Transformation of India as Investor of Outward FDI: A Systematic Investigation of Literature

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Abstract

Besides the economic transformation and industrial up-gradation, Indian enterprises have steadily intensified their overseas investment venture during recent years. A systematic literature review performed to inspect the strategic motives and Outward FDI (OFDI) impact on emerging economies like India. This paper explores relevant theories, strategic rationale, and economic policies that propel the present OFDI trend from India. The effort taken by the Indian government to promote innovations were Cross border commercial and industrial collaboration. These efforts flagged the way for more Outward FDI possibilities in the future (Welch, 1988). This study comprises the literature works till the year 2019, which includes research journals and reports. The analysis observes that knowledge-based industries drive India’s Outward FDI and examine whether knowledge-based industries contribute to sustaining long-term domestic and international growth (Pradhan J.P., 2005; Narayanan, 2016).

I. Introduction

LOW AND MIDDLE-INCOME countries have remained the captivating destination for FDI for decades from upper-middle-income countries concerning their capital formation. FDI facilitates faster dispersion of technology, knowledge spillover, and capital formation. For an emerging economy (EEs) like India, overseas investment is a strategic advancement towards; stabilizing its status and competitiveness in the international market. Indian firms are motivated to commence overseas investment (Welch, 1988) with economic reform in 1991. As an economic reform outcome, Indian

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speculation in infrastructure and local services signifies promoting new sectors (e.g., renewable energy, water, and sanitation, health). By intervening discrete investment strategies (World Investment Report - 2020), India’s OFDI will develop exponentially in the future period, focusing on distinct types of investors (impact investors, institutional investors, and social entrepreneurs, rather than solely on MNEs) and concentrate on different types of investors (impact investors, institutional investors, and social entrepreneurs, rather than solely on MNEs). Further with the rationalized policies and guidelines for foreign investment by Indian companies by RBI and Government’s supportive policy regime complements India MNEs experimental outlook leading to an upward trend in OFDI in the future.

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