward FDI for a host country are the resource transfer effect; the employment effect; the balance of payments effect; effects on competition and economic growth. FDI is an important tool for technology transfer, contributing relatively more to growth than domestic investment.

Dah Frederick Kwasi Khadijah Mwinibuobu Sulemana (2010)[22], in their study on" The Contribution of Oil To The Economic Development Of Ghana: The Role Of Foreign Direct Investments (FDI) And Government Policies". In this paper reviewed, Crude oil can attract a lot of investments and development into a country but when not managed well can as well cause a lot of destruction and conflict. Like fire, crude oil is a good servant but can be bad master too depending on how it is handled. Using Dunning"s eclectic paradigm, a positive relationship between foreign direct investment and locational attraction was established. Of the two components within the locational attraction, natural resource attracts more foreign direct investment than market size in the case of Africa. It was established through our case study of Angola that oil attracts foreign direct investment because oil is a location attraction which attracts foreign firms. These investments on the other hand contribute to the productive capacity of the receiving country thus stimulating economic development. However, the availability of natural resources (oil) and its ability to attract foreign investment does not guarantee economic development. The establishment of appropriate institutions, mechanisms and policies would ensure efficient use of oil revenue for sustained economic growth. They identified vital policy options (the Fund mechanism and spending rule) available in Ghana, with inference from Norway, which could help evade the „Dutch Disease‟. Oil production could thus attract more foreign direct investment and contribute to the economic development of Ghana only on condition that appropriate oil revenue management policies are implemented.

Lucyna Kornecki, Vedapuri Raghavan (2010)[23], in their study on "Inward FDI Stock and Growth in Central and Eastern Europe". In this paper analysed the foreign direct investment (FDI) in Central and Eastern Europe (CEE) during the post communist era and tests the hypothesis that FDI contributes to the economic growth of the CEE countries. It reflects macroeconomic changes in post communist CEE and estimates the impact of the FDI stock on economic growth in the CEE using model based on the production function. This paper finds a positive association between FDI and economic growth in the CEE and a tremendous impact of FDI stock on GDP growth.

BASIS OF ISRAEL

Israel gained independence in 1948, and its vibrant democracy remains unique in the region. Prime Minister Benjamin Netanyahu, re-elected in January 2013, leads a right-of-center coalition government. Israel has developed a modern market economy with a thriving high-technology sector that attracts considerable foreign investment because of reliable property rights. The recent discovery of large offshore natural gas deposits has improved Israel's energy security and balance-of-payments prospects. Despite the 2006 war against Hezbollah in Lebanon and the 2008–2009, 2012, and 2014 wars against Hamas in Gaza, and despite the constant threat of terrorism, Israel's economy remains fundamentally sound, growing by over 3 percent in 2013. Some more detailed concepts are discussed followings;

Israel's average tariff rate is 0.7 percent. The government has worked to facilitate trade. It maintains some sectoral restrictions on foreign investment but generally welcomes investment. The evolving financial system dominated by banks, functions without undue government influence. The credit is allocated on market terms, and relatively sound regulation and supervision assure free flows of financial resources.

With no minimum capital requirement, incorporating a business takes five procedures, but completing licensing requirements take over 200 days on average. The labour market remains relatively flexible, and labour costs are moderate. Prices are generally set by market forces, but the government controls food prices and subsidizes some political priorities (e.g., West Bank settlement housing and green energy initiatives).

Fairly frequent high-level corruption investigations (e.g., leading to the 2014 bribery conviction of a former prime minister), coupled with a strong societal intolerance for graft, have led to a governance environment with relatively low levels of corruption. Israel has a modern and independent legal system that provides an effective means for enforcing property and contractual rights

The top individual income tax rate is 48 percent, and the top corporate tax rate is now 26.5 percent. Other taxes include a value-added tax and a capital gains tax. The overall tax burden is equivalent to 28.3 percent of domestic production. Government expenditures equal 41.7 percent of domestic output, and public debt equals 67 percent of gross domestic product[24].

FOREIGN DIRECT INVESTMENT, NET OUTFLOWS (% of GDP)

In below table kindly explain the, foreign direct investment, net outflows (% of GDP) in Israel was 1.61 as of 2013. Its highest value over the past 8 years was 10.16 in 2006, while its lowest value was 0.82 in 2009.Foreign direct investment is the net inflows of investment to acquire a lasting management interest (10 percent or more of the voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows net outflows of investment from the reporting economy to the rest of the world and is divided by GDP.[25]

FOREIGN DIRECT INVESTMENT, NET OUTFLOWS (% of GDP)

TABLE 1

Year	Value
2005	2.09
2006	10.16
2007	4.87
2008	3.37
2009	0.82
2010	3.90
2011	3.55
2012	1.27
2013	1.61

Source: IMF, IFSABOP, World Bank, OECD GDP estimators

FOREIGN DIRECT INVESTMENT, NET (BoP, current US$)

The latest value of Foreign direct investment, net (BoP, current US$) in Israel was ($7,134,100,000.00) as of 2013. Over the past 8 years, the value for this indicator has fluctuated between $3,578,500,000.00 in 2010 and ($7,134,100,000.00) in 2013.Foreign direct investment are the net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows total net FDI. In BPM6, financial account balances are calculated as the change in assets minus the change in liabilities. Net FDI outflows are assets and net FDI inflows are liabilities. Data are in current U.S. dollars[26].

FOREIGN DIRECT INVESTMENT, NET (BoP, current US$)

TABLE 2

Year	Value
2005	1,872,500,000.00
2006	166,300,000.00
2007	194,400,000.00
2008	3,664,600,000.00
2009	2,743,500,000.00
2010	3,578,500,000.00
2011	70,900,000.00
2012	4,797,900,000.00
2013	7,134,100,000.00

Source: IMF, BOPS year book.

FOREIGN DIRECT INVESTMENT, NET INFLOWS (BOP, current US$)

The latest value of Foreign direct investment, net inflows (BOP, current US$) in Israel was $11,804,200,000 as of 2013. Over the past 43 years, the value of this indicator has fluctuated between $15,295,500,000 in 2006 and $11,000,000 in 1979. Foreign direct investment refers to direct investment equity flows in the reporting economy. It is the sum of equity capital, reinvestment of earnings, and other capital. Direct investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy. Ownership of 10 percent or more of the ordinary shares of voting stock is the criterion for determining the existence of a direct investment relationship. Data are in current U.S. dollars[27].

FOREIGN DIRECT INVESTMENT, NET INFLOWS (BOP, current US$)

TABLE 3

Year	Value
1970	49,000,000
1971	57,000,000
1972	114,000,000
1973	149,000,000
1974	84,000,000
1975	45,000,000
1976	47,000,000
1977	81,000,000
1978	39,000,000
1979	11,000,000
1980	51,000,000
1981	114,400,000
1982	21,300,000
1983	78,500,000
1984	89,500,000
1985	112,300,000
1986	143,400,000
1987	224,100,000
1988	267,200,000
1989	160,400,000
1990	151,000,000
1991	345,600,000
1992	588,500,000
1993	604,900,000
1994	441,600,000
1995	1,350,300,000
1996	1,397,100,000
1997	1,633,800,000
1998	1,737,400,000
1999	4,150,000,000
2000	8,047,500,000
2001	1,771,300,000
2002	1,582,500,000
2003	3,322,000,000
2004	2,946,900,000
2005	4,818,400,000
2006	15,295,500,000
2007	8,798,100,000
2008	10,874,100,000
2009	4,438,100,000
2010	5,509,600,000
2011	9,094,100,000
2012	8,055,200,000
2013	11,804,200,000

Source: IMF, BOPD, UNCTAD

The Israeli economy is still one of the world's most attractive targets for foreign direct investment (FDI), according to the annual Organization for Economic Co-operation and Development (OECD) report. Foreign direct investment refers to investments in companies and production outside the realm of the stock market. Whenever a foreign company buys an Israeli start-up, it is counted as FDI. According to the latest report; Israel is in fourth place in the world as a target for foreign investment in proportion to GDP with FDI totaling 4% of GDP in 2013, behind Luxembourg, Ireland and Chile. Israel's ratio of FDI to GDP was significantly higher than the OECD aggregate ratio of 1.4%, the euro bloc's aggregate ratio of 1.4%, and the 20 most important countries' aggregate ratio of 1.6%. Furthermore, Israel's ratio of incoming FDI was higher than the aggregate ratio for emerging markets, including the aggregate ratio for the BRICs countries (Brazil, Russia, India, and China), which attracted most of the FDI over the past decade[28].

WHY YOU SHOULD CHOOSE TO INVEST IN ISRAEL

STRONG POINTS

Israel is the country which invests the most in research and development (4.8% of the GDP) in the world. The country has a highly qualified manpower, particularly in engineering. The country is ranked 2nd place in the world, with regard to availability of venture capital. The government provides the necessary support to entrepreneurs.

WEAK POINTS

Corporate tax is relatively high. The State of Israel has a significant public debt. Manpower costs are higher than Asian or East European countries. Lastly, Israel suffers from great geopolitical instability due to the political environment of the region.

Government Measures to Motivate or Restrict FDI Foreign investment incentives, to encourage investment in Israel, are given through the recently revised law. The new law differs from the first one by the addition of a financial incentive plan. For further information, consult Invest in Israel[29].

TABLE 4: FDI INFLOWS BY COUNTRIES AND INDUSTRY

Main Investing Countries	2013, (in %)
USA	32.4
Caiman Islands	8.1
The Netherlands	8.0
Hong Kong	3.1
Switzerland	2.1
UK	2.1
Germany	1.0

Source: central bureau of statistics

TABLE 5

Main Invested Sectors	2013, (in %)
Manufacturing	32.8
Telecommunications, computer programming and information services	13.7
R&D	7.3
Financial services (except insurance and pension funds)	3.8
Financial mediation	4.5
Real estate	4.0
Construction	1.0

Source: central bureau of statistics

INFLOW OF GLOBAL FOREIGN DIRECT INVESTMENT

Global foreign direct investment increased over the period. In 1970 the world FDI was 14282.05 million of US Dollars (6.09 per cent). It's comparatively increasing the world FDI in 198054078.33 million of US dollars (31.29 percent). During 2001 the position of world FDI was 826177.1 million of US Dollars (19.30 per cent). It was comparatively decreasing the world FDI in 2011 243671 million of US dollars (18.36 percent). The United Nations conference on Trade and development said that there was no significant growth of Global FDI in 2010. In 2010 were 1,122 billion of US dollars and in 2009 were 114 billion of US Dollars. The figure was 25 percent below the pre-crisis average between 2005 &2007.

In 2013, FDI flows returned to an upward trend. Global FDI inflows rose by 9 per cent to $1.45 trillion in 2013. FDI inflows increased in all major economic groupings developed, developing, and transition economies. The Global FDI stock rose by 9 per cent, reaching $25.5 trillion. UNCTAD projects that global FDI flows could rise to $1.6 trillion in 2014, $1.75 trillion in 2015 and $1.85 trillion in 2016. The rise will be mainly driven by investments in developed economies as their economic recovery starts to take hold and spread wider. The fragility in some emerging markets and risks related to policy uncertainty and regional conflict could still derail the expected upturn in FDI flows. As a result of higher expected FDI growth in developed countries, the regional distribution of FDI may tilt back towards the "traditional pattern" of a higher share of developing countries in global inflows. Nevertheless, FDI flows to developing economies will remain at a high level in the coming years.

FDI flows to developing economies reached a new high at $778 billion (table 1), accounting for 54 per cent of global inflows, although the growth rate slowed to 7 per cent, compared with an average growth rate over the past 10 years of 17 per cent. Developing Asia continues to be the region with the highest FDI inflows, significantly above the EU, traditionally the region with the highest share of global FDI. FDI inflows were up also in the other major developing regions, Africa (up 4 per cent) and Latin America and the Caribbean (up 6 per cent, excluding offshore financial centres).

Although FDI to developed economies resumed its recovery after the sharp fall in 2012, it remained at a historically low share of total global FDI flows (39 percent), and still 57 percent below its peak in 2007. Thus, developing countries maintained their lead over developed countries by a margin of more than $200 billion for the second year running. Developing countries and transition economies now also constitute half of the top 20 economies ranked by FDI inflows. Mexico moved into tenth place. China has recorded its largest ever inflows and maintained its position as the second largest recipient in the world. FDI by transnational corporations (TNCs) from developing countries reached $454 billion – another record high. Together with transition economies, they accounted for 39 per cent of global FDI outflows, compared with only 12 per cent at the beginning of the 2000s.

Six developing and transition economies ranked among the 20 largest investors in the world in 2013 increasingly, developing-country TNCs is acquiring foreign affiliates of developed-country TNCs in the developing world. In 2015 World GDP was US$ 81,544.49 Billion, which represented growth of 3.847 % over 2014. Average GDP was US$ 430.02 Billion. For the year 2015, global inflation was running at 3.92 %, investment as a % of world GDP was 25.173 %, gross national savings as a % of world GDP was 25.455 %, and the current account balance of all countries stood at US$ 270.644 Billion of global GDP.[30]

TREND ANALYSIS OF FDI INFLOWS IN TO THE ISRAEL DURING 1971 TO 2015

In this part, an attempt is made to analysis broad trends in Foreign Direct investment inflows of the Israel developed country. To be more specific this part describes the FDI inflows in terms of actual value, FDI index and annual growth rate. For above countries this analysis was done using 43 years data over the period from 1971 to 2013 for each of the four portions of the years Israel developed economy depending on the availability of data.

FDI INFLOWS INTO ISRAEL DURING 1971-1980

The table shows that data on FDI inflows into Israel during the decade from 1971 to 1980, FDI inflows into Israel has grown sizably. The value of FDI inflows has increased from 59 million of US dollars in 1971 to drastically decrease on 9 million of US dollars in 1980. The highest index number was 149 in 1973. In this decade the highest annual growth rate was 72 per cent in 1977 and the lowest annual growth rate was -71.79 per cent in 1979. During the same decade, the average value of FDI inflows and annual growth rate was works out to 63.8 of US dollars and -9.42 percent and linear growth rate -13.28 per year respectively

TABLE 6: FDI INFLOWS INTO THE ISRAEL DURING 1971-1980 (millions of US dollars)

Year	FDI inflows in millions	Index no	AGR
1971	59	100	-
1972	114	193.22	93.22
1973	149	252.54	30.70
1974	84	142.37	-43.62
1975	45	76.27	-46.43
1976	47	79.66	4.44
1977	81	137.29	72.34
1978	39	66.10	-51.85
1979	11	18.64	-71.79
1980	9	15.25	-18.18
Average	**63.8**	**-9.42**	**-13.28**

Source; UNCTAD database

FDI INFLOWS INTO ISRAEL DURING 1981-1990

The table reveals that data on FDI inflows into Israel during the decade from 1981 to 1990, FDI inflows into Israel has grown gradually. The value of FDI inflows has increased from 80 million of US dollars in 1981 to touched 137 millions of US dollars in 1990. The highest index number was 344.00 in 1988. In this decade the highest annual growth rate was 266.67 per cent in 1983 and the lowest annual growth rate was -39.97 per cent in 1989. During the same decade, the average value of FDI inflows and annual growth rate was works out to 131.051 of US dollars and 7.93 percent and linear growth rate 8.93 per year respectively.

TABLE 7: FDI INFLOWS INTO THE ISRAEL DURING 1981-1990 (millions of US dollars)

Year	FDI inflows in millions	Index no	AGR
1981	80	100	-
1982	21	26.25	-73075
1983	75	96.25	266.67
1984	88	110.00	14.29
1985	112.3	140.38	27.61
1986	143.4	179.25	27.69
1987	224.1	280.13	56.28
1988	267.2	344.00	19.23
1989	160.4	200.5	-39.97
1990	137.02	171.4	-14.51
Average	**131.051**	**7.93**	**8.93**

Source: UNCTAD database

FDI INFLOWS INTO ISRAEL DURING 1991-2000

The table depicted that data on FDI inflows into Israel during the decade from 1991 to 2000, FDI inflows into Israel has grown slowly. The value of FDI inflows has increased from 49 million of US dollars in 1991 to touched 6957 million of US dollars in 2000. The highest index number was 4016.10 in 1997 and next highest position of index value is 14038.42 in 2000. In this decade the highest annual growth rate is 513.13 per cent in 1992 and the lowest annual growth rate was-1.19 per cent in 1998. During the same decade, the average value of FDI inflows and annual growth rate was works out to 1548.71 of US dollars and percent and linear growth rate were-9.68 this decade year respectively.

TABLE 8: FDI INFLOWS INTO THE ISRAEL DURING 1991-2000 (millions of US dollars)

Year	FDI inflows in millions	Index no	AGR
1991	49.56	100	-
1992	303.868	613.13	513.13
1993	471.85	952.08	55.28
1994	475.199	958.84	0.71
1995	1576.598	3181.09	231.78
1996	1616.775	3262.27	2.55
1997	1990.376	4016.10	23.11
1998	1966.699	3968.32	-1.19
1999	4187.194	8448.74	112.90
2000	6957.443	14038.42	66.16
Average	**1959.56**	**1548.71**	**-9.68**

Source; UNCTAD database

FDI INFLOWS INTO ISRAEL DURING 2001-2015

The table shows that data on FDI inflows into Israel during the decade from 2001 to 2015, in this decade only concern with thirteen years of FDI inflows in Israel has grown increasingly. The value of FDI inflows has increased from 1771.72 million of US dollars in 2001 to touched 15295.88 million of US dollars in 2006. The next year FDI inflows in Israel instantaneously up down just only 89 million of US dollars in 2002. The highest index number was 812.54 in 2006. In this decade the highest annual growth rate was 198.78 per cent in 2006 and the lowest annual growth rate was -57.64 per cent in 2010. During the same decade, the average value of FDI inflows and annual growth rate was works out to 7120.23 of US dollars and 401.88 percent and linear growth rate 39.49 per decade respectively.

TABLE 9: FDI INFLOWS INTO THE ISRAEL DURING 2001-2015 (millions of US dollars)

	FDI inflows in millions	Index no	AGR
2001	1771.72	100	-
2002	1582.84	89.34	-10.66
2003	3322.393	187.52	109.90
2004	2947.35	166.36	-11.29
2005	4818.272	271.95	63.48
2006	14395.88	812.54	198.78
2007	8798.282	496.60	-42.48
2008	10274.70	579.93	16.78
2009	4607.03	260.03	-57.64
2010	6335	357.56	37.51
2011	8728.1	492.635	58.42
2012	8467.84	477.95	-2.98
2013	12449	702.66	47.02
2014	6739	380.37	-45.87
2015	11566	652.8	71.63
Average	**7120.23**	**401.88**	**39.49**

Source; UNCTAD database

ADVANTAGES OF FDI

- Advantages of FD Investment of a foreign company in the American market can provide new technologies, capital, products, organizational technologies, management skills and potential cooperation and business opportunities for local businesses. For example, Volkswagen, a European automotive manufacturing company, is building a plant in Tennessee. Its investment needs, local small businesses as suppliers -- from the construction sector during building, from suppliers of equipment and accessories in the automotive industry and from other businesses, such as cleaning services and plumbers.

- The global retailers have advanced management know how in merchandising and inventory Management and have adopted new technologies which can significantly improve productivity and efficiency in retailing.
- Entry of large low-cost retailers and adoption of integrated supply chain management of them is likely to lower down the prices
- FDI in retailing can easily assure the quality of product, better shopping experience and customer services.
- They promote the linkage of local suppliers, farmers and manufacturers, no doubt only those who can meet the quality and safety standards, to global market and this will ensure a reliable and profitable market to these local players.
- As multinational players are spreading their operation, regional players are also developing their supply chain differentiating their strategies and improving their operations to counter the size of international players. All this will encourage the investment and employment in supply chain management.
- Joint ventures would ease capital constraints of existing organized retailers.
- FDI would lead to expansion of opposite cell formats as well as modernization of a sector.
- Industry trends for retail sector indicate that organized retailing has major important
- FDI in retail trade would not attract large inflows of foreign investment since very little investment is required to conduct retail business. Goods are bought on credit and sales are made on a cash basis. Hence, the working capital requirement is negligible. On the contrary; after making the initial investment in basic infrastructure, the multinational retailers may remit the higher amount of profits earned in India to their own country.

Some other advantages the party making the investment is usually known as the parent enterprise and the party invested in can be referred to as the foreign affiliate. Together, these enterprises form what is known as a Transnational Corporation (TNC), and here are some of the advantages of such an arrangement.

- Many countries still have several import tariffs in place, so reaching these countries through international trade is difficult. There are certain industries that require being present in international markets in order to succeed, and they are the ones who then provide FDI to industries in such countries, so that they can increase their sales presence there.
- Many parent enterprises provide FDI because of the tax incentives that they get. Governments of certain countries invite FDI because they get additional expertise, technology and products. So to welcome these benefits they provide great tax incentives for foreign investors, which ultimately suit all parties.
- Foreign investment reduces the disparity that exists between costs and revenues, especially when they are calculated in different currencies. By controlling an enterprise in a foreign country, a company is ensuring that the costs of production are incurred in the same market where the goods will ultimately be sold.
- Different international markets have different tastes, different preferences and different requirements. By investing in a company in such a country, an enterprise ensures that its business practices and products match the needs of the market in that country specifically.
- Though this is not such a big factor, some markets prefer locally produced goods due to a strong sense of patriotism and nationalism, making it very hard for international enterprises penetrate such a market. FDI helps enterprises enter such markets and gain a foothold there.
- From the foreign affiliate's point of view, FDI is beneficial because they get advanced resources and additional capital at their disposal. Something like this is always welcome, and it also helps strengthen the political relationships between various nations.

DISADVANTAGES OF FOREIGN DIRECT INVESTMENT

While all these advantages are well and good, the fact is that there are certain cons that come along with them as well. Every industry, and every country, deal with these cons differently, and is also affected in varying degrees, so they are not meant to discourage foreign investors in any way. But every parent enterprise should be aware of these points.

- **Unstable economic conditions.** Much of FDI takes place in the developing world, which is just developing its economic systems. The market conditions in the developing world can be quite unstable and unpredictable.
- **Unstable political and legal system.** A bigger problem may be unstable or underdeveloped political and legal systems. A company may have to deal with a corrupt or unstable political system. Additionally, the legal system may be underdeveloped. Contracts and property rights may not be easily enforced.

DISADVANTAGES OF FDI IN MULTI-BRAND

- The decision set off fears that multinational giants will put small retailers and local shops that service households will be wiped out. Those in favour of FDI say that this unlikely since local mom-and-pop shops give personalized services like home delivery that these huge deep-discount stores won't.
- FDI in multi-brand retail has many pre-conditions, though. The minimum FDI limit has been set at $100 million. Half of any investment has to be made in infrastructure like cold-storage chains and warehouses. This is designed to help the agricultural sector and India has a severe shortage of these.
- The most problematic condition, from the point of view of investors, will be that at least 30 per cent of the goods to be sold will have to be sourced from local producers. Analysts say that MNCs might have a problem of quality control and supply
- Foreign investments are always risky because the political situation in some countries can change in an instant. The investor could suddenly find his investment in serious jeopardy due to several different reasons, so the risk factor is always extremely high.
- In certain cases, political changes could lead to a situation of 'Expropriation'. This refers to a scenario where the government can take control of a firm's property and assets, if it feels that the enterprise is a threat to national security.
- Many times, the cultural differences between different countries prove insurmountable. Major differences in the philosophy of both the parties lead to several disagreements, and ultimately a failed business venture. So it is necessary for both the parties to understand each other and compromise on certain principles. This point is directly related to globalization as well.
- Investing in foreign countries is infinitely more expensive than exporting goods. So an investor should be prepared to spend a lot of money for the purpose of setting up a good base of operations. This is something that parent enterprises know and are well prepared for, in most cases.
- From the point of view of foreign affiliates, FDI is ill-advised because they lose their national identity. They have to deal with interference from a group of people who do not understand the history of the company. They have unreal expectations placed on them, and they have to handle several cultural clashes at the same time.

The disadvantages of foreign direct investment occur mostly in care of matters related to operation distribution of the profits made on the investment and the personnel. One of the most direct disadvantages of foreign direct investment is that economically backward section of the host country has been always inconveniently when the stream of foreign direct investment negatively affected.

The situations in countries like Inland Singapore, Chile and China corroborate such an opinion. It is normally the responsibility of the host country to limit the extent of impact that may be made by the foreign direct investment. They should be making sure that the entities that are making the foreign direct investment in their country adhere to the environmental governance and social regulations that have been laid down in the country.

The various disadvantages of foreign direct investment are understood where the host country has some sort of national secret. Something that is not mean to be disclosed to the rest of the world. It has been observed that the defense of a country has faced risks as a result of the foreign direct investment in the economy or country.

At times it has been observed that certain foreign policies are adopted that are not appreciated by the workers of the recipient country. Foreign direct investment at times, is also disadvantage for the ones who are making the investment themselves.

The Foreign direct investment may entail high travel and communications expenses. The difference of language and culture that exist between the country of the investor and the host country could also pose problems in care of foreign direct investment.

BENEFITS

GROWTH IN EMPLOYMENT

When foreign companies start operation they usually hire people, especially if the investment is Greenfield, i.e. if a new facility is created and if the production is more labour intensive, i.e. requires many people. Often, local companies become suppliers to a large new employment.

INCREASED FOREIGN EXCHANGE RESERVES

When U.S. companies invest in Mexico, they exchange dollars for pesos to buy land and equipment and to pay wages. The U.S. investors purchase dollars from the Mexican banks. The banks can lend the dollars to Mexican firms and households or they can sell the dollars to the Mexican central bank. When the dollars end up with the Mexican central bank, it keeps them in reserves so that Mexico can pay its international debts and imports.

NEW TECHNOLOGY

Foreign companies often introduce new technologies and train local personnel. Sometimes, after working at the foreign company for several years, an employee would leave and start his/her own business or would be hired by a domestic company. In that way the knowledge is transferred from the international company for the domestic companies.

BETTER MANAGERIAL KNOW-HOW

Multinationals have well-functioning management structures that can be observed by local employees. These employees could spin off local companies using that managerial know-how.

NEW EXPORT MARKETS

Foreign companies usually have established channels for placing their output on international markets. For example, if Ford starts making cars in Mexico, they already have plans to sell them back in the U.S. and other countries.

PROBLEMS FACED BY DURING FDI INFLOWS

The Foreign direct investment may entail high travel and communication expense the difference of language and culture that exists between the country of the investor and the host country could also pose problems in case of foreign direct investment. In time it has been observed that certain foreign policies are adopted. That is not appreciated by the workers of the recipient country. Foreign direct investment in time also problematic for the ones.

In time it has been observed that there is considerable instability in a particular geographical region. This causes lots of inconvenience to the investor.

The size of the market, as well as the condition of the host country could be important factors in the case of the foreign direct investment. In case of the host country is not well connected with their more advanced neighbours, it poses a lot of challenges for the investors.

At times it has been observed that the governments of the host country are facing problems with foreign direct investment. It has less control over the functioning of the company that is functioning as the wholly owned subsidiary of an overseas company.

This leads to serious issues the investor does not have to be completely obedient to the economic policies of the country where they have invested the money. At times there have been adverse effects of foreign direct investment on the balance of payments of a country.

Despite the fact that most countries. These days both welcome and actively to promote and attract FDI, these are still wide divergences. This can be explained by differences in competitive advantages as well as differences in investment climate both of which can be influenced by host country.

Foreign investors are often discouraged by a number of factors such as the small size of markets. Trade restriction; low level of development of the private sectors; limited access to finance; stability of the legal system and inconsistent implementation and interpretations of laws; an excessive of rad-tapism and cumbersome bureaucratic producers; wide discretionary powers give to tax and customs authorities; widespread corruption; political and instability geographic isolation; lack of democratic reforms; and a slow pace of the privatization process.

Generally the investment related policies of the government are concerned, these are fine in spirit. However, their actual implementation continues to create obstacles for both local and foreign investors. An inefficient and non-too honest bureaucratic system in primarily responsible for this problem. All the administrative barriers are in fact generated from bureaucratic system.

The extent of the administrative barriers in quite long winded and also interrelated. Poor policy design and implementation. Competitive weakness, Structural impediments, low quality of infrastructure and skills, weak institutions, poor governance and administrative hassles represent the administrative barriers that discourage potential FDI. The main drawbacks in the bureaucratic system are inefficiency and corruption. Turning the whole administrative functionaries into a harassing experience.

There is a serious lack of co-ordination between the policy implementing agencies of the government and investors. Due to this, investors' suffering goes up. This induces lots of hassles in the implementation process and creates barriers for the investors in getting due on incentives offered by the government and ultimately discourages foreign investors to proceed on.

The various disadvantages of foreign direct investment are understood, where the host country has some sort of national secret. Something that is not meant to be disclosed to the rest of the world. It has been observed that the defence of a country has faced risks as a result of the foreign direct investment in the economy or the country.

At times it has been observed that certain foreign policies are adopted that are not appreciated by the workers of the recipient country. Foreign direct investment at times, is also disadvantage for the ones who are making the investment themselves. The Foreign direct investment may entail high travel and communications expenses.

The difference of language and culture that exist between the country of the investor and the host country could also pose problems in care of foreign direct investment.

Yet another major disadvantage of foreign direct investment is that there is a hence that a company may lose out on its ownership of an overseas company. This has often caused many companies to approach foreign direct investment with a certain amount of caution.

FURTHER RESEARCH WORK

This research work only concern with basic trend analysis with Index No, AGR, Average and LGR the data brought from UNCTAD. Here only discussed with FDI trend analysis, advantages and disadvantages of FDI, what are the problems will be based during FDI inflows, what are benefits are there during FDI inflows and finally global FDI inflows these things only were studied. Further work may be depends on the income level, employment, trade, GDP and job opportunity of the FDI inflows of the respective country.

FINDINGS AND CONCLUSION

In this paperwork based on FDI inflows of Israel depends on forty five years, which is spilt out of four decades. FDI flows of Israel had very great ups and downs compared to other developed and developing countries. In first decade. The value of FDI inflows has increased from 59 million of US dollars in 1971 to drastically decrease on 8 million of US dollars in 1980. The highest index number was 149 in 1973. In this decade the highest annual growth rate was 72 per cent in 1977 and the lowest annual growth rate was -71.79 per cent in 1979. The average value of FDI inflows and annual growth rate was works out to 63.8 of US dollars and -9.42 percent and linear growth rate -13.28 per year respectively. In during 1981 to 1990, FDI inflows into Israel have grown gradually. The value of FDI inflows has increased from 80 million of US dollars in 1981 to touched 137 millions of US dollars in 1990. The highest index number was 267.2 in 1988. In this decade the highest annual growth rate was 266.67 per cent in 1983 and the lowest annual growth rate was -39.97 per cent in 1989. During the same decade, the average value of FDI inflows and annual growth rate was works out to 131.051 of US dollars and 7.93 percent and linear growth rate 8.93 per year respectively. FDI inflows into Israel during the decade from 1991 to 2000, FDI inflows into Israel has grown to slowly reach out and finally high level. The value of FDI inflows has increased from 49 million of US dollars in 1991 to touched 6957 million of US dollars in 2000. The highest index number was 4016.10 in 1997 and next highest position of index value is 14038.42 in 2000. In this decade the highest annual growth rate is 66.16 per cent in 2000 and the lowest annual growth rate was-1.19 per cent in 1998. During the same decade, the average value of FDI inflows and annual growth rate was works out to 1548.71 of US dollars and percent and linear growth rate were -9.68 this decade year respectively. FDI inflows into Israel during the decade from 2001 to 2015, in this decade only concern with thirteen years of FDI inflows into Israel has grown increasingly increased from 1771.72 million of US dollars in 2001 to touched 15295.88 million of US dollars in 2006. Instantaneously ups and down just only 89 million in US dollars in 2002. The highest index number was 812.54 in 2006. In this decade the highest annual growth rate was 4607.03 per cent in 2009 and the lowest annual growth rate was -57.64 per cent in 2010. The average value of FDI inflows and annual growth rate was works out to 7120.23 of US dollars and 401.88 percent and linear growth rate 39.49 per decade respectively. Finally concluded that FDI inflows of Israel were increased year by year and step by step, but FDI was increased differently, it means every year of a particular decade of FDI decreased, were within the decade FDI decreased but between the decade FDI inflows very tremendously increased compared to each and every year.

In Really concluded that Countries interested in attracting FDI and preventing domestic firms from going abroad face an intense degree of international tax competition induced by global capital's increased mobility and sensitivity to tax policies. Given this reality, Israel must maintain a competitive business tax regime to keep and attract global capital. The reduced tax rate for export-oriented production that the Law for the Encouragement of Capital Investment provides is an important component of this competitiveness. An appropriate resolution to the real or perceived inequity caused by distinct corporate tax rates in Israel would be to lower the overall corporate rate to match the rate made available to qualified firms under the Law for the Encouragement of Capital Investment. If Israel were to pursue that strategy, it would effectively match the corporate tax rate now in place in Ireland (12.5 percent) and would likely experience an investment boom. If Israel removes the incentive currently in place, it would be reversing course on its long-standing, aggressive strategy geared toward promoting investment and exports. Such a move would undo Israel's decades of work to establish itself as a hub of FDI and threaten the substantial growth that has resulted from these policies. Israel must address its fiscal imbalance, but not at the expense of economic growth. Such a change would have adverse effects for US investors in Israel; including Evidence that high corporate tax rates can impede workers' wages is mounting, particularly for small, open economies like Israel. Shareholders in publicly traded Israeli companies, US venture capital in Israel, and US FDI into Israel.

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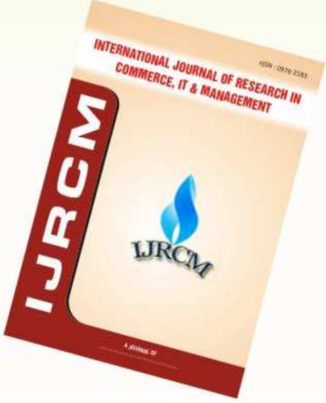
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