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Reddy, Kotapati Srinivasa

Indian Institute of Technology (IIT) Roorkee

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Kotapati Srinivasa Reddy
Indian Institute of Technology (IIT) Roorkee,
Department of Management Studies, Roorkee – 247667, Uttarakhand (India).
Mobile: +91-8897449711; E-mail: cssrinivasareddy@gmail.com

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Abstract

The purpose of this paper is to analyze the market for cross-border mergers and acquisitions (CB-M&A) representing the Asian emerging market-India for the period 1991 through 2010. I also compare the market in India among the BRIC economies (Brazil, Russia and China (including Hong Kong)) for various reasons. To do so, I use statistical data on CB-M&A transactions from UNCTAD's World Investment Report-2011, and discuss potential changes in the market performance based on inductive and deductive logics and case examples. I check macroeconomic indicators of the BRIC group in order to support the economic, banking and financial reforms in India. Further, I highlight the internationalization process of Indian firms by supporting the data on parent corporations and foreign affiliates. I eventually draw conclusions from India's share as a percentage of the world economy, developing economies, BRIC group and Asia. All in all, India is next to China for all selected categories.

JEL Classification: E60; E64; G20; G34

Keywords: Economic and financial reforms; BRIC economies; Cross-border mergers and acquisitions; Emerging economies; India; Internationalization; International management.

1. Introduction

Emerging markets (hereinafter, EMs) promise attractive opportunities, pose many risks and complexities, and returns could vary significantly across countries (Dobbs, Lund, & Schreiner, 2010).[1] They have become the focus of sustained and considerable research because they comprise the largest share of the world's population and land, abundant natural resources, technical skills, robust domestic demand and they prolong to grow quicker than the developed nations (Kearney, 2012; Shah, 2012).[2] They are major locations for some activities in global value chains of several businesses and present a dynamic and stimulating setting for international management research (Drummond, 2012; Ramamurti, 2012a).[3] Traditionally, most EMs are highly regulated, with restricted competition and mainly closed to foreign entry while their regulatory system is more inconsistent and less sophisticated (Elango & Pattnaik, 2011; Madhok & Keyhani, 2012). With successive policy reforms and amendments in various laws, a number of emerging markets have subsequently pursued potential opportunities of globalization and liberalization. In particular, globalization has different characteristics such as knowledge, foreign direct investment, trade, short-term capital flows and movements of labor. Besides, it is a powerful force for economic growth, and it affects

[1] One would certainly notice the growing amount of research in EMs in diverse aspects of international business, ranging from foreign market entry strategies to performance of developing-country MNCs established in the developed countries (e.g., Bhabra & Huang, 2013; Contractor, Kumar, & Kundu, 2007; Dakessian & Feldmann, 2013; Luo & Wang, 2012; Meyer & Thaijongrak, 2013; Nagano, 2013; Ning, Kuo, Strange, & Wang, 2014; Pant & Ramachandran, 2012; Sinkovics et al., 2015; Tran & Rios–Morales, 2015; Tsai, Bernard, Plaisent, & Lin, 2014; Yang, 2015; Yang & Meyer, 2015; Yaprak & Karademir, 2011; Zheng, Wei, Zhang, & Yang, 2014; Zhong, Peng, & Liu, 2013). In addition, a few scholars have suggested some theories/models in international business that suits EMs institutional settings (e.g., Cuervo-Cazurra, 2012; Hennart, 2012).

[2] Kearney (2012) suggests potential areas for future research in EMs: market efficiency, risk-adjusted returns and risk premium, firm-level internationalization, international business strategy, attracting and benefiting from FDI, corporate and institutional governance, and behavioral perspectives.

[3] According to the United Nations Conference on Trade and Development (UNCTAD), the cumulative international direct investment has been reached about US$1,244 billion in 2010 and significant growth is being attributed to high-growth EMs (Nagano & Yuan, 2013).

economic growth in different countries differently (Stiglitz, 2003). Major causes of the globalization process are materialization of new investment opportunities in developing and transition countries–a good source for multinational companies (MNCs) in light of deregulation and privatization policies (Norbäck & Persson, 2008). The complete systemic change has led the liberalization of government controls, a superior role of the private sector and increased competition with the aim of greater integration (Ramaswamy & Renforth, 1996).

While, Holtbrügge and Kreppel (2012) emphasize that the internationalization process of Indian and Brazilian firms is mostly obsessed with economic motives whilst Chinese and Russian firms receive substantial political support from their governments to invest abroad. For instance, mergers and acquisitions (hereinafter, M&A) announced by EMs in the first quarter (January-March, 2012) accounting for 27.5% of the world economy that reached US$132.5 billion, representing a 32.9% decrease compared to the same period in 2011, and a 19.3% drop than the previous quarter. Importantly, the major targeted EM economy hitherto in 2012 was China, with 674 deals worth of US$31.3 billion, followed by Brazil (US$21.2 billion), India (US$10.6 billion) and Russia, with US$10.2 billion (Thomson Reuters, 2012). Nevertheless, both Chinese and Indian MNCs seem to be rewriting the rules of M&A (e.g., Kumar, 2009).[4]

The *Theory of Business Cycles* in economics (e.g., Fels, 1952; Schumpeter, 1939), the *Theory of International Trade* (e.g., Brecher & Parker, 1977) and the *Theory of Internationalization Process* in international business (e.g., Andersen, 1993; Dunning, 1988; Johanson & Vahlne, 1977), and *Resource-based-view (RBV) theory* in strategic management (e.g., Geringer, Beamish, & Dacosta, 1989; Penrose, 1959; Wan, Hoskisson, Short, & Yiu, 2011) explore and confirm the link between economic activity, global trade and firm performance.[5] Being evidenced that, when the industrial revolution has initiated in western nations, thus emerged the theme of corporate restructuring. In strategic management literature, the term restructuring has widely been used in diverse contexts such as mergers, acquisitions, joint ventures, alliances and buyouts. In due course of time, developed economies merger waves have engulfed developing countries considering the 1990-91 economic deregulation and liberalization experience (e.g., Weston, Chung, & Hoag, 1998; Weston, Mitchell, & Mulherin, 2003).[6]

A number of American and European researchers have extensively been investigated M&A in key areas ranging from the negotiation process to due diligence activity, stock returns to accounting performance for pre- and post- acquisition periods, post-merger strategies to culture-integration issues, and so forth (e.g., Barbopoulos, Paudyal, & Pescetto, 2012; Basuil & Datta, 2015; Boateng, Hua, Uddin, & Du, 2014; Collins et al., 2009; Conklin, 2005; Corhay & Rad, 2000; Das & Kapil, 2012; Erel, Liao, & Weisbach, 2012; Ketkar, 2012; Kling et al., 2014; Malhotra, Sivakumar, & Zhu, 2011; Morresi & Pezzi, 2011; Mukherji, Mukherji, Dibrell, & Francis, 2013; Rasedie & Srinivasan, 2011; Reus, 2012; Serdar Dinc & Erel, 2013; Stepanok, 2015; Vasconcellos, Madura, & Kish, 1990). Conversely, I find a few studies on international mergers and joint ventures noticed in EMs institutional setting. For instance, scholars from emerging markets are pursuing cross-border mergers and acquisitions (hereinafter, CB-M&A) research to add theoretical, conceptual and empirical evidence into well-developed literature and improve the institutional framework (e.g., for China: Anderson, Sutherland, & Severe, 2015; Deng, 2009; Liu & Zou, 2008; for India: Reddy, Nangia, &

[4] See an article published by The Economist (2008) – "*Emerging-market multinationals: The challengers*".
[5] Dunning (1988 as cited in Ramamurti, 2012b) explores that to become an MNC, a firm must hold significant ownership advantages (or, equity advantage) that can compensate its drawbacks in competing overseas market.
[6] See the extensive literature review on cross-border M&A perspectives (Ferreira, Santos, de Almeida, & Reis, 2014; Martynova & Renneboog, 2008; Shimizu, Hitt, Vaidyanath, & Pisano, 2004).

Agrawal, 2012, 2014a; Srivastava & Prakash, 2014; for Russia: Bertrand & Betschinger, 2012; for Latin America: Pablo, 2009, 2013; for mixed-sample of emerging economies: Bhagat, Malhotra, & Zhu, 2011; Deng & Yang, 2015; Lebedev, Peng, Xie, & Stevens, 2015; Nagano & Yuan, 2013; Nicholson & Salaber, 2013; Sun, Peng, Ren, & Yan, 2012; Yang, Jiang, Kang, & Ke, 2009). However, Indian scholars have failed (or, ignored) to show the robust results of the market for CB-M&A over the last two-decade. Therefore, I consider exploratory research to examine the impact of India's macroeconomic change and policy reforms on CB-M&A market in terms of number of deals and value of transactions during 1991-2010. I assess purchases and sales for the world economy and emerging markets (hereinafter, BRIC group–Brazil, Russia, India and China (including Hong Kong))[7] in order to explore authoritative insights from the Indian institutional setting. Further, I also study the internationalization process of Indian multinational enterprises by referring to the statistics on parent corporations and foreign affiliates for the year 2010.

There are three key motivating factors behind choosing an exploratory research for Indian environment. Firstly, growing importance of conducting productive research in EMs, especially the BRIC group has motivated me to examine the market for Indian CB-M&A. Secondly, rising number of BRIC economies, particularly India's parental foreign affiliates has been stimulated me to pursue this research. Finally, did 1991 economic reforms influence Indian enterprises, thus to pursue the diversification through international acquisitions? In particular, this paper contributes to the economic policy reforms and its impact on business restructuring activities in the economics literature, and to the internationalization effect of emerging markets in global strategic management.

I present a brief outcome of this study. India and China GDP rates have never shown negative value in the last twenty-year period. I find similar GDP growth rates for both of them in 2010. Expectedly, India's real GDP per capita is significantly lower than other BRIC economies: Brazil (US$4,543.53) and Russia (US$4,665). From real GDP insights, I notice a slow growth rate for Russia, while higher growth rates for China and a medium growth rate for India. Interestingly, India's number of deals for CB-M&A sales is notably higher than purchases during 1991-2002, then both sales and purchases are moving together until the year 2006 and thereafter, market for a number of purchases has been surpassed the sales from the year 2007 to 2010. As noted, a number of Indian firms have invested about US$29,083 million in 2007, which is a phenomenal growth representing 333% compared to the previous year. India's share as a percentage of the world economy represents more than one percent in six years for the number of deals and three years for the value in the last two decades. This radical change recognizes that Indian economic, financial and banking reforms place the local MNCs in the world map through internationalization process. Overall, India is next to China in BRIC group, Asia and developing countries segments.

2. Research design and organization

The purpose of this paper is to discuss the economic and financial reforms and its impact on market for cross-border M&A in India. To do so, I have chosen an archival method to collect appropriate data and information for various reasons. For example, data related to macroeconomic variables are extracted from World Bank – World Development Indicators and Euromonitor Database. Conversely, data associated with CB-M&A transactions is accessed from World Investment Report, *spreadsheets* (UNCTAD, 2011). In particular, India's CB-M&A cases are collected from the Thomson Reuters Quarterly Reports, and

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[7] I consider Hong Kong share for CB-M&A deals in BRIC group; and only Chinese CB-M&A market is considered when I compare "India and China" throughout the study, particularly in sections 5 and 6.

KPMG, PricewaterhouseCoopers and Bloomberg Year book on M&A. Then, I analyze the market for CB-M&A in various segments: world economy, BRIC group, Asia and developing economies, and thereby discussed potential changes based on inductive and deductive logics. All in all, a blend of empirical data and relevant case examples is being highlighted.

The remainder of the paper is organized as follows. Section 3 checks the economic progress of BRIC group. Section 4 addresses Indian economic, banking and financial reforms engaged since 1991. Section 5 discusses potential changes in the market for cross-border M&A deals (sales and purchases). Section 6 shows additional findings on parent corporations and foreign affiliates of BRIC group. In Section 7, I offer a set of policy guidelines and conclude the research.

3. Economic progress of BRIC group, 1991-2010

I show real GDP, real GDP per capita and GDP growth rate for BRIC economies during 1991-2010 (Table 1, Figure 1). I find that Indian GDP rate has dramatically been improved year-on-year in the last two decades because of new economic policy reforms, deregulation and abolition of the license raj system (Ahluwalia, 2002; Dongre, 2012). For example, 2.1% in 1991 has augmented to 10.3% in 1997. In contrast, for the same period, except the year 1992, Chinese GDP rate has collapsed until the year 1999. Though, India confirms highest GDP rate for the year 1997 compared to China, Brazil and Russia. On the other hand, I notice the effect of the Asian financial crisis in the subsequent years of 1997. The Indian GDP rate has declined to below 5% during 1999-2002, for example, 3.3% for 1999, 4.4% (2000), 3.9% (2001) and 4.6% (2002).

Regrettably, Russia has shown negative GDP rate between 1991 and 1998, except the year 1997 (1.4%), whereas Brazil shows a mixed trend. Russia corresponds to a negative trend for eight years and Brazil for two years. Hence, I observe a similar trend in the aftermath of 2007-08 global financial crisis. For example, the Indian GDP rate has declined by 6.2% (6.8%), Brazil 5.2% (-0.6%), China 9.6% (9.2%) and Russia 5.5% (-7.9%) for 2008 (2009). Specially, Indian and Chinese GDP rates have never shown negative value in the last twenty-year period. I also show the average GDP rate in China (10.47%), India (6.58%), Brazil (3.11%) and Russia (0.64%). From this observation, I consider that China is the leading country in BRIC group as well as developing economies and world economy. I find similar GDP growth rates for both China and India in 2010. While, India's economic growth for the fourth quarter of 2011-12 shows 5.3%, a nine-year low (Sanyal, 2012).

[Table 1 about here] and **[Figure 1 about here]**

Further, in the year 1991 I observe a modest difference in real GDP per capita (approximately, US$100) between China (US$493.36) and India (US$395). In the subsequent years, there is a considerable economic gap between China and India. For example, in case of India, the real GDP per capita to be US$395 in 1991 then increased to US$1,004.56 in 2010, whereas in China, increased from US$493.36 to US$2,835. In fact, their averages in the last two-decade are US$616.24 and US$1,356.86 respectively. The India's real GDP per capita is significantly lower than other BRIC economies, Brazil (US$4,543.53) and Russia (US$4,665). Therefore, I suggest that India must revise economic, financial and legal policies in order to face the future challenges in the global economy. One would notice that India took nearly twenty-year to reach US$1000 of real GDP per capita. Referring to GDP insights, I observe the slower growth rate for Russia, the highest rising rate in China and a medium growth rate for India.[8]

4. Macroeconomic reforms and changes in India

The Asian financial crisis in mid-1997 had elevated worries in the Asia region financial markets and the crash of IT bubbles in 2000 as well; as a result, there has been a remarkable growth in the number of acquisitions and takeovers (Reddy, Nangia, & Agrawal, 2013; Tan & Hooy, 2003). For the reason that, the drivers of Asian economic growth include healthy economic indicators, rising stock and turnover of financial assets and further deregulation in local markets (Böhme, Chiarella, & Lemerle, 2008, p. 5). When U.S. and Asian region relations had improved, then India pursued the global political and economic experience (Evans, 2004). Therefore, Indian economy has seen an organized change from being a closed system to an open economy since the start of economic reforms (Ernst & Young, 2010; Mishra & Sharma, 2011).[9] Indeed, a number of Indian MNCs have gained momentary concentration in the world economy, especially as acquirers in developed markets (Afsharipour, 2010).

During the 80s and 90s, a number of economies embark on extensive reform processes, mainly with respect to the banking sector (Jaffry, Ghulam, Pascoe, & Cox, 2007). In case of India, the reforms have characterized by market-driven, deregulation and privatization (Ahluwalia, 2002; Gurtoo, 2009; Reddy et al., 2013).[10] As such, Indian government unveiled its new economic policy to attract foreign investment in several sectors of the economy and later intensified its free market approach through a series of policy amendments (Ahluwalia, 1994; Khandwalla, 2002). The liberalization has ended the infamous license-permit raj (Reed, 2002). The main benefit of liberalization is a decline in the cost of capital for local firms (Ghosh, Harding, & Phani, 2008, p. 405), while it increases the efficiency with which investment funds are allocated (Galindo, Schiantarelli, & Weiss, 2007).[11] Importantly, it has a forced change, increased competition, reinforced by the arrival of multinationals, as well as by investors and consumers higher expectations, has made domestic firms consider detaching non-core businesses (Anandan, Kumar, Kumra, & Padhi, 1998, p. 67) and perform overseas operations.

Since the independence, Indian economy has grown at a rather slower pace of 3.6% per year for three decades, but later picked up for an average of 5.6% per year between 1981 and 1990, and then raised by 7.7% per year over the 10th five year plan (cf. Jaffry et al., 2007; Mehrotra, 2010). By and large, it had sustained an average growth rate of 6% over the last 25 years (Cheng et al., 2007). The removal of industrial licensing, easing of foreign investment, the import of raw materials, capital goods and technology have distinctly enlarged the competition in Indian industry (Ramakrishnan, 2008). Consequently, a series of reforms were undertaken with respect to industry, trade and financial sectors (Dongre, 2012). For instance, substantial deregulation has achieved in the trade and financial sectors, subsequently technology and infrastructure (Wadhva, 2000).

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[8] See the projected relative size of various countries for 2005–2050 (Cheng et al., 2007, p. 144).

[9] Mishra and Sharma (2011) investigate India's demand for international reserve with emphasis on the role of national monetary disequilibrium. The results reveal that the central bank holds substantial excess reserves, and the related opportunity cost (1.5% of GDP) appears to be quite considerable.

[10] Mukherji (2002) describes that liberalization initiated by the Prime Minister Rajiv Gandhi (late) in the mid-1980s proved to be a false dawn as opponents within his party, as well as outside, managed to stifle it. The reforms have confined to industry and services sectors, but ignored the agricultural sector.

[11] See the extensive empirical research on 12 developing countries (Argentina, Brazil, Chile, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Philippines, Taiwan, and Thailand) in light of a new summary index of the efficiency of allocation of investment (Galindo et al., 2007).

The reforms were designed deeply to promote greater efficiency in the economy through the promotion of competition and to bring the output-input combination to the optimal production frontier and induce them to produce financial services at lower costs (Kumar, 2013; Mohan, 2006). For example, a number of new policy reforms were introduced during 1992-97, including a reduction in reserve requirements, interest rate reform and an effort to remove barriers to market entry (Jaffry et al., 2007). As a result, economic reforms had brought selective productivity gains at the micro level, but translated into major restructure in the international competitiveness of most industries (Wadhva, 2000) and it also motivated the Indian firms that sought to become internationalized (Nayyar, 2008).

With this in mind, I design a conceptual mapping of Indian economic, banking and financial reforms since the economic liberalization in 1991 (Figure 2). On one hand, a brief economic policy reforms include privatization of public sector enterprises; removal of government-initiated price control measures; easing industrial licensing, elimination of trade barriers, deregulating the industrial policy; establishment of development banks, reduction in the statutory maximum levels for reserve ratios, gradual dismantling of the administered interest rate structure; liberalizing foreign investment, foreign trade and outward investment policies, technology imports, reforms in foreign exchange policies, and foreign ownership ceilings, access to global capital markets. On the other hand, financial and capital market policy reforms include the establishment of a statutory regulator for securities market, introduction of electronic trading to improve transparency, dematerialization of shares, and diversity of market intermediaries such as merchant bankers, underwriters, share registrars, rating agencies, takeover code, and so forth (Ahluwalia, 1994, 2002; Choudhury, 2010; Department of Disinvestment, 2007; Dongre, 2012; Elango & Pattnaik, 2011; Hattari & Rajan, 2010; Herd, Koen, Patnaik, & Shah, 2011; Khandwalla, 2002; Kumar, 2013; Mohan, 2006; Moore, Green, & Murinde, 2006; Reddy, Nangia, & Agarawal, 2011; Varma, 1998; Wadhva, 2000).[12] However, the newly elected government aims to establish result-oriented foreign collaborations, design foreign trade and investment policies, focus on infrastructure development and industrialization (e.g., Make-in-India), and deepen financial inclusion (e.g., Jan Dhan Yojana).

[Figure 2 about here]

5. Cross-border M&A market in India

Indian and Chinese MNCs are important sources of FDI (outward flows) around the world (UNCTAD, 2009). The market for M&A was slowed in 2011 due to the European sovereign-debt crisis continued to upset the global economy; though, companies around the world had announced 7,700 deals worth of US$2.7 trillion – a 3% increase from 2010 (Sivertsen, 2012).[13] In a recent comparative study, Sun et al. (2012) find that Chinese firms have a lower success rate (47%) in CB-M&A deals compared to Indian firms (67%). Herewith, I present exploratory findings of CB-M&A deals, by sales and purchases for the period 1991-2010.

[12] Additional economic and financial policy reforms include creation of an efficient and profitable financial sector, providing operational and functional autonomy to institutions, etc. Furthermore, key measures include political reforms, re-engineering the role of the government, administrative and legal reforms, agricultural sector reforms, industrial restructuring, and financial sector reforms – a substantial deregulation of the stock market especially the new issues market in 1992, controls on the lending rates of banks and term-lending institutions, etc. (Ganesh-Kumar, Sen, & Vaidya, 2001; Mohan, 2006).

[13] Overall, acquisitions by European companies constituted 31% of M&A by volume, the lowest share for the region since 1998 (Sivertsen, 2012).

5.1. Cross-border M&A deals, by sales

I show a seller's performance for a number of deals and value of transactions (Table 2). I examine rates of growth for the world economy and India, and show the percentage of contribution made by India to developing countries, Asia, South Asia and BRIC group. I find the highest rate of growth for the world economy CB-M&A deals in 2005 about 36% since it had been the radical transformation took place in that year and value of deals show 103%. Indian CB-M&A deals and value represents the highest rate of growth 166% (1993), 740% (2006), and lowest/negative -50% (2002), -49% (2005) respectively. I also report averages for the world economy (7.33%, 24.78%) and India (31.55%, 67.55%). I thus notice that the rate of growth for value is higher than the rate of growth for the number of deals. I observe the declining trend for the number of deals and value in the world economy and India during two time zones such as 2001-03 and 2008-09. I eventually remark that corporate restructuring and M&A activities have affected adversely by the recent 2007-08 global financial crisis (Reddy, Nangia, & Agrawal, 2014b). For example, in case of a number of deals and value – negative growth for the world economy and India has noticed in 2009, but rose in 2010. Hence, India's contribution to the world CB-M&A is still not a major supporter in terms of number of deals and value of transactions. Further, the rate of growth in India is significantly higher than the rate of growth for the world economy in both number of deals and value of deals. The averages for India show 60 deals and US$1,873 million.

[Table 2 about here]

Referring to a number of deals, share of India to developing economies has notably improved from 1.53% in 1991 to 8.91% in 2010 and the average is 6%. I find similar contributions made by India to Asia and South Asia regions and for value of deals. Albeit, share of India to BRIC group has been adjusted in some years for the number of deals and value. For example, in case of a number of deals, India's share represents about 4% to 14% and the average around 20%. In case of value, the share ranges from zero percent to 32%. As such, India's contribution is next to China in Asia and BRIC group. One would notice that India's rate of growth for value is higher than the rate of growth for the number of deals in 2008, representing negative value. I suggest that a number of deals have declined due to the financial meltdown while the deal amount spiked by 136%.

I plot a trend line for a number of cross-border M&A deals, by sales, for UK, U.S., BRIC group and India. I find that U.S. and UK are the dominant developed nations; U.S. has been a market raider, followed by the BRIC group since 2002. One would realize that BRIC group has surpassed the UK since 2002 (see *oval* in Figure 3), which may overtake U.S. over the next few years. In fact, there is a reunion point between BRIC group and UK. Interestingly, U.S. curve represents like a *mountain shape* and it justifies the theory of business cycles. I confirm that there is a moderate competition between MNCs from developed markets and MNCs from emerging markets in adapting global strategies. I notice that the number of deals for India have markedly increased over two time zones such as 1998-2000 and 2005-08. However, India's contribution for BRIC group is next to China and both are yet competent to each other. Because, China has gained hi-tech expertise by attracting more number of R&D-intensive greenfield projects and M&A activities as well as participating in the world economy through imports (Liu & Zou, 2008, p. 362).

[Figure 3 about here] and **[Figure 4 about here]**

I also plot a trend line for value of cross-border M&A deals, by sales, for UK, U.S., BRIC group and India (Figure 4). I find that U.S. has constantly been occupied the largest share, followed by the UK. In the year 2000, the U.S. has represented the highest value of transactions about US$271,721 million and then sharply tumbled to US$123,934 in 2001. At the start, there was a noticeable gap between U.S., and UK CB-M&A value by the seller, but the UK has surpassed U.S. between 2004 (US$42,807 million) and 2007 (US$171,646 million). More essentially, BRIC group, UK and U.S. have reached closely in the aftermath of 2007-08 global financial crisis, i.e. 2009. From this verdict, I explore that the 2007-08 financial crisis has optimistically favored BRIC group, especially China and India. For example, India's CB-M&A value has significantly improved from US$4,424 million in 2006 to US$6,049 million in 2009. Overall, CB-M&A sales value has declined during 2008-09 and then fairly recovered in 2010 for UK, U.S., BRIC group and India.

5.2. Cross-border M&A deals, by purchases

The rate of growth for the number of deals and value for the world economy over the two decades represents 7.33% and 24.78% respectively. I find the highest number of deals and value for India in 2007, but rate of growth is comparatively lower than the previous year, i.e. 175 (30.6%) and US$29,083 million (333%). I notice the highest rate of growth for India's number of deals in the aftermath of the financial crisis 148% (2010). I therefore suggest that most Indian MNCs are willing to internationalize their operations through joint ventures, acquisitions and other market entry modes. I find similar observations of value of deals.

[Table 3 about here]

Further, I find 16% of India share for developing economies for three years consecutively (2007-09) in light of the number of deals while value-based observations are dissimilar and the average to be 7.29% for transactions and 4.70% in value (Table 3). Likewise, I notice analogous observations for India's share in Asia, South Asia and BRIC group. For example, average India's share to BRIC group for a number of deals represents 18.09% and 10.84% in value. Indeed, India's share in the world economy, developing economies, Asia, South Asia and BRIC group have improved significantly during 1991-2010. I thus confirm that the Indian economic reform since 1991, a policy maker rigor and a politician's powerful decision has remarkably influenced the Indian internationalization strategy. As such, India stands next to China for the number of deals and value because three outstanding aspects characterize Chinese MNCs – (i) the previously underappreciated role played by the local country governments of MNCs as an institutional force, (ii) the challenge of going overseas in the absence of significantly superior technological and managerial resources, and (iii) the quick adoption of acquisitions as a first mode of entry (cf. Peng, 2012).

I plot a trend line for CB-M&A purchases, representing the number of deals for U.S., UK, BRIC group and India (Figure 5). I find that U.S. firms likely report the highest number of deals followed by the UK since 1991. I notice the impact of global financial crisis on U.S., UK, BRIC group and India performance in 2009, then recovered in 2010. In particular, a number of Indian firms have initiated to internationalize their products and services since 2000, changes are noticed during 2006-08. I report similar observations for BRIC group. More importantly, BRIC group has markedly exceeded both U.S. and UK from 2008 (see *oval* in Figure 5). I propose that Chinese and Indian MNCs have acquired resources and skills as to lead the world economy in terms of parental-foreign affiliates and the number of outbound deals.

[Figure 5 about here] and **[Figure 6 about here]**

I also plot a trend line for CB-M&A purchases, representing the value of deals for U.S., UK, BRICs and India (Figure 6). Since 1991, the U.S. has contributed the highest value to the world economy, but the UK has outperformed the market in 1999, 2000 and 2007. I infer that U.S. MNCs invest more amount of equity in cross-country deals. In other words, they mostly acquire firms by transferring equity capital. Whereas, U.S. banks lending norms and investment guidelines are more flexible, easier and they even motivate firms to participate in international M&A negotiations. Conversely, BRIC group MNCs has invested significantly on outbound deals since 1999, which of course the actual growth has commenced from 2004. In 2006, BRIC group has outperformed UK, declined in 2007 and then surpassed both U.S. and UK from 2008. Specially, India alone overtakes UK in 2009 and 2010. However, most of the deal amount has contributed by Chinese firms except the year 2007 because Chinese MNCs engage in M&A to access and source strategic assets in order to overcome their competitive disadvantage (Deng, 2009). Developing markets MNCs bids even account higher valuation as they exhibit national pride characteristics (Hope, Thomas, & Vyas, 2011).[14] In 2007, Indian firms have invested US$29,083 million–a phenomenal growth representing 333% compared to the previous year. One would notice that BRIC group has predominantly started pushing international investments since 2003, whereas India from the year 2005.

5.3 India's cross-border M&A cases and the experiences

I list out a few Indian CB-M&A deals (buy/sell) completed during 2007-2012 (Table 5 in Appendix). For example, the year 2007 has been the magnificent period for Indian firms representing the highest number of deals and value of transactions. Prove this statement, I plot a trend line for CB-M&A sales and purchases defining number of deals and value of transactions for the period 1991 through 2010 (Figure 7). The year 2007 shows the highest number of deals as well as the highest value for purchases compared to sales. For example, a few notable transactions include Tata Steel's acquisition of Corus for US$12.2 billion, Hindalco's acquisition of Novelis for US$6 billion, and Suzlon Energy purchases 33.85% of equity stake in RE Power for US$1.7 billion (Afsharipour, 2010; Nayyar, 2008).[15] I therefore suggest that a number of Indian parent companies have been acquired foreign multinationals through their overseas affiliates, and thereby established new foreign affiliates. In a recent study, Sun et al. (2012) report that top ten overseas deals in China amounted to be US$29.08 billion, accounting 22% of the total CB-M&A during 2000-08, and the top ten transactions in India amounted to be US$29.63 billion, representing 49%. In the subsequent years, a few Indian MNCs lucratively completed the higher amount of deals against their counterparts. For example, Bharti Airtel acquires Kuwait-based Zain Telecom for US$10.7 billion in 2010, Adani Enterprises and GVK Power buy Australian-based Abbot Point Coal for US$1.9 billion and Hancock Coal for US$1.26 billion respectively in 2011. In addition, I find that a number of Indian firms have become targets for overseas MNCs. For example, UK's British Petrol has acquired some percentage of equity stake in the Reliance Petrol for US$7.2 billion in 2011.

[Figure 7 about here]

Further, the number of deals for sales is notably higher than purchases during 1991-2002, after, they are moving together until the year 2006 and then, a number of purchases have surpassed the sales from 2007 to 2010. I thus suggest that a number of Indian companies

[14] See Hope et al. (2011) for empirical validation of why do firms from developing nations bid higher.
[15] See top 25 foreign acquisitions by Indian firms during 2000-2007 (Nayyar, 2008, p. 121).

have become targets for foreign parent firms in light of foreign market entry or other international venturing business models. As such, Indian firms have been trying to tap international markets through diverse inorganic strategies such as joint ventures, alliances, especially M&A mode from the year 2003. As a result, both purchases and sales show similar curve (or, trend) until 2006. From the year 2007, Indian MNCs has invested the highest amount of equity/cash to buy global entities in various developed and developing markets. In the event of 2007-08 global financial crisis, Indian firms are even able to purchase foreign firms because of under valuation of target assets and easy availability of debt financing from Indian-based overseas investment bankers (Reddy et al., 2014b).

Conversely, the value of sales and purchases are moving closer until the year 2004, after, value for purchases has noticeably surpassed the value of sales (from the year 2005). Hence, the rate of growth for purchases has sharply declined in 2009, and then immediately recovered in 2010. One would propose that a set of political, legal and societal changes affect the strategies of local and overseas firms when competing in and out of India (Peng, Wang, & Jiang, 2008, p. 926). All in all, I suggest that India's economic, banking and financial reforms have attracted a number of overseas investment bankers and private equity firms in the recent years. Importantly, the economic changes, foreign investment policies and firm-specific characteristics have motivated Indian MNCs to grasp potential opportunities in other developing economies, for example, Africa and Middle East regions.

6. Parent corporations and foreign affiliates, and additional observations

I further investigate a number of parent corporations (PCs) and foreign affiliates (FAs) of BRIC economies for the year 2010 in order to examine the economic change and its impact on the internationalization process of Indian firms (Table 4). In the world economy, there are 103,353 PCs and 886,143 FAs, which extremely accounting for 8.5 times (FAs/PCs). In particular, developed economies represents the highest number of PCs (70%) compared to developing economies (30%); in case of FAs, developing economies represents 58% and the remaining is shared by developed countries. Importantly, percentage of BRIC group PCs to the world economy shows 20% and the group operates roughly fifty percent of world's FAs. For example, Asia share for PCs (24%) and FAs (55%), China contributes 11.61% and 49%, India 1% and 0.23%, Brazil 0.24% and 0.51%, and Russia 0.11% and 0.24% respectively. More evidently, Chinese FAs are dominating the universe through their PCs that represent nearly 50%, while India's share is still lower than two percent in both the cases. Similarly, I compute India's contribution to developing economies and BRIC group. For example, Indian PCs and FAs to developing economies show 3.57% and 0.4% respectively; in case of the BRIC group, Indian share to be 5.38% and 0.45%. Referring to this, Santangelo and Meyer (2011) suggest that commitment plays a key role in EM based subsidiaries' involvement, and thus it may reflect positively or adversely, especially in the EMs internationalization process.

[Table 4 about here]

China is the only country owning a maximum number of PCs and FAs in each segment such as world economy, developing economies, Asia and BRIC group. Indeed, both UK and U.S. combined PCs and FAs share is significantly lower than China, but their combined share is higher than India, Brazil and Russia. In the world economy, Chinese PCs represent the highest number of FAs (434,248), which is 36 times of PCs (12,000). I suggest that China will be a leading economy followed by U.S., UK and other BRIC economies. In sum, Indian laws relating to foreign operations, acquisitions and collaborations for local firms are stringent and heavily regulated even after the implementation of new economic policy

1991 when compared to China, Brazil and Russia. For example, Brazil and Russia have the highest number of FAs (18 times of PCs) compared to India (1.89 times). Therefore, Indian policy makers should take a call on deregulation of various foreign laws relating to international operations and transactions. As a result, Indian MNCs would gain opportunity to establish more number of foreign affiliates and subsidiaries. Specifically, FAs help PCs to access global capital, technical work force, technology, culture, ideas and so forth. I also show India's share in Asia and South Asia for PCs and FAs.

6.1. Additional observations

In the aftermath of global financial crisis, China's CB-M&A sales in terms of number of deals as a percentage of the world economy has noticeably been declined since 2006. In contrast, Brazil, India and Russia have notably been increased. From this observation, I propose that these countries attract a significant amount of FDI (inflows) and CB-M&A sales through greenfield investment, acquisitions, alliances and networks. During the same period, BRIC group CB-M&A purchases in terms of number of deals as a percentage of the world economy has shown mixed shares ranging from 0.34% to 4.5%. For example, China and India contribute more than 2% each, Russia (>1%) while Brazil share represents less than 1%. I find that 25 countries contributed more than 1% of the world economy CB-M&A sales and 22 countries accounted for CB-M&A purchases. Specially, the U.S. is the leading country, has contributed the highest number of deals for sales – as a percentage of the world economy shows 17%, followed by UK 10%, Germany 7% and Canada and France 5% each. Further, I observe a similar order of rankings for purchases. For instance, the BRIC group contribution for sales and purchases – Brazil (1.6%, 0.34%), Russia (1.63%, 0.66%), India (1.43%, 1.19%) and China (including Hong Kong) shows 4.3% and 2.6% respectively.

Referring to CB-M&A sales in terms of number of deals as a percentage of the world economy, Indian share has increased from 1% in 1998 to 2.45% in 2009, and then little fall over by 2.12% in 2010. Whereas, value of transactions share has also been raised from 1.5% (2008) to 2.42% (2009), and then sharply declined to 1.63% (2010). On the other hand, CB-M&A purchases in terms of number of deals as a percentage of the world economy has raised from 1.66% (2003) to 2.57% (2010) and value of transactions share has boosted from 1% (2006) to 7.8% (2010). Indeed, India's share represents more than one percent in six years for the number of deals and three years for the value in the last two decades. This phenomenal growth recognizes that Indian economic, financial and banking reforms place the local MNCs in the world map through internationalization process.

During 1990-2010, I notice that India's number of deals for sales (1,208) is significantly lower than Chinese transactions (3,637), of course value of transactions report 37,473 and 167,262 respectively. In case of purchases, China represents the highest number of deals (2,217) compared to India (1,008) and value of transactions report 222,011 and 83,071 respectively. As such, China's average deal-value accounts higher than India's average deal value in both sales and purchases.

Furthermore, I search for an Indian MNC ranked in the world's top 100 non-financial transnational corporations (TNCs), ranked by foreign assets for the year 2010.[16] Surprisingly, no Indian TNC was ranked in the above list. To examine the outcome of internationalization, I inspect top 100 non-financial TNCs from developing and transition economies, ranked by foreign assets for the year 2009.[17] I find nine TNCs each from China (excluding Hong Kong)

[16] Preliminary results based on data from the companies' financial reporting; corresponds to the financial year from April 1, 2010 to March 31, 2011 (UNCTAD, 2011).

[17] All the data is based on the companies' annual reports; corresponds to the financial year from April 1, 2009 to March 31, 2010 (UNCTAD, 2011).

and Russia, followed by India (7) and Brazil (3).[18] Poorly, no Indian TNC was ranked in the top 10 list. While, Tata Steels was ranked 14, Tata Motors 25, public sector undertaking of ONGC 30, Hindalco Industries 33, Suzlon Industries 67, Tata Consultancy Services 69 and Reliance Communications 72. Overall, 28 TNCs were ranked from BRIC group. A number of TNCs refer to productive industries such as diversified, metal and metal products, petroleum and natural gas, and telecommunications. In the top 10 list, I find two TNCs from China, and one each from Brazil and Russia, whereas first rank is obtained by Hong Kong's diversified firm- Hutchison Whampoa Limited, followed by China's CITIC group. In fact, foreign assets listed them in the world's top 100 non-financial TNCs for the year 2010.[19] One would consider that MNCs from developed countries have had to gear up to exploit new opportunities in emerging markets, and MNCs from emerging markets have had to figure out how to take advantage of opportunities and resources in other parts of the world (cf. Ramamurti, 2012b). A few scholars suggest that Chinese government promotional measures and monetary policies have a significant impact on outward FDI performance (Luo, Xue, & Han, 2010).[20]

According to World Investment Report (UNCTAD, 2011) – the country rankings by inward FDI performance index, India is ranked 80 for the year 2008, gained 67 to 2009 and then sharply trip over to 97 for 2010. In case of inward FDI potential index, India is ranked 86 (2008) and then gained by 79 for 2009.

7. Policy implications and concluding remarks

Firstly, I highlight a few issues on India's economic, banking and financial policy regime since 1991, and offer recommendations for betterment of existing economic performance. Secondly, I summarize the internationalization experience of Indian companies using cross-border M&A strategy over the past two decades.

The imperative point is that whether Indian policy makers really made improvements in 1991's economic policies. They certainly did, but later changed the name of the act. For example, the Competition Act, 2002 has been replaced the MRTP Act, 1969. Similarly, FERA has been renamed as FEMA. Because of these distrustful amendments and changes in various acts at different regulatory bodies, a number of cross-border investment proposals have been delayed, or cancelled. For instance, Vodafone–Hutchison telecom deal has been faced tax litigations with Indian revenue department and tax authorities during 2007-2012 (Reddy et al., 2014a), and Vedanta acquisition of Cairn Energy stake in Cairn India Limited has been delayed, but later completed (Nangia et al., 2011).

In previous years, a few economic researchers suggested that there must be a need of second-phase economic and financial reforms to strengthen the economy and financial system as well as to prepare a number of local firms for the internationalization process (e.g., Dobbs et al., 2010; Farrell & Lund, 2006; Prasad & Rajan, 2008). Therefore, future reforms should focus on foreign investment limits (both inward and outward), private equity laws, investment-banking for financing the merger proposals, rural banking for improving household savings rate, overseas investments in agriculture and cattle segment for food security, and so forth. In particular, offering direct incentives such as reduced tariff and quantitative restrictions, tax benefits and investment subsidies would attract technologically expertised MNCs for promoting the R&D and innovation. Importantly, friendly relations with other Asian countries, especially China in terms of foreign trade via free trade agreements

[18] China TNCs were ranked 2, 7, 23, 41, 47, 73, 77, 84 and 93; Brazil TNCs were ranked 4, 17 and 21; and Russia TNCs were ranked 10, 27, 31, 48, 57, 74, 79, 82 and 96.

[19] See for BRICs, U.S., EU, and Japanese multinationals in Global Fortune 500 list (Peng, 2012, p. 98).

[20] See Luo et al. (2010, p. 73) for correlation between outward FDI trend and corresponding Chinese policies.

(FTAs) and other skill-based exchange programs are vital aspects of the regional trade. Conversely, country should remove the multiplicity of regulations governing product markets, distortions in the market for land and widespread government ownership of businesses; so that, it would grow as faster as China, at 10% per year (Di Lodovico, Lewis, Palmade, & Sankhe, 2001, p. 29). As such, savings is the key element in overall economic performance (Farrell & Lund, 2005, p. 105). Yet, political leadership will be the critical factor in implementing the second phase of Indian economic reforms (Wadhva, 2000), and major efforts shall require to eliminate (control) the culture of bribery and corruption by imposing a set of penalties and incentives (Cheng et al., 2007).

Referring to them, I propose a set of recommendations for economic growth in general. The crux of economic performance of a nation depends upon its policy administration and plan implementation than a policymaking, and therefore countries like India must restructure and redefine the public administration aspects. The issues include providing administrative training in relevant areas, setting up economics and business research organizations with infrastructure and resources, looking closely into rural sectors as to promote more economic and financial savings, designing a comprehensive policy that motivate young generation to become business entrepreneurs, controlling higher-education universities and institutions by establishing a "fraud search committee", and other related control measures and actions. Indeed, policy makers should develop a strategic guideline in the view of "financing choices in rural villages" and "developing minimum infrastructure facilities in backward districts or areas", altogether would foresee a sustainable economy. When designing policy strategies at the given time, there should be a great coordination and control among related ministries. Nevertheless, one should not freeze 'public power and control' for her own benefits because it damages social good and public governance. Further, banking and financial institution products and services must reach every corner of the country that would bring more savings and investments. Additionally, I also support '*The McKinsey*' opinions and arguments.

"The consultants observe that India has well-developed equity market compare to the banking sector, but the barrier is that 'excessive government intervention that distorts the allocation of capital and consequently holds back growth. In addition, the barriers like regulations governing product markets, land market distortions, licensing and quasi-licensing, counterproductive taxation, and the suggestions include rationalizing taxes and excise duties, establishing effective and individual regulators, removing restrictions on FDI, undertaking widespread privatization, and reforming property and tenancy laws. [to promote competitive markets] developing countries must reduce restrictions on foreign investment, lower import tariffs, streamline the requirements for starting new business, and encourage new market entrants" (see Böhme et al., 2008; Di Lodovico et al., 2001; Farrell & Lund, 2006; Farrell, Remes, & Schulz, 2004).

I then conclude the study. The purpose of this exploratory research was to examine the Indian market for cross-border M&A deals for the period 1991 through 2010. To accomplish my goals, I adopted an archival source method and thereby presented the Indian experience of cross-border M&A based on inductive and deductive logics. I found that India's number of deals for CB-M&A sales is notably higher than purchases during 1991-2002; thereafter, they are moving together until the year 2006 and then, a number of purchases have outperformed the number of sales for the year 2007 to 2010. The year 2007 was the magnificent period for Indian MNCs, representing the highest number of deals and value of transactions. By and large, India's share as a percentage of world economy accounted more than one percent in six years for the number of deals and three years for the value of deals. This radical change recognized that economic, financial and banking reforms place the local MNCs in the cosmos of internationalization process. Overall, India was next to China in BRIC group, Asia and developing countries segments.

Yet, a few limitations associated with my study. Conclusions were restricted to India and BRIC group. I had not been using dynamic statistical tools to analyze macroeconomic factors influencing cross-border M&A market for various reasons. Hence, EMs research is increasingly recognized as a multidisciplinary approach (Kearney, 2012), which gives the opportunity to test various theories and models in diverse themes ranging from economies of scale to financial synergy, global trade to internationalization, culture transformation to cultural adaptation and so forth. Specially, I suggest that *comparative strategic management* would help to conduct comparative research (e.g., case study method) among developed and emerging markets (Luo, Sun, & Wang, 2011; Yang et al., 2009). In the EMs setting, more research remains to be done on deal mechanism, negotiation process, consequences in merger integration, factors affecting merger failure and post-merger financial performance of MNCs participating in overseas acquisitions.

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Table 1: Economic progress of BRIC economies, 1991-2010

Year	India			Brazil			China[a]			Russian Federation		
	GDP (real 2005 USD)	Real GDP per capita (real 2005 USD)	GDP (%)	GDP (real 2005 USD)	Real GDP per capita (real 2005 USD)	GDP (%)	GDP (real 2005 USD)	Real GDP per capita (real 2005 USD)	GDP (%)	GDP (real 2005 USD)	Real GDP per capita (real 2005 USD)	GDP (%)
	(1a)	(1b)	(1c)	(2a)	(2b)	(2c)	(3a)	(3b)	(3c)	(4a)	(4b)	(4c)
1991	347,300.45	395.20	2.1	607,546.14	3,996.86	1.0	574,045.40	493.36	9.2	800,498.89	5,369.19	-5.0↓
1992	366,333.44	408.13	4.4	604,709.42	3,915.85	-0.5↓	655,559.85	556.99	14.2	684,177.81	4,581.86	-14.5↓
1993	383,798.85	418.75	4.9	632,920.03	4,036.21	4.9	747,338.23	628.25	14.0	624,869.58	4,183.69	-8.7↓
1994	409,337.40	437.58	6.2	666,682.26	4,187.77	5.9	845,239.54	703.36	13.1	546,325.00	3,659.90	-12.7↓
1995	440,321.19	461.42	7.4	696,128.49	4,307.33	4.2	937,370.65	772.30	10.9	523,687.87	3,511.76	-4.1↓
1996	473,597.20	486.75	7.6	711,095.26	4,334.01	2.2	1,031,107.71	841.25	10.0	504,835.10	3,389.83	-3.6↓
1997	492,799.19	497.02	10.3	735,094.29	4,413.23	3.4	1,127,000.73	910.76	9.3	511,902.79	3,443.29	1.4
1998	522,263.11	517.14	5.3	735,372.74	4,349.09	0.0	1,214,906.79	972.82	7.8	484,771.95	3,268.00	-5.3↓
1999	558,402.39	543.12	3.3	737,217.48	4,295.60	0.3	1,307,239.70	1,037.71	7.6	515,797.35	3,486.83	6.4
2000	590,170.73	564.09	4.4	768,978.34	4,415.34	4.3	1,417,047.84	1,115.82	8.4	567,377.09	3,848.63	10.0
2001	613,104.20	577.72	3.9	779,054.80	4,408.87	1.4	1,534,662.81	1,199.44	8.3	596,267.84	4,060.98	5.1
2002	641,029.05	589.65	4.6	799,764.62	4,461.82	2.6	1,674,317.13	1,299.53	9.1	624,552.82	4,273.10	4.7
2003	684,981.58	628.79	6.9	808,955.00	4,450.01	1.2	1,841,748.84	1,420.18	10.0	670,119.28	4,607.58	7.4
2004	737,074.93	667.00	8.1	855,164.87	4,639.62	5.7	2,027,765.47	1,553.86	10.1	718,206.70	4,963.57	7.2
2005	803,417.38	717.96	9.2	882,185.29	4,721.84	3.2	2,256,902.97	1,718.92	11.3	764,000.90	5,307.29	6.3
2006	879,035.98	772.71	9.7	917,078.90	4,843.99	4.0	2,543,529.65	1,925.66	12.7	826,293.19	5,769.35	8.1
2007	967,687.50	836.03	9.9	972,943.16	5,072.94	6.1	2,904,710.86	2,186.25	14.2	896,817.98	6,293.53	8.5
2008	1,027,991.19	866.72	6.2	1,023,187.06	5,275.73	5.2	3,183,563.10	2,381.27	9.6	943,882.57	6,659.15	5.5
2009	1,097,448.03	934.49	6.8	1,021,075.00	5,207.31	-0.6↓	3,476,461.73	2,584.32	9.2	870,126.72	6,172.03	-7.9↓
2010	1,207,315.90	1,004.56	10.4	1,097,549.84	5,537.10	7.6	3,837,382.07	2,835.12	10.3	905,230.06	6,455.79	4.0
AVG	662,170.48	616.24	6.58	802,635.15	4,543.53	3.11	1,756,895.05	1,356.86	10.47	678,987.07	4,665.27	0.64

Source: Data (GDP, and Real GDP per capita), and GDP rate has extracted from World Bank – World Development Indicators, and Euromonitor Database respectively. The author has prepared data analysis report.

Notes: (a). Hong Kong, the province of China economic variables (GDP, real GDP, and GDP %) have not been added to China in the above list. While, GDP in Hong Kong has been raised from 5.7% in 1991 to 6.8% in 2010; hence, I find negative GDP in 1998 and 2009, and the average was 4%. On the other hand, real GDP per capita has been augmented by 63% between 1991 and 2010; further, the average was US$ 22,897. AVG – Average.

Table 2: Number of deals and value of cross-border M&As by region/economy of seller, 1991-2010

Year	Number of deals								Value of deals (US$ millions)							
	World economy	Rate of growth (%)	India[a] (India/ World)	Rate of growth (%)	India/ Developing (%)	India/ Asia (%)	India/ S. Asia (%)	India/ BRICs (%)	World economy	Rate of growth (%)	India[a] (India/ World)	Rate of growth (%)	India/ Developing (%)	India/ Asia (%)	India/ S. Asia (%)	India/ BRICs (%)
	(1a)	(1b)	(2a)	(2b)	(3)	(4)	(5)	(6)	(7a)	(7b)	(8a)	(8b)	(9)	(10)	(11)	(12)
1991	1 582	-23.65↓	2 (.13)	-33.33↓	1.53	2.53	50.00	4.44	21 094	-78.67↓	-	-	-	-	-	-
1992	2 132	34.77	3(.14)	50.00	1.57	3.66	42.86	5.45	48 106	128.06	34(.07)	-	0.45	1.55	66.45	2.01
1993	2 179	2.20	8(.37)	166.67	2.39	4.10	44.44	6.25	43 623	-9.32↓	81(.19)	135.86	1.78	5.65	58.54	6.84
1994	2 774	27.31	15(.54)	87.50	3.43	6.98	71.43	10.42	91 769	110.37	90(.10)	11.34	0.86	2.48	84.33	4.07
1995	3 404	22.71	32(.94)	113.33	5.87	12.50	84.21	16.58	112 527	22.62	209(.19)	132.45	3.11	11.45	89.99	14.78
1996	3 650	7.23	24(.66)	-25.00↓	3.37	7.74	68.57	11.32	142 557	26.69	141(.10)	-32.80↓	0.70	2.12	10.23	2.91
1997	4 132	13.21	32(.77)	33.33	4.34	9.55	76.19	13.06	180 751	26.79	396(.22)	181.07	1.09	2.50	60.24	1.84
1998	4 942	19.60	52(1.05)	62.50	4.99	11.13	85.25	14.90	406 427	124.85	334(.08)	-15.64↓	0.66	2.05	67.49	1.32
1999	5 449	10.26	49(.90)	-5.77↓	4.73	9.18	92.45	13.92	630 807	55.21	805(.13)	141.08	1.19	2.59	97.79	3.97
2000	6 280	15.25	80(1.27)	63.27	7.43	14.08	90.91	16.39	905 214	43.50	1 064(.12)	32.22	2.03	7.51	99.07	5.22
2001	4 368	-30.45↓	53(1.21)	-33.75↓	7.07	11.91	98.15	18.66	429 374	-52.57↓	683(.16)	-35.83↓	1.10	2.83	99.83	4.00
2002	3 114	-28.71↓	26(.83)	-50.94↓	4.68	6.28	74.29	9.12	248 446	-42.14↓	542(.22)	-20.64↓	1.29	1.70	61.90	2.69
2003	3 004	-3.53↓	50(1.66)	92.31	7.82	10.18	94.34	16.72	182 874	-26.39↓	693(.38)	27.86	3.42	5.40	57.47	5.17
2004	3 683	22.60	56(1.52)	12.00	6.95	8.86	86.15	13.49	227 221	24.25	1 034(.46)	49.27	4.20	6.78	46.98	6.96
2005	5 004	35.87	94(1.88)	67.86	8.85	11.30	93.07	17.03	462 253	103.44	526(.11)	-49.10↓	0.82	1.30	71.28	32.34
2006	5 747	14.85	130(2.26)	38.30	10.66	15.22	93.53	20.70	625 320	35.28	4 424(.71)	740.50	4.96	6.78	56.12	13.10
2007	7 018	22.12	147(2.09)	13.08	9.47	14.71	92.45	19.17	1 022 725	63.55	4 405(.43)	-0.42↓	4.39	6.17	82.02	8.83
2008	6 425	-8.45↓	136(2.12)	-7.48↓	9.06	13.45	86.08	17.85	706 543	-30.92↓	10 427(1.48)	136.69	9.95	15.13	82.40	22.87
2009	4 239	-34.02↓	104(2.45)	-23.53↓	10.67	15.01	92.86	19.19	249 732	-64.65↓	6 049(2.42)	-41.99↓	15.48	15.80	99.26	25.54
2010	5 405	27.51	115(2.13)	10.58	8.91	14.23	94.26	14.01	338 839	35.68	5 537(1.63)	-8.46↓	6.69	15.09	99.67	15.68
AVG	4226.55	7.33	60.4	31.55	6. 19	10.13	80.57	13.93	353810.10	24.78	1873.67	67.55	3.21	5.74	69.55	9.01

Source: Data extracted from UNCTAD – World Investment Report 2011, *spreadsheets*. The author has prepared data analysis report.
Notes: AVG – Average; India/Developing signifies percentage of India share in Developing economies, similarly for India/Asia, India/South (S.) Asia, and India/BRIC group.
(a). Column 2a, and 8a parentheses signifies India's share as a percentage of the world economy.

Table 3: Number of deals and value of cross-border M&As by region/economy of purchaser, 1991-2010

Year	Number of deals								Value of deals (US$ millions)							
	World economy	Rate of growth (%)	India[a] (India/ World)	Rate of growth (%)	India / Developing (%)	India/ Asia (%)	India / S. Asia (%)	India / BRICs (%)	World economy	Rate of growth (%)	India[a] (India/ World)	Rate of growth (%)	India / Developing (%)	India / Asia (%)	India / S. Asia (%)	India / BRICs (%)
	(1a)	(1b)	(2a)	(2b)	(3)	(4)	(5)	(6)	(7a)	(7b)	(8a)	(8b)	(9)	(10)	(11)	(12)
1991	1 582	-23.65↓	4(.25)		3.96	4.88	80.00	10.81	21 094	-78.67↓	1(.01)	-94.08↓	0.06	0.06	100.00	0.14
1992	2 132	34.77	8(.38)	100.00	5.56	8.25	88.89	12.70	48 106	128.06	3(.01)	91.65	0.03	0.10	17.08	0.13
1993	2 179	2.20	1(.05)	-87.50↓	0.45	0.55	33.33	1.22	43 623	-9.32↓	208(.48)	7,915.41	3.25	5.11	100.00	10.05
1994	2 774	27.31	5(.18)	400.00	1.71	2.19	83.33	5.49	91 769	110.37	138(.15)	-33.42↓	1.39	2.92	100.00	5.41
1995	3 404	22.71	7(.21)	40.00	2.45	3.35	87.50	10.45	112 527	22.62	25(.02)	-81.71↓	0.40	0.50	71.31	1.52
1996	3 650	7.23	7(.19)	0.00	1.70	2.19	87.50	9.33	142 557	26.69	7(.01)	-71.21↓	0.05	0.08	100.00	0.35
1997	4 132	13.21	10(.24)	42.86	2.42	3.01	100.00	10.00	180 751	26.79	88(.05)	1,101.01	0.65	0.63	100.00	1.49
1998	4 942	19.60	3(.06)	-70.00↓	0.92	1.69	100.00	2.97	406 427	124.85	- 6(-)	-106.34↓	-0.04	-0.13	100.00	-0.07
1999	5 449	10.26	12(.22)	300.00	3.86	7.02	100.00	12.63	630 807	55.21	27(.00)	-591.54↓	0.24	0.28	100.00	0.32
2000	6 280	15.25	33(.53)	175.00	6.21	9.09	97.06	19.30	905 214	43.50	630(.07)	2,207.67	1.09	1.25	99.92	1.64
2001	4 368	-30.45↓	20(.46)	-39.39↓	5.39	8.26	90.91	14.18	429 374	-52.57↓	1875(.44)	197.65	6.69	9.39	99.89	34.53
2002	3 114	-28.71↓	27(.87)	35.00	6.34	8.88	93.10	15.70	248 446	-42.14↓	175(.07)	-90.64↓	0.59	0.63	73.58	0.92
2003	3 004	-3.53↓	50(1.66)	85.19	11.96	14.53	92.59	29.24	182 874	-26.39↓	1119(.61)	537.86	6.97	12.19	100.00	21.89
2004	3 683	22.60	56(1.52)	12.00	10.71	12.67	93.33	25.23	227 221	24.25	909(.40)	-18.80↓	3.50	6.59	98.45	6.22
2005	5 004	35.87	98(1.96)	75.00	12.81	15.56	98.99	30.63	462 253	103.44	1877(.41)	106.57	2.73	4.26	100.00	8.43
2006	5 747	14.85	134(2.33)	36.73	15.97	20.65	97.81	36.81	625 320	35.28	6715(1.07)	257.76	5.84	9.49	99.56	13.72
2007	7 018	22.12	175(2.49)	30.60	16.71	21.63	99.43	38.29	1 022 725	63.55	29083(2.84)	333.10	20.08	30.79	99.96	60.33
2008	6 425	-8.45↓	163(2.54)	-6.86↓	16.12	20.05	98.19	32.60	706 543	-30.92↓	13482(1.91)	-53.64↓	12.74	14.28	99.96	18.66
2009	4 239	-34.02↓	56(1.32)	-65.64↓	7.51	9.91	98.25	17.23	249 732	-64.65↓	291(.12)	-97.84↓	0.39	0.43	100.00	0.74
2010	5 405	27.51	139(2.57)	148.21	13.10	17.20	97.89	26.99	338 839	35.68	26421(7.79)	8,978.47	27.25	33.89	99.95	30.40
AVG	4226. 55	7.33	50. 4	63.75	7.29	9.58	90.91	18.09	353810. 1	24.78	4153. 53	1,024.40	4.70	6.64	92.98	10.84

Source: Data extracted from UNCTAD – World Investment Report 2011, *spreadsheets*. The author has prepared data analysis report.
Notes: AVG – Average; India/Developing signifies percentage of India share in Developing economies, similarly for India/Asia, India/South (S.) Asia, and India/BRIC group.
(a). Column 2a, and 8a parentheses signifies India's share as a percentage of the world economy.

Table 4: Number of parent corporations and foreign affiliates, by region and economy, 2010

Region/economy	Parent corporations (PCs)	Foreign affiliates (FAs)	Number of times (FAs/ PCs)	For World economy (%)		For Developing economies (%)		For BRIC group (%)	
				Share/ PC wise	Share/FA wise	Share/ PC wise	Share/FA wise	Share/ PC wise	Share/FA wise
(1)	(2)	(3)	(4)	(5a)	(5b)	(6a)	(6b)	(7a)	(7b)
World	103,353	886,143	8.57						
Developed economies	73,144	373,612	5.11	70.77	42.16				
United Kingdom	7,398	45,466	6.15	7.16	5.13				
United States	9,692	27,251	2.81	9.38	3.08				
Developing economies	30,209	512,531	16.97	29.23	57.84				
Asia	25,148	483,715	19.23	24.33	54.59	83.25	94.38		
South Asia	1,197	2,490	2.08	1.16	0.28	3.96	0.49		
BRICs	13,437	442,967	32.97	13.00	49.99	44.48	86.43		
China	12,000	434,248	36.19	11.61	49.00	39.72	84.73	59.91	95.74
Hong Kong, China	6,592	10,621	1.61	6.38	1.20	21.82	2.07	32.91	2.34
India	1,078	2,033	1.89	1.04	0.23	3.57	0.40	5.38	0.45
Brazil	243	4,547	18.71	0.24	0.51	0.80	0.89	1.21	1.00
Russian Federation	116	2,139	18.44	0.11	0.24	0.38	0.42	0.58	0.47

Source: Data extracted from UNCTAD – World Investment Report 2011, *spreadsheets*. The author has prepared data analysis report.

Appendix (Table 5): Cross-border merger and acquisition deals declared by Indian companies, 2007-2012						
S.no.	Year	Industry[a]	Target firm/Country of origin	Acquirer/Country of origin	Deal value[b] (US$ bn)	(INR. Crore)[c]
	(1)	(2)	(3)	(4)	(5a)	(5b)
1	2007	Steel	Corus Steel Plc./UK	Tata Steels Ltd[d]/India	12.20	57,053.30
2	2007	Telecom	Hutchison Essar India Ltd/ India	Vodafone Plc./UK	11.10	51,909.15
3	2010	Telecom	Zain Africa BV/Kuwait	Bharti Airtel Ltd./India	10.70	53,714.00
4	2010	Oil and Gas	Cairn India Ltd./UK	Vedanta Resources/UK	9.60	48,192.00
5	2011	Oil and Gas	Reliance Petrol/India	British Petrol/UK	7.20	36,144.00
6	2007	Alluminium	Novelis/USA	Hindalco/India	6.00	28,059.00
7	2011	Telecom	Essar/India	Vodafone Plc./UK	5.00	25,100.00
8	2010	Oil and Gas	Republic of Venezuela-Carabobo Block/Venezuela	Investor Group/India	4.80	24,096.00
9	2010	Pharma	Ranbaxy Pharmaceuticals Ltd./India	Daiichi Sankyo/Japan	4.50	22,590.00
10	2010	Pharma	Piramal Healthcare Ltd /India	Abbott Laboratories/USA	3.70	18,574.00
11	2008	Oil and Gas	Imperial Energy/UK	ONGC Ltd/India	2.80	13,094.20
12	2009	Telecom	Tata Teleservices/India	NTT DoCoMo/Japan	2.70	12,626.55
13	2010	Mining	Linc Energy Ltd-Galilee Basin Coal Tenements/Australia	Adani Mining Pty Ltd/India	2.70	13,554.00
14	2007	Automobile	Jaguar and Landrover/UK	Tata Motors/India	2.30	10,755.95
15	2011	Power	Abbot Point Coal/Australia	Adani Enterprises/India	1.90	9,538.00
16	2007	Steel	Algoma Steel/Canada	Essar Steels/India	1.85	8,651.53
17	2007	Power	RePower/Germany	Suzulon Energy Ltd./India	1.70	7,950.05
18	2007	Cement	Ambuja Cements Ltd/India	Holcim Cements/Switzerland	1.30	6,079.45
19	2007	Energy	Kaltim Prima Coal/Indonesia	Tata Power/India	1.30	6,079.45
20	2011	Power	Hancock Coal/Australia	GVK Power/India	1.26	6,325.20
21	2007	Energy	Tata's 20% stake in Energy brands/India	Coca-Cola/USA	1.20	5,611.80
22	2007	Breweries	Whyte & Mackay/Scotland, UK	United Spirits/India	1.20	5,611.80
23	2010	Oil and Gas	Pioneer Natural Resources Co/USA	Reliance Industries Ltd/India	1.10	5,522.00
24	2010	Steels	JSW Steel Ltd/India	JFE Holdings Inc/Japan	1.00	5,020.00
25	2012	Entertainment	UTV Software Communications Ltd/ India	The Walt Disney (South East Asia), Singapore	0.50	2,515.02
26	2011	Automobile	Ssangyong/South Korea	Mahindra & Mahindra/India	0.46	2,324.26
27	2012	Diversified	3B The Fiberglass Co/Belgium	Binani Industries Ltd/India	0.36	1,817.24
28	2012	Financial services	Reliance Capital Asset Management Ltd/India	Nippon Life Insurance Co/Japan	0.29	1,450.78
29	2011	Diversified	ABS Global Industries Ltd/India	ABB group/Switzerland	0.08	424.69
30	2009	Financial services	UBS India Service Centre Pvt Ltd/India	Cognizant Technology Solutions/USA	0.07	350.74

Source: Compiled from well-established Indian financial dailies registered under the Registrar of India (Government of India) namely, Business Standard, Financial Express, Business Line, Economic Times, Hindu and Times of India, various issues published during 2007-2011; Bloomberg (2011); KPMG (2010, 2012); Nangia et al. (2011); Paul and Bhawsar (2011); Biswas (2011); and Reddy et al. (2012, 2014a). The year 2012 – list of deals is accessed from Thomson Reuters (2012).

Notes: (a) Industry classification has been prepared with reference to the Bombay Stock Exchange of India – Listing classification; (b) I have considered the deal amount as on the public announcement/first news published in any of the above dailies/completed date; (c) I use different Rupee – US dollar conversion rates for deals occurred during 2007-2009 (INR. 46.77), and 2010-2011 (INR. 50.20) – INR is Indian currency; and (d) See Dobbs and Gupta (2009) for an interview with the CFO of Tata Steels Ltd.

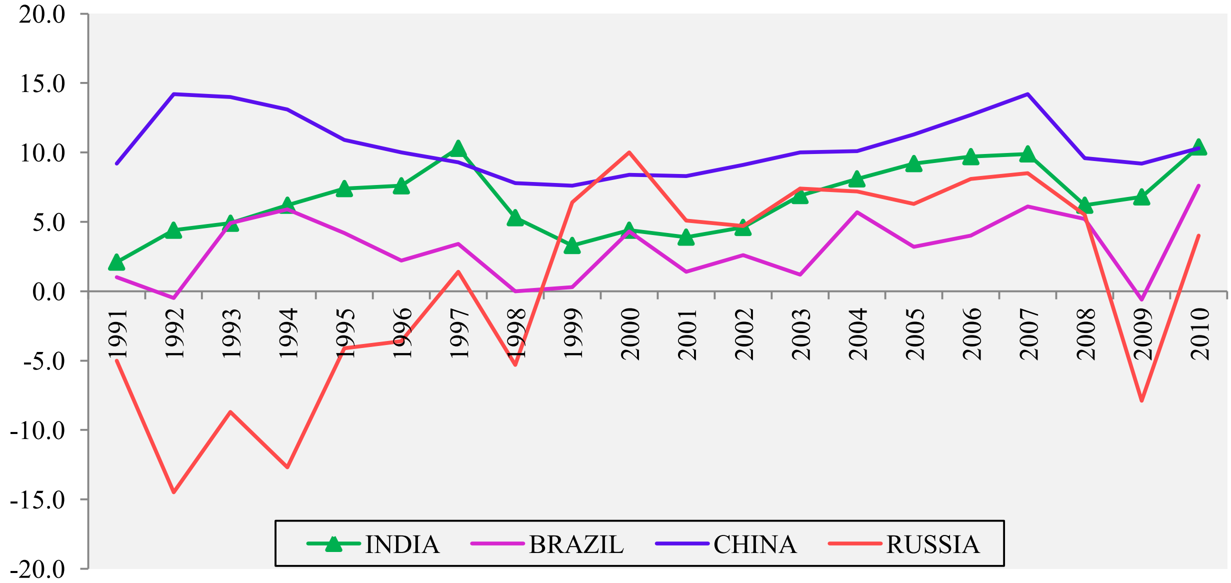

Fig. 1. GDP (percentage) of BRIC economies, 1991-2010

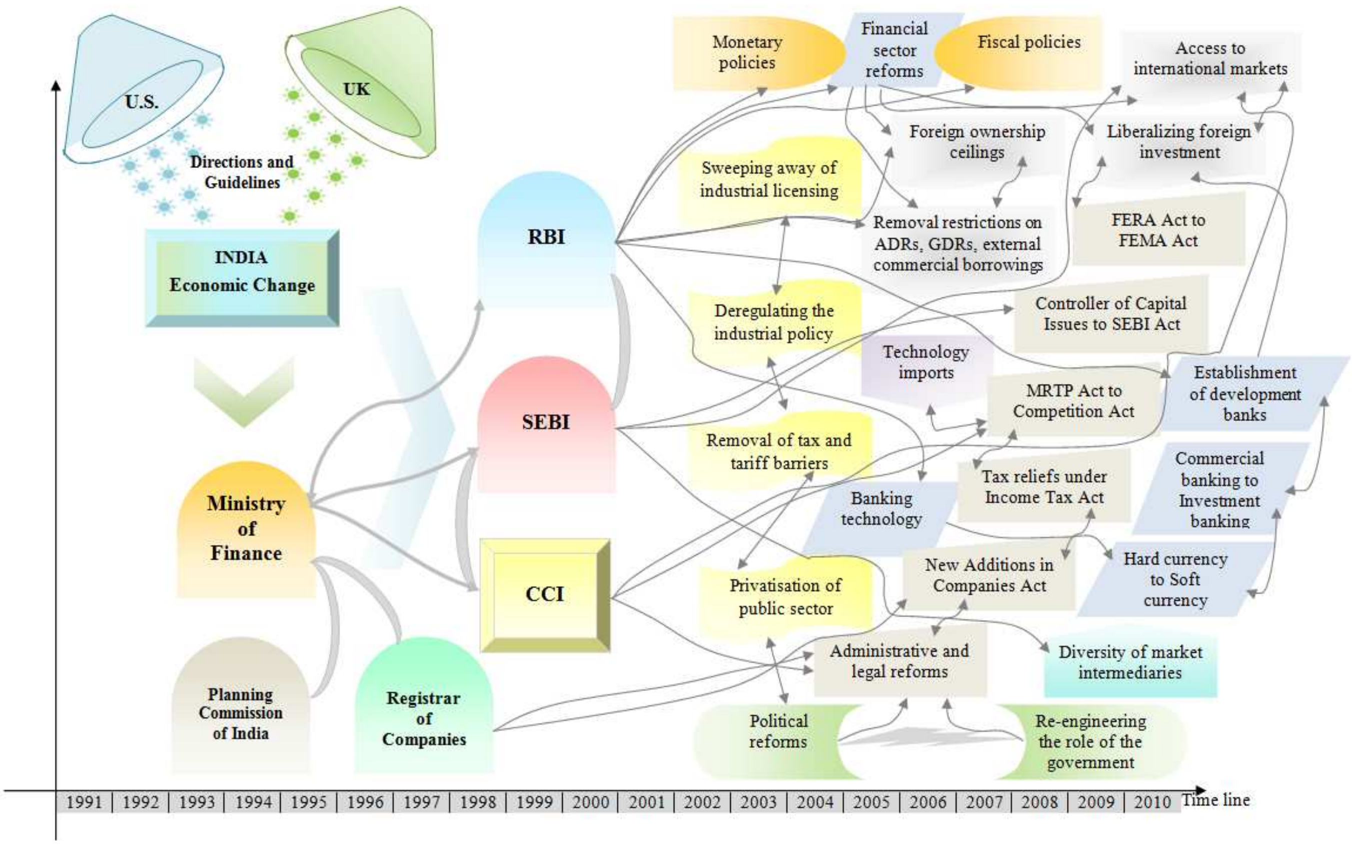

Fig. 2. Complex system (conceptual mapping) of Indian economic policy reforms

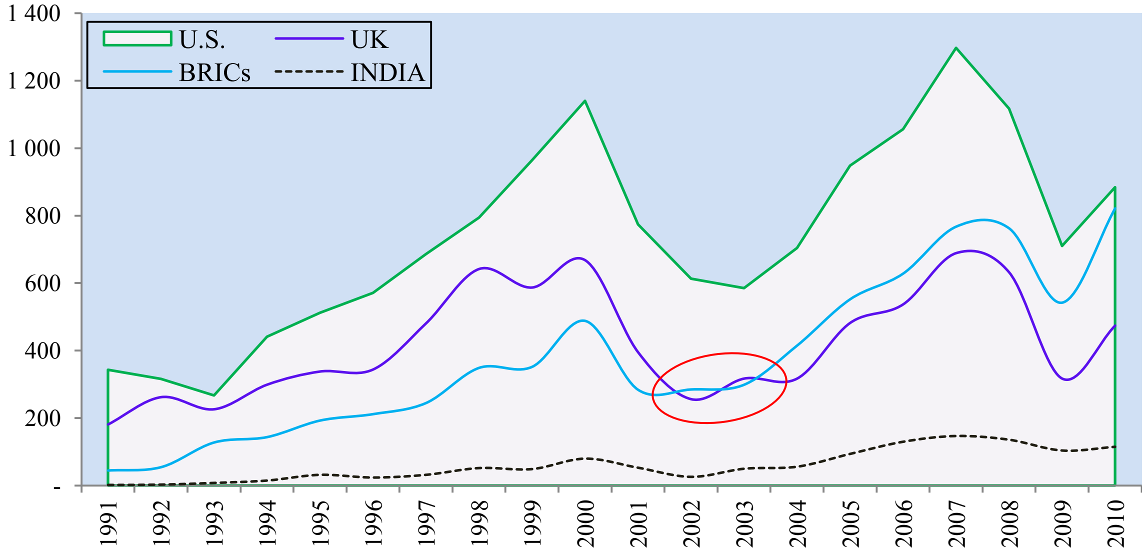

Fig. 3. Number of cross-border M&A by region/economy of seller, 1991-2010

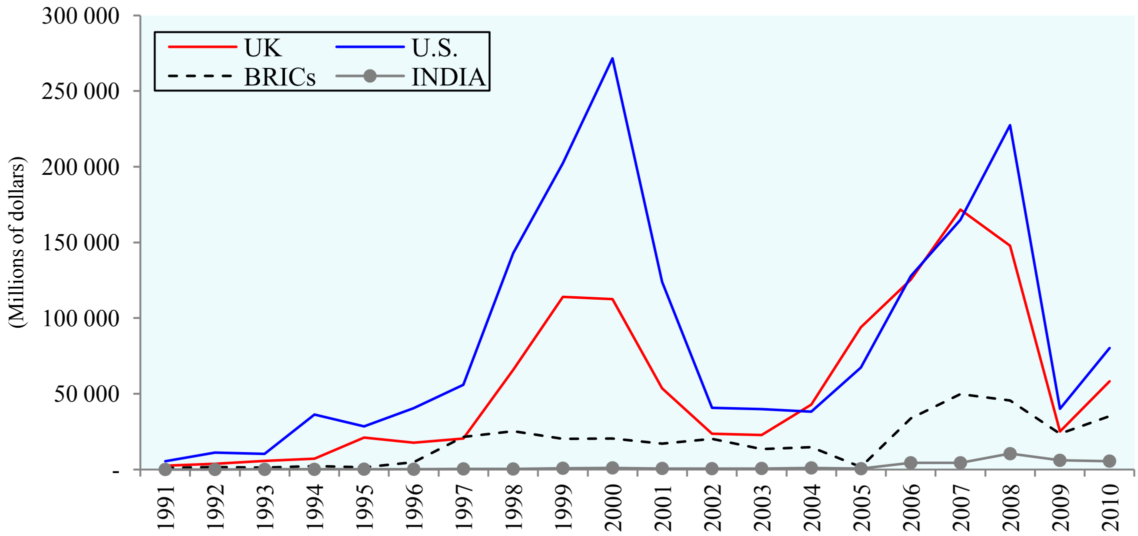

Fig. 4. Value of cross-border M&A by region/economy of seller, 1991-2010

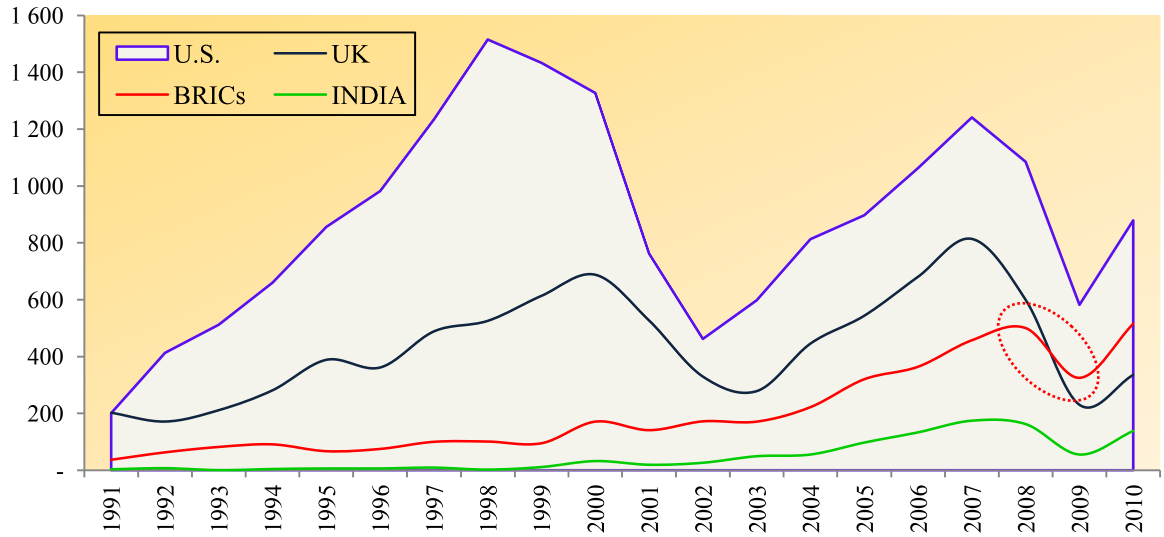

Fig. 5. Number of cross-border M&A by region/economy of purchaser, 1991-2010

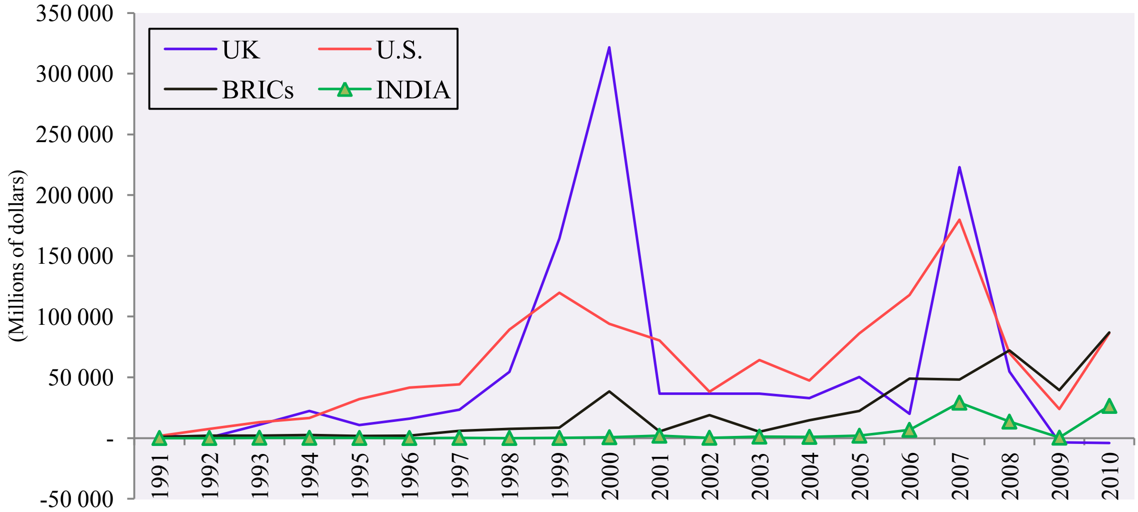

Fig. 6. Value of cross-border M&A by region/economy of purchaser, 1991-2010

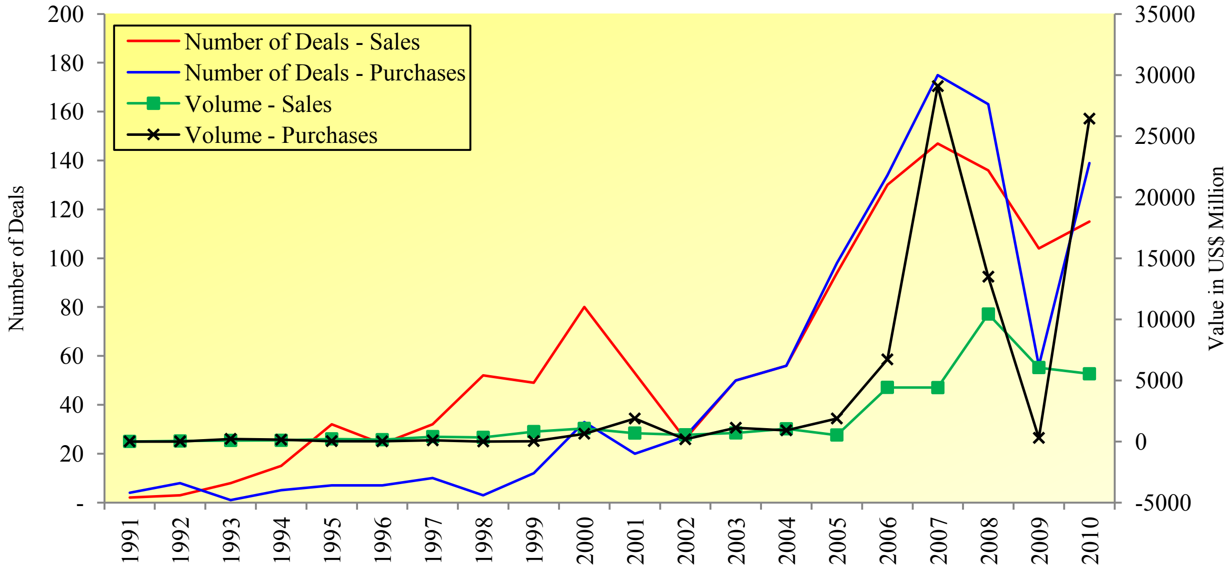

Fig. 7. India's cross-border M&A sales and purchases, 1991-2010