

Foreign Direct Investment by Indian Firms: A Study of Resource and Strategic Asset Seeking

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Abstract

India's internationalization through outward foreign direct investment (OFDI) has registered an increase since the liberalization, privatization and globalization policies in the 1990s. The present study analyses the resource and strategic asset-seeking motivation of OFDI originating from India. The study considers host developing countries based on the categorization followed by the United Nations Conference on Trade and Development in its publication, the World Investment Report. A longer period of OFDI data 2001-2014 than other studies of India's OFDI has been considered. The study seeks to analyse the significance of resource-seeking motivation of India's OFDI even to the developed region. The study empirically tests whether India's OFDI is resource and strategic asset seeking by adopting a panel data methodology. The result of the panel cointegration test shows that India's OFDI is positively associated with host countries that have more resources, across both developing and developed countries and strategic assets in the developed region.

Keywords: India's OFDI, Internationalization, Resource and strategic asset-seeking, Panel Cointegration

INTRODUCTION

Internationalization through overseas foreign direct investment (FDI) is a path adopted by several firms to mark their global presence and be competitive. In the changing economic environment from the 1990s, with the liberalization and globalization policy, Indian firms had to enhance and strengthen their competitiveness both in the domestic and global environment. Firms had to adopt strategies that would sustain growth. Along with exports, the strategies included obtaining resources and assets, technological upgradation, and expanding market outreach through outward FDI (OFDI). Overseas investment to acquire a larger market, resources, and strategic assets has become a hallmark of global aspirations of the firms.

Investments by firms from developing countries like China, Malaysia and India is increasingly visible, though in the global context firms from developed countries dominate internationalization through outward FDI. In 2019, Multinational enterprises (MNEs) from developed countries accounted for \$ 917 billion outflows, with Japan registering the highest outflow. Outflow of FDI from developing countries was \$ 373 billion in 2019. Asia dominated the outflow with \$ 327,588 million OFDI. China has been the largest investor from the Asian region with \$ 223,758 million as outward FDI in 2019. Singapore invested \$ 33, 283 million, India recorded \$ 12,104 million, and Thailand \$ 11,847 million as OFDI in 2019 ([UNCTAD, WIR], 2020). There is a need for regulation of the MNCs to reduce their harmful effects on the economy and the ecology (Hans, 2020) [1].

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Firms from developing countries are seeking markets as well as resources. While some investments are made to strengthen the competitive advantage of the firms, some enable the firms to acquire such advantages. Therefore, investments from developing countries are increasing in a variety of sectors ranging from primary sector to manufacturing and the services sector. Among several developing countries, investments have come from the oil, gas, and mining sectors. Investments have expanded in infrastructural services like electricity, telecommunications, and transportation. In sectors open to more global competition, like automotive, electronics, garments, and Information Technology (IT) services, firms from Asian countries have taken the lead in outward investments ([UNCTAD, WIR], 2006).

The rising outflow in a variety of sectors from the developing countries was in response to globalization, which brought in both opportunities and threats. During this period many of the developing countries experienced liberalization in their economic environment and with the gradual opening of the economies, firms were exposed to competition at home. Domestic firms also got an opportunity to expand their global footprint both for ‘asset exploitation’ and ‘asset augmentation’. The firms from developing countries used their competitive advantage derived from their capabilities in the production process as also the network and organizational structure, to internationalize (i.e., firms were ‘asset exploiters’). Several firms used the opportunity to improve their competitive advantage by acquiring assets like technology, brands, research & development (R & D) expertise, and good distribution networks (termed ‘asset augmentation’). The investment from the region, particularly by state-owned firms, is also expanding to meet energy security and the need of raw materials for growth in the home economy ([UNCTAD, WIR], 2006).

Outward investments from India have been made in the primary, manufacturing and in the services sectors. During 2008-18, highest share of outflow was from the services sector, followed by the manufacturing sector and Agriculture and mining (Joseph, Reji K, 2019) [2]. With an expansion in the services sector, Indian firms have diversified their investments in services industries like software and information technology services, telecommunications, media and entertainment, and hotels and hospitality. Indian firms in the service sector have used outward foreign direct investment to build their capability in the foreign markets by acquiring technology and other strategic assets to enhance their global image. In the manufacturing sector, Indian companies are investing abroad in a wide spectrum of industries, including low-technology industries like leather, metal products to high-technology industries like automotive and pharmaceuticals. Resource seeking investment is evident in the outward FDI by firms including ONGC. Indian outward investment is also increasingly taking the form of acquisitions abroad, rather than joint ventures as in the past [3].

The location of FDI is influenced by the factors motivating firms to undertake FDI. The location or host country determinants, linked to motivation, may be economic, social, and political (Dunning, 1998) [4]. Moreover, in the last two decades, several government-policy changes have also altered the location advantage of some countries. The motivation and location of foreign investment is therefore a significant area of research. It will enable a more nuanced understanding of the strategies of the firms from India [5].

The research literature in this area is extensive. Since historically developed countries have undertaken FDI, most of the studies are based on FDI originating from them. India, and other developing countries have been viewed as receivers of capital. The study of Indian FDI is mostly based on inflow of FDI. Since firms from India are exploring internationalization through overseas investments, a study of location determinants will yield a better understanding of the phenomenon. This study seeks to analyse resource seeking and strategic asset seeking in India’s OFDI across different nations.

The paper is divided into six sections. Section II gives a brief review of literature. Section III presents the hypothesis followed by data sources and methodology in section IV. Section V presents the results from the econometric analysis. This is followed by conclusion in section VI.

LITERATURE REVIEW

The literature in FDI is extensive, with both theoretical and empirical studies. Dunning's (1998) 'Ownership, Location and Internalization' (OLI) paradigm is an 'eclectic' approach that incorporates ideas from diverse interdisciplinary strands of research in FDI [4]. According to this, firms investing abroad have 'ownership' advantage that they decide to internalize. The other component of the paradigm is the 'location' aspect, which enables the firm to evaluate the host country advantages. The location of foreign direct investment is strategically important as such investments involve long-term engagement with the host nations. The location of the outward investment will depend on the interaction of ownership, internalization, and location components and in the light of the motivations of investment. Four major motivations identified in literature are market-seeking, resource-seeking, strategic assets-seeking, and efficiency-seeking [6].

Davidson (1980), [7] in a study of 180 large multinational corporations from the United States, finds market size as an important determinant of investment, since market size can be related to strategic motivations & economic reasons for foreign investment.

Cheung and Suny (2009) [8] find that resource and efficiency-seeking were important for China's investment to developing countries. Market-seeking remains an important motive for investment into developed countries. There is also a tendency for agglomeration in the investment to developed countries. China's investments were made more to the regions that had prior investment from China. The study adopted a random effect generalized least squares framework for Chinese investment data for the period 1991-2005. Buckley, Clegg, Cross, Liu, Voss and Zeng (2007) [9] have empirically analysed a wider range of factors determining the outflow of FDI from China. The study considers several host and home country factors influencing OFDI. The macroeconomic host country factors that were found to have relevance were market size, cultural proximity, and inflation rate.

Kumar and Chadha (2009), [10] in a case study of major investors from India, explore the reasons for the firms undertaking investments abroad. Companies like Bharat Forge were motivated by better access to markets, knowledge, and better access to development. IT companies like Infosys were born global. They had the competitive advantage of low-cost human capital and have leveraged the access to global markets through strategic acquisitions. Hindalco's acquisition of Novelis in 2007 was motivated by the goal of reaching a global market. It enabled Hindalco to obtain economies of scale from Novelis' plants across different locations in the world, cutting edge technology, and downstream investment opportunities [6]. Tata Group companies' foray into internationalization through investments was also spurred by the realisation that Indian businesses were exposed to global competition with the opening of Indian markets. Thus, overseas investment was seen as a strategic plan to face competition and gain access to markets.

The automobile industry has undertaken OFDI to exploit its competitive advantage and to acquire strategic assets. Foreign investment has been undertaken to access global brands and as a strategic policy. OFDI has facilitated the firms to obtain innovative assets, knowledge centres, export capabilities, and R & D infrastructure. The firms have used this foreign information to learn and enhance their R & D activities. The firms in the automobile industry also benefit from access to information about global markets and consumers, leading to better strategies to meet global competition in the sector (Pradhan and Singh, 2009) [11].

A study by Pradhan (2008a) [12] finds evidence for a positive effect of population and per capita GDP on overseas acquisition. Skill turns out to be a significant factor, partially substantiating the strategic-asset motive. However, the study has not considered the differences in factors across various sectors and country groups. It has considered only acquisitions and used a compiled data set.

Chinese and Indian greenfield investments have been analysed to study the location determinants of investments by using a database of FDI projects between 2003 and 2008 by Beule and Bulcke (2012)

[13]. Applying conditional logit model, the study analyses income and institutional distance between the host and home country. Natural resources, patents and trademark, GDP, trade openness, and distance are other variables. Larger markets and market openness are significant positive determinants. Host country with oil and mineral exports are also significant location choices. Patent was significant at low levels. GDP and population, trade openness is positively significant while distance has a negative impact on Indian investment. The study considered only Greenfield reported investment and not RBI data. Large part of this investment was in Asia. In a study of India's OFDI market seeking, measured by GDP, was found to be significant even in the developing region (Nair & Hans, 2017) [14].

The literature on OFDI from India encompasses studies that have mainly explored the ownership advantages of Indian firms (Lall, R. B., 1986; Narayanan & Bhatt, 2010 [15]; Pradhan, 2004) [16, 17]. Such studies use firm level data and analyse FDI by manufacturing firms and the firms from the information technology industry. Some studies have also analysed the location factors of India's investment (Beule & Bulcke, [18] 2012; Nunnenkamp, [19] Andres, Vadlamannati & Waldkirch, 2012; Pradhan, 2011) [20].

There are few studies that consider location of investment from India across various geographies. A study of location factors across different geographical groups can add to the understanding of significant factors influencing the location choice and benefit the investors. Such a study will facilitate an understanding of investing firms from emerging economies that undertake investment abroad and the implications of the activity, which is important in formulating the external economic policies of the home or the investing country [21].

In recent years, India's FDI to developed countries is on the rise. The changing geography of FDI from India necessitates a deeper study of factors which determine the location choice, and whether these factors differ across regions, sectors and time periods. While OFDI from India to developed countries is motivated by strategic assets and larger markets, it is generally assumed that resource-seeking is the motivation for investment in developing countries. The present study explores the role of resource-seeking and strategic asset seeking as a motivation for India's investment across developed and developing countries. Thus, the objective of the study is to examine resource-seeking and strategic assets seeking motives as determinants of India's OFDI in host countries [22].

HYPOTHESIS

Resource and strategic asset seeking motivation of OFDI from India is to be analysed with the following hypothesis.

Hypothesis 1: India's OFDI is positively associated with the availability of natural resources and strategic assets in the host economy.

A host country that has a stock of natural resources available is generally considered to have a favourable advantage in attracting more FDI. India, as an emerging economy, has been experiencing a growth in the past few decades. As the economy grows, the demand for raw materials and energy is expected to grow further. Empirical studies have also indicated a positive relationship between natural resources of host economy and FDI from the home economy (Kang & Jiang, 2012) [23].

A review of literature also indicates that firms from developing countries invest abroad to acquire strategic assets. Investment for intellectual assets is generally made in the developed countries as such countries have assets that are intensive in Research and Development (R & D). Firms that undertake OFDI to enhance their competitiveness, seek access to technology and other intellectually created assets (UNCTAD, WIR 1998).

OFDI from India has also been undertaken to acquire technology, brands, and information and knowledge (Beule & Bulcke, 2012) [18]. Indian outward investment, particularly in the developed countries has been undertaken to acquire strategic assets that would enhance competitiveness of the investor in a globalizing world.

DATA SOURCES, VARIABLES AND METHODOLOGY

The host country determinants for resource and strategic assets seeking by India's outward FDI are empirically tested by taking the data of annual foreign direct investment outflow during 2001-14.

Data Sources

Secondary data for the analysis has been obtained from the Reserve Bank of India (RBI): [24] Data on Overseas Investment (2001-14), World Bank's World Development Indicators, UNCTAD, and other published sources. The data for independent variables are obtained from the online Statistics of the World Bank, the World Development Indicators (WDI, 1990-2014), United Nation Conference on Trade and Development, UNCTAD Stat (1980-2015).

The analysis has been performed by dividing the host countries into two groups, developed and developing, based on the categorization followed in the UNCTAD World Investment Report. The classification of countries is based on the United Nations Conference on Trade and Development's World Economic Situation and Prospects 2012 (WESP, 2011) published by the Department of Economic and Social Affairs, United Nations and the UNCTAD World Investment Report, 2006. The countries are classified into three broad categories of developed, developing and transition economies to reflect basic economic conditions (WESP, 2012). The country groupings have been made mutually exclusive for analytical purposes though one country may come under two different groupings.

The host country determinants of strategic assets and resource-seeking motivations are empirically tested using a panel data. A test of cointegration is performed to establish the significance of selected host country variables in influencing the outflow of FDI from India.

Variables and Operational Definitions

In the present study, India's annual outflow of overseas direct investment has been considered as the dependent variable. The following section gives the details of key variables based on the objectives of the study and their operationalization.

Variables

The study seeks to link the resource and strategic asset seeking to the location determinants of India's OFDI to different host country groupings. The dependent variable is the outward foreign direct investment from India annually, in millions of US dollars. The Reserve Bank of India follows the internationally accepted definition of FDI provided in the fifth edition of International Monetary Fund's (IMF) Balance of Payments Manual, 1993. FDI has three components- equity investment, reinvested earnings and short-term and long-term inter-company loans between parent firms and foreign affiliates. The IMF suggests that Investment should account for at least 10 per cent of voting stock to be counted as FDI.

The independent variables are selected to study the motives identified from the literature review. Resource-seeking motive is captured by the natural resource's availability in the host economy. To measure the availability of natural resources, two proxies are used- the percentage of ores and metals exports to total merchandise exports by the host economy, and the percentage of fuel exports to total merchandise exports of the host nation.

Ores Exports

Ores and metal export of the host country as a percentage of the total merchandise exports of the host country is measured as ores exports. Ores and metals comprise of the commodities in Standard

International Trade Classification (SITC) sections 27 (crude fertilizers, minerals); section 28 (metalliferous ores, scrap), section 68 (non-ferrous metals) as given in the World Bank's World Development Indicator database.

Fuel Exports

The fuel export of the host country is the amount of fuel exports by the host country as a percentage of its merchandise exports. The data on fuel exports is that of mineral fuels specified in Section three of Standard International Trade Classification (SITC), followed in the World Bank's World Development Indicators (WDI, 1990-2014) database.

Asset seeking motive of OFDI is captured by the availability of strategic assets in the host economy. Several measures of measuring such assets have been used in empirical studies include the R & D expenditure, skill and educational levels, and technological skills. For variables like R & D, expenditure data for all the host countries across various years is not available. Since OFDI from developing countries, including India, has been to acquire and augment assets, patents have been used as a measure of availability of strategic assets. It measures the technological base of an economy and can be used as an indicator of innovation in an economy.

Patents

Patent refers to the number of Patent applications filed by the residents annually with the national patent office for a product or process. Patent is a measure of the availability of strategic assets in the host country.

Econometric Methodology

A panel data approach has been adopted to analyse the objective of resource-seeking, and strategic asset-seeking motive. Following equation has been formulated to estimate the location determinants.

$$OFDI_{i,t} = \alpha + \beta_1 ORES_{i,t} + \beta_2 FUEL_{i,t} + \beta_3 PAT_{i,t} + u_{i,t} \quad (1)$$

$OFDI_{i,t}$: It is the natural log of USD million of FDI flows received by the i^{th} host economy in the year t from India. (1 is added to the OFDI series to accommodate log transformation of the outflows of less than 1 million USD).

α : Constant

$ORES_{i,t}$: It represents ores exports as a percentage of the total merchandise exports of the i^{th} host country in t year.

$FUEL_{i,t}$: It represents fuel exports as a percentage of the total merchandise exports of the i^{th} host country in t year.

$PAT_{i,t}$: It represents the number of patents registered by residents in the i^{th} host country in t year.
 $u_{i,t}$ = Random Errors.

Host countries that had missing data for various variables over the given time period, had to be excluded from the analysis. The final sample consists of 52 countries. The host countries have been classified into developed (26 countries) and developing (26 countries) based on the categorization by UNCTAD followed in the World Investment Report 2006 and the World Economic Situation and Prospects (WESP) 2012. Studies have shown that high-income developed countries with lower income developing countries should not be pooled together (Blonigen & Wang, 2004; Kang & Jiang, 2012 [23]; Kim & Rhe, 2009) [25]. Thus, analysis has been done separately for the two groups.

RESULTS AND DISCUSSION

As panel data is employed, the unit root test employed is a panel unit root test. The result of Im, Pesaran and Shin (IPS) test is presented in the following section. The IPS test was carried out for the natural resources and strategic- assets variable for the developed countries sample (Table 1) and developing countries (Table 2). The unit root test run for the developed country sample shows that ores, fuel and patent are non-stationary at levels. In the first difference form, all the three series show stationarity. The IPS test result rejects the null of non-stationarity in the first difference form. The p value is 0.00, indicating that existence of unit root is rejected at one per cent level of significance (Table 1) [26].

Table 1. IPS Panel Unit Root test for ofdi, ores, fuel & Patents: Developed countries.

Variables	H ₀ : Variables are Non-stationary			
	t-statistics-average (ADF)	IPS W Stat	P values	Decision on H ₀
lnOFDI	-2.31	-0.62	0.27	Fail to reject
lnORES	-2.17	0.01	0.50	Fail to reject
lnFUEL	-2.08	0.39	0.65	Fail to reject
lnPAT	-2.09	0.36	0.64	Fail to reject
ΔlnOFDI	-3.32	-4.87	0.00***	Reject
ΔlnORES	-3.07	-3.79	0.00***	Reject
ΔlnFUEL	-3.14	-4.09	0.00***	Reject
ΔlnPAT	-3.11	-3.95	0.00***	Reject

Source: authors' calculations using e-views software.

Note: *** $p < 0.01$

In the developing countries group, the three variables ORES, FUEL, and PAT were found to be non-stationary at levels and stationary at first difference. The null hypothesis that there is unit root is rejected at one per cent level of significance for fuel and ores in the first difference form and for patent at ten per cent level (Table 2).

Table 2. IPS Panel Unit Root test for OFDI, ORES, FUEL & Patents: Developing countries.

Variables	H ₀ : Variables are non-stationary			
	t-statistics-average (ADF)	IPS W Stat	P values	Decision on H ₀
lnOFDI	-1.93	1.05	0.85	Fail to reject
lnORES	-2.43	-0.83	0.20	Fail to reject
lnFUEL	-1.86	1.10	0.87	Fail to reject
lnPAT	-2.60	-1.31	0.09	Fail to reject
ΔlnOFDI	-3.58	-5.96	0.00***	Reject
ΔlnORES	-3.41	-4.26	0.00***	Reject
ΔlnFUEL	-3.26	-3.56	0.00***	Reject
ΔlnPAT	-2.74	-1.43	0.08*	Reject

Source: authors' calculations using e-views software.

Note: *** $p < 0.01$ & * $p < 0.10$

Pedroni's Panel Cointegration Test

The test is based on testing the residuals for stationarity. The test is run on both developed and developing countries group (Table 3).

The result of Pedroni panel cointegration test indicates that there is a cointegrating relationship among the variables.

Table 3. Panel Cointegration Test: OFDI, ORES, FUEL, & PAT.

	Statistic Developed Countries	Statistic Developing Countries
Panel v-statistic	-1.307	1.496
Panel rho-statistic	0.345	2.718
Panel PP-statistic	-10.618***	-7.766***
Panel ADF statistic	-9.993***	-7.659***
Group rho-statistic	2.375	4.104
Group PP statistic	-15.496***	-16.939***
Group ADF statistic	-11.477***	-10.953***

Source: authors' calculations using e-views software.

Note: *** $p < 0.01$

Given the non-stationarity of the variables, a panel OLS cannot be used. Since there is a cointegrating relationship, a panel fully modified OLS was applied to estimate the coefficients of Equation (1).

$$\text{OFDI}_{i,t} = \alpha + \beta_1 \text{ORES}_{i,t} + \beta_2 \text{FUEL}_{i,t} + \beta_3 \text{PAT}_{i,t} + u_{i,t}$$

Panel Fully Modified Ordinary Least Squares Estimation

Panel FMOLS is applied to estimate the long run relationship between India's OFDI and fuel, ores and patents. The null hypothesis being tested is that ores exports, fuel exports, and patents of host countries are not significant in the outflow of India's OFDI against the alternate of ores exports, fuel exports, and patents of host countries are significant determinants of India's OFDI.

The estimates of the model generated using the Fully Modified OLS for the sample of developed countries shows that ores, fuel and patents are significant host country factors in India's OFDI (Table 4).

Table 4. FMOLS estimate (Resource & strategic assets): Developed countries.

Variables	Coefficients (t-stats)	SE	P value
lnORES	1.35 (03.12)***	0.43	0.00
lnFUEL	-0.04 (-0.26)	0.14	0.79
lnPAT	1.67 (3.27)***	0.51	0.00
Adj. R square	0.786		
DW stat	2.01		

Source: authors' calculations using e-views software.

Note: *** $p < 0.01$

The estimates of Equation (1) for the developed country sample shows that ores and patents of host countries have a positive effect on outward FDI from India. The null of no significance of these factors is rejected at one per cent level of significance. A host country that has high ores exports as a percentage of its GDP has a positive effect on India's OFDI and has significance at one per cent level of significance. The coefficient of ores is 1.35 i.e., a one per cent increase in ores and metals exports of the host nation leads to a 1.35 per cent increase in OFDI from India.

The coefficient of patent variable also shows significance at the one per cent level of significance. Patent has a positive effect on the outward investment from India. However, the sign of fuel is negative, contrary to hypothesis and it is not significant. This can be because developed countries are not major exporters of fuel and India is not making investments in these countries for fuel. The model with the variables explaining fuel, ores and patents as determinants of India's OFDI has an adjusted R square of 78.6 per cent. The Durbin Watson statistics also shows that there is no significant autocorrelation. The variance inflation factor is 1.02, indicating that no serious multicollinearity exists.

India's OFDI to developing countries is motivated by resource-seeking too. The FMOLS estimate for Equation (1) for the developing countries group is presented in Table 5.

India's investment in developing country is likely to be influenced by the availability of natural resources in these countries. The result of the FMOLS model for developing country shows that resource-seeking, represented by ores and fuel, is significant. India's OFDI is positively related to the availability of resources in the host countries. Developing countries that are exporters of ores and fuel are significant host countries for investments from India.

Table 5. FMOLS estimate (Resource & Strategic assets): Developing countries.

Variables	Coefficients (t-stats)	SE	P value
lnORES	0.57 (2.056)**	0.28	0.04
lnFUEL	0.58 (2.780)**	0.21	0.01
lnPAT	-0.32 (-1.50)	0.22	0.14
Adj. R square	0.758		
DW stat	2.01		

Source: authors' calculations using e-views software.

Note: ** $p < 0.05$

The coefficient of ores shows that a one per cent increase in ores exports from the host country leads to 0.57 per cent increase in the outflow of FDI from India.

Patent has not attained any statistical significance, as strategic assets do not motivate investment in developing countries. Developing countries do not have strong R & D and therefore, as a group, investments in these countries are attracted by motives other than strategic assets.

The overall model estimate shows that resource-seeking and strategic assets seeking variables are able to explain about 75.8 per cent of the variation in the OFDI from India.

The FMOLS equation for developed countries:

$$\text{OFDI} = 1.35\text{ORES} - 0.04\text{FUEL} + 1.67\text{PAT}$$

The FMOLS equation for developing countries:

$$\text{OFDI} = 0.57\text{ORES} + 0.58\text{FUEL} - 0.32\text{PAT}$$

CONCLUSION

India's OFDI is motivated by its resource-seeking policy. To meet growing needs of the economy, Indian firms have undertaken investments in resource rich regions. A number of firms from the public sector have invested abroad to access resources. OFDI from India is located in host countries that are mineral exporters. For the developing country sample, both ores and fuel, the proxy variables representing resource availability, are significant. In the developed country sample, India's investment is influenced by whether the host country is an ore exporter. This is also evident from the pattern of investment made by firms from India in the natural resources sector. Resource-seeking investment has also been made to obtain global value chains and global scale of operations by the firms. Policies that encourage these investments will give Indian firms an opportunity to obtain global supplies of resources.

OFDI seeking strategic assets has become more prevalent after 1991. The firms from knowledge intensive sectors are investing overseas to obtain technology and other assets to remain competitive in global markets. Several firms have invested abroad to obtain strategic assets that would enable them to become global players and to build up their competitive advantage. The study shows that host regions that have more patents, a measure of strategic assets, have attracted larger investments from India.

Thus, OFDI from India has been resource seeking to meet the objective of energy security, to maintain a supply chain of resources and to attain global scales of operation through control of resource production. Strategic asset-seeking is an important motivation for India's OFDI in developed countries to acquire assets that will enhance their competitive advantage.

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