



**INDIAN INSTITUTE OF TECHNOLOGY GUWAHATI**  
**SHORT ABSTRACT OF THESIS**

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**SHORT ABSTRACT**

The rapid growth of outward FDI (OFDI) from the developing nations is an emerging issue of international business studies. High growth of OFDI from India has attracted the attention of the global community. Recently, geographical distribution of OFDI of the country has also noticeably changed. Therefore, the current research aims at exploring three related issues of internationalization or OFDI. The study uses data from World Development Indicators (World Bank), Reserve Bank of India (Handbook of Statistics on Indian Economy), IMF, UNCTAD, CMIE Prowess IQ, and CEPII Gravity Dataset to carry on the statistical and econometric analysis. The first objective of the study is to examine the role of home country-macroeconomic factors on the dynamics of foreign direct investment position of India. This study draws on a 'dynamic or developmental approach' to international production as its analytical framework. The analysis is based on multivariate time-series data for the time period of 1980–2014. Its purpose is to investigate the dynamic relationship between foreign direct investment (FDI) position of India and home-country macroeconomic factors both in the short-run and long-run, employing vector error correction modelling (VECM). The study finds that the macroeconomic variables have a long-run impact on FDI position of India (captured by net OFDI), although no causality has been witnessed in the short-run. Second objective is to examine the influence of firm's resource, nature of competition within the industry, prior knowledge and dynamic capabilities on the internationalization of Indian firms. The empirical analysis is done for the period from 2008-2012 using firm-level panel data. Two-stage regression modelling is employed for the econometric analysis to disentangle the decision of internationalization of firms from the amount invested. The study unfolds role of prior knowledge on the basis of two associated aspects, namely, depth and length of prior knowledge captured by intensity of exporting and length of FDI experience. Study reveals that depth of prior knowledge is a must influential parameter in comparison to length. Further, the study also finds that the aspects of dynamic capabilities such as market capability and innovative capability have insignificant impact on outward internationalization of Indian firms. Moreover, nature of competition within the industry does not have significant impact on internationalization of Indian firms. The third objective is to investigate the simultaneous act of the firm-level and country-level determinants on the location-distribution of Indian multinationals. The empirical analysis is done for the period of 2008-09 to 2011-12 using firm-destination data. Since Indian multinational firms are nested within the host countries, the study employs mixed multilevel model to capture the effect of the variance in each level of hierarchy. The study finds that both firm-level and country-level determinants act simultaneously on the location distribution of Indian multinationals. Thus the study could give a comprehensive picture of the determinants of OFDI from India.

