



Abstract: This study engages an econometric analysis of the determinants of outward FDI by Indian firms through CBM&As during the period, 2004 to 2014 by using data from host countries. This has been done by testing the relevance of motivations developed by the theory on determinants of FDI, namely, market-seeking, resource seeking and strategic asset seeking. The study did not find any empirical evidence to validate the hypothesis developed by the theories on MNEs related to market seeking motivations. Strategic assets such as technologies were found to be the major determinants of outward FDI through CBM&As by Indian firms. The study further argues that Indian firms have invested abroad through CBM&As in order to support their export activities. The association is complementary rather than a substitute for exports. Outward investment through CBM&As by Indian firms was initiated to maximise profit by minimising taxation. To speak of control variables in the home country i.e., India, ownership-specific advantages developed by the firms through inward FDI and strong financial liquidity market have played a significant role to facilitate such deals. Strong political stability which is measured in terms of rule of law of the host countries could have facilitated such deals.

Outward FDI and Cross-Border M&As by Indian Firms: A Host Country Level Analysis

Beena P L

Centre for Development
Studies

KB Room, CESP, SSS-II
March 21, 2017 (Tuesday)
3.30 p.m.

Sd/-
Debabrata Pal
Seminar coordinator, CESP

All are welcome.

Centre for Economic Studies and Planning
School of Social Sciences-II
Jawaharlal Nehru University
Delhi 110067
Phone: 011- 26704421