

ABSTRACT

The main focus of this study is to analyze the determinants of Outward Foreign Direct Investment of firms in the Manufacturing sector of India. The data used for this study is from 2008-2010. The study shows that Indian enterprises in the manufacturing sector are investing in other countries for efficiency seeking benefits. The results indicate that mainly medium size enterprises invest abroad. They are R&D intensive and import intensive. Further, they are not the exporting firms. These results point to the fact that the Indian enterprises invest abroad to manufacture goods in a foreign location due to better investment environment abroad. They import the goods, produced in the plants abroad into India. Thus it appears that Indian OFDI is not to promote exports.