CONTENTS

Chapter I : FRAMEWORK OF THE STUDY 1-67

1.1 Introduction 1
1.2 Definition of Foreign Investment 4
   1.2.1 Portfolio Vs FDI 6
1.3 Pros and Cons of Foreign Direct Investment 7
   1.3.1 Merits 7
   1.3.2 Demerits 10
   1.3.3 Reconciling the Pros and Cons 14
1.4 Definition and Types of Multinational National Corporation (MNC) 14
1.5 Approaches of International Business 17
   1.5.1 Choice between exports and FDI 17
   1.5.2 Licensing Foreign company to use process or product Technology 18
1.6 Types of FDI 18
   1.6.1 Theories Assuming perfect markets 25
   1.6.2 Theories Assuming imperfect markets 32
   1.6.3 Other theories of FDI 35
   1.6.4 Theories Based on other Factors 38
1.7 FDI in developing Countries 38
1.8 FDI in developing Countries 38
1.9 Competition to Attract FDI 40
1.10 History of FDI 41
1.11 Determinants of FDI 44
   1.11.1 Infrastructure and FDI 45
1.12 Review of Literature 46
1.13 State of the Problem 64
1.14 Objectives of the Study 65
1.15 Hypothesis 66
1.16 Methodology 66
1.17 Chapter Scheme 67

CHAPTER II : TRENDS AND PATTERNS OF FDI IN INDIA PRIOR TO LIBERALISATION 68-93

2.1 Introduction 68
2.2 The Investment flow into developing countries 68
2.3 FDI Flows to India - A Comparison 71
2.4 FDI in India 72
   2.4.1 Foreign Investment Approved by the country 73
   2.4.2 Foreign Collaborations 76
   2.4.3 Financial and Technical Collaborations 80
   2.4.4 Actual FDI prior to liberalisation 81
   2.4.5 Sectoral Distribution of FDI 82
2.5 Stock of FDI 86
2.6 Conclusion 88
2.7 Annexure I : FDI in developing countries 89
   Annexure II : Foreign Collaborations Approved by Country 90
   Annexure III : Foreign Investment Approved by the Country 93
CHAPTER VI: FDI IN CHINA AND INDIA: A COMPARITIVE ANALYSIS 183-232

6.1 Introduction 183
6.2 India and China: A comparison 183
6.3 The Main Forms of FDI in China 187
6.4 FDI in India and China 188
6.5 Actual FDI Flows in China by Source
  6.5.1 Sector-wise Distribution of FDI 190
  6.5.2 Regional Distribution of FDI in China 191
6.6 The evolution of FDI Related Policies in China 194
  6.6.1 The First Phase: Late 1978 to early 1983 195
  6.6.2 The Second Phase: Mid 1983 to mid 1986 196
  6.6.3 The Third Phase: Mid 1986 to early 1989 197
  6.6.4 The Fourth Phase: Mid 1989 to Late 1990 199
  6.6.5 The Fifth Phase: From Late 1990 to early 1994 199
  6.6.6 The Sixth Phase: from mid 1994 onwards 201
6.7 The Hard and Soft Investment Environment in China 204
  6.7.1 China’s Hard Investment Environment for FDI 204
  6.7.2 Soft Environment 206
6.8 Impact of FDI on China’s Economy 208
  6.8.1 Foreign Direct Investment in China’s 208
  6.8.2 Poverty Reduction in China 209
6.9 FDI Policy and Environment 209
  6.9.1 Industries Opened to FDI 210
  6.9.2 China Enacts New Norms to Attract FDI 211
  6.9.3 China’s Investors Group 211
  6.9.4 Round Tripping of Capital Inflows between China and Hong Kong 212
  6.9.5 Incentives by Provincial Governments 213
  6.9.6 Industrial System in China Compare to Indonesia, Korea, Malaysia and Singapore 215
6.10 Comparison of FDI Policies and Performance between India and China 216
6.11 Investment Climate in India and China 223
6.12 Similarities between India and China
  6.12.1 Major Difference between China and India 224
  6.12.2 Ray of Hope 227
  6.12.3 India’s FDI inflows on par with China 228
6.13 Policy Prescription 230
6.14 Conclusion 231

CHAPTER 7: SUMMARY AND CONCLUSION 233-239

BIBLIOGRAPHY 240-254