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FDI INFLOWS INTO THE GREECE DURING 1971-2013: TREND ANALYSIS

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ABSTRACT

In this paper contain the FDI inflows of Greece during four decades. At present his research very important to need due to Greece will be faced debt crises in order to financial crises also lead to the worse economic position of Greece. Whereas, the Greece economy will shake off. This study consists of trend analysis of FDI inflows into the Greece during 1971 to 2013,then the years will be split into the decades, and every decade concerned with ten years, so here four decades used for the trend analysis and last decade concern with thirteen 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 Greece. While discussing the position of global and developed countries FDI and this paper also presented advantages, disadvantages and benefits of FDI inflows of Greece.

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

1. INTRODUCTION

In this paper contain the FDI inflows of Greece during four decades. At present his research very important to need due to Greece will be faced debt crises in order to financial crises also lead to the worse economic position of Greece. Whereas, the Greece economy will shake off. This study consists of trend analysis of FDI inflows into the Greece during 1971 to 2013, then the years will be split into the decades, and every decade concerned with ten years, so here four decades used for the trend analysis and last decade concern with thirteen years. Foreign direct investment (FDI) can play an important role in an economy's development efforts, including: supplementing domestic savings, employment generation and growth, integration into the global economy, transfer of modern technologies, enhancement of efficiency, development of local suppliers, and raising skills of local manpower. In Developed countries, in particular, besides being a critical source of long-term capital for investment in infrastructure and other developmental initiatives, FDI can be a catalyst for economic diversification, helping these economies move beyond overdependence on natural resource.

2. GREECE POSITION DURING 1971-2013

Greece position during 1971-2013 was the Greek economic miracle is the period of sustained economic growth in Greece from 1950 to 1973. During this period, the Greek economy grew by an average of 7.7%, second in the world only to Japan The rapid recovery of the Greek economy following the Greek Civil War was facilitated by a number of measures, a drastic devaluation and attraction of foreign investments, significant development of the chemical industry, development of tourism and the services sector in general and, last but not least, massive construction activity connected with huge infrastructure projects and rebuilding in the Greek cities. Greek growth rates were highest during the 1950s, often exceeding 10%, close to those of a modern tiger economy. Industrial production also grew annually by 10% for several years, mostly in the 1960s. Growth initially widened the economic gap between rich and poor, intensifying political divisions. In total, the Greek GDP grew in 54 of the 60 years following WWII and the Greek civil war. From 1950 until the 2008 economic crisis, with the exception of the relative economic stagnation of the 1980s, Greece consistently outperformed most European nations in terms of annual economic growth. Marginal GDP contractions were recorded in the 1980s, although these were partly counterbalanced by the evolution of the Greek black economy during that time. Between the early 1970s and 1990s, double digit inflation, often closer to 20% than 10%, was normal until monetary policies were changed to comply with the criteria for joining the Euro zone[1]. In these crises lead to Greek depth into the debt crisis in 2015.It won't to redemption of debt to IMF, Euro zone 1.5and 1.7 trillion respectively[2]. Debt crises create the lacking of income generation, unemployment is of crucial importance since its current level (27.6% in 2013q4 from 7.2% in 2008q3) can create the seeds of social unrest, poverty, an unstable (and unsustainable in terms of funding), social security system is low[3].

3. STATEMENT OF THE RESEARCH PROBLEM

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

4. NEED FOR THE STUDY

At presently this paper analyses are highly tremendous. Greece is one of the developed countries along with the European Union. The country is now facing the debt crisis, it's a greater serious issue about the Greece and it's embedded in debt crisis, then Greece's people lose for their delightful life and the reason is peoples are wanting to lives sophisticated not for austerity life it lead to Greece became debt country among the developed countries or World. The country borrowed 1.5 and1.7 trillion debts from Euro Union and IMF. Whereas Greece enable to resilient from the debt crisis and people are restoration their life so in this situation just find out what about the FDI inflows of Greece.

5. OBJECTIVES OF THE STUDY

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

- To study the Trend analysis of FDI inflows of Greece
- To study the Global FDI
- To study the advantages, disadvantages and benefits of FDI inflows of Greece
- To study the problems faced by Greece during FDI inflows

6. METHODOLOGY

6.1 DATA REQUIREMENTS

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

6.2 SOURCE OF DATA

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

6.3 CHOICE OF TIME PERIOD

In this paper take out the study period is 1971 to 2013, the forty-three years divided into four decades, each decades contain ten years and the last decade was only considered about thirteen years

6.4 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, annual growth and linear growth rate of FDI inflows.

6.5 LIMITATIONS OF THE STUDY

In this work concern with only FDI inflows of Greece during 1971-2013. Here data were collected from published sources that are secondary data. This paper works out trend analysis and did t not take considered about any other factors

7. LITERATURE REVIEW

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

Osama M. Badr Tahar L. Ayed (2015)[4], 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 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)[5], 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)[6], in his study on "Policy Statement on FDI in Ireland."In this paper on examining 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 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 researcher 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 Forfas, informed by multinational businesses, global FDI trends, Ireland's FDI performance, FDI policy approaches internationally, and international Investment Promotion Agency (IPA) approaches.

Stanislav Cernosa (2014)[7], in their study on "The link among trade, FDI, and immigration: Using the gravity model." This paper provided a new empirical framework that analyzes the importance of the link among 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 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)[8], 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 bound testing approach based on autoregressive distributed lag. They found that there was long run relationship among unemployment, economic growth, export and foreign direct investment inflows. Moreover the researcher 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)[9], in their study on " Effects of Currency Unions on Foreign Direct Investment Inflows: The European Economic and Monetary Union Case."In this paper analyzed 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)[10], 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 for Portugal. Using a panel data approach, the results show that there is convergence among Portugal and her trading partners. The researcher 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 on determining the growth.

Baba Insah (2013)[11], in her study on "Foreign Direct Investment Inflows and Economic Growth in Ghana."In this paper analyzed, 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. An 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 effects 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 modeled 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 inverse relationship with economic growth. Policy makers should thus not concentrate on current macroeconomic inflows of FDI but consider effects of past FDI inflows on current levels of economic growth.

Nina Charbon (2012)[12], 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 variables 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 has 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 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 giving more priority in further research.

Mohammad Mafizur Rahman Muhammad Shahbaz Abdul Farooq (2012)[13], 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 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 among the series, while stationarity 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. They results showed that financial development, international trade and capital are the drivers of economic growth both in short run as well as in long run. The feedback effect exists between international trade and economic growth. Financial development Granger causes economic growth validating supply-side hypothesis in case of Australia.

Patrick Enu, Ma Emmanuel Dodzi K. Havi, Prudence Attah-Obeng,(2012)[14], 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)[15], 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 for 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)[16], in his study "Inward FDI in New Zealand and its policy context."In this paper analyzed 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, and 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 look 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 directed 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)[17], in their study on "The Impact of Foreign Direct Investment on Economic Growth in Jordan." In this paper analyzed 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 to 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

77investor 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)[18], 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)[19], 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, labor market performance, and financial sector intermediation; and the establishment of social safety nets to protect the most vulnerable.

Imola Drigă (2011)[20], in her study "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)[21], 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 location attraction was established. Of the two components within the location 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 to 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)[22], in their study on "Inward FDI Stock and Growth in Central and Eastern Europe". In this paper analyzed 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.

8. CHARACTERISTICS OF FDI (FOREIGN DIRECT INVESTMENT)

- In all such transactions there is a basic intention- to participate in the management of the target company.
- In most cases it involves a long term commitment, that is, there is no intention to seek quick capital gains.
- By convention an investment is considered as FDI when it involves acquisition of a minimum of 10% of the paid up equity of the target company.
- Generally all such investments are accompanied by technology transfers and access to newer markets therefore the partnership involves access to raw materials for the foreign entity and access to technology for the target company.
- Such investments involve creation of physical assets which generally increase the productive capacity of the target company. This generates employment and consequently economic growth in the host country.
- Investment by the foreign entity may involve fresh issue of capital or sale of shares held by promoters in the target company. Therefore such transactions are essentially primary market operations. In most cases there would be an effect on the balance sheet of the company.[23]

8.1. IMPORTANCE OF FDI INFLOWS IN GREECE

Greece Foreign Direct Investment, percent of GDP For that indicator, The World Bank provides data for Greece from 1970 to 2013. The average value for Greece during that period was 0.8 percent with a minimum of 0.03 percent in 2002and a maximum of 1.98 percent in 2006. Foreign direct investment in Greece and other countries reflects the foreign ownership of production facilities. To be classified as foreign direct investment, the share of the foreign ownership has to be

equal to at least 10 percent of the value of the company. The investment could be in manufacturing, services, agriculture, or other sectors. It could have originated as green field investment (building something new), as acquisition (buying an existing company) or joint venture (partnership).

Foreign direct investment (FDI) is the ownership of production facilities in a foreign country. To be classified as FDI, a foreign investor has to own at least 10 percent of a local company. Otherwise, if the ownership is less than 10 percent of the value of the local company, the investment is classified as portfolio Investment. The investment could be in manufacturing, services, agriculture, or other sectors. It could have originated as green field investment (building something new), as acquisition (buying an existing company) or joint venture (joint ownership with a local company).

FDI is reported on an annual basis, i.e. how much new investment was received in the country during the current year. It typically runs at about 2-3 percent of the size of the economy measured by its gross domestic product. If a country routinely receives FDI that exceeds 5-6 percent of GDP each year, then this is a significant success.

8.2. FOREIGN DIRECT INVESTMENT NET INFLOWS (% OF GDP) IN GREECE

Foreign direct investment net inflows percent of GDP in Greece was last measured at 1.11 in 2013, according to the World Bank. 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 net inflows new investment inflows less disinvestment in the reporting economy from foreign investors, and is divided by GDP.This page has the latest values, historical data, forecasts, charts, statistics, an economic calendar and news for foreign direct investment net inflows percent of GDP in Greece.[24]

Companies could start operations in a foreign country for a number of reasons:

- Access to skilled labor at lower wages
- Access to a large local market
- Access to natural resources
- Low taxes and various subsidies
- Proximity to suppliers
- Agglomeration: a large cluster of companies that work on related products and services and access financing.

A country could be attractive to foreign investors because of one of more of these attributes. The U.S., for example, offers an enormous domestic market, a vast network of suppliers, better access to financing than many other countries, and much more. Ireland offers low taxes and access to the large European Union market. Countries in Eastern Europe offer high skilled labor at lower wages than in Western Europe. Many countries on the African continent offer abundant natural resources. How important is cheap labor in that mix? Notice on the chart that the U.S. still receives more FDI than China, despite the substantially lower wages in China. Clearly, cheap labor is an important factor but it is not the primary driving force for international investment.

FDI

Foreign Direct Investments (FDI) is investment of foreign assets into domestic structures, equipment, and organizations. FDI inflows are into 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 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 net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors, and is divided by GDP.[25]

8.3. THE EU IS THE WORLD'S LARGEST ECONOMY, REPRESENTING OVER 20 % OF WORLD GDP

The EU and its economic prosperity matter immensely to the rest of the world. The EU remains the world's largest economy with over 20 % of the world's gross domestic product (GDP) and more than 500 million inhabitants, making it the world's most lucrative consumer market. It is also the world's largest trading block, accounting for 15% of global trade in goods and 22.5 % of global trade in services in 2012. The EU is the world's second-largest investor, after the USA: in 2012, global foreign direct investments (FDIs) from the EU amounted to

Around EUR 170.6 billion. In the top 10 trading countries, four belong to the EU (Germany, the Netherlands, France, and Italy). The EU's trading partners benefit greatly from such a large market, in which a single tariff and a single set of trade rules apply at the border and a single set of harmonized rules apply within all Member States, making it easier for companies to do business with EU partners. The EU's strength is further substantiated by the findings of the World Economic Forum's 'Global competitiveness report' (2012–13), showing that five of the 10 most competitive countries in the world are EU Member States.[26]

9. 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 per cent). 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 per cent). 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. 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 developed 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 per cent), and still 57 per cent 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 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 $454 billion – another record high. Together with transition economies, they accounted for 39 per cent of global FDI outflows, compared with only 12 per cent at the beginning of the 2000s. Six developing and transition economies ranked among the 20 largest investors in the world in 2013 (figure 3). Increasingly, developing-country TNCs are acquiring foreign affiliates of developed-country TNCs in the developing world. In 2015 World GDP was US$ 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.[27]

9.1. FDI INFLOWS IN DEVELOPED COUNTRIES

In developed countries increase the FDI over the period of year during 1971 state FDI in Developed countries 10050.6 million of US dollars (8.17 per cent) increasing the FDI in developed countries in 1980,46575.81 million of US Dollars (36.32). The last decade FDI was increase during the period of 2010. It comparatively differs between two periods. In 2010 developed countries FDI was grew up 601905.9 million of US dollars (37.92 per cent)

TABLE 1: FOREIGN DIRECT INVESTMENT POSITIONS AT YEAR END IN DEVELOPED COUNTRIES

Countries	2008	2009	2010
United states	288.9	252.4	249.9
United Kingdom	65.1	73.4	70.2
Barbados	46.9	51.2	51.7
Cayman Islands	24.7	26.2	27.2
Ireland	24.4	23.0	21.5
Australia	8.6	13.8	21.0
Bahamas	12.2	14.9	14.9
Bermuda	16.0	14.0	13.8
Chile	10.9	12.2	13.3
Hungary	12.8	13.3	12.1
Brazil	9.8	85	9.7
France	17.1	15.7	88
Germany	11.0	9.7	8.7
Japan	4.2	66	7.3
Luxembourg	6.2	6.1	7.3
All other countries	83.2	80.7	79.3
Total	**642.0**	**621.2**	**616.7**

Source: Available on CANSIM[28].

After a sharp fall in 2012, inflows to developed economies recovered in 2013 to $566 billion, a 9 per cent increased. Inflows to the European Union were $246 billion (up 14 per cent), less than 30 per cent of their 2007 peak. Among the major economies, inflows to Germany – which had recorded an exceptionally low volume in 2012, rebounded sharply, but France and the United Kingdom saw a steep decline. In many cases, large swings in intra-company loans were a significant contributing factor.

Inflows to Italy and Spain rebounded sharply with the latter becoming the largest European recipient in 2013. Inflows to North America recovered to $250 billion, with the United States the world's largest recipient recording a 17 per cent increase to $188 billion. Outflows from developed countries were $857 billion in 2013 virtually unchanged from a year earlier. A recovery in Europe and the continued expansion of investment from Japan were weighed down by a contraction of outflows from North America. Outflows from Europe increased by 10 per cent to $329 billion. Switzerland became Europe's largest direct investor. Against the European trend, France, Germany and the United Kingdom registered a large decline in outward FDI. Outflows from North America shed another 10 per cent to $381 billion, partly because United States TNCs transferred funds from Europe, raised in local bond markets, back to the United States. Outflows from Japan grew for the third successive year, rising to $136 billion. Both inflows and outflows remained at barely half the peak level seen in 2007. In terms of global share, developed countries accounted for 39 per cent of total inflows and 61 per cent of total outflows both historically low levels[29].

Inflows to developed countries appear to be recovering, with preliminary estimates showing a 12% rise in 2013, over 2012, to US$576 billion, for the group of 38 economies as a whole.

However, despite positive signs of recovery in some developed country regions, such as parts of the EU, FDI flows to the United States failed to reverse their decline, contrary to other signs of economic recovery over the past year. Inflows to Japan rose by 61% to US$2.8 billion, but Australia and New Zealand saw sharp declines of 28% to US$40 billion and 75% to US$0.5 billion, respectively. Flows to developed economies were therefore still at only 44% of their peak level of 2007. Even though the growth rate in FDI flows to developed countries was twice that compared to developing countries in 2013, it was not enough to restore their position as primary recipients of FDI inflows. The developed country share remained well below half of global inflows at 39 per cent.

The aggregate inflows to the EU in recent years were largely accounted for by flows to four relatively small economies Belgium, Ireland, the Netherlands and Luxembourg that offer a tax-friendly environment for investment, particularly for special purpose entities. As a result, these economies are hosts to a large number of TNCs' financial or treasury functions. Having fallen by over US$169 billion in 2012, inflows to these four economies grew by over US$100 billion in 2013. Elsewhere in the EU, Germany (+392% to US$32.3 billion), Spain (+37% to US$37.1 billion) and Italy (from US$0.1 billion to US$9.9 billion) saw a substantial recovery in their FDI inflows. Conversely, flows declined in 15 out of 27 EU economies, with the largest declines observed in France (77% to US$5.7 billion) and Hungary (from US$13.8 billion to -US$3 billion). Outside the EU, inflows to Norway and Switzerland also fell sharply by 46% to US$9.4 billion and by 98% US$0.2 billion, respectively.[30]

10. TREND ANALYSIS OF FDI INFLOWS IN TO THE GREECE DURING 1971 TO 2013

In this part, an attempt is made to analysis broad trends in Foreign Direct investment inflows of the Greece 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 Greece developed economy depending on the availability of data.

10.1. FDI INFLOWS INTO GREECE DURING 1971-1980

The table shows that data on FDI inflows into Greece during the decade from 1971 to 1980, FDI inflows into Greece has grown sizably. The value of FDI inflows has increased from 42 million of US dollars in 1971 to touched 672 million of US dollars in 1980. The highest index number was 1600 in 1980. In this decade the highest annual growth rate was 1170.83 per cent in 1978 and lowest annual growth rate was 8.06 per cent in 1974. During the same decade, the average value of FDI inflows and annual growth rate was works out to 265.5 of US dollars and 166.67 per cent linear growth rate -0.076 per year respectively

TABLE 2: FDI INFLOWS INTO GREECE DURING 1971-1980 (millions of US dollars)

year	FDI inflows(in millions)	Index no	AGR
1971	42	100	-
1972	55	130.95	30.95
1973	62	147.62	12.73
1974	67	159.52	8.06
1975	240	57.14	64.18
1976	305	726.19	1170.83
1977	387	921.43	26.89
1978	428	1019.05	10.59
1979	613	1459.52	43.22
1980	672	1600.00	9.62
TOTAL	265.5	166.67	-0.076

10.2. FDI INFLOWS INTO GREECE DURING 1981-1990

The table reveals that data on FDI inflows into Greece during the decade from 1981 to 1990, FDI inflows into Greece has grown gradually. The value of FDI inflows has increased from 520 million of US dollars in 1981 to touched 1005 million of US dollars in 1990. The highest index number was 193.27 in 1990. In this decade the highest annual growth rate was 45.01per cent in 1987 and lowest annual growth rate was -7.84 per cent in 1985. During the same decade, the average value of FDI inflows and annual growth rate was works out to 614.5 of US dollars and 14.50 per cent and-12.03t linear growth rate per year respectively

TABLE 3: FDI INFLOWS INTO GREECE DURING 1981-1990 (millions of US dollars)

year	FDI inflows(in millions)	Index no	AGR
1981	520	100	-
1982	436	83.85	-16.15
1983	439	84.42	0.69
1984	485	93.27	10.48
1985	447	85.96	-7.84
1986	471	90.58	5.37
1987	683	131.35	45.01
1988	907	174.42	32.80
1989	752	144.62	-17.10
1990	1005	193.27	33.64
TOTAL	614.5	14.50	-12.03

Source; UNCTAD database

10.3. FDI INFLOWS INTO GREECE DURING 1991-2000

The table depicted that data on FDI inflows into Greece during the decade from 1991 to 2000, FDI inflows into Greece has grown slowly. The value of FDI inflows has decrease from1135 million of US dollars in 1991 to touched 1108 million of US dollars in 2000. The highest index number was 100.97 in 1992 and next highest position of index value is 97.62 in 2000. In this decade the highest annual growth rate is 97.15 per cent in 2000 and lowest annual growth rate was-92.78 per cent in 1998. During the same decade, the average value of FDI inflows and annual growth rate was works out to 907.3 of US dollars and -0.26 percent and linear growth rate 1355.27 abnormal per year respectively

TABLE 4: FDI INFLOWS INTO GREECE DURING 1991-2000 (millions of US dollars)

year	FDI inflows(in millions)	Index no	AGR
1991	1135	100	-
1992	1144	100.79	0.79
1993	977	86.08	-14.60
1994	981	85.75	0.41
1995	1053	92.78	7.34
1996	1058	93.22	0.47
1997	984	86.70	-7.52
1998	71	6.26	-92.78
1999	562	46.34	87.37
2000	1108	97.62	97.15
AVERAGE	907.3	-0.26	1355.27

Source; UNCTAD database

10.4. FDI INFLOWS INTO GREECE DURING 2001-2013

The table shows that data on FDI inflows into Greece during the decade from 2001 to 2013, in this decade only concern with thirteen years of FDI inflows into Greece has grown increasingly. The value of FDI inflows has increased from 1589 million of US dollars in 2001 to touched 2567 million of US dollars in 2010. Yet the next year was FDI inflows in Greece instanenously up down just only 50 million of US dollars in 2002. The highest index number was 337 in 2006. In this decade the highest annual growth rate was 2450.08 per cent in 2003 and lowest annual growth rate was-86.45 per cent in 2010. During the same decade, the average value of FDI inflows and annual growth rate was works out to 1986.15 of US dollars and 5.13 per cent and linear growth rate 4.23 per year respectively.

TABLE 5: FDI INFLOWS INTO GREECE DURING 2001-2013 (millions of US dollars)

year	FDI inflows(in millions)	Index no	AGR
2001	1589	100	-
2002	50	3.15	96.85
2003	1275	80.24	2450.08
2004	2102	132.28	64.86
2005	623	39.21	-70.39
2006	5355	337.00	75.95
2007	2111	132.85	-60.58
2008	4499	283.13	113.12
2009	2436	153.30	-45.85
2010	330	20.77	-86.45
2011	1143	71.93	246.36
2012	1740	109.93	52.23
2013	2567	161.55	47.53
AVERAGE	1986.15	5.13	4.23

Source; UNCTAD database

11. REASONS FOR SLOWDOWN OF FDI

In this part we could analysis the trend of FDI inflows in Greece. Here up and greater downs of FDI Inflows due to the last few years Greece was face the financial crisis and simultaneously deal with the debt crisis. So, why did Greece become downward tilting it means that many causes are over the past quarter century the Greek economy has had a very disappointing rate of economic growth.

After a rapid expansion in the years following the end of the civil war, the growth of real GDP slowed to only 1.5 percent annually in the period of 1973-95 Much of the popular discussion has attributed the poor performance to deteriorating economic policy conditions in the period after 1973 particularly during the 1980s. Beginning in the mid-1970s the government ran large and sustained budget deficits and monetary policy accommodated a sharp acceleration of inflation. High

rates of wage inflation led to a squeeze of profit margins and a weakening of investment incentives. With the restoration of macroeconomic order in the late nineties, a more complete explanation of the growth slowdown takes on added importance.
In addition, since its admission to the EU, Greece has received large transfers from the rest of the European Union. A major objective of those programs has been to promote a catch-up of incomes in the poorer countries. Will the resources of the Third Structural Funds Package (2000-2006) suffice so that income per capita in Greece will start converging to the EU average In the most recent five years, 1995-2000, growth has averaged 3.3 percent annually, slightly exceeding the EU average.
Examine several factors that have been suggested as possible contributors to the slowdown. These include the deterioration in macroeconomic policy, reduced rates of capital formation, the shock of entry into the EU, and the presence of structural rigidities in labor markets.
The economic stagnation was attributable to a widespread weakening of economic institutions that went beyond the breakdown of macroeconomic policy to a rigid and over-regulated labor market, deterioration in the competitive position of the tradable goods sector, and continuing subsidies to inefficient enterprises. The restoration of a rational macroeconomic policy structure has provided support for a renewal of economic growth. However, if Greece is to accelerate its growth rate to a pace that would imply significant convergence of incomes to the EU average, it will need to consider more drastic reforms of existing economic institutions.
The main reasons for the difficult to solve the problems of crisis while Greece was only enable to the austerity. The Greece and Greece people don't want to live the austerity life its make to the mass expenditure or expansive this is lead to the Greece and Greece people enter into great depression or debt. Greece needs to Remedial to comeback to restoration means they followed to make it austerity life it help to reduce the huge expenditure and it will move to comeback to those crisis.

12. RECENT POSITION OF FDI

FDI doubles to $2.16 billion in December

- Foreign direct investment (FDI) in India almost doubled to $ 2.16 billion in December 2014, compared to $ 1.10 billion in the same month of 2013.
- During the April-December period of current fiscal, FDI rose by 27 per cent to $ 21.04 billion as against $ 16.56 billion in the same period last fiscal, the data by Department of Industrial Policy and Promotion showed.
- Amongst the top 10 sectors, telecom received the maximum FDI of $ 2.67 billion in the nine-month period, followed by services ($ 2.29 billion), automobile ($ 1.58 billion), pharmaceuticals ($ 1.21 billion) and computer software and hardware ($ 971 million).
- During the period, India received maximum FDI from Mauritius at $ 5.89 billion, followed by Singapore ($ 4.31 billion), the Netherlands ($ 2.57 billion), the US ($ 1.48 billion) and Japan ($ 1.42 billion).
- In 2013-14, FDI stood at $ 24.29 billion as against $ 22.42 billion in 2012-13.
- Healthy inflows of foreign investments into the country help in balancing the country's balance of payments and stabilize the value of rupee.
- India is estimated to require around $ 1 trillion over five years to overhaul its infrastructure sector, including ports, airports and highways to boost growth.

The government is taking steps to boost FDI in the country. It has relaxed FDI norms in sectors including insurance, railways and medical devices.[31]

13. ARGUMENTS IN FAVOR OF FDI IN RETAILING

13.1 FDI IN RETAILING IS FAVORED ON FOLLOWING GROUNDS:

- 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 by 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. This all 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 sell formats as good 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 cash basis. Hence, the working capital requirement is negligible. On the contrary; after making initial investment on 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 to 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.

13.2. 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, deals 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 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 is always in convenience 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.

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 to an overseas company. This has often caused many companies to approach foreign direct investment with a certain amount of caution.

At times it has been observed that there is considerable instability in a particular geographical region. This causes a lot 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 care of the foreign direct investment. In care of the host country is not well connected with their more advanced neighbors. It poses a lot of challenge 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 efforts of foreign direct investment on the balance of payments of a country. Even in view of the various disadvantages of foreign direct investment it may be said that foreign direct investment has played an important role in shaping the economic fortunes of a humbler of countries around the world.

14. 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 labor 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 to 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.

15. PROBLEMS FACED BY GREECE DURING FDI INFLOWS

Foreign direct investment may entail high travel and communication expense the difference of language and cultural that exists between the country of the investor and the host country could also pose problems in case of foreign direct investment. At 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 at time also problem for the ones.

At time it has been observed that there is considerable instability in a particular geographical region. This causes lot 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 neighbors it poses a lot of challenge 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 radtapism and cumbersome bureaucratic producers; wide discretionary powers gives to tax and customs authorities; widespread corruption; political and instability geographic isolation; lack of democratic reforms; and a slow pace of 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 longwinded and also inter-related. Poor policy design and implementation. Competitive weakness, Structural impediments, low qualityof 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 serious lack of co-ordination between the policy implementing agencies of the government and investors. Due to this, investors' suffering goes up. This induces lot of hassles in the implementation process and creates barriers for the investors in getting due on incentive 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 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. 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 to an overseas company. This has often caused many companies to approach foreign direct investment with a certain amount of caution.

16. FINDING AND CONCLUSTION

In this paper intends to examine whether FDI does play an important role in Greece and paper kindly help to study about the FDI inflows of debt crisis country like Greece. In this work mainly did for the Trend analysis of FDI inflows of Greece during the 1971 to 2013.The paper reveals that small ups and grates downs of FDI inflows of Greece In this part we could analysis the trend of FDI inflows in Greece. Greece FDI inflows were very lazy and slowdown compares to the other European member countries or developed countries. But during the first decade 1971-1980, FDI inflows in 1971 was 42 millions of US dollars than it will be increased gradually 240 and 672 millions of US dollars during 1975and 1980 respectively. Every decades FDI inflows of Greece was faced up and lots of great downs for example the last decade during 2001-2013, the FDI inflows of 2001 was 1589 million US dollars its high increased comparably to other decades but FDI inflow was shockingly decreased or come down the next year of same decade it was only 50 million of US dollars and the average of FDI inflows of annual growth rate was works out to 1986.15 and the 5.13 per cent respectively. Found the linear growth rate is very high in 2001-2013 last decades and the abnormal value linear growth rate of FDI inflows of Greece were1981-1990. Here up and greater downs of FDI Inflows one of the factors due to the last few years Greece was face the financial crisis and simultaneously deal with the debt crisis. So, why did Greece become downward tilting it means enter into the debt and financial crisis that many causes are over the past quarter century the Greek economy has had a very disappointing rate of economic growth.

One more main reason for this crisis, the Greece and Greece people don't want to live the austerity life its make to the mass expenditure or expansive this is lead to the Greece and Greece people enter into great depression or debt. Greece needs to Remedial to comeback to restoration means they followed to make it austerity life it help to reduce the huge expenditure and it will move to comeback from those crisis. Here the Greece should take strong policy, awareness to the people about the crisis and follow the remedies to bailout or resilient from the crisis.

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