India's commitment to economic cooperation among exploited and dependent nations as a means to gain independence was dictated by the imperatives of her external and internal policy and goes back to her struggle for political sovereignty from the colonial rule. After she became independent the principle of strengthening economic links with other countries on a similar stage of development and in similar political situation was a part of her relationships with them. She expressed her commitment on the forum of the nonaligned movement, she took prominent role at the UNCTAD as a member of the Group of 77. The UNCTAD II held in Delhi specially emphasized promotion of international cooperation and self-reliance among the developing countries. Every NAM economic declaration stresses the necessity of cooperation within the developing world. The movement evolved the concepts of South-South cooperation, ECDC, TCDC and related. Thus the necessity of cooperation within the developing world is well argued, understood and accepted. Many forms of this cooperation have been proposed, such as trade, sharing of technologies, pooling of experience and man-power, collective bargaining, joint production plans, information exchange and training, promoting private inter-country investments through establishment of joint ventures, etc.
Since India is one of the largest sources of private investments in the Third World\(^1\) and her joint ventures are a very meaningful new feature in her relationships with other developing countries as well as a new feature in the structure of international economic relations and international economic order this chapter attempts to analyse this form of India's activities abroad.

Indian joint venture investments abroad, technology transfers, services as well as technical, monetary and military aid constituted earlier a small part of India's external relations with other developing states. These forms of relationships are increasingly expanding and forcing the diplomatic and political relations to modify themselves to the economic forces.

Thus the question arises if it is relevant to view these new factors as expression of growing integration and solidarity of the Third World, if they are instrumental for building South–South cooperation, and self–sufficiency according to principles voiced in the NAM forum. A subsequent question could also be asked if these new forms of international relations between developing states are not symptomatic of well–known relations between industrialized and developing countries and if they do not reinforce the already existing pattern of international relations.

As the analysis of the NAM documents show, the mani–

\(^1\) K.V.K. Ranganathan, Indian Joint Ventures Abroad, publ. Corporate Studies Group, Indian Institute of Public Administration, New Delhi, year of publication not given, p. 5.
fold aspects of economic and technological cooperation within the Third World took gradually more and more dominant place in the discussions and decisions of the nonaligned countries. The concept of this kind of cooperation evolved gradually as an element of the plea for self-sufficiency of the countries of the south and as a corollary of the already existing practice of the economic exchange among these countries.

**International Recommendations on Economic Cooperation Among the Developing Countries**

The concept of economic cooperation was broadly discussed in several international fora. The 1970s and 1980s brought about several meetings, conferences, recommendations, resolutions, decisions, programmes of action etc. complementing the work being done in the NAM forum in this respect.

It would be useful to mention briefly some of the documents resulting from these discussions as they express the evolution of the approach towards such cooperation. Most of the developing countries were already cooperating with each other. Thus the discussions reflected their experience, difficulties, needs, aims and aspirations, and interests, and also helped building their awareness in this respect.

NAM summit conference in Colombo encouraged multinational industrial cooperative policies, sub-regional, inter-regional and regional projects and setting up of multinational enterprises among developing countries which meant particular support for joint venture investments. Subsequent summits
elaborated in greater detail this recommendation. The theoretical part of this guideline was interlinked with the practice, and based on it. It expressed and supported the interests of the elites from the developing world.

Two UN resolutions - on problems of raw materials and development and international economic cooperation - stressed that the developing countries should establish effective cooperation instruments in the fields, among others, of industry, science and technology and management and utilizing the know-how, skills, natural resources, technologies and funds already existing within the Third World.

The meetings of the foreign ministers of the NAM countries also proposed action-plans designed to create new links conducive to some degree of coordination of industrialization programmes among developing countries. These plans included investment projects, technology transfers and training of personnel.

The UNCTAD Secretariat, before the meeting of UNCTAD IV in Nairobi in May 1976, drafted programmes of promoting joint production enterprises among developing countries. Many ideas on the Third World industrial ventures, development and transfer of technologies were carried on by subsequent UNCTAD meetings and reports, as the Arusha Programme for Collective Self-Reliance and Framework for Negotiations, and UNCTAD V held in Manila in 1979. The Conference on Economic Cooperation among Developing Countries held in Mexico in 1974 also discussed the developing countries' industria-
lization and establishment of multinational industrial ventures in the Third World.

The other UN agency, the UNIDO, held its General Conference in Lima in 1975 and concluded its deliberations with the Lima Declaration and Plan of Action. The document envisaged the economic growth of developing countries as a process within the Third World itself and not as an aftermath or the trickle-down effect of economic growth of the developed world. The Third General Conference of UNIDO held in New Delhi in 1980 stressed the relevance of sharing of technologies among developing countries.

The idea of collective self-reliance was carried on by the NAM summit conference in Havana in 1979. The conference adopted a Resolution on Policy Guidelines to Reinforce Collective Self-Reliance among the Developing Countries which contains many recommendations related to strengthening of technical cooperation among them.

The Group of 77 held its Conference on Economic Cooperation among Developing Countries in Caracas (Venezuela) in 1981. It discussed most urgent developmental problems of the Third World countries and made many suggestions. It recommended among others, the establishment of projects of industrial cooperation involving transfer of technology and setting up of joint ventures aimed at promoting self-reliance by utilizing complementarities in skills, capabilities and markets and other relevant resources. It specified also the priority sectors:
1. raw materials,
2. fisheries, agriculture and agro-industries,
3. mining and minerals processing,
4. petrochemicals, chemicals, fertilizers and pharmaceuticals,
5. intermediate and capital goods industries,
6. textiles,
7. forest based industries, building materials,
8. power generation.²

The opportunities and perspectives for South-South cooperation were also discussed by the representatives of 44 developing countries at the New Delhi Consultations in 1982. The Consultations proposed to set up a Multilateral Financing Facility to undertake feasibility studies, and to provide technical consultancy services to developing countries.

Emerging Economic International Relationships
Within the Third World

The increasing criticism³ of the Western models of industrialization and development and discussions concentra-


³ As for instance in measures for strengthening economic integration and cooperation among developing countries at the sub-regional, regional, and inter-regional levels - Note by the UNCTAD Secretariat - UNCTAD /ST/ECDC/ 17 April, 1982.
ing on the relations between the developing and developed worlds overshadowed the fact, that the developing world is not an undifferentiated whole, but consists of states growing into considerable economic and political powers despite still being dependent on the industrialized world, as well as of the world's poorest countries.

One of the aims of the NIEO is to widen and differentiate the economic relations within the Third World. As the developing countries consider cooperation among themselves as a measure to break away from familiar, well-established, dependent relations with former metropolitan centers, they are not fully aware of new dangers created by the increased relations welcoming them without reservations. However, as it is emphasized, these cooperational relations within the developing world shaped according to recently formulated concepts of TCDC and ECDC were showing disturbing parallels with the relations between the developed and developing worlds, and may be adding to the existing web of unequal international relations.

Several developing countries like Brazil, India, Mexico, Venezuela, and South Korea, with middle-sized economies, still receive finance, technology and aid, but at the same time they also offer finance, technology and aid to the countries less developed than themselves. In some sectors they are

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4 Srikant Dutt, South - South Patterns of Exploitation: India's New Relationship with the Developing Countries, in Journal of Contemporary Asia, 1980, Vol. 4, p. 434.
advanced enough to extend themselves abroad, mainly to other
developing countries creating new relationships through tech-
nical aid, banks, transfer of technology loans and grants,
joint venture investments, construction contracts, activities of their own transnationals etc.

All these activities contribute to the changes in the pattern of contemporary international relations. Inequality in the levels of development results in unequal relations between the states. The process of industrial development, we are witnessing, takes place within the capitalist framework according to the capitalist imperative, following the rule of capitalist economy to expand, reproduce and exploit new productive forces. This means that the industrial development within the Third World has to find new areas for exploitation and finds them in the developing world itself, in countries relatively less developed. In the case of India we can observe her expansion in the region, mainly over her neighbours. The SAARC seems to be an upcoming instrument supporting this process.

So, in the course of growing industrialization, the exploitation does not decrease but takes different forms. As a result, the division between the less and more industrialized ones is increasing, forming new layers of dependence and inequality as part of the distressing new patterns in international relations. The rhetoric about development and cooperation conceals these new realities.
No wonder then that questions have been asked if Indian and Brazilian multinational corporations are really desirable examples of South-South relations, if their technology and investments policies promise more benefits for developing countries than firms from the developed ones? What would be the cost and benefits from a South-South international bank and from a global system of trade preferences among developing countries and which types of members from the South would bear those cost and benefits?  

India's Domestic Economic Policy

India's domestic economic policy in the post-independence years aimed at self-sufficiency and import substitution which necessitated indigenization of production. As a country of continental size with large variations in population density, natural resources, climatic conditions, infrastructure availability, education and technical knowledge of the people, India had to develop means to meet her varied needs. Thus she built up her own industrial capacity within the confines of the domestic economy while stimulating a great deal of technological effort. Protectionist policies towards domestic production, particularly of the capital goods and domestic technical effort resulted in a diverse and quite sophisticated base of industrial technologies, India has possibly the broadest and best developed technological capa-

abilities in the Third World, and her experience is expected to be useful for many developing countries. Her trained manpower stands fourth in the world in terms of size.

India's technological competence is increasingly recognized internationally. The UNIDO repeatedly invited India to offer technical and industrial collaborations to developing countries. Following the International Seminar on Technology Transfer in 1972 convened by UNIDO and the government of India, she initiated exchange of missions with the developing countries in a programme of technology familiarization and transfer. The III Asian Meeting on Promotion of Joint Ventures between developed and developing countries convened by UNIDO at Kuala Lumpur in 1973 identified India as a resource-giving country. Not only UNIDO but also ESCAP, ECLA, ADB the Colombo Plan and IBRD recognized India as a potential source of skills. It has to be pointed out here, that India has developed into an industrialized state of some sophistication despite her own burden of immense poverty.


8 T.N. Chaturvedi "Transfer of Technology among Developing Countries", New Delhi, 1984, p. 34.

9 Srikant Dutt, op.cit., p. 438.
However, the same set of regulatory policies, which supported the development of relatively advanced and sophisticated technologies have also fostered widespread areas of inefficiency and technological backwardness. Related policies of promotion of public sector enterprises, small-scale industries, egalitarianism and national ownership have prevented a full utilization of the technological capabilities that have been generated with so much effort. As a result, the over-protected technologies and industries kept in check by the whole system of control have not been able to sustain even moderate rates of growth. In the economic environment sheltered by protectionist policies some Indian industrialist and investors developed habits which caused many of the failures of their enterprises abroad.

India's impressive performance in technology exports is contradicted by a poor record of industrial growth, expansion of manufactured exports, absorption of industrial labour, and the introduction of genuinely innovative products in domestic or foreign markets. Paradoxically, the same policies which have curbed growth in general have simultaneously prompted the development and export of indigenous technologies compelling the firms to extend abroad, to utilize their existing manifold capabilities. The government is aware of the need of liberalisation of its attitude to be able to make full use of the existing capabilities. It finds itself caught in an ideological tangle of its own making,
and in the web of powerful vested interests created already by the system. 10

Forces Driving Indian Investment Abroad

The existing structure of India's economy limits the possibilities of her capitalist growth. Industrial development is curbed by a very small market for industrial goods which does not expand due to lack of purchasing power of the majority of the populace as a result of poverty. The saturation point has been reached for many industries producing for urban consumers. This has led to the chronic problems of the Indian economy and its public and private industries. They are faced with the interrelated problems of scale, underutilization of capacity, lack of demand, lack of investment. An answer to those problems is to go abroad, expand Indian industries, open up and exploit productive markets wherever it is possible, mainly in Asia and Africa. In this way India became a donor of service, aid, finance and technology. She established industries, banks and other institutions in other developing countries. Although it occurred beneath very well known rhetoric of cooperation, self-sufficiency etc. within the NAM forum there is no doubt that Indian institutions penetrated economies of other countries and achieved some level of control over them, as would be dis-

cussed in greater detail subsequently. It is argued that the above process displayed many of the familiar features of inequality between states.

The potential of the already developed technologies as well as the domestic compulsions to move abroad, influenced India's decision to cooperate with the developing countries in the industrial field, particularly through joint ventures. The last decades gave rise to the striking international phenomenon of some relatively advanced developing countries transnationalising their operations. Their commercial and industrial enterprises entered into agreements with similar enterprises from other developing countries to share responsibility for operation by providing risk capital, goodwill, know-how and management, natural resources and access to national markets.

The study conducted by the Indian Institute for Foreign Trade interpreted the term "joint venture" as any form of association implying collaboration for more than transitory period. It includes commercial and industrial enterprises in which two or more countries share responsibilities for the operation of the company by providing risk capital, goodwill, know-how, and management in an agreed manner.12

Some earlier forms of foreign investment offered mainly by industrialized countries have been viewed in the developing

12 "India's Joint Ventures Abroad" by Indian Institute of Foreign Trade, New Delhi, 1977 (Subsequently IIPT), p. 31.
world as one of the strategies designed to carry on the dominance of the traditional colonial centres over the less developed countries. This prompted the newly-free countries to opt for foreign investments in the form of joint ventures coming from other developing countries. These ventures were expected to diffuse the ownership control by ensuring a majority participation of the local owner.

The joint ventures were initially meant to promote exports. However, as S. Lall stressed in his study, none of the large sample firms, except Tata exports, is export-oriented in any meaningful sense,\(^{13}\) meaning that the sample industrialists were not mentally ready to make use of the governmental export provisions. His conclusion indicates some dimensions in the ongoing process of changes in the attitudes towards going abroad among the Indian investors.

The foreign investment from other developing countries had to undergo similar process of consolidation of their attitudes and policies. As the existence and activities of the investment in the form of joint ventures abroad underwent quantitative and qualitative changes, it influenced the formation of a pressure group within the developing world, which was voicing a need for various forms of cooperation among the developing countries, stressing particularly their economic and technological aspects. The influence of this group, containing to a certain degree of representants of the business, can be traced to the nonaligned forum as well as to

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many other developmental fora. As a result, joint ventures gained their ideological rationale as an instrument of industrial cooperation within the Third World, or of the South-South cooperation, and are viewed as the result of the debates within the different international fora, including NAM. This offered as additional argument to India's already existing policy of promotion of joint ventures, transferring technologies and investing abroad.

In the context of mistrust towards western models of industrialization, the Third World's joint ventures gained new meaning and content. They gave rise to expectations that they would promote the growth process in the developing countries. No doubt, the joint ventures strengthen the economic links between the countries, mainly on the regional and subsregional levels, they promote sharing of technologies, boost economic growth and cooperation. However, although the participants are from within the developing world, the mechanisms and methods used are those of capitalist expansion, and the development occurs along the familiar rules of capitalism.

Thus, the developing world did not escape the imperatives of advancement within the limitations of capitalist system and did not attempt to go beyond these limitations and to transform the rules. Consequently, it created new levels of dependence within itself. This provokes an observation that going beyond existing limitations, breaking old and creating new rules would have to come from the bottom,
first internally, within the developing countries themselves. This is yet to come about, in any quantitative or qualitative sense.

Indian Joint Venture Investments in the Context of Some Aspects of the Cooperation Within the Third World

The formula of "cooperation amongst the developing countries" has been legitimized by many international bodies, like NAM, UNCTAD and other UN agencies. It attempts to differentiate between cooperative and exploitative investment while ignoring the economic imperatives underlying foreign investment as such. This rhetoric views the investment within the developing world as a means to neutralize the activities of firms from western countries by pooling the expertise and capital already existing within the Third World. It has been pointed out however, that there were two fundamental defects in this approach: in any such groupings the relatively developed members will tend to dominate and, secondly, there was no guarantee that such arrangements would not later be taken over by western multinationals. Today, few years later, we know that some joint ventures investments became multinationals themselves, and notwithstanding this, multinational firms from the industrialized world participate in those investments, too. The same author maintained that the joint ventures within the Third World contribute to the existing patterns of exploitation, with the

weakest of the developing countries at the bottom level, and the middle level developing ones being drawn in to the capitalist club and increasingly sharing common interest with the developed world. He suggested, that India was already behaving in this way, possibly acting as a factor which continues the dominance of the North over the South by displaying a more acceptable Indian face to the other developing country. This element should not be underestimated, according to him, as most developing countries welcome the investment from other developing ones. He stresses also, that close examination of many of the deals Indian companies concluded by in developing countries show that Indian terms are no less unequal than those of any other foreign investor.\(^\text{15}\) Between the more and the less economically advanced Third World countries there already exists a noticeable division. Expressions like Fourth \(^\text{IV}\) World or even Fifth World are not uncommon and indicate new layers of development.

At UNCTAD's fifth meeting in 1979 there was an attempt to draw attention to this mechanism of cooperation, and joint ventures abroad. The Indian representative answered: "It is India's policy to recall any Joint Venture which works contrary to the interests of the host country. I want Joint Ventures between developing countries to operate not as centres of exploitation but as symbols of cooperation.\(^\text{16}\) However, according to the information of the Indian govern-

\(^{15}\) S. Dutt, "South - South Patterns", p. 440.

\(^{16}\) S. Dutt, "India and the Third World....", p. 87.
ment officials supervising joint ventures in the Ministry of Commerce in 1980, after a venture has been approved, the only control maintained by the Indian government is a RBI rule requiring every company to file an annual statement. Thus, there is practically no control over the ventures. This leads to many abuses which, while known, are officially "undetected". However, the balance-sheets tell a story; many companies report losses year after year.17

India's Export Policy and Promotion of Joint Ventures

In the first years of independence exports and their promotion received little attention of the Indian government until 1960-1965. The changes have been introduced as an after-effect of the first balance-of-payment crisis which India experienced in 1957-58. Some measures of export promotion have been introduced and augmented through the 1960s and 1970s. These decisions have also been partly influenced by suggestions coming from the World Bank and Internationally Fund. Since 1965 export promotion became a fixed policy of the Indian government. A necessary part of this policy was changing of the composition of exports from traditional to non-traditional goods. During the 1960s Indian products increasingly found new markets in Africa and Asia in addition to the traditional markets in Europe and North America.

This policy was parallel to the evolution of under-

17 Ibid., p. 108.
standing of economic problems on the NAM forum and to the efforts for the New International Economic Order.

From the point of view of both the Indian government as well as of the Indian investors the promotion of exports was interrelated with setting up of joint ventures abroad.

India's export strategy focused on acquisition of markets for her capital goods, retention and expansion of these markets. Joint ventures and other forms of economic collaboration with other countries were viewed as an effective instrument of implementation of this strategy.

The study conducted by the Indian Institute for Foreign Trade named three-fold advantages expected from the policy of promoting joint ventures abroad:

1- creating opportunities for export of capital goods and services,
2- serving as foreign outposts for collection of first-hand market information and widen area of contacts,
3- projecting the image of India as a supplier of quality goods by showing successful implementation of joint venture projects in the face of competition in the international market.

The study did not mention the joint ventures as being India's duty toward other developing countries, or as instrument of cooperation within the Third World, or an instrument of achieving the self-sufficiency. It did not contain any of the rhetorics used in the NAM forum.
Another study puts down the following aims of the promotion of joint ventures at the time of their inception, as defined by the government of India:

"- to share the experience and expertise of Indian industrial and technological development with other countries,

- to create an industrial image of India in the country concerned, thereby create an environment acceptable to India export efforts,

- to play the role of partners of development in the industrial growth of the host country,

- to foster a new kind of economic relationship and partnership,

- to provide India with a better access to the market of the host country for its products,

- to earn foreign exchange through dividends, royalties, and fees derived from managerial and technical know-how. 18

The Federation of Indian Chambers of Commerce and Industry considers that the ventures abroad

- are an instrument of export promotion,

- ensure a market for capital goods and exports of such items which otherwise might not have been exported against cash sales,

- secure recurring export of raw materials, semiproces-

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sed manufactures, spare parts, components etc. - support the increase of trade and sometimes help India overcome tariff and quota restrictions on import of items in the countries concerned. 19

As already mentioned, from the point of view of both the Indian government as also of the Indian investors the promotion of exports was interrelated with setting up of joint ventures abroad. Thus their establishment by the Indian private and public sector undertakings with counterpart institutions in the Third World countries was encouraged.

Indian companies began to engage in joint equity investment after 1960, and in greater earnest, after 1970. However, the first Indian joint venture abroad has been established as early as 1956. It was a textile mill set up in Ethiopia by the Birla house.

The large Indian engineering firm, Jay Engineering Works, was the earliest recorded Indian venture abroad putting up of a sewing machine and electric fan assembly in Sri Lanka in 1962. The Indian equity contribution was Rs. 0.5 million 20 and the whole operation was negligible in every respect.

By November 1977 a total of 83 Indian units were in production throughout the world with combined assets of approximately US $ 24.4 million, and by 1979 110 ventures

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20 Sanjaya Lall, "The New Multinationals...", p. 22.
valued at US $35 million were established mainly in Southeast Asia and in the oil-exporting countries. At the beginning of the 1980s over 3/4 of South-South direct investment was concentrated in South and Southeast Asia. India is one of those countries which are important sources of foreign direct investment. The other are: Argentina, Brazil, Mexico, and Venezuela from Latin America as well as Asian countries: Hong Kong, the Philippines, Singapore and Taiwan. As compared to the Latin American investors there were more Indian and other Asian entrepreneurs who have moved abroad and their ventures were more widely distributed geographically. By the end of the 1970s there were more investments abroad from India than from all Latin American countries combined.

As on 31st December, 1987, there were 182 joint Indian ventures. Out of these, 158 units were in operation and 24 were at different stages of implementation.

The size and scale of operations of the majority of Indian joint ventures abroad has been small. In most of the operating joint ventures India's share holding is less than 50 per cent and value of investments less than Rs. 50.00 lakhs. In many cases it is as low as Rs. 5 to 10 lakhs. This trend, however, undergoes a gradual reverse as Indian well-establi-
shed companies started embarking upon well conceived, more carefully planned, and economically viable projects.

As an initial competitive advantage, the Indian and other Third World manufacturing firms operating abroad utilized their knowledge of small-scale, labour-intensive, production techniques. Indian private capital soon diversified its foreign direct investment. They invested in light engineering and raw materials-intensive industries like cement, paper and sugar. In the 1970s they included chemicals and pharmaceuticals, electricals, and service industries. The last category includes hotels, restaurants, banks, as well as consulting and construction firms. India can supply complete plants and equipment for industries like cotton and woollen textiles, sugar and cement mills, structural fabrications, power transmission lines, blast furnaces, thermal power plants, general purpose machine tools and various types of other plants, equipment and consumer durables. In the field of engineering the capabilities include manufacture supply and installation and turnkey projects, sharing of know-how, technology and technical services.

The 158 Indian joint ventures in operation by the end of 1987 covered a fairly wide spectrum both in manufacturing and non-manufacturing fields; 101 ventures i.e. 64 per cent are in the manufacturing sector and 57 projects i.e. 36 per cent are in the non-manufacturing sector. The units in the manufacturing field are set up in the area of light engineering, engineering, chemicals and pharmaceuticals, textiles and
allied products, iron and steel, leather and rubber products, commercial vehicles, oil-seeds crushing and palm oil refining, food products (including soft drinks), pulp and paper, glass and glass products, etc. Nonmanufacturing field includes hotels and restaurants, trading and marketing consultancy, engineering contracts and constructions, etc.

Indian joint ventures are dispersed over 35 countries. However, more than 81 per cent of operating joint ventures are concentrated in 11 countries: Malaysia (22), Sri Lanka (18), Singapore (18), Nigeria (13), Great Britain and Indonesia (11 each), Thailand (9), U.A.E., Nepal and Kenya (8 each), USA (6), South East Asia region (69) accounts for nearly 37 per cent of operating Indian joint ventures followed by USA and Europe, Africa and South Asia (26 each), West Asia (16) and Oceania (4). Following tables illustrate regional, country-wise and field of operation distribution of Indian joint ventures.

Other Motivating Factors

The motivation behind the decision of an entrepreneur to invest abroad are the expected returns. But his conduct also has a bearing on the regulation of Indian joint ventures, image building and relationships with the host country.

Export promotion was not always the most important motivating factor for overseas investments. They have been the outcome of the crisis of the Indian industries for which a

24 Ibid., p. 76.
### Regional Distribution of Indian Joint Ventures Abroad

(Amount in Rs. '000)

<table>
<thead>
<tr>
<th>S. Region No.</th>
<th>In Operation</th>
<th>Under Implementation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>PUC</td>
<td>No.</td>
</tr>
<tr>
<td>---------------</td>
<td>-----</td>
<td>--------</td>
<td>-----</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td><strong>A: Developing Countries</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. South East Asia</td>
<td>61</td>
<td>4864.33</td>
<td>9</td>
</tr>
<tr>
<td>2. Africa</td>
<td>23</td>
<td>3359.62</td>
<td>8</td>
</tr>
<tr>
<td>3. South Asia</td>
<td>21</td>
<td>213.53</td>
<td>9</td>
</tr>
<tr>
<td>4. West Asia</td>
<td>17</td>
<td>237.62</td>
<td>4</td>
</tr>
<tr>
<td>5. Oceania</td>
<td>3</td>
<td>23.22</td>
<td>1</td>
</tr>
<tr>
<td>6. Total of 1 to 5</td>
<td>125</td>
<td>8698.32</td>
<td>31</td>
</tr>
<tr>
<td><strong>B: Developed Countries</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Europe</td>
<td>16</td>
<td>316.26</td>
<td>8</td>
</tr>
<tr>
<td>8. America</td>
<td>6</td>
<td>21.26</td>
<td>4</td>
</tr>
<tr>
<td>9. Total of 7 and 8</td>
<td>22</td>
<td>337.52</td>
<td>12</td>
</tr>
<tr>
<td>10 Total of 6 and 9</td>
<td>147</td>
<td>9035.84</td>
<td>43</td>
</tr>
</tbody>
</table>

**Source:** Based on the data provided by the Indian Investment Centre: Factsheets on Indian Joint Ventures Abroad for the period ending 20th August, 1986.
Table 2

Country-wise Distribution of Indian Joint Ventures Abroad

(Rs. Lakhs)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Country</th>
<th>In Operation</th>
<th>Under Implementation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
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<td></td>
<td>No.</td>
<td>Equity</td>
<td>No.</td>
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<tr>
<td>1</td>
<td>Thailand</td>
<td>9</td>
<td>1486.68</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Indonesia</td>
<td>11</td>
<td>1452.75</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>Malaysia</td>
<td>23</td>
<td>1389.34</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Senegal</td>
<td>1</td>
<td>1421.80</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>Kenya</td>
<td>6</td>
<td>1120.68</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>Singapore</td>
<td>15</td>
<td>485.65</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>Nigeria</td>
<td>12</td>
<td>755.81</td>
<td>3</td>
</tr>
<tr>
<td>8</td>
<td>Nepal</td>
<td>5</td>
<td>111.05</td>
<td>5</td>
</tr>
<tr>
<td>9</td>
<td>Seychelles</td>
<td>0</td>
<td>0.00</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>Sri Lanka</td>
<td>16</td>
<td>102.49</td>
<td>4</td>
</tr>
<tr>
<td>11</td>
<td>Yugoslavia</td>
<td>1</td>
<td>238.00</td>
<td>0</td>
</tr>
<tr>
<td>12</td>
<td>USA</td>
<td>6</td>
<td>21.26</td>
<td>4</td>
</tr>
<tr>
<td>13</td>
<td>Egypt</td>
<td>1</td>
<td>17.44</td>
<td>1</td>
</tr>
<tr>
<td>14</td>
<td>UK</td>
<td>10</td>
<td>34.57</td>
<td>4</td>
</tr>
<tr>
<td>15</td>
<td>UAE</td>
<td>9</td>
<td>131.24</td>
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</tr>
<tr>
<td>16</td>
<td>Saudi Arabia</td>
<td>4</td>
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<td>0.00</td>
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</tr>
<tr>
<td>18</td>
<td>Mauritius</td>
<td>2</td>
<td>15.82</td>
<td>1</td>
</tr>
<tr>
<td>19</td>
<td>West Germany</td>
<td>2</td>
<td>40.39</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>---</td>
<td>----------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>20. Philippines</td>
<td>1</td>
<td>39.95</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>21. Cyprus</td>
<td>0</td>
<td>0.00</td>
<td>1</td>
<td>29.26</td>
</tr>
<tr>
<td>22. Uganda</td>
<td>1</td>
<td>28.06</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>23. Oman</td>
<td>1</td>
<td>8.20</td>
<td>1</td>
<td>19.11</td>
</tr>
<tr>
<td>24. Greece</td>
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<tr>
<td>25. Kuwait</td>
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<td>26. Fiji</td>
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<td>14.03</td>
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</tr>
<tr>
<td>27. Hong Kong</td>
<td>2</td>
<td>7.96</td>
<td>1</td>
<td>0.96</td>
</tr>
<tr>
<td>28. Australia</td>
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<td>7.20</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>29. North Yemen</td>
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<td>1</td>
<td>5.40</td>
</tr>
<tr>
<td>30. Bahrain</td>
<td>2</td>
<td>3.66</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>31. Switzerland</td>
<td>1</td>
<td>1.63</td>
<td>1</td>
<td>0.38</td>
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<tr>
<td>32. Tonga</td>
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<td>0.00</td>
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<tr>
<td>33. Netherlands</td>
<td>1</td>
<td>0.86</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>34. Gibraltar</td>
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<td>0.81</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>35. Hungary</td>
<td>0</td>
<td>0.00</td>
<td>1</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**TOTAL** | 147 | 9035.84 | 43 | 1929.59 | 190 | 10965.43

Source: Based on the data provided in the Indian Investment Centre: Factsheets on Indian Joint Ventures Abroad for the period ending 20th August, 1986.
### Table 3

Distribution of JIVs according to the Region and Field of Operation (Numbers)

<table>
<thead>
<tr>
<th>Region/Field of Operation</th>
<th>Manufacturing</th>
<th>Trading</th>
<th>Consultancy</th>
<th>Construction</th>
<th>Hotel</th>
<th>Financial</th>
<th>Miscellaneous</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>South East Asia</td>
<td>57 (50.45)</td>
<td>8 (34.78)</td>
<td>2 (18.18)</td>
<td>1 (8.33)</td>
<td>-</td>
<td>1 (16.67)</td>
<td>1 (25.00)</td>
<td>70 (36.84)</td>
</tr>
<tr>
<td>Africa</td>
<td>21 (18.58)</td>
<td>2 (8.70)</td>
<td>3 (27.27)</td>
<td>1 (8.33)</td>
<td>3 (14.29)</td>
<td>1 (16.67)</td>
<td>-</td>
<td>31 (16.32)</td>
</tr>
<tr>
<td>West Asia</td>
<td>8 (7.08)</td>
<td>1 (4.35)</td>
<td>2 (18.18)</td>
<td>9 (75.00)</td>
<td>1 (4.76)</td>
<td>-</td>
<td>-</td>
<td>21 (11.05)</td>
</tr>
<tr>
<td>South Asia</td>
<td>20 (17.70)</td>
<td>-</td>
<td>1 (9.09)</td>
<td>-</td>
<td>6 (28.57)</td>
<td>2 (33.33)</td>
<td>1 (25.00)</td>
<td>30 (15.79)</td>
</tr>
<tr>
<td>Europe</td>
<td>3 (2.65)</td>
<td>8 (34.78)</td>
<td>3 (27.28)</td>
<td>1 (8.34)</td>
<td>6 (28.57)</td>
<td>1 (16.66)</td>
<td>2 (50.00)</td>
<td>24 (12.63)</td>
</tr>
<tr>
<td>America</td>
<td>1 (0.88)</td>
<td>4 (17.39)</td>
<td>-</td>
<td>-</td>
<td>4 (19.05)</td>
<td>1 (16.67)</td>
<td>-</td>
<td>10 (5.26)</td>
</tr>
<tr>
<td>Oceania</td>
<td>3 (2.66)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1 (4.76)</td>
<td>-</td>
<td>-</td>
<td>4 (2.11)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>113 (100.00)</strong></td>
<td><strong>23 (100.00)</strong></td>
<td><strong>11 (100.00)</strong></td>
<td><strong>12 (100.00)</strong></td>
<td><strong>21 (100.00)</strong></td>
<td><strong>6 (100.00)</strong></td>
<td><strong>4 (100.00)</strong></td>
<td><strong>190 (100.00)</strong></td>
</tr>
</tbody>
</table>

**Source:** Based on the data provided in the Indian Investment Centre: Factsheets on Indian Joint Ventures Abroad for the period ending 20th August, 1986.

**Note:** Figures in parenthesis are percentages calculated with respect to Totals column.
partial solution is to go abroad. The joint ventures are designated to make the most of this necessity as:

1- they entail the supply of capital goods, machinery, spares, building materials, technical know-how etc. constituting immediate export opportunity,

2- they broaden the prospects of exports of components, spares and raw materials for a long time to come,

3- they create sub-contract opportunities for other Indian industries,

4- they open the scope for gathering first-hand market information from foreign countries and for broadening the areas of business contacts,

5- they utilize the idle capacity in the capital goods industries and idle skills of unemployed manpower.

Notwithstanding these reasons, and the regulatory system in the home country, the internalization of production seems to be a logical stage in the evolution of a firm. Once it develops proprietary advantages it extends abroad.

However, the primary motivation of the decision to invest abroad were some of the regulatory policies of the Indian government with its restrictive environment in the home economy. The restrictions derive partly from direct limitations placed on the growth and diversification of large firms, partly from the generally difficult conditions for private enterprises and partly from the sluggish growth of the domestic market. Thus the firm's decision to go abroad is often an unintended consequence of the government's regulatory policies.
The inquiry conducted by the Indian Institute for Foreign Trade on the overseas investment concluded "Almost all firms, especially those doing well, have unhesitantly stated that they wanted to overcome [WRT] [monopolies] legislation.\textsuperscript{25} In this context three important regulations have been mentioned:

1- Monopolistic Restrictive Trade Practices Act, 1970,
2- Indian Income Tax,
3- Foreign Exchange Regulations Act.\textsuperscript{26}

Many times the policies of the government of the host country in terms of tax concessions and pioneer status were encouraging. In some cases the joint venture was taken up because the Indian government wanted that entrepreneurs with reputed management and technology record contribute to the objective of self-reliance of the host country.\textsuperscript{27}

There were also motivations like:

1- existence of a captive market abroad,
2- necessity for retention of market which was possible by transferring of the production to the country where the market had to be retained,
3- protecting and expanding of the market for certain products which was particularly important when India was diversifying her exports and made partial transition from exporting traditional commodities to

\textsuperscript{25} \textit{IIFT}, pp. 74-75.
\textsuperscript{26} Ibid.
\textsuperscript{27} Ibid., p. 8.
manufactured goods,
4- use of brand name,
5- saturation of domestic market,
6- availability of raw materials,
7- advantage to export to third countries,
8- appropriateness of technology and management,
9- search of increased returns,
10- expand earnings of foreign exchange,
11- government induced investment judged by host country including tariff evasion,
12- government induced from investing country's policy,
13- emulating of multinationals,
14- search of raw materials.28

Few years after the IIFT study, a survey concluded in 1981-82 by the Institute of Company Secretaries of India confirmed the motivations found out by the IIFT sample survey and revealed many new ones:

1- policies of the host countries relating to tax concessions, incentives, etc.,
2- availability of a captive market,
3- retention of market,
4- use of brand name,
5- advantages of exporting to third countries,
6- increasing exports,
7- demand potential,
8- political stability and the host country's outlook

28 Ibid., pp. 72, 76.
towards foreign investment,
9- levels of industrialization of the host country,
10- level of technology required in the host country,
11- safeguards available in the host country against capital and profit repatriation, apart from financial and other incentives provided by the host country,
12- industrial policy of the host country with reference to level of equity etc.,
13- acceptability of foreign goods in the host country. Possible competition from third countries in the host country. 29

Another study on joint ventures mentioned:
14- export promotion in general,
15- possible high profits,
16- opening of new markets,
17- dispersion of risks,
18- dumping of old equipment,
19- searching for raw materials,
20- evasion of tariff barriers,
21- personal selfish motivations of some businessmen wanting to evade the FERA 30 as motivations for investing abroad.

Among the reasons driving the firms abroad prominently figured their earlier collaboration with enterprises based in

29 Joint Ventures Abroad, ed. by Directorate of Research, The Institute of Company Secretaries of India, New Delhi, 1983, pp. 9-10.
30 S. Jutt, "India and the Third World...", p. 89.
Europe, Japan, and North America. This motivation has not been mentioned by any of the Indian studies. These operational ties are presently strengthening and expanding, which gives the Indian entrepreneurship more power and a stronger international position.

**Formative Years of Indian Joint Ventures**

The process of formulation of the Indian official policy in respect of setting up joint ventures abroad is quite instructive for getting some insights in the evolution of new forms of international cooperative relationships within the developing world.

When the first Indian joint ventures started their operation the official policy regarding this economic activity practically did not exist and there were no detailed rules for clearing proposals and no general guidelines governing Indian participation in joint ventures abroad. They were formulated in January 1970 mainly on the basis of existing experience. The guidelines formulated at that time indicated the awareness of the Indian government that official interests need not necessarily coincide with the private interests and that the private investors could create problems for India in her relations with countries where the private firms were operating. Thus it was made explicit that Indian entrepreneurs should not behave abroad in a way which India as a host country would not approve from foreign investors. Indian

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31 Dennis J., Encarnation, *op.cit.*, p. 46.
investors were not allowed to establish enterprises which would be in 100 per cent owned by them. Indian equity participation could not exceed 49 per cent to avoid exploitation. This rule was dictated also by economic constraints of the Indian economy. However, although it allowed Indian parties only minority participation yet it did not object Indian majority holdings if the outside party was ready to accept it. The guidelines recommended seeking association with local parties in the host countries, local development banks, financial institutions and local governments.

As India experienced severe balance of payment crisis the government required that Indian firms earn their own foreign exchange if they want to import. Joint ventures offered opportunities to earn this exchange.

This policy decision had to serve two main purposes:
1- to control the cash expenditures,
2- to avoid suspicions of attempted domination over or exploitation of the unit which was being set up.³²

³² Despite the official limits to the equality holdings and avoiding of seeking dominance some Indian monopoly houses were successful in reproducing their monopoly positions in other developing houses. The Birlas gained a monopoly through sensible use of their influence in domestic textile production in the marketing of some goods in Ethiopia and Nigeria. In the 1970s they had plans to monopolize the whole sugar market in Malaysia by developing the sugar industry from the very beginning. Tata trucks have gained a sizeable Malaysian market share as a domestic producer. S. Dutt, "India and the Third World...", p. 89.
Cash remittances were not allowed with an exception of small amounts for preliminary expenses necessary to set up the unit abroad. The allowed Indian minority holdings had to be in the form of indigenous machinery, equipment, technical know-how etc., but the value of structural, steel items, construction materials, components, etc., could not be capitalized. This was the manifestation of the policy of promoting exports of Indian capital goods and machinery and subsequently of projecting of image of India as a supplier of quality goods.

The guidelines made it explicit that the exported machinery, equipment etc. should be made in India and second-hand or reconditioned products were excluded from export against Indian investment. The joint ventures policy favoured turn-key projects. It recommended that the Indian parties should provide in their agreements for training facilities in India to nationals from the host countries. 33

New Experience

India's investment abroad had been confronted by many kinds of difficulties. They arose from the general guidelines of the policy of the Indian government, from the exposure to the new environment in the host country, and from the domestic Indian set-up. All these problems shaped the new features of Indian economic links with other developing countries, and ultimately influenced the policy of the government. 33

33 Joint Ventures Abroad, Indian Investment Centre, New Delhi, 1974, p. 17.
of India.

As India has been facing acute shortage of foreign currency the prevailing policy was to spend it sparingly. In this context, the general idea behind the guidelines governing Indian participation in joint ventures abroad was that the Indian firms should earn their own foreign exchange if they wanted to embark on any economic activity abroad.

However, this policy was also a cause of various problems and tensions for investing firms as well as many misuses. The IIFT study identified three main areas causing problems for Indian firms operating abroad:

1- lack of cash participation, i.e. the inability to participate in equity capital in the form of cash subscription and lack of guarantee from Indian banking for borrowing from foreign banks made the liquidity position of these firms difficult. Many times this made it impossible for Indian parties in the venture to meet various eventualities of the building and operation of the units, causing many failures,

2- the demand to reimburse the foreign exchange spent on various purposes, especially travel of the technical and managerial personnel, on which the RBI insisted. The reimbursement had to be made through remittances from overseas ventures. Indian parties considered this as difficult and embarrassing for them,

3- the procedural delays made it difficult for Indian
firms to carry out the planned schedule of the setting up of the unit.\textsuperscript{34}

The very limit of cash participation compelled most of the big Indian firms to borrow from local and international financial institutions. For that, however, the Indian bank guarantee was necessary but no Indian bank could give it without the permission of the RBI. The procedural delays want of timely finance jeopardized the implementation of many projects. Many of the borrowing units ran into losses or did not repay loans which raised doubts in the host countries about the capacity of Indian management to organize a big industry.

Indian joint ventures had to cope with some specific problems in the host countries. These were:

1- high labour turn-over: local personnel specially trained by the Indian units, soon after their training, left in search of higher wages. This disturbed the production schedule,

2- inability to adopt to highly competitive domestic markets in many host countries,

3- choice of wrong overseas partner who sometimes did not adhere to the initial commitments,

4- changed political situation in the host country or the region, particularly nationalization of the industrial or other establishment or changes of the government.

\textsuperscript{34} IIFT, pp. 19-20.
Problems of this kind several times seriously intruded on the operations of the joint ventures, sometimes causing their failure.

Some difficulties for Indian ventures in the foreign environment were derived from specific Indian conditions, like sheltered internal market or relations between the management and labourers. Many of these complications projected the internal weaknesses of the Indian economy abroad. Some investors wanted to be protected, and insured against political and commercial risks in the host countries in the way they have it in India. This clashed with the basic objective of most of these host countries.

Indian firms entering the overseas markets with strong international competition started from a disadvantageous position of being used to the sheltered domestic market, unable to compete internationally.

Some complications arose due to the rigid attitudes of Indian managerial staff who were unable to adapt to local social and cultural environment. They transferred the Indian behavioural patterns in their relationship with the local workmen causing frictions and irritations.

All such problems led to low performances, sometimes to breakdowns of Indian investments abroad.

Cumulative Consequences of Constraints

The first years of investment abroad by Indian entrepreneurs were characterised by a high rate of failures of the
ventures as illustrated by the table below:

<table>
<thead>
<tr>
<th>Region</th>
<th>Proposals Abandoned as a Percentage of Total Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>South East Asia</td>
<td>22.5</td>
</tr>
<tr>
<td>Africa</td>
<td>61.1</td>
</tr>
<tr>
<td>Middle East</td>
<td>47.1</td>
</tr>
<tr>
<td>Advanced Countries</td>
<td>44.8</td>
</tr>
<tr>
<td>South Asia</td>
<td>66.7</td>
</tr>
<tr>
<td>Latin America and West Indies</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Calculated from the data provided by Ministry of Commerce, Government of India, New Delhi.35

A high number of applications initially approved by the government of India have either been abandoned or did not start at all. There were several reasons for that:

1- incorrect understanding of precise implications of governmental guidelines related to cash participation,
2- lack of cash participation by the Indian party,
3- wrong assessment of political, economic and administrative environment in the host country,
4- inadequate market feasibility study in the host country,
5- changed political situation in the host country or region,
region,

6- fear of political risk such as threat of nationalisation and sporadic changes of the government in host countries or negative attitude of the host country, unexpected political development,

7- delay in dealing with the proposals for joint ventures in the host country, i.e. procedural drawbacks,

8- problems of technical and managerial personnel - due to restrictions imposed by the host country on employment of Indian deputations,

9- lack of logistic facilities,

10- choice of wrong partner in the host country,

11- long term profit and demand - the host countries seek long term gains while the company did not find it profitable to go for heavy investment of a longer duration as the future demand for the product appeared to be stagnant,

12- expectation to make gains in the short run which was not fulfilled,

13- lack of seriousness on the part of some entrepreneurs.

The IIFT study suggested that "in some cases the intention was to get some other "side gains" under the garb of a joint venture". 36

The high rate of failure of joint ventures mentioned above, is a reflection on motivation. In view of the lack

36 IIFT, pp. 8, 81-84.
of seriousness of some entrepreneurs, the suggestion of the IIFT study was that in some cases the intention was to get some other "side gains" under the disguise of a joint venture. A probe into this suggestion proved the IIFT study's assumption. From 409 joint ventures applications from public and private companies approved by the government up to December 1979 in January 1980 only 107 were in operation and over 193 were subsequently abandoned. Many reasons, among those mentioned above, have been given to justify these failures, but it had been found out that many of the ventures were designed to fail as the investors kept in mind personal gains; their projects were instruments for the manipulation on foreign exchange regulations. For them, joint ventures are an important means by which to overcome FERA, and transfer illegal money abroad.

The authors of the IIFT study arrived at the conclusion that Indian private capital has gone overseas mainly as a response to the policies of the government of India and that of the host country. This conclusion has been verified by the study carried on by Sanjaya Lall. According to his findings, some element of failure might have been derived

37 IIFT, p. 84.
38 S. Dutt, "India and the Third World...", p. 88.
40 IIFT, p. 84.
41 S. Lall, "The New Multinationals...", p. 49.
from the very frame of mind of Indian entrepreneurs, from the general inward-looking bias of the Indian economy. His study, conducted in the late 1970s, found the reflection of this bias in the fact that none of the large sample firms, except Tata Exports, was export-oriented in any meaningful way. Many firms exported at a loss, which was compensated by cash subsidies and other incentives provided by the government. This could lead to the conclusion that these firms wanted to take advantage of the governmental measures aiming at export promotion. S. Lall's study observed the unsystematic basis of most exports, having been undertaken only to utilize excess capacities in the circumstances of sluggish domestic demand. Many firms are limited by outdated technologies, for technologically capable or well-managed Indian firms it may be more rational to concentrate on the domestic rather than the foreign market. They may prefer to exploit their proprietary advantage within India and export relatively little. Hence the decision to export or to invest abroad may not be based on systematic economic factors, such as the possession of competitive advantages, but follow the accidental and ad hoc factors.

Outcome of Indian Joint Venture Investment Abroad

The policy of the Indian government expected the joint ventures, besides bringing sizable returns, to be instrumental for achieving India's manifold political and economic goals and to
1- create opportunities for export of capital goods and services,
2- gather first-hand market information and widen area of contracts,
3- project the image of India as a supplier of quality goods.

Thus the main objective of the study carried on by the IIFT in the mid-70s has been to examine the benefits of India's policy of promotion of Indian joint ventures abroad. They have been analysed in terms of:

1- return to the investment, technology and managerial services,
2- balance of payment effects of the investment,
3- generating additional exports,
4- image building,
5- contribution to the economic growth of other developing countries.

The average rate of return received on the Indian overseas investment has been compared to returns by U.K. companies. It has been calculated on the basis of the data taken from the balance sheets. It has been low, approximately 2 per cent as compared to the minimum rate of 6 per cent and the maximum rate of 27 per cent per year received on the overseas investment by the companies from Great Britain.\[42\]

The rate of return for Indian companies is negligible and

42 IIFT, pp. 10-11.
some of them were running losses.\footnote{37-38}

The total recorded receipt of fees and royalty on knowledge sharing also has been negligible, less than Rs. 2.37 crores in the entire period of 10 years.\footnote{11}

Considering that India is a capital-scarce country it was particularly necessary to find out the rate of return on Indian capital, know-how and management invested abroad. The IIFT study estimated that the annual average rate of return on the capital invested could be 1.5 per cent. The returns on the royalty have also been negligible: 1.6 per cent annually of the total capital invested. So, in the initial years the overall return on Indian joint ventures on management, technical fees, the total expenditure including the equity capital participation has not been significant particularly compared to an average expectation of about 15 per cent rate of return.\footnote{88}

A detailed look into some of the examined units proved that Indian investment abroad had not been generally profitable. They can be grouped as follows:

1. most of them invariably made losses in the initial years. The study suggests that there appeared to be a general tendency to declare losses in the companies. This suggestion has been confirmed by ano-

\footnote{37-38}{See the notes no. 37-38.}
\footnote{11}{IIFT, p. 11.}
\footnote{88}{IIFT, p. 88.}
ther study\textsuperscript{46} saying that, indeed, on the books the average profits are very low. The average hides two extremes of performance: very well by some and very poor by others on paper. It is so because if the investors showed the profit they would have to bring it back to India, much against their desires,

2. those which declared profits and dividends did not reach a higher rate than 10 per cent,
3. those which earned returns for Indian technical know-how in terms of royalty, this was not high,
4. barring some cases of firms of established tradition there were no specific earnings,
5. some of the major ventures borrowed heavily from international financial institutions and local developmental banks. In large number of the cases repayment have been delayed and their interest rates accumulated, resulting in very high debt-equity ratio,
6. whenever the units made substantial profits they tended to re-invest them in the form of bonus shares, preventing flow of dividends to the investing country.

The above findings led to the conclusion that the rate of return on capital and for other services demonstrated that Indian joint ventures had not been doing well.\textsuperscript{47}

\textsuperscript{46} Sebastian Norris, discussion, Institute of Public Enterprise, Osmania University, Hyderabad, March 1988.

\textsuperscript{47} IIFT, pp. 91-92.
Indian joint ventures not only had not been doing well, but they had been instrumental in siphoning off the capital out of India. Some of the Indian industrialists were setting up dummy companies abroad which were intended to fail, which partly explains the high number of failures. This made it possible for the entrepreneurs to manipulate government assistance, incentive and loans, to default on previous loans and subsequently deposit money in the banks abroad. As S. Dutt found out, many businessmen from the private sector would admit in confidence, that their primary rationale behind investing abroad is to escape the FERA requirement to declare how much capital they siphon abroad. The joint ventures give them an opportunity to turn "black" money into "white", to employ capital and make quick profits but report failure of the investment. 48

It was expected that joint ventures would generate further exports of Indian products such as machinery, capital goods, components, raw materials, services, technology etc.

The IIFT study revealed that the additional exports have not been more than 14 per cent to 18 per cent of the total turnover of the selected joint ventures. If the equity is excluded, the Indian-content proportionally gets reduced to 5 per cent - 6 per cent of total sales of the company. In the first 14 years, 133 ventures in production, under implementation, and abandoned, generated additional export worth

48 S. Dutt, "Indian and the Third World...", p. 90.
Rs. 20 crores which means approximately Rs. 1.5 crores per annum. Viewed against the background of loss of the markets for the final product in the host country and third countries, net additional export becomes negligible.

This poor result can be partly explained by lack of proper infrastructure. As the joint venture investors complained they were not getting quality products for additional exports. Indian suppliers were not able to adhere to schedule and deliver goods on time, thus India could not be accepted as a source of regular supplies due to lack of proper transport, mainly shipping facilities.

The unavailability of quality goods brings up the accusation that the joint ventures were considered as a very handy way to dispose of obsolete machinery, which otherwise were not finding buyers. Although joint ventures were not successful in generating additional exports, their operations gave rise to manipulations which no doubt influenced Indian image in the undesirable way. Their notable feature was the dumping of obsolete machinery and equipment, euphemistically described in official parlance as "intermediate technology". Since much of Indian equity was to be supplied in the form of machinery, obsolete products have been dumped abroad through joint ventures at an inflated value.

The study conducted by the Indian Institute for Foreign Trade testified that some of the host countries objected to

49 IIFT, p. 18.
50 S. Dutt, "India and the Third World...", p. 89.
the condition of Indian machinery, equipment etc. participating as equity. The countries viewed the machinery as being not up to the mark i.e. outdated, badly packed and expensive. There also have been studies to prove that the Indian capital goods were overpriced. It is being pointed out that the literature about Third World multinationals stresses their competitive advantage of some of the multinationals which locate, buy, and deploy workable secondhand equipment from various sources. However, as it is further maintained, Indian multinationals cannot make use of this advantage due to the Indian government's regulations which do not allow secondhand equipment to be exported as equity in joint ventures. S. Lall's enquiry admitted that possibly a few firms had broken this rule but the majority was unlikely to have done so. He emphasized that the study could not disclose the cases where secondhand equipment has been actually exported. He concluded that Indian advantages are in the design, performance and price of new capital goods.

The final conclusion of the IIFT study was that the overall effectiveness of Indian joint ventures to bring about exports and strengthen the balance of payments position through repatriation of profits, royalty, technical fees, etc. has been much below the initial expectation. Even the rate of return on investment has not been encouraging. It

51 UN Transfer of Technology to Ethiopia, New York, 1974, in IIFT Study, p. 105.
52 S. Lall, "The New Multinationals . . .", pp. 50-51.
has, however, been pointed out that because of the short period of their operations, it was too early to come to any definite conclusion.\(^53\) The table below illustrates foreign exchange earnings brought by Indian joint ventures.

Table 4

Foreign Exchange Earnings from Indian Joint Ventures

(K. Lakhs)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Year</th>
<th>Dividends</th>
<th>Other Repatriations*</th>
<th>Additional Exports**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Until 1975+</td>
<td>137</td>
<td>111</td>
<td>1830</td>
</tr>
<tr>
<td>2</td>
<td>1975-76</td>
<td>26</td>
<td>130</td>
<td>977</td>
</tr>
<tr>
<td>3</td>
<td>1976-77</td>
<td>39</td>
<td>136</td>
<td>1043</td>
</tr>
<tr>
<td>4</td>
<td>1977-78</td>
<td>57</td>
<td>207</td>
<td>1331</td>
</tr>
<tr>
<td>5</td>
<td>1978-79</td>
<td>74</td>
<td>239</td>
<td>1445</td>
</tr>
<tr>
<td>6</td>
<td>1979-80</td>
<td>190</td>
<td>494</td>
<td>2358</td>
</tr>
<tr>
<td>7</td>
<td>1980-81</td>
<td>148</td>
<td>373</td>
<td>3115</td>
</tr>
<tr>
<td>8</td>
<td>1981-82</td>
<td>35</td>
<td>349</td>
<td>2773</td>
</tr>
<tr>
<td>9</td>
<td>1982-83</td>
<td>5</td>
<td>53</td>
<td>1068</td>
</tr>
</tbody>
</table>


* Includes fee for technical know-how, engineering services, management, consultancy, etc.

** Earnings through export of plant and machinery, spares, components, and raw material (excluding exports adjusted towards issue of equity shares).

* Includes data for earlier years also.

53 IIFT, p. 22.
The official policy stressed the importance of projecting abroad an image of an industrial country for India, capable of exporting other goods than simply handicrafts, textiles, coffee and tea. Indian joint ventures abroad were expected to be effective instruments of this policy. It was assumed that they should give practical evidence of Indian industrial, technical and managerial capabilities.

However, the findings of the IIFT study did not testify that this target had been achieved. The IIFT overseas field investigation stated that some successful Indian joint ventures were able to project India convincingly as a country with considerable industrial, technical and managerial capabilities. However, the abandoned and unimplemented ventures could adversely affect India's image. The intentions and efficacy of the Indian joint ventures can be questioned in view of the large number of abandoned projects as well as those which never started. Problem of dumping of obsolete machinery was discussed above. This practice could not possibly boost India's image anywhere.

The weakest link, and the major problem in the organization of unsuccessful units, was the inadequate marketing of their products. This provided the opportunity to question not only Indian marketing ability, but the reputation of the products of these ventures, which left open the possibility of an adverse reputation on the quality of Indian products in general.
There were two other major reasons which detract the positive impact created by some leading units:

1 - in some cases the objective of Indian investment abroad was not consistent with the objective of the host country particularly in the evaluation of long term benefits from an industrial investment,

2 - some companies, financed by local agencies, have made recurrent losses and were not able to maintain the payment schedule, thus creating adverse reaction in the host countries. Among them were units implemented by reputed and well established large Indian industrial houses. This raised doubts as to whether Indian firms were able to set up viable industrial ventures.

As the study found out, the question whether Indian joint ventures have not been mini-multinationals had already been raised. This was supported by the fact that some joint ventures had been helped by the international financial institutions or associated themselves with some multinationals.

The response of the local labour was also one of the factors disturbing the production schedule. It had two aspects:

1 - quick mobility of trained personnel creating difficulties and bottlenecks,

2 - transplanting of Indian behavioural patterns by the management (unable to adopt to local social and cultural environment) on their relationship with the
local labour which resulted in frictions and irritations. This could affect the reputation of Indian management as an employer and consequently also India's image.

The limits of cash participation sometimes resulted in doubtful situations.

The study limited itself to the conclusion that the role of joint ventures in projecting the image of India as an industrial nation has not come up to expectations.\textsuperscript{54}

The study recommended that the Indian missions abroad take more interest in monitoring of the performance of the Indian joint ventures than before. They should abandon their attitude of benign indifference which was of no use in the circumstances where success or failure of these ventures ultimately affected Indian image.\textsuperscript{55}

\textbf{Contribution to the Economic Growth of Other Developing Countries}

One of the declared goals of setting up of Indian joint ventures abroad was to contribute to the economic growth of other developing countries, according to the NAM's policy. Indian private capital was not expected to be money grubbing in approach. Thus it would be interesting to answer the questions as to how the Indian units fulfilled this objective.

\textsuperscript{54} IIFT, p. 25.

\textsuperscript{55} IIFT, p. 25.
The IIFT study went into it. It based its conclusions on the study of a few selected countries with the largest concentration of Indian joint ventures like Malaysia, Indonesia, Singapore, Kenya, and Nigeria and on published reports of other countries including Ethiopia, Thailand and Philippines. Indian investment in Malaysia is discussed below in bigger detail to show the practice and results of the activities of this type.

Most of the units have been set up within the framework of industrial and economic policies of the host countries. Some of the ventures have been established in backward regions where the host countries wanted to develop an industrial base. Those units have been supported by special policies of the host countries. Indian ventures responded well to the need of exploitation of the local raw material base in these countries. They developed sugar, palm oil, paper and cotton textile industries. Export oriented Indian units helped expand exports of the host countries to the third countries. Some of the units exported 60 per cent – 100 per cent of their production to third countries.

Another important point of justification of Indian industrial and technical collaboration abroad is that India is in a position to offer appropriate technology to many developing countries in the process of development.

The IIFT study found that the technology offered by Indian investment have been appreciated in a large number of
host developing countries and many of them were looking towards India to obtain technologies suitable to their needs. Indian technology has been sold at cheaper prices and the mechanism of its transfer without restrictive clauses was convenient for the host countries.

Although the other countries were looking towards India for technology, they were often pressurised by the multinational companies from industrialised countries offering most advanced technologies contrary to the needs of these developing countries to use their indigenous labour, capital and other resources for development. Many times even an Indian investor had to operate in the same environment being pressurised to import technologies from industrialised countries instead of the equipment and capital goods from India. The kind of pressure is being exercised even in those units which initially used Indian equipment. This is how they are slowly shifting away from India to other supplies of capital goods. It partly explains why Indian ventures were not successful in generating exports of Indian goods.

The guidelines governing Indian participation in joint ventures abroad recommended that Indian parties should train the nationals of the host country in the unit itself or in the unit itself or in India. Hence, even in the countries not putting a condition of training of labourers, technical and managerial personnel, Indian parties have introduced

56 IIFT, p. 15.
this clause. The authorities of the host countries were satisfied with the training given by Indian ventures to the local employees as most of them enlisted large numbers of local workers. Some of the units conducted extensive training programmes.

One of the ideas behind the offer of training was to familiarize the trainees with Indian know-how, to make them opt for Indian solutions in the future.

Indian Investment in Malaysia - A Case Study

Our analysis on the image building, transfer of technology, management, marketing, etc. performed by Indian units abroad is confirmed by the report of Indra Gidwani who investigated into the impression left by Indian entrepreneurs in Malaysia which tops the list of countries hosting Indian joint ventures. The title of the report "Wasted opportunities" suggests the quality of Indian performance.

In the 1970s Indian investment in Malaysian manufacturing sector grew continuously and her position was sixth as Malaysian source of foreign investments. By the end of 1978 there were 37 Indo-Malaysian joint venture projects in production and Indian investment totalled M$ 70.1 million. By the end of January 1981 Malaysia approved 68 joint ventures with Indian interests. Unitata, Telco, Godrej and Boyce, J.G. Containers, Kirloskar Electric Co. Ltd. and

57 Indra Gidwani, Indian Joint Ventures in Malaysia: Wasted Opportunities", in Business India, No. 85, June 8-21, 1981, pp. 51-63.
Pharma Malaysia were among the well-known and better managed Indian companies. Generally, however, the Indian image is very poor. The worst damage was done to it by the Phaltan episode which discredited Indian enterprises in Malaysia. Phaltan Sugar Works having run up debts of Rs. 37 crores, collapsed in 1978. It had severe repercussions in the form of a campaign for the closure of all Indian ventures. The partner in this prestigious Indian venture, the state government of Negri Sembilan fell with Phaltan and the failure gained political implications. The situation was aggravated by spectacular flops of Parry Sweets, Laxmi Textiles and Indo-Malaysian Textiles. Many other units also fared poorly. Only 48 per cent of the joint ventures started producing by July 1, 1979. 40 per cent have been abandoned, the remaining ones were unwilling to abandon but under implementation for over three years.

The exposure to different economic conditions in Malaysia and tough competition on her market revealed the weakest points of Indian economic set up, its consequences and low entrepreneurial culture of Indian investors. Indian investment met strong criticism in Malaysia.

The author interviewed many Malaysian counterparts of Indian investors. This is what they said

- about technology offered by Indian units:

   India brought in the low-volume, high unit-cost intermediate technology, which is not competitive. It
worked in India where the entry for outside technology is blocked but in developing countries like Malaysia where there is no protection, it will fail. Thus Indian entrepreneurs have to bring in new technology;

- about assumptions transferred from the Indian entrepreneurial environment:

Indian engineers, marketing men and managers were so strongly oriented towards low volume of production that they did not realise the cost advantages to produce for the regional or global markets. Their perspectives transferred to Malaysia prevented them from developing a scale of operations necessary to exploit the ASEAN market or even to exist in the competitive circumstances. Most joint ventures transferred to Malaysia the operating assumptions developed over the years in Indian environment without reassessment. An average Indian entrepreneur was operating in India in an environment where tariffs protected him from foreign competition, domestic demand was higher than supply which ensured constant profitability, smaller scale of operation resulted in lower levels of technology and higher unit costs as compared to those of their foreign counterparts. The producers were selling not marketing. The Indian units did not obtain from the Malaysian government any protection in form of tariffs and import restrictions enabling
them to operate in conditions similar to those they have been used to in India but also had to face stiff competition from companies with extremely cost-effective mass production technologies. The entrepreneurial behaviour of Indian investors evolved in Indian conditions made them incapable of coping with different, highly competitive markets abroad;

- about management
Most of the Indian joint ventures have been handicapped by inadequate management. India did not send the right technology, right men to manage the finances, production, labour and marketing strategy. These managers did not fit into the culture of the country. Some investors initiated their ventures with close family members as chief executives. Many of them were without experience as to how to operate a joint venture. In most Indian ventures there was no professionalism and no managerial discipline. Many joint ventures were set up to generate foreign exchange through technical fees and royalties. Having to cope with cash shortages, price and quality competition, Indian managers introduced ad hoc unplanned changes of business, product-mix, prices, costs, volume and technology without paying attention to long term strategy or financial viability. The capacity of some units was utilised in 10-20 per cent.

The chaotic conditions resulted in poor quality, lack
of cost controls and irregular deliveries. Subsequently, the products of those units were not selling well, as the buyers were reluctant to buy from them. Many of the Indian ventures' partners were not provided with adequate organizational support from the parent office;

- about cash shortages

Until 1978 many ventures were cash-starved. The shortage of cash did not enable them to recover from setbacks. It was aggravated by the tendency of Indian partners to withdraw cash at the earliest opportunity. In many cases the ventures would have gone bankrupt if the host country banks had not supported them;

- about Indian investments in general

Indian investors were operating in Malaysia in conditions where the consumers had the option to buy most sophisticated goods. Those who planned to set up a joint venture in Malaysia should have thought in terms of an international market and forget the restrictions of the domestic market. It was considered as shocking that Indian exports accounted for only 1 per cent of world trade while India was one of the 10 top industrialised countries in the world. Thus it was concluded that if India did not want to be isolated she should catch up in technology and think in terms of exports, or if this was impossible she
should offer competitive prices. If the units wanted to compete they had to expand for that cash they needed.

The poor performance in Malaysia is aggravated by the reputation of Indians being corrupt. This opinion is shared by some Indian economists who consider the behaviour of Indian investors in Malaysia as most unethical and typical for the Indian capital. In this context the author emphasized that India as a 10th largest industrial nation cannot afford this kind of reputation. What more the Malaysian entrepreneurs observed about their Indian counterparts was that they did not bother to project themselves, to participate in trade fairs and industries expositions. While going abroad they did not go all the way.

By the end of 1970s Malaysia offered one of the best investment opportunities in the world, was politically stable and was offering attractive fiscal incentives. But there were very few proposals for new ventures from India and most of them were without proper feasibility studies.

The author stressed the need for a total commitment on the part of the Indian parent company to support the joint venture with finances, management and technology. It is also necessary to abandon all governmental procedural and regulatory barriers. He concluded that the damage of India's industrial image in Malaysia cannot possibly be the only price of her massive failure there but it can have wider

political and social consequences by affecting adversely her image in other countries. This can also be disadvantageous for her chances of playing a regional power she aspires.

**Modified Guidelines**

In September 1978 the guidelines directing the establishment of Indian joint ventures abroad were modified. This was dictated by the experience of difficulties and the demands from powerful big industrial houses. The modified guidelines are a manifestation of the Indian government's fuller comprehension of the importance of the joint ventures in her economic external relations and foreign policy. It is also the expression of the government's support for the domestic capital.

The new directives aimed at eliminating the possibilities of misconduct, misuse and misunderstandings. The status of the joint ventures has been improved by giving them a special decision-making body: the Ministerial Committee on Joint Ventures which has to consider the proposals, to evolve the procedures, to ensure their successful implementation, and periodic evaluation.

The guidelines stress that Indian participation has to be according to the rules and regulations in the host countries. Indian equity participation, as earlier, could not be more than 49 per cent. This rule, however, was permitted

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59 K.V.K. Ranganathan, Indian Joint Ventures Abroad, ..., p. 6.
to be ignored in practice. As before, they encourage the maximum association of local parties, local development banks and financial institutions. As usual, India should participate through export of indigenous machinery and equipment necessary for the venture or through export of know-how, capitalisation of service fees, royalties and other payments, raising of foreign exchange loans abroad, grant of loans by Indian participating companies to the joint venture units. Cash remittance, as earlier is normally not allowed, but cases of units ensuring substantial exports of capital goods and services envisaged over a long period would be considered. The Reserve Bank of India has been authorised to meet the expenses in foreign exchange which the investor needs for the preliminary expenses, cost of travels of technical and managerial personnel and the like.

Generally it can be said that the financial restrictions and terms were relaxed. The rule, that exported machinery should be of Indian make remained in force, also the provision that the second hand or reconditioned machinery is not allowed for export against Indian investment.

The regulations include now rules ensuring establishment of viable units, thereby limiting the possibility of failures. The projects for industrial and manufacturing joint ventures have to be viable, accompanied by a detailed project report along with cash-flow statements and profitability projections. Schemes for commercial trading service

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60 Ibid., p. 6.
ventures should similarly be supported by feasibility studies and projections. Indian investors have to prove necessary manufacturing experience and technical competence.\footnote{Indian Joint Ventures Abroad, Indian Investment Centre, New Delhi, 1982, pp. 7-10.}

The rules related to operational aspects and all stages of setting up of joint ventures abroad have been put down in several governmental decisions.\footnote{For detailed discussion see Ram Gopal Agrawal, "Joint Ventures Abroad", Chapter II.}

The table \textbf{5} shows that after 1978 there were no such ventures abandoned, and only a few units were not fully implemented. This can be attributed to the application of the modified guidelines directing Indian investment abroad.

It is noticeable that the recent years brought about new standards of Indian entrepreneurship. The companies both from the private and public sector started embarking upon well conceived, more carefully planned, and economically viable projects capable of earning not only higher returns but also of projecting abroad a better image of Indian expertise. Indian joint ventures, however, are limited by the internal constraints of the Indian economy and policy. The problems and drawbacks of Indian economic and social set-up are projected on the operations of the Indian joint ventures and shape some of their problems. Their nature will change with the process of transformation within the Indian economy, and their importance will increasingly interact with the changes.
Table 5
Performance of Joint Ventures - Year-wise Position of Approvals Granted and Their Status

<table>
<thead>
<tr>
<th>Year</th>
<th>Total approvals</th>
<th>Project in operation</th>
<th>Project under implementation</th>
<th>Project abandoned</th>
<th>Projects not implemented as percentage to total approvals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>a</td>
</tr>
<tr>
<td>Upto</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td>106</td>
<td>19</td>
<td>-</td>
<td>22</td>
<td>65</td>
</tr>
<tr>
<td>1971</td>
<td>18</td>
<td>5</td>
<td>-</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>1972</td>
<td>23</td>
<td>5</td>
<td>-</td>
<td>2</td>
<td>16</td>
</tr>
<tr>
<td>1973</td>
<td>15</td>
<td>6</td>
<td>-</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>1974</td>
<td>31</td>
<td>13</td>
<td>-</td>
<td>5</td>
<td>13</td>
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<tr>
<td>1975</td>
<td>34</td>
<td>12</td>
<td>1</td>
<td>7</td>
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<td>1976</td>
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<td>1</td>
<td>4</td>
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<td>1977</td>
<td>49</td>
<td>18</td>
<td>3</td>
<td>3</td>
<td>25</td>
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<td>1978</td>
<td>35</td>
<td>11</td>
<td>11</td>
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<td>11</td>
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<tr>
<td>1979</td>
<td>28</td>
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<td>6</td>
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<tr>
<td>1980</td>
<td>37</td>
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<td>-</td>
<td>3</td>
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<tr>
<td>1981</td>
<td>45</td>
<td>7</td>
<td>32</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>1982</td>
<td>10</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Jan-March</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>465</td>
<td>134</td>
<td>86</td>
<td>49</td>
<td>196</td>
</tr>
</tbody>
</table>

Source: Indian Investment Centre.
Expansion of Indian Joint Ventures Abroad

In the context of improved status, performance and higher entrepreneurial culture one very important aspect of Indian investment abroad should not be overlooked. Despite the declared intentions mentioned above, to eliminate misconduct, misuse and misunderstandings, there is no legislative authority with the government of India to set norms for business on Indian joint ventures abroad and there is no central authority to monitor the Indian investments outside the country. Indian Investment Centre is the only agency gathering informations about them. The periodic reports of the IIC are limited. The Centre's informations include merely:

1- name and address of the Indian party,
2- name and address of the foreign party,
3- field of collaboration,
4- the amount of equity capital held by the Indian collaborator in Indian currency,
5- date of approval of project,
6- the status of the project i.e. whether it is operating or under implementation,
7- in the case of an operating project the date of beginning of production.

Once a joint venture project gets the government's clearance there is no system to know its status. According to the policy guidelines, the Indian party has to give details about
the venture in its annual reports but it was found that no financial data in most cases is available except for a brief mention of the unit. There are no data as to how high is the inflow of foreign exchange to the country, by way of dividends, technical know-how fees, royalty, additional exports over and above exports towards the equity etc. The limited informations do not allow an estimate of the extent to which the objective of involving the host country partners in management and training is pursued. There seems to be no particular tendency to manage joint ventures jointly.63

The rhetoric about South - South cooperation, ECDC, TCDC, etc. proclaimed on the NAM or other fora gives the practical advantage and preference to Indian investors in the Third World but the Indian government is not concerned as to how the private investors conduct themselves abroad. The Indian policy, similarly like that of other advanced countries, tends to support Indian investors outside. This opinion was confirmed in discussion by prominent Indian economists, like Sumitra Chisti, S.K. Goyal or Charan Wadhwa, who are of the opinion that the government of India is to promote and to protect the interests of the capitalist groups and Indian embassies are public relations officers or agents of the Indian industrialists. This is, however, only natural in the situation of Indian economy being mainly capitalist where the capitalist group is one of the strongest and most articulate.

63 K.V.K. Ranganathan, pp. 8, 30-31, 18.
The attraction of the proposition of the South - South cooperation should not obscured the reality that, as far as the private inter-country investments are concerned, there is no difference between private capital originating from North or South and in character or in style of cooperation they are not different from the ventures originating from the industrialized countries.

There seems to be no conscious decisions or designs as to how the joint ventures should support the economic development. It was to be brought about only as a trickle-down effect of the expansion of the investments abroad and the capitalist expansion in general. The official Indian policy, thus, was instrumental for the expansion of Indian capital abroad, for the international establishment of the Indian industrial houses abroad. Some of the subsidiaries of the Indian companies have corporate investments overseas and have launched new companies there. They are not treated as joint ventures and are not shown in the official data pertaining to joint ventures. The table number 6 shows the list of those investments, as found by the Corporate Studies Group in the Indian Institute of Public Administration.

As one of the scholars pointed out, the business logic suggests that this phenomenon will lead to political frictions and fictions. It has been found earlier that "integrated thinking on international economics issues in

64 S.K. Goyal in a discussion.
## Table 6

Indian Investments Abroad which are not covered by the Official lists

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Indian Company Name</th>
<th>House Association</th>
<th>Foreign Company Name</th>
<th>Country</th>
<th>Equity (in Rupees)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bombay Burmah Trading Corpn. Ltd.</td>
<td>Nowrosjee Wadia</td>
<td>North Borneo Timbers Berhad</td>
<td>Malaysia</td>
<td>18807000</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Bombay Burmah Trading Corpn. Ltd.</td>
<td>Nowrosjee Wadia</td>
<td>Leila Lands Sdn Bhd Berhad</td>
<td>Malaysia</td>
<td>7465000</td>
<td>Subsidiary</td>
</tr>
<tr>
<td>3</td>
<td>Bombay Burmah Trading Corpn. Ltd.</td>
<td>Nowrosjee Wadia</td>
<td>Leila Investment Ltd.</td>
<td>Hong Kong</td>
<td>400000</td>
<td>Subsidiary</td>
</tr>
<tr>
<td>4</td>
<td>Carona Sahu Co Ltd.</td>
<td>Khatau</td>
<td>Asia Ltd.</td>
<td>Sri Lanka</td>
<td>1536101</td>
<td>Tech &amp; JV supply of equipment</td>
</tr>
<tr>
<td>5</td>
<td>Gwalior Rayon Silk Mfg. Wvg. Co. Ltd</td>
<td>Birla</td>
<td>Ino-Phil Textiles Ind.</td>
<td>Philippines</td>
<td>400000</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>ITC Ltd.</td>
<td>FOC/ITC</td>
<td>Hotel Kathmandu Ltd.</td>
<td>Nepal</td>
<td>500000</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Indian Hotel Co. Ltd.</td>
<td>Tata</td>
<td>Taj International Hotels Inc</td>
<td>USA</td>
<td>378970</td>
<td>Wholly owned subsidiary Co.</td>
</tr>
<tr>
<td>8</td>
<td>Indian Plastics Ltd.</td>
<td>Birla</td>
<td>P T Nalin</td>
<td>Indonesia</td>
<td>720115</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Kirloskar Pneumatic Co. Ltd.</td>
<td>Kirloskar</td>
<td>Kirloskar Kenya Ltd.</td>
<td>Kenya</td>
<td>206186</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Kores (I) Ltd.</td>
<td></td>
<td>Kores Stationery &amp; Equipment Ltd.</td>
<td>Hong Kong</td>
<td>239535</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Lakshmi Machine Works Ltd.</td>
<td></td>
<td>Ensas (Pte) Ltd.</td>
<td>Singapore</td>
<td>111458</td>
<td>..</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
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<td>----------------------------------------</td>
<td>---------------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>13</td>
<td>Larsen &amp; Toubro Ltd.</td>
<td>L &amp; T</td>
<td>Larsen &amp; Toubro (Singapore) Pte Ltd.</td>
<td>Singapore</td>
<td>10929798</td>
<td>Subsidiary</td>
</tr>
<tr>
<td>14</td>
<td>Latham Finance Co.Ltd.</td>
<td>Tata</td>
<td>P T Gokak</td>
<td>Indonesia</td>
<td>5639486</td>
<td>Sub of Forbes Campbell</td>
</tr>
<tr>
<td>15</td>
<td>Latham Finance Co.Ltd.</td>
<td>Tata</td>
<td>P T Gokak</td>
<td>Indonesia</td>
<td>5639486</td>
<td>Sub of Forbes Campbell</td>
</tr>
<tr>
<td>16</td>
<td>Lee Hedges &amp; Co. Ltd.</td>
<td>Shaw Wallace</td>
<td>Kanapediwattie Tea Co. Ltd.</td>
<td>Sri Lanka</td>
<td>0</td>
<td>Out of 50000 shares</td>
</tr>
<tr>
<td>17</td>
<td>Mahindra &amp; Mahindra Ltd.</td>
<td>Mahindra</td>
<td>Mahindra Hellenic Auto INDS SA</td>
<td></td>
<td>2403342</td>
<td>Subsidiary</td>
</tr>
<tr>
<td>18</td>
<td>Mahindra &amp; Mahindra Ltd.</td>
<td>Mahindra</td>
<td>Engineering &amp; Metal Works Ltd.</td>
<td>Iran</td>
<td>699434</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Orissa Cement Ltd.</td>
<td></td>
<td>Dalton Property Co. Ltd.</td>
<td></td>
<td>1751120</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Raymond Wollen Mills (Kenya) Ltd.</td>
<td>JK</td>
<td>Raymond (Mauritius) Ltd.</td>
<td>Mauritius</td>
<td>63088</td>
<td>Subsidiary</td>
</tr>
<tr>
<td>21</td>
<td>Raymond Wollen Mills Ltd.</td>
<td>JK</td>
<td>JK (England) Ltd.</td>
<td>UK</td>
<td>3000</td>
<td>Subsidiary</td>
</tr>
<tr>
<td>22</td>
<td>Raymond Wollen Mills Ltd.</td>
<td>JK</td>
<td>Raymond (Mauritius) Ltd.</td>
<td>Mauritius</td>
<td>1301000</td>
<td>Subsidiary</td>
</tr>
<tr>
<td>23</td>
<td>Raymond Wollen Mills Ltd.</td>
<td>JK</td>
<td>Jaykayorg Ag</td>
<td>Switzerland</td>
<td>98000</td>
<td>Subsidiary</td>
</tr>
<tr>
<td>24</td>
<td>Scooters India Ltd.</td>
<td>Public Sector</td>
<td>Sil International GMBH</td>
<td>W. Germany</td>
<td>202394</td>
<td>Wholly owned</td>
</tr>
<tr>
<td>25</td>
<td>Shaw Wallace &amp; Co.Ltd.</td>
<td>Shaw Wallace</td>
<td>Shaw Wallace &amp; Hedges Sri Lanka Ltd.</td>
<td>Sri Lanka</td>
<td>2679000</td>
<td>50.71%</td>
</tr>
<tr>
<td>26</td>
<td>Shaw Wallace &amp; Co.Ltd.</td>
<td>Shaw Wallace</td>
<td>Shaw Wallace &amp; Overseas Ltd.</td>
<td>Bangladesh</td>
<td>359000</td>
<td>100%</td>
</tr>
<tr>
<td>27</td>
<td>Shaw Wallace &amp; Co.Ltd.</td>
<td>Shaw Wallace</td>
<td>Shaw Wallace Bengladesh Ltd.</td>
<td></td>
<td>397000</td>
<td>79.31%</td>
</tr>
<tr>
<td>28</td>
<td>Shaw Wallace &amp; Hedges Ltd. Sri Lanka</td>
<td>Shaw Wallace</td>
<td>Suprefine Teas Ltd.</td>
<td>Sri Lanka</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>---</td>
<td>------------</td>
<td>----------------------------------------</td>
<td>----------------</td>
<td>----------------------------------------</td>
<td>----------------</td>
<td>---------</td>
</tr>
<tr>
<td>29</td>
<td>Shaw Wallace &amp; Hedges Ltd Sri Lanka</td>
<td>Shaw Wallace</td>
<td>Ceylon Polish &amp; Preservation Ltd.</td>
<td>Sri Lanka</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>30</td>
<td>Shaw Wallace &amp; Hedges Ltd Sri Lanka</td>
<td>Shaw Wallace</td>
<td>Lee Hedges &amp; Co.Ltd.</td>
<td>Sri Lanka</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>31</td>
<td>Shaw Wallace &amp; Hedges Ltd. Sri Lanka</td>
<td>Shaw Wallace</td>
<td>Shaw Lanka Tours Ltd.</td>
<td>Sri Lanka</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>32</td>
<td>Shaw Wallace &amp; Hedges Ltd. Sri Lanka</td>
<td>Shaw Wallace</td>
<td>Shaw Plantation Mgt Ltd.</td>
<td>Sri Lanka</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>33</td>
<td>Shaw Wallace &amp; Hedges Ltd. Sri Lanka</td>
<td>Shaw Wallace</td>
<td>Lankatech Management LTDATION Ltd.</td>
<td>Sri Lanka</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>34</td>
<td>Shaw Wallace &amp; Hedges Ltd. Sri Lanka</td>
<td>Shaw Wallace</td>
<td>Shaw Inds Ltd.</td>
<td>Sri Lanka</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>35</td>
<td>Shaw Wallace &amp; Hedges Ltd. Sri Lanka</td>
<td>Shaw Wallace</td>
<td>Viking Fashion (Pvt.) Ltd.</td>
<td>Sri Lanka</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>36</td>
<td>SLM Maneklal Inds Ltd.</td>
<td></td>
<td>PT Standard Mills Industries</td>
<td>Indonesia</td>
<td>1475300</td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>Southern Petro Chemic-Chidamparamal Inds Corpn. Ltd.</td>
<td></td>
<td>Industries Chemiques</td>
<td>Senegal</td>
<td>14976000</td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>Surat Cotton Spg. &amp; Mafatlal Wvg. Mills</td>
<td>Mafatlal</td>
<td>Mafatlal Ag.</td>
<td>Switzerland</td>
<td>844000</td>
<td>100% subsidiary</td>
</tr>
<tr>
<td>39</td>
<td>Tata Exports Ltd.</td>
<td>Tata</td>
<td>Tata Zambia Ltd.</td>
<td>Zambia</td>
<td>1905708</td>
<td>100% subsidiary</td>
</tr>
<tr>
<td>40</td>
<td>Tata Exports Ltd.</td>
<td>Tata</td>
<td>Inter Gulf Mktg.</td>
<td>Oman</td>
<td>800000</td>
<td></td>
</tr>
<tr>
<td>41</td>
<td>Tata Zambia Ltd.</td>
<td>Tata</td>
<td>Townmap Textiles Zambia Ltd.</td>
<td>Zambia</td>
<td>490000</td>
<td></td>
</tr>
<tr>
<td>42</td>
<td>Texradc Ltd.</td>
<td>Birla</td>
<td>Kapilvastu Sugar Mills</td>
<td>Nepal</td>
<td>108000</td>
<td></td>
</tr>
<tr>
<td>43</td>
<td>Texradc</td>
<td>Birla</td>
<td>Indo-Ethiopian Textiles Shares Co.</td>
<td>Ethiopia</td>
<td>400000</td>
<td>Nationalised</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>---</td>
<td>-------------------</td>
<td>-------------------</td>
<td>-----------------------</td>
<td>-------------</td>
<td>------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>44</td>
<td>Tungabhadra India Ltd.</td>
<td>Birla</td>
<td>PT Horizon Syntex</td>
<td>Indonesia</td>
<td>1629252</td>
<td>Sub. of Upper Ganges Sugar</td>
</tr>
<tr>
<td>45</td>
<td>UP Trading Co. Ltd.</td>
<td>Birla</td>
<td>India Malaysia Textiles Berhad</td>
<td>Malaysia</td>
<td>294181</td>
<td>Sub. of Upper Ganges Sugar</td>
</tr>
<tr>
<td>46</td>
<td>UP Trading Co. Ltd.</td>
<td>Birla</td>
<td>Kapilvastu Sugar Mills Ltd.</td>
<td>Nepal</td>
<td>107914</td>
<td>Sub. of Upper Ganges Sugar</td>
</tr>
<tr>
<td>47</td>
<td>Upper Ganges Sugar &amp; Inds. Ltd.</td>
<td>Birla</td>
<td>Kapilvastu Sugar Mills Ltd.</td>
<td>Nepal</td>
<td>18031</td>
<td></td>
</tr>
<tr>
<td>48</td>
<td>Utkal Investments Ltd.</td>
<td></td>
<td>Dalton Property Co. Ltd.</td>
<td></td>
<td>480551</td>
<td>Sub. of Orissa Cement</td>
</tr>
<tr>
<td>49</td>
<td>Virat Investment Co. Ltd.</td>
<td>Tata</td>
<td>Walkers Piling Ltd.</td>
<td>Sri Lanka</td>
<td>115000</td>
<td>Sub. of Voltas</td>
</tr>
<tr>
<td>50</td>
<td>Vision Investment Co. Ltd.</td>
<td>Tata</td>
<td>Ensas (Pte) Ltd.</td>
<td>Singapore</td>
<td>111000</td>
<td>Sub. of Voltas</td>
</tr>
<tr>
<td>51</td>
<td>Vision Investment Co. Ltd.</td>
<td>Tata</td>
<td>Lalbuksh Irrigation &amp; Well Drilling Co.</td>
<td>Oman</td>
<td>410900</td>
<td>Sub. of Voltas</td>
</tr>
<tr>
<td>52</td>
<td>Voltas International Ltd.</td>
<td>Tata</td>
<td>Metroval Ltd.</td>
<td>UAE</td>
<td>1078000</td>
<td>Sub. of Voltas</td>
</tr>
<tr>
<td>53</td>
<td>Voltas Ltd.</td>
<td>Tata</td>
<td>Walkers Piling Ltd.</td>
<td>Sri Lanka</td>
<td>233000</td>
<td></td>
</tr>
<tr>
<td>54</td>
<td>Walchand Industries Ltd.</td>
<td>Walchand</td>
<td>CICV Henry Hammelle</td>
<td></td>
<td>1000</td>
<td></td>
</tr>
<tr>
<td>55</td>
<td>Warrior (Invt) Ltd.</td>
<td>Tata</td>
<td>P T Gokak</td>
<td>Indonesia</td>
<td>5648727</td>
<td>Sub. of Forbes Campbell</td>
</tr>
<tr>
<td>56</td>
<td>Warrior (Invt) Ltd.</td>
<td>Tata</td>
<td>P T Gokak</td>
<td>Indonesia</td>
<td>5648727</td>
<td></td>
</tr>
</tbody>
</table>

Source: Annual Reports of the Companies available at the Corporate Studies Group, Indian Institute of Public Administration, New Delhi.
the Indian government is still non-existent. The coming together of the diplomatic-political-economic aspects of external relations still has not taken place in India despite the real and growing importance of economic interests in India's relations with other developing countries. 65

The above argument justifies questions put forward by K.V.K. Ranganathan as whether the spirit of cooperation conceals the expansion of private capital abroad or if private investments can be dependent upon to promote South-South cooperation. The answer here can be concluded from the fact that the concept of South-South cooperation is a very general one indeed, and offers a wide scope for different interpretations and expectations. Thus, it depends on what one wants to see in the South-South cooperation and the answer could be both yes and no.

Indian Multinationals

The above arguments indicated some of the departure points and dynamics of evolution of Indian joint ventures into multinationals. These facts were:

1- suspicion that the joint ventures already were multinational,
2- involvement of the firms from industrialised countries in the activities of the Indian joint ventures,
3- earlier collaboration with enterprises based in Europe, Japan and USA.

65 S. Dutt, India and the Third World..., p. 49.
The question whether Indian joint ventures have not become mini-multinationals had already been raised in the mid-70s, as found out by the study of the Indian Institute for Foreign Trade. This was supported by the fact that some joint ventures had been helped by the international financial institutions or associated themselves with other multinationals.

There exist links of collaboration agreements between many Indian firms from advanced countries where the Indian investors took licences from and adopted their technologies at home. These connections motivate the foreign investments of many companies and are to be viewed as any other asset of the firm to boost the overseas operations. Indian entrepreneurs investing abroad enter into transnational linkages with business interests based in industrialized European countries, Japan and North America. Those business houses with most foreign collaboration in India had the biggest number of joint ventures abroad as it appears in the case of Kirloskar, Tata, Birla, Sarabhai. The transnationalisation of operations gives the phenomenon of the joint venture a new dimension.

In the context of known opposition in the developing countries against the activities of the multinational firms from the developed world or in view of the NAM's decisions concerning the control over multinationals operating in the developing world as well as in view of the general rhetoric
against multinationals as such on all developmental fora, it is understandable that no Third World country would readily admit having its own multinationals. This is also India's case. The Indian government, its officials, representatives of the Indian Investment Centre, and even some scholars interviewed for this thesis, use the term "joint venture" and are very touchy on any attempt to refer to what they prefer to call Indian joint ventures rather than multinationals. Their attempts to evade the issue indicates, however, that they are quite aware that the question about the Indian multinationals is relevant. Thus, since the control over an enterprise makes the difference, in reality except a few which are joint ventures, most of them are multinational. 66 Some scholars writing contemporary (S. Lall, R. Lall, S. Dutt, K.V.K. Ranganathan) on this topic use freely the term "Indian transnationals and multinationals". The emergence of India's own transnationals and multinationals was related to her joint ventures. 67

In the category of transnationals (Indian based finance capital, personnel mostly Indian) are included the Steel Authority of India, Bharat Heavy Electricals, Indian Oil. In the multinational category are India's biggest industrial houses, Tatas and Birlas, who are truly multinational in their sources of finance and the spread of their operations.

Although, as stated above, India is the largest source

66 Sebastian Morris in a discussion.
67 S. Dutt, South - South Patterns..., p. 441.
of private investment in the Third World, the size of her average joint ventures is extremely small. For projects in operation by 1983, the average contribution by an Indian party towards equity was only Rs. 45 lakhs or under US $5 million and the average size of these projects assuming a 50 per cent participation rate by the Indian party, was only US $1 million.68 However, although the quality of Indian investment abroad is not substantial, its quantitative impact should not be underestimated. Existing data and informations show that the Indian transnationals are highly diversified in terms of industrial activities undertaken abroad and encompass a wide geographical range. Usually multinational corporations are known to have achieved a level of economic and political power to a large degree independent of their home governments. How is it with the Indian multinationals? This question acquires more relevance in the context of the insufficiently defined Indian foreign policy and several ad hoc decisions.69

The presence and activities of Indian joint ventures abroad may have important political implications both for

68 Rajiv B. Lall, "Multinationals from the Third World: Indian Firms Investing Abroad", Delhi, 1986, p. 15.

69 The question of insufficiently defined Indian foreign policy and several ad hoc decisions does not need to be elaborated here. It suffices to say that several Indian political scientists and journalists share this view. Raja Mohan and P.N. Haksar can be referred to as having expressed it in the seminar on Recent Trends in Pakistan and its Nuclear Capability convened by the Indian Centre for Regional Affairs on August 6-7, 1988 in New Delhi.
India's relationships with the host countries as well as for herself. Similarly, like the Western multinationals, the Indian ones may outgrow their links with the Indian state's capitalist base, that may result in situations in which the overseas companies act without reference or regard to their principal interests in India; if this happens they will reach the stage of true multinationals, disregarding sovereign state boundaries.

The expanding international relations of this type create their own logic, have their political implications, both domestic and international. They involve new potentials, new powers, new rules of the game. They may developed a whole web of new links among states, influence the transition of South and Southeast Asia as a new factor in the international set-up. The results and full implications of this process may be difficult to foresee. These economic realities have till now been incompletely studied, delaying the identification of the new trends and changes constantly modifying the set patterns. These new patterns should help reassess the image and position of medium-sized states like India.

Tables closing the chapter offer some additional informations on/about Indian investment abroad. Pages 199-202.
### Table 7

Showing Yearwise Distribution of Indian Joint Ventures Abroad

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Year</th>
<th>In Operation</th>
<th>Under Implementation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>1971</td>
<td>24</td>
<td>-</td>
<td>24</td>
</tr>
<tr>
<td>3.</td>
<td>1972</td>
<td>29</td>
<td>-</td>
<td>29</td>
</tr>
<tr>
<td>4.</td>
<td>1973</td>
<td>35</td>
<td>-</td>
<td>35</td>
</tr>
<tr>
<td>5.</td>
<td>1974</td>
<td>48</td>
<td>-</td>
<td>48</td>
</tr>
<tr>
<td>6.</td>
<td>1975</td>
<td>60</td>
<td>1</td>
<td>61</td>
</tr>
<tr>
<td>7.</td>
<td>1976</td>
<td>70</td>
<td>2</td>
<td>72</td>
</tr>
<tr>
<td>8.</td>
<td>1977</td>
<td>88</td>
<td>5</td>
<td>93</td>
</tr>
<tr>
<td>9.</td>
<td>1978</td>
<td>99</td>
<td>16</td>
<td>115</td>
</tr>
<tr>
<td>10.</td>
<td>1979</td>
<td>114</td>
<td>23</td>
<td>137</td>
</tr>
<tr>
<td>11.</td>
<td>1980</td>
<td>127</td>
<td>44</td>
<td>171</td>
</tr>
<tr>
<td>12.</td>
<td>1981</td>
<td>115</td>
<td>92</td>
<td>207</td>
</tr>
<tr>
<td>13.</td>
<td>1982</td>
<td>134</td>
<td>94</td>
<td>228</td>
</tr>
<tr>
<td>14.</td>
<td>1983</td>
<td>154</td>
<td>81</td>
<td>235</td>
</tr>
<tr>
<td>15.</td>
<td>1984</td>
<td>157</td>
<td>79</td>
<td>236</td>
</tr>
<tr>
<td>16.</td>
<td>1985</td>
<td>158</td>
<td>52</td>
<td>210</td>
</tr>
<tr>
<td>17.</td>
<td>1986 (Aug.)</td>
<td>147</td>
<td>43</td>
<td>190</td>
</tr>
</tbody>
</table>

**Source:** Data up to 1982 are based on the information provided by the Indian Investment Centre's note on Indian Joint Ventures Abroad and for the subsequent years from the Ministry of Commerce Annual Reports.
Table 8

Distribution of IJVs according to the Field of Operation and the Status of the Project (Rs. '000)

<table>
<thead>
<tr>
<th>Field of Operation</th>
<th>In Operation</th>
<th>Under Imple.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>Amount</td>
<td>No.</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>92</td>
<td>8510.71</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>(62.59)</td>
<td>(94.19)</td>
<td>(48.84)</td>
</tr>
<tr>
<td>Hotel</td>
<td>15</td>
<td>78.93</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>(10.20)</td>
<td>(0.87)</td>
<td>(13.95)</td>
</tr>
<tr>
<td>Trading</td>
<td>16</td>
<td>72.13</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>(10.88)</td>
<td>(0.80)</td>
<td>(16.28)</td>
</tr>
<tr>
<td>Construction</td>
<td>8</td>
<td>134.97</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>(5.44)</td>
<td>(1.49)</td>
<td>(9.30)</td>
</tr>
<tr>
<td>Consultancy</td>
<td>2</td>
<td>63.13</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>(5.44)</td>
<td>(0.70)</td>
<td>(6.36)</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2</td>
<td>8.48</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>(1.36)</td>
<td>(0.09)</td>
<td>(4.65)</td>
</tr>
<tr>
<td>Financial</td>
<td>6</td>
<td>167.49</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(4.09)</td>
<td>(1.86)</td>
<td>(3.16)</td>
</tr>
<tr>
<td>Total</td>
<td>147</td>
<td>9035.84</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>(100.00)</td>
<td>(100.00)</td>
<td>(100.00)</td>
</tr>
</tbody>
</table>

Source: Based on the data provided in the Indian Investment Centre: Factsheets on Indian Joint Ventures Abroad for the period ending 20th August, 1986.

Note: Figures in parentheses are the percentages of total.
Table 9

Showing the Ownership Character of IJVs
(Rs. Lakhs)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>House</th>
<th>In Operation</th>
<th>Under Implementation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No.</td>
<td>Amount</td>
<td>No.</td>
</tr>
<tr>
<td>1</td>
<td>Large Industrial Houses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Birla</td>
<td>25</td>
<td>1995.60</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(13.61)</td>
<td>(21.13)</td>
<td>(11.64)</td>
</tr>
<tr>
<td>2.</td>
<td>Thapar</td>
<td>7</td>
<td>1407.24</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(4.08)</td>
<td>(12.17)</td>
<td>(2.32)</td>
</tr>
<tr>
<td>3.</td>
<td>Tata</td>
<td>9</td>
<td>1092.89</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(4.76)</td>
<td>(11.42)</td>
<td>(4.65)</td>
</tr>
<tr>
<td>4.</td>
<td>J.K. Singhania</td>
<td>2</td>
<td>457.20</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1.36)</td>
<td>(5.06)</td>
<td>-</td>
</tr>
<tr>
<td>5.</td>
<td>Mafatlal</td>
<td>5</td>
<td>365.64</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(2.72)</td>
<td>(4.04)</td>
<td>(2.32)</td>
</tr>
<tr>
<td>6.</td>
<td>Godrej</td>
<td>4</td>
<td>204.57</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(2.72)</td>
<td>(2.25)</td>
<td>-</td>
</tr>
<tr>
<td>7.</td>
<td>Kirloskar</td>
<td>8</td>
<td>191.95</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(4.76)</td>
<td>(1.23)</td>
<td>(2.32)</td>
</tr>
<tr>
<td>8.</td>
<td>Nowrosjee Wadia</td>
<td>1</td>
<td>159.45</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.68)</td>
<td>(1.76)</td>
<td>-</td>
</tr>
<tr>
<td>9.</td>
<td>Shri Ambica</td>
<td>1</td>
<td>117.70</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.68)</td>
<td>(1.30)</td>
<td>-</td>
</tr>
<tr>
<td>10.</td>
<td>Total of 1 to 9</td>
<td>52</td>
<td>5992.24</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(35.37)</td>
<td>(60.37)</td>
<td>(23.25)</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>---</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>11. Foreign Controlled Companies</td>
<td>6</td>
<td>509.31</td>
<td>2</td>
<td>184.11</td>
</tr>
<tr>
<td>12. Other Houses</td>
<td>36</td>
<td>1044.71</td>
<td>13</td>
<td>822.60</td>
</tr>
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<td>13. Public Sector</td>
<td>5</td>
<td>266.71</td>
<td>4</td>
<td>155.79</td>
</tr>
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<td>14. Co-operative</td>
<td>1</td>
<td>1421.80</td>
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<td>15. Others</td>
<td>47</td>
<td>337.67</td>
<td>14</td>
<td>230.49</td>
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<td>16. Total (10 to 15)</td>
<td>147</td>
<td>9035.83</td>
<td>43</td>
<td>1929.60</td>
</tr>
</tbody>
</table>

**Note:** Figures in parentheses are the percentages of S. No. 16.

**Source:** Basic data taken from Indian Investment Centre: Factsheets on Indian Joint Ventures Abroad for the period ending 20th August, 1986. The house association is based on information available with the Corporate Information System, IIPA.