Contents

Particulars                                                                 Page Numbers
Preface                                                                                   v-vi
Acknowledgement                                                                          vii-viii
List of Tables                                                                 9-xi
List of Figures                                                                          xii-xiii
List of Boxes and Charts                                                                 xiv
Abbreviations                                                                           xv-xviii

Chapter-1: Introductory Background and Theoretical Approaches of the Study 1-21

1.1 Introduction: ............................................................................................................. 1
1.2 Foreign Direct Investment: .......................................................................................... 2
1.3 Benefits of Foreign Direct Investment: ..................................................................... 3
1.4 Costs of Foreign Direct Investment: ......................................................................... 4
1.5 Economic, Political and Social Effects of Foreign Direct Investment: ..................... 5
1.6 Foreign Direct Investment and Economic Development: ......................................... 7
1.7 Effects of Foreign Direct Investment: Theories and Approaches: ............................. 8
   1.7.1 Theories of Foreign Direct Investment under Perfect Market Condition: ........ 9
   1.7.2 Theories of Foreign Direct Investment under Imperfect Market Condition: .... 11
1.8 Locational Factors that Influence Foreign Direct Investment Inflows in India: .......... 14
1.9 Importance of Foreign Direct Investment for Growth and Development in India: .......... 17
1.10 Conclusion: ............................................................................................................... 19
1.11 References: ........................................................................................................... 20

Chapter-2: Review of Literature and Research Design of the Study 22-48

2.1 Introduction: ............................................................................................................. 22
2.2 Statement of the problem: ......................................................................................... 22
2.3 Review of Literature: ............................................................................................... 23
2.4 Research Gap: .......................................................................................................... 39
2.5 Scope of the Study: .................................................................................................... 40
2.6 Objectives of the Study: ........................................................................................... 40
2.7 Hypotheses of the Study: ......................................................................................... 41
2.8 Source of Data: ........................................................................................................ 41
2.9 Span of Time of the Study: ...................................................................................... 42
2.10 Research Methodology: ........................................................................................... 42
Chapter-3: Economic Liberalization and Foreign Direct Investment Policies in India

3.1 Introduction: ................................. 49

3.2 Global FDI Trends and Pattern of Flows: ................................. 50
  3.2.1 Trends of Global FDI Flow: .................................. 50
  3.2.2 National Regulatory Changes Introduced by Countries of the World: .... 55
  3.2.3 Comparing Performance and Potential: ................................ 57
  3.2.4 Inward FDI Performance Index: .................................. 59
  3.2.5 Inward FDI Potential Index: ..................................... 60
  3.2.6 Global Competitiveness Index: .................................... 61
  3.2.7 FDI and Gross Domestic Product Ratio: .......................... 62

3.3 Evolution of FDI Policy in India: ........................................... 65
  3.3.1 FDI Inflows in Pre-reform Period: .................................. 65
  3.3.2 The Phase of Cautious and Selective Attitude towards FDI (1948-1967): 65
  3.3.3 The Phase of Restrictive Attitude towards FDI (1968-1979): .......... 66
  3.3.4 The Phase of Semi-Liberalization (1980-1990): ......................... 68
  3.3.5 Trends of FDI Inflows during Pre-reform Period: Before 1991: ....... 69
  3.3.6 Country-wise break-up of FDI flows during Pre-reform Period: ....... 70
  3.3.7 Sector-wise break-up of FDI Inflow during Pre-reform Period: ....... 72

3.4 FDI inflows in Post-reform Period: Since 1991: .......................... 73
  3.4.1 Trends of FDI during Post-reform Period: ................................ 80
  3.4.2 Route-wise FDI Inflows during Post-reform Period: ..................... 82
  3.4.3 Country-wise break-up of FDI Inflows during Post-reform Period: ... 84
  3.4.4 Sector-wise break-up of FDI Inflows during Post-reform Period: ...... 86
  3.4.5 State-wise break-up of FDI Inflows during Post-reform Period: ....... 89

3.5 FDI in India: Reasons for Slow Inflows: ................................... 91
  3.5.1 Attitude of Foreign Investors towards India: .......................... 91
  3.5.2 Policy Framework: ................................................. 92
  3.5.3 Procedures: .......................................................... 94
  3.5.4 Foreign Investment Promotion Board: .................................... 95
  3.5.5 Quality of Infrastructure: ........................................... 96
  3.5.6 Pro-labour laws: ..................................................... 96
  3.5.7 Corruption: .......................................................... 97
5.3.2 Imitation and demonstration Effects: ................................................ 161
5.3.3 Transfer of Technology Effects: ...................................................... 162
5.3.4 Research and Development Effects: ............................................... 163
5.3.5 Human Capital Effects: ................................................................. 164
5.3.6 Industrial Management Effects: ..................................................... 165
5.3.7 Linkage Effects: ............................................................................ 167
5.4 Trends and Patterns of FDI Inflow in Indian Pharmaceutical Industry: .......... 168
5.5 Investment in Pharmaceutical Industry and the FDI Inflows: ....................... 177
5.6 Production of Pharmaceutical Industry and the FDI Inflows: ...................... 180
5.7 Export of Pharmaceutical Industry and the FDI Inflows: ............................ 182
5.8 Profitability of Pharmaceutical and the FDI Inflows: ................................. 185
5.9 Employment and FDI Inflows in Pharmaceutical Industry: ........................ 189
5.10 Conclusion: ..................................................................................... 191
5.11 References: .................................................................................... 193

Chapter-6: Conclusion Recommendations and suggestions .............................. 195-215

6.1 Introduction: ...................................................................................... 195
6.2 Suggestions and Recommendation: ..................................................... 202
  6.2.1 Strategies and Implication for FDI in Indian Economy: ...................... 202
  6.2.2 Strategies and Implication for FDI in Indian Pharmaceutical Industry: .. 208
6.3 Direction for Further Research: .......................................................... 215

Bibliography .......................................................................................... 216-242

Appendix ............................................................................................... xix-xxxvii