Foreign Investment

This involves investment of funds abroad in exchange for financial returns. This Investment can be of 2 .Direct and Portfolio Investment.

Direct investment takes place when a company directly invest in properties such as land, machinery etc in foreign countries for purpose of production of goods and services in that country. This is also known as foreign direct investment.

Portfolio Investment on the other hand is an investment that a company makes into another company in the way of acquiring shares or providing loans to the latter, and earns interest by way of loans or interest on dividends.

Q] What is wholly owned subsidiary?

A] This is when a company that makes 100% investment in foreign ventures and acquires full control over subsidiary operations in the foreign market.