

### ***ABSTRACT***

The paper aims at finding out the effect of FDI on the economic growth in the states of India and thereby see whether human capital has any role to play for FDI to be beneficial for the nation. Panel data of 16 states of India over a period of 11 years has been taken and a fixed effect regression has been carried over to see the effect. The study finds out a positive association between FDI and economic growth. Although the FDI when interacts with human capital could not give a conducive result. The study has been conducted by following the model developed in Borenstein et al (1998) paper.