

CONTENTS

| | Page no. |
|-----------------------|----------|
| CERTIFICATE | iv |
| DECLARATION | v |
| ACKNOWLEDGEMENTS | vi |
| ABSTRACT | viii |
| CONTENTS | ix |
| LIST OF TABLES | xii |
| LIST OF ABBREVIATIONS | xiii |
| LIST OF SYMBOLS | xiv |

Chapter 1

INTRODUCTION 1-28

| | |
|---|----|
| 1.1 FDI Inflows in India..... | 3 |
| 1.2 Review of Literature..... | 9 |
| 1.3 Emerging Research Issues..... | 16 |
| 1.3.1 Trends and Variations in FDI..... | 16 |
| 1.3.2 Infrastructure and FDI..... | 16 |
| 1.3.3 Profitability, Risk, R&D and FDI..... | 19 |
| 1.3.4 Domestic Investment and FDI..... | 20 |
| 1.3.5 Institutions and FDI..... | 21 |
| 1.4 Objectives..... | 21 |
| 1.5 Analytical Framework..... | 22 |
| 1.6 Methodology..... | 24 |
| 1.7 Data Structure..... | 26 |
| 1.8 Organization of the Thesis..... | 28 |

Chapter 2

TRENDS AND VARIATIONS IN INFRASTRUCTURE AND FDI INFLOWS IN INDIAN STATES 29-56

| | |
|---|----|
| 2.1 Trends and Variations in FDI Inflows in Indian States..... | 30 |
| 2.2 Trends and Variations in Infrastructure in Indian states..... | 37 |

| | |
|---|---------------|
| 2.2.1 Indicators of Physical Infrastructure..... | 38 |
| 2.2.2 Indicators of Social Infrastructure..... | 42 |
| 2.2.2.1 Indicators of Education Infrastructure..... | 43 |
| 2.2.2.2 Indicators of Health Infrastructure..... | 45 |
| 2.3 FDI-Infrastructure Relationship..... | 47 |
| 2.3.1 State-wise Status of Infrastructure Measures..... | 48 |
| 2.3.2 Relationship between FDI and Infrastructure Measures..... | 51 |
| 2.4 Conclusion | 55 |
| Chapter 3 | |
| DETERMINANTS OF INTER-STATE VARIATIONS IN FDI INFLOWS IN INDIA | 57-76 |
| 3.1 Theoretical Model of FDI..... | 58 |
| 3.2 Estimation Techniques..... | 65 |
| 3.3 Results and Discussions..... | 69 |
| 3.4 Concluding Remarks..... | 75 |
| Chapter 4 | |
| INSTITUTIONS AND FDI | 77-104 |
| 4.1 Institutions and Investment: A Theoretical Overview..... | 78 |
| 4.2 Institutions in Indian States: An Empirical Overview..... | 82 |
| 4.2.1 Bureaucracy..... | 83 |
| 4.2.1.1 Corruption..... | 84 |
| 4.2.1.2 Crime | 85 |
| 4.2.2 Political Structure..... | 86 |
| 4.2.2.1 Centre-State Political Relationships..... | 86 |
| 4.2.2.2 Stability of the State Government..... | 89 |
| 4.2.3 State-Level Policies and Institutions..... | 91 |
| 4.3 Institutions-FDI Relations in India..... | 93 |
| 4.3.1 Institutions-Performance Relationship..... | 93 |
| 4.3.2 Performance-FDI Relationship..... | 96 |

| | |
|--|-----|
| 4.3.3 Institutions-FDI Relationship..... | 97 |
| 4.3.4 Results and Discussions..... | 99 |
| 4.4 Conclusions..... | 104 |

Chapter 5

| | |
|---|---------|
| SUMMARY AND CONCLUSIONS | 105-116 |
| 5.1 Major Findings..... | 106 |
| 5.1.1 Trends and Variations in FDI Inflows..... | 106 |
| 5.1.2 Trends and Variations in Infrastructure..... | 107 |
| 5.1.3 Determinants of Inter-State Variations in FDI Inflows in India... | 109 |
| 5.1.4 Institutions and FDI..... | 109 |
| 5.2 Emerging Policy Issues..... | 110 |
| 5.3 Contribution of the Present Study..... | 113 |
| 5.4 Limitations and Scopes for Future Research..... | 115 |
| REFERENCES..... | 117-131 |
| LIST OF APPENDICES | 132-139 |
| APPENDIX A | 132 |
| APPENDIX B..... | 135 |
| APPENDIX C..... | 136 |
| APPENDIX D..... | 138 |