**Abstract**

The Foreign Direct Investment means “cross border investment made by a resident in one economy in an enterprise in another economy, with the objective of establishing a lasting interest in the investee economy. In today’s competitive global business environment innovations are required for growth & survival and FDIs can be used as an innovative tool in order to accelerate growth. Foreign direct investment (FDI) is direct investment into production or business in a country by a company in another country, either by buying a company in the target country or by expanding operations of an existing business in that country. Foreign direct investment (FDI) is an integral part of an open and effective international economic system, which acts as a major catalyst in the development of a country. FDI is also described as “investment into the business of a country by a company in another country”. Mostly the investment is into production by either buying a company in the target country or by expanding operations of an existing business in that country”.