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Foreign Investments and Taxpayer Institutions Growth Relationship in Armenia

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Our Hypothesis

“There is a positive correlation between foreign investments in an economic sector and the development of that sector. (Measured by the number of new companies created annually in Armenia)”



3 datasets

1. Taxpayer classification

2 columns : Code, Description

2. All Armenian taxpayers until today

Columns

- 'ՀՎՀՀ'
- 'Անվանում'
- 'Կազմակերպա-իրավական տեսակ'
- 'Իրավաբանական հասցե',

- 'Գործունեության տեսակ'
- 'Գրանցման ամսաթիվ'
- 'Կարգավիճակ'
- 'Հարկման ռեժիմ'
- 'Հարկման ռեժիմում հաշվառվելու ամսաթիվ'

765510 observations

3. Foreign investments

4 columns : Year, Type, Type of activity, Investment

Investments Data.

Taxpayers Data



Literature Review: FDI and New Companies

FDI's Impact:

- Boosts productivity (Javorcik, 2004) and reduces barriers to entry (Meyer & Sinani, 2009).
- Drives economic growth in key sectors like manufacturing (Scholer-lordanashvili, 2021).
- Enhances industrial growth in Armenia but faces institutional challenges (Hakhnyan, 2013).

Key Insight:

FDI creates conditions for entrepreneurship and new company formation, especially with improved institutional quality.



Data Preparation

All Armenian Taxpayers Dataset:

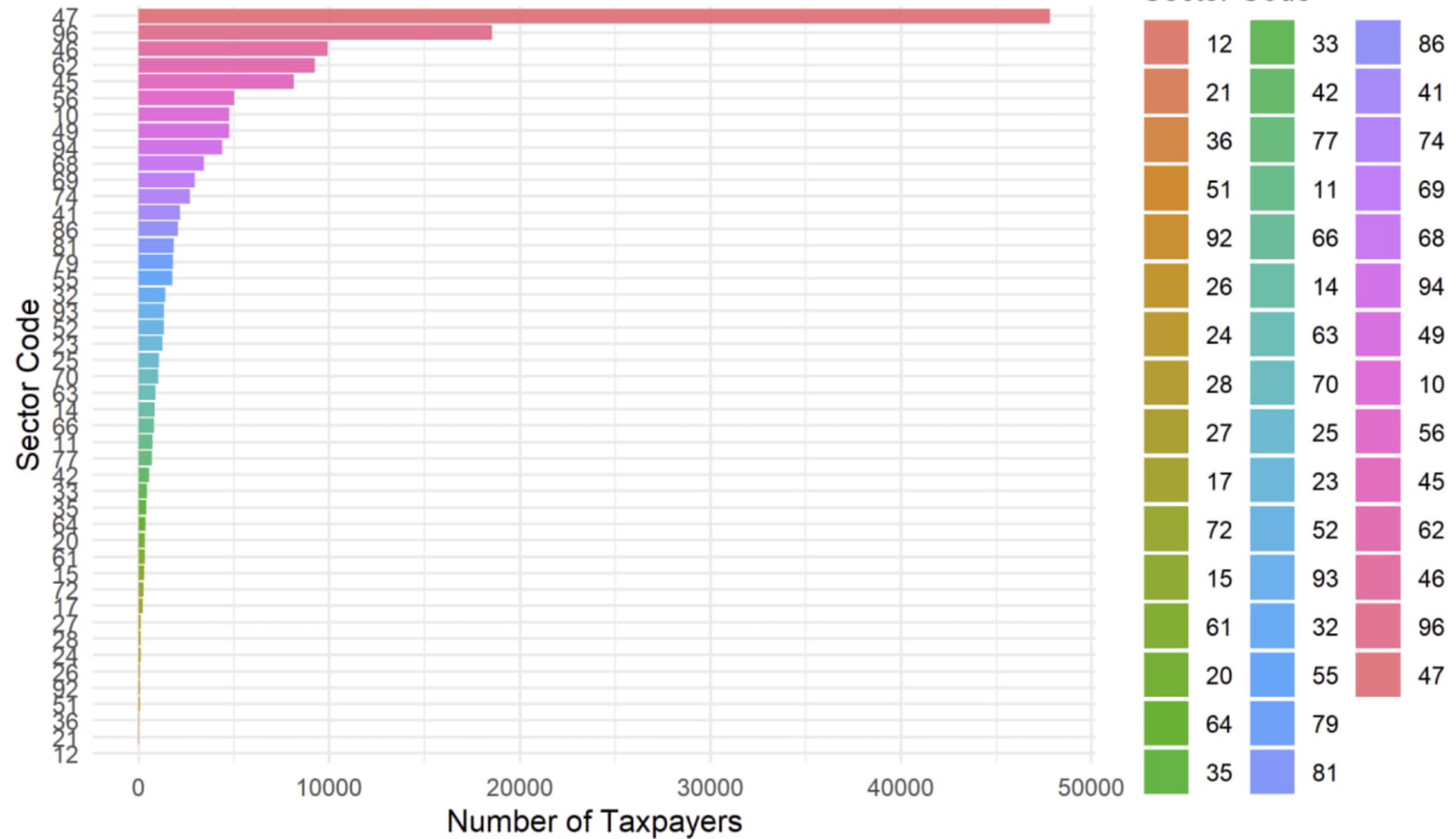
- Cleaned with Python (standardized columns, filtered active taxpayers, removed irrelevant data).

Foreign Investments Dataset:

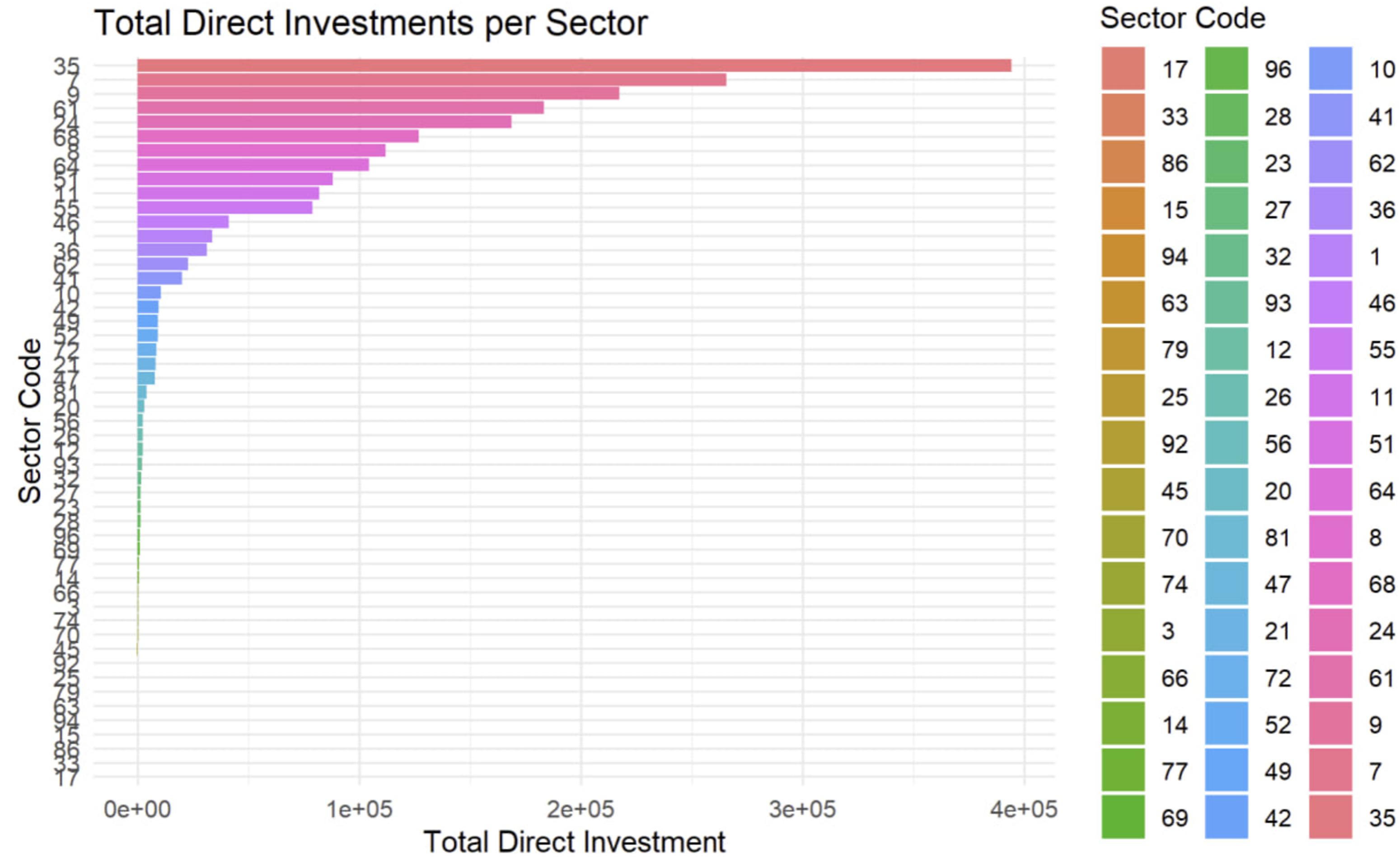
Retained essential columns (year, type of investment, activity, investment amounts).



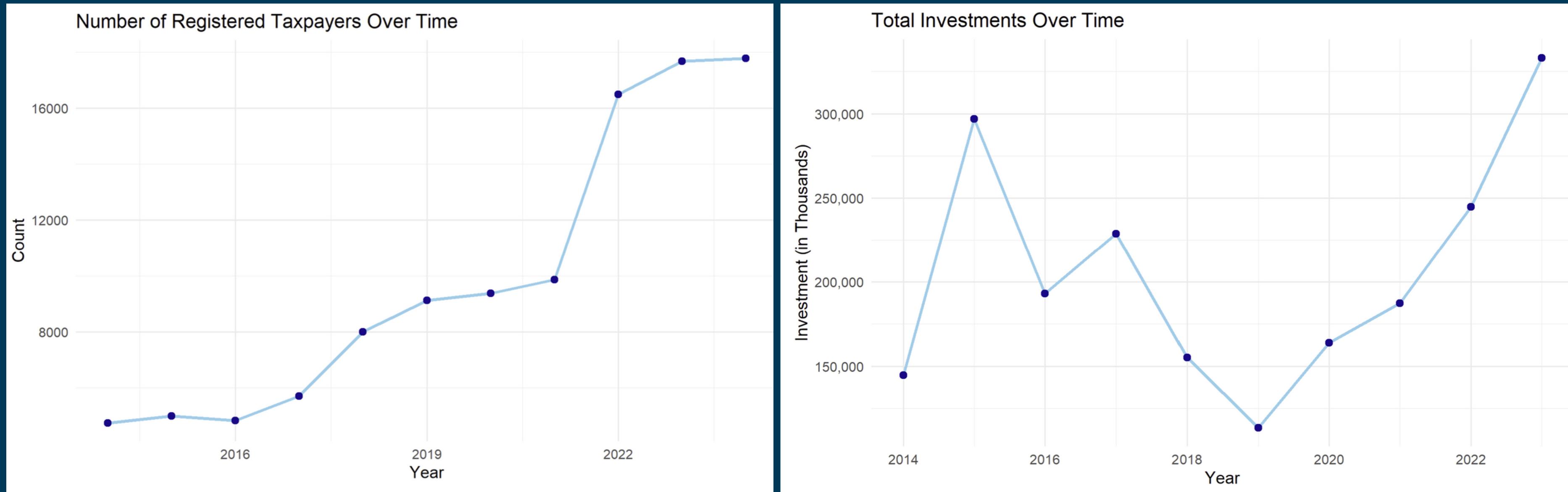
Number of Taxpayers per Sector Code



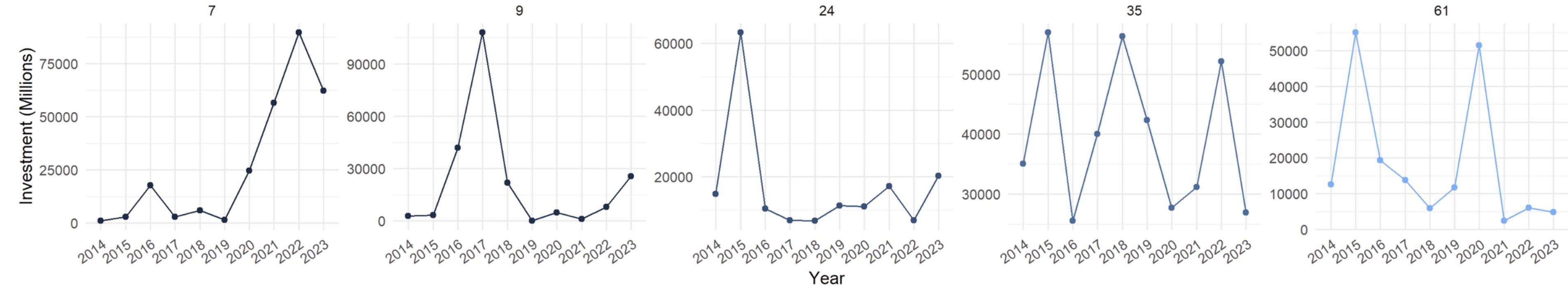
Total Direct Investments per Sector



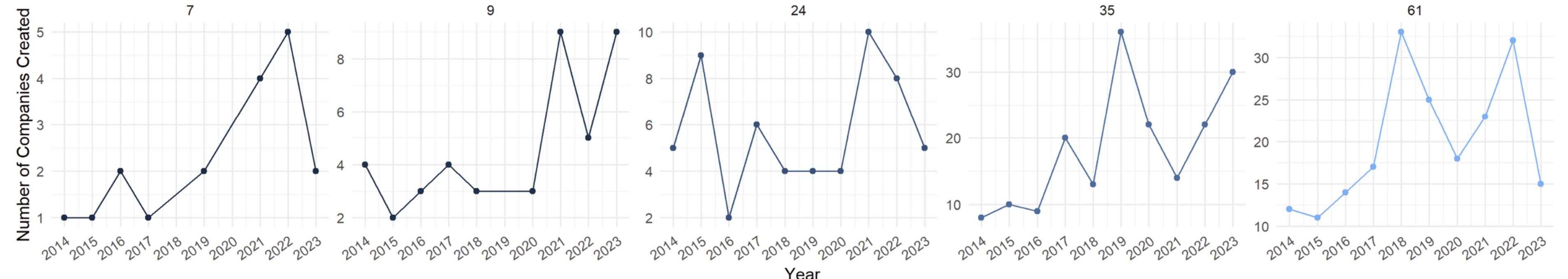
Comparison



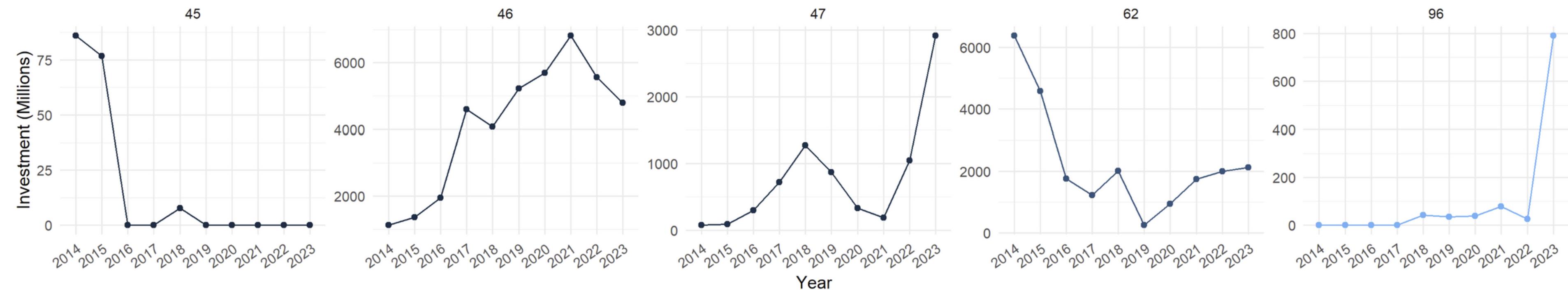
Yearly Direct Investments from 2014 for Selected Sectors



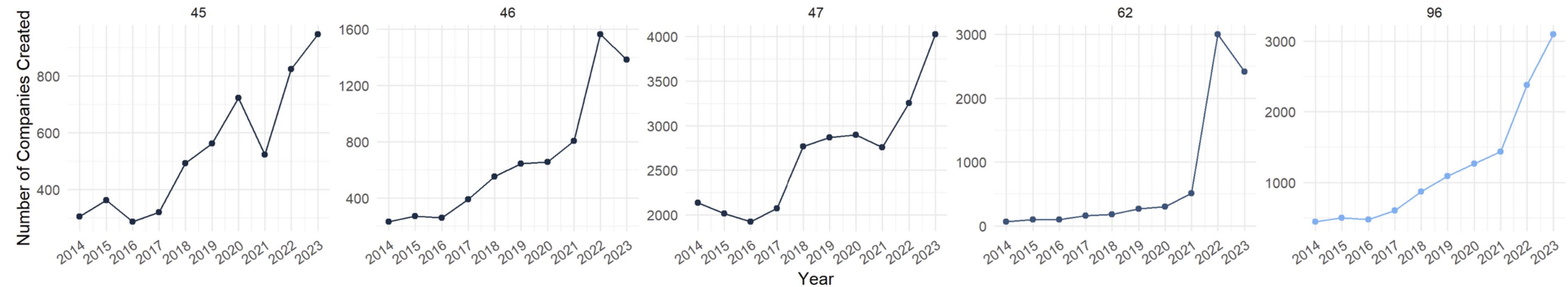
Yearly Company Creation from 2014 for Selected Sectors



Yearly Direct Investments from 2014 for Selected Sectors



Yearly Company Creation from 2014 for Selected Sectors



Conclusion

Findings:

- Strong correlation in IT, retail trade, personal services, and mining.
- Weak or inconsistent trends in electricity and basic metals.
- Motor vehicle trade shows growth independent of FDI.

Outcome:

The hypothesis is partially accepted.



**THANK YOU
ANY QUESTIONS?**