

## Foreign Direct Investment and its Role in Globalisation

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**Abstract :** This paper aims to examine the relationship between foreign direct investment and globalization. Foreign direct investment plays an important role in globalization. It is dramatically increasing in the age of globalization. It has played an important role for economic growth in this global process. It can provide new markets and marketing channels, cheaper production facilities, access to new technology, products to a firm. FDI has come to play a major role in the internationalization of business. FDI has become even more important than trade. Growing liberalization of the national regulatory framework governing investment in enterprises and changes in capital markets profound changes have occurred in the size, scope and methods of FDI. New information technology systems, decline in global communication costs have made management of foreign investments far easier than in the past. FDI provide opportunities to host countries to enhance their economic development and opens new opportunities to home countries to optimize their earnings by employing their ideal resources. Smaller and weaker economies can drive out much local competition. For small and medium sized companies, FDI represents an opportunity to become more actively involved in international business activities. In the past decade, foreign direct investment has expanded its role by change in trade policy, investment policy, tariff liberalization, easing of restrictions on foreign investment and acquisition in many nations, and the deregulation and privatization of many industries. In present competitive scenario, FDI has become a prominent external source of finance for developing countries.

**Keywords :** foreign direct investment, globalization, economic development, information technology systems new opportunities

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