

**THE INTERNATIONALIZATION OF FIRMS FROM INDIA:
INVESTMENT, MERGERS AND ACQUISITIONS**

Deepak Nayyar

Abstract

This paper analyzes the rapid expansion in outflows of foreign direct investment from India and the spurt in foreign acquisitions by Indian firms, during the past decade, situated in the wider context of international investment from developing countries. Much of the investment was in manufacturing activities and most of the acquisitions were in industrialized countries. The economic stimulus and the strategic motive for the internationalization of firms from India were provided by a range of underlying factors driving the process, which differed across sectors and firms. The rapid growth in investment and acquisitions by Indian firms were partly attributable to factors implicit in the liberalization of the policy regime and the greater access to financial markets. But it must be recognized that Indian firms could not have become international without the capacity and the ability to compete in the world market. The attributes of Indian firms, which created such capacities and abilities, are embedded in the past and have emerged over a much longer period of time.