

Importance of FDI on the Growth of Pakistan and Tajikistan

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Paper Type: Research Paper

Abstract:

In this paper we analyzed impact of terrorism on development of Pakistan and Tajikistan. For this purpose, we have taken secondary data from 1993 to 2002 and applied tabulations method .our results are showing that terrorism has worst impact on foreign direct investment of both countries. Our study is also trying to show that terrorism has critical impact on education, telecom and all profitable sectors .So, we suggested that government should make polices about overcome such types of issues.

Keywords: terrorism, Tajikistan, tabulations, profitable sectors.

Introduction:

FDI is the abbreviation of foreign direct investment and it has crucial role for buying and expanding all the international campiness in our country .A large amount of foreign direct investment is common way for prospects of economy. According to different scholars foreign direct investment is the net income investment with minimum interest rate. For the open economy foreign direct investment has main role. Across the world, every country has its own rules regarding policies of foreign direct investment. Consolidates FDI policy is made by Government of India. For proper policy, there is need of decision of ministry of finance and promotion board. The key objective of foreign direct investment is collect foreign capital and funds for development of unstable economy .There are some countries like South Korea and china, which increased their economy with the help of foreign direct investment .Foreign direct investment is way of measuring foreign ownership .It is also useful for increase the productivity level of any develop and under develop country .Foreign direct investment is also useful for developing nations like US .Foreign direct investment is acting as tool for measurement of level of production .With foreign direct investment all companies can approach customer directly. Robust of studies have been done about role of foreign direct investment on the performance of economy, Mostly, scholars examined it is another way of saving .Hence, data of world bank represents that foreign direct investment were \$ 441 in last year .Foreign direct investment is also known as the best source of external investment.

Literature review:

Dunning. J (1998),analyzed the impact of terrorism on foreign direct investment of Pakistan .For this purpose, they had taken data from 1998 to 2009 and applied the GARCH model their results are showing that there is direct association between terrorism and foreign direct investment. In this paper, they suggested that Government should adopt adequate polices for overcome terrorism issues [1].

Penrose . E (1958) ,Examined the impact of terrorism on foreign direct investment of India .For this purpose, they had taken data from 1991 to 2001 and applied the VAR model their results are showing that there is direct association between terrorism and foreign direct investment. In this paper, they suggested that Government should adopt adequate polices for overcome terrorism issues. Cantwell. J ,(2002),Observed the impact of terrorism on foreign direct investment of Armenia .For this purpose, they had taken data from 1998 to 2009 and applied the OLS model their results are showing that there is direct association between terrorism and foreign direct investment. In this paper, they suggested that Government should adopt adequate polices for overcome terrorism issues. Azam. M (2009) ,Observed the impact of terrorism on foreign direct investment of UK .For this purpose, they had taken data from 1999 to 2012 and applied the VECM model their results are showing that there is direct association between terrorism and foreign direct investment. In this paper, they suggested that Government should adopt adequate polices for overcome terrorism issues. Jacqueline , K (2010),Analyzed the impact of terrorism on foreign direct investment of USA .For this purpose, they had taken data from 1986 to 2009 and applied the unit root model their results are showing that there is direct association between terrorism and foreign direct investment. In this paper, they suggested that Government should adopt adequate polices for overcome terrorism issues. Bureau of Economic(2003),Observed the impact of terrorism on foreign direct investment of CHINA .For this purpose, they had taken data from 1987 to 2007 and applied the ARCH model their results are showing that there is direct association between terrorism and foreign direct investment. In this paper, they suggested that Government should adopt adequate polices for overcome terrorism issues. Findly, R(1999),examined the impact of terrorism on foreign direct investment of JAPAN .For this purpose, they had taken data from 1986 to 2009 and applied the unit root model their results are showing that there is direct association between terrorism and foreign direct investment. In this paper, they suggested that Government should adopt adequate polices for overcome terrorism issues. Frank .A ,Observed the impact of terrorism on foreign direct investment of Tajikistan .For this purpose, they had taken data from 1989 to 2013 and applied the multiregression mdel .their results are showing that there is direct association between terrorism and foreign direct investment. In this paper, they suggested that Government should adopt adequate polices for overcome terrorism issues. Wang JY, Blomstrom M ,(1997),Viewed the impact of terrorism on foreign direct investment of Russia .For this purpose, they had taken data from 1999 to 2009 and applied the unit root model their results are showing that there is direct association between terrorism and foreign direct investment. In this paper, they suggested that Government should adopt adequate polices for overcome terrorism issues. Jocelyn A, Saggi K (2010),Observed the impact of terrorism on foreign direct investment of Canada .For this purpose, they had taken data from 1988 to 2008 and applied the VAR model their results are showing that there is direct association between terrorism and foreign direct investment. In this paper, they suggested that Government should adopt adequate polices for overcome terrorism issues.

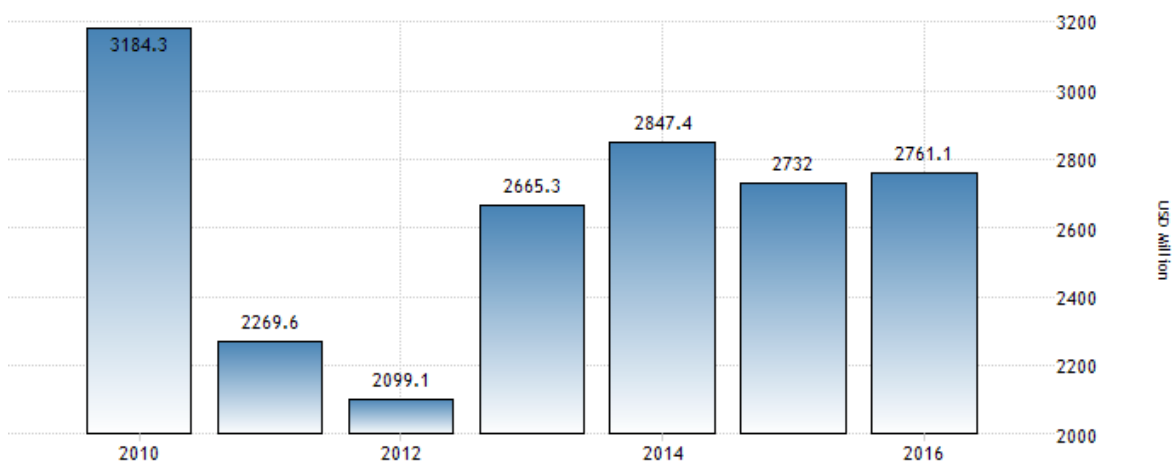
Problem statement:

In this paper, we analyzed impact of terrorism on the foreign direct investment of Pakistan and Tajikistan. we also explained that foreign direct investment is sound way of enhancing capital formation. Form last few decades, position of FDI was low in Pakistan due to terrorism activates.

Objectives:

- 1) Impact of terrorism on foreign direct investment of Pakistan
- 2) Impact of terrorism on foreign direct investment of Tajikistan.

PAKISTAN FOREIGN DIRECT INVESTMENT



SOURCE: WWW.TRADINGECONOMICS.COM | STATE BANK OF PAKISTAN

Methodology:

We have taken secondary data from 1993 to 2003 and applied tabulations method .we has collected all data from World Bank indicator.

Years	Tajikistan	Pakistan	Azerbaijan	Kazakhstan	Kyrgyzstan	Afghanistan	Armenia	Turkmenistan	Uzbekistan
1993	-0.14	19.63	0.00003	0.00002	0.00002	252.49	0.00002	0.00009	0.00001
1994	0.12	2.41	0.00002	200	0.00002	332.58	1	0.00006	1
1995	-0.11	6	0.03	2279.41	12	342.69	1	71	41
1996	0.21	0.31	23	259.79	32.13	422.029	18	101	72
1997	0.62	25.11	348	264.29	92.01	721.61	79	231	-22
1998	0.43	17.17	626.4	2136.94	42.71	923.92	26	101.06	92
1999	-1.34	51.17	1116.9	1221.22	81.09	712.29	16	101.86	167
2000	-0.31	236.1	1022.8	1251.42	102.8	502	59	61	142
2001	6.32	135.1	518.41	1271.61	42.49	532	79	121	122
2002	0.32	124.1	128.95	1782.51	-5.44	301	99	121	72
2003	0.32	87.81	228.52	2239	2	384	9.43	171	81
2004	0.32	149.1	1398.44	2981.85	2.89	822	17.02	100	62
2005	53.2	155.1	3289	2021.46	26900	531	31.67	8600	71
2006	331	218.1	3559	4121.3	279.9	111.8	271	245	2.16
2007	413	251	-	1927.8	29.5	2201	541.2	-	42.3
2008	-	243	1679	6121	289	4271	331.2	-	162

Results:

According to William (2006) foreign direct investment has crucial impact on development of economy. It is also known as way of financing. In the point of view of growth theory, for high growth, there is need of high capital .our study is trying to exposure that from last few decades level of foreign direct investment were low in turkey and UAE .This paper is clearly exposed that terrorism has worst impact on development of economy.

Conclusion:

The main objective of this paper is to show that development cannot be possible without foreign direct investment .The level of foreign direct investment is low in Asian countries. Our paper is exposing that there should need of adequate polices for enhancing foreign direct level.

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Notes

Note 1. This is Research Paper.