

Book Review

The Rise of Indian Multinationals: Perspectives on Indian Outward Foreign Direct Investment, by Karl Sauvant and Jaya Prakash Pradhan (eds), with Ayesha Chatterjee and Brian Harley, New York: Palgrave Macmillan, 2010, 284 pp.

This book comes almost three decades since Aggarwal and Weekly (1982), and Lall (1983), *inter alia*, documented the activities abroad of multinational enterprises (MNEs) from India. Indian MNEs have since transformed considerably to assume a level of importance deserving of assessment in a whole book as is the case with the book under review. This book is timely as much has been said about the liberalisation process that has gripped India since 1991 and what it has done to foreign direct investment inflows into and outflows from India with far reaching implications for technological upgrading and export competitiveness in a number of industries.

The first chapter locates the significance of overseas foreign direct investment (OFDI) from India in comparison with those from other developing economies demonstrating in the process the steep rise from the 1990s as a consequence of liberalisation of national policies, and changes in corporate conduct and trade and investment regimes. The chapter also provides evidence to show that OFDIs from India are characterised by a regional and knowledge-specialisation with the focus shifting from developing countries over the period 1961-89 to developed locations since 1990.

Chapter two by Michael Hansen examines OFDI from India against the investment development path theory advanced by Dunning (1986), and Gerschenkron's (1962) latecomer thesis that gave rise to a plethora of works using the resource-based argument on knowledge, and finally the country-specific accounts of Buckley *et al.*, (2007).

Chapter three by Jørgen Pedersen analyses the political factors behind flows of OFDI from India using evidence to show that home country policies and firm-specific factors mattered in the pattern of investment outflows. In chapter four Joel Ruët explains the strategies deployed by Indian MNEs to upgrade and compete abroad. Giovanni Balcet and Silvia Bruschi discuss the acquisition of technologies and the growth of MNEs in the automotive and pharmaceutical industries in chapter five. Vinish Kathuria compares Indian investment abroad of pharmaceutical and software MNEs in chapter six. Nandita Dasgupta provides evidence in chapter seven to show that Indian OFDI relocating in the United States through primarily mergers and acquisitions bring

with them high technology, management and cost advantages. In chapter eight Rajnish Tiwari and Cornelius Herstatt assess the motives, operations and trends of Indian OFDI in Germany. The final chapter by Parthapratim Pal examines Indian investment in Africa.

The book's presentation of concrete evidence to show the injection of technology-based economic synergies by Indian investors onto American firms is interesting as it demonstrates the potential of first movers to learn from latecomers. While this book has added real value to the study of investment outflows from the emerging economies in general and from India in particular through contesting prevailing theories of MNEs using robust empirical evidence, I wish to raise two questions that the editors may wish to consider when revisiting the topic in future. First, it will be useful to provide a more focused review of existing theoretical arguments that looks at motives behind MNE conduct from the emerging economy of India. Does the evidence from India support the eclectic ownership, location and internalisation (OLI) framework advanced by Dunning (1988), the firm- and country-specific rationale of Rugman and Li (2007), the subsidiary competencies of Cantwell and Mudambi (2005), and the country and context specific logic advanced by Buckley *et al.*, (2007), and Amann and Cantwell (2012)? Second, it will be important to cull out systematic evidence to examine the developmental implications of Indian MNEs. Are Indian MNEs showing the same conduct as developed MNEs in seeking oligopolistic control of markets and to appropriate relative benefits that host-sites offer over home-sites as pointed out by Hymer (1976)? While there is now convincing evidence of the transnationalisation of R&D activities at locations endowed with the requisite resources, as Amsden *et al.*, (2001) have argued there are still questions over whether MNEs relocate out of their home countries the most sophisticated of their R&D activities. The Indian experience may offer evidence to revisit these issues.

Overall, this is a marvellous book that succinctly connects the evidence with the arguments to demonstrate the huge leap in Indian OFDI, as well as, provides concrete evidence of a shift in the focus of Indian MNEs to technology-related activities since the 1990s.

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