### List of Figures

**Figure 1.1.** Deduction Approach* ................................................................. 8

**Figure 1.2.** Research Design ........................................................................... 10

**Figure 2.1.** Types of Foreign Direct Investment .............................................. 20

**Figure 2.2.** Theories of Foreign Direct Investment ......................................... 22

**Figure 2.3.** Two Sector Model of Circular Flow of Income ............................. 37

**Figure 2.4.** Three Sector Model of Circular Flow of Income ........................... 37

**Figure 2.5.** Four Sector Model of Circular Flow of Income ............................ 38

**Figure 4.1.** Trends in FDI Inflows: India with World, Developed Economies and Developing Economies ................................................................................. 91

**Figure 4.2.** FDI Inflows Growth Rate: India with World, Developed Economies and Developing Economies ................................................................. 92

**Figure 4.3.** Trends in FDI Inflows: India with Developing Economies (Asia) and Emerging Markets (Asia) ................................................................. 93

**Figure 4.4.** FDI Inflows Growth Rate: India with Developing Economies (Asia) and Emerging Markets (Asia) ................................................................. 94

**Figure 4.5.** Trends in FDI Inflows: India with BRICS and G-20 ........................ 95

**Figure 4.6.** FDI Inflows Growth Rate: India with BRICS and G-20 ................. 96

**Figure 4.7.** Share of Top Investing Countries in Indian FDI Inflows .................. 98

**Figure 4.8.** Top Sectors receiving Highest FDI Inflows in India ..................... 99

**Figure 4.9.** Trends in Current Account Balance (CAB) ..................................... 102

**Figure 4.10.** Trends in Growth Rate of India’s Current Account Balance (CAB) . 103

**Figure 4.11.** Trends in Merchandise Goods as reported in India’s Current Account of BOP ................................................................. 105

**Figure 4.12.** Growth Rate of Merchandise Goods as reported in India’s Current Account of BOP ................................................................. 106

**Figure 4.13.** Trends in Net Invisibles as reported in India’s Current Account of BOP ................................................................. 112

**Figure 4.14.** Growth Rate of Net Invisibles as reported in India’s Current Account of BOP ................................................................. 113

**Figure 4.15.** Trends in Capital Account Balance (KAB) ................................. 113

**Figure 4.16.** Trends in Growth Rate of India’s Capital Account Balance (KAB) .... 114

**Figure 4.17.** Trends in Foreign Investment as reported in India’s Capital Account of BOP ................................................................. 115

**Figure 4.18.** Trends in Growth Rate of Foreign Investment under Capital Account of BOP ................................................................. 116

**Figure 4.19.** Trends in External Assistance and Commercial Borrowings as reported in India’s Capital Account of BOP ................................................................. 117

**Figure 4.20.** Trends in Rupee Debt Service, Net NRI Deposits and Other Capital as reported in India’s Capital Account of BOP ................................................................. 118

**Figure 6.1.** FDII and CAB in Short Run period ................................................. 154

**Figure 6.2.** AR Roots Graph ............................................................................... 163

**Figure 6.3.** AR Roots Graph ............................................................................... 171
Figure 6.4. FDII and KAB in Short Run period ............................................................. 180
Figure 6.5. AR Roots Graph ..................................................................................... 188
Figure 6.6. AR Roots Graph ..................................................................................... 195
Figure 6.7. AR Roots Graph ..................................................................................... 196
Figure 6.8. Jarque-Bera Statistic for Normality Test of Residuals ............................. 202