# CHAPTER - 2

**APPROACH TO STUDY: REVIEW OF LITERATURE AND DESIGNING RESEARCH METHODOLOGY**

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2.1 Introduction:

The analytical discussion presented in the previous chapter with regard to operation of Transnational Corporations (TNCs) in global ambience with some 60,000 parent companies and approximately 5,00,000 foreign affiliates has proved that TNCs are now the dominant global phenomenon engaged in international production occupying the core process of globalization. It is further observed that in India the economic liberalization regime for globalization has paved ways for substantially increased number of global players to inter into Indian economy, developed and developing countries both, with variety of business activities in terms of inflow of FDI, Ms&As, Transfer of Technology, Joint ventures, 100% Subsidiaries and Financial Services.

The present chapter is devoted to prepare the research design based on the extensive review of literature on the subject matter. The chapter presents comprehensive accounts with regard to review of literature, statement of the problems, emerging issues related to TNCs in India. The study proceeds to evolve an appropriate framework of the studying terms of setting objectives, defining scope and formulating hypothesis. The chapter further describes the research methodology adopted to logically and cogently present the subject matter in its true perspective examining the various facets of business activities of TNCs and their impact on the economic development of India.

The term “Transnational Corporations” (TNCs) refers to designate any business corporation in which ownership, management, production and marketing extend over several national jurisdictions. The Transnational Corporations (TNCs) perform their business
activities through direct investment including Foreign Direct Investment (FDI), Technology Transfer, Mergers and Acquisitions, Collaborations, Joint Ventures, 100% Subsidiaries and Marketing of Financial Services. Global equity participation can also be availed of through portfolio investment in terms of ownership and management. Hence, foreign investment through direct investment and portfolio investment both are the popular routes to obtain global equity participation.

Since economic liberalization in the 90's, the role of foreign investment in the growth and development of the developing economies is ever greater and significant. The birth of WTO replacing GATT has further given boost to these economies to go in a big way for more foreign investments in varieties of arrangements viz., FDI, joint ventures, 100% subsidiaries, technological collaborations etc.

India resorted to liberalization regime with the economy being opened up paving way for easy and smooth inflow of foreign investment. In the post NEP period, numerous issues have cropped up as regards the different dimensions of global equity pouring into India. The present study proceeds to probe into these varied aspects of TNCs business operation in India.

The TNCs are considered as important component of the non-debt capital that is highly instrumental in the process of growth and development of an economy. With the colourful stories about the successful role of Foreign Direct Investment in the growth and development of countries like Japan, Hong Kong, South Korea, Singapore, Taiwan, Indonesia, Malaysia and in many other developing countries, the scope and importance of TNCs has increased many-fold. As a matter of fact, the developed nations evince considerable
interest in shifting their production base to the globalizing developing economics basically in order to take the advantage of low wage structure and to capture the vibrant consumer markets. Countries like the USA, Germany and Japan etc. are amongst the top investors' world over. They have also shown a great deal of interest for investment in India in the post liberalization era. The present study hence deals with all the dimensions of business operations through TNCs in India with a focus on economic liberalization regime. The study further makes an incisive analysis as regards impact of TNCs in the development of Indian economy.

2.2 Statement of the Problems:

The study has identified problem areas as follows:

With the adoption of liberalization policy for globalization, India is witnessing flurry of transnational business activities in terms of FDI inflows, Ms&As, establishment of joint ventures and 100% subsidiaries, transfer of technology and marketing of financial services.

The role of multinationals/transnational in capital formation needs to be assessed with concomitant growth of national income, employment, savings, etc.

The problem of environment is the most important problem to tackle with. Environmental pollution, world standard of quality, political stability, social cohesion and economic unity are the general factor to shape relationship between national and transnational corporations. The legal framework is being suitably amended to respond to the emerging global environment.
The transnational anticipate operating in an open and free work culture. Entrepreneurs would be free to reach zenith of their performance. It is possible only when the control of enterprise in the hands of investors is guaranteed, the workforce is dependable and disciplined. It is true that India has an edge over China and similar other economies in respect of the skilled labour, good brain and unlimited avenues of investment. However, the abrupt political swings send wrong signals to foreign investors.

The transnational have the main goal of realizing maximum profit. Human and social problems do not figure so prominently in their programmes. Balanced development, equitable distribution of income and wealth, eradication of poverty, higher living standard for masses would have to be taken care of by the state.

2.3 Emerging Issues:

In the wake of economic liberalization and globalization the following issues are worth capitulating pertaining to TNCs business operation in India:

1. The first issue arises as to the form and type of business activities being carried out by the transnationals in India.

2. The second issue pertains to as to whether national interest lies in the economic gains from the business forms of TNCs, such as, inflow of FDIs, joint ventures, subsidiaries, Ms&As transfer of technology and marketing of financial services or not.

3. Third issue relates to the role of TNCs, which can be judged by four ways: -

   a. According to the host country and according to the investing country. For the host country, TNCs help in bringing the sophisticated technology in which developing country is lagging far behind.
b. The global fund especially FDI brought in by TNCs increases the volume of foreign exchange, which is beneficial for the host country.

c. The TNCs open vistas for employment opportunities.

d. The TNCs provide thrust to take up high-tech projects, steady power supply, efficient telecommunication and improvement in other economic overheads.

4. TNCs vouch-safe favorable terms of trade and enhances exports potential of the host country.

5. Another significant issue, which has cropped up in the wake of TNCs business activities in Indian economy, is appertinent to the development of social sector.

2.4 Transnational Corporations: A Review of Theories and Approaches:

The study related to TNCs/MNCs has always been interesting and thought provoking. The economists and experts on the subject concur that internationalization of business through direct and portfolio investment is a significant strategy of the transnational/multinational corporation, which, in sooth, is influenced by the tariff and non-tariff barriers. In the succeeding paragraphs a brief reviews of these theories are presented to prepare the framework for the present study.¹

Perfect Market Condition: ²

The study conducted in the decades of 50's and 60's pertains to differential rate of return in foreign investment. The theory assumes that the foreign capital generally flows from the countries with low rate of return to the countries of higher rate of return. Under this approach, comparing the marginal returns with marginal cost of
capital makes foreign investment. However this theory suffers from the limitations of concepts which hold only in short term. In the long run, conditions of differential rates of return would not exist. The long term planning of FDI requires an approach to take into the accounts the permanent variables influencing the perceptions of FDIs.

**Portfolio Diversification:**

This theory of portfolio diversification evolved in 1975 by Hufbavor and Agarwal in 80's deals with the financial investments in equities and debentures. It assumes existence of optimum portfolio. Global investment is wide term, which includes the capital investors by foreign entrepreneurs who are responsible for the establishment of TNCs. This theory is not of much use to the management of TNCs.

**Output And Market Size:**

Output and market size theory lays stress on the marketing aspects of the organization. It assumes that output and size of market is the only justification for taking decision on foreign investments. Nevertheless, there are other equally important variables including locational inputs, organizations, state policies, the structure of the capital market and the economic system of the host country. These variables are not taken into account in this theory. The conclusions drawn on the basis of this approach would be misleading.

**Theories Under Imperfect Market Conditions:**

Hymer (1976) was the first researcher to study the foreign investment under imperfect market condition. The imperfect conditions are attributed to three basic elements viz. Industrialization in a country, internalization in a country and presence of location factor. The central theme of this approach is that foreign investment
would be attracted by favourable supply conditions, which have their origin in all or most of those factors underlying industrialization, internalization and location. It does not call into question the demand conditions for an integrated plan of foreign investment.

**Eclectic Approach:**

Donning (1977, 79 and 1988) evolved a novel approach of combining the foreign investment theories of the industrial organization, internationalization and locational theory. As matter of fact this approach is an attempt to overcome the shortcoming of the three main approaches of imperfect conditions viz. Industrialization, internalization and location. The foreign investors are now working on plans, which allow them all the benefits of inputs and output flows. Eclectic theory does not consider the roots and remedial measures of the risks associated with new trade groupings, floating exchange rate and the super structure of global credit system.

**Oligopolistic Reaction:**

Knickerbocker in 1973 postulated that foreign investment by one firm leads to similar investment by other firm in the industry to maintain their market share.

This theory however, assumes that foreign investment would be self-limiting because of oligopolistic reaction. It does not deal with other methods of foreign investments.

**Liquidity:**

This theory is based on the assumptions that the foreign investors have a single source of funds for expansion into foreign country viz. internal sources of capital. This theory is mainly rejected
by many authors of the subject on theory of financing means and advantages of financial leverages.

*Currency Area Approach.*

The currency area approach lays stress on the selection of assets in the foreign countries in the light of relative value of currencies. It concludes that the foreign investment would flow from low value currency area to high-level currency area. It does not answer the question as to why the disparity is seen in the values of currencies. It does not also deal with the issues, which arise as a result of foreign investment inflows and outflows.

*Kojma Hypothesis.*

This theory is a sharp focus on Japanese and American pattern of foreign investment in foreign countries. It highlights the contrast between two patterns i.e. trade oriented and anti-trade oriented. Their main shortcoming consists in utter neglect of other motives of foreign investment.

The basic questions related specifically to FDI are that developing countries are the recipient of the FDIs from developed countries. It entails complex problems, which can not be satisfactorily answered by any of the single approach.

Among the theories under review, the Eclectic Approach evolved by Dunning in the decade of early 90's hold first water. This approach has gained currency among the economist to study the foreign investments by combining three theories, such as, industrial organization, locational and internalization themes.
2.5 Review of Literature Related to Transnational Corporations:

The literature available on varied dimensions and facets of TNCs is reviewed in the following paragraphs to identify the research gap and thus to define the scope and to set the objectives of the present study.

M. Wilkins\(^1\) in his book entitled "The Emergence of The Multinational Enterprise", has presented a wide ranging views on the developmental and historical background of US based multinational corporations.

Brooke, Michael Z. and Remmers, H. Lees, (eds. 2) (1970)\(^2\), in their treatise entitled "The Strategy of Multinational Enterprises: Organization and Finance", have dealt with the organizational structure of TNCs/MNCs and have also dwelt upon the policies related to finance. 2

Backman, Jules and Block\(^3\), have made a thought provoking study with regard to the assessment of the performance and accountability of transnational corporations in USA. The study has also elaborated on investment pattern of these TNCs and the result there of. 3

M. Wikins (1974)\(^4\), authored a book entitled "The Maturing of Multinational Enterprise", to analyse phase-wise growth and development of TNCs in USA. The study has thrown light on the modus operandi of TNCs in different phases of their development. 4

It also deals with the impact of these corporations on the host country’s economy.

W. Raupel and J.P. Churhan (1994)\textsuperscript{16}, in their treatise entitled, “The World’s Multinational Enterprises”, have made strenuous effort to present a comprehensive list of the leading Transnational Corporations of the world. The book provides insight into TNCs operational activities and strategies.

Barnet, Richard, J. and Ronald, E. Muller (1975)\textsuperscript{17}, in their treatise on “Global Reach: The Power of Multinational Corporations”, have thrown light on as to how a handful of TNCs are able to control and dominate the global economy.


Boarman, Patrick, M. and Schollhammer, Hans. (1975)\textsuperscript{19}, made an endeavour to present the burning issues deliberated on conference held in New York with regard to TNCs, in the form of an edited book entitled “TNCs and Government Burning Relations”. The following are the brief account of the issues dealt with in the book:

1. Conflicting attribute between government and firms
2. The business, government and TNCs interface.
3. Policies formulation with regard to trade and investment in the interest of both the national and transnational business operations.
4. Creating amicable and enabling business environment between the host countries and TNCs.
Hershfiled, David, C. (1975)^20, in his treatise entitled, "The Multinational Union Challenges", strongly advocated the policy for creation of transnational unions to challenge and influence TNCs in issues related with labour activities. 10

Subramaniam, K.K. and Pillai, P. Mohan^21, in their book entitled, "Multinational and Indian Exports", have dealt with the subject matter of exports by multinational corporations in India. The book throws light on different aspects and dimensions of TNCs export activities in India, such as, foreign exchange, balance of payment, etc.

Deo, Som^22 has authored a book entitled, "Multinational Corporations and Third World". The book presents a comprehensive account with regard to the relationship between economic development, and operation of MNCs in general and their impact in particular on developing economy. 11

Mann, T.S.^23, in his book entitled, "Transfer of Technology", presents a law oriented study of technology transfer in India. 13

Gera, M.R.^24, in the book entitled, "Global Trends in Finance", presents a comprehensive account with regard to various available lucrative investment opportunities to have an access to global market.14

John, Martinussen^25 has studied the transnational corporations with a case study of India in his book entitled, "TNCs in a Developing Country". The book critically examines various aspects of TNCs operating in a developing country. 15

^A.V. Bereznoi (1990)^26 in his book entitled, "Third World Newcommers in International Business: Multinational Companies from Developing Countries", makes a comprehensive review as
regards emergence of multinationals from LDCs. The book also highlights national and regional characteristics and features of TNCs operating in the global economy.

Manser, W.A.P. (1972)\(^2\), in an article entitled, “The Financial Role of International Corporations”, has made an attempt to focus on all the facets of International Corporation exclusively their pecuniary role, their modus operandi of capital infusion etc.

Reuber, Grant, L. (1973)\(^2\), in an article on “Private Foreign Investment in Development”, has made an endeavor to study the growth and prosperity of foreign investment and development led by these investments. The article further focuses on the stumbling blocks in the process of investment.

Singh, D.R. (1974)\(^2\), in an article on “Investment Policy and Performance of US Subsidiaries in India”, analyses different polices adopted by the government to regulate foreign capital inflows. It succinctly throws light on the prevalent socio-economic environment in India and also presents performance appraisal of US subsidiaries within the guidelines given by the government’s investment policies.

Drysdale, Peter (ed.3) (1972)\(^2\), in an article entitled, “Direct Foreign Investment in Asia and the Pacific”, focuses on different aspects of foreign direct investment by TNCs/MNCs in Asia and the Pacific. It further studies role of FDI in Asia.

The private organizations, such as, Confederation of Indian Industry (CII), ASSOCHAM, Ph.D. Chamber of Commerce and Industry and FICCI have been sponsoring numerous research studies on the topics pertaining to foreign investment ambience and flow of global fund, direct as well as portfolio. The resume of these studies
has appeared in the form of reports and has also been published in various journals and periodicals of national and international repute. These studies have mainly dealt with regulatory framework and modus operandi of foreign investors. However these studies have not sufficiently delved into the emerging issues and future strategies related to foreign investors.

The post-NEP publications of the Indian Economic Survey (Government Publication) although provided with the valuable statistics as regards the policy set up regarding the foreign investors yet the issues and grey areas which have surfaced after their entry have not been taken up and appropriately dealt with.

The international publications, viz., IMF, the World Bank Reports, Asian Development Bank's Investment Reports and World Investment Reports, UNCTAD have profusely touched upon the subjects of global investment, trends, policy implications, issues and prospective strategies. However, these reports have niggardly dealt with the subject in the specific context of post-NEP India.

2.6 Research Gap And The Rationale of the Present Study:

From the forgoing study on theories and approaches to foreign investment, it clearly peters out that the theories and approaches reviewed are wanting specially when studied in terms of their applicability in the post-liberalization era in India where numerous new issues have cropped up. The existing theories have mainly laid stress on the macro economic factors that affect foreign investment. In order to deal with the emerging issues of foreign investment in India an effective approach is needed to blend together the indigenous and exogenous factors influencing decision on global investment. The issues which need to be addressed to perforce
pertain to the operations of TNCs in India in post-NEP period through variety of business arrangements, such as, FDI, technology transfer, Ms&As, joint venture and subsidiaries and marketing of financial services. The present study deals in detail with the impact of Transnational Corporations (TNCs) on economic development of India. The study takes into account the business activities of TNCs in India in pre and post-NEP period. The study further presents the impact of FDI, transfer technology, joint ventures, subsidiaries, Ms&As and financial services on the economic development of India.

2.7 The Term “Impact” Conceptualized for the Study:

The term “impact” in the usual sense exhibits itself in terms of gross effects at the ultimate point to differentiate the effect of the variations of a given phenomenon. For instance, effect of taxes on income can be contrasted with its impact on savings and investments. The idea behind the impact is to examine the repercussions of changes on the entire gamut of the object of the study. The logic demands that the impact of transnationals should be examined in its totality in terms of the foreign capital, the technology, their participation in ownership and management in the ongoing industrial units by means of Ms&As, amalgamations, joint ventures, subsidiaries and financial services. Further the TNCs contribution to transfer of technology is an important aspect of impact on economic development.

Transnational Corporations (TNCs) are a major contributor of foreign capital in different sectors of the economy specially the infrastructures and the public utilities. It includes the development of petro-chemical and automobiles besides power, transportation and communication.
The global environment makes it imperative that the industries must be competitive and have a wide cushion of capital to absorb risk of global operation. It has paved the way for Ms&As amalgamation, absorption, joint ventures, subsidiaries in India within the short span of the last decade of 20th century. In the new millennium, the insurance and the banking sectors are open for the participation of TNCs. The SEBI’s attitude to the on line trading in the stock market has forged direct link with TNCs.

The TNCs are emerging as the motor of the economic growth in the 21st century. It is expected that India will be one of the strongest economies in Asia with TNCs collaborating with national corporate in a bid to compete for a fair share in the world trade. The use of impact of TNCs is, therefore, justified in terms of FDI, technology, joint ventures, subsidiaries, Ms&As and financial services for the economic development. The present study deals with the trends in FDI inflows and their impact on sectoral development, technology transfer for better quality and competitive products, joint ventures, collaboration, subsidiaries and Ms&As for competitiveness and to have a wide spectrum of cushion of capital to absorb risk of global operation, provision of financial services by TNCs for easy access with foreign capital for domestic industries.

2.8 The Need And Significance of the Study:

The study visualizes that India would be the biggest capital centre for the region encompassing Gulf countries, Central Asia, South Asia and South East Asia. In the beginning, global investors were not convinced of India’s economic buoyancy and continuity of economic liberalization with regional parties getting upper hand at the centre and the states. The neighboring countries did not trust
each other due to persistence of political confrontation. Nevertheless, the long experience of India with economic development has always inspired confidence of the region to follow India's suit. India has shown to the West that we are a matured democracy and to the adjacent regional nations that mutual cooperation is the only way of sharing benefits. India is emerging as the growth centre for the regions in the post cold war era to deter the risk emanating from unipolarism. It spells the compulsion of management of global fund flows to effectively contribute to the economic development of the region.

In-depth study of the whole gamut of the problem related to foreign investment by TNCs is of paramount value both to academicians and trade and industry.

The present study is hence of immense utility and of topical interest. The research on the different dimensions of TNCs operations, specifically in post-liberalization period would be a novel exercise in the sphere of existing researches.

2.9 Scope of the Study:

The scope of the study is defined in terms of subject matter coverage and time span coverage.

1. Subject Matter Coverage:

In terms of subject matter and sectoral coverage, the present research study is related to an enquiry into the broad spectrum of inflow of FDI, joint venture, subsidiaries, merger and acquisition, financial services and their impact on the development of the Indian economy.
A sample size study of 212 TNCs operating in the arrangement under Mergers and Acquisitions has been made to examine their participation in various sectors of the economy in terms of composition of equity stake in Indian Corporates with 25%, 40%, 50%, 70% and more than 70%. In order to study the financial performance of TNCs in liberalizing Indian economy a sample size study of 75 top TNCs operating in India has been taken in the business arrangement of joint venture, subsidiaries and merger and acquisition arrangements.

ii. **Time Span Coverage:**

The study covers a long span of period of almost five decades. It has been split into two phases – first phase starting from 1950 to 1990 and the second phase from 1991 to 2000.

The Research Scholar is of the opinion that the span of period under reference is adequate enough to determine the impact of transnational corporations on the economic development of India in terms of comparative study of TNCs business activities i.e. inflow of FDI, technology transfer, Ms&As, joint venture and subsidiaries in pre and post-NEP period in different sectors of the economy at the micro level and in terms of fiscal management, growth of exports, management of BoP, Forex rate management, control of inflation, employment generation and the development of social sector at the macro level.

2.10 Objectives of the Study:

i. to study the role of TNCs in India in pre and post independence era.
ii. to review the foreign investment policies in pre and post independence period focussing on liberalization era.

iii. to make comprehensive study as regards the changes in foreign investment policies in post-liberalization and their impact on the operation of TNCs in India.

iv. to study the different business activities by TNCs such as FDI inflows, transfer of technology, joint ventures, subsidiaries, merger and acquisition and financial services in pre and post liberalization era.

v. to critically appraise the TNCs performance in terms of inflows of FDI, transfer of technology, joint ventures, subsidiaries, merger and acquisition and financial services during both pre and post liberalization regime.

vi. and to study the impact of TNCs, in the development of Indian economy.

2.11 Hypotheses of the Study:

The present research work has made an endeavour to formulate the following hypotheses:

i. that India fulfills the pre-requisites for attracting foreign investments by Transnational Corporations (TNCs) in different sectors of the economy since the advent of economic liberalization regime.

ii. that the Global TNCs are making investment in India in a big way in post-NEP period in business arrangements of FDI, transfer of technology, joint ventures, subsidiaries, Ms&As and financial services and thus contributing to the growth and development of different sectors of the economy.

iii. that TNCs are the major contributor in developing Indian economy to fall in line with the global economies helping India emerge as an Asian economic giant in the 21st century.
2.12 Research Design and Methodology:

**Design of the Study:**

The research methodology is primarily based on the cannons of scientific procedure of thesis writing to present the aforesaid problems in its true perspective. The present piece of academic work is an endeavour to focus on the problems and emerging issues relating to the operation of Transnational Corporation (TNCs) in India in pre and post NEP period. The study has further proceeded to review a comprehensive literature on the subject matter regarding operations of transnational corporations in the world over, down to the business activities in India particularly in the wake of economic liberalization for globalization. From the literature review, the research gap has been identified to prepare the framework of the study in terms of statements of objectives to be pursued, the nature and scope of the study to be demarcated and the hypotheses to be formulated to put to verification suitable research techniques.

The study has focussed attention on the problems from both quantitative and qualitative dimensions. After designing a proper framework for the study the relevant facts pertaining to TNCs in India have been collected in scientific manner to test and justify the findings.

**Selection of Sample Size:**

In order to achieve the objectives and to corroborate the formulated hypotheses of the study, sampling technique has been used. At the first instance top 75 transnational corporations have been selected by the Research Scholar to study their physical and financial performance in terms of growth in sales, growth in profits,
growth trends in exports, tax payments, net worth and Earning Per Share (EPS). The assessment of TNCs performance has been made in their three pronged business activities viz. Joint ventures, subsidiaries and the mergers and acquisitions during the post-NEP period spanning from 1991 to 1999.

At the second instance, 212 top performing TNCs in the business arrangements of M&A with the Indian corporate have been selected to study their participation in India both country-wise and sector-wise during the post-NEP period. To study the participation and domination of TNCs-country-wise and sector-wise respectively the TNCs equity stakes in the Indian counterparts in the four ranges viz., 25%, >25% but <50%, >50% but <70% and >70% have been analyzed with the help of sample size technique for the same period under review. The study of TNC’s equity stakes in Indian counterparts in four ranges as mentioned above provides an insight into TNCs ownership pattern, management and control in the Indian corporate under Ms&As arrangements.

The selection of sample size of TNCs in India in business arrangement of joint ventures, subsidiaries and Ms&As is considered adequate enough to study the objectives stated and hypotheses formulated for the present study. The study further analyses the manifold developmental problems relating to the transnational corporations business activities in India.

Non-availability of some relevant data in identically desired format has been one of the most formidable problems as it usually happens in such studies. Nevertheless, the result of the study is in no way affected keeping in view the prudent selection of sample size of TNCs under reference.
Methodology Adopted:

The present study is primarily based on the secondary sources of data. The effort was made to collect data from the authentic and reliable sources, such as, national and international publications including government publications in the form of reports, surveys, journals and periodicals. The international publications, such as, UNO-World Investment Reports, World Bank Reports IMF and ADB publications have been of paramount significance. The national publications, such as, RBI bulletins, Currency and Finance-reports of RBI, Indian Economic Surveys and various sponsored studies conducted by FICCI, ASSOCHAM, Indian Chamber of Commerce and CII have provided authentic information for the desired analysis of the present study. The numerous journals/periodicals and business dailies viz., Capital Market (Mumbai), Chartered Financial Analyst (Hyderabad), Business World and Business Today (New Delhi), Banking and Finance (Calcutta), SEBI guidelines, NABHI's publications on foreign investments, The Economic Times, Financial Express and Business Standard have been the mainstay of the study to cull up the needed data on various TNCs operating in India.

Data Analysis and Interpretations:

In the light of the objectives, scope and hypotheses of the study, the techniques of investigations adopted, statistical tools used and pattern of data analysis and their interpretations followed are simple quantitative tools. The quantitative parameters, such as, ratio analysis and trend analysis have been of immense help for the worthwhile analysis and their logical interpretation to reach the pregnant conclusion for suitable suggestions. The present research study has not opted for the application of advanced statistical tools in
research methodology keeping in mind the various constraints, such as, cost, time and non-availability of classified relevant requisite data on the subject matter. Nevertheless, the study has encompassed vast gamut of problems and issues with appropriate analytical interpretations with the help of suitable statistical techniques to reach worthwhile conclusion on TNCs business activities in India with a focus on economic liberalization regime.

2.13 Limitations of the Study:

There is no gainsaying the fact that the present research work is vast in nature and scope, explanatory, explorative, appropriately collected, collated and analytical interpreted for fruitful conclusion and results. Nevertheless, there are handicaps and limitations of the study. The arrangement of data incorporated in the study has not been put into a common format owing to non-availability of classified and structured data.

The present research study has mainly focussed on the business activities of TNCs and their impact on the economic development of India during and pre and post-NEP period. The Indian TNCs operating in different countries of the world particularly in post economic liberalization regime have not been undertaken for the purpose of the present study, keeping in view the vastness of the subject matter. The Indian TNCs are emerging on global business horizon in the wake of economic liberalization for globalization and thus calls for an extensive research work separately to determine their impact on economic development of India.
2.14 Conclusion:

To sum up, this chapter has dealt with the framework of the study highlighting the statement of the problems and emerging issues. It has also presented a comprehensive literature review and a review of global business theories to identify the research gap. Based on the research gap, the scope and objectives of the study have been demarcated and the hypotheses have been formulated. The study further entails the research design and methodology along with the limitations of the study.

2.15 References:

2. Ibid., p.15.
5. Ibid.
6. Ibid.
7. Ibid., p.17.
8. Ibid.
9. Ibid.
10. Ibid.


