ARTNeT Trade Economists' Conference

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Parallel Session 5:

FDI and development

Economic Impact of FDI in India: A Social Accounting Matrix Multiplier Analysis

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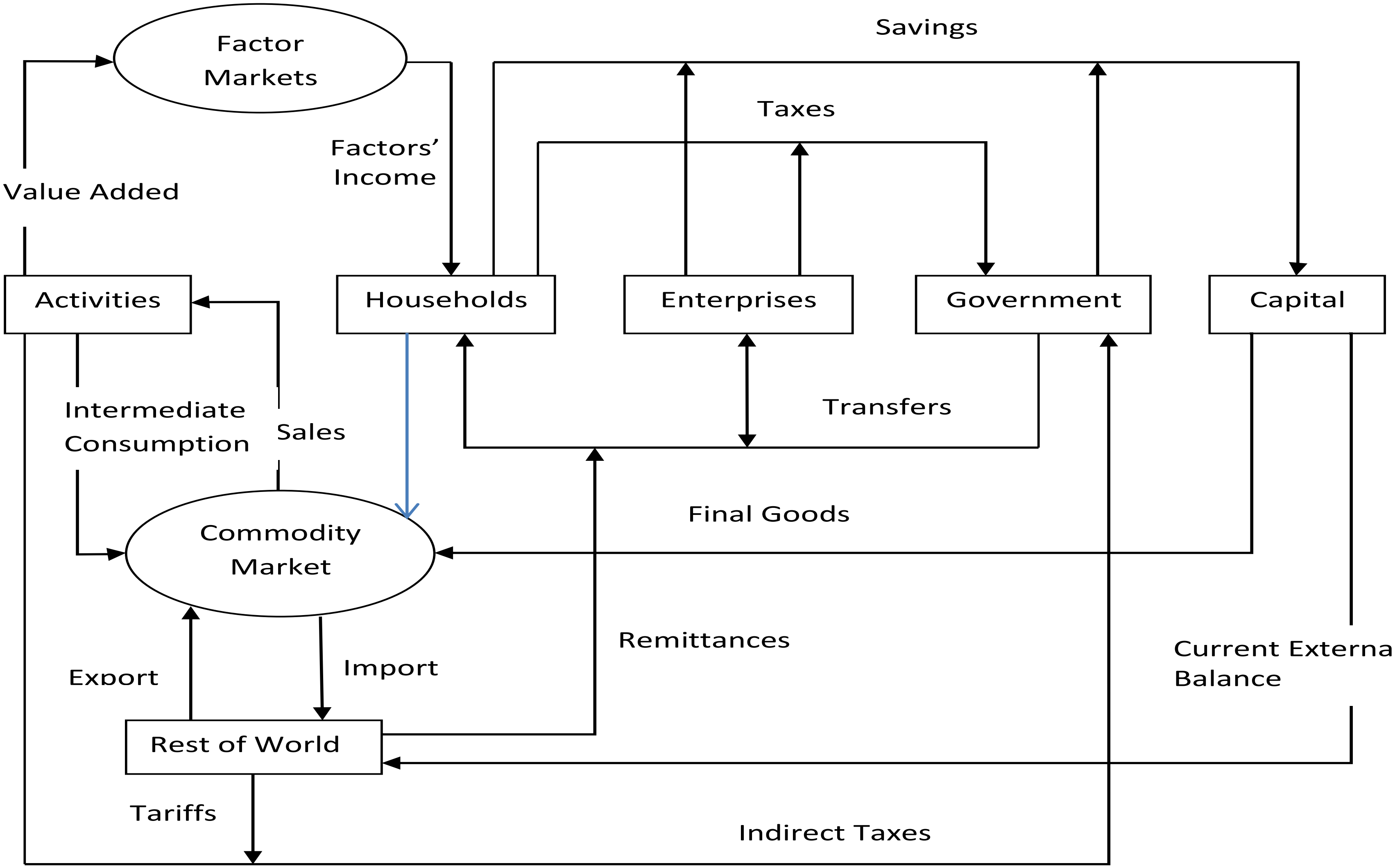
Introduction

- Foreign direct investment : A direct investment into production activities in a country by a firm (or individual) based in foreign country.
- Paves way for technology transfer
- Affects productivity, growth, employment, income, etc.
- Highly heterogeneous effects and depend upon type of industries and products in which the investment take place
- A policy matter of a government
- Many studies on impact analysis
- Very few, possibly none in Indian context, considered sectoral and institutional interconnectedness and interdependence
- Impact analysis in Social Accounting Matrix (SAM) framework may be the best alternative

Rationale for the Study

- Econometric analysis or Survey Methods: limited significance for performance assessment.
- The real world consists of many interdependent and interconnected production sectors, households and institutions.
- Any change in one may have direct and/or indirect effect on others.
- Circular Flow of Income and Structure of SAM

Circular flow of income in an economy



Note: The arrow in above diagram shows the direction of payments. Source:Chung-I Li (2002)

Schematic Structure of a SAM

	Production Activities	Factors	Institutions	Capital Account	Rest of the World	Total
Production activities	I-o table		Institutions' consumption	Gross fixed capital formation	Exports	Aggregate demand
Factors	Value added				Net factor income from abroad	Factor income
Institutions	Taxes on intermediary goods		Taxes, transfer payments and interest on public debt	Taxes on investment goods	Net current & capital transfer from abroad, taxes on exports	Institutions' total income
Capital account		Depreciation	Institutions' savings	Foreign savings	Gross savings of the economy	
Rest of the world						Foreign exchange payments
Total	Total cost of production	Total factor endowments	Institutions' total expenditure	Aggregate investment	Foreign exchange receipts	

Objectives

- To analyze the economic impacts of FDI in India through SAM multiplier analysis
- Economic impacts measures
  - Output
  - Income
  - Revenue
  - Employment

Methodology

- Construction of 65 Sector SAM for India for 2007-08
  - Household categories are based on MPCE
  - Sources: I-O table 2007-08 by CSO; 66th round consumer expenditure survey by NSSO; Income-Expenditure Survey by NCAER for 2004-05.
- SAM Multipliers

Symbolically, a SAM may be represented as

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_5084