A Study of Scope, Benefits, Of Odi Policy and Prospects in Indian Economics

Suman
Research Scholar, Deptt of Economics , MDU Rohtak, Haryana (India)
Email : sumanghanghas246@gmail.com

ABSTRACT: The study provides the major policy implications from this analysis, besides drawing attention on the complexities in interpreting ODI data in India. This research study aims to examine the impact of ODI on the Indian economy, particularly after two decades of economic reforms, and analyzes the challenges to position itself favorably in the global competition for ODI. Outside direct investment (ODI) has boomed in post-reform India. Moreover, the composition and type of ODI has changed considerably since India has opened up to world markets. This has fuelled high expectations that ODI may serve as a catalyst to higher economic growth. We assess the growth implications of ODI in India by subjecting industry-specific ODI and output data to Granger causality tests within a panel cointegration framework. It turns out that the growth effects of ODI vary widely across sectors. ODI stocks and output are mutually reinforcing in the manufacturing sector. In sharp contrast, any causal relationship is absent in the primary sector. Most strikingly, we find only transitory effects of ODI on output in the services sector, which attracted the bulk of ODI in the post-reform era. These differences in the ODI-growth relationship suggest that ODI is unlikely to work wonders in India if only remaining regulations were relaxed and still more industries opened up to ODI.

KEYWORDS: ODI, India, growth, Indian economy.

INTRODUCTION: India has recently opened up more sectors, including defense, to Outside direct investment. But many developing countries have liberalized their economies even more in the past. The measures undertaken by them have included the rules regarding procedures of investment approvals, removing the controls on outside exchange transactions, reducing performance requirement and increasing access to sectors as well as the extent of Outside ownership. But only few countries have managed to get huge ODI flows. Multinationals are interests in coming to a country which has a big market because they want to internationalize their operations. They also want to access natural resources and raw materials. Thirdly, they are interested in the quality and cost of labour of the host country, its growth prospects as well as its polices. High growth

prospects are responsible for the biggest chunk of ODI going to China which has had an average GDP growth of 9 per cent over the last two decades. China also has a skilled population which has caused invested heavily in China. Non-Resident Indians too can bring more ODI to India except that they are scattered thinly across the globe and unlike the non-resident Chinese who live close to China, most NRIs are not near India. They do not also have as much investable resources because most are professionals. Many are also not happy with the existence of corruption and procedural delays in India.

Indian Government's resources are very much limited to overcome the problem of unemployment, modernization of industries including agriculture industry and numerous related problems. The best solution for this has been found that the large investment of ODI should be allowed. The Economic and Social Survey: 2001 by the World Bank shows that out of $207 billion in ODI flows to developing countries, $40 billion went to China as compared to $2.1 billion for India. Within the Asian region, Malaysia, Singapore, Korea and Thailand have received much more ODI than India. Because from the point of view of Outside investors, apart from rapid liberalization, other things are also important in determining the choice of destination. In this the share of China is 19.32 per cent while India's share is only 1 per cent. The above information suggests that there is no need to be afraid that India economy will go in the hands of Outside investors, if the larger investment is allowed. For rapid growth and development, there is need to increase the flow of ODI in coming years by further liberalizing ODI policy so as to make the Indian economy more free and competitive in the global market. For a long period of time India too much depended on outside aids considering it cheapest source of having outside exchange.

Outside Direct Investment (ODI) is the investment made by one country to other country for the purpose of developing industrial activities. ODI provided mutual help to both the countries. For the home country, it is an investment-generating income and a source for spreading business operations globally, and for the host country, it is source of capital for the development of infrastructure, which is the corner-stone for economic development. Infrastructure development is needed for the growth of domestic trade, outside trade for reducing imports and external borrowings and for correcting the fiscal deficit. Developing nations are perpetual victims of a resource crunch. They find it hard to develop basic infrastructure which is badly needed for industrial development. The ODI should be taken in the righter perspective. There is no danger in

increasing flow of ODI in India. It is need of the hour that huge investment of ODI should be allowed in most of the sectors of the economy for long-term economic development of the country. Most of us do not know that aid is nothing but a loan. It is concessional loan as the rate of interest to be paid on aids is slightly lower than other loans and the duration of payment is usually longer during which it is to be repaid. This practice was raising the amount of interest to be paid rapidly and country had to face difficulties in making the payment of interest for which outside exchange was needed. Therefore to come out from such a situation the country had introduced economic reforms in 1991 and allowed on large scale inflow of Outside direct investment in most of the sectors of the economy. The policy has successfully controlled the crisis of Outside exchange since 1991. However, the progress of ODI is still not satisfactory when it is compared with the other developing countries of the world such as China, Singapore, Malaysia and Korea etc. India has got a great potentiality for attracting more inflow of ODI. For capital-scare developing economies, outside direct investment (ODI) implies access to not only capital, but also advanced technology and know-how, managerial expertise, global marketing networks and best-practice systems of corporate government. ODI inflows are not-debt creating and more stable than portfolio flows that are guided by short-term risk-return pay offs and are prone to quick reversals in the event of adverse expectations. Thus, following withdrawal of most restrictions on cross-border movement of capital in a globalized Economy, almost all developing countries have adopted liberal policies towards ODI for exploiting the virtuous aspects of such flows. Inspite of enabling policies, however, success in attracting ODI has widely varied between countries.

REVIEW OF LITERATURE:

Klaus E Meyer (2003) in his study "Outside Direct investment in Emerging Economies" focuses on the impact of ODI on host economies and on policy and managerial implications arising from this (potential) impact. The study finds out that as emerging economies integrate into the global economies international trade and investment will continue to accelerate. MNEs will continue to act as pivotal interface between domestic and international markets and their relative importance may even increase further. The extensive and variety interaction of MNEs with their host societies may tempt policy makers to micro – manage inwards Outside investment and to target their instruments at attracting very specific types of projects. Yet, the potential impact is hard to evaluate ex ante (or even ex post) and it is not clear if policy instruments would be effective in attracting

specifically the investors that would generate the desired impact. The study concluded that the first priority should be on enhancing the general institutional framework such as to enhance the efficiency of markets, the effectiveness of the public sector administration and the availability of infrastructure. On that basis, then, carefully designed but flexible schemes of promoting new industries may further enhance the chances of developing internationally competitive business clusters.

Vittorio Daniele and Ugo Marani (2007) in their study, "Do institutions matter for ODI? A Comparative analysis for the MENA countries" analyse the underpinning factors of Outside Direct Investments towards the MENA countries. The main interpretative hypothesis of the study is based on the significant role of the quality of institutions to attract ODI. In MENA experience the growth of ODI flows proved to be notably inferior to that recorded in the EU or in Asian economies, such as China and India. The study suggests as institutional and legal reform are fundamental steps to improve the attractiveness of MENA in terms of ODI.

Rhys Jenkins (2006) in his study "Globalization, ODI and Employment in Vietnam", examines the impact of ODI on employment in Vietnam, a country that received considerable inflow of Outside capital in the 1990s as part of its increased integration with the global economy. The study shows that the indirect employment effects have been minimal and possibly even negative because of the limited linkages which Outside investors create and the possibility of "crowding out of domestic investment". Thus, the study finds out that despite the significant share of Outside firms in industrial output and exports, the direct employment generated has been limited because of the high labour productivity and low ratio of value added to output of much of this investment.

Emrah Bilgic (2006) in her study "Causal Relationship between Outside Direct Investment and Economic Growth in turkey" examines the possible causal relationship between ODI and Economic Growth in Turkey. The study finds out that there is neither a long run nor a short run effect of ODI on economic growth of Turkey. Thus the study could not find any patterns for each hypothesis of "ODI led Growth" and "Growth driven ODI" in Turkey. The main reason of this result is that the country had unstable growth performances and very low ODI inflows for the period under analysis. The study suggests that in order to have a sustained economic development the government should improve the investment environment with the ensured political and

economic stability in the country.

Lisa De Propis and Nigel Driffield (2006) in their study "The Importance of Cluster for Spillovers from Outside Direct Investment and Technology Sourcing", examine the link between cluster development and inward outside direct investment. They concluded that firms in clusters gain significantly from ODI in their region, both within the industry of the domestic firm and across other industries in the region.

Miguel D. Ramirez (2006) in his study "Is outside Direct Investment Beneficial for Mexico? An Empirical Analysis" examines the impact of Outside Direct Investment on labour productivity function for the 1960- 2001 period is estimated that includes the impact of changes in the stock of private and Outside capital per worker. The error correction model estimates suggest that increase in both private and outside investment per worker have a positive and economically significant effect on the rate of labour productivity growth. However, after taking into account the growing remittances of profits and dividends, there is a marked decrease in the economic effect of Outside capital per worker on the rate of labour productivity growth. The study assesses the short – term interactions of the relevant variables via impulse response functions and variance decompositions based on a decomposition process that does not depend on the ordering of the variables.

Andersen P.S and Hainaut P. (2004) in their study "Outside Direct Investment and Employment in the Industrial Countries" point out that while looking for evidence regarding a possible relationship between outside direct investment and employment, in particular between outflows and employment in the source countries in response to outflows. They also find that high labour costs encourage outflows and discourage inflows and that such effect can be reinforced by exchange rate movements. The distribution of ODI towards services also suggests that a large proportion of Outside investment is undertaken with the purpose of expanding sales and improving the distribution of exports produced in the source countries. According to this study the principle determinants of ODI flows are prior trade patterns, IT related investments and the scopes for cross – border mergers and acquisitions. Finally, the authors find clear evidence that outflows complement rather than substitute for exports and thus help to protect rather than destroy jobs.

John Andreas (2004) in his work "The Effects of ODI Inflows on Host Country Economic Growth" discusses the potential of ODI inflows to affect host country economic growth. The study

argues that ODI should have a positive effect on economic growth as a result of technology spillovers and physical capital inflows. Performing both cross – section and panel data analysis on a dataset covering 90 countries during the period 1980 to 2002, the empirical part of the study finds indications that ODI inflows enhance economic Growth in developing economies but not in developed economies. This study has assumed that the direction of causality goes from inflow of ODI to host country economic growth. However, economic growth could itself cause an increase in ODI inflows. Economic growth increases the size of the host country market and strengthens the incentives for market seeking ODI. This could result in a situation where ODI and economic growth are mutually supporting. However, for the ease of most of the developing economies growth is unlikely to result in market – seeking ODI due to the low income levels. Therefore, causality is primarily expected to run from ODI inflows to economic growth for these economies.

The scope for Outside Direct Investment: Direct investment has other advantages also. It often introduces new industries or improved methods. It provides employment and sometimes specialized technical training for local workers. It contributes to local public revenue; for instance by paying income tax and in many cases export duties. If it establishes or expands export industries it increases exports and thereby Outside exchange earnings. A number of large outside companies (notably those owning estates) provide housing and social services for their workers. Most underdeveloped countries, however, are very nationalistic. Against these advantages of Outside direct investment is the great disadvantage, from their standpoint, that it places control over part of their economic activity in the hands of Outsiders. Some countries feel that large Outside companies may interfere in their political and economic life, introducing an element of Outside domination or, in the case of ex-colonies, re-introducing 'colonialism' through the back door. Moreover, most underdeveloped countries are socialistic in their outlook and consider that certain key industries, such as public utilities and steel mills, should be owned by the state rather than by private capital, whether Outside or local. Owing to these attitudes the scope for Outside direct investment has been substantially reduced during the middle of the 20th century. But now all countries – developed, developing and underdeveloped are encouraging flow of ODI with incentive packages. More directly, many countries have come to realize that an inflow of Outside capital can offer some unique qualitative advantages. For no problem of productive use arises with outside direct investment: by its very nature, a Outside investment necessarily entails the identification of an

economic opportunity, the formulation of a productive project, and its efficient implementation. Especially significant is the merit that Outside direct investment has in carrying with it an integral ingredient of technical assistance-the managerial and technical knowledge which are usually in even shorter supply than capital. As an instrument for transmitting technical and organizational change, integrating technical and financial assistance, and helping to overcome the skill and management limitations in development, the private outside investment has a distinct advantage over Outside public capital.

Some of the chief industries, especially export industries, of underdeveloped countries have been built up largely by direct outside investment. Leading examples are the oil industries of the Middle East and Venezuela; the rubber estates and tin mines of Malaya and Indonesia; the tea estates of India and Ceylong; the sugar estates of Cuba and the British West Indies; the banana estates of Central America and the copper mines of Northern Rhodesia and Chile. In some countries, direct Outside investment has played a leading part also in the field of railways, electric power, and other public utilities, and in international trade. While the inflow of capital in any form supplements the inadequate savings of low-income counties, direct investment has various advantages over loans (including export credits). Loans leave an aftermath of interest charges and repayments, which often become a serious burden on the budgets and Outside-exchange reserves of the borrowing countries. It is true that loans could be spent in ways which increase output, taxable capacity and export earnings, but often they are not; they may be used for what seems an urgently needed expansion of social services or to tide over a deficit in the balance of payments which turns out to be a long-period rather than a temporary deficit, so that the loans merely postpone the need to reduce levels of consumption. Direct investment leaves no such aftermath. The Government of the country incurs no obligation to make payments if the industry goes through a lean period it is the Outside shareholders who suffer.

Outside Direct Investment Policy in India: Outside direct investment (ODI) has gained importance globally as an instrument of international economic integration. Outside direct investment policies along with trade policies have, in fact, become the focus of liberalization efforts in almost every country. Liberalized trade regime along with an open door outside investment policy creates pressures to achieve higher levels of efficiency and flexibility at the firm level. The Government of India's policy towards Outside direct investment of 'Outside collaboration' as it is most commonly

referred to in official statements has evolved from cautious promotion in the late 1940s to a brief period of near "open door" in the 1950s, to a policy of rigorous selectivity in the late 1960s and 1970s and to a policy of increasing liberalization in the 1980s. These policy swings have reflected the socio-economic-cum-political objectives of the Government. Investment made in machinery fabrication facilities, manpower development, scientific and technological infrastructure made in the previous period had led to development of certain 'created' assets in the country. For instance, certain capabilities for process and product adaptations had been built up in the country. Constraints on local supply of capital and entrepreneurship had begun to ease somewhat. On the other hand outflow on account of remittances of dividends, profits, royalties, and technical fees, etc., abroad on account of servicing of ODI and technology imports from the earlier period had grown sharply and had become a significant proportion of the Outside exchange account of the country.

There has been a growing recognition in India that any credible attempt towards economic reforms must involve up gradation of technology, scale of production and linkages to the increasingly integrated globalize production system chiefly through the participation of transnational corporations. Neglected in India's development strategy before 1991, the Government is now pursuing a pro-active policy to attract outside direct investment. The industrial policy of 1991 provides a fairly liberalized policy framework to attract outside direct investment into the country. India has a number of advantages to offer to potential outside investors. Among these are: political stability in a democratic polity, an economy characterized by steady growth and a single digit inflation rate, a vast domestic market, a large and growing pool of trained manpower, a strong entrepreneurial class, fairly well developed social and physical infrastructure, a vibrant financial system including a rapidly expanding capital market and a diversified industrial base.

ODI Policy and Prospects: The cumulative approval of ODI since 1991 adds up to approximately US $ 46 billion (excluding GDRs) and the total inflows up to December, 1998 are nearly US $ 13.30 billion (excluding GDRS) giving a success rate of around 29%. To bridge the Investment saving gap (of 3 to 4 per cent) in order to achieve a sustained growth of 6 to 7 per cent, ODI of the order of US $ 10 billion or more per annum is required. It is in this light that ODI is invited as a measure to supplement domestic efforts, especially because assistance from multi-lateral and bilateral sources is either stagnant or declining in comparison to private capital flows. Even in the

private capital flows, the short-term outside capital flows are prone to quick reversal in terms of investors' perception on how the domestic economy is shaping. ODI, which is a long-term investment, is, therefore, of crucial importance. ODI is the most desirable form of external funding not only for the long-term additional capital it brings in, but also for the technology up gradation and modern production and management practices that accompany it.

Recent policy initiative taken by the Government is as follows:

- Requirement of prior/final approval by RBI for binging in Outside investment/allotment of shares against proposals duly approved has been dispensed with. New companies will only have to file the required documents with the RBI regional office within 30 days of issue of shares;

- The Reserve Bank of India has delegated powers to its regional offices for granting Automatic Approval in respect of Outside Collaboration;

- Outside Equity up to 100 per cent in the power sector for electric generation, transmission and distribution has been made eligible for automatic approval (barring atomic-reactor plants) provided outside equity does not exceed Rs.1500 crore;

- In case of shortfall in NRI contributions in private sector banks, multilateral financial institutions would be allowed to contribute outside equity to the extent of the shortfall in NRI contributions within the overall limit of 40 per cent;

- Select infrastructure projects of Rs.100 crore and above are taken up for detailed monitoring to remove bottlenecks and expedite implementation; and

Two additional activities, namely, "Credit Card Business" and "Money Changing Business" have been included in approved Non-Banking Financial activities for ODI and minimum capitalization norms have been dispensed with, in respect of non-fund based Non-Banking Financial activities. The measures introduced by the Government to liberalize provisions relating to ODI have been consolidated and further expanded into new areas. The Government is committed to promote increased inflow of ODI and its intended benefits such as better and high technology, modernization, increased opportunity of exports and providing products and services of international standards to Indian consumers.

Benefits of ODI: Some benefits from Outside investment may also accrue to consumers. When the investment is cost-reducing in a particular industry, there may be a gain not only to the suppliers of factors in this industry through higher factor prices but also to consumers of the product through lower product prices. If the investment is product-improving or product-innovating, consumers may then enjoy better quality products or new products. In order that labour and consumers might gain part of the benefit from the higher productivity in Outside enterprises, the overseas withdrawal by the investors must be less than the increase in output. But even if the entire increase in productivity accrues as Outside profits, there will still be a national benefit when the government taxed these profits or receives royalties from concession agreements. From the standpoint of contributing to the development process the major benefits from Outside investment are likely to arise in the form of external economics. Besides bring to the recipient country physical and financial capital, direct Outside investment also includes non-monetary transfers of other resources-technological knowledge, market information, managerial and supervisory personnel, organizational experience, and innovations in products and production techniques-all of which are in short supply. By being a carrier of technological and organizational change, the Outside investment may be highly significant in providing "private technical assistance" and "demonstration effects" that are of benefit elsewhere in the economy. New techniques accompany the inflow of private capital, and by the example they set, Outside firms promote the diffusion of technological advance in the economy. Technical assistance may also be provided to suppliers and customers of the Outside enterprise. In addition, Outside investment frequently leads to the training of labour in new skills, and the knowledge gained by these workers can be transmitted to other members of the labour force, or the newly trained workers might be later employed by local firms.

The inflow of private capital contributes to the recipient country's development programme in two general ways by helping to reduce the shortage of domestic savings and by increasing the supply of Outside exchange. To this extent, the receipt of private Outside investment permits a more rapid expansion in real income, eases the shortage of Outside exchange, and removes and necessity of resorting to a drive toward self-sufficiency and the deliberate stimulation of import-substitution industries out of deference to Outside exchange considerations. Beyond this initial contribution, the essence of the case for encouraging outside investment is that in time, as the investment operates, the increase in real income resulting from the act of investment is greater than the resultant

increase in the income of the Outside investor. There is a national economic benefit if the value added to output by the Outside capital is greater than the amount appropriated by the investor: social returns exceed private returns. As long as Outside investment raises productivity, and this increase is not wholly appropriated by the investor, it follows that the greater product must be shared with others, and there must be some direct benefits to other income groups. These benefits can accrue to (1) domestic labour in the form of higher real wages, (2) consumers by way of lower prices, and (3) the government through expanded revenue. In addition, and of most importance in many cases, there are likely to be, (4) indirect gains through the realization of external economies.

Significance of Outside capital: Outside Direct Investment involves the ownership and control of a Outside company in an Outside country. In exchange for this ownership, the investing country usually transfers some of its financial, technical, managerial, trademark and other resources to the recipient country. The international transfer of funds need not be prerequisite for this exchange. The Government of India, in March 2003 revised the ODI definition in line with international practices. The revised ODI data now includes 'equity capital' including that of unincorporated entities, non-cash acquisition against technology transfer, plant and machinery, goodwill, business development, control premium, and non-competition fees. It also includes 'reinvested earnings' including that of incorporated entities, unincorporated entities and reinvested earnings of indirectly held direct investment enterprises. Besides, 'other capital' including short-term and long-term inter-corporate borrowings, trade-credit, supplier credit, financial leasing, financial derivatives, debt securities, land and buildings are factored in. ODI is seen as a mean to supplement domestic investment for achieving a higher level of economic growth and development. ODI offer benefits to domestic industry as well as to the consumer by providing opportunities for technological up gradation, access to global managerial skills and practices, optimal utilization of human and natural resources, making industry internationally competitive, opening up exports market, providing backward and forward linkages and access to international quality goods and services.

The ODI policy change in India attracted controversial opinions not only from the political dais but also from the sphere of intellectuals. Some thinkers have been constantly expressing their worries and concern about the ODI policy of India. For them ODI in India seems to be the road map ultimately end up with emergence of colonialism though not political but economic. This may possible because of India's past experience of trade-led political colonialism. In spite of the fear

expressed by the few, the mainstream economics strongly believe that the flow of ODI into India is of immense importance since it provides a package of capital, outside exchange, technology, managerial expertise, skills and other inputs considered essential for the development of an emerging economy like India. Moreover it is also important to understand that Indian cannot stand alone while the world is shrinking to become a global village with the absence of impediments for the flow of trade and investment across the countries. No country can prosper keeping itself outside the global stream and India is of no exception to this. However, India has to evolve a suitable policy to play carefully in the international economics so as to reap the benefits of investment flow. It seems that the "leftist" who strongly opposed for ODI into India earlier, still believe that there is over emphasis on ODI in India. With these backgrounds India has already spent 20 years of her 'open-door' policy for ODI since 1991. Hence, it is inevitable to analyse various dimensions of ODI in India such as trends, comparative performance, determinants, and impact of ODI on Indian Economy, to provide a reasonable base to evolve and execute the best policies for the benefits of Indian economy as a whole. Indian economy has undergone radical changes in 1990s because of the introduction of new economic policy and liberalization in this juncture. The free inflow of capital and Outside Direct Investment enabled our economy to improve and too enhanced and sophisticated methods and means of production. More specifically, the part played by ODI in promoting the progress of India Economy and Employment opportunity and the inevitable part and parcel of the LPG. The real fruits of Economic reforms not only promoting the welfare of individuals, but also it shows its significant strides in the progress of economy. Policy makers and planners attention is to attract more and huge quantity of Outside Direct Investment. In a crux the Outside Direct Investment and role of Outside Institutional Investors (FII) played an integral part in our economy. The present study through light a synoptic looks about the Outside Direct Investment and its importance in India it also deals the various facts and aspects of Outside Direct Investment and its impact on Indian Economy. Capital is stated as the engine of economic growth. This statement has gained more importance in the recent times. Traditionally, the various sources of capital for developing countries were–either the demand of their output (raw material) by industrial countries or outside aid or loans from Outside banks. However, now a-days, the official development assistance flows are steadily declining. Beside others, Outside Direct Investment as a source of funds has gained very high importance, in recent years.

The role of ODI has undergone tremendous changes since 1991. It is evident from the changing composition of the Outside capital flow into India. When the whole world is marching ahead toward the "New Order", India is of no exception to this phenomenon in a globalized and well-integrated world. India's approach to development witnesses a gradual shift from the inward oriented import-substitution approach to the outward looking approach during the late 1980's and specifically after experiencing a severe crisis during 1990-91. It ultimately resulted in decontrol, delicensing and pursuance of a more liberal and investment friendly 'open door' policy towards ODI. In this context, private outside capital in general and ODI in particular has been widely recognized as an imperative input for sustainable development. In the process of global integration and Co-operation, the promotion and diversification of trade and ODI assumed greater importance in Indian economy.

CONCLUSION: In other words, these economic growth factors have a profound impact on the inflows of ODI in India. ODI plays a significant role in enhancing the level of economic growth of the country. This analysis also helps the future aspirants of research scholars to identify the main determinants of ODI at sectorial level. Finally, the study observes that ODI is a significant factor influencing the economic growth in India. It provides a sound base for economic growth and development by enhancing the financial position of the country. Outside direct investment occurs when a business invests in a Outside country by either acquiring a Outside business that it controls or starting a business in the Outside country. Even though global economies are suffering with financial crisis and other economic hurdles, India still stands as a global investment destination. Keeping in view of current requirements and benefits of the nation the government of India comes up with new policies from time to time. Government should design the ODI policy such a way where ODI inflow can be utilized as means of enhancing domestic production, savings and exports through the equitable distribution among states by providing much freedom to states, so that they can attract ODI inflows at their own level. Further the study shows the share of ODI in different economic growth factors from 1995 to 2014. From the above discussions of the study, it is observed from the results of above analysis that Trade, GDP, Reserves GDP, Exchange rate, are the main determinants of ODI inflows to the country.

REFERENCES:

1. Andersen P.S and Hainaut P. (2004): "Outside Direct Investment and Employment in the Industrial Countries", http:\\www.bis\pub\work61.pdf.

2. Johnson Andreas (2004):" The Effects of ODI Inflows on Host Country Economic Growth", http://www.infra.kth.se\cesis\research\publications\working

3. Klaus E Meyer, Saul Estrin, Sumon Bhaumik, Stephen Gelb, Heba Handoussa, Maryse Louis, Subir Gokarn, Laveesh Bhandari, Nguyen, Than Ha Nguyen, Vo Hung (2003): "Outside Direct Investment in Emerging Markets: A Comparative Study in Egypt, India, South Africa and Vietnam", drco6-india.pdf.

4. Vittorio Daniele and Ugo Marani (2007) in their study, "Do institutions matter for ODI? A Comparative analysis for the MENA countries", ideas.repec.org/p/pra/mprapa/2426.html.

5. Lisa De Propis and Nigel Driffield (2006): "The Importance of Cluster for Spillovers from Outside Direct Investment and Technology Sourcing", Cambridge Journal of Economics, pp. 277-291.

6. Miguel D. Ramirez (2006): "Is Outside Direct Investment Beneficial for Mexico? An Empirical Analysis: 1960-2001", World Development Vol, 34, No 5, pp. 802- 817.

7. Rhys Jenkins (April, 2006): "Globalization, ODI and Employment in Vietnam", Transnational Corporations, Vol. 15, No.1, pp.115-142.

8. Emrah Bilgic (2006): "Causal relationship between Outside Direct Investment and Economic Growth in Turkey", www.diva_portal.org\diva\get\document