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# ASSIGNMENT # 04

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Class : BSCS - 2<sup>nd</sup> (M).

Section : 2019 - 2023.

Subject : ECO - 408

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# QUESTION NO. 01

## (a) Example of Foreign Direct Investment in Pakistan?

Foreign Direct Investments (FDI) are investments made by one company into another located in another country. FDI's are actually utilized in open markets rather than closed markets for investors.

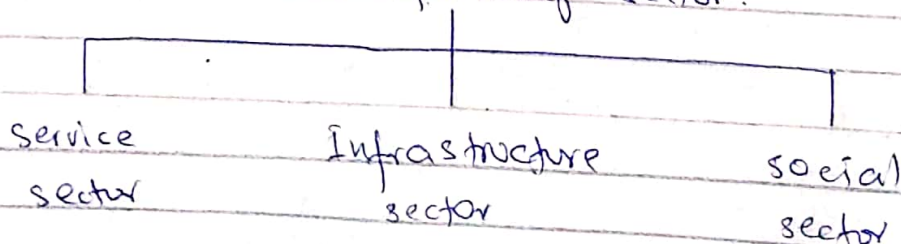
Examples of FDI's include mergers, acquisitions, retail, services, logistics, and manufacturing, among others.

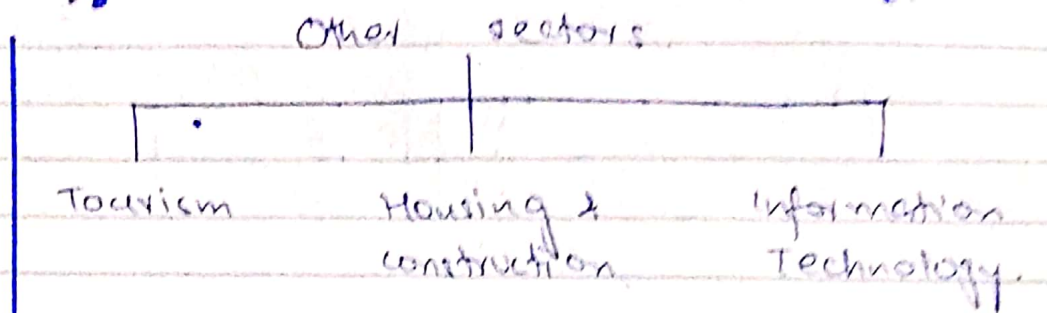
### Investment policy of Pakistan:-

Various Business and services sectors under the current investment policy of Pakistan, business and service enterprises are divided into 3 main sectors or categories as follows.

- (i) - Manufacturing or Industrial sector.
- (ii) - Non-manufacturing sectors.
- (iii) - Other sectors.

#### Non-manufacturing sector.





(b). FDI is beneficial for home country or host country?

Every country in the market seek to maximise the benefits and minimise the costs. The goal of achieving max. profit influences every other decision while investing in a country.

**Factors :**

The primary factors that affect both home country and host countries are employment, competition, economic development, Technology and management.

A success of an industry can be determined by how well these factors are managed by the country practicing all rules and regulations adopted by the country in which operations are carried out.

**Conclusion:**

Both economic theory & recent empirical evidence of Pakistan suggests that FDI has beneficial impact on developing host countries.