

MNCs Investment Patterns and Its Impact on Economic Development of UP

THESIS

SUBMITTED TO

**BABASAHEB BHIMRAO AMBEDKAR UNIVERSITY
(A CENTRAL UNIVERSITY)
LUCKNOW**

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*Dedicated to My
Beloved Parents
& Sisters*



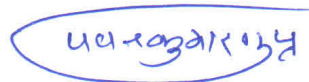
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This research is carried out under the supervision of **Prof. NMP Verma**, Department of Economics, School of Ambedkar Studies, Babasaheb Bhimrao Ambedkar University, Lucknow, Uttar Pradesh, India. This is also declared that the present thesis is essentially free from all kinds of plagiarism (certificate attached).

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CERTIFICATE

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The thesis submitted to Babasaheb Bhimrao Ambedkar University, Lucknow, satisfies all the requirements as stipulated in the Doctor of Philosophy (Ph.D.) regulations-1999 as amended in 2013 and it is fit for submission and evaluation for the award of the degree of Doctor of Philosophy of the University.

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Pawan Kumar Gupta

PREFACE

Uttar Pradesh is a developing state with the biggest population in the country. The state requires an influx of investments to accelerate the pace of development while ensuring an inclusive growth for all segments of the state's population. With this as the guiding premise, this research study envisioned the doctoral thesis entitled "*MNCs Investment Patterns and Its Impact on Economic Development of UP*". Currently, UP's economy is ranked as 3rd in India. For empowering its economic momentum, the state needs to optimise on the offers made by the investors who are heading towards India with their capital. To be recognized as the cynosure of MNCs' investments, the state needs several policy interventions. This study, in particular, investigates the investment climate that exists in Uttar Pradesh and maps it with the impact on the state's development.

The present research study places itself as an integral aspect in macroeconomics research. Hence, the study delves into deeper questions pertaining to the causes and the effects of public policies underlined by the state government for attracting the MNCs' investment. Furthermore, the study explores if the advent of MNC work culture has indeed added to the overall development of workers thus strengthening their financial as well as socioeconomic inclusivity. An exhaustive empirical analysis is the fulcrum of this doctoral programme as this thesis attempts to draw the attention of the government, economists, strategists as well as academicians towards the imminent need for fostering a more proactive forum for bringing in MNCI in UP.

The thesis has been envisaged in the following framework:

Chapter-1: MNCs Investment in Uttar Pradesh.

Chapter-2: Theoretical and Conceptual Framework

Chapter-3: Patterns of MNCs Investment

Chapter-4: Policies, Uncertainty and MNCs Investment

Chapter-5: CSR of MNCs and Uttar Pradesh: a Case Study of NOIDA

Chapter-6: Employer and Employee Relationship in MNCs

Chapter-7: Research Findings and Recommendations for Policy Implementations

ABBREVIATIONS

5Es	Education, Employability, Employment, Economy and Environment
ARIMA	Autoregressive Integrated Moving Average
BSE	Bombay Stacks Exchange
CAGR	Compounded Annual Growth Rate
CII	Confederation of Indian Industry
CSR	Corporate Social Responsibility
CSR	Corporate Social Responsibility
CU	Custom Union
DIPP	Department of Industrial Policy and Promotion
DNA	Data Not Available
DZ	Delhi Zone
EC	European Council
EI	Export Industries
EP	Export Promotions
ERC	European Research Council
EU	Economic Union
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act
FI	Foreign Investment
FICCI	Federation of Indian Chambers of Commerce and Industry
FII	Foreign Institutional Investment
FIPB	Foreign Investment Promotion Board
FMOLS	Fully Modified Ordinary Least Square
FPI	Foreign portfolio investment
FTA	Free Trade Agreement
GARCH	Generalized Autoregressive Conditional Heteroskedasticity
GFIC	Gross Fixed Invested Capital
GMM	Generalized Method of Movement
GOI	Government of India
GVA	Gross Value Added
HAC	Heteroskedasticity and Autocorrelation Corrected
ICSID	International Centre for Settlement of Investment Disputes

IIR	Industrial & Investment regions
IMC	Integrated Manufacturing Clusters
IP	Intellectual Property
IS	Import Substituting
ISO	International Organization for Standardization
IT	Information Technology
KLEMS	Capital, Labour, Energy, Material, Services
KZ	Kanpur Zone
LLPs	Limited Liability Partnerships
LPG	Liberalization, Privatization and Globalization.
MCE	Multifunctional Complex Evaluation
MENA	Middle East and North Africa
MNCI	MNCs Investment
MNCs	Multi National Companies
MSMEs	Micro, Small and Medium Enterprises
NCT	National Capital Territory
NGO	Non-governmental organizations
NIMZs	National Investment & Manufacturing Zones
NOIDA	New Okhla Industrial Development Authority
NRI	Non-Resident Indians
OBC/SC/ST	Other Backward Class/Scheduled Caste/Scheduled Tribes
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OLI	Ownership, Location and Internalization
OLS	Ordinary Least Square
OR	Odds Ratio
PIO	Persons of Indian Origin
PSA	Partial Scope Agreement
Q1	Workers' participation in decision making
Q2	Core values of organisation for seniors
Q3	Competencies for employability for job
Q4	Progress at work most days
Q5	Workers' privacy at work

Q6	Perspectives for current company
Q7	Workers' suggestions for potential workers
Q8	Workers' satisfaction with salary
Q9	Workers' satisfaction with incentives
Q10	Occupational safety at work
R&D	Research & Development
RBI	Reserve Bank of India
SAARC	South Asian Association for Regional Cooperation
SAW	Simple Additive Weighting
SEZs	Special Economic Zones
SEZs	Special Economic Zones
SGDP	State Gross Domestic Product
SIMZ	State Investment and Manufacturing Zones
SVAR	Structural Vector Autoregressive
TI	Transparency International
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
UP	Uttar Pradesh
US \$/USD	United State's Dollar
WBCSD	World Business Council for Sustainable Development

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Chapter-1
MNCs Investment in
Uttar Pradesh



Chapter-1

MNCs Investment in Uttar Pradesh

1.1- Introduction

Investment means the use of money in the expectation of earning more and more profit. India is growing as one of the significant economies in the world with massive potential for long-run growth. Indian economy is developing at a fast rate and is filled with investment opportunities and, more essentially, is positioning itself as the country which would proffer lucrative returns for investors. According to UNCTAD's World Investment Prospects Survey 2010-2012, India is the second-most profitable destination for Foreign Direct Investment (FDI) in the world. Indian markets have significant potential, offering prospects of high profitability and a favourable regulatory regime for investors. As India establishes a niche for cornering significant investment influx, it is also imperative to gauge the impact of investments done by MNCs in influencing the economic development at all levels in the country. Thus, this study undertakes a unique initiative of analysing and positing an exhaustive empirical framework to assess the impact of MNC's on the economic growth of the country's most populous state, Uttar Pradesh.

1.2- Foreign Investment

Any investment from one nation in another is foreign investment. The Indian government differentiates cross border investment into different categories like Foreign Direct Investment (FDI), Foreign Institutional Investment (FII), Non-resident Indian (NRI) and Persons of Indian origin (PIO) investment.

1.3- Research Problem

1.3.1-MNCs Investment (FDI)

MNCI is an opportunity to create subways into the economic development of the Host country. MNCI means investment by a non-resident entity/person resident outside India in the capital of an Indian Company, under Schedule 1 of the Foreign Exchange Management (Transfer or Issue of Security by a Person living out of India) Regulations, 2000.

Table-1.1-FDI Inflow in India during 2000-01 to 2016-17

S. No	Financial year (April-March)	Foreign Direct Investment (FDI)					
		EQUITY		Reinvested earnings +	Other capital+	FDI flows into India	
		PIPB Route/RBI's Automatic Route/Acquisition Route	Equity capital of unincorporated bodies			Total FDI Flows	% growth over the previous year (in US \$)
1	2000-01	2339	61	1350	279	4029	----
2	2001-02	3904	191	1645	390	6130	(+) 52
3	2002-03	2574	190	1833	439	5035	(-) 18
4	2003-04	2197	32	1460	633	4322	(-) 14
5	2004-05	3250	528	1904	393	6051	(+) 40
6	2005-06	5540	435	2760	226	8961	(+) 48
7	2006-07	15585	896	5828	517	22826	(+) 155
8	2007-08	24573	2291	7679	300	34843	(+) 53
9	2008-09	31364	702	9030	777	41873	(+) 20
10	2009-10	25606	1540	8668	1931	37745	(-) 10
11	2010-11	21376	874	11939	658	34847	(-) 8
12	2011-12	34833	1022	8206	2495	46556	(+) 34
13	2012-13	21825	1059	9880	1534	34298	(-) 26
14	2013-14	24299	975	8978	1794	36046	(+) 5
15	2014-15	30933	978	9988	3249	45148	(+) 25
16	2015-16	40001	1042	10049	4365	55457	(+) 23
17	2016-17	21624	516	5531	1345	29016	-
CUMULATIVE TOTAL (from April 2000 to September 2016)		311823	13332	106728	21300	459183	-

Source: RBI's Bulletin November 2016 dt.10.11.2016 (Table No. 34 – FDI).

In the above table-1.1, investment is going upwards, but during the financial year 2009-10, 2010-11 and 2012-13, FDI growth is negative. The investment trend is going upward in all manners. Equity in terms of both the Acquisition Route and the capital of unincorporated bodies is rising since 2000-01 to 2016-17. Reinvested earnings and other capital are still increasing in the same period.

1.4- FDI Policy in India

The government has put in place a liberal policy on FDI. The policy entails that investment up to 100% is permitted under the automatic route in most sectors. There are very small lists of sectors, which are either prohibited for MNCI or are subject to restrictions on the nature of equity caps, entry route or conditionality. Further, the FDI policy is reviewed on an ongoing basis, with a view of making it more investment-friendly.

1.4.1-Prohibited Sectors

FDI is prohibited in the following sectors:-

- Lottery Business together with Government or private, online, etc.
- Betting together with casinos, etc.
- Receipt (Chit) funds
- Nidhi Corporation.
- Business in Transferable Development Rights (TDRs)
- Trading in Real Estate
- Production industries of tobacco substitutes
- Sectors that are not opened to private sector investment (other than the permitted activities).

1.5-MNCI in Uttar Pradesh

The economy of Uttar Pradesh is the third in India after Maharashtra and Tamil Nadu. In 2013-14 it was the second-highest nominal state GDP in India. Accounting for 7.3 percent of the country's area, and according to the census 2011, it is home to 16.5 percent of Indians. The state contributes 8 percent to the Indian economy approximately.

It is the highest populous state in India, with a great pool of skilled, semi-skilled and unskilled workforce. Alternately, its population also can be seen as the highest consumer base in the nation with a population of around 200 million. It is the biggest producer of foodgrains amongst all the states in India and contributes 17.83% share in the country's total foodgrain output in 2016-17.

The high domestic animal population in the state makes it one of the leading producers of leather items. Uttar Pradesh is a leader in the production of multiple food and horticulture crops such as wheat, potato, mango, etc. It is also the third-highest thermal power producer and second-highest hydel power producer in India. The state's resources, policy incentives, infrastructure and climate are most conversant for the investors' interest in investing in different sectors. With a growing economy and developing industrialization, Uttar Pradesh promises to be an alluring hub for MNCI.

A sequence of new policy initiatives and focus on infrastructure development, supported by the accessibility of skilled manpower, significant resource base and a big consumer market all make Uttar Pradesh the choice destination for FI.

Advantages that Uttar Pradesh affords:

- Recent policy initiatives have created an investment-friendly environment.
- Strong industrial infrastructure together with theme parks, export parks & SEZs.
- 57 percent of the *Eastern Dedicated Contents Corridor* and 7 percent of the *Delhi-Mumbai Industrial Corridor* is passing through the state.
- Focus on improving connectivity further through jumbo road projects.
- Abundant agro resource base. Highest producer of wheat, sugarcane and potato, having ranked second in vegetable and third in fruit, amongst all the Indian states.
- The longest network of rivers and canals measuring 31,200 km nurturing the agriculture sector.
- A massive market potential that bespeaks of a huge domestic consumer base.

The prominent characters of the policy are:-

- I. Belief in entrepreneurs' scheme of self-certification to be optimistic.
- II. Improvement in infrastructure.

- III. Exploring new areas for investment like IT, Biotech and Food Processing sector.
- IV. Multidimensional policy idea of enterprise in place of industry.

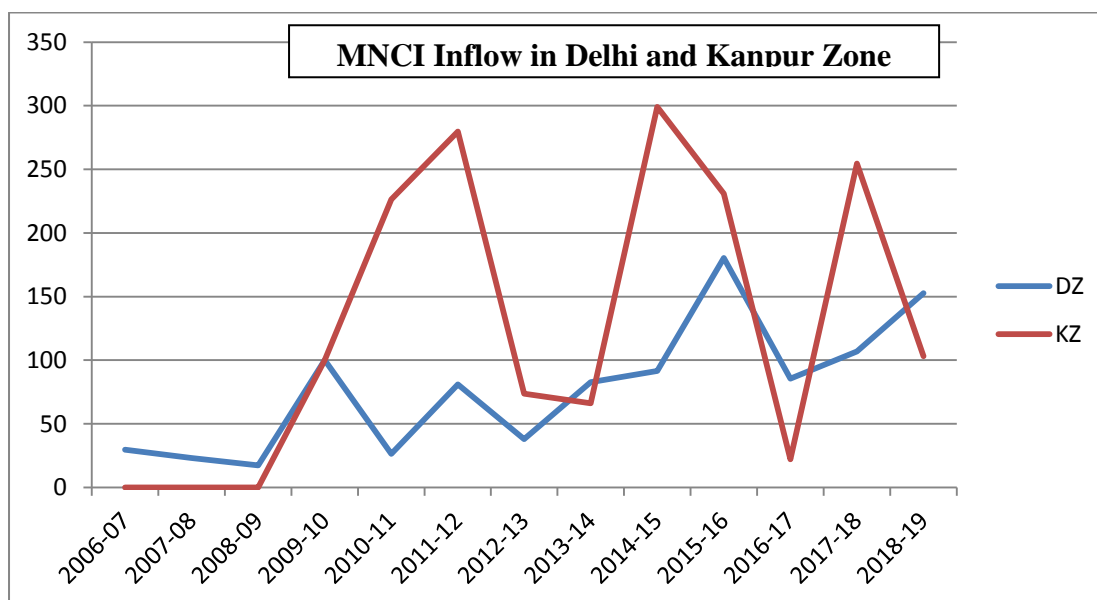
1.5.1-MNCI Inflow (Rs. Crores) In Uttar Pradesh

Table-1.2: MNCI Inflow in Delhi and Kanpur Zone

Financial years	MNCI Flows in Delhi Zone	MNCI Flows in Kanpur Zone
2006-07	13656	
2007-08	10637	
2008-09	7947	
2009-10	46197	227
2010-11	12184	514
2011-12	37403	635
2012-13	17490	167
2013-14	38190	150
2014-15	42252	679
2015-16	83288	524
2016-17	39482	50
2017-18	49366	578
2018-19	70485	234

Data source (table-3): Fact sheet on FDI by RBI's Bulletin

Figure-1.1: Path of FDI Inflow in Delhi and Kanpur Zone



Source: Table-3

In the above table-3, from 2009-10 to 2016-17, foreign investment in Uttar Pradesh (and Uttarakhand too) has been shown. From 2009 to 2011-12, it is increasing but after it from 2012-13 to 2013-14, it has declined. But in 2014-15 it again raises to reach Rs 679 crore. The next financial year it declined by Rs 155 crore. The trends clearly show that the foreign investment in UP (and Uttarakhand) have been very uncertain.

1.5.2-NOIDA

NOIDA (New Okhla Industrial Development Authority) is a systematically planned city of the National Capital Region of India. It is located in Gautam Buddha Nagar District of Uttar Pradesh and came into administrative existence on 17 April 1976. The NOIDA Authority is one of the richest authorities in the country. NOIDA is ranked as the best city in UP and has been deemed the best city in housing in all of India as per the survey conducted by ABP news in 2015. NOIDA replaces Mumbai as the second-best realty destination (Best City Award 2015, ABP News). NOIDA has emerged as a hot spot for IT and IT-enabled services industry with many large companies (including MNCs) setting up their businesses here. It is becoming the favourite target for MNCs. The major advantages include an outstanding power supply, a favourable climate eminently matched to information technology (IT) industries, a capability to increase the pool of skilled manpower, the availability of engineering colleges and other educational institutions, the low cost of setting up an IT unit as well as low recurring cost (including the cost of living).

1.6-Review of Literature

The comprehensive literature based on empirical conclusions and theoretical rationale tends to analyse that the MNCs' investment is necessary for the sustainable economic development of an economy. The reviewed literature is divided into the following three:

- I. Inter-country Study
- II. Studies in Indian Context
- III. In the Context of Different States in India

1.6.1 - Inter-country Study

Balasubramanyam V N, Salisu M and Sapsford D (1996) examine in their study of a new growth theory framework, the role which MNC investment plays in the growth procedure in the framework of developing countries characterised by differing trade policy regimes. They tested by using cross-sectional data relating to a sample of forty-six developing countries. They found that the role which MNCs Investment plays in the growth process in the context of developing countries is characterised by differing trade policy regimes. Using cross-section data relating to a sample of forty-six developing countries they had tested the hypothesis advanced by *Jagdish Bhagwati*. According to this hypothesis, the growth-enhancing effects of MNCI are stronger in economies which pursue an EP policy than in those following an IS one. In the paper they considered two alternative categorisations of respective nations according to their trade orientation: the first was based on structural stability analysis as applied to import shares, while the second was based on the more broad classification provided by the World Bank.

Cheng L K and Yum K Kwan (2000) examined in their study the effects of the determinants of Foreign Direct Investment (FDI) in 29 Chinese regions from 1985 to 1995. The researchers used Generalized Method of Movement (GMM) to analyse. They find that the size of a region's market as approximated by regional income has a positive effect, but wage cost hurts MNCs' Investment. High-quality infrastructure is considered by the density of all roads attracts MNCs' Investment, but the positive effect of the education variables is not considerable. Both the Special Economic Zones and the other key policy designations have an encouraging effect on MNCI, but the impact of the former is far better than that of the latter. However, there was no convergence in the balance MNCI stocks of the regions between 1985 and 1995.

Yigang Pan (2003) examines in his study the impact of source and host country factors on the inflow of MNCI into China between 1984 and 1996. To analyse, the researcher uses the Regression Analysis method. The researcher finds that it is possible to speculate on the motivations of foreign firms investing in China. A substantial proportion of the MNCI in China has likely been aimed at tapping China's domestic market. Exchange rates may not be important because foreign investors are not planning to take profits out of China in the short term. When investing in

developed countries, firms tend to plan for capital movements in and out of the host country. In this transitional economy, foreign investment may be for a longer duration, reducing the importance of exchange rates as a consideration. MNCI in China bears some similarities to MNCI in developed countries. More importantly, there is some dissimilarity, which may reveal the unique characteristics of MNCI in transitional economies.

Bajpai, N and Dasgupta N (2004) focus on their study on a comparative analysis of the MNCI flowing into China and India over the period 1992 to 2001. The researchers use descriptive statistics to analyse the problem. They find that China attracts foreign investors not only by projecting its inherent strengths but also by creating a congenial economic atmosphere. The setting up of SEZs, where a business is regulated by an independent authority, has been one of the major reasons for China's MNCI successes. Corporate tax rates are much higher in India. This is a constraint that needs to be addressed by India to attract MNCI. India lacks adequate incentives for new business promotion. In its decade of liberalization, India has failed to provide a competitive manufacturing base to MNCs.

Li Xiaoging (2005) studies the weight of the foreign direct investment flow in GDP as one of the determinants of the economic growth rate in his study, the period of study is 1992 to 2012. For the analysis he uses the Multiple Regression Model F- test probably associated with F- statistics. He finds that the potential for economic growth in the host country is very important. MNCs are more likely to invest in those countries that are enjoying fast economic growth. The availability of a ready supply of relatively skilled labour is an important magnet for FDI. Host countries are more likely to benefit if they have a large supply of skilled labour and if the domestic firm has a high level of technological capacity. Worker mobility is another important way to benefit from FDI as foreign firms provide training for their workers. Host governments should encourage the upgrading of technological capability in a local firm to make them more competitive in the market and benefit more from the competition with foreign firms.

Tvaronavičiene M, Grybaite V and Korsakiene R (2008) elaborate which factors have the biggest influence on investment decisions while choosing between India and the new EU members – Lithuania, Latvia and Estonia in their study. From the point of

analysis the Baltic States have been juxtaposed to India, as the latter represents the emerging market and according to approximately undisputed forecast, are one of the main MNCI destinations for the nearest future. The data retrieved and used for the consideration embraces the period from 1999 to 2008. To analyse, the researchers used Simple Additive Weighting (SAW) and Multifunctional complex evaluation (MCE) methods. They find that Different factors, attracting MNCI to countries are discussed; the main theories are Eclectic, Neoclassical and new economic GeoFigurey theories. Eclectic theory or OLI paradigm suggests that investors are investing abroad because of three main reasons: looking for OLI – ownership, location and internalisation advantage. Theoretically grounded set of indicators, representing investment factors were grouped into three sections: economic and institutional, costs, and socio-geoFigureical. Different MNCI driving forces are not equally important for different destinations. In the case of outsourcing or offshoring labour-intensive production, India appears to be a more attractive investment destination.

Rayhan M A (2009) in his study focuses on some general features of MNCI, to find out the problems associated with attracting MNCI and to suggest remedial measures to overcome those problems. The endeavour analyses the trends of MNCI inflow and repatriation as well as what Bangladesh is doing presently to attract a handsome flow of MNCI. The study is descriptive, covers the period of 1985-2007. He finds that Bangladesh offers one of the most liberal regimes for MNCI in South Asia and these policies are producing results in terms of increased inward investment. Hence, MNCI in the SAARC region is not significant. The researcher is also suggesting that to attract MNCI, Bangladesh has to reinforce its infrastructure facilities, and improve the quality of services. Furthermore, a reliable incentive package should be implemented which may include fiscal, financial and institutional measures.

Tiwari A K and Mutascu M (2011) examine the impact of foreign direct investment on economic growth in 23 Asian countries in their study; the period of study is 1986 to 2008. The researchers used production function with a pooled OLS regression, panel model with random effects and with fixed effects to analyse the impact of MNCI in economic growth. In their study, they find that MNCI and exports enhance the growth of Asian countries and also that labour and capital help in that process. This implies that Asian nations are moving ahead for globalization may prefer to go

forward. They analysed the case of nonlinearity associated only with MNCI and found that this variable enhances growth. Alternatively, the examination of the nonlinearity in both cases, i.e., exports and MNCI, shows a considerable and positive impact of exports only on the economic growth of panel economies. Further, the study has found that MNCI hurts economic growth and income distribution.

Ahmed J and Zarzoso I M (2013) assess the stylized facts of the cyclicity of migrants' remittances, ODA and MNCI employing annual time series data over the period 1974-2011 in their study. To estimate impulse response functions and variance decompositions, researchers have used a structural vector autoregressive (SVAR) model. They find that capital inflows exhibit different types of volatility; remittances are more stable than ODA and, in turn, ODA being more stable than MNCI. Two different features make remittances an important source of foreign exchange in Pakistan compared to MNCI and ODA. Firstly, they are comparatively stable and to a certain level of compensating for the variability in output. Secondly, they tend to be countercyclical, increasing in times of economic hardship in the migrants' receiving countries.

Rahman M S and Ahsan M A (2013) studied the current scenario (during research period) of MNCs' Investment in Bangladesh as the contribution, impact, status, problem and prospects of MNCs' Investment in their study. The study is based on descriptive analysis and the period of study is 1995 to 2010. They found that Bangladesh remains one of Asia's most attractive business places where a return of investment is in many cases 3 to 4 times higher than many other South Asian economies in specific sectors. Bangladesh with its widely available English educated, but cheap manpower, operational and close to land, seaports and liberal economic policies is believed by experts to attract more foreign investment.

Zakariya M and Shakoora M (2013) examined the impact of trade openness on MNCI in Pakistan using quarterly data for the period 1972 to 2010, the study is based on time series analysis. They found that human and physical capitals, capital returns, infrastructure development, terms of trade and urbanization promote MNCI in Pakistan. Macroeconomic instability (proxies by inflation rate) affects MNCI negatively, and being highly indebted is a significant deterrent to MNCI. Another

important finding is that the effect of trade openness on MNCI has been augmented after the inception of a flexible exchange rate system in Pakistan.

Bashir T, Mansha A, Zuliqar R and Riaz R (2014) undertook a comparative analysis of the impact of Foreign Direct investment on the economies of South Asian states including Pakistan, India, Bangladesh and Sri Lanka with China in their study. The researchers attempted to investigate the differences between the economies of the South Asia region and China. For study purposes, the annual data was used. The variables selected were MNCI, External Debt, and Remittances. The logical method of OLS test and Granger causality test are used to analyse the data. The researchers found that there is a negative impact of MNCI in India, Bangladesh and Pakistan. While FDI shows a positive relationship with economic growth, this is an alarming situation and calls for immediate steps to make an encouraging environment for MNCI in these states.

- a. The encouraging and friendly environment should be provided to foreign investors to attract more MNCI.
- b. Technology transfer should be encouraged by providing more incentives to foreign investors.
- c. Import-substitution policy can be used to enhance MNCI in economies.

Hasli A, Ho C S F and Ibrahim N A (2015) analysed the determinants of MNCI inflow in Asia for the period 1993-2013. The analysis was based on the fixed-effect model in their study. They found that an open economy, low country debt, a liberal money supply policy, a low unemployment rate and low environmental pollution are the luring factors for MNCI in Asia's developing countries.

Chisagiu L (2015) highlights the weight of the foreign direct investment flow in GDP as one of the determinants of the economic growth rate in her study. The period for analysis is 1992 to 2012. The analysis method, used by the researcher is descriptive statistics. She finds that the MNCI impact on the host economy is a widely acknowledged multidimensional one. The effects on Central and Eastern Europe economies through MNCI is evident in supporting the investment process, re-specialisation of the host-economy and increase of the export performance, and labour productivity under some more efficient technological processes and the incentives for

economic growth. One of the important forms under which the economic crisis influenced the MNCI evolution in Romania was also the reversion of the relationship between the components of the MNCI stock. This financing trend influenced the evolution of the structure for the incomes obtained by foreign investors by a significant increase in the weight of the net incomes from interest rates. It has also forced the development of the repatriated profit within that the incomes from interest rates constitute an important element next to repatriated dividends.

Shah M H and Mehreen F (2015) focused on the impact of terrorism along with other important location variables such as market size, economic growth, exchange rate, infrastructure and trade openness on MNCI inflows in five SAARC member nations, namely, Bangladesh, India, Nepal, Pakistan and Sri Lanka in their study. The authors utilised a panel Econometric Estimation model on annual data from 1980-2012. They found that the variable market size, economic growth, infrastructure and trade openness verified the fact that these are the key determinants of MNCs Investment inflows in the SAARC region and have a significant positive impact on MNCs Investment. However, exchange rate fluctuation has no significant impact on the inward MNCs Investment. In the end, the experiential results for the variable violence verified the fact that terrorism has damaged the financial wellbeing of SAARC nations and has discouraged MNCs' Investment inflows over the period.

Mehrara M and Musai M (2015) investigated the causal relationship between MNCI and GDP for the Middle East and North Africa (MENA) region countries by using Panel Unit Root tests and Panel Co-integration analysis for the period 1970-2010 in their study. They found that there is a long-run relationship between MNCI and GDP. Utilizing Granger Causality within the framework of a panel co-integration model, there is strong causality running from GDP to MNCI with no feedback effects of MNCI to GDP MENA region countries.

Doytch Nadia (2015) analysed how sectoral Foreign Direct Investment (FDI) inflows in South and East Asian economies respond to changes in the business cycles of the host countries, as measured by their output gaps in her study. The researcher focused on 15 economies during the period 1980–2011 and examined the inflows of FDI in extractive industries, manufacturing and services in addition to aggregate FDI by using a dynamic panel Blundell–Bond GMM methodology. It was found that services

FDI flows display countercyclical behaviour concerning the output cycle of the host country. This countercyclical behaviour is also visible at the level of aggregate FDI. The counter cyclicity was explained by the fact that services FDI is likely to take the mode of M&A activity. No robust evidence of either pro-cyclicality or counter cyclicity of manufacturing and mining FDI flows were observed. Furthermore, no strong evidence about the impact of institutional quality measured by the level of democratic responsibility for MNCI is seen. The counter cyclicity finding in the services industry suggests that FDI inflows can play an important stabilizing role in host economies during recessions.

Pegkas P (2015) analysed the relationship between the foreign direct investments and economic growth and also estimated the effect of foreign direct investments on economic growth in the Eurozone countries for 2002–2012 in his study. The researcher found that the empirical analysis revealed that there is a positive long-run co-integrating relationship between FDI stock and economic growth. By using the Fully Modified OLS (FMOLS) and Dynamic OLS (DOLS) methods, the long-run elasticity of GDP concerning MNCI was 0.054% and 0.147%, respectively. Also, fixed and random country effects estimation methods showed that the stock of MNCI is a significant factor that positively affects economic growth in the Eurozone countries.

Nistor Paula (2015) analysed the MNCI flows of BRICS economies in her study. The study is based on trend analysis during the period 2000 to 2013. The researcher finds that the large volume of these flows in terms of annual flows and MNCI stock. The increase of MNCI in the five largest developing economies in the period 2004-2008, shows the rapid growth rate. In the current financial crisis, the data shows that the emerging economies have started to grow in 2010, unlike most developed economies, which continue to decline. In the BRICS economies, MNCI seems to have a positive impact by contributing to the economic development of these countries to reach developed economies.

Forte R and Santos N (2015) examined the MNCI performance of Latin American countries (Chile, Panama, Uruguay, and Costa Rica) in their study. This descriptive cluster analytical study is based from 2005 to 2011. The authors found that on the Kruskal-Wallis nonparametric test, in 2011 three clusters showed statistically

significant differences in terms of several variables: MNCI as a percentage of GDP, GDP per capita, level of trade openness, Logistics Performance Index, number of telephone lines per 100 inhabitants, literacy rate, Control of Corruption Index, Political Stability and Absence of Violence Index, and Government Effectiveness Index. The group of economies with the highest levels of development (Chile, Panama, Uruguay, and Costa Rica) is also the group in which MNCI is above average.

Nwaogu U G and Ryan M J (2015) investigated how Foreign Direct Investment (FDI), foreign aid and remittances impact the economic growth of 53 African and 34 Latin American and Caribbean countries. Traditional econometric techniques—such as fixed and random-effects, system generalized methods of the moment (GMM) and ordinary least squares (OLS)—have been used to investigate the economic growth determinants over the years. The experiential analysis uses a panel data set consisting of eight different five year periods from 1970 to 2009. They found that foreign aid and FDI have a statistically significant contribution to the economic growth in Africa, although only FDI retains its significant effect when all three external funding sources are included in the regression. In contrast, foreign aid and remittances affect economic growth in Latin America and the Caribbean, although only aid remains significant when jointly estimated with FDI and remittances.

Waqas Y, Hashmi S H and Nazir M I (2015) investigated the relationship between macroeconomic factors and foreign portfolio investment volatility in South Asian countries. The secondary data is collected for the period from 2000 to 2012 for four Asian economies, i.e., China, India, Pakistan and Sri Lanka. For measuring the volatility in foreign portfolio investment, GARCH (1,1) (Generalized Autoregressive Conditional Heteroskedasticity) is used because shocks are responding quickly by this model. The authors found that MNCs' investment brings a reduction in foreign portfolio investment volatility as is happening in China, India and Pakistan; it implies that in China, India and Pakistan the financial market is in progression. However, in the case of Srilanka, MNCs' investment is not playing its part to reduce FPI volatility because of liquidity issues; investors hesitate to invest in portfolio investment because of less return. High economic growth rates attract more FPI and decrease volatility in FPI because the high GDP growth rate will influence the index to increase then the

stock return would increase as the outcome leads to a decrease in the volatility of portfolio investment.

1.6.2-Review of Literature: Studies in the Indian Context

Mukherjee A (2011) examined the major determinants that affect the regional distribution of FDI flows in India. The analysis found that market size, agglomeration effects and size of manufacturing and services base in a state have a positive impact on MNCI flows. The empirical analysis carried out in this paper is based on a state-level panel dataset in India over the period from 2000-01 to 2010-11 covering 31 states and Union territories. The inferential method, used in this study, is a fixed effect pooled least squares. She finds that the size of the manufacturing sector has a significant positive impact on MNCI flows. This implies that the foreign investors' first choice for investments is stated with a strong industrial base. Therefore, the industrially underdeveloped states must come up with the developed ones to attract a larger share of MNCI flows. And the services sector has attracted a large share of MNCI flows to India in the recent period.

Kumar G and Dhingra N (2011) examined the growth and structure of FDI in India in the pre and post-liberalization period. They also detected the changes in the sectoral composition of MNCI under the policy of liberalization. For analysis, the researchers used OLS methods. The period of study is from 1981-82 to 2009-10. They found that MNCI inflows have shown significant growth in the post-liberalization period. The compound annual growth rate of actual MNCI inflows during this period was as high as 29.56 percent. The analysis of the structure of MNCI in India reveals that after liberalization there definitely has been a shift in favour of the service sector and a steep fall in the share of the manufacturing sector. However, this trend matches the trend of transformation in the structure of MNCI inflows to the developing economies and even the world.

Loksha B K and Leelavathy D S (2012) analysed the behaviour of some selected micro and macro pull and push factors of MNCI determinants. The objective is to observe and analyse the dynamics of some selected MNCI determinants concerning the inflows and outflows as a consequence of economic reforms in India. For analysis, researchers used descriptive statistics. They found that over some time general and

specific MNCI policies have become less restrictive to inward MNCI policies in India with policy barriers. However, other factors have emerged as key determinants of MNCI. Prominent among them are basic economic pull factors such as good quality and productive human resources on the supply side and market size on the demand side. Macroeconomic policies that shape the fundamentals of cost competitiveness, the economic stability of the country and the degree of integration with the world economy have also become more important in attracting MNCI. The significance of specific determinants appears to be dependent upon the type of MNCI.

Anitha R (2012) analysed the MNCs' investment inflow into the country during the Post Liberalization period and also examined the various sets of factors that influence the flow of FDI. The study is based on 30 years from 1980-10. The Annual Growth Rate (AGR) and Compounded Annual Growth Rate (CAGR) are used to analyse the MNCs' investment inflows and Autoregressive Integrated Moving Average (ARIMA) model is used to forecast MNCs' investment inflows. Factors that influence MNCs' investment into India are analysed by using Multiple Regression analysis. The researcher finds that MNCs' investment plays an important role in the long-term development of a country not only as a source of capital but also for enhancing the competitiveness of the local economy through the transfer of technology, reinforcement infrastructure, improving productivity and providing new employment opportunities. India is growing as the fifth-highest recipient of foreign direct investment across the globe and second-largest among all other developing countries. The global share of MNCs' investment in India is very less when it is compared to other developing countries. Lack of proper infrastructure, unstable government and political environment, high corporate tax rates and limited export processing zones are considered to be the major problems for low MNCs' investment into the country. The researcher suggests that there is an urgent need to adopt innovative policies and good corporate governance practices on par with international standards, by the Government of India, to attract to a greater extent foreign investment in different sectors of the economy to make India a developed economy.

Akhatar G (2013) focuses on Inflows of FDI in India during Pre and Post Reform Period (from 1980 to 2008). To explain she uses trend analysis. She finds that the progressive liberalization of FDI policy has strengthened investor confidence with the opening up of new sectors like an integrated township, defence industry tea

plantation, etc. India's capacity as a host nation in attracting FDI has been enhanced during the post-reform period, but FDI inflows relative to its size has been low as compared to the other developing countries. She finds that the main reasons for these low FDI inflows have been related to the investment climate, poor infrastructure, foreign exchange rate fluctuation and business facilitation, which are comparatively at lower levels.

Dwivwdi P and Badge J (2013) examined the effect of FDI inflows on the Indian economy during the period from 2000 to 2012. Correlation and regression analysis is used for examination by researchers. They found that FDI as a strategic component of investment is needed by India for its sustained economic growth and development through the creation of jobs, expansion of existing manufacturing industries, in the field of healthcare, education, research and development, etc. The study established that there is a positive and statistically significant impact of MNCI inflows on the Indian economy.

Sagar R and Lalitha (2013) analysed the FDI flows in the country and also discussed the direct proportionate of the economic growth of the country. Their study was based on the period from 1991 to 2008 and for the analysis, they used Trend Analysis ($y=a+bx$). They found that FDI has helped the Indian economy grow and that the government should continue to encourage more investments of this sort. Attracting MNCI has become a primary part of the economic development strategy for India. MNCI has been a booming factor that has bolstered the economic life of India. Over the years MNCI flow is increasing in the service, consultancy, Education, construction and automobile sectors.

Ali Shaukat (2013) analysed the FDI as an integral component of Globalization in Indian Scenario. His study is based on descriptive analysis during the period 1991 to 2014. He finds that the Indian stock market has always attracted the world's powerful and major investors to come and invest in the Indian economy. Foreign Direct Investment helped to boost those sectors of the economy which needed financial motivation with the help of foreign investment. FDI improved liquidity, which in turn attracts more investment. Huge investments of foreign countries improved liquidity in the stock market. International liquidity creates a positive impact on real country growth. The standard of living of the common man on the host economy could be

improved as a result of the MNCI made in an economy. The health sector of many a recipient economy has been benefited by the MNCI.

Chatterjee S, Mishra P and Chatterjee B (2013) attempt to identify the factors that contribute to the wide-scale variations in FDI inflows across the Indian States. Using a panel data set consisting of 16 groups of Indian states over the period from 2001-02 to 2005-06, they found that the higher profitability of the existing firms results in greater FDI inflows into a state. It is necessary to design better policies that can ensure potential investors' high rate of returns on investment in the future. Higher profits should be realized not by exercising market power, but through greater competence. The competition laws and policies have an important role to play in this regard. Strict competition laws can potentially reduce market power and hence the profitability of the existing firms. But, such laws can also enhance market competition and hence efficiency that can result in higher profitability. Since risks in business deter investment inflows, the role of the government in regulating market operations to control fluctuations in business performance seems to be crucial.

Malhotra B (2014) examines the impact of FDI on the Indian economy, particularly after two decades of economic reforms (1991-92 to 2011-12), and analyses the challenges to position itself favourably in the global competition for MNCI. She finds that India's Foreign Direct Investment (FDI) policy has been gradually liberalised to make the market more investor-friendly. The results have been encouraging. For the Indian economy, which has remarkable possibilities, MNCI has a positive impact. MNCI inflow supplements domestic capital, as well as technology and skills of existing companies. It also helps to establish new companies. All of these contribute to the economic growth of the Indian Economy.

Kaur R, Nikita and Reena (2014), in their study, focus on the trends of MNCI Flow in India from 2000-01 to 2013-14 (up to November 2013). They highlight the country-wise approvals of MNCI inflows to India and the MNCI inflows in a different sector from April 2000 to Nov 2013. The study is based on secondary data evidence. The trend analysis method and chart diagrams are used for explanation. The researchers found that total MNCI inflow in India is from April 2000 to November 2013 is 311,398 US\$ million. The study also reveals that Mauritius emerged as the most dominant source of MNCI contributing to the total investment in the country.

The larger part of MNCI in India is contributed by fifteen countries which are 185506.59 US \$ million. The services sector accounted for a sharply rising share of MNCI stocks in India followed by construction development, Telecommunications and Computer Software & Hardwar.

Teli R.B. (2014) critically examines in his study the Foreign Direct Investment inflows in India. He used the least square method for the analysis. His study is purely based on secondary data. The period of study is from 1991 to 2012. The researcher finds that MNCI inflows in India show a positive trend over the period under study. Gross inflows of MNCI account for 63% of the share of direct investment inequity and a 37% share of portfolio investment. MNCs' investment increased due to the adoption of more liberal foreign policy and a series of measures are undertaken by GOI. It was also found that the service sector tops in attracting the highest MNCs' investment in equity inflows, followed by the manufacturing sector. Even in the latest global crisis, MNCs' investment inflows showed a growing trend. MNCs' investment is expected to rise in the coming years.

Wancio A (2015) examined in their study the impact of the internationalization of emerging economies on their innovation, introducing a distinction between inward MNCI (*passive internationalization*) and outward MNCI made by companies originated from these economies (*active internationalization*). The descriptive statistical method is used to explain, and the period of study is from 2008 to 2010. He finds that the specific conditions of emerging economies can shape a way by which MNCI affects the economies. It also applies to the impact of MNCI on different aspects and dimensions of innovation, and as a result of their role in stimulating innovation-driven development. This innovation-related specificity may be presented as a set of the following characteristics:-1) on supply side of the innovation process: technological backwardness, a relatively small expenditure on R&D (research & development); 2) on-demand side of the innovation process: a relatively large and rapidly growing domestic market, an emerging middle class, different demand structure than in developed countries; 3) related to an environment: low or moderate level of socio-economic development and as a result a specific philosophy towards innovation, institutional constraints ambition to join the group of world innovation leaders.

Kshetrimayum R and Naorem P (2015) focused on the Multinational Companies in India. The researchers used descriptive methods, and the period of study was the relatively current scenario (2014-15) in their study. They found that it has also got one of the fastest-growing economies in the world. The policy of the government has also played a most important role in attracting MNCs in India. There are some reasons to encourage MNCs in India: - 1) Initiating a higher level of investment; 2) Reducing the technological gap; 3) the natural resources are utilized in the true sense; 4) The foreign exchange gap is reduced; 5) Boost up the basic economic function.

Singh P (2016) focuses on the current and anticipated protectionist barriers to FDI in India, corporate transparency, economic policies during 1991-92 to 2005-06 in their study. The researcher uses descriptive analysis methods. She finds that host economies with large domestic markets, measured by GDP per capita and continuous growth of these markets, measured by growth rates of GDP, attract comparatively large volumes of MNCI. Resource endowments of the host economy, including natural resources and human resources, are a factor of importance in the investment decision process of MNCs. Political stability in the host economy is an important key in the investment decision process of MNCs. A stable and transparent policy framework towards MNCI is attractive to potential foreign investors. MNCs opt for a distortion-free economic and business environment. A joined proposition here is that a distortion-free foreign trade system, that is unbiased in terms of the incentives it provides for import-substituting (IS) and export industries (EP), attracts comparatively large volumes of MNCI than either an IS or an EP regime. Fiscal and monetary incentives in the form of tax concessions do play a role in attracting MNCI, but these are of little importance in the absence of a stable economic environment.

Panicker S S and Divakaran P (2016) focus on Indian Foreign Direct Investment as a Success Factor tool for *Make in India* in their study. The study is based on the descriptive analysis method and the period of study is the current scenario (2015-16). They find that FDI in India has a significant role in commercial growth in conjunction with the development of India. FDI in India in several sectors may well get permanent industrial growth together with the development as a result of the formation of work opportunities, improvement of existing manufacturing market sectors.

1.6.3-Review of Literature: in the Context of Different States in India

Ramachandran V and Goebel J (2002) examined the rationale for increasing MNCI and briefly examined the global trends in MNCI in their study. It looks at MNCI trends in Tamil Nadu and compares the state as a host site for MNCI with other host sites in Asia and the rest of the world. The period of study is based on during pre and post-reform era. They find that several reasons determine the impact of FDI on economic growth; this impact is magnified in a growing economy. MNCI impacts five variables—domestic investment, technology, employment generation and labour skills, the environment, and export competitiveness. One of the key forces behind globalization has been the increased participation of developing economies in foreign investment, both as host economies and more recently, as to outward investors. Tamil Nadu is one of the most industrialized states in India and stands as a strong competitor to other host sites for MNCI. Tamil Nadu has emerged as a major recipient of investments, Tamil Nadu has become one of the most favoured investment destinations particularly MNCI. The state has many inherent strengths and economical advantages to offer to investors. Tamil Nadu has a powerful and majority having a government with down to business government policies. MNCI in Tamil Nadu is highly dominated by investments in the IT sector. Chennai and the Tamil Nadu region as a whole have been attractive host sites for MNCI for the past decade.

Rao R K (2004) focused on the sensitivity of the average growth rate computations to the choice of periods, which indicates the reasons for the inadequacy of the form of analysis presents to understand growth dynamics and suggests an alternative approach, especially in the context of inter-sectoral linkages, the period of research spans across two sub-periods: the first is 1980-81 to 1990-91 and second is 1991-94 to 2000-01. For analysis, she uses descriptive statistics to t-test. She finds that at the levels of infrastructure in terms of the infrastructure index, in comparison with the other major states in the country, the performance of Andhra Pradesh seems to have improved between 1995 and 2000. It is argued that the relatively poor state of economic and social infrastructure resulted in the state's inability to attract investments or investible resources. The evidence for this observation is drawn from the relatively small share of Andhra Pradesh in foreign direct investment and total financial assistance disbursed by all-India financial institutions. The share of Andhra

Pradesh in total FDI is found to be only 4.65 percent, against 17.3 percent for Maharashtra and over 12 percent in Delhi. Similarly, Andhra Pradesh received only 7.2 percent of total financial assistance disbursed by all-India financial institutions.

Rao K S C and Murthy M R (2006) focused on the State-wise Distribution of Foreign Direct Investments in the Post-Liberalisation Period in their study. The researchers used a descriptive method of explanation and the period of study was from 1991 to 2004. They found that states in the western and southern regions attract much of the approved FDI. Simultaneously, it cannot be denied that the relatively backward states could not attract much FDI, both in absolute and relative terms. It does appear that progressively, some of the backward states are losing their limited initial appeal. Even if some of the backward states attracted investment proposals based on their natural resources and their desire to improve infrastructure, in actual practice it appears that the realisation may have been quite low due to the non-materialisation of approved projects. This may, however, not be entirely due to the states' failure to offer the necessary support. In general, large investments by NRIs failed to materialise either because they had put up undue demands on the Indian collaborator/ financial institutions or because they did not possess the promised resources. A significant part of the FDI is in the services sector, the direct benefits from the investments may not be confined to the state to which the investment is officially credited.

Singh S (2009) focused on the trend of FDI in India after the economic reforms, sector-wise and country-wise share of FDI, how FDI has affected the growth of Indian states in their study. For explanation, the researcher uses the method of descriptive analysis. The period of investigation is from 1991-92 to 2007-08. She finds that in the context of the Indian states, the FDI has not only gone to richer states but has also gone to the poorer states, though in less proportion. It is because of FDI, which has led to competition among the states. The decisions governing FDI have been spread over many areas that have to be streamlined or a practical policy has to be developed. Thus the impact of the reforms in India on the policy environment for Foreign Direct Investment presents a mixed picture.

Nayak S and Keskar Y M (2014) focussed on the impact of foreign direct investment on the Hyderabad City from 1991 to 2008 in their study. For the analysis, they used descriptive statistics. They found that Investment from the global economy is a way to

expand or develop the host economy by adding new assets and financial input from the external economy. These foreign investments bring with them various reforms in Construction, Market structure, Telecommunication, Urban aspirations in the city or region. Development of the city is mostly found near the MNCI region with the rapid growth of population more through in-migration as compared to natural growth, raised human aspirations with enhanced financial circumstances, booming land prices affected the development in the vertical path that has impacted the city form. These aspects of in-migration, housing requirements, public transport and supporting infrastructure have to be taken into deliberation while planning and designing for the development of the marginal areas of the city. This will give the powers to be projected figures and the image of the upcoming built areas and developed areas to give a check on regulatory measures for development. The Projected figures and image of upcoming built areas and developed areas would help the establishment to give a check on authoritarian measures for development.

Archana Vani, Nayak N C & Basu P (2014), in their study, analyzed the impact of MNCs' investment on eight major states in India during the post-reform period from 1991 to 2004. FE, RE and SUR models are used for analysis. FE (Fixed Effects) and RE (Random Effects) provide a holistic outlook, whereas the SUR (Seemingly Unrelated regression) model gives a complete picture of the eight states of India. They find that the overall impact of MNCs' investment in productivity and employment is quite encouraging for the period considered. They also find that across regions the impact is quite uneven. Those states where the labour productivity is rising due to MNCI inflows generally revealed a significant negative impact on employment, except for Karnataka and Haryana, where the impact of MNCI on both labour productivity and employment are positive and significant. The impact of MNCI in labour productivity is negative in less developed states, while it has a significant and positive effect in catching-up and more developed states where technology-intensive sectors are predominantly prevailing.

1.7-Significance of the Present Study

The above review of literature proves beneficial in identifying the research issues and the research gaps that inspire the objectives of the present study. There is hardly any

study on MNC's investment in the economy of Uttar Pradesh. MNCs' investment in the context of Uttar Pradesh is yet to analysis, which adds beauty to this study. This study will take a deep interest in highlighting the overall issues and challenges of MNCI in Uttar Pradesh. The present study is mainly focussed on MNCI in Uttar Pradesh; it also tries to find the determinants and impact of MNCI on the economy of Uttar Pradesh at the macro level. This is the first-ever such type of study in Uttar Pradesh, which analyse the patterns of MNCI in Uttar Pradesh.

1.8-Objectives

The study covers the following objectives:

1. To assess the patterns and impact of MNCs Investment on the economy of Uttar Pradesh.
2. To assess the Investment policy to attract MNCs in the favour of economic development of Uttar Pradesh.
3. To assess the CSR of MNCs' for the economic development of Uttar Pradesh.
4. To evaluate the impact of MNCs' on worker development.

1.9-Hypotheses

There are two hypotheses for the present research study:

Hypothesis-1

H₀: MNCs Investment is not playing a significant role in the economic growth of Uttar Pradesh.

H₁: MNCs Investment is playing a significant role in the economic growth of Uttar Pradesh.

Hypothesis-2

H₀: There is no significant relationship between the employer and employee in MNCs in the workers' interest.

H₁: There is a significant relationship between the employer and employee in MNCs in the workers' interest.

1.10-Methodology

1.10.1-Data Collection

This study is based on the primary as well as secondary data based. The secondary data have been collected from various institutions; Word Bank Data, UNCTADE, Reserve Bank of India, Security and Exchange Board of India, Government of UP, Department of Industrial Promotion and Policy, annual reports of the economy of UP by state and central government bodies. , etc. the primary data will collect by the survey area.

1.10.2-Survey Area

The selected area for the survey is NOIDA, which has been selected under purposive sampling. This sampling technique was chosen because there are more than 240 MNCs are working in Uttar Pradesh and 220 MNCs head offices are established in NOIDA (during the survey period which was September-November, 2018).

1.10.3-Sample Size

For primary data, two separate questionnaires have been used to collect samples; one for MNCs and second for MNCs' workers.

For the study of the CSR contribution in the development of Uttar Pradesh, 42 samples have been collected from the survey area and respondents are MNCs itself. The sample size is approximately 20% of the total numbers of MNCs which are working in NOIDA. The method of collecting samples is purposive sampling.

For evaluating the impact of MNCs' on workers' development, 252 samples of work have been collected from MNCs based in NOIDA and the respondents are MNC's workers. Method for collecting primary data from workers is simple random. The respondents' views were collected during their lunch hour or after their office hours because there is no permission to enter into the production area in MNCs.

For secondary data, the study period has been taken from 2000-01 to 2018-19. Secondary data are time series in nature, taken from the reports and fact sheets, published by the Department of Industrial promotion Policy, RBI, Ministry of Commerce and Industry, World Bank and PolicyUncertainty.com.

What is the need of collecting primary data for CSR from MNCs?

Because the present research study is based in Uttar Pradesh and no-MNC has yet published data related to CSR based on the state level. CSR data for reference has been published only at the national level. So, the primary survey is necessary for data related to CSR from MNCs based in Uttar Pradesh.

1.10.4-Tools and Techniques

Precise economic and econometric tools and techniques are used which are based on the chapter plans. Such as:

- Descriptive Statistics
- Chi-Square and Multivariate Chi-Square Test
- Time Series Economic Uncertainty Index
- Henry-Garette's Ranking Technique
- Time-series Regression with Newey-West standard errors
- Odd-Ratio Logistic Regression

Some software like Excel and STATA are also used.

1.11- Outline of the Present Research

The first chapter is the introductory chapter of MNCI entitled “**MNCs Investment in Uttar Pradesh**”, containing the research objective, hypotheses and research methodology of the present research study. This chapter also presents the significance of present research after reviewing the relative and important research literature.

The second chapter is “**Theoretical and Conceptual Framework**” and reviews the important theories of investment and MNC investment. Moreover, the chapter has been envisioned as the blueprint to explain how the study will be philosophically, epistemologically, methodologically, and analytically approached as a whole.

The third chapter entitled “**Patterns of MNCs Investment**” profiles how MNCI is trending in India and Uttar Pradesh and how it is affecting UP’s economic growth. This chapter is based on secondary data, collected from various public, non-public, national and international institutions. This chapter is based on the first objective and the first hypothesis of the present research problem.

The fourth chapter of the present study is “**Policies, Uncertainty and MNCs Investment**” in which the intent is to review, identify the efficacy and spot the possible lacunae to be eliminated through more pertinent and workable strategies. Hence, this chapter tries to find what is needed for foreign investment policy and how India is performing with its policies. This chapter is based on the second objective of the present research problem.

MNCs come to the host country to earn profit and often, directly or indirectly, this can be drainage of wealth from the respective country. Hence, MNCs must be mandated to contribute to the socio-economic development of the respective country too. This premise became the foreground for the chapter-5 entitled “**CSR of MNCs and Uttar Pradesh: a Case Study of NOIDA**”. This chapter is based on primary data collected from MNCs based in NOIDA. This chapter is based on the primary survey because no MNC has published its CSR data in the annual report. This chapter is based on the third objective of the present research problem.

The sixth chapter entitled “**Employer and Employee relationship in MNCs**” maps a unique frame of exploring how the ease of work culture introduced by the work ethos through MNCs in the state, particularly in the area of study, is providing future benefits to its workers. This chapter is based on the fourth objective and second hypotheses of the present research problem.

This research study’s Seventh and the last Chapter entitled “**Research Findings and Recommendations for Policy Implementations**” summaries the results alluding to the pragmatic analysis and concludes with the policy discussions based on the resulting inferences. It provides a summary of the important findings with some specific suggestions. It is anticipated that a new door of possibilities and hitherto unexplored research vistas will take ground and that this will be revealed into further investigations of the concerned problem.



Chapter-2
Theoretical and
Conceptual Framework



Chapter-2

Theoretical and Conceptual Framework

2.1-Introduction

A robust economy that would cater to the interests of all the stakeholders can be more aptly described as a high speed running vehicle that must be refuelled at the right intervals to ensure its efficacy. Indisputably, any economy's growth rests in the uninterrupted supply of capital. MNCI is the most reassuring prospect on which the host nations' economies can bank upon for their capital. MNCs' investment is nothing but a foreign direct investment. Though every economy needs capital to increase the aggregate production, most of the developing economies don't have enough capital for their economic development, thus the dependency on MNCI is not only inevitable but also vital for sustainable growth trajectory. As MNCI increases, aggregate demand and supply also increase. It means that the economic development of the nation is witnessing the boom phase. In an open economy, foreign investment's role in boosting the economy cannot be overstated. Present-day India, though yet not a developed economy, is more than a developing economy and promises to offer a level playing field for the global investors seeking conversant, competitive and lucrative returns for their capital. However, with the global economic scape shrinking due to various geopolitical equations, trade wars and Brexit, the need of the hour for the GOI, the economists and policymakers in India is to envisage more additions to foster an alluring investment climate. Even more, pressing concern is the need for the introduction and implementation of the restructured policies at the State level, to ensure that no zone or potentially enriched region in the country is bereft of the manifold opportunities created through MNC investments.

In the wake of this background, the objective of Chapter 2 is to examine and posit a framework of conceptual theories related to Investment and MNCI. The enumerated theoretical concepts are established proponents that serve to guide the vision of the present research pursuit which is to analyse the impact of MNCIs in UP. The entire chapter is divided into two exhaustive sections:

- The first section is based on the theories related to Macroeconomic Determinants
- The second section is based on the theories related to Microeconomics Determinants.

Figure-2.1: Theoretical and Conceptual Framework

1. Pure Theories of Investment: Macroeconomic Determinants	
a)	Static Accelerator Model of Investment
b)	Dynamic Accelerator Model of Investment
c)	Jorgenson's' Investment Model
d)	Tobin's Q-Model of Investment
e)	The Profit Theory of Investment
f)	Duesenberry's Theory of Investment
g)	The Financial Theory of Investment
2. International Theories of Investment: Microeconomic Determinants	
a)	Imperfect Capital Market theory
b)	Dynamic Comparative Advantage and the Product Cycle Model
c)	The Eclectic Paradigm of International Production
d)	Home and Host Country Effects of FDI
e)	An Assignment Theory of Foreign Direct Investment

Section-1

2.2 - Pure Theories of Investment: Macroeconomic Determinants

2.2.1 - The Static Accelerator Model of Investment

The accelerator principle states that an increase in the rate of production of a firm would require a proportionate increase in its capital stock. The capital stock refers to the wanted or best possible capital stock, K . Assuming that capital-output ratio is a fixed constant, v , the optimal capital stock is a constant proportion of output so that in any period t ,

$$K_t = vY_t$$

Where K_t is the optimal capital stock in period t , v is a positive constant, and Y is output in period t .

Any change in output would lead to a change in the capital stock. Thus,

$$I_{nt} = K_t - K_{t-1} = v\Delta Y_t$$

Where;

$$\Delta Y_t = Y_t - Y_{t-1},$$

I_{nt} is a net investment.

This equation presents a green accelerator.

In the above equation, the level of net investment is proportional to changes in output. The net investment would be zero if the level of output remains constant. Output must increase for net investment to be a positive constant.

2.2.2 - The Dynamic Accelerator Model of Investment

The Dynamic Accelerator Model removes one of the major weaknesses of the simple acceleration principle that the capital stock is adjusted without any lag effect. In the elastic accelerator, there are lags in the adjustment process between output and capital stock.

This model is also known as the Capital Stock Adjustment Model. The model of Elastic Accelerator has been developed in various forms by *Chenery, Goodwin, Koyck and Junankar*. But the most accepted approach is given by Koyck.

Junankar has discussed the lags in the adjustment between output and capital stock that at the firm level and extends them to the macro level. Suppose there is a rise in the demand for output. To meet it, first, the firm will utilize its inventories and then utilise its capital stock more intensively.

If the rise in the demand for output is large and persists in the short run, the firm would raise its demand for capital stock. This is the decision making lag effect. There may be an administrative lag effect in ordering the capital.

As capital is not simply available and in abundance in the financial capital market, there is a financial lag in increasing finance to buy capital. Finally, there is the delivery lag in the ordering of capital.

Assuming that different firms have different decisions and delivery lags, then in aggregate, the effect of a rise in demand on the capital stock is distributed during the period. This implies that the capital stock at a period t is dependent on all the early levels of output.

$$K_t = f (Y_t, Y_{t-1}, \dots, Y_{t-n}).$$

To conclude, the Elastic Accelerator is a very important contribution to the models of investment which solves the problem of lags in investment demand. It not only incorporates the lags effects but also of depreciation and excess capacity in the capital stock adjustment.

2.2.3-Jorgensons' Theory of Investment

Jorgenson has introduced a neoclassical theory of investment. His theory of investment behaviour is focused on the determination of the optimal capital stock. His investment model is formulated from the profit maximisation theory of the firm.

Jorgenson develops his theory of investment on the assumption under perfect competition that the firm maximises its present value. For explaining the present value of the firm, he takes a production process with a single output (Q), single variable input labour (L), and a single capital input (I), p , w , and q representing their resultant prices. The flow of net receipts (R) at a period t is given by

$$R_t = p_t Q_t - w_t L_t - q_t I_t \dots(1)$$

Where Q is output and p is its price; L is labour and w the wage rate; I is investment and q is the price of capital goods.

The present value is maximised with two constraints. First, the change of capital services is proportional to the total investment. The constant of proportionality may be interpreted as the time rate of use of capital stock.

Jorgenson formulised his investment function from such assumptions which do not make clear how the actual capital stock adjusts to the optimal capital stock.

Jorgenson's theory is based on the assumption of full employment in the economy. But this is not a reality because there are long time lags for orders to be executed for capital goods which often lead to the reduction in investment demand and the idle capacity and labour unemployment in both consumer and capital goods industries.

Jorgenson's study focuses on expected quantities and prices that are completely foreseen. But foresight is never perfect. Moreover, Jorgenson could not give any mechanism for the formation of these expectations, except to assume that changes in current prices produce proportional changes in future prices. Further, he cannot tell us anything about the expected future quantities to be sold.

The classical production function supposed by Jorgenson connects current investment with future outputs, and perfect foresight gives the exact current investment which produces the usual quantities of goods.

Jorgenson's definition of user cost is unclear. It does not involve the future values of user costs and there is a marked ambiguity in the case of future user costs being identical. Consequently, an increase in the interest rate increases the future user costs, thereby lowering the future optimal path of capital accumulation than otherwise. Jorgenson does not provide a clear economic explanation of his mathematical findings. Jorgenson labels his model as the neoclassical theory of investment, but it bears little relationship with the classical theory of investment.

2.2.4 - Tobin's Q Theory of Investment

James Tobin, the Nobel laureate economist, has projected the q theory of investment which associates a firm's investment decision to uncertainty in the stock market. When a firm finances its capital for investment by issuing bonds in the share market, its share prices reflect the investment decisions of the firm.

Firm's investment decisions depend on the following ratio, called Tobin's q:

$$q = \text{Capital Stock at the market price} / \text{Replacement Cost of Capital}$$

Tobin's q theory explains net investment by associating the market value of a firm's financial assets to the replacement cost of its real capital

According to Tobin, the net investment would depend on whether $q > 1$ or $q < 1$. If $q > 1$ the market value of the firm's share in the share market is more than the replacement cost of its real capital, machinery, etc.

The firm can buy more capital and issue further shares in the share market. In this manner, by selling new shares, the firm can earn profit and finance new investments. On the other hand, if $q < 1$, the market value of its bonds is less than its replacement cost and the firm will not replace capital as it wears out.

Tobin's *q theory* of investment has vital implications. Tobin's q ratio gives an incentive to invest in firms based on the share market. It not only affects the current profitability of capital, but also its future profitability. Investment is usually higher in the future when the value of q is greater than 1.

Tobin's q theory of investment induces firms to accept net investment even when q is less than 1 in the present. They may accept such economic policies that bring future profitability by increasing the market value of their shares.

2.2.5 - The Profits Theory of Investment

The profits theory regards profits, in exacting undistributed profits, as a basis of inner funds for financing investment. Investment depends on profits and profits depend on income. In this theory, profits associated with the level of current profits and of the recent past.

If total income and total profits increase, the retained earnings of firms also increase, and vice versa. Reserved earnings are of great importance for small and large firms when the capital market is imperfect because it is cheaper to utilise them.

Thus, if profits increase the retained earnings also increase. The cost of capital is less and the optimal capital stock is high. That is because firms have a preference to reinvest their extra profit for investments instead of keeping in banks to buy securities or to give dividends to shareholders. Reversely, when their profits fall, they cut their investment projects. This is the liquidity side of the profits theory.

Another edition is that the optimal capital stock is a function of future profits. If the aggregate profits in the economy and business profits are increasing, they may lead to the hope of their constant increase in the future. Thus, future profits were some function of actual profits in the past,

$$K_t = f(\pi_{t-1})$$

Where K is the optimal capital stock and $f(\pi_{t-1})$ is a function of previous actual profits.

Edward Shapiro has developed the profits theory of investment in which total profits relates to the income level. There is an optimal capital stock for each level of profits. The optimal capital stock relates to the level of profits.

The theory is based on the assumption that profits are linked to the level of current profits and of the recent past. But there is no option that the firm's current profit of the current year or the next few years can determine the profits of the coming year or the next few years. An increase in current profits may be the result of unexpected changes in a temporary nature. Such provisional profits do not induce investment.

2.2.6-Duesenberry's Accelerator Theory of Investment

J.S. Duesenberry in his deliberations on Business Cycles and Economic Growth gives an extension of the simple accelerator and integrates the profits theory and the acceleration theory of investment.

Duesenberry's theory is based on the following propositions:

- 1) Gross investment starts exceeding the rise when the capital stock declined.
- 2) When income grows, investment exceeds savings.
- 3) The growth of income and the growth of capital stock are determined entirely by the ratio of capital stock to income.

Investment is a function of income (Y), capital stock (K), profits (π) and capital consumption allowances (R).

$$I = f(Y_{t-1}, K_{t-1}, \pi_{t-1}, R_t)$$

Where t refers to the current period and $(t-1)$ to the previous period. According to Duesenberry, profits depend optimistically on national income and pessimistically on capital stock.

$$\pi = aY - bK$$

Taking account of lags

$$\pi_{t-1} = aY_{t-1} - bK_{t-1}$$

Where t refers to profits during period t , Y_{t-1} and K_{t-1} are income and capital stock of the previous period correspondingly a and b are constants. Capital consumption allowances are expressed as

$$R_t = kK_{t-1}$$

Duesenberry's investment function is a customized version of the accelerator principle,

$$I_t = \alpha Y_{t-1} + \beta K_{t-1} \dots (1)$$

Where investment is a function of income (Y) and capital stock (K) in period t . The parameter α represents the effect of changes in income on the investment, while the parameter β represents the influence of capital stock of investment working through both the marginal efficiency of investment and profits.

Since the determinants of investment also influence consumption, the consumption function can be written as,

$$C_t = f(Y_{t-1} - \pi_{t-1} - R_{t-1} + d_t)$$

Where d_t stands for dividend payments in the period t . Since $\pi = f(Y, K)$, $R = kY$ and $d = f(Y)$, these independent variables can be subsumed under Y and K . Thus,

$$C_t = aY_{t-1} + bK_{t-1} \dots (2)$$

The parameter a is MPC and it also affects an increase in profits. This increase is reduced by profits on dividends and changes in dividends on consumption. Parameter

b presents the influence of changes in capital stock on consumption. This influence is found from the influence of capital stock on profits through the influence of profits in dividends on consumption.

2.2.7 - The Financial Theory of Investment

The financial theory of investment is developed by James Duesenberry, known as the theory of the **Cost of Capital of Investment**. The accelerator theories disregard the role of the cost of capital in investment decisions by the producers.

The theorist assumes that the market rate of interest represents the cost of capital to the producer which does not vary with the amount of investment it makes. It means that limitless funds are available to the firm at the market rate.

In another way, the supply of funds to the firm is very flexible. In reality, an infinite supply of funds is not always available to the firm at the preferred period at the market rate of interest. As more and more funds are essential for investment spending, the cost of funds rises. For investment spending, the firm may rely on a loan from the market at whatever interest rate funds are available.

Sources of Funds are:

- (1) Retained earnings are internal funds that contain undistributed profits after taxes and depreciation allowances.
- (2) Borrowing from banks or through the bond market are the sources of external funds.

2.2.7.1 - Retained Earnings:

Retained earnings are the cheapest source of funds because the cost of using these funds is very low in a short period. There is no risk concerned with spending these retained earnings or to reimburse the debt. The cost of using these funds is the opportunity cost which is the return that the firm could acquire to reimburse the debt.

The opportunity cost of internal funds would be lower than the cost of external funds when the firm lends these funds to other borrowers; it usually earns the market rate of

interest. If it borrows funds from banks or through the bond market, it has to pay a higher interest rate. The difference in the interest rate is the opportunity cost to the firm.

2.2.7.2 - Borrowed Funds:

Funds are borrowed from the banks or through the bond market when the firm needs more than the retained earnings. The cost of borrowed funds rises with the amount of borrowing. The marginal cost of borrowed funds increases as the ratio of debt service to earnings from investment of funds increases. This is because the opportunity cost increases due to not repaying debt.

2.2.7.3 - Equity Issue:

A third source is equity financing from the stock market. The imputed cost of equity funds is higher costs than the opportunity cost of retained earnings. Duesenberry indicates that the yield cost of equity finance is generally of the order of 7 to 10 percent of big producers. To this must be added floatation costs plus any decrease in the value of existing shares. The gap is further increased by the differential tax treatment of bond and equity finance.

This theory neglects the role of public policy of investment which is more efficient than monetary policy. A reduction in corporate taxes during the period of recession can raise investment by firms. On the other hand, a rise in corporate taxes can reduce investment and shift the MCF curve to the left.

Section-2

2.3-International Theories of Investment: Microeconomic Determinants

2.3.1 - Imperfect Capital Market Theory

Kenneth A. Froot and Jeremy C. Stein (1991) - The authors analysed the relationship between exchange rates and MNCs' Investment that arises when globally incorporated capital markets are subject to informational imperfections. These imperfections cause external financing to be more costly than internal financing, so that changes in wealth, transform into a change in the demand for MNCs' Investment.

By methodically lowering the relative wealth of domestic agents, a value reduction of the domestic currency can lead to foreign acquisitions of certain domestic assets. A simple model of this phenomenon is developed and tested for its relevance in determining the international capital flow.

Most international economies dismiss the possibility of a relationship between foreign acquisitions and exchange rates. The usual counter disagreement that in a world with mobile capital expected returns on all international assets would be equalized. The usual implication drawn from a model with perfect capital mobility is that the individual components of the capital accounts are not connected to exchange rates. Total net foreign investment is tied down by the trade balance; a country must import exactly enough capital to offset the country's current account deficit. But the makeup of this capital account surplus the relative magnitudes of gross inflow or outflows or a portfolio versus direct investment is not affected by exchange rates.

This model has a common feature that wealth stimulates agents' demand for investment. This effect is familiar in other contexts; indeed, it occupies a central position in some economists' explanations of important phenomena.

Authors build on the idea that when there are informational asymmetries about an asset's payoff, then it will be highly costly or unfeasible for entrepreneurs to finance that asset only with externally obtained funds. The more net wealth an entrepreneur can bring to such an "information-intensive" investment, the lower will be his total cost of capital.

The plausibility of this theory can be based checked by noting that the effect of exchange rate changes on relative wealth positions is likely to be substantial compared to the effects of other shocks. For example, previous empirical work has found that corporate profits are a significant determinant of investment. Presumably, this is because such profits, enhance corporate wealth and thereby improve companies' ability to finance their investments.

2.3.1.1 - Investment opportunities

There is a domestic asset that pays an interest rate r in the domestic currency and a foreign asset that pays r^* in the foreign currency. It is assumed that capital is perfectly mobile internationally because agents are risk-neutral uncovered interest parity holds:

$$(r-r^*) = [E_1(e_2)-e_1] / e_1$$

Where e_1 and e_2 are periods of exchange rates, respectively, $E_1(e_2)$ is exogenous and equal to 1, and r^* is exogenous and equal to zero.

2.3.1.2 - The supply of the loans for direct investment

In a globally integrated capital market, both domestic and foreign entrepreneurs have access to the same loan opportunities when seeking to finance risky investment. The optimal financing contract will involve a loan amount L and a required debt repayment D , in those states of the world where the payoff $x > D$, the lender receives D . When $x > D$, the lender pays the monitoring cost and keeps all the profit, for a net of $x - c$. Given an assumption about the uniform distribution of x , the expected return to the lender for a given contracted D , denoted R_D^L , is

$$R_D^L = D - (D^2/2x) - (cD/x)$$

It must be that $R_D^L = (1+r).L$

2.3.1.3 - Entrepreneurs' Wealth and Bidding Behaviour

The model can provide useful starting points for thinking about the welfare consequences of FDI. It serves as a specific reminder of the theory of the second-best: given that the economy suffers from one type of distortion, it is not necessarily true that removing all others improves welfare. Thus, it is at least theoretically possible that banning or impeding FDI could lead to higher domestic welfare levels than a policy of laissez-faire.

There are two types of inefficiencies induced by the existence of a positive. First, there is the direct cost of the resources consumed in monitoring. Second, there is an allocation effect. These inefficiencies could conceivably be eliminated by government wealth transfers to skillful entrepreneurs; large enough transfers would allow all asset purchases to be made without recourse to external finance. In the absence of such government intervention, however, the existence of FDI can reduce both domestic and aggregate welfare.

It should be noted that this model disregards two important features of MNCs' investment that may have welfare costs. First, this model is really about foreign acquisitions of existing assets and not about new capital formation initiated by foreigners. A second potentially rich area for welfare analysis concerns the implications of FDI for product market behaviour. If the reduced capital cost makes it cheaper for foreigners to undertake strategic investments, the term of oligopolistic competition can be distorted.

This is a simple model in which wealth and therefore the exchange rate has a systematic effect on FDI. The correlation of FDI with the exchange rate is very different from that observed for other forms of capital inflow. In looking at particular industries and types of Investment, it is found that the exchange rate effects are not the strongest in manufacturing and in transactions that involve a transfer, rather than an expansion of existing assets.

This model and its result lend some credence to popular claims that the current low value of the dollar has given foreigners an edge in buying control of physical assets, the reasoning behind the model closely parallels that given in less formal accounts, exchange rate changes have important impacts on international wealth and wealthier buyers find it easier to acquire assets. The authors have not attempted to provide a comprehensive theory of MNCI.

2.3.2 - Dynamic Comparative Advantage and the Product Cycle Model

Cycle Raymond Vernon (1966) - The product life cycle theory is an economic theory that was developed by Raymond Vernor in response to the failure of the model of the international business of Heckscher-Ohlin to explain the observed pattern of global business. The theory advises that early in a product's life labour related to that product comes from the area where it was produced. After the product becomes adopted and utilised in the global markets, gradually in phases, the production moves away from the point of origin. In a few situations, the product becomes an item that is imported by its original producing country. A generally used example of this is the production, growth.

The model applies to labour saving and capital using products that provide high-income groups. In the new product stage, the product is produced and consumed in the producing country itself; no export trade occurs. In the growing product stage, mass-production techniques are developed and foreign demand. In the identical product stage, production moves to developing economies, which export the product to developed economies. The model demonstrates a dynamic comparative advantage. The economy that has a comparative advantage in the production of the product changes from the developed economy to the developing economy.

There are four stages in a product's life cycle concerning the Product Life Cycle Theory. The location of production is based on these stages.

2.3.2.1 - Stage of Product Introduction- This is where the new product is introduced to the market; at this, the consumers are innocent about the product. To create demand, producers promote the new product to encourage sales. At this stage, profits are small and there are only a few competitors in the market. As selling is increased, it enters the next stage involuntarily.

2.3.2.2 - Stage of Growth- At this stage, demand increases sales. As a result, the cost of production decreases and profits goes high. The product becomes commonly known and competitors enter the market with their edition of the product. For attracting as many consumers as possible, the company that developed the original product increases promotional expenditure. When many potential new consumers have bought the product, it goes to the next stage.

2.3.2.3 - Stage of Maturity- At this stage of the cycle, the product is generally known and many consumers have it. In this phase, demand levels off and sales level increases at a slower rate. There are several competitors by this stage and the original supplier may reduce prices to maintain market share and support sales. Profit decrease, but the business remains attractive because the volume is high and costs are also lower. Additionally, foreign demand for the product increases, but it is associated particularly with other developed economies since the product is catering to high-income demands.

2.3.2.4 - Stage of Decline- By this time of the cycle, the characteristics of the product itself and the production process are well branded; the product is well known to consumers and the production process for producers. This occurs when the product's sales are at the peak in the maturity stage and, thereafter, begins a downward slide in sales. Eventually, revenue drops to the point where it is no longer economically feasible for manufacturing the product. The investment becomes minimised. The product can be discontinued, or it can be sold to another company. Production may shift to developing countries. The cost of labour again plays an important role, and the developed countries are busy introducing other new products.

Low production and a high demand ensure a longer product life. When costs of production are high and demand is low, it is not existing on the market for a long time and, eventually, it is quiet from the market in the 'decline' stage note that a particular firm or industry in a country stays in a market by adapting what they produce and sell by riding the waves.

2.3.3 -The Eclectic Paradigm of International Production

John H. Dunning (1976) - The eclectic paradigm is a theory in economics and is also known as the OLI Model, published by John H. Dunning in 1979 and is based on the transaction cost theory. In the process of internalization, transactions are made within an organization if the transaction costs of the free market are higher than the internal costs.

Dunning conceptualised his theory with three factors:

Ownership advantages include; trademark, production technique, entrepreneurial skills, returns to scale. Ownership advantages consign to the economical advantages of the enterprises seeking to engage in MNCs' investment. The bigger the competitive advantages of the investing firms, the more they are likely to engage in their foreign production.

Location advantages- it includes the existence of raw materials, low wages, special taxes or tariffs. Locational advantages refer to the different countries or regions for undertaking the value-adding activities of MNCs.

Internalization advantage – it includes advantages of own production rather than producing through a partnership arrangement such as licensing or a joint venture.

According to Dunning, two different types of MNCs' investments are notable. While resource seeking investments are prepared to set up access to basic input factors, market seeking investments are made to enter an existing market or establish a new market. A closer distinction is made by Dunning with the term efficiency-seeking investments, strategic seeking investments and support investments.

Independence of the categories of advantage can be selecting the form of international activity. If an MNC has ownership advantages it can do a licensing. The licensing is less cost-intensive than the other global forms. If there are internalization advantages, the MNC can invest more capital abroad. The MNCs investment is the most capital intensive activity that a company can choose. According to Dunning, it is considered that locational advantages are necessary for MNC investment.

2.3.4 - Home and Host Country Effects of FDI

Robert E. Lipsey (2002) – There are two concepts of MNCs' investment and two similar methods of measuring it. One is that MNC investment is an exact form of the flow of capital across international boundaries from the home economy to the host economy. Its collection of business activities carried out in a host country by firms controlled in the home country.

2.3.4.1-Home country effects of outward MNCI: Push Factor of MNCI

The argument of this period spawned across a series of studies relating to outward MNCs' investment for home country exports. There is a set of various questions that can be asked, and they have not always been distinguished, although the implications of the answers to them vary considerably. One set of questions is about the associations within the individual investing firm. One can ask (i) about the relation, for a parent firm, between its production in a host country and its exports to that country. Or one can ask (ii) about the relation of a firm's production in a country to its exports to the world, taking an explanation of the possibility that affiliate exports to other countries might affect parent markets. Or one can ask (iii) about the relationship

between a firm's production in all foreign countries and exports to the world, taking an explanation of all interrelationships between production abroad and exports.

All of these are issues of firm strategy: how a firm chooses to supply markets around the world. Unless it is supposed that no other firms counter to the firms' choices, there are no essential inferences to be drawn about the effects on the firm's home country.

The second set of questions is based on the relationship of the decisions by a country's firms on production abroad to home country exports. The answers to these questions come closer than those of the first set to implying a welfare cost for the home countries as a whole, assuming that the firms' choices in one country do not affect the firms' choices in other countries.

The third set of questions is about the relationship between the decisions on the location of production made on the worldwide pattern of production, trade, and employment, or any particular countries' position. One reason these questions are rarely asked is that little is known about the outward MNCI activities of about half or more of the world's direct investors because most countries do not take interest in inquiring into what their firms do outside of the country.

2.3.4.2-Host Country Effects of Inward FDI: Pull Factors of FDI

2.3.4.2.1 - Home country wages: There are several ways in which the entrance or the existence of MNCs might affect wages in the host countries where they run. One is if these MNCs offer better wages than domestic firms. They might select skilled workers who would command high wages from an employer, or acquire higher wage plants or firms, or concentrate their activities in high wage industries or regions of a country. It could occur without any wage differential between foreign-owned and domestically-owned operations if labour markets were adequately competitive and the rise in demand for labour from MNCs operations can force all local firms to raise their wage levels equally. The dimension of wage levels is in some ways easier.

2.3.4.2.2 - Host Country Productivity- The same problems that arise concerning measuring effects on wages in host countries are also involved in judging effects on productivity. The benefits to the host countries stem mainly from the superior

efficiency of the foreign-owned operations. The first question, then, is whether foreign establishments are more efficient. If they are, the second question is whether their superior productivity spills over to local firms in their industries. Local firms might increase their efficiency by copying the operations of the MNCs or be forced by competition from MNCs to raise their efficiency to carry on. On the pessimistic side, it is plausible that foreign operations are more efficient only because foreigners have taken over the more competent local firms, leaving the less competent in local ownership. Or by taking markets from local firms, MNCs might force locally owned firms into less efficient scales of production. The third and biggest question is whether, as an outcome of the operations of MNCs, there are improvements in aggregate industry competence. Those could arise from spillover, but they could come simply from the higher efficiency of MNCs, even if the higher efficiency is confined to the MNCs. There could also be an increase in the aggregate productivity without any visible productivity differentials between MNCs and domestic firms if the industry were sufficiently competitive that the entry of MNCs forced their domestic competitors to match them quickly to survive. These possibilities point to the importance of investigative approaches for not only firms that remain in an industry, but also firms that enter or exit, because they may account for many of the changes in productivity for a country.

2.3.4.2.3 - The Introduction of New Industries- One of the main contributions of inward direct investment in some cases has been to introduce new industries in a host country. MNCs supply the technology and the links to other parts of the production networks that complete the set of resources necessary for the growth of these industries.

2.3.5 - An Assignment Theory of Foreign Direct Investment

Volker Nocke and Stephen Yeaple (2004) - The authors developed an assignment theory to examine the volume and composition of MNCs' investment. Firms conduct MNCs' investment by either engaging in Greenfield investment or cross-border acquisitions. Cross-border acquisitions involve firms trading various corporate assets to exploit complementarities, while Greenfield MNCs' investment involves building a new plant in the host market. In the equilibrium, Greenfield MNCs' investment and transborder acquisitions exist together, but the composition of MNCs' investment

between these modes differs with firm and country characteristics. Firms keeping in Greenfield investment are systematically more efficient than those keeping in a transborder acquisition. Moreover, many MNCs' investments take the kind of transborder acquisitions when factor price variations between countries are tiny, while Greenfield investment plays a more important role for MNCs' investment from higher wages into lower-wage countries. These results capture important features of the data.

The authors developed the assignment theory to explain the MNCI mode choice. Therefore, they modelled the merger market as a market in which various firms buy and sell heterogeneous firm-specific assets to utilise complementarities. The equilibrium of the market is the solution to the associated assignment problem in which the firm's particular assets should optimally be associated.

The assignment theory examines both the volume of MNCs' investment and its composition between cross-border acquisitions and Greenfield investment. In this theory, a firm consists of a bundle of various corporate assets. The merger market allows firms to buy and sell these corporate assets to exploit complementarities. A cross-border acquisition involves purchasing MNCs' assets, while Greenfield MNCs' investment involves building production capacity in a foreign country to allow the firm to deploy its corporate assets abroad. Equilibrium in the merger market is the key to the associated assignment problem.

Two countries can freely do business with one another. Factor price differences between countries give rise to MNCI and cross-border acquisitions, while cross country differences in industrial abilities give rise only to cross-border acquisitions. In equilibrium, MNCI is always one way from the high cost to the low-cost country, while cross-border acquisitions are always two ways. Hence, this model can create two ways MNCI flows even in the absence of transport costs and factor price differences. Firms' choices between the two modes of MNCI and the relocation of corporate assets on the cross-border merger market have an important impact on aggregate productivity. While MNCI may optimistically affect the distribution of firm efficiencies in one country; it may have a conflicting effect in the other country. Indeed, if productivity is measured at the individual level, cross border acquisitions lean to decrease the productivity of the firms in the higher cost country.



Chapter-3
Patterns of MNCs
Investment



Chapter-3

Patterns of MNCs Investment

3.1-Introduction

In the recent era, MNCs investments have become vital for every economy's growth. After the Global Economic Crises of 2007-08, there has been a noticeable shift in the pattern of investment. Ever since 2000-01 in India, MNCI trends have contributed significantly towards taking the economy of Uttar Pradesh in a progressive direction. Cumulatively, Rs. 3,018 Crores have been invested by foreign investors since 2000-01 (DIPP- Factsheet June 2019), infusing a strong economic trajectory in the state.

3.1.1-About the Chapter

This chapter is based on the first objective of the present research which is to study the patterns and impact of MNCI inflows on the economy of Uttar Pradesh. The hypothesis for this specific context is that MNCI is not playing a significant role in the economic growth of Uttar Pradesh. For analysis, descriptive statistics, correlation coefficient, Interpolated Dickey-Fuller test for Stationary and time series Regression with Newey-West standard errors for the evaluation of the effect on the economy of Uttar Pradesh have been used. Deflators are used for the analysis of the trend of time series variables and these include MNCs investment, GVA (Gross Value Added), GFIC (Gross Fixed Invested Capital). GVA is taken as an indicator of the economic growth of India and Uttar Pradesh. Period of study is from 2000-01 to 2018-19 but in the case of Uttar Pradesh, the timeline of reference is relegated to 2008-09 to 2018-19 because of insufficient data. The secondary data has been taken from various data sources, i.e. World Bank, Reserve Bank of India, Department of Industrial Promotion and Policy and *www.fundoodata.com*; an online information provider in India related to companies.

3.1.2- Plan of the Chapter

This chapter is divided into three different sections. Section 1 is based on MNCI inflow in India in different sectors and states and their share in the Indian economy.

Section 2 details the MNCI inflow in Uttar Pradesh and its share in the economy of Uttar Pradesh.

Section-1

Ramstetter (1993) developed a macroeconomic model for examining the macroeconomic effects of MNCI in Thailand. His model permitted simulations of the effects of policy changes on enterprises for different ownerships. An examination of the impact of MNCI on firms in Morocco's manufacturing sectors by Haddad and Harrison, 1993, suggested that MNCs showed higher total factor efficiency, but the rate of efficiency growth was lower than that of domestic firms. There is hardly any study to show the impact of MNCI at the state level in India. The literature on the influences of MNCI within a country is relatively scarce.

The importance of MNCI in the development process of an economy is well recognized. MNCI Inflows is a connection to the desired and the actual level of capital stock, especially when the local investment is not sufficient to push the actual capital stock up to the desired level (*Noorbakhsh* et al. 2001; *Hayami*, 2001).

MNCI can also substitute international trade and hedge the risks of exposure to foreign exchange. Furthermore, as *Barry, M.P., 2009*, iterates MNCI inflows in the natural gas sector and the improvements thereafter in the production efficiency and the terms of trade have made many of the Central Asian countries better off. Similarly, MNCI appears to have a significant positive impact on the export performance of Turkey (*Vural, Y., and Zortuk, M., 2011*).

3.3-MNCI (FDI) Inflow in India

MNCI inflow in India is still increasing. Table 3.1 shows that from 2000-01 till 2018-19, FDI equity inflow has been increasing rapidly.

Table-3.1: Inflow of MNCI in India

Financial Years	MNC investment (in Million US \$)	Deflator for MNCI
2000-01	2463	9.533948
2001-02	4065	15.73508
2002-03	2705	10.4707
2003-04	2188	8.469459
2004-05	3219	12.46032
2005-06	5540	21.44461
2005-07	12492	48.35488
2007-08	24575	95.12658
2008-09	31396	121.5298
2009-10	25834	100
2010-11	21383	82.77077
2011-12	35121	135.9487
2012-13	22423	86.79647
2013-14	24299	94.05822
2014-15	30931	119.7298
2015-16	40001	154.8386
2016-17#	43478	168.2976
2017-18#	44,857	173.6355
2018-19#	44,366	171.7349

Source: Department of Industrial Policy and Promotion: Fact sheet on FDI, June 2019
Provisional Data

In the table- 3.1, the inflow of FDI in India from 2000-01 to 2018-19 has been mapped. The data shows that MNCI is still increasing in India and it is because of investment-friendly policy and availability of super big consumer market where the consumer is ready to consume cheap and advanced goods without thinking about local market favours like many other countries do (Riefler, P., & Diamantopoulos, A., 2007).

Figure-3.1: Inflow of MNC Investment in India

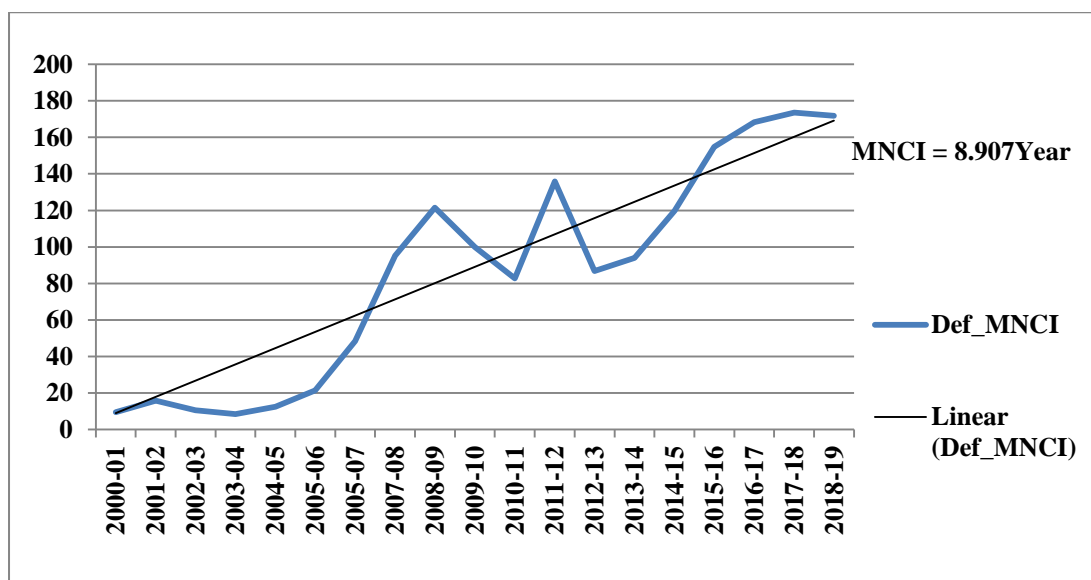


Figure-3.1 (Source: Table-3.1)

The figure above shows that the present growth of MNCI deflator is used by taking 2009-10 as the base year. MNCI equity has come to India in huge quantities. In the financial year 2003-04, it went down to an 8.4% rate of growth, but the year after that, it increased. In the financial years 2009-10 to 2010-11, it also decreased to continue because of the Global Financial Crisis. After this, it increased due to a strong Central Government which garnered the trust of the foreign investors.

India is a huge market for producing and selling goods and services. Many countries are investing here in direct mode. For analyzing the growth by investing from major countries, FDI deflator is used and the base year is 2013-14 because in 2013-14 there was a general election in India and the new government introduced a new FDI policy. The policy interventions have been vital for attracting foreign investment in direct mode in India.

Table- 3.2: Growth Rate of MNCI by Major Investing Countries in India

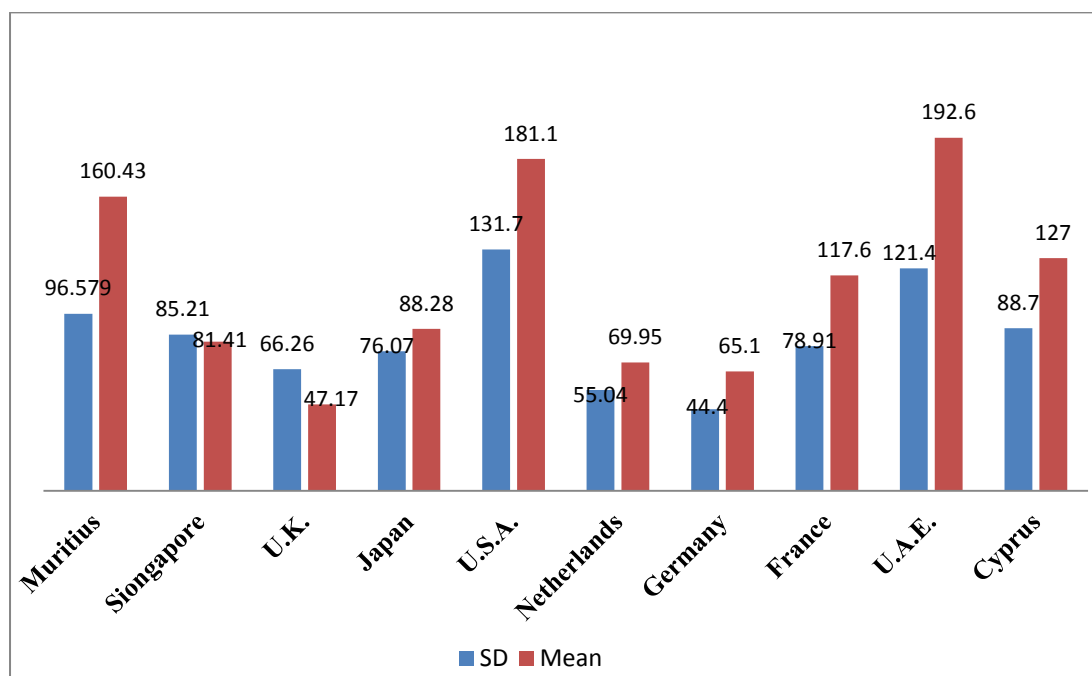
MNCI inflow in India from Major Investing Countries (in Deflator values)										
Years	Mauritius	Singapore	U.K.	Japan	U.S.A.	Netherlands	Germany	France	U.A.E.	Cyprus
2002-03	16.217	0.635	10.58	23.98	39.58	7.753	13.9	36.72	DNA	DNA
2003-04	11.669	0.618	5.194	4.54	44.67	21.54	7.8	12.46	DNA	DNA
2004-05	23.194	3.074	3.142	7.334	82.88	11.76	14	38.36	DNA	DNA
2005-06	52.892	4.595	8.274	12.11	62.28	3.348	29.2	5.902	19.22	12.6
2006-07	130.95	9.657	58.41	4.948	106.2	28.37	11.6	38.36	102	10.4
2007-08	228.36	51.35	36.58	47.44	135.1	30.62	49.5	47.54	101.2	150
2008-09	230.66	57.71	26.87	23.57	223.6	38.9	60.6	153.1	100.8	231
2009-10	213.54	39.75	20.44	68.86	241.1	39.6	60.3	99.34	246.7	291
2010-11	143.8	28.49	23.48	90.92	145.2	53.44	19.3	240.7	133.7	164
2011-12	204.61	87.84	287.9	173	138.3	62.07	156	217.4	138.4	285
2012-13	195.45	38.56	33.59	130.2	69.11	81.76	82.9	211.8	196.1	88
2013-14	100	100	100	100	100	100	100	100	100	100
2014-15	185.84	112.6	45.01	121.3	226.3	151.4	108	100	143.9	107
2015-16	171.95	228.8	27.93	152.2	520.1	116.4	95	196.1	386.3	91.2
2016-17	323.69	145.5	46.13	274.1	295.2	148.3	103	201.3	264.7	108
2017-18	328.07	203.5	26.35	93.71	259.9	123.3	110	167.5	411.8	91.7
2018-19	166.37	271.1	42.02	172.6	389.5	170.5	85.4	133.1	352.2	53.1
CAGR	14.68	42.8	8.45	12.32	14.4	19.94	11.27	7.87	23.09	10.82

Source: Factsheet of FDI since 2000 to 2019 by DIPP

DNA: Data Not Available

Table-3.2 shows that since 2002-03, FDI is increasing but in 2012-14 all major countries decreased their investment in India due to the general election and in India there was a strong atmosphere for eliminating the erstwhile government which was also a great reason for disinvestment by foreign investors. FDI increased after 2013-14, but due to general elections in 2018-19, foreign investment started declining (Bagad, P. and Sahoo, P., 2015).

Figure-3.2: MNCI Inflow in India from Major Investing Countries (in Million USD)



Source: Table-1

In the figure-3.2, Mean and Standard deviation of the rate of FDI inflow shows the major investing countries in India during 2002-03 to 2018-19.

3.4-MNCI Inflow into Different Sectors of Indian Economy

The MNCI's have gradually shifted from manufacturing to the services sector. Also, different sectors have been opened up for MNCI at different points of time (Singh, S., 2019). That partly explains the difference in MNCI received in various sectors in table-3.3 and figures-3.3 and 3.4.

Table-3.3: FDI Inflow in India Sector-wise from 2002-03 to 2018-19

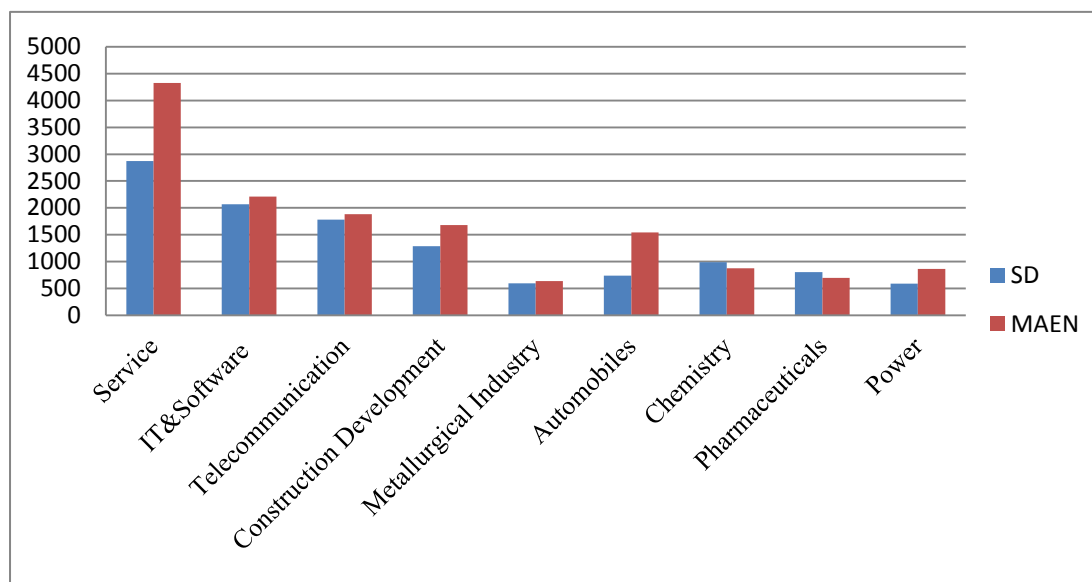
FDI Inflow into India- Sector-wise (in Million USD)									
Years	Service	IT Software	Tele Telecom.	Constriction Development	Metallurgical Industry	Automob	Chemicals	Pharma	Power
2002-03	326	644	223	21	47	DNA	129	40	118
2003-04	269	532	116	10	32	DNA	20	109	113
2004-05	469	721	129	152	192	DNA	198	292	166
2005-06	581	1451	680	603	153	DNA	447	172	94
2006-07	4749	2733	521	1228	147	276	206	215	250
2007-08	6615	1410	1261	1743	173	675	229	250	967
2008-09	6116	1677	2558	2028	1177	1152	749	250	985
2009-10	4175	872	2539	2852	961	1236	500	213	1538
2010-11	3297	779	1665	1103	1098	1299	398	209	1828
2011-12	5216	796	1997	3141	1786	923	4041	3232	1652
2012-13	4833	486	304	1332	1466	1537	292	1123	536
2013-14	2225	1126	1307	1226	568	1517	878	1279	1066
2014-15	3253	2200	2895	758	472	2570	669	1523	657
2015-16	6889	5906	1324	4644	DNA	2527	1470	754	869
2016-17	8684	3652	5564	1966	DNA	1609	1393	857	1113
2017-18	6709	6153	6212	3270	DNA	2090	1308	1010	1621
2018-19	9158	6415	2668	2471	DNA	2623	1981	266	1106
CAGR	21.68	14.48	15.72	32.37	19.42	18.91	17.43	11.79	14.07

Source: Factsheet of FDI from 2000 to 2019 by DIPP

DNA: Data Not Available

Table-3.3 depicts the FDI inflow in India sector-wise from 2002-03 to 2018-19. The inflow is shown that in the service sector, it is increasing with a higher rate whether as other sectors are attracting also a very higher rate of foreign investment.

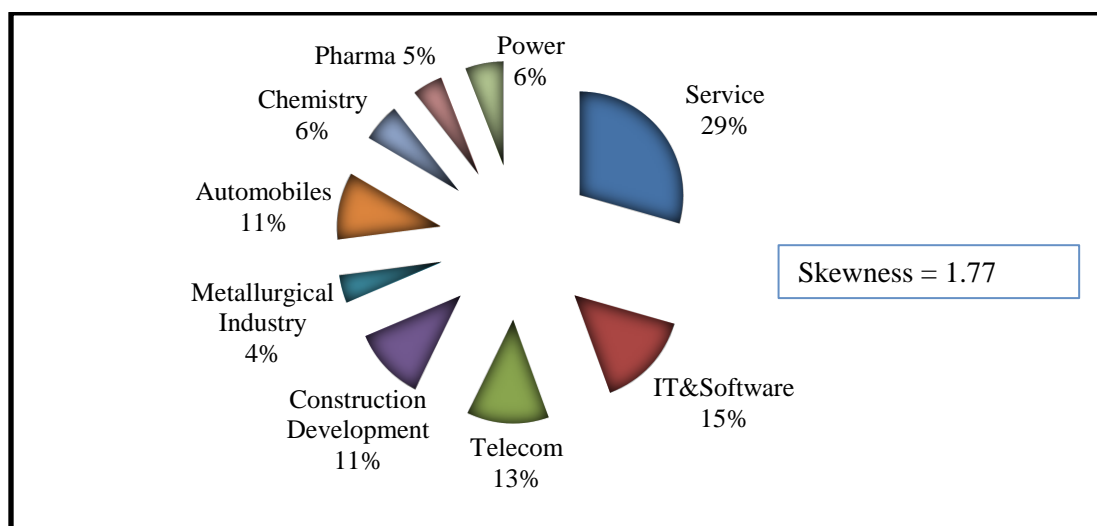
Figure- 3.3: MNCI Inflow in India Sector-wise (in Million USD)



Source: Table-3.3

In figure-3.3 it can be seen that MNCI inflow in the service sector is higher than other sectors and variation is also much higher in the same sector. There is a new surge in the growth of the Indian financial sector after liberalization and the insurance industry has witnessed growth at a speedy rate. The number of mergers and acquisitions in the insurance sector as well as in the banking sector also paved the way for several private banks growing in India. The performance of foreign banks is quite well. Banking & Insurance are the top attractions for MNCI followed by the Telecommunication industry. The investments in these industry hubs took the growth in the second decade of reforms. MNCI's have generated high perks jobs for skilled employees in the Indian service sector (*Sirari, A. S., and Bohra, N. S., 2011*).

Figure-3.4: Placement of MNCI Inflow in India Sector-Wise from 2002-03 to 2018-19



Source: Table-3.3

As per the data, from 2002-03 to 2018-19, there was 29 percent of the total inflow of MNCI in the Service sector followed by the IT& Software industry which emerged as the second sector for grossing MNCs investment.

The service sector in India has received the highest share in MNCs' investment. This sector incorporates finance, banking, insurance and other non-financial sectors like research and development, testing, analysis and outsourcing. The second industry to benefit from MNC investments was Telecom which registered an inflow of almost three billion dollars that year. Overall, the country saw the highest ever MNCI inflow in the specified timeline. In general, the business service sector in the country seemed to be progressively capitalizing on the attention of foreign investors. One possible reason for this could be because almost 56 percent of the registered MNCs in India were under this sector. Out of this, the highest numbers of MNC have registered in Maharashtra alone, indicating a good business trajectory. Foreign investments play a critical role in developing countries since they help bring in resources, the latest technologies and best practices that help push economic growth on to a higher curve. By liberalization of the economy, India opened its doors further to MNCs by loosening its grip on the sourcing requirements for various sectors. The government also permitted 100 percent MNCI in the sectors; commercial coal mining and contract manufacturing, hoping to diversify its supply chains. These are just some of the measures being taken by the government to give a stimulus to the ailing economy.

3.5-MNCI Inflow in the Indian States

Currently, India is, politically, divided into 29 States, 6 Union Territories and 1 NCR (National Capital Region). The RBI maps the FDI data through the regional offices which cover one or more states or parts of the states respectively. Table 3.4, 3.5, Figures 3.5 and 3.6 depict the covered states or part of the states by the RBI regional offices.

Table-3.4: Covered states or Part of States with RBI Offices

Regions No.	RBI's Regional Offices	The Covered States or Part of States
A.	Mumbai	Maharashtra, Dadra & Nagar Haveli Daman & Div
B.	New Delhi	Delhi, Part of Haryana and Uttar Pradesh
C.	Bangalore	Karnataka
D.	Chennai	Tamil Nadu, Pondicherry
E.	Ahmadabad	Gujarat
F.	Hyderabad	Andhra Pradesh, Telangana
G.	Kolkata	West Bengal, Sikkim, Andaman & Nicobar Island
H.	Kochi	Kerala, Lakshadweep
I.	Chandigarh	Chandigarh, Punjab, Haryana, Himachal Pradesh
J.	Kanpur	Uttar Pradesh, Uttrakhand
K.	Jaipur	Rajasthan
L.	Panji	Goa
M.	Bhubaneswar	Orissa
N.	Guwahati	Assam, Arunachal, Manipur, Meghalaya, Mizoram, Nagaland, Tripura
O.	Patna	Bihar, Jharkhand
P.	Jammu	Jammu & Kashmir, Laddakh

Source: Factsheet of FDI by DIPP

In table-3.4, all the regional offices of the RBI are shown with their covering states. In table-4, the Growth rate of MNCI inflow in various regions from 2008-09 to 2018-19 has been shown. For showing the growth rate of MNCI in the various regions, deflator has been used. The base year for reference in terms of tabulating the growth rate is 2011-12 because 2011-12 has also been taken as a base for the economic growth of the Indian Economy by the Government of India.

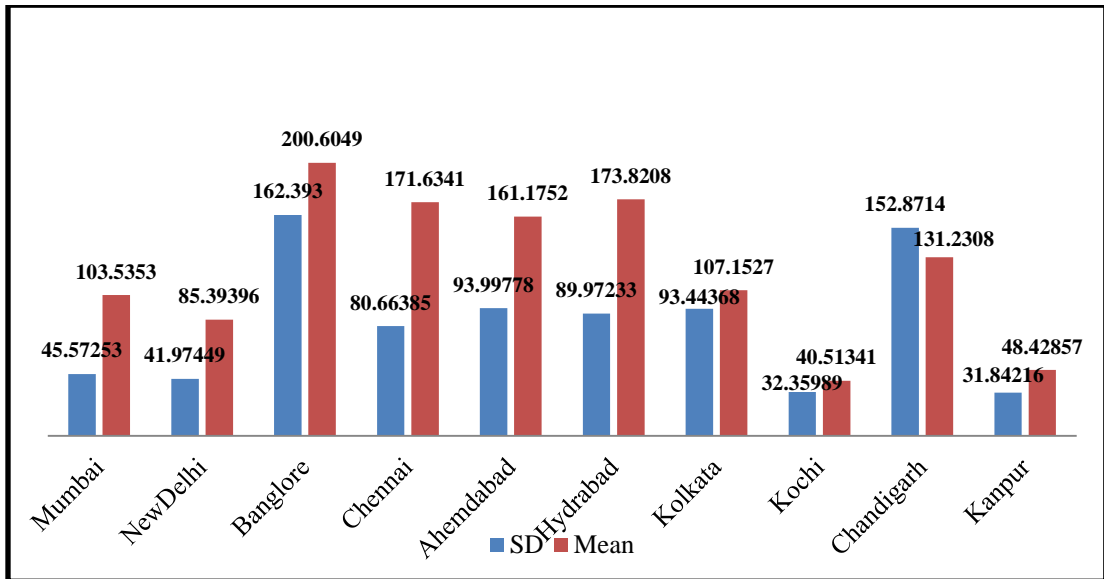
Table-3.5: The Growth Rate of FDI into Various Regions from 2008-09 to 2018-19

FDI Inflow into the Indian States (Rate of Growth)										
Years	Mumbai	New Delhi	Bangalore	Chennai	Ahmadabad	Hyderabad	Kolkata	Kochi	Chandigarh	Kanpur
2008-09	130.126	23.399	132.159	121.2377	282.3177	145.9906	124.1117	17.40977	DNA	DNA
2009-10	86.349	121.445	67.123	54.43038	80.61938	141.8632	29.18782	27.17622	172.3077	34.28571
2010-11	63.822	33.533	86.888	95.07736	72.32767	148.8208	24.11168	7.855626	320	80
2011-12	100	100	100	100	100	100	100	100	100	100
2012-13	91.238	40.360	66.731	197.398	49.25075	136.6745	107.6142	15.28662	36.15385	22.14286
2013-14	35.800	78.191	123.418	148.8045	85.91409	79.95283	110.6599	14.862	70	17.85714
2014-15	66.586	86.120	224.657	268.4951	152.9471	161.4387	60.6599	48.83227	30	78.57143
2015-16	99.560	159.626	268.819	318.4248	224.1758	183.8443	242.3858	19.10828	20.76923	57.14286
2016-17	205.736	73.706	139.073	155.9775	336.3636	258.8443	12.69036	96.39066	4.615385	5.714286
2017-18	140.510	95.903	559.360	244.3741	208.8911	146.934	55.32995	44.16136	83.07692	64.28571
2018-19	119.156	127.045	438.421	183.7553	180.1199	407.6651	311.9289	54.56476	475.3846	24.28571
CAGR	-0.8	16.63	11.52	3.85	-4.0	9.79	8.74	10.94	9.66	-3.09

Source: Factsheet of FDI from 2000 to 2019 by DIPP

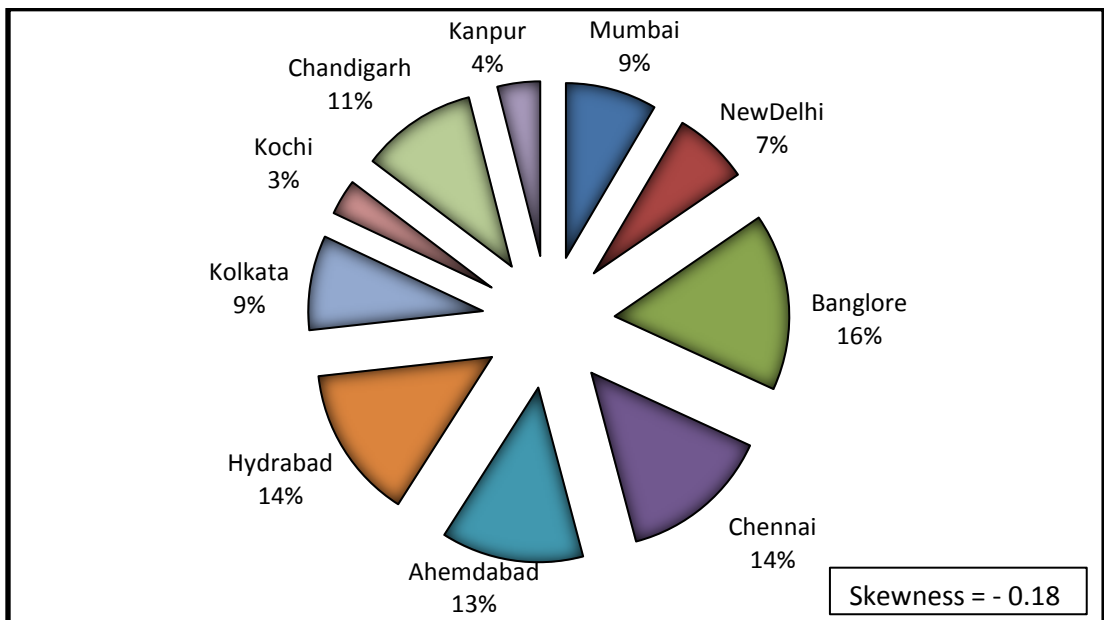
DNA: Data Not Available

Figure-3.5: MNCI inflow in the Various RBI Regions (Since 2008-09 to 2018-19) (in Million USD)



Source: Table-3.5

Figure-3.6: Placement of MNCI inflow in Various RBI Regions (Since 2008-09 to 2018-19)



Source: Table-3.5

In the table-3.5, only the top regions have been reckoned for analyzing the regional rate of FDI inflow. As per the records, Bangalore, Hyderabad and Kolkata have attracted FDI with a very higher rate from 2011-12. It also can be seen that during the General Election year of 2013-14 and 2018-19, the rate of growth declined.

In figure-3.5, it can be seen that Bangalore, Chennai, Ahmadabad and Hyderabad are attracting MNCI maximum in average and also register higher mean than SD in incoming MNCI during 2008-09 to 2018-19. Chandigarh, though, has the average MNCI inflow less than its incoming Variation in the same period because the Chandigarh region is covering that part of the state which is not very much liked by Foreign investors due to geological and political challenges (Roy, V.C., 2013).

In the figure-3.6, the placement of MNCI in various regions has been shown from 2008-09 to 2018-19. The maximum MNCI is evident in the Bangalore region with 16 percent and it is followed by Hyderabad and Chennai with 14 percent of Total MNCI placement in India. Kochi and Kanpur are the lowest in terms of attracting MNCI with a mere 3 percent and 4 percent, respectively.

Table: 3.6-Share of MNCI in Indian Economy

Year	GVA of India at Current price (Million US\$)	MNC investment in India at Current price (Million US\$)	Share of MNCI in Indian Economy
2000-01	428039	2463	0.5754148
2001-02	445781	4065	0.9118828
2002-03	473263	2705	0.5715638
2003-04	558504	2188	0.3917609
2004-05	646379	3219	0.498005
2005-06	751444	5540	0.7372472
2006-07	862970	12492	1.447559
2007-08	1115280	24575	2.203483
2008-09	1124690	31396	2.791525
2009-10	1259370	25834	2.051343
2010-11	1554730	21383	1.375351
2011-12	1691710	35121	2.076065
2012-13	1691390	22423	1.325714
2013-14	1712860	24299	1.418622
2014-15	1881520	30931	1.643937
2015-16	1920690	40001	2.082637
2016-17	2077750	43478	2.092552
2017-18	2402100	44,857	1.867408
2018-19	2459830	44,366	1.803621
CAGR of Share of MNCI in Indian Economy			6.2

Source: World Bank data and DIPP factsheet of FDI (June 2019)

The total share of MNC investment is approximately 2 percent of the Indian economy in the current time. It can be seen that during the year of General Election, MNC investment inflow has declined and during the period of Global Recession also, the MNCI dipped to slightly more than two percent. It shows that foreign investors are wary of political changes and in the wake of uncertainties; they feel that a change in government would affect the policy and profitability. The latest trend in India has been largely in line with the other major emerging market economies like China and Brazil, etc., which have witnessed a noticeable slowdown in their FDI inflows. While the global ranking of India in the *ease of doing business* has not improved much despite recent policy reforms, its high score in the OECD Regulatory Restrictiveness Index should also be a reason for concern. The index, which focuses on restrictions such as screening and approval requirements for FDI, restrictions on foreign key recruits, restrictions on repatriation of profits and Investment, etc., shows that India is not rolling out the red carpet for foreign investors.

3.6-MNCs: State-wise in India

After the adaptation of the LPG model in 1991 by the Central Government of India, several MNCs have been drawn to invest here and with improvement in foreign investment policies, India has become a favourite country for the MNCs to invest. In India, currently, 4765 MNCs are working in different states and its numbers are still increasing. The numbers of MNCs, which are working in India currently, are shown in table: 3.7.

Table-3.7: State-wise- the Number of MNCs along with their Respective Location

Serial Number	Name of state	No. Of MNCs	No. Of BSE listed MNCs
01	Andman and Nicobar	00	00
02	Andhra Pradesh	32	00
03	Arunachal Pradesh	00	00
04	Assam	00	00
05	Bihar	00	00
06	Chandigarh	20	00
07	Chhattisgarh	00	00
08	Dadra Nagar Havelli	00	00
09	Daman and Diu	00	00

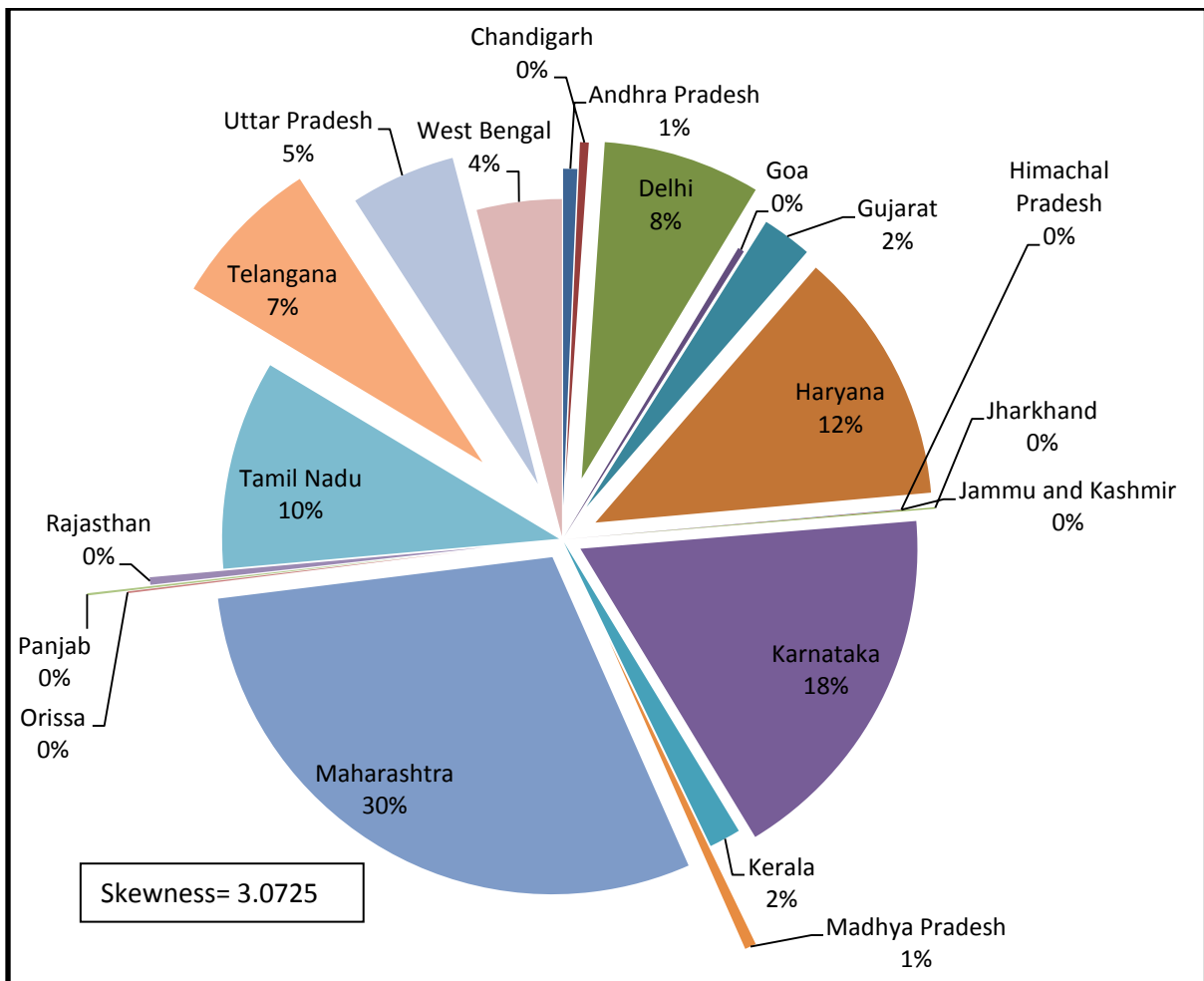
Serial Number	Name of state	No. Of MNCs	No. Of BSE listed MNCs
10	Delhi	359	01
11	Goa	15	00
12	Gujarat	114	02
13	Haryana	582	02
14	Himachal Pradesh	01	00
15	Jammu and Kashmir	01	00
16	Jharkhand	03	00
17	Karnataka	839	01
18	Kerala	72	00
19	Laxyadeep	00	00
20	Madhya Pradesh	26	00
21	Maharashtra	1411	08
22	Manipur	00	00
23	Meghalaya	00	00
24	Mizoram	00	00
25	Nagaland	00	00
26	Orissa	04	01
27	Pondicherry	00	00
28	Panjab	05	00
29	Rajasthan	17	00
30	Sikkim	00	00
31	Tamil Nadu	477	03
32	Telangana	346	03
33	Tripura	00	00
34	Uttar Pradesh	240	00
35	Uttarakhand	00	00
36	West Bengal	194	00
37	India	4765	22

Source: *fundoodata.com*¹ (as on April 2017)

Maximum numbers of MNCs are investing in Maharashtra (1411), Karnataka is the second favourite state of foreign investor (839) and Haryana is third (582). There are 240 MNCs that have invested in the economy of Uttar Pradesh currently but no MNC is BSE listed. In the above table, it also seems that many states like Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Uttarakhand and in North-East state: Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, and also in central territories: Andaman-Nicobar, Dadra Nagar-Haveli, Daman-Diu, Laxyadeep and Pondicherry, no MNC is working.

¹ It is an online company information provider in India.

Figure-3.7: State-wise Location of the MNCs



Source: Table-3.7

Figure-3.7 shows the state-wise percentage of MNCs based but the meaning of Zero percent in this figure is not for zero; it means that there is only one MNC based in that respective state. The highest percent is for Maharashtra, where 30 percent MNCs of the country is based and working. Uttar Pradesh has 5 percent of the entire MNCI.

Objective wise, economically developed states have attracted a bigger share of MNC investment inflows in India. The top six Indian states in this league are Maharashtra, Delhi, Karnataka, Tamil Nadu, Gujarat and Telangana which together accounted for approximately 70 percent of the MNCI inflows in India. *Dunning* (1993) suggested that MNCs are usually embarked upon locations that have natural resources and interconnected transport and communication infrastructure, tax and other friendly factors. It is also habitually argued that regions with a more established industrial base are obvious magnets for MNCI (*Luo et al. 2008*). In the Indian context, *Siddharthan*

(2006) found that the states with higher industrial production are attracting high levels of MNCI. The location choice by MNCs has been influenced, to a large extent, by the availability of non-material intensive assets, mainly determined by the remarkable growth of the services sector, particularly knowledge and information-oriented services (*Dunning, 1998*).

Section-2

3.7- MNCs in Uttar Pradesh

As per the data reckoned till April 2017, 240 MNCs have invested in Uttar Pradesh. Table-3.4 tabulates the number of MNCs along with the industry in which they have invested and are presently working in Uttar Pradesh.

Table-3.8: Number of MNCs Working under Industries in UP

Sr. No.	Industry	Numbers of MNCs
1	Advertising media	11
2	Automobiles and auto ancillaries	9
3	Insurance	5
4	Cement and stone	1
5	Chemical	4
6	Construction and infrastructure	4
7	Consulting	15
8	Home appliances	5
9	Currier	1
10	E-commerce	2
11	Electrical & electronics	9
12	Engineering (Machinery, Instruments)	18
13	Environmental engineering	1
14	Export-import	1
15	Dairy products	1
16	Educational training	1
17	IT (software)	108
18	BPO	9
19	NGO	1
20	Stationery products	3
21	Paper publishing & printing	8
22	Pharmaceuticals, labs	11
23	Power & energy	2
24	Security	4
25	Telecommunications (mobile)	5
26	Airlines, Aviation	1

Source: fundoodata.com

In Uttar Pradesh, most MNCs are working in Information Technology (software) and in the IT industry, there are 26 industries where MNCs are investing and growing. Furthermore, the study enunciates that 2 MNCs have invested in the Power & Energy industry; 1 MNC in Airlines & Aviation Industry; and 1MNC, named "CARE INDIA", is working as an NGO.

The reason behind maximum MNCs investing in the IT sector is that Uttar Pradesh has a strong mix of young and technically trained professionals. Government institutes such as the IIT the IIM and the numbers of Business Schools are known to produce high-quality technical talent with diverse business skills. These professionals offer wage arbitrage to MNCs while maintaining high productivity rates. Lower labour outlay, inexpensive real estate, and the establishment of Software Technology Park (STPI) and SEZs in these cities are also important lure factors to invite IT MNCs' interests (Rastogi et al., 2015).

3.8- Analysis

Simple trend line method, time series Newey- West regression method is used for analysis in this chapter. The analytical period is 2000-01 to 2018-19 as secondary data provided by different government institutions. Several workers included in the data collation are working in industries based in Uttar Pradesh, State Gross Value Added, State Gross Invested Capital, MNCI and time have been used as variables. Deflator has been used for the analysis of the growth of all variables.

Deflator= [Current Value/Base Value]×100

Where;

Current Value = Value at the current year of a variable

Base value = Value in the base year of the respective variable

For measuring the State's economic development, the State's Gross Value Added is taken. Along with this the variables also include aspects like how employee engagement is increasing and the category of work available in all the MNCs based in Uttar Pradesh.

About the Model: Time Series Newey- West Regression

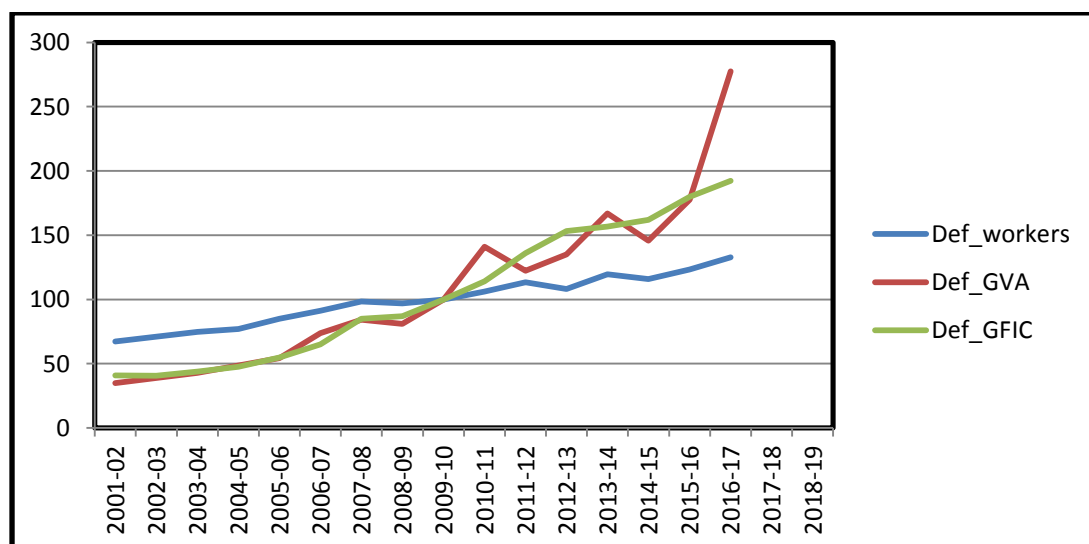
The Newey-West regression method uses the standard errors that result are called **Heteroskedasticity and Autocorrelation Corrected (HAC) Standard Errors**. Newey-West not only corrects for Autocorrelation but it also corrects for Heteroscedasticity (*AEA, Harvard, 2015*).

3.8.1 - Relationship among State's GVA, State's Gross Invested Capital (GIC) and the Workers working in MNCs in UP

The India KLEMS's (Capital, Labour, Energy, Material, Services) research project has included the procedures of economic growth, employment creation, capital formation and productivity at the industry level from 1980-81 onwards. The input procedures integrate the different categories of capital (K), labour (L), energy (E), materials (M) and services (S) inputs. A major advantage of growth accounts is that it is implanted in a clear analytical framework rooted in production functions and the theory of economic growth. It provides a conceptual framework within which the relations between variables can be analysed. This mechanism is of essential importance for policy evaluation. (*Timmer et al., 2007*)

The GVA (Gross Value Added) is defined as the value of output less than the value of intermediate consumption. And, the State's Gross Invested Capital is that capital which is invested in all sectors of the economy. Workers are working in Industries of different organised sectors. All three variables are being presented in the next figure (figure-4.4) which also shows their growth path.

Figure-3.8: Path of Workers Engaged, GVA and GFIC in UP



Source: The RBI Handbook of Statistics on States 2019

In figure 3.8, it can be seen that during 2001-02 to 2018-19, the workers' engagement in the industries is increasing as GIC is increasing and with all these two, GVA is rising; it means a strong relationship is sustained among these three.

Table-3.9: Correlation among GVA, Workers engaged in Industries and Invested Capital in UP

Correlation (observations=16)	GVA	Worker (industries)	Invested capital
GVA	1.0000		
Worker (industries)	0.9367	1.0000	
Invested capital	0.9366	0.9696	1.0000

Source: The RBI Handbook of Statistics on States, June 2019

In table 3.9, it can be seen that there is a sustenance of strong positive relationships among GVA, workers engaged in Industries and Gross Capital Invested in UP.

3.8.2 - MNCI in Uttar Pradesh

Uttar Pradesh is divided into two zones for calculating the inflow of MNCI and these are the Delhi Zone and Kanpur Zone. The zones have been defined by the Department of Industrial Policy and Promotion. Kanpur Zone covers all UP and Uttarakhand except NOIDA, Greater NOIDA, Ghaziabad, Gautam Buddha Nagar. Whereas the Delhi Zone covers part of Haryana, entire Delhi and all that part of UP which have not been covered in the Kanpur Zone. So, in this study, to see the impact of MNCI on the economic development of Uttar Pradesh, MNCI of both Zones has been taken as the aggregate. The data has been presented in the table-3.10.

Table 3.10: MNCI Inflows in Uttar Pradesh (in both Zone Delhi and Kanpur)

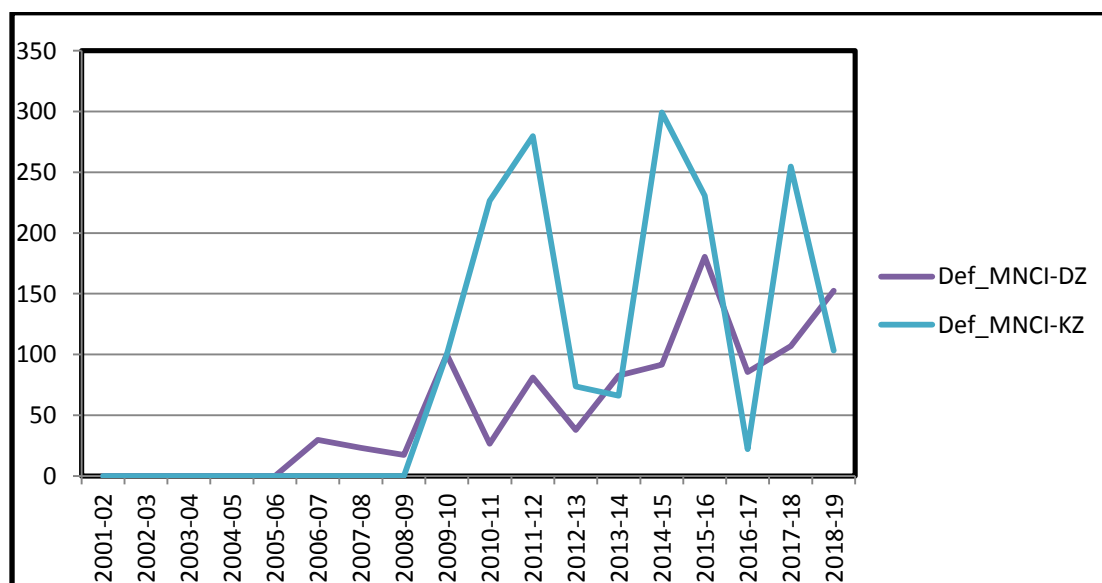
Financial years	MNCI Inflows into Delhi Zone (DZ) (In INR crores)	Deflator MNCI-DZ	MNCI Inflows into Kanpur Zone (KZ) (In INR crores)	Deflator MNCI-KZ
2006-07	13656	29.56036106	NA	
2007-08	10637	23.02530467	NA	
2008-09	7947	17.20241574	NA	
2009-10	46197	100	227	100
2010-11	12184	26.37400697	514	226.4317181
2011-12	37403	80.96413187	635	279.7356828
2012-13	17490	37.85960127	167	73.56828194

2013-14	38190	82.6677057	150	66.07929515
2014-15	42252	91.46048445	679	299.1189427
2015-16	83288	180.2887633	524	230.8370044
2016-17	39482	85.4644241	50	22.02643172
2017-18	49366	106.8597528	578	254.6255507
2018-19	70485	152.5748425	234	103.0837004

Source: Fact sheet on FDI by DIPP (various since March 2005 to June 2019)

Table 3.10 scales the MNCI inflows during 2006-07 to 2018-19 but during 2006-07 to 2008-09, the data of MNCI in Kanpur Zone has not been provided by the DIPP or the RBI. In the figure-43.9, the relation path is shown between MNCI in Delhi and Kanpur Zone, deflator is used for analysis.

Figure-3.9: Flow Path of MNCI into Delhi Zone (DZ) and Kanpur Zone (KZ)



Source: Table-3.10

In the figure-3.9, it is seen that inflow in the DZ is much more consistent as compared to the inflow in the KZ. The path of both the zones shows that both the zones are not following each other for inflows of MNCI. The flow of MNCI into Delhi Zone is much higher than that of the Kanpur Zone because Delhi Zone is an area of the National Capital whereas Kanpur Zone covers those areas where infrastructure and other local facilities are not available for investment.

Table-3.11: MNCI Inflow Correlation between DZ and KZ

Correlation (observations=10)	MNCI-Delhi Zone	MNCI-Kanpur Zone
MNCI-Delhi Zone	1.0000	
MNCI-Kanpur Zone	0.1013	1.0000

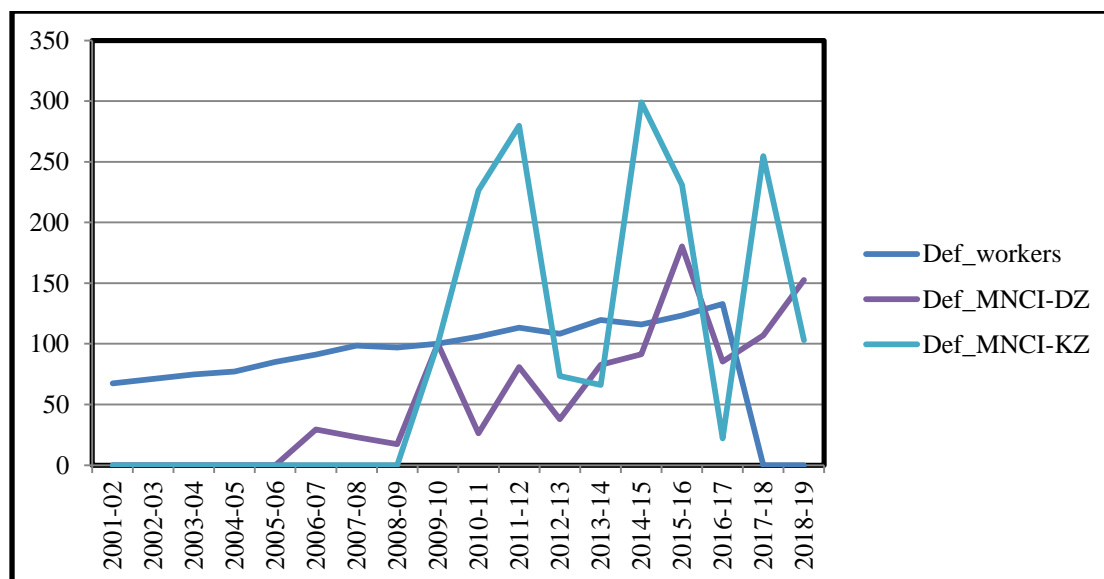
Source: Table-3.10

It can also be seen from the correlation table that there is not a significant correlation between the MNCI inflows in both zones. To see the correlation between both zones, data is taken from 2009-10 to 2018-19. The trend path of MNCI Delhi and Kanpur Zone reveals that the stability of the inflow of MNCI is much better in the DZ than in the Kanpur Zone because of Kanpur Zone there are so many political, social and infrastructural problems which are deterrents for the foreign investors.

3.8.2.1: Relationship among Workers Engaged in all Industries, MNCI inflow into both zones

The relationship between the workers engaged in industries in both the zones and the inflow of MNCI is also haywire. Figure-3.10 shows that there is also not a very strong relationship between these three.

Figure-3.10: Relationship between the Workers and MNCI Inflow in DZ & KZ



Source: The RBI Handbook of Statistics on States, June 2019, and Factsheet of FDI by DIPP, June 2019.

Table-3.12: Correlation among workers engaged in the industries and MNCI of both zones

Correlation (observations=08)	Workers(industries)	MNCI-Delhi Zone	MNCI-Kanpur Zone
Workers(industries)	1.0000		
MNCI-Delhi Zone	<i>0.4226</i>	1.0000	
MNCI-Kanpur Zone	<i>-0.1880</i>	<i>0.1877</i>	1.0000

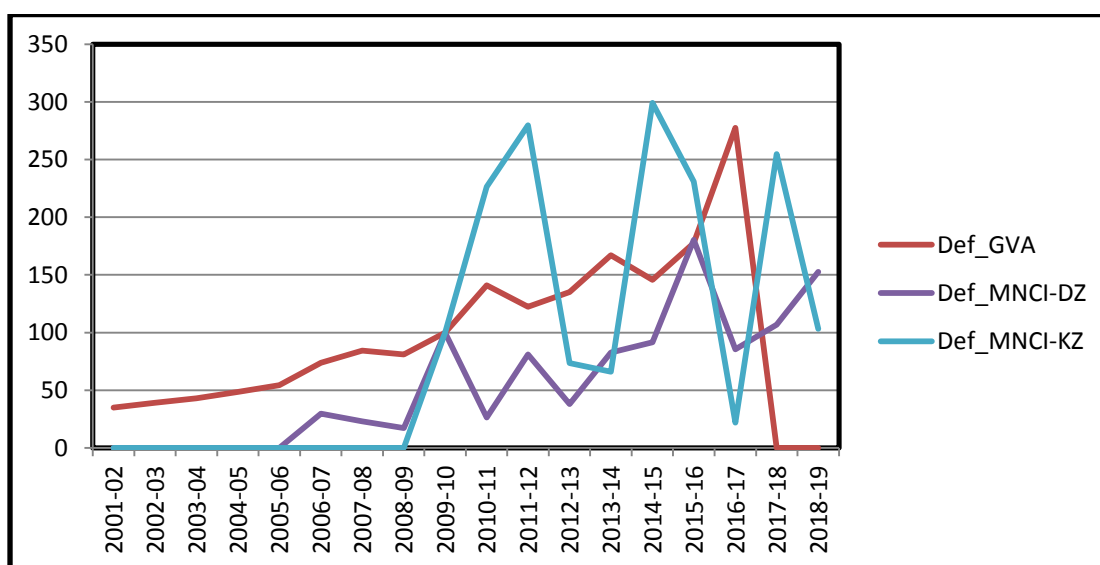
Source: The RBI Handbook of Statistics on States, June 2019, and Factsheets of FDI by DIPP (various).

Table-3.12 shows that there is a positive relationship between workers engaged in industries with MNCI inflow in Delhi Zone and negative with Kanpur. But the relationship between the three is not statistically significant. This means that the workers that are engaged in industries are raising but the MNCI inflow in both zones is not increasing effectively.

3.8.2.2: Relationship between the State's GVA and MNCI

It is seen that GVA is increasing consistently, but MNCI in both the zones is not. Figure-4.7 shows the relation between the State's GVA and MNCI of both the zones. Deflator is used for showing the growth of all time variables.

Figure-3.11: Path of GVA, MNCI-Delhi Zone (DZ) and MNCI-Kanpur Zone (KZ)



Source: The RBI Handbook of Statistics on States, 2019 and Factsheet of FDI by DIPP (various).

The degree of correlation is also shown in table- 3.13 and for this the data has been outsourced from 2009-10 to 2016-17.

Table-3.13: Correlation among GVA, MNCI-Delhi Zone and MNCI-Kanpur Zone

Correlation (Observations=08)	GVA	MNCI-Delhi Zone	MNCI-Kanpur Zone
GVA	1.0000		
MNCI-Delhi Zone	<i>0.1816</i>	1.0000	
MNCI-Kanpur Zone	<i>-0.4308</i>	<i>0.1877</i>	1.0000

Source: The RBI Handbook of Statistics on States, 2019 and Factsheet of FDI by DIPP (various)

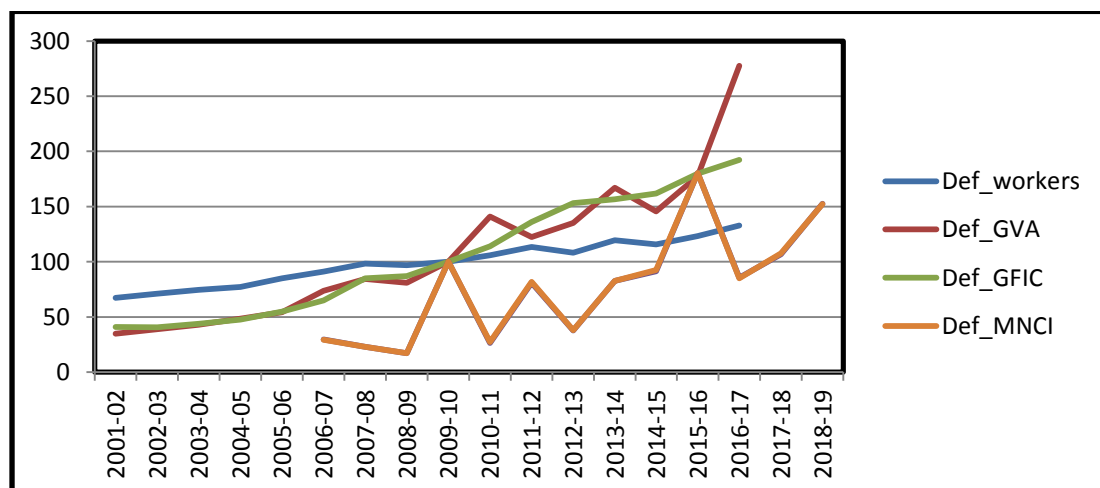
There is a positive relationship with the MNIC Delhi zone and negative with Kanpur but in between both the zones, the degree of correlation is not statistically significant.

3.8.2.3: The Impact of MNCI on the State's Economic Growth

To see the impact of MNCI, the flow of both zones has been added to each other and made into a single variable because MNCI in Kanpur zone is much smaller and can be merged with the Delhi zone. Now a new variable *MNCI_investment* has been formed and reckoned for analysis. It is imperative to note that this new variable represents the whole area of Uttar Pradesh, Uttarakhand, Delhi and part of Haryana. This is done because the Kanpur Zone on its own as a variable could not cover the entire Uttar Pradesh and Delhi zone has that part of Uttar Pradesh which covers the high investing area for MNCI.

Thus, a new picture of the relationship of GVA, workers engaged, GIC (*invested_capitli*) and MNCI (*MNC_Investment*) has been framed. The degree of correlation is shown in the next table (table-3.14).

Figure-3.12: Flow Path of GVA, Workers engaged, GFIC and MNCI



Source: The RBI Handbook of Statistics on States, 2019 and Factsheet of FDI by DIPP (various)

Table-3.14: Degree of correlation among GVA, Workers engaged, GFIC and MNCI

Correlation Δ (Observations=11)	GVA	Worker	GFIC	MNC_invtmnt
GVA	1.0000			
Workers	<i>0.9371</i>	1.0000		
GFIC	<i>0.8793</i>	<i>0.9631</i>	1.0000	
MNC_investment	<i>0.4880</i>	<i>0.6542</i>	<i>0.6627</i>	1.0000

Source: RBI Handbook of Statistics on States, June 2019 and Factsheet of FDI by DIPP (various).

In table-3.14, it can be seen that MNCI Investment has a positive relationship with all the other variables, but with GVA it has no statistically significant relationship although, with the other two MNCI, it has a statistically significant relationship but not a strong one.

Table-3.15: Share of MNCI in Uttar Pradesh

Years	Economy of UP (In Million USD)	MNCI in KZ and DZ aggregate (In Million USD)	MNCI inflow in KZ (In Million USD)	Share of MNCI in UP	Share of MNCI of KZ in UP
2011-12	151000	38038	635	25.19072848	0.420529801
2012-13	151040	17657	167	11.69028072	0.110566737
2013-14	155430	38340	150	24.66705269	0.096506466
2014-15	165460	42931	679	25.94645231	0.410371087
2015-16	173730	83812	524	48.24267542	0.301617452
2016-17	186070	39532	50	21.24576772	0.026871607
2017-18	213550	49944	578	23.38749707	0.270662608
2018-19	213780	70719	234	33.08026944	0.109458322
CAGR				3.86	-15.49

Source: India Brand Equity Foundation and Factsheet of FDI by DIPP (Various)

In above table, the share of MNCI in Uttar Pradesh is being presented. In the table, it is seen that the share of MNCI in KZ region is declining and it is negative while MNCI of aggregate of both zones KZ and DZ, are rising with CAGR 3.86. KZ is facing this due to lack of infrastructure and bad law and order.

3.8.3: Testing of the Problem of Unit-root in the Variables

To conduct the test of the problem of Unit-root in the variables Interpolated Dickey-Fuller test is used and that has been enumerated in table-3.15. For the test of Unit-Root problem, there is a hypothesis:

H_0 : Time variable is having problem of unit root; this means that there is non-stationary behaviour.

Table-3.16: Interpolated Dickey-Fuller test for Stationary

Variables	Test Statistics (Zt)	Critical Value at 5%	Number of Observations	H0: Non-stationary	Results
Workers	3.363	-1.950	15	Rejected	Stationary
GVA	2.661	-1.950	15	Rejected	Stationary
Invested_capital	5.555	-1.950	15	Rejected	Stationary
MNC_investment	-0.468	-1.950	12	Accepted	Non-stationary
Δ MNC_investment	-6.352	-1.950	11	Rejected	Stationary

Source: The RBI Handbook of Statistics on States, June 2019 and Factsheet of FDI by DIPP (various).

During the testing unit root problem in MNCI, it was found to be non-stationary. Hence, to convert it into stationary, the first difference is used.

3.8.4: Regression Analysis

To see the impact of MNCI on GVA of Uttar Pradesh, a time series Regression with Newey-West standard error is used.

The Model

$$GVA = \beta_1 \text{workers} + \beta_2 \text{Gross Invested Capital} + \beta_3 \Delta \text{MNC_Investment} + \mu$$

Where,

β = coefficient (slope) of workers engaged in Industries based in Uttar Pradesh

β = coefficient (slope) of the Gross Invested Capital into Uttar Pradesh

β = coefficient (slope) of Δ MNCI

Δ = First difference of MNCI inflow

μ = observational error

Table- 3.17: Regression Result

Dependent Variable	Maximum Lag	F(3, 7)	Probability > F	Number of Observations		
GVA	0	167.34	0.0000	10		
Independent Variables	Coefficients	Newey-West Standard Errors	t - Value	P-Value	[95% Conf. Interval]	
					Min.	Max.
Workers	-0.0864589	0.1535703	-0.56	0.591	-0.4495949	0.2766771
GFIC	0.4084078	0.104549	3.91	0.006	0.1611886	0.655627
Δ MNC_investment	-2.193092	1.247037	-1.76	0.122	-5.141867	0.7556828

Source: The RBI Handbook of Statistics on States, June 2019, and Factsheet of FDI by DIPP (various).

Table-3.17 is showing the result of the regression analysis. The result shows that the model is statistically significant at one percent of the level of significance with zero lag. The period of the analysis is from 2005-06 to 2016-17. During 2017-18 to 2018-19 data of GVA and other variables are not available, so this period is not used to determine the results. In the respective model, it also seems that MNCI is not statistically significant for the economic growth of Uttar Pradesh and the variable of workers engaged in industries is also not statistically significant. But GFIC is statistically significant at One percent of the level of significance. The latest trend in Uttar Pradesh has been mostly in line with the other major emerging States' economies like Maharashtra and Karnataka, etc., which have witnessed a noticeable decline in their MNCI inflows.

State Level Obstacles are responsible for insufficient MNCI inflow in Uttar Pradesh. Taxes adversely impact economic growth. Differential sales and excise taxes on small and large companies are a deterrent to MNCs' investment. Other major state-level bureaucratic issues include land use and environmental policies. There is also the authoritarian burden of other forms of long delays in getting new connections from public sector utilities, frequent visits by government inspectors, and the payment of bribes to avoid bureaucratic red tape. The poor condition of Uttar Pradesh's infrastructure, in respect of insufficient power, poor roads and an overburdened rail

system make it difficult for any MNC to produce and deliver goods and services in an efficient manner. Although the government of Uttar Pradesh has achieved some success in expanding and developing infrastructure, a significantly higher level of investment will be necessary to develop and maintain infrastructure commensurate with international standards (*Mondal., P.*, 2018).



Chapter-4
Policy, Uncertainty and
MNCs Investment



Chapter-4

Policy, Uncertainty and MNCs Investment

4.1- Introduction

Improvement of MNCI (FDI) policies in India, especially after the liberalization of 1991, has played a massive role in the increased inflows. The historical MNCI developments show how a government can plan with its MNCI policy to strengthen domestic firms, develop core industries, protect areas of national interest and still ensure efficient flow of inward MNCI. The general picture of MNCI developments in India, from its independence until now, depicts critical key lessons that can be learnt for other developing economies. These are chronicled for the exhaustive analysis below:

Firstly, India's experience shows that market size does not matter in determining the levels of inward MNCs' investment. Despite its massive market, foreign investors stopped their business in India when they thought that unfriendly government policies would damage their profit-making competence and limit their business supremacy to a large scope. However, more policy reforms and relaxations have a negative outcome. This implies that the economies can get a boost, regardless of their size, only if the respective governments are capable of coming up with capable MNCI policies that would maximize the levels of inflows while ensuring that MNCs presence does not create a problem in the markets and pressurizes the existence of domestic firms.

Secondly, the developing economies should try to find the support of international institutions and experts, if needed, to speed up their reforms and catch up with other economies that are succeeding in this direction. Access to development programs helped India to reach this stage.

Thirdly the import substitution policies can aid the development of infant local industries and domestic firms in the short run. Policies that are set at the objective of the establishment of a strong local base proved to be appreciably important. However, this approach is not meaningful in the long-run. Exposure to competition and not government protectionism measures eventually help the local companies to catch up

with their foreign counterparts in terms of technology, efficiency, knowledge and expertise.

Fourthly, India's knowledge implies that the process of MNCI liberalization ought to follow a practical pattern rather than a hasty one. The relaxation of policies should be planned and occur systematically, because if they emerge in response to a severe crisis, it may limit the bargaining and negotiation power of a government if required.

4.1.1-About the Present Chapter

In Chapter-3, we found that there is a statistically insignificant impact of MNCI in the economic development of Uttar Pradesh. Chapter 4 is based on the first objective of the present research which is to assess the investment policy to attract MNCs in favour of the economic development of Uttar Pradesh. In this chapter, secondary evidence used for the analysis of the policies have been taken from the FDI fact sheet of Department of Industrial Promotion and Policy, Consolidated FDI policy 2018, List of Treaties, Ministry of Commerce and Industry, the Government of India (January 2019), India Risk Survey, Pinkerton Corporate Risk Management and the Federation of Indian Chambers of Commerce and Industry (FICCI) 2018 and www.PolicyUncertainty.com (January 2020).

4.1.2- Plan of the Chapter

This chapter focuses on the MNCI (FDI) policy of India and the Investment Policy of Uttar Pradesh. In the first section, India's MNCI policy is discussed and in section-2, the Investment Policy of Uttar Pradesh is discussed. In the third section, the Company Act of India and Social Development has been discussed. In the fourth section, the study closely examines the factors that are most important to reckon for policy formulation to generate an investment climate in the economy. In the last and the fifth section, the chapter dissects how policy uncertainty is plaguing the MNCI in India and Uttar Pradesh.

Section-1

4.2- MNCI (FDI) Policy of India

It is the objective to attract and encourage MNCI to supplement domestic capital, technology and skills for boosting economic growth. MNCI has the connotation of

establishing a 'durable interest' in a venture that is resident in a country other than that of the investor.

The Government has set in place a policy framework on MNCI which is transparent, predictable and easily comprehensible. This framework is alive in the Circular on Consolidated MNCI Policy to keep pace with the regulatory improvements, effected in the interregnum. The Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, Government of India makes policy pronouncements on MNCI through Press Notes which are notified by the RBI as amendments to the FEMA, 2000. These press notes go into operation from the date of the issue of Press Notes. In case of any conflict, the relevant FEMA Notification will have prevailed. The procedural directions are given by the RBI vide A.P. Circulars.

4.2.1- Eligible investors

A non-resident entity can invest in India, subject to the MNCI Policy, except in those activities which are prohibited. However, a citizen of Bangladesh and Pakistan or an entity incorporated in the same country can invest under the Government route only.

4.2.2- MNCI in LLPs is permitted subject to the following conditions:

- a. MNCI is permitted under the automatic route in the Limited Liability Partnership (LLPs) operating in sectors where 100 percent MNCI is allowed through the automatic route and there are no MNCs' investment-linked performance conditions.
- b. LLP in sectors in which 100 percent MNCI is permitted under the automatic route and there are no MNCs' investment-related performance conditions.
- c. The conversion of a company having MNCI and operating in activities where 100 percent MNCI is permitted through the automatic route and there are no MNCs' investment-related performance conditions, into an LLP is permitted under the automatic route.
- d. MNCI in LLP is subject to the compliance of the conditions of LLP Act, 2008.

Table-4.1: Activities under the respective Ministries or Departments, the Government of India

S No.	Activity	Administrative Ministry/ Department
I	Mining	Ministry of Mining
II	Defence	Department of Defence Production, Ministry of Defence
	a Items requiring Industrial Licence under the Industries (Development & Regulation) Act, 1951, and/or Arms Act, 1959 for which the powers have been delegated by the Ministry of Home Affairs to DIPP	
	b Manufacturing of Small Arms and Ammunitions, under Arms Act 1959	Ministry of Home Affairs
III	Broadcasting	Ministry of Information & Broadcasting
IV	Print Media	
V	Civil Aviation	Ministry of Civil Aviation
VI	Satellites	Department of Space
VII	Telecommunication	Department of Telecommunication
VII	Private Security Agencies	Ministry of Home Affairs
IX	Applications involving investments from Pakistan and Bangladesh	
X	Trading of Single and Multi-brand and Food Product retail	
XI	MNCI proposals by Non-Resident Indians (NRIs) or Export Oriented Units requiring approval of the Government	Department of Industrial Policy & Promotion
XII	Applications relating to issues of equity shares under the MNCI policy under the Government route for import of capital goods/machinery or equipment (excluding second-hand machinery)	
XIII	Equity shares for pre-operative or pre-incorporation expenses	
XIV	Financial services activities which are not regulated by any Financial Sector Regulator	Department of Economic Affairs
XV	Foreign investment into a Core Investment Company or an Indian company engaged only in the activity of investing in the capital of other India Company(ies)	
XVI	Banking (Public and Private)	Department of Financial Services
XVII	Pharmaceuticals	Department of Pharmaceutics

Source: Consolidated FDI policy 2018 (DIPP-MCI-GOI)

The government has recently made changes to the MNCI policy regime by enhancing MNCI limits in various sectors. The MNCI limit in various sectors is not uniform. MNCI is also allowed through two different routes, namely, Automatic and the Foreign Investment Promotion Board (FIPB). In the automatic route, foreign individuals do not need the prior approval of the government to invest. However, they have to report to the RBI about the amount of investment within a predetermined period. In specific activities, MNCI is through the FIPB or the Government route where the FIPB has to approve each MNC's investment.

Section-2

4.3- Investment Policy of Uttar Pradesh

The Investment Policy of the Government of Uttar Pradesh (2012 and 2017) attempts to place the organised sector on a higher growth trajectory and is a step in the right direction. It sends signals that the state government is very enthusiastic to create an enabling environment for the organised sector to flourish. However, given that the constitutional provision governing India's federal structure designate control over a range of aspects of regulatory policy to state governments, the creation of a favourable investment atmosphere at the state level is imperative. By that logic, the original action has moved to the state level.

4.3.1- Vision

To set up Uttar Pradesh as the most favourite destination for investment by attracting investors, thereby boosting economic growth and creating vast employment opportunities, resulting in a qualitative improvement in the living standards of the people. Boosting economic growth needs skilled and trained manpower.

4.3.2- Objectives of the Investment Policy of Uttar Pradesh

It is proposed to gain the following objectives by the New Infrastructure and Industrial Investment Policy:

- a. To achieve an industrial development, the growth rate of 11.2 percent per annum, aligned with the target of 10 percent per annum growth in the State Gross Domestic Product (SGDP) as envisaged in the Twelfth Five Year Plan.

- b. To accelerate industrial development in the State.
- c. Creation of congenial industrial environment and high-end infrastructure facilities to attract investment in the State.
- d. To further strengthen the existing industrial capacity in the State.
- e. To create new employment opportunities across all economic sectors.
- f. Eradicating regional industrial imbalance by uniformly extending the benefits of investment to all geographical areas of the state.
- g. Qualitative enhancement of skill and capacity of human resources of the state.

4.3.2.1- Strategy

- a. Developing infrastructure facilities.
- b. Improving the industrial environment.
- c. Encouraging Micro, Small and Medium Enterprises (MSMEs).
- d. Financial incentives and exemptions to attract investment.
- e. Developing the skill and capacity of human resources to enhance their employability.
- f. Formulation of special policies for the promotion of thrust areas.

4.3.2.2- Implementation and Monitoring of the Policy

- a. Time-bound implementation of the policy will be ensured by the issuance of required Government Orders and rules, etc., by the departments concerned.
- b. Implementation of the policy will be regularly monitored by a High-Level committee constituted for this purpose.

4.3.3- Special Economic Zones

Special Economic Zones (SEZs) contribute to the state's economy by generating additional economic activity, promoting exports of goods and services, promoting investment from domestic and foreign sources and creating employment opportunities. Additionally, Noida Special Economic Zone (SEZ) is established by the Government of India and Moradabad SEZ set up by the State Government, a total of 19 SEZs have been notified by the state. In these Special Economic Zones, the Government of Uttar Pradesh aims to provide simplified clearances, world-class infrastructure and a stable fiscal regime to attract investments.

4.3.3.1- Industrial & Investment Regions (IIR) and Integrated Manufacturing Clusters (IMC)

With high access to the main markets, adequate supply of water and electricity, outstanding waste management system and recycling facilities, IIR gives the investors and the manufacturers the wonderful breeding ground. The Government of Uttar Pradesh plans to create such regions with the most developed infrastructure and outstanding facilities modified to suit the requirements of modern industries along major expressways such as Lucknow-Agra Expressway and major road networks of the state. On the lines of Noida & Greater Noida, Government of Uttar Pradesh plans to develop Lucknow-Kanpur, Kanpur-Allahabad and Varanasi-Allahabad zones and encourage industrial & investment regions and private industrial parks in these zones.

Three IMCs including Auraiya–Etawah-Kanpur Cluster, Allahabad-Varanasi Cluster and Agra-Aligarh Cluster have been identified along EDFC for boosting the manufacturing sector in the State. Dadri–Noida-Ghaziabad investment region will be developed with an objective for providing seamless connectivity and world-class facility to the Industrial units.

4.3.3.2- National Investment & Manufacturing Zones (NIMZs)

To maximize the contribution of the manufacturing sector in the state's economy, the Government of Uttar Pradesh intends to ensure speedy implementation of two National Investment & Manufacturing Zones in Jhansi and Auraiya under the provision of National Manufacturing Policy. Manufacturing industries set up in these NIMZs will provide the facilities mentioned in the National Manufacturing Policy of the Government of India. These amenities include Simplified business regulations; Incentives for technology acquisition and production; Adoption of pollution controlling equipment/machines/devices; Incentives for skill development initiatives by the private sector; Access to finance for Small and Medium Enterprises.

4.3.4-Employment Generation – Creating Opportunities

Accelerating employment growth is crucial for uplifting the socio-economic status of the citizens of the state that would help them to avail of higher standards of living.

Given the fact that the state is witnessing significant demographic growth with a growing working-age group, the Government of Uttar Pradesh intends to emphasize the creation of opportunities that would directly augment employment in the State. Towards this, the policy intends to offer the right environment, ensuring that these employment opportunities are inclusive and would reach all sections of the society & regions of the state. With special benefits for creating job opportunities in Bundelkhand, Poorvanchal and Madhyanchal regions of the state, the policy will also incentivize the industrial units, creating employment opportunities for both the skilled and the unskilled workers in these regions of the state.

4.3.5- Make in Uttar Pradesh – Leveraging the success of Make in India

The '*Make in India*' program of the Government of India has been able to draw global attention by driving investments, fostering innovation, developing skills, protecting Intellectual Property (IP) and building state-of-the-art manufacturing infrastructure. As a strategy to usher in industrial development in Uttar Pradesh and capitalise on the optimistic global sentiments generated by the progress of Make in India campaign, the Government of Uttar Pradesh will hold this landmark initiative and strive to implement it by launching a comprehensive program of '*Make in UP*'.

In lines with the 'Make in India' program, the 'Make in UP' program will take up a strategy that inspires, empowers and enables in equal measure in making UP a manufacturing center of India. In the direction of achieving this goal, the Government of Uttar Pradesh will implement the following-

- a. Creation of a dedicated Make in Uttar Pradesh Department.
- b. The Make in UP Department will recognise and create industry-specific State Investment and Manufacturing Zones (SIMZ) to spur manufacturing, generate employment, increase living standards and meet national & international trends of sustained growth.
- c. For enhancing the whole manufacturing chain in the recognised zones, the Government will guarantee necessary interventions in discussion with stakeholders in addition to the fiscal and non-fiscal measures to bring up in this policy.

Around one-fifth of India's population resides in Uttar Pradesh of which 60% are in the working-age group. The Government intends to reap the benefits of this huge demographic dividend for the industrial growth of the state by aligning the skills of this age group as per the current and future industry needs. This policy aims to create provisions for ensuring sector-specific high-quality manpower based on the *Principles of 5Es*: Education, Employability, Employment, Economy and Environment.

Section-3

4.5- Company Act of the Government of India and Social Development

The roots of CSR lie in humanitarian activities such as donations, charity, relief work, etc., of corporations. The concept of CSR has evolved globally and now encompasses all associated concepts such as triple bottom line, corporate citizenship, humanity, shared value, corporate sustainability and responsibility.

The Companies Act, 2013, introduces the thought of CSR while promoting higher transparency and disclosure. Schedule VII of the Act that indexes the CSR activities, recommends communities to be the focal point. On the other side, by discussing the relationship between company and stakeholders, integrating CSR into its center operations, the regulations advise that CSR requirements go beyond societies and the concept of philanthropy. It would be exciting to study how this would change into action at the ground level and how the perception of CSR is set to experience a change.

While India has an overall market responsive and liberal policy towards foreign investment, foreign capital still does not enjoy equally permeable access in all parts of the economy. Fairer unrestricted access to manufacturing is accompanied by the conspicuous lack of access to certain services and agriculture. India's foreign investment policy faces the critical challenge of the increasing right use of foreign capital to these segments for enhancing inward MNCs' investment.

India has been able to provide an enabling atmosphere to foreign investors in several aspects. Deep reforms in capital markets aided by a proficient regulatory architecture

have facilitated portfolio investments. Transfer and achievement of shares are taking place according to the investor-friendly procedure. Foreign exchange regulations have been associated with global standards consideration FEMA. But these facilitations require to be matched by a more open foreign investment policy for attracting MNCI inflows to a level higher than their current share of only 2 percent of India's GDP. A more liberal policy calls for a committed political consensus on foreign investment. Such a treaty has proved elusive so far. However, given that India's reforms have been permanent, notwithstanding political dispute, hopes of further reforms in foreign investment are not entirely unbelievable.

The last three decades have witnessed extensive growth in MNCI flows to India after accepting the *Rao-Manmohan* Model for the Indian Economy, also known as the *Model of LPG* or Liberalization of Economy.

Section-4

4.6- Factors that Attract Foreign Investors before Policy Implementation

Before the study of policy, it is important to peruse the factors that serve to be a catalyst in attracting the foreign investors and these include:

- A. Political stability, the safety of Investors, Legal framework and the role of Law in India and Uttar Pradesh
- B. International Agreements for Foreign Direct Investments in India

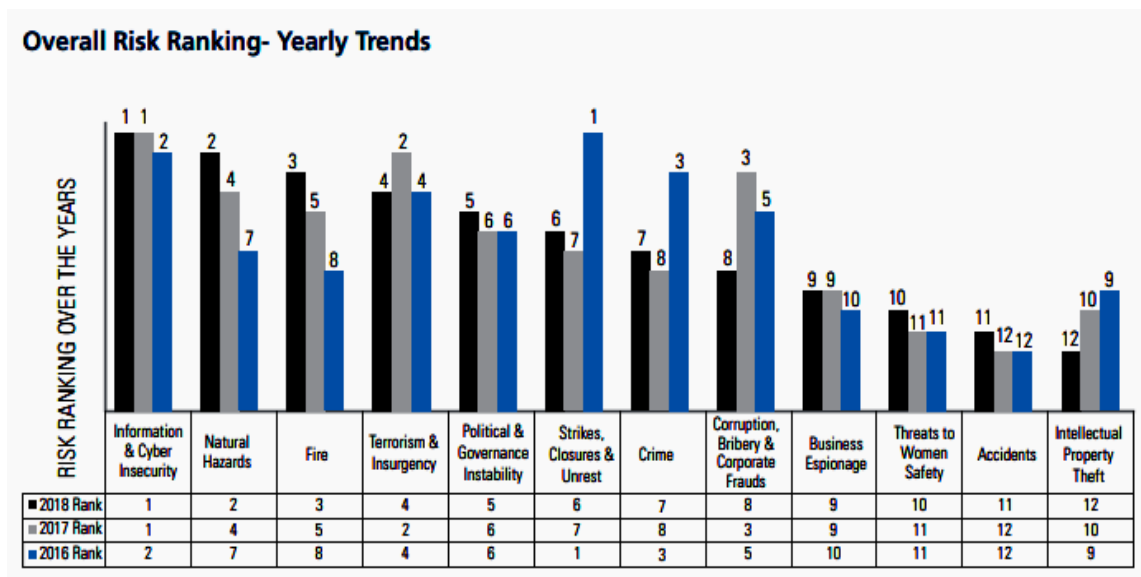
4.6.1- Political stability, the safety of Investors, Legal framework and the role of Law in India and Uttar Pradesh

12 different risks are considered in the India Risk Survey, which indicates the most significant threats to business operations and development in India. Each risk is measured individually, which gives a deeper and more efficient understanding, based on the Pinkerton Risk Wheel. The Pinkerton Risk Wheel frames risks into four classes and this assists the understanding of not only the different threats that can impact business stability but the co-connectivity of risks. Threats categorized in one risk area can eventually impact the other areas. The risks circle is separated into four parts:

- Hazard & Event Risks:** Natural hazards, terrorism & insurgency, crime, fire.
- Operational and Physical Risks:** Strikes and unrest, threats to women's safety, accidents, infrastructure risk.
- Market and Economic Risks:** Political and Government instability, corruption, bribery, and fraud, and legal regulatory risk.
- Technology and Information Risks:** Information and cyber insecurity, intellectual property theft, business espionage.

4.6.1.1-Three years Risk Ranking in India for Investment

Figure-4.1



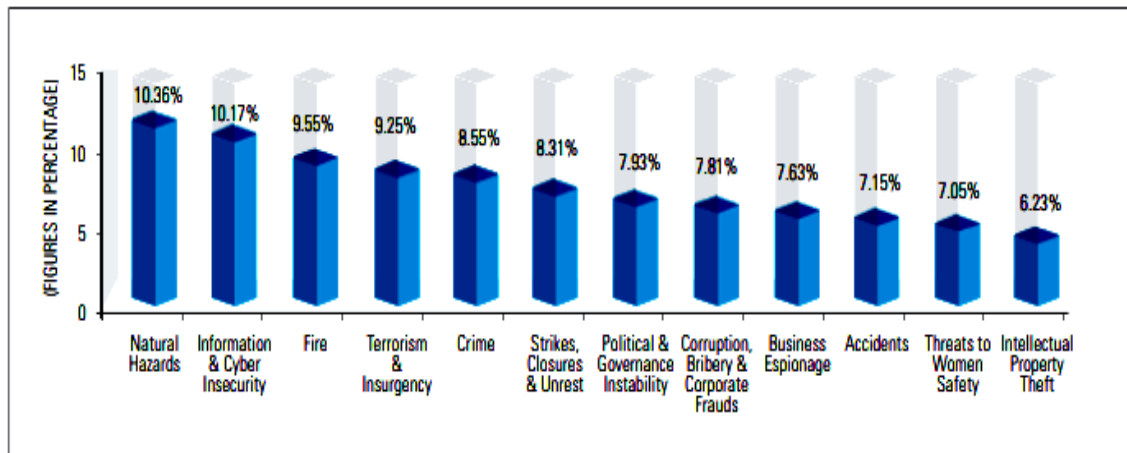
Source: India Risk Survey, Pinkerton Corporate Risk Management and FICCI- 2018

While analyzing the patterns for the prime risks that affect corporate India, it emerged that 'Information & Cyber Insecurity' is rated as the highest risk for another following year, whereas 'Natural Hazards', 'Fire', 'Terrorism & Insurgency' and 'Political & Governance Instability' are in all the highest five risks. The risk of 'Natural Hazards' saw an account of ever-rising occurrences all over the country. 'Threats to Women Safety' has ascended a scale upwards from the 11th position in 2017 to the 10th rank this year, as did the 'Accidents' to the 11th. 'Intellectual Property Theft' has taken the last position this year from its previous ranking of No. 10. It needs to be noted that each sector/industry has own respective concerns and hence the nature of the work may indicate the varying perception of risk.

4.6.1.2-Risk Ranking in North India for Investment

Figure-4.2

Risk Ranking – Northern Region



Source: India Risk Survey, Pinkerton Corporate Risk Management and FICCI- 2018.

In above figure, it can be seen that in North India, political and government instability, corruption and corporation frauds and business espionage are playing role in the economy with the rank; 7, 8 and 9 respectively.

4.6.2- International Agreements for MNCI in India, Central Government

Higher investment incentives accorded by the host governments and elimination of restrictions on operations of MNCs in their countries has also led to an ever-rising number of bilateral investment treaties (BITs) and regional agreements on investments. In this way, the question addressed by the study is how effective these government policies and investment agreements are in attracting MNCs' Investment. To answer this, the study examines how Government policy attracts the MNCs' investment.

The use of ideal treaties furthers the aim of facilitating the negotiations about the content of a BIT and consequently reduces the drafting and negotiation costs. Moreover, it is also intended at ensuring a certain level of equality concerning the standards governing the investment relations between the home state and varying host states and to make more believable commitments concerning MNCs. Uniform rules of investment protection save transaction costs in the drafting of BITs, stabilizes the

economy, reduces international conflicts and provides legal security to investors as well.

Investment treaties are agreements regarding a State's treatment of investments made by individuals or companies from another State. They are negotiated on a bilateral, multilateral and sectoral basis and maybe a standalone treaty or be part of a free trade agreement. The mainstream of these instruments holds provisions that permit for investor-state dispute settlement under the auspices of ICSID (International Centre for Settlement of Investment Disputes) or other alternative dispute resolution mechanisms.

India has entered into bilateral and regional Business Treaties over the years. Besides offering favoured tariff rates on the trade of goods between member countries, these Treaties also give for wider economic cooperation in the fields of business in services, investment, and intellectual property. The current environment of stalled multilateral negotiations has led to a spurt in regional trade Treaties and India too has moulded its foreign business policy to remain in sync with the shifting realities.

Business Treaties are arrangements by which countries provide privileged treatment to each other and aid greater ease of trade by the elimination of tariffs and other trade barriers. Business Treaties can be between two or more economies that mainly agree to reduce or remove tariff and non-tariff barriers on substantial trade between them. Formal Business Treaties may cover a spectrum of arrangements, from small margins of tariff preference to full-scale economic integration. Business Treaties can take several configurations which can be a Partial Scope Agreement (PSA), Free Trade Agreement (FTA), Customs Union (CU), Common Market or Economic Union. Typically, trade treaties aim to reduce trade barriers between the member countries which entail discrimination against trade with non-member nations.

Many studies on developed countries found business treaties to support MNCI inflows (Bae & Keum, 2013; Egger & Permayr, 2004; Grosse & Trevino, 2005; Guerin, 2011). Egger and Permayr (2004) used bilateral outward MNCI stock data from 19 OECD home economies and 57 host economies to show that business treaties exerted a positive and significant effect on outward MNCI of home countries in Business Treaties partner host countries, if the treaties were implemented. Grosse and

Trevino (2005) examined the impact of Business Treaties on MNCI in 13 countries of Central and Eastern Europe during 1990–1999 and found that foreign investors viewed Business Treaties as an assurance of equal treatment of foreign and domestic investors. Guerin (2011) finds that Business Treaties encouraged EU MNCI outflows up to 35 percent with a partner developing economy. Bae and Keum (2013), covering Korean investment, found Business Treaties significant and positive for outward MNCI but negative and insignificant for inward MNCs' Investment. Cardamone and Scoppola (2012) assess the impact of trade policies on the outward stocks of MNCI of the EU using a model based on the knowledge-capital theory of multinational enterprises over the period 1995–2008. The results show that Business Treaties in force had a significant and positive impact on the outward MNCs' investment. Neumayer and Spess (2005) find that the larger the number of Business Treaties negotiated, the better was the flow of MNCI inflows to the developing countries. Busse, Koniger, and Nunnemkamp (2008) say that business treaties did promote MNCI flows to developing countries and that they could also substitute weak domestic institutions. Büthe and Milner (2004) hypothesize that the greater the number of Business Treaties to which a developing economy was a party, the more attractive it was as an investment location. Pradhan (2011) finds the origin and growth of outward MNCI by emerging Chinese and Indian multinationals and examined the locational determinants of such investments. The study asserted that the MNCs like to choose for hosts with locational closeness, small size and high natural resource endowments.

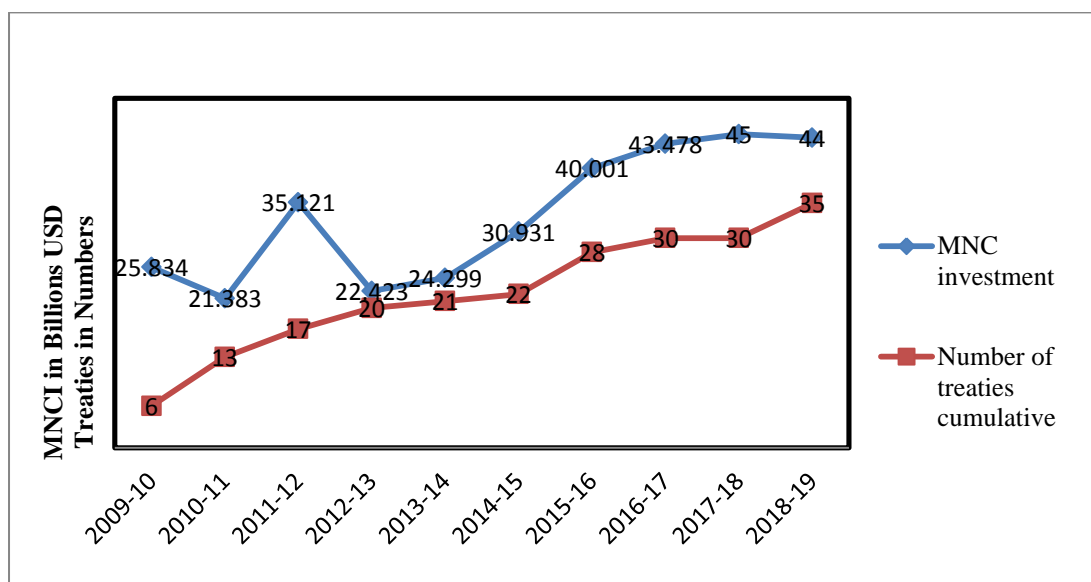
The trend of inflow of MNCI and numbers of investment treaties can be seen in table-3.1, in which it shows the relationship between both. The data is taken from 2005-06 to 2018-2019.

Table-4.2: MNCI inflow and Numbers of International Investment Treaties

Financial Years	MNC Investment (In Million US \$)	Numbers of Treaties During the Year
2009-10	25834	06
2010-11	21383	07
2011-12	35121	04
2012-13	22423	03
2013-14	24299	01
2014-15	30931	01
2015-16	40001	06
2016-17#	43478	02
2017-18#	44,857	00
2018-19#	44,366	05

Source: Factsheet of FDI, DIPP and List of Treaties, MCI, GOI (January 2019).

Figure-4.3: MNCI and International Investment Treaties of India



Source: Table-4.2

Table-4.3: Coefficient of Correlation between MNCI and Numbers of International Treaties

Coefficient of Correlation	MNC Investment	Numbers of Treaties
MNC Investment	1.00	
Numbers of Treaties	0.81	1.00

Source: Table-4.2

Figure-4.3 is showing that from 2005-06 to 2018-19 as the number of investment treaties is increasing, the MNCI is also increasing. In the current Indian Context, one positive impact of Business Treaties has been in the form of increased shipments of capital goods and industrial supplies from trade partner economies. This ultimately would have contributed to enhancing the productive capacity in the economy. Moving ahead, there is a need to focus on Business Treaties which would enable increased integration in the global value chains. The Business Treaties should also enable access to new markets for the products where the country enjoys a competitive edge over its peers. Another critical aspect is India's relative position in the Business Treaties which includes changing trade patterns, competitiveness, compliance cost and ease of doing business (*Misra R., and Choudhry S., 2020*)

Section-5

4.7- Policy Uncertainty and MNCI

Uncertainty is a key factor that affects the decision making of MNCs on many types of international business. However, the assortment of ways in which uncertainty has been defined and studied in the international business literature has contributed to a fragmented sight of MNC behaviour and of the role of uncertainty in global decision making.

Although uncertainty has been included in many studies on decision making within MNCs, the international business literature lacks clear distinctions between different magnitudes of uncertainty and frequently treats the concept inconsistently. Research distinguishes between environment and firm uncertainties, yet the magnitude used to capture such uncertainties varies among studies. This variation is challenging because it gives a contradictory outcome about MNCs' managerial abilities under uncertainty, impedes knowledge improvement and organized treatment of uncertainty, and shows an incomplete picture of the character of uncertainty acts in international decision making. The lack of clear distinctions among different magnitudes of uncertainty may result in confusing perceptions of the real environment and subsequently result in taking risky and baseless decisions (*Brouthers, 1995*).

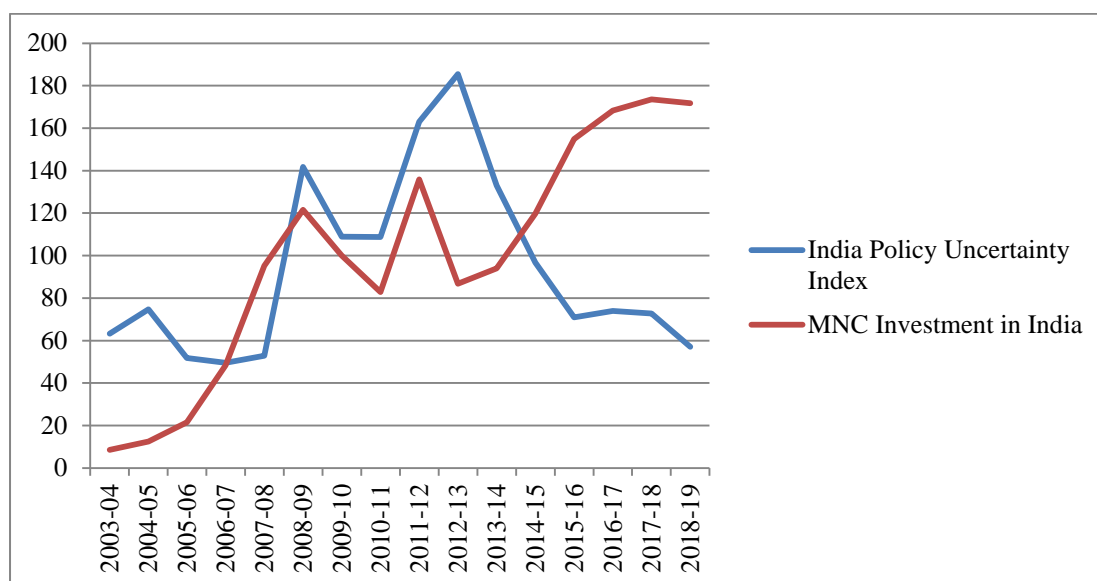
The deductibility of expenses leaves the choice of input undistorted is not good whenever an economic policy is associated with another uncertain determinant of input productivity. Such an association might be induced by the policy system itself or

might arise due to how the political process reacts to influence productivity. Firms in the energy sector tend to be harmed by policy uncertainty, while firms in consumer-related activities lean-to benefit from it. There is suggestive evidence that bears out that the government policy lean-to crackdown on companies, according to situations (Brusco, G., and Glass, B., 2018).

Baker et al. (2016) say that policy uncertainty has incremental power beyond real economic indicators to explain economic behaviour. Therefore, Investors should diversify policy uncertainty, the risk to moderate the stagnation of investment within an economy characterized by a higher uncertainty.

4.7.1- Policy Uncertainty and MNCI in India

Figure-4.4: MNCI under Uncertainty in India



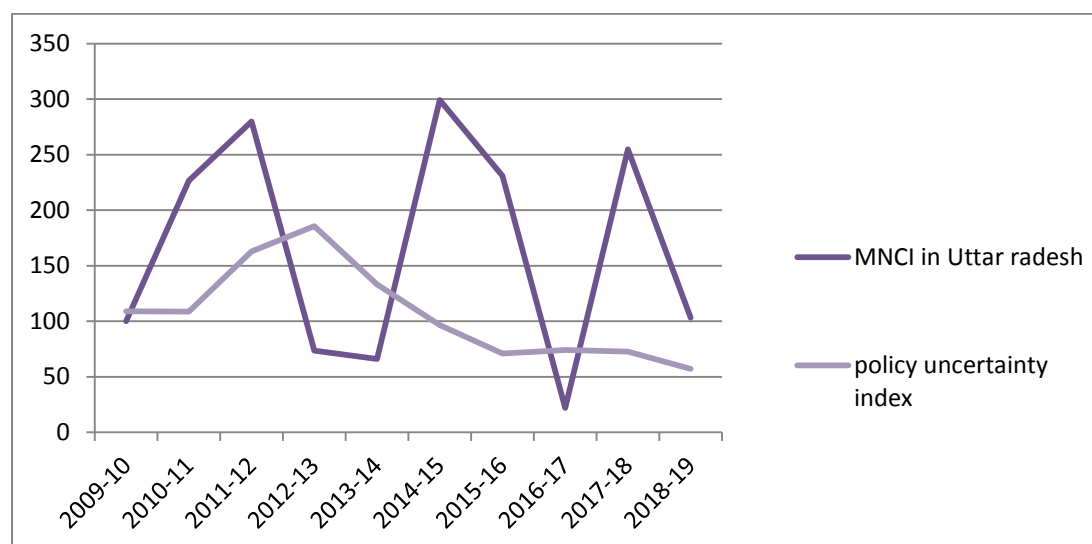
Source: www.PolicyUncertainty.com (January 2020) and Factsheet of FDI of DIPP (various)

The figure demonstrates the relationship between MNC investment in India and policy uncertainty. The deflator has been used for representation. During the pre-recession period (2003-4 to 2007-08) there was a huge gap between policy uncertainty and MNC investment inflow where MNC investment was very low and policy uncertainty was much higher. During that period, the political condition was not good enough, but the policies for economic development tried to be investor-friendly. During the period of recession, the gap between the two was very less and it was shown that the rate of MNC investment was increasing but due to the Global Depression, the policy uncertainty was higher than MNC investment. During the post-recession period till 2014-15, there was plenty of political imbalance and inflation in

the economy. This created uncertainty for foreign investors who were reluctant to invest in India. During recessions, governments aim to motivate investment through debt guarantees or direct financing at below-market rates. But these efforts may fail to achieve the required effect to the extent that policy uncertainty, which generally increases during a recession, reduces the compensation of investment to the cost of capital. Therefore, government officials need to reduce policy uncertainty to make government interventions successful (Drobotza, W., et al., 2017). But after, 2014-15, as the Central government was elected to power with a strong majority, the climate of uncertainty dissipated, thus giving an upsurge to MNC investment which has continued to date. The gap between both is in a positive manner where uncertainty is declining and MNC investment is rising.

4.7.2- Policy Uncertainty and MNCI in Uttar Pradesh

Figure-4.5: MNCI under Uncertainty in Uttar Pradesh



Source: www.PolicyUncertainty.com (January 2020) and Factsheet of FDI of DIPP (various)

The figure shows the relationship between MNCI in Uttar Pradesh and policy uncertainty. Deflator has been used for representation. In the figure, it seems that there is no significant relationship between both, but the policy uncertainty is going down, which is showing that there is a good opportunity for investment in Uttar Pradesh. From 2012-13 to till date, the policies are made in favour of the investors for investment. Lack of proper infrastructure and the laziness of responsible institutions is the main cause of less attraction of MNCI in Uttar Pradesh (Singh, S., 2004).



Chapter-5
CSR of MNCs and
Uttar Pradesh: A Case
Study of NOIDA



Chapter-5

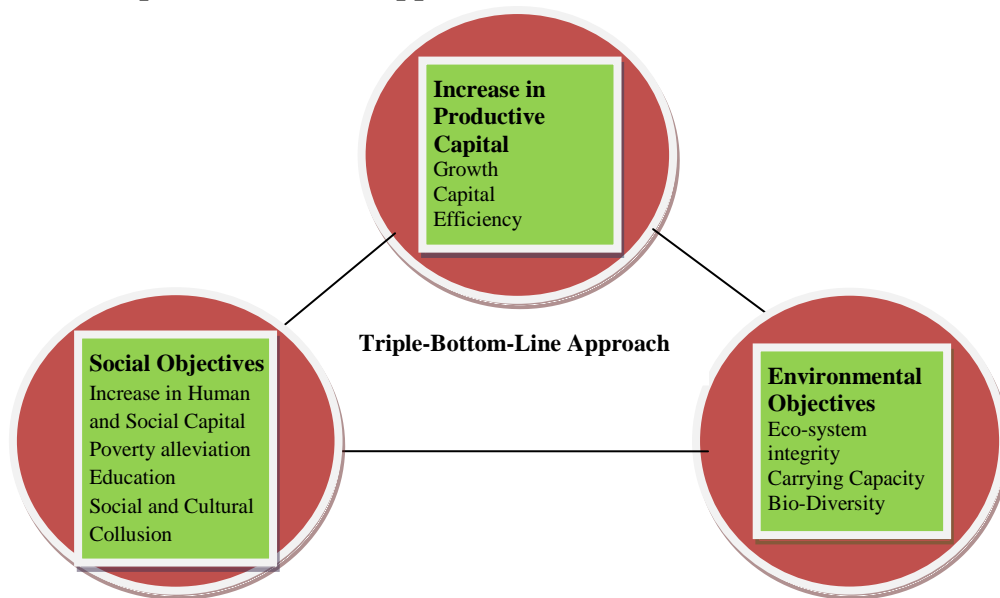
CSR of MNCs and Uttar Pradesh: A Case Study of NOIDA

5.1- Introduction

A corporation can participate in a developing society by CSR activity. The economic Objectives of a corporation can make the state economically strong as well as ensure the sustenance of an organisation's brand niche in the market, society and the nation it seeks to produce and market in. The economic objectives are:

1. Increase in Productive Capital
2. Social Objectives
3. Environmental Objectives

Figure-5.1: Triple-Bottom-Line Approach



According to the UNIDO, CSR is an organisation idea whereby companies integrate socioeconomic and environmental concerns in their business plans and connections with their stakeholders. CSR is usually known as the way through which a company attains a balance of economic, environmental and social essentials (Triple-Bottom-Line Approach). In this way, it is important to draw merit between CSR, which can be a strategic business management concept and philanthropy. Although the latter can also make a precious contribution to poverty alleviation, it will directly boost the

reputation of a company and make its' image stronger with better brand recognition and brand recall amongst its present and prospective stakeholders. While CSR carries with it a mantle of societal contribution, it ultimately helps the organisation to enjoy enhanced consumer acceptability.

5.1.1- About the chapter

Chapter-5 chronicles the analysis based on the third objective of the present research which is to assess the determinant of MNCs' participation in the socio-economic development of the state. With this objective, this segment intends to examine how MNCs are participating in society's development. To participate in society's economic development or to pay responsibility for society, corporate have to participate in CSR, Corporate Social Responsibility. CSR is a tool for giant investors to pay responsibility for society. This chapter is mainly based on a primary survey of MNCs based in NOIDA.

5.1.2- Plan of the Chapter

There are four sections in the present chapter. The first section involves the definitions of CSR given by various Institutions. The second section contains Business and Societal Welfare Views for CSR followed by the third section, which covers the concept of CSR in India. Fourth and the last section are based on the primary survey data collected from MNCs, established in NOIDA, Uttar Pradesh.

Section-1

5.2- Definitions of CSR

The WBCSD describes CSR as the *progressing promise* by a company for the contribution of economic development, while achieving a better quality of life for the workers and their families as well as of the social order generally.

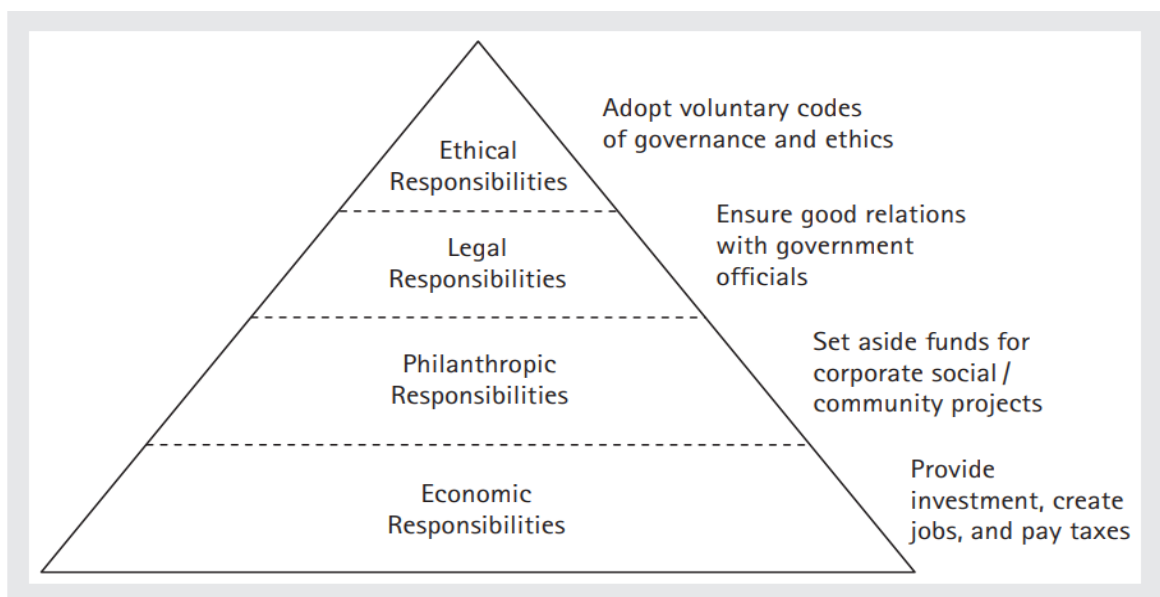
The EC describes CSR as *“the accountability of enterprises for their impact on society. To fully meet their social accountability, actions of the organisation should have in a set of procedures to put together social, environmental, moral, civil rights*

and consumer concerns into their business processes and center strategy in close relationship with their stakeholders".

By the above definitions, it is understandable that the CSR approach is taken as a whole and incorporated with the central business strategy for addressing the socioeconomic and environmental impacts of a corporation. CSR needs to address the welfare of all stakeholders and not just the corporate shareholders. Human activities are only a part of CSR, which otherwise comprise a much larger set of activities entailing strategic business benefits.

Companies are recommended to accept sustainable development practices into their business strategy. Sustainable development practices will not only advantage the company as it could verify to be a benefit to the environment, economy and society. Companies that accept sustainability practices are more flexible in the market as well as having more competitive limits than companies with common practices. The structure of a corporate reputation for environmental responsibility has become a central target for many multinational corporations (MNCs) today.

Figure-5.2: CSR Pyramid in Developing Economy



Source: Wayne Visser, 2017 "Corporate Social Responsibility in Developing Countries"

In the above figure-5.2, it is shown that the pyramid of CSR contains four types of responsibilities for developing an economy or society.

Section-2

5.3 Business and Societal Welfare Views for CSR

Two opposite views to CSR have emerged resulting from different interpretations of the role of corporations in society:

- A. Business view
- B. Societal welfare view.

In the business view, companies make a payment to society by making a profit, which supports employment, wages, purchase, investments, and taxes. Milton Friedman's business view, argues that the social accountability of a company is to raise its profits. Friedman indicates that there is one and only one social responsibility of the company and that is to utilise its resources and fit into place in activities designed to raise its profits as long as it stays within the rules of the game, which is to say, engages in open and competitive free without fraud.

From this view, society falls outside the zone of business; governments and non-governmental, non-profit organizations should be accountable for improving society. Friedman again argued that CSR can be a major hazard to the capitalist system as the profits belong to the shareholders, not to the corporations.

In distinction, the societal welfare view also called the stakeholder's view, argues that no one group of stakeholders has a priority over the other groups and that corporations must balance the welfare of all the stakeholders. In different words, the societal welfare school says that stakeholder welfare is maximised when companies attend directly to all stakeholders. In basic, the societal welfare view calls attention to the responsibilities of companies to society.

CSR is conceptualized as the idea that corporations have responsibilities to society that go beyond economic, legal, and moral expectations.

As such, the economic view suggests that businesses are only necessary to create wealth for their owners. The societal welfare view expects them to create wealth for owners, but to do so in ways that are deemed acceptable to society. CSR is the key to making a relationship between corporations and the societies with which they interact.

Section-3

5.4- Concept of CSR in India

India has the richest tradition of Corporate Social Responsibility (CSR) of the world. The phrase CSR may be new, but the idea dates back to the Mauryan period, where Kautilya emphasized moral practices and principles or ethics while doing trade. CSR has been unceremoniously practiced in the ancient period in the form of charity to the poor and underprivileged. Indian scriptures have at many times mentioned the importance of sharing one's earning with the deprived people of society. India has a deep-rooted culture of charity.

तुलसी पंखी के लिए, घटे न सरिता नीर |
दान दिए धन न घटे, जो सहाय रघुबीर ||

Source: Tulsi Das, Ramacharitmanas

Religious convictions have also played an important role in promoting the idea of CSR. There is a law in Islam, called *Zakat* that a portion of the earning must be shared with the underprivileged in the form of a gift. Merchants belonging to the Hindu religion gave alms, got temples and night shelters made for the underprivileged class. Hindus followed *Dharmada* where the producer charged a particular amount from the buyer that was used for charity. Sikhs also follow *Daashaant* in the same manner. Even the rulers in the *Chera*, *Chola* and *Pandya dynasty* were known to build temples in their kingdoms to ensure that part of their wealth would be devoted to social and religious commitments.

At this point, it can be understood that the history of CSR in India runs parallel to the historical development of India. CSR has developed in phases like community engagement, socially responsible production, and socially responsible employee relations. Hence, the history of CSR in India can be broadly divided into **four phases**:

The First Phase of CSR was motivated by noble activities of philanthropists and charity, also influenced by family, social and religious values along with industrialization. Till 1850, the big businessmen donated part of their earnings to the society by either setting up temples or religious institutions. In times of famines, they

opened their granaries for the hungry and underprivileged. The approach changed with the arrival of colonial rule in 1850. In the period of pre-independence, the business pioneers also supported the concept of CSR. In the 1900s, the big industrialist families promoted this by setting up charitable foundations and trusts for community development.

The Second Phase of CSR was the period of freedom fight when the industrialists were under pressure to show their dedication towards the benefit of the society. Mahatma Gandhi urged the big businessmen to share their wealth for the benefit of the underprivileged people of the society. Regarding this, the concept of trusteeship was given by him, which helped in the socio-economic growth of India. Gandhi believed the Indian companies and industries were the “*Temples of Modern India*”. He influenced the big business families to build trust for colleges, research and training institutes. These trusts also worked for social reforms like rural development, women empowerment and education.

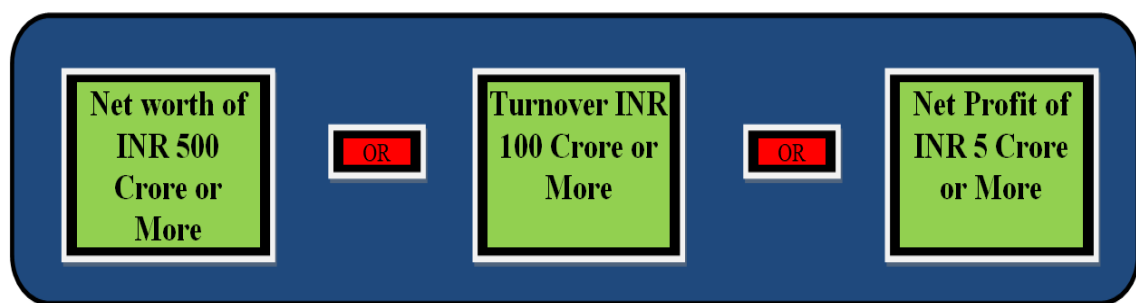
In the Third Phase of CSR from 1960-1980, CSR was influenced by the emergence of government undertakings to ensure proper allocation of wealth. The policy of industrial licensing, higher taxes and restrictions on the private sector resulted in acts of misconduct. It was for enacting legislation regarding corporate governance, labour and environmental issues. Still, the PSUs were not very successful. Hence, there was a usual move of belief from the public to the private sector and their active participation in socio-economic development. In 1965, a workshop was set up on CSR by the academicians, politicians and businessmen, where vast stress was laid on social liability.

In the Fourth Phase of CSR from 1980 onwards, Indian companies incorporated CSR into a sustainable business tactic. With an LPG model after 1991, there has been a boom in the economic growth of the country. This has led to increased energy in industrial growth, making it possible for the corporate to contribute more towards social responsibility. What started as charity is now understood and accepted as a responsibility.

In the current period, the companies with whom the provisions of the CSR shall be applicable are contained in Sub Section 1 of Section 135 of the Companies Act, 2013. As per the section, it is mandatory for those companies, having the net worth of INR

500 crore or more; or Turnover of INR 1000 crore or more; or Net Profit of INR 5 crore or more during any financial year to constitute a CSR Committee of the Board "hereinafter the CSR Committee" with effect from the 1st of April 2014. The figure-5.3 gives the representation of Section 135 (1). The above provision requires that every company within the stated ambit of Net worth or Turnover or Net Profit has to be covered within the scope of CSR provisions. The section uses the word "companies" which denotes a broader meaning and also includes the MNCs having a branch or project offices in India.

Figure-5.3: Criteria for Completion of CSR in India



Source: Company Act 2013, the GOI.

The overseas operations of companies in areas of mining, exploitation of natural resources and oil exploration, brings the need for legal activism for giving solutions for human rights violations abroad when the government fails to recognise it. As evident from the above examples, the complexity related to the operation and control of MNCs jointly with its subsidiaries raises a broad approach for defending the basic human rights as preserved in the Indian Constitution rather than a peace-meal approach to focus on issues like sustainable development. The international institutions and comity among different legal systems also gain value in this aspect to limit evasion of jurisdiction by MNCs.

5.5- Benefits of a Robust CSR Programme

A good CSR activity can bring in better benefits, some of which are as follows:-

- a. **Societies give the licence to work:** Despite inner factors, for example, values and ethos, some of the important stakeholders that manipulate business behaviour include governments, investors and customers. A strong CSR programme that

meets the aspirations of these societies not only gives them the licence to work but also to maintain the license, so precluding the ‘trust deficit’.

- b. **Attracting and retaining employees:** a company’s ability to attract, retain and motivate employees with their CSR commitments have been associated with various human resource studies. Involvements that give confidence and facilitate employees to participate are shown to enhance employee morale and a sense of belonging to the company.
- c. **Societies as suppliers:** There are particular innovative CSR ideas, promising, in which companies are required to invest in boosting society’s income by including them in their supply chain.
- d. **Enhancing the company’s reputation:** The usual advantage of generating friendliness, creating an optimistic icon and branding benefits help to maintain the company’s brand image. This allows companies to place themselves as responsible corporate people.

5.6- The CSR Process

The functioning of CSR is a complex procedure. In sequence for it to be successful, it must be incorporated into every part within the corporation.

Figure-5.4: CSR Process in an Organised Company



Source: Handbook of CSR in India (November-2013): Confederation of Indian Industry (CII)

The above figure-5.4 presents how CSR Process is being done by a Corporation. By engaging in CSR functioning, from the higher echelon of a Top Management Team to a lower employee, economic and social performance can be improved. Milton Friedman urges, by implementing CSR, the company executive would be spending someone else's money for a common social interest. He further contends that as long as an employee's activities are in agreement with his "social responsibility" and decrease the returns to stockholders, the employee is simply spending the company's money.

Section-4

5.7- Introduction of Surveyed Area: NOIDA

New Okhla Industrial Development Authority (NOIDA) is a designed metropolis, a satellite city of the NCR of India. As per the provisional reports of Census-2011, the population of NOIDA was 642,381. NOIDA is located in Goutam Buddha Nagar of Uttar Pradesh close to NCT. NOIDA is approximately 25km far from the Southeast of Delhi, 20km from district headquarters Greater NOIDA and 457km from Lucknow. The district administrative headquarter is in the nearby town of Greater NOIDA. However, the highest government official, the District Magistrate, has the official camp office in sector 27, NOIDA.

NOIDA was ranked as the Best City in Uttar Pradesh and the Best City in Housing in all of India in "*Best City Awards*" carried out by ABP News in 2015.

NOIDA came into the administrative set up on 17 April 1976. The city was formed under the *UP Industrial Area Development Act, 1976*. The city is earning the highest per capita income in the whole NCR. NOIDA is classified as a Special Economic Zone. The NOIDA Authority is among the richest public bodies in the country.

5.7.1- Surveyed MNCs in NOIDA and Greater NOIDA

The survey area is NOIDA and Greater NOIDA where 42 MNCs have been interviewed randomly. During the survey, many MNCs were not interested to give interview due to their policy. But some MNCs were ready for the interview. An organised company has public relation or logistic department for public connection. The questionnaire framed for this research endeavour was answered by the same departments.

Table-5.1: Surveyed MNCs under the working Industry

Category	Industry	Serial No.	Name the MNCs
A.	IT	1.	1E Infosystems
		2.	Cadence Design Systems India Pvt Ltd
		3.	Conexant Systems Pvt Ltd
		4.	Ebix Software India Pvt Ltd
		5.	Ganpact Headstrong Capital Markets
		6.	IS Global Web
		7.	IFS Solutions India Pvt Ltd
		8.	Interra Systems India Pvt Ltd
		9.	Kronos Solutions India Pvt Ltd
		10.	Mamsys Consulting Services Ltd
		11.	MCN Solutions Pvt Ltd
		12.	Mobisoft Technologies
		13.	Next Brick Solutions Ltd
		14.	North Shore Technologies
		15.	Opera Solutions India Pvt Ltd
		16.	Qustn Technologies Inc
		17.	Ramy Infotech Pvt Ltd
		18.	Software Data India Ltd
		19.	Tekshapers Software Solutions Pvt Ltd
		20.	Xavient Information Systems
B.	BPO	21.	EXL Service Holdings Inc
		22.	iEnergizer India Pvt Ltd
		23.	Pacific BPO Pvt Ltd
		24.	Porteck India Infoservices Pvt Ltd
C.	Advertising, Media	25.	Audio Technologies and odecS India Pvt Ltd
		26.	Integreon Managed Solutions India Pvt Ltd
		27.	New Age Techsci Research Pvt Ltd
		28.	WT Vision Solution Pvt Ltd
D.	Consulting	29.	AXA Assistance India Pvt Ltd
		30.	IHS Markit Ltd
		31.	Quint Wellington Redwood
		32.	The Smart Cube India Pvt Ltd
E.	Construction, Infrastructure	33.	Kobelco Construction Equipment India Pvt Ltd
		34.	The Take Factory
F.	NGOs, Trust Charitable Institutions	35.	Care India

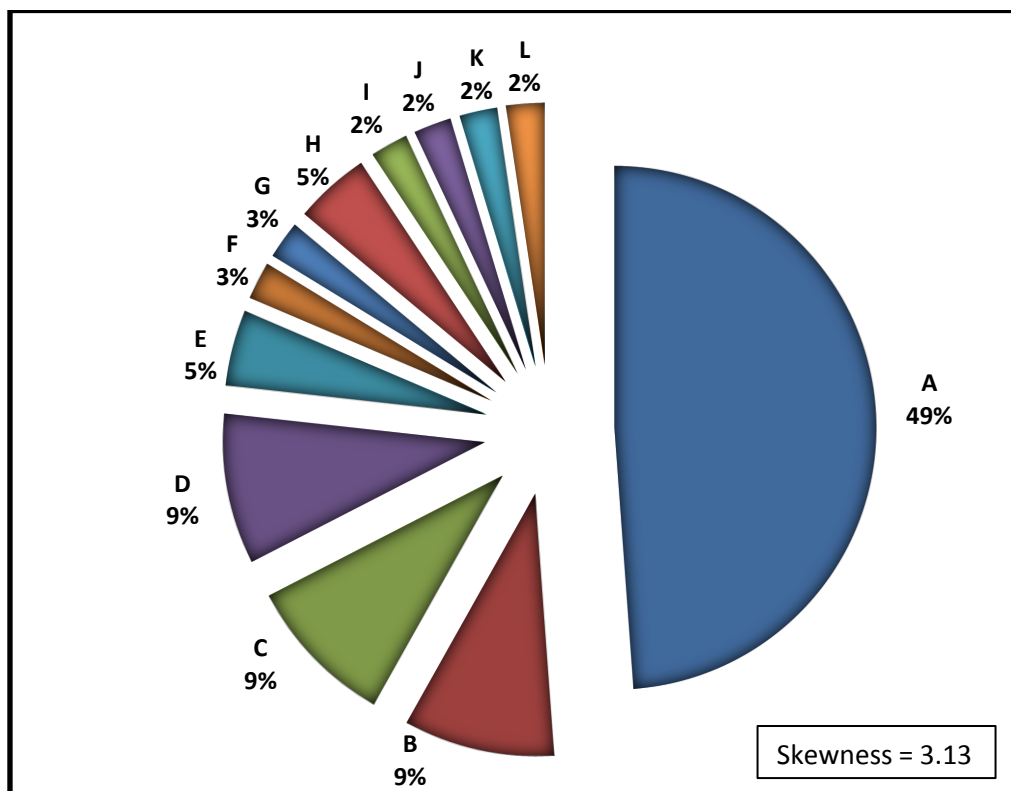
G.	Automobiles, Auto Ancillaries	36.	Honda Cars India Ltd
H.	Paper, Publishing, Printing	37.	McGraw-Hill Education India Pvt Ltd
		38.	Toyo Ink India Pvt Ltd
I.	BFSI	39.	Markit India Services Pvt Ltd
J.	E-Commerce	40.	Moglix
K.	Electronics, Electrical	41.	Samsung Engineering India Pvt Ltd
L.	Telecommunication, Mobiles	42.	Telenity Sysems Software India Pvt Ltd

Source: Primary Survey

5.8- Analysis of the Primary Survey of MNCs for CSR

Uttar Pradesh is the biggest economy in India and still developing and it knows that investment is a key to economic development of the society. Buoyed by this mission, the State's government is improving the infrastructure to attract big investors in Uttar Pradesh. As of the last chapter, it was told there are more than 240 MNCs, investing in Uttar Pradesh. Figure 5.2 tabulates the percentage of MNCs in different industries in UP.

Figure- 5.5: Surveyed MNC Industry-wise in Percent



Source: Table-5.2

In the Figure-5.5, industries are shown by category (as the table- 5.2).

5.8.1- Ranking of the Drivers of CSR by MNCs

A ranking of the drivers or the commitments of CSR according to respective MNCs has been given by them during the questionnaire. They indicate how these drivers are important for the company and which commitment incorporates what activities as part of CSR. These drivers are Vision and Philosophy of the Company/Organisation, Increase in Profits, Rising International Standards, Image Building, Increasing Awareness, Community Pressure and Legal Compliance. CSR can be separated into four: Economic, Legal, Ethical and Discretionary. It is practiced by the corporate to address the stakeholders' expectations and enhancing the shareholder's value (*Salma J.* 2017).

Seven Drivers of CSR for Ranking:

A. Vision and Philosophy of the Company/Organisation

All MNCs gave first preference for Vision and Philosophy of respective companies for CSR.

B. Rising International Standards

In November 2010, the ISO released ISO 26000 that advocated for implementation by a broad range of organizations globally. In this manner, it is expected that companies with this certification act decently, transparently, and make a payment to the welfare of society. By adhering to the CSR activities based on the knowledge of the seven core themes for social responsibility included in ISO 26000, the organisations aim to contribute to sustainable development.

C. Image Building

CSR as an image-building instrument can propel a company to be involved in CSR activities, thus building it as a channel for achievement and fame among masses. Societal Responsibility is the key that organisations have to feel and follow apart from the profit motive of every business. CSR strategy can be utilised effectively in terms of constructing a positive corporate image of the organization among the interested parties and society.

D. Increasing Awareness

Raising awareness about CSR activities in today's digital era is easier than ever before. A key facilitating factor for encouraging such awareness seems to be the extent to which CSR initiatives are closely associated with the organization's central business. These CSR awareness programs should be an integral part of corporate strategic plans and should be supported by the necessary annual budgets and other resources. Market access is needed to reach the vast geographical masses as such CSR is used as an instrument to reach these segments of the market.

E. Community Pressure

The analysis incorporates two aspects of community pressure. First, firm behaviour may affect society's attitudes in only a 'noisy' fashion. Whether an act of environmental lapse generates popular outrage may depend on public awareness of that act on whether a critical mass of citizens is offended, and on the murky dynamics of 'group think'. Equally, whether or not community hostility is assuaged by subsequent environmental compliance may depend on practical details such as media management.

F. Legal Compliance

Some of the crucial developments in CSR that are driving legal department engagement include: (1) More regulation internationally; (2) Mainstreaming of CSR in the investment society, especially around environmental issues; (3) Significant attention on CSR at the board level; (4) Additional CSR disclosure frameworks; (5) Analysis by viable customers and other stakeholders; (6) High profile CSR issues in the press; and (7) An increasing willingness by CEOs to engage on social issues (*Michael R. Littenberg, Corporate Social Responsibility Compliance* in 2018).

G. Increase in profit

Economists Donald Siegel and Donald Vitaliano (2007) analysed the theory that firms are intentionally working in profit-maximizing CSR. Their findings indicate the precise kind of business and types of CSR activities that make it more accepted that socially responsible actions put into profit maximization. They assert that prestigious CSR activities are more likely undertaken when such activities can be more easily integrated into a firm's differentiation strategy.

5.8.1.1- Henry Garrett's (H-G) Ranking Technique

This method is being used to assess the problems faced by the researchers. The orders of value given by the respondents are transformed into a rank by using the formula. Henry Garrett's ranking technique is used for detecting the most significant factor which influences the respondent. Using this method, respondents have been asked to mark the rank for all factors and the outcomes of such ranking have been converted into score value with the help of the following formula:

$$\text{Percent position} = 100(\text{R}_{ij} - 0.5) / \text{N}_j$$

Where;

R_{ij} = Rank given for the i th variable by j th respondents

N_j = Number of variables ranked by j th respondents

By using Henry Garrett's Table, the percent position estimated is transformed into scores. After it, for each factor, the scores of each individual are added and after it, the total value of scores and mean values of the score is calculated. The factors having the highest mean value are taken to be the most important factor.

Table-5.2: Ranking given to the Drivers of CSR by MNC

Sr. No	Name of the Drivers for CSR	Numbers of MNC as they rank to the drivers of CSR						
		1 st	2 nd	3 rd	4 th	5 th	6 th	7 th
1	Vision and philosophy of the Company	42	-----	----	----	----	----	----
2	Rising International Standards	----	8	4	8	7	10	5
3	Image Building		8	8	12	7	4	3
4	Increasing Awareness	----	1	11	3	7	11	9
5	Community Pressure	----	7	6	3	5	8	1
6	Legal Compliance	----	6	3	14	8	6	5
7	Increase in profit	----	12	9	2	9	3	7

Source: Primary Data

Calculating H-G Value

Ranks Given by Respondents	Positional measurement $100*(Rank-0.5)/N$	Positional Value	Garrett Value
1	$100*(1-0.5)/7$	7.14285714	79
2	$100*(2-0.5)/7$	21.4285714	66
3	$100*(3-0.5)/7$	35.7142857	58
4	$100*(4-0.5)/7$	50	50
5	$100*(5-0.5)/7$	64.2857143	43
6	$100*(6-0.5)/7$	78.5714286	35
7	$100*(7-0.5)/7$	92.8571429	22

Source: Primary Data

Multiplying the rank given by respondent into the H-G value

Drivers	1*79	2*66	3*58	4*50	5*43	6*35	7*22
A	3318	0	0	0	0	0	0
B	0	528	232	400	301	350	110
C	0	528	464	600	301	140	66
D	0	66	638	150	301	385	198
E	0	462	348	150	215	280	22
F	0	396	174	700	344	210	110
G	0	792	522	100	387	105	154

Calculation of the Garrett Score

Drivers	1*79	2*66	3*58	4*50	5*43	6*35	7*22	Total H-G Score
A	3318	0	0	0	0	0	0	3318
B	0	528	232	400	301	350	110	1921
C	0	528	464	600	301	140	66	2099
D	0	66	638	150	301	385	198	1738
E	0	462	348	150	215	280	22	1477
F	0	396	174	700	344	210	110	1934
G	0	792	522	100	387	105	154	2060

Source: Primary Data

Calculating average for the total value

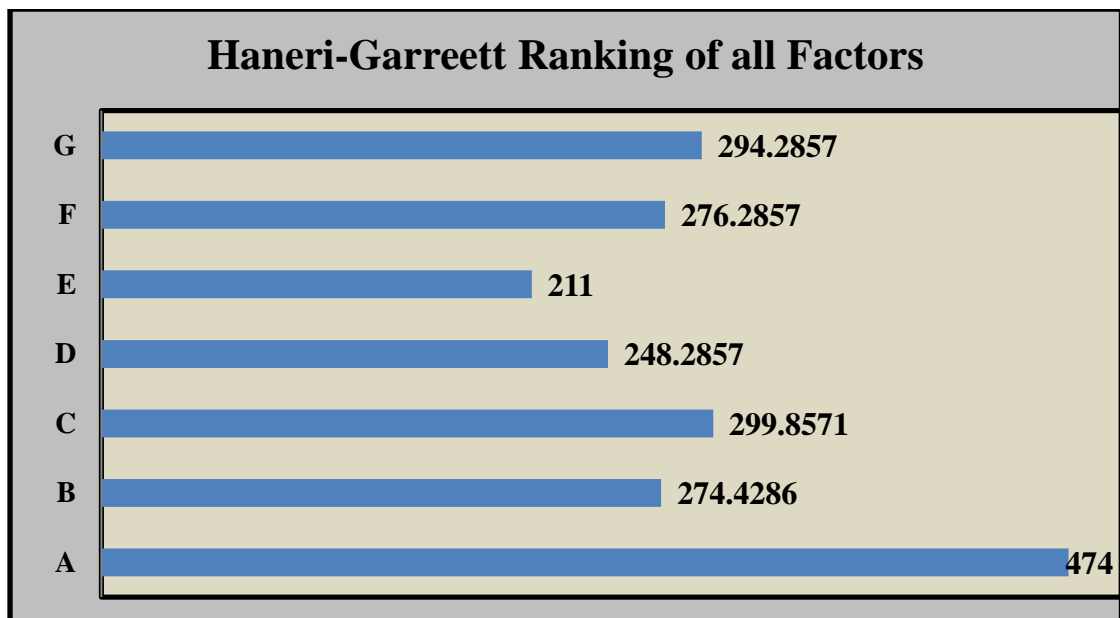
Drivers	Total H-G Score	Average of GS
A	3318	79
B	1902	45.28571
C	2084	49.61905
D	1707	40.64286
E	1462	34.80952
F	1920	45.71429
G	2041	48.59524

Source: Primary Data

Ranking Drivers

Drivers	Total	Average	H-G Ranks
A	3318	474	<i>I</i>
B	1921	274.4286	<i>V</i>
C	2099	299.8571	<i>II</i>
D	1738	248.2857	<i>VI</i>
E	1477	211	<i>VII</i>
F	1934	276.2857	<i>IV</i>
G	2060	294.2857	<i>III</i>

Source: Primary Data



Source: Primary Data

Table-5.2 is showing the statistical ranking of the majority of MNCs using the drivers for CSR activities. The highest priority is the *Vision and Philosophy* of the company which under no circumstances is negated. *The rising standard through CSR* is 6th by the majority. MNCs agree that *image building* is playing a more important role for the company in the market. Increasing awareness among workers and in the market for the customer is also playing a much more important role by which a company can provide better service and can compete in the market. However, most MNCs do not agree with the observation that they are taking CSR initiatives under any community pressure. They rank this on the 6th which means that it is not more important than other drivers. India is the sole country in the world where CSR is a compulsory responsibility of all those companies which are doing business under the company Act- 2013, section-135 sub-section-1. MNCs are agreeing that legal compliance is the main driver for CSR. As it is well known that there is legal compliance for CSR in India, MNCs are turning this responsibility into maximizing profit and they agree with it as table-5.2 depicts.

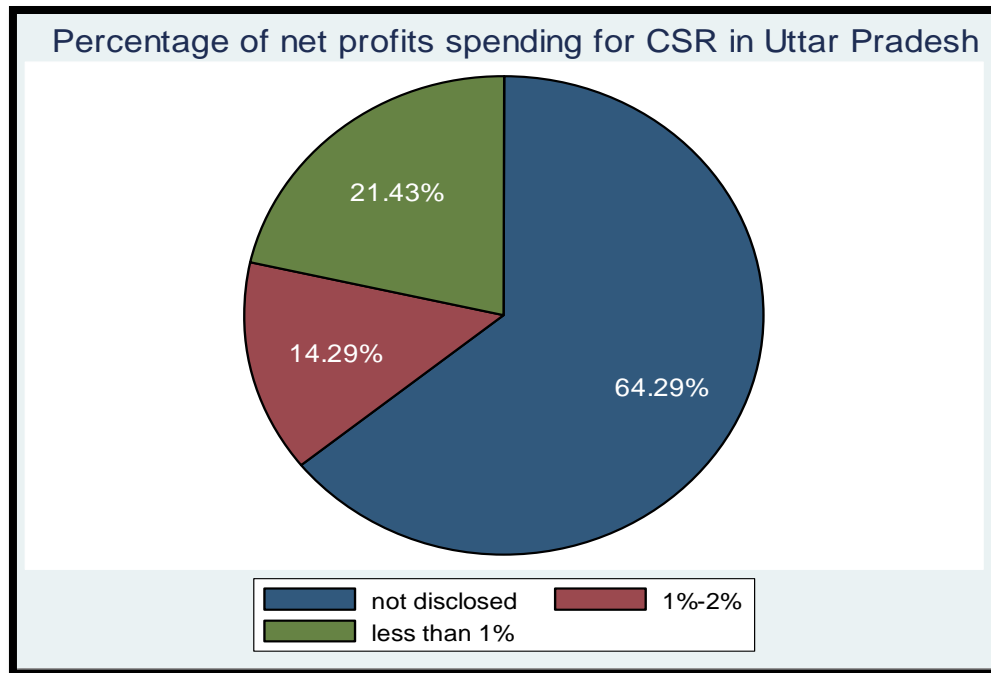
5.8.2- Net profit spending for CSR in Uttar Pradesh by MNCs

India became the first nation in the world to introduce a CSR policy in 2013. The policy mandated for specific spending on CSR for all corporate entities based on the criteria of income, profit, or net worth. This was unique when compared to the performances followed in the US, Britain or Europe, where CSR policy follows a much philosophical approach of '*doing well by doing good*' and is driven by and large through corporate governance framework in which corporations are required to report on specific projects undertaken as socially conscious corporate people in the home and host nations both. There is no denying the fact that India has gained tremendously through CSR. The much-needed momentum to CSR has seen the corporate stepping forward in the last 4-5 years to build social infrastructure all over India. But with statistical evidence and spending patterns in front of us, CSR can help to build a sustainable socio-economic infrastructure to reach India's \$5 trillion economy goal based on this government's principle of "*Minimum Government, Maximum Governance*".

According to the CSR-Survey-Report- 2017, 58 percent of the Indian origin companies have disclosed the details of the outreach of CSR activities in the

Director's report during the current year compared to 67 percent of the non-Indian origin companies.

Figure-5.6: Percentage of net Profit Spending for CSR in Uttar Pradesh



Source: Primary Data

In Uttar Pradesh, MNCs are spending very less of Profit on CSR because CSR spending is a national program. Although 64.29 percent MNCs did not disclose the data related to spending in Uttar Pradesh, some of the MNCs answered that in Uttar Pradesh. 14.29 percent of the MNCs are spending on CSR while 21.29 percent of the MNCs are spending less than 1 percent of the profit for CSR.

5.8.3- Community Investment Initiatives through CSR by MNCs

A Community Investment model involves the company's funding to include projects based on the general welfare of the community, and an Economic Linkages model associates the development ideas more closely with the business drivers of the private sector and incorporates: Job training, direct employment, technical skills training, microfinance, capital formation, or developing new supply bases and creating supply chain linkages. An economic connection model implies integration of community engagement plans into the center business activity of the company and development of consolidated markets so that communities become embedded in corporate supply chains (*The World Bank Report No. 37379*).

Table-5.3: Community Investment Initiatives through CSR by MNCs

S. No.	Community Investment Initiatives	Participating OR Not	Percentage Spending in Uttar Pradesh
1.	Education	Yes	Not Disclosed by MNC
2.	Helping the underprivileged	Yes	Not Disclosed by MNC
3.	Local Heritage	Yes	Not Disclosed by MNC
4.	Youth Development	Yes	Not Disclosed by MNC
5.	Poverty Alleviation	Yes	Not Disclosed by MNC
6.	Working for Disabled	Yes	Not Disclosed by MNC
7.	Conservation of Nature	Yes	Not Disclosed by MNC
8.	Games and Sports	Yes	Not Disclosed by MNC
9.	Promotion of Culture	Yes	Not Disclosed by MNC
10.	Infrastructural support to the local community	Yes	Not Disclosed by MNC

Source: Primary Survey

In table- 5.3, it is shown that the MNCs are spending in all the above mentioned Community Investment Initiatives but in the answer of spending a percentage of CSR in Uttar Pradesh, they did not disclose due to the non-availability of data related to the question.

Transparency International (TI), the international alliance against corruption, has been addressing the issue of corporate transparency for many years. At the establishment, its efforts are paying attention to companies' anti-corruption programmes, but with time a much broader scale of issues has been taken into account. TI cites the category of "*difficult environment*"; implying that in some nations, there is a high level of secrecy. Hence, there is strong resistance from their powers to disclose any data which can reveal the state's licenses, payments to governments or other elements of contracts between MNCs and local authorities. Companies claim that they could lose contacts, tax exemptions or other favourable dealings if they published data on their operations.

This particular argument was examined by TI in its two reports (TI, 2011 and TI, 2012). Both reports established that in each nation, no matter how solid and difficult

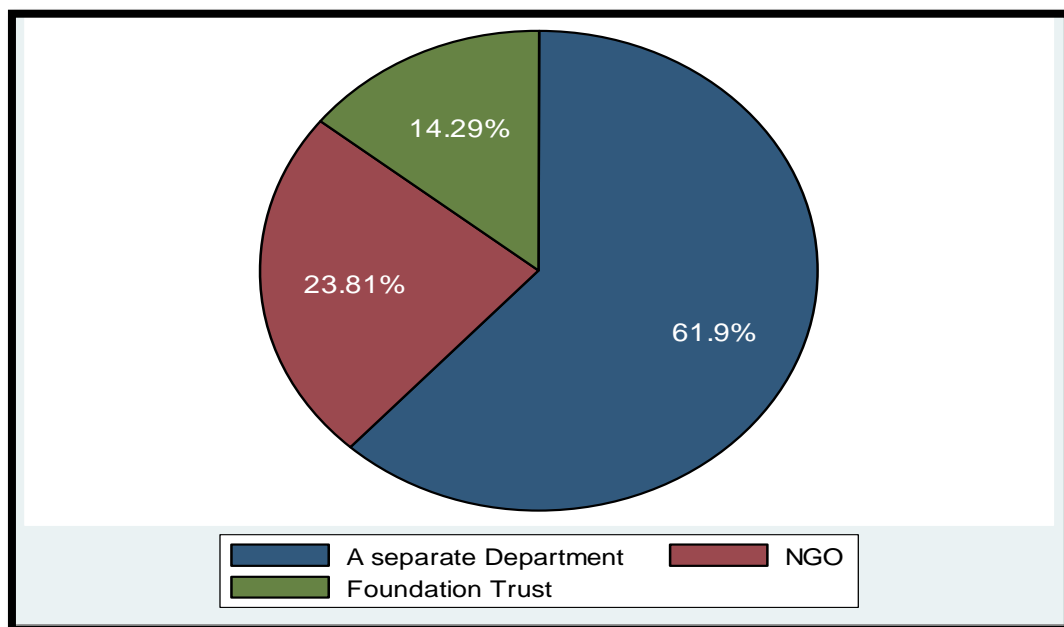
its political situations are, one can find MNCs which do not fear openness and disclose country-level data.

5.8.4- The strategy MNCs' has been using for CSR Implementation

General Circular No. 21/2014 of Ministry of Corporate Affairs, the Government of India dated June 18, 2014, clarifies that Contribution to Corpus of a Trust/ Society/ Section 8 companies, etc., will be qualified as CSR expenditure as long as:

- a. The Trust / Society / Section 8 Company, etc. is created exclusively for undertaking CSR activities.
- b. Where the corpus is formed fully for a purpose directly relevant to a subject under Schedule VII of the Act.

Figure -5.7: The strategy for CSR Implementation by MNCs



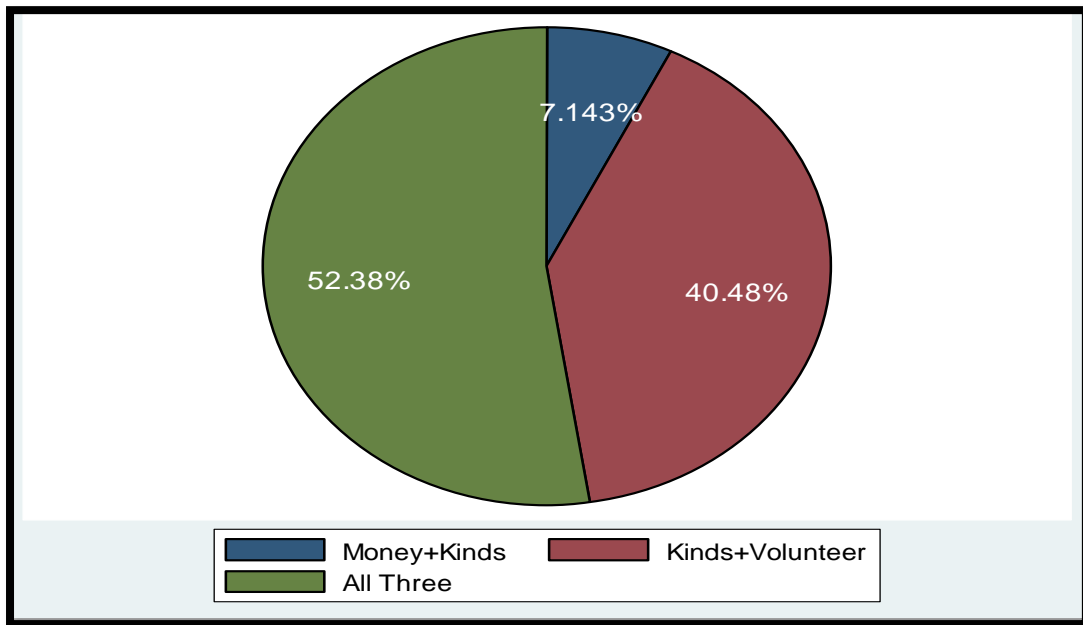
Source: Primary Survey

The figure-5.7 shows the strategies forged by the MNCs to implement the CSR programme. These are:

- 14.29 percent of the MNCs have created foundation trust
- 23.81 percent of the MNCs are running NGOs
- 61.9 percent of the MNC are implementing CSR by creating a separate department.

5.8.5- Types of Resources Provided under CSR

Figure -5.8: Types of resource, Provided by MNCs under CSR



Source: Primary Survey

Figure-5.8 shows the types of resources that are provided by MNCs to the beneficiaries under CSR. Mostly MNCs are providing resources to the beneficiaries in all types that include: money, volunteer and kinds as service are needed.

According to General Circular No. 21/2014 of the Ministry of Corporate Affairs, the Government of India, dated June 18, 2014, under section 135 of the Act clarifies that:

- i. Any activities that benefit only the employees of the company and their families shall not be considered as CSR activities.
- ii. Unusual object events would not be qualified as part of CSR expenditure such as marathons/ awards/ charitable donation/ advertisement/sponsorships of television programmes etc.
- iii. Everyday expenditure incurred by the corporation for the completion of any Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act, etc.) would not be taken as CSR expenditure.
- iv. Donation to any political party directly or indirectly shall not be considered as a CSR activity.

5.8.6- MNCs' Opinion about the following Items for the Adoption of the CSR Practices

An organisation can consider diverse engagements to foster a cult of CSR and these missions cover programmes like supporting education, technology and health initiatives towards building the company's social image in the society. This can also accrue competitive advantages for the company (*Alshareef, M.N.Z., and Sandhu, K., 2015*). The MNCs' opinion about the adoption of CSR practice is shown in table-5.5 by using the perception of the company.

Table-5.4: Adoption of CSR Practices

Sr. No.	ITEMS	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
A.	Promote Corporate Image/Loyalty	42	-----	-----	-----	-----
B.	Increase financial Efficiency	14	28	-----	-----	-----
C.	Competitive Market Advantage	13	29	-----	-----	-----
D.	Organisational Values, Culture, Mission & Coals	42	-----	-----	-----	-----
E.	Pressure from Stakeholders	13	12	17	-----	-----

Source: Primary Survey

Table-5.4 clearly shows that MNCs are adopting CSR because of the following motivations:

- To promote Corporate Image,
- To increase financial Efficiency,
- For gaining a competitive market advantage,
- To frame an ethos of Organisational Values, Culture, Mission & Goals,

- Under pressure from the stakeholders.

Furthermore, the adoption of CSR practices is often synced with the company's intent of winning the trust of its stakeholders. To operationalise this, a standardised scale was developed with the support of the theory and along with the findings of previous research on the topic. MNCs must maintain this scale as their checklists of vital social issues, which they can frequently update to improve CSR initiatives. It can help the senior managers to estimate how far their company has to depart to accomplish the status CSR (Alshareef, M. N. Z., & Sandhu, K., 2015).

According to Essays, UK (2018), CSR is playing an instrumental role in the company, more so in contemporary society. It can influence a company's objectives and help to gain more benefits if CSR was being done appropriately. CSR also can improve the company's status, build a better image. Customers would pay even more money to a company that has a good reputation; employees would stay in a company with a better work culture, health care, etc. People would be willing to work for a highly responsible company, this can attract talent works and employees; productivity is improved through employee motivation.

However, the real problem that needs more attention is for the corporate world to set CSR policies and work with it. It is not difficult to distinguish the real motivation of companies doing CSR vis-à-vis those who have ulterior motives. Most of them do CSR for superficial reasons as mentioned before in the present research. The reason for companies doing CSR is because of laws and regulations. The government sets regulations and tries to ensure that companies comply with those. Various regulations have made it obligatory for the organisations to vest out resources for proactive involvement in CSR. Companies are already in the right direction as many big companies in India have set up CSR departments to implement and monitor CSR policies. Even better is the approach to align CSR with a sustainable business strategy that would entail mutual benefits for the organisation as well as the stakeholders that it seeks to cater to.



Chapter-6
Employer and Employee
Relationship in MNCs



Chapter-6

Employer and Employee Relationship in MNCs

6.1: Introduction

For a robust and thriving international economy, it is imperative to boost as well as sustain the growth momentum of multinational corporations across the global business scope. The big companies with their head offices in the USA and the other Western industrialized nations, and now increasingly in India as well, are expanding their activities both in the industrialised nations, including the developing world. Initially, there was a lot of focus on the withdrawal and extracting fields, though, at present, it is the manufacturing activities of the multinationals that command the growing concentration.

The political cost of this transformation has now become the subject of a vast and growing literature. However, not much attention has been given to gauge the impact of the MNCs on the workers who have been employed in these MNCs.

MNCs have continuously fostered a work culture that is premised on strong work ethics, transparency, gender parity and cultural inclusiveness to ensure the wellbeing of all their employees. Through their recruitment processes that rely on meritocracy in appointments, MNCs have managed to garner enviable human capital that is inventive and highly target committed, unlike the conventional modes of hiring in the government sectors. The role of the MNCs' investment in job creation proves to be important for developing and transition nations. The increase of employment appears among the highest precedence of the national economic policy, mainly because of the unemployment generated by the moral fall of their productive capacity. MNCs are important job providers; therefore they are attractive because they are perceived as an important factor in declining active unemployment.

According to UNCTAD (2002), the number of jobs created by the subsidiary of MNCs grew steadily during the last years, as well in the industrialized nations as in the developing nations. For the latter group of nations, the achieved growth was even higher.

Moreover, various training mechanisms and appraisal systems have been instituted in MNCs to ensure that the deserving are merited with competitive compensation. MNCs have also been devoted to the cause of swift redressal mechanisms particularly using proactive HR strategies. However, the employee-centric ecosystem does have pitfalls of its own particularly about the labour force in the manufacturing and the production section of the organisations. The present-day labour has managed to produce only a confused, partial and lopsided response to the MNCs. To know why this is so, it is essential to analyse the total impact of the MNC not merely on organized labour, but the total social arrangement and labour force patterns of the affected nations. From such an analysis one can begin to grasp how truly radical and dramatic the effect of the MNCs has been and how over time that effect is likely to increase.

There emerges a logically clear ending that with rare exceptions organized labour hereafter is not likely to pursue the transnational strategy. Rather, the hard work of structured labour will be focused to a greater extent on moving national and international regulation of the MNCs in the direction of full control on MNCs.

6.1.1- About the Present Chapter

In the foreground chronicled above, the present Chapter-6 is going to find how MNCs' work culture is affecting the workers. The current chapter is based on the last objective of the present research which is to evaluate the impact of MNCs' through workers' development, those who live in Uttar Pradesh. And, also addresses the last hypothesis which is "work culture in MNCs is significant for the workers' interest." The present chapter is based on the primary survey. The data has been collected from MNCs' workers who are the inhabitants of Uttar Pradesh.

6.1.2- Plan of the Chapter

The present chapter is organized in three sections; the first section is based on the work culture of an MNC, second and third is based on a primary survey where second section's analysis has been done through the descriptive method, in the third section, the results are found through odds-ratio regression method. For supporting the core Hypothesis of the present chapter some of the relevant sub-hypotheses have been used in the second as well as the third section.

Section-1

6.2- Work Culture of an MNC

A company's work culture is its overall behaviour. It's an arrangement of a variety of elements that create an intangible ecosystem where employees can work to the best of their capabilities and creative skills. Value, ethics, expectations, goals, workflow, task management, teamwork, feedback, and time management are some of the most vital elements that come together to create a positive, productive ambience where employees can make a mark on their performance. In a nutshell, work culture reflects the philosophy of the organization, its leadership and its employee satisfaction ratio.

A workplace is a place where workers spend over one-third of their lives. Additionally, they tend to work for hours to meet the needs and expectations of an organization. Logically, when an employee is happy and satisfied at work, his overall personality and efficiency are improved. But the benefits don't end there.

A good work environment is a natural magnet for enhancing the workers' productivity as employees welcome the prospect of spending yet another great day at work instead of counting their days to the weekend. They feel the same faithfulness, possession, and dedication towards the organization as is desired and the result visibly reflects in the work they deliver.

A good work environment is one where workers are endlessly optimistic to work as a team, have each other's back, and bring the best outcomes in every project.

The key qualities that differentiate an ordinary work environment from the exceptional one are trust, respect, accountability, adaptability, result orientation, teamwork, seamless communication, learning opportunities and so on.

Section-2

6.3- Status of Work Culture in MNCs

MNCs are a part of the organized private sector where recruitment of workers is also organized as their minimum qualification should be a graduation, no matter which stream; although professional educational qualification has better options for the job. Because it is a private sector, there is no- reservation for social groups as OBC, SC or ST. Religion, also, doesn't matter here in recruitment.

The information collected is based on different bases for analysis:

The work culture is as important as a business strategy because it either strengthens or undermines objectives (ERC, 2019). **Optimistic work culture would be important, especially because:**

- **It attracts talent-** Potential workers assess the organization and its climate. A strong, friendly, clearly defined and healthy communicated culture attracts talent that fits.
- **It drives commitment and retention-** Culture impacts how workers act together with their work and organization.
- **It impacts happiness and satisfaction-** Workers' happiness and satisfaction are strongly linked with the workplace's culture.
- **It affects performance-** Organizations with friendly work culture fare much better than their competitors financially and are generally more successful.

For finding out how the workers are feeling in the MNCs work culture, there are ten different perception based questions to gauge the response of the employees in MNCs. The ensuing section details the analysis collated from the responses to these queries.

6.3.1- Perception-based question "Q1": Relates to workers' participation in decision making

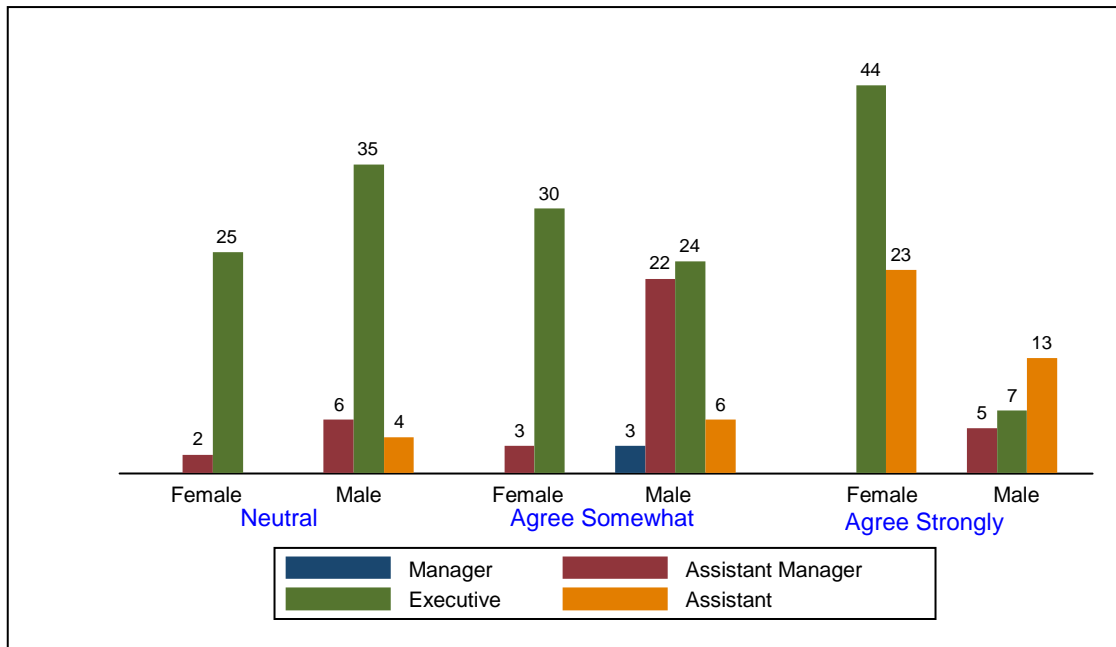
Q1- Is enough authority/ freedom given to the workers for making decisions as needed?

For analyzing the Q1, a sub-hypothesis has been taken, which is:

H₀: There is no significant relationship among the post, gender and workers' participation in decision making.

H₁: There is a significant relationship among the post, gender and workers' participation in decision making.

Figure-6.1: Enough authority is given to make decisions as needed



Source: Primary Survey

Table-6.1: Cross tab between gender and workers' participation in decision making (Q1)

Q1	Gender of Respondents		Total
	Female	Male	
Neutral	27	45	72
	37.50*	62.50*	100.00*
	21.26**	36.00**	28.57**
Agree Some What	33	55	88
	37.50*	62.50*	100.00*
	25.98**	44.00**	34.92**
Agree Strongly	67	25	92
	72.83*	27.17*	100.00*
	52.76**	20.00**	36.51**
Total	127	125	252
	50.40*	49.60*	100.00*
	100.00**	100.00**	100.00**

Source: Primary Survey *Row Percentage, ** Column Percentage

Table-6.2: Cross tab between the post and workers' participation in decision making (Q1)

Q1	Post of Respondents				Total
	Manager	Assistant Manager	Executive	Assistant	
Neutral	0	8	60	4	72
	0.00*	11.11*	83.33*	5.56*	100.00*
	0.00**	21.05**	36.36**	8.70**	28.57**
Agree Some What	3	25	54	6	88
	3.41*	28.41*	61.36*	6.82*	100.00*
	100.00**	65.79**	32.73**	13.04**	34.92**
Agree Strongly	0	5	51	36	92
	0.00*	5.43*	55.43*	39.13*	100.00*
	0.00**	13.16**	30.91**	78.26**	36.51**
Total	3	38	165	46	252
	1.19*	15.08*	65.48*	18.25*	100.00*
	100.00**	100.00**	100.00**	100.00**	100.00**

Source: Primary Survey *Row Percentage, ** Column Percentage

Table-6.3: χ^2 tests between the post, gender and workers' participation in decision making (Q1)

Variables	Degree of Freedom	χ^2	p-Value
Gender.Post	3	30.2176	0.000
Gender.Q1	2	29.1599	0.000
Post.Q1	6	62.1681	0.000

Source: Primary Survey

As the statistical result is found after testing χ^2 test with 1 percent of the level of significance, the null hypothesis is rejected and it is found that there is a significant relationship between the past, gender and workers' participation in decision making.

Management practice studied by Doucouliagos (1995) kindled a transformed interest in employee participation issues. Referring to the study by Black and Gregersen (1997), participation should be considered as a multidimensional construct. Regarding this study, which verified the positive correlation between employee participation and

motivation, one variable was found to have a higher influence on Participative decision-making, which could increase work motivation. Employees are conscious of the participation in decision-making, e.g. when they talk about the recent issues with their peers, they feel protected and the communication flows without boundaries and formal arrangements.

6.3.2- Perception-based question "Q2": Related to top management and core values of the Organization

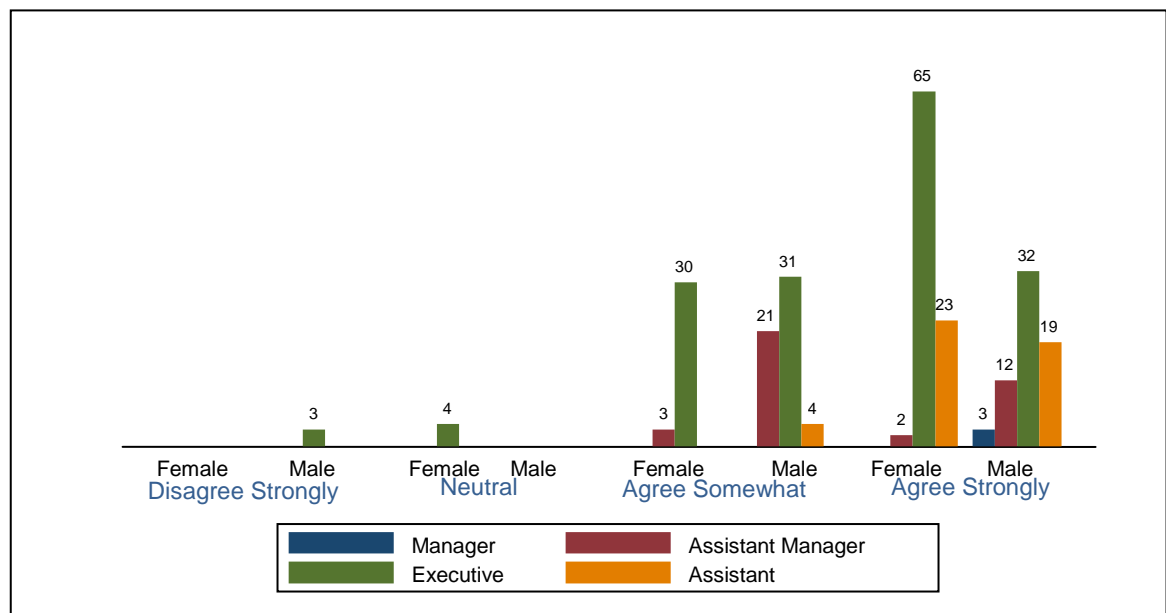
Q2- Do the senior leaders adhere to the core values of the organisation?

For analysing Q2, a sub-hypothesis has been taken and that is:

H₀: There is no significant relationship among the post, gender and core values of the organisation for seniors.

H₁: There is a significant relationship among the post, gender and core values of the organisation for seniors.

Figure-6.2: Senior leaders live the core value of the organisation (Q2)



Source: Primary Survey

Table-6.4: Cross tab between the gender and core values of the organisation for seniors (Q2)

Q2	Gender of Respondents		Total
	Female	Male	
Disagree Strongly	0	3	3
	00.00*	100.00*	1.19*
	00.00**	2.40**	1.19**
Neutral	8	11	19
	42.11*	57.89*	100.00*
	6.30**	8.80**	7.54**
Agree Some What	33	59	92
	35.87*	64.13*	100.00*
	25.98**	47.20**	36.51**
Agree Strongly	86	52	138
	62.32*	37.68*	100.00*
	67.72**	41.60**	54.76**
Total	127	125	252
	50.40*	49.60*	100.00*
	100.00**	100.00**	100.00**

Source: Primary Survey *Row Percentage, ** Column Percentage

Table-6.5: Cross tab between the post and core values of the organisation for seniors (Q2)

Q2	Post of Respondents				Total
	Manager	Assistant Manager	Executive	Assistant	
Dissatisfied Somewhat	0	0	3	0	3
	0.00*	0.00*	100.00*	0.00*	100.00*
	0.00**	0.00**	1.82**	0.00**	1.19**
Neutral	0	4	11	4	19
	0.00*	21.06*	57.89*	21.05*	100.00*
	0.00**	10.53**	6.67**	8.70**	7.54**
Agree Some What	0	23	65	4	92
	0.00*	25.00*	70.65*	4.35*	100.00*
	0.00**	60.53**	39.39**	8.70**	36.51**
Agree Strongly	3	11	86	38	138
	2.17*	7.97*	62.32*	27.54*	100.00*
	100.00**	28.95**	52.12**	82.61**	54.76**
Total	3	38	165	46	252
	1.19*	15.08*	65.48*	18.25*	100.00*
	100.00**	100.00**	100.00**	100.00**	100.00**

Source: Primary Survey *Row Percentage, ** Column Percentage

Table-6.6: χ^2 tests between the post, gender and core values of the organisation for seniors (Q2)

Variables	Degree of Freedom	χ^2	p-Value
Gender.Post	3	30.2176	0.000
Gender.Q2	3	19.1837	0.000
Post.Q2	9	32.1977	0.000

Source: Primary Survey

As the statistical result is found after testing χ^2 test with 1 percent of the level of significance, the null hypothesis is rejected and it is found that there is a significant relationship between the past, gender and core values of the organisation for seniors.

The culture within an organization is very vital, playing an important role in whether it is a friendly environment in which to work. In communicating and promoting the organizational philosophy and culture to employees, their acknowledgement and recognition of it can influence their work performance and attitude. When the dealings between the leadership and employees are good, the concluding will make a greater contribution to team communication and partnership, and will also be encouraged to achieve the mission and objectives assigned by the organization, thereby enhancing job satisfaction (*Tsai, Y., 2011*).

6.3.3- Perception question “Q3”: Related to skills and competencies for employability

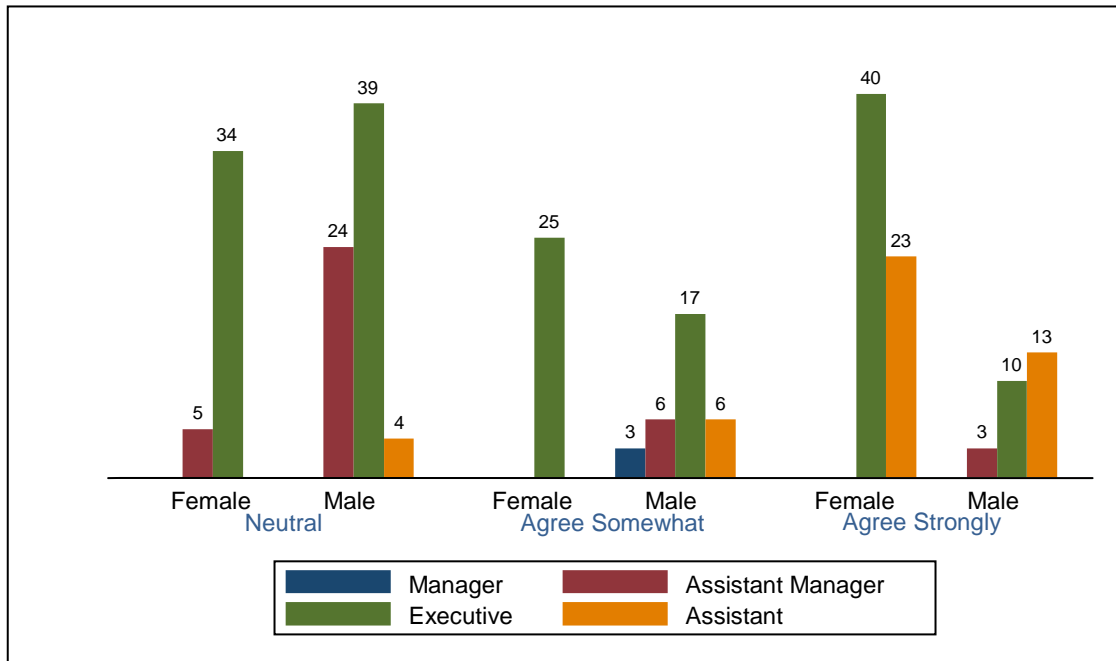
Q3- Does your job makes good use of your skills and abilities?

For analysing Q3, a sub-hypothesis has been taken and that is:

H₀: There is no significant relationship among the post, gender and competencies for employability for the job.

H₁: There is a significant relationship among the post, gender and competencies for employability for the job.

Figure-6.3: A workers view on the present job makes good use of skills and abilities (Q3)



Source: Primary Survey

Table-6.7: Cross tab between the gender and competencies for employability for the job (Q3)

Q3	Gender of Respondents		Total
	Female	Male	
Neutral	39	67	106
	36.79*	63.21*	100.00*
	30.71**	53.60**	42.06**
Agree Some What	25	32	57
	43.86*	56.14*	100.00*
	19.69**	25.60**	22.62**
Agree Strongly	63	26	89
	70.79*	29.21*	100.00*
	49.61**	20.80**	35.32**
Total	127	125	252
	50.40*	49.60*	100.00*
	100.00**	100.00**	100.00**

Source: Primary Survey

*Row Percentage, ** Column Percentage

Table-6.8: Cross tab the post and competencies for employability for the job (Q3)

Q3	Post of Respondents				Total
	Manager	Assistant Manager	Executive	Assistant	
Neutral	0	29	73	4	106
	0.00*	27.36*	68.87*	3.77*	100.00*
	0.00**	76.32**	44.24**	8.70**	42.06**
Agree Some What	3	6	42	6	57
	5.26*	10.53*	73.68*	10.53*	100.00*
	100.00**	15.79**	25.45**	13.04**	22.62**
Agree Strongly	0	3	50	36	89
	0.00*	3.37*	56.18*	40.45*	100.00*
	0.00**	7.89**	30.30**	78.26**	35.32**
Total	3	38	165	46	252
	1.19*	15.08*	65.48*	18.25*	100.00*
	100.00**	100.00**	100.00**	100.00**	100.00**

Source: Primary Survey

*Row Percentage, ** Column Percentage

Table-6.9: χ^2 tests between the post, gender and competencies for employability for the job (Q3)

Variables	Degree of Freedom	χ^2	p-Value
Gender.Post	3	30.2176	0.000
Gender.Q3	2	23.6235	0.000
Post.Q3	6	69.7445	0.000

Source: Primary Survey

As the statistical result is found after testing χ^2 test with 1 percent of the level of significance, the null hypothesis is rejected and it is found that there is a significant relationship between the past, gender and competencies for employability for the job.

It is generally believed that management creates a vital link between organizational effectiveness, economic progress, and people's performance at the organizational level. In this respect, managers have to play a considerably more significant role in the overall success of their organizations and the development of their nations (Analoui and Hosseini, 2001). Collaborative skills, mostly the skills of working with others, were also reasonably correlated with employees' contextual performance. This implies that graduates' competence in employability skills could give them due benefit in their respective work settings. Thus, proper concentration on developing competence in employability skills by employers, employees, higher academic institutions, labour agencies, and policymakers may deal with the problems about job performance (Abas, M.C. and Imam, O. A., 2016).

6.3.4- Perception question “Q4”: Related to workers’ satisfaction for progress

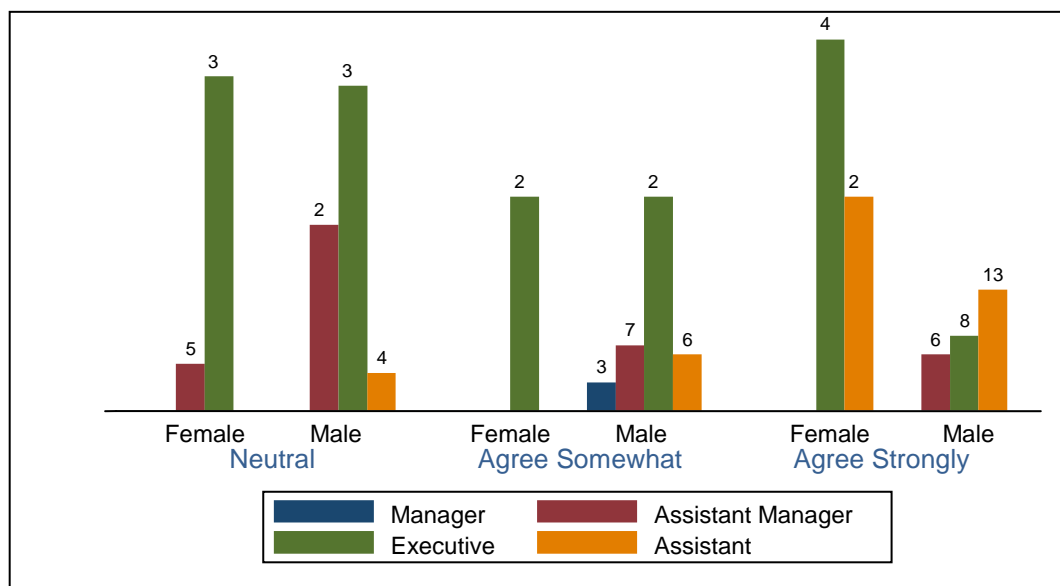
Q4- Are you making progress daily at your work?

For analysing Q4, a sub-hypothesis has been taken and that is:

H₀: There is no significant relationship among the post, gender and progress at work on most of the days.

H₁: There is a significant relationship among the post, gender and progress at work on most of the days.

Figure-6.4: Workers’ views for making progress at work most days (Q4)



Source: Primary Survey

Table-6.10: Cross tab between gender and progress at works most days (Q4)

Q4	Gender of Respondents		Total
	Female	Male	
Neutral	41	59	100
	41.00*	59.00*	100.00*
	32.28**	47.20**	39.68**
Agree Some What	23	39	62
	37.10*	62.90*	100.00*
	18.11**	31.20**	24.60**
Agree Strongly	63	27	90
	70.00*	30.00*	100.00*
	46.61**	21.60**	35.71**
Total	127	125	252
	50.40*	49.60*	100.00*
	100.00**	100.00**	100.00**

Source: Primary Survey

*Row Percentage, ** Column Percentage

Table-6.11: Cross tab between the post and progress at work most days (Q4)

Q4	Post of Respondents				Total
	Manager	Assistant Manager	Executive	Assistant	
Neutral	0	25	71	4	100
	0.00*	25.00*	71.00*	4.00*	100.00*
	0.00**	65.79**	43.03**	8.70**	39.68**
Agree Some What	3	7	46	6	62
	4.84*	11.29*	74.19*	9.68*	100.00*
	100.00**	18.42**	27.88**	13.04**	24.60**
Agree Strongly	0	6	48	36	90
	0.00*	6.67*	53.33*	40.00*	100.00*
	0.00**	15.79**	29.09**	78.26**	35.71**
Total	3	38	165	46	252
	1.19*	15.08*	65.48*	18.25*	100.00*
	100.00**	100.00**	100.00**	100.00**	100.00**

Source: Primary Survey

*Row Percentage, ** Column Percentage

Table-6.12: χ^2 tests between the post, gender and progress at work most days (Q4)

Variables	Degree of Freedom	χ^2	p-Value
Gender.Post	3	30.2176	0.000
Gender.Q4	2	21.7545	0.000
Post.Q4	6	60.6914	0.000

Source: Primary Survey

As the statistical result is found after testing χ^2 test with 1 percent of the level of significance, the null hypothesis is rejected and it is found there is a significant relationship between the past, gender and progress at work on most days.

Employee satisfaction not only enhances the output but also increases the quality of work. A company needs to comprehend as well as relate with what employees feel, think, desire along with discovering how the employees' devotion and commitment can be increased. By amplifying employee devotion, business outcomes can be improved, productivity can be enhanced, commitment can get intensified and erosion rate can take a dip (Naseem A., Sheikh, S.E., and Malik, K.P., 2011).

In a business atmosphere that requires employees who are flexible, creative, and willing to take risks, it is essential to find ways to help employees feel pleased and empowered in their work (*Rustagi, P., and Dua, K., 2012*).

6.3.5- Perception question “Q5”: Related to workers’ privacy at work

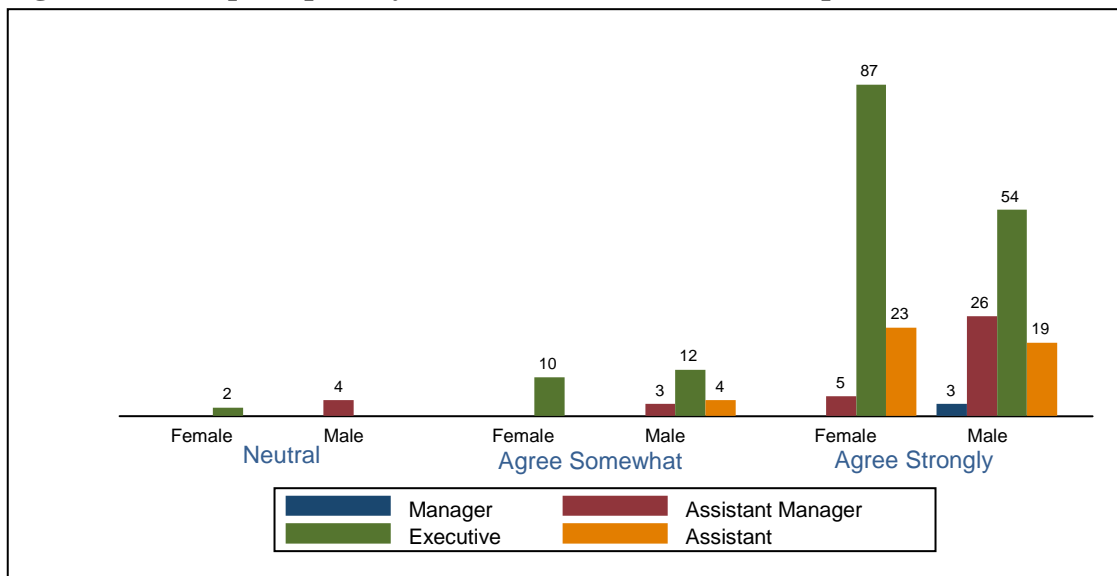
Q5. Is there adequate privacy for focus on work at the workplace?

For analysing Q5, a sub-hypothesis has been taken and that is:

H₀: There is no significant relationship among the post, gender and workers’ privacy at work.

H₁: There is a significant relationship among the post, gender and workers’ privacy at work.

Figure-6.5: Adequate privacy for focus on work at the workplace (Q5)



Source: Primary Survey

Table-6.13: Cross tab between gender and workers' privacy at work (Q5)

Q5	Gender of Respondents		Total
	Female	Male	
Neutral	2	4	6
	33.33*	66.67*	100.00*
	1.57**	3.20**	2.38**
Agree Some What	10	19	29
	34.48*	65.52*	100.00*
	7.87**	15.20**	11.51**
Agree Strongly	115	102	217
	53.00*	47.00*	100.00*
	90.55**	81.60**	86.11**
Total	127	125	252
	50.40*	49.60*	100.00*
	100.00**	100.00**	100.00**

Source: Primary Survey *Row Percentage, ** Column Percentage

Table-6.14: Cross tab between the post and workers' privacy at work (Q5)

Q5	Post of Respondents				Total
	Manager	Assistant Manager	Executive	Assistant	
Neutral	0	4	2	0	6
	0.00*	66.67*	33.33*	0.00*	100.00*
	0.00**	10.53**	1.21**	0.00**	2.38**
Agree Some What	0	3	22	4	29
	0.00*	10.34*	75.86*	13.79*	100.00*
	0.00**	7.89**	13.33**	8.70**	11.51**
Agree Strongly	3	31	141	42	217
	1.38*	41.29*	64.98*	19.35*	100.00*
	100.00**	81.58**	85.45**	91.30**	86.11**
Total	3	38	165	46	252
	1.19*	15.08*	65.48*	18.25*	100.00*
	100.00**	100.00**	100.00**	100.00**	100.00**

Source: Primary Survey *Row Percentage, ** Column Percentage

Table-6.15: χ^2 tests between the post, gender and workers' privacy at work (Q5)

Variables	Degree of Freedom	χ^2	p-Value
Gender.Post	3	30.2176	0.000
Gender.Q5	2	4.2230	0.000
Post.Q5	6	14.5828	0.000

Source: Primary Survey

As the statistical result is found after testing χ^2 test with 1 percent of the level of significance, the null hypothesis is rejected and it is found there is a significant relationship between the past, gender and workers' privacy at work.

It should be well-known that privacy discussions remain centralised within the context of employment law. National legal tradition in coping with managerial prerogatives forms part of the legal train, even while giving out common values about the right to privacy. Moreover, developments, in reality, bring important transformation. Taking this into the description, there seem to be two opposite trends coming up. On the one hand, new technologies make the control of workers, including their actions and their performances more and more accessible. These technologies can be tools of managerial control and supervision. On the other hand, a new path of working, including smart working, suggests more independence for workers, including more responsibility, own proposal, and self-control. That would involve less strict control of the employer and implying longer-term views on performance and outcome. It is thus clear that the privacy and performance management issue is strongly related to the broader debate on the new designs of the digital workplace. The triggers are clear and they are technology and smart work.

6.3.6- Perception question “Q6”: Related to workers’ expectations and perspectives for the current company

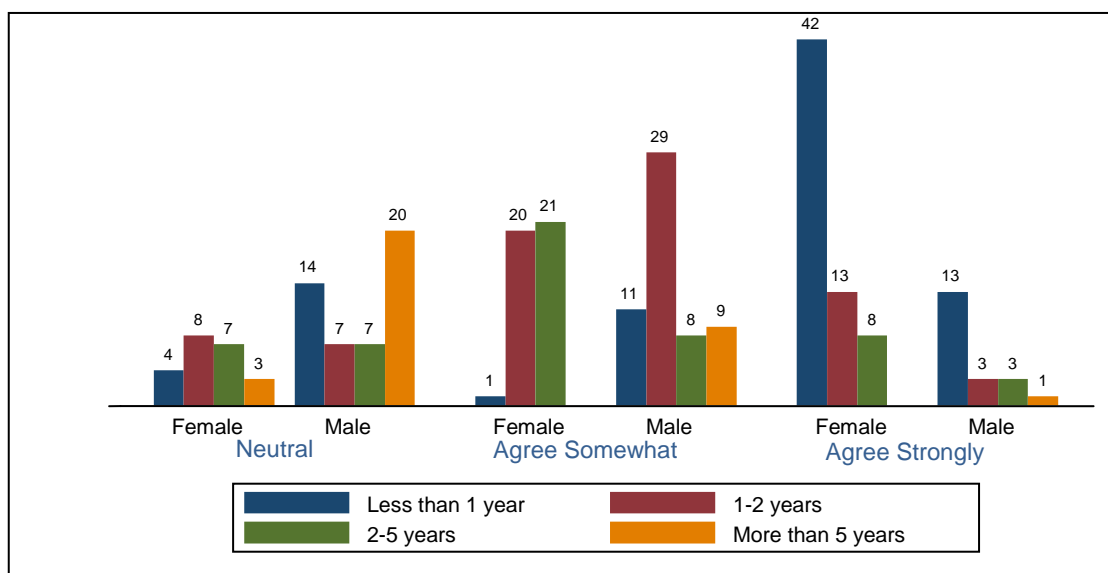
Q6- Would you continue your career graph with this organisation for at least two years?

For analysing Q6, a sub-hypothesis has been taken and that is:

H₀: There is no significant relationship among the post, gender and workers' expectations and perspectives for the current company.

H₁: There is a significant relationship among the workers period in present company, gender and workers' expectations and perspectives for the current company.

Figure-6.6: Continue career with this organisation for at least two years (Q6)



Source: Primary Survey

Table-6.16: Cross tab between the gender and workers' expectations and perspectives for the current company (Q6)

Q6	Gender of Respondents		Total
	Female	Male	
Neutral	22	48	70
	31.43*	68.57*	100.00*
	17.32	38.40	27.78**
Agree Some What	42	57	99
	42.42*	57.58*	100.00*
	33.07**	45.60**	39.29**
Agree Strongly	63	20	83
	75.90*	24.10*	100.00*
	49.61**	16.00**	32.94**
Total	127	125	252
	50.40*	49.60*	100.00*
	100.00**	100.00**	100.00**

Source: Primary Survey *Row Percentage, ** Column Percentage

Table-6.17: Cross tab between the worker's period in present company and workers' expectations and perspectives for the current company (Q6)

Q6	The period in Present Company				Total
	Less than 1 Year	1-2 years	2-5 years	More than 5 years	
Neutral	18	15	14	23	70
	25.71*	21.43*	20.00*	32.86*	100.00*
	21.18**	18.75**	25.93**	69.70**	27.78**
Agree Some	12	49	29	9	99

What	12.12*	49.49*	29.29*	9.09*	100.00*
	14.12**	61.25**	53.70**	27.27**	39.29**
Agree Strongly	55	16	11	1	83
	66.27*	19.28*	13.25*	1.20*	100.00*
	64.71**	20.00**	20.37**	3.03**	32.94**
Total	85	80	54	33	252
	33.73*	31.75*	21.43*	13.10*	100.00*
	100.00**	100.00**	100.00**	100.00**	100.00**

Source: Primary Survey *Row Percentage, ** Column Percentage

Table-6.18: χ^2 tests between the worker's period in the present company, gender and workers' expectations and perspectives for the current company (Q6)

Variables	Degree of Freedom	χ^2	p-Value
Gender.Time_in Company	3	29.0798	0.000
Gender.Q6	2	34.1933	0.000
Time_in Company.Q6	6	93.8838	0.000

Source: Primary Survey

As the statistical result is found after testing χ^2 test with 1 percent of the level of significance, the null hypothesis is rejected and it is found that there is a significant relationship between the worker's period in present company, gender and workers' expectations and perspectives for the current company.

Perusing the views of Greene in *Ayinla* (2006), it is pertinent to note that the employee-employer relationship in the workplace is a contractual expectation where employee expects the work activities to meet his requirements and be acknowledged with the organisation till retirement, while the employer expects faithfulness and hard work till retirement. However, the incidents in the present era business environment of speedy change as characterised by vitality and uncertainty have implications on the contractual expectations as evidenced in the views of Adebajo (2009). In the contemporary context, the unemployment situation and the rate of technological development have made the work expectations of workers to be formless as many do not fully understand the relevance of self-actualization that must align with the choice of work. Often, there is a huge schism between workers' expectations and the employers' provisions affiliated with the given job profile. Work expectations are those things workers think likely to happen in their job situation either now or in the future. Whether spoken or unspoken, met or unmet, expectations have a significant effect on thoughts, feelings, and behaviour patterns and play a key role in motivating

attitudes to meet the business objectives. In a typical work employment circumstances of any given organisation, there are general expectations that are clearly understood by both employer and employee (Adeoye, 2014).

6.3.7- Perception question “ Q7”: Related to workers’ suggestions for potential workers

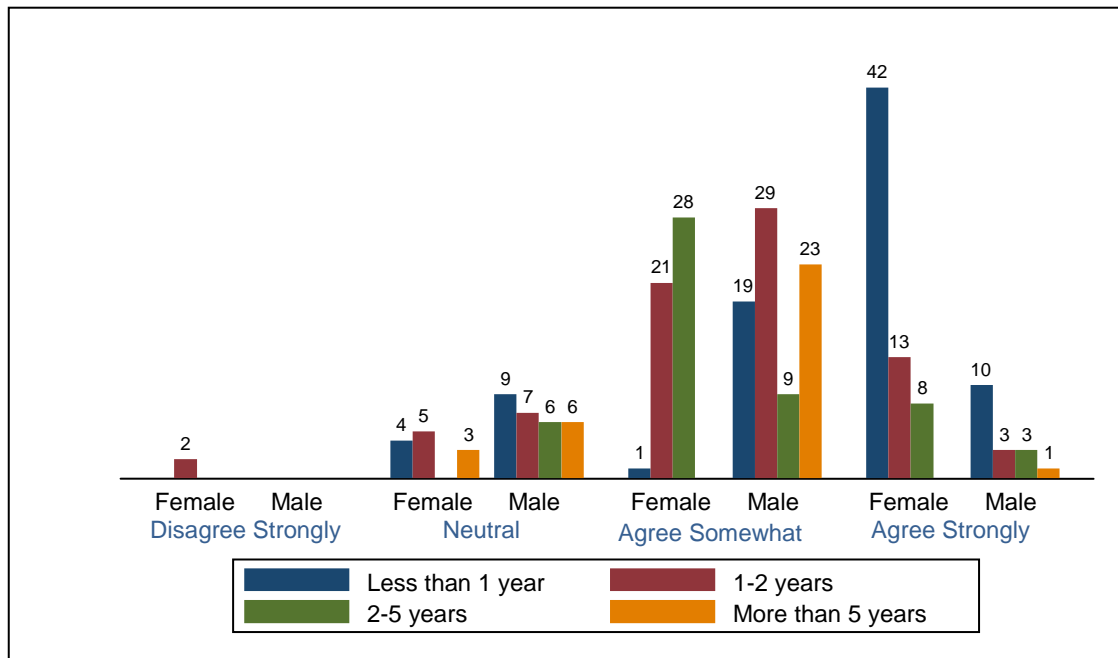
Q7- Would you recommend this organisation to a potential worker?

For analysing Q7, a sub-hypothesis has been taken and that is:

H₀: There is no significant relationship among the period in present company, gender and workers’ suggestions for potential workers.

H₁: There is a significant relationship among the period in present company, gender and workers’ suggestions for potential workers.

Figure-6.7: Recommendation for working in current MNC to a potential worker (Q7)



Source: Primary Survey

Table-6.19: Cross tab between the gender and workers' suggestions for potential workers (Q7)

Q7	Gender of Respondents		Total
	Female	Male	
Disagree Strongly	2	0	2
	100.00*	0.00*	100.00*
	1.57**	0.00**	0.79**
Neutral	5	28	33
	15.15*	84.85*	100.00*
	3.94**	22.40**	13.10**
Agree Some What	57	77	134
	42.54*	57.46*	100.00*
	44.88**	61.60**	53.17**
Agree Strongly	63	20	83
	75.90*	24.10*	100.00*
	49.61**	16.00**	32.94**
Total	127	125	252
	50.40*	49.60*	100.00*
	100.00**	100.00**	100.00**

Source: Primary Survey *Row Percentage, ** Column Percentage

Table-6.20: Cross tab between the period in present company and workers' suggestions for potential workers (Q7).

Q7	The period in Present Company				Total
	Less than 1 Year	1-2 years	2-5 years	More than 5 years	
Disagree Strongly	0	2	0	0	2
	0.00*	100.00*	0.00*	0.00*	100.00*
	0.00**	2.50**	0.00**	0.00**	0.79**
Neutral	6	12	7	8	33
	18.18*	36.36*	21.21*	24.24*	100.00*
	7.06**	15.00**	12.96**	24.24**	13.10**
Agree Some What	27	50	33	24	134
	20.15*	37.31*	24.63*	17.91*	100.00*
	31.76**	62.50**	61.11**	72.73**	53.17**
Agree Strongly	52	16	14	1	83
	62.65*	19.28*	16.87*	1.20*	100.00*
	61.18**	20.00**	25.93**	3.03**	32.94**
Total	85	80	54	33	252
	33.73*	31.75*	21.43*	13.10*	100.00*
	100.00**	100.00**	100.00**	100.00**	100.00**

Source: Primary Survey *Row Percentage, ** Column Percentage

Table-6.21: χ^2 tests between the period in present company, gender and workers' suggestions for potential workers (Q7).

Variables	Degree of Freedom	χ^2	p-Value
Gender.Time_in Company	3	29.0798	0.000
Gender.Q7	3	41.7598	0.000
Time_in Company.Q7	9	65.1872	0.000

Source: Primary Survey

As the statistical result is found after testing χ^2 test with 1 percent of the level of significance, the null hypothesis is rejected and it is found that there is a significant relationship between the period in present company, gender and workers' suggestions for potential workers.

A worker's suggestion for potential workers for doing jobs in their company completely depends on workers' satisfaction with the current organisation. If a worker is satisfied with the salary, increments, work environment of the organisation he will recommend his friend to work there.

6.3.8- Perception question “Q8” relates to workers’ satisfaction with salary

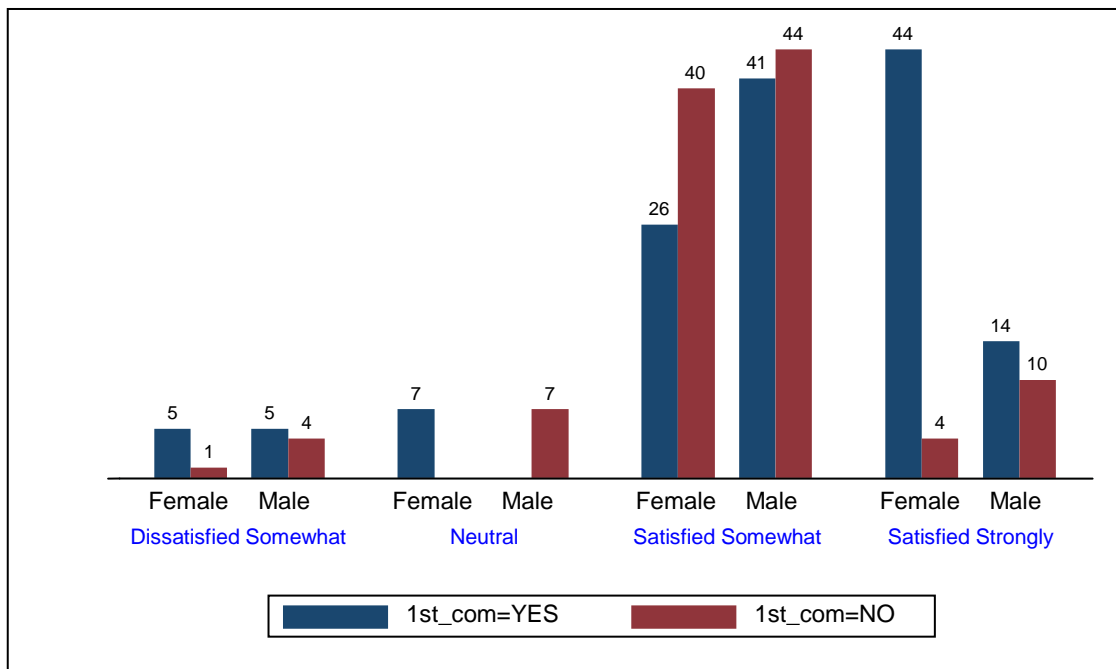
Q8- Are you satisfied with your salary?

For analysing Q8, a sub-hypothesis has been taken and that is:

H₀: There is no significant relationship among the first company recruitment, gender and workers’ satisfaction with salary.

H₁: There is a significant relationship among the first company recruitment, gender and workers’ satisfaction with salary.

Figure-6.8: Workers' satisfaction with salary (Q8)



Source: Primary Survey

Table-6.22: Cross tab between the gender and workers' satisfaction with salary (Q8)

Q8	Gender of Respondents		Total
	Female	Male	
Disagree Somewhat	6	9	15
	40.00*	60.00*	100.00*
	4.72**	7.20**	5.95**
Neutral	7	7	14
	50.00*	50.00*	100.00*
	5.51**	5.60**	5.56**
Agree Some What	66	85	151
	43.71*	56.29*	100.00*
	51.97**	68.00**	59.92**
Agree Strongly	48	24	72
	66.67*	33.33*	100.00*
	37.80**	19.20**	28.57**
Total	127	125	252
	50.40*	49.60*	100.00*
	100.00**	100.00**	100.00**

Source: Primary Survey

*Row Percentage, ** Column Percentage

Table-6.23: Cross tab between the first company recruitment workers' satisfaction with salary (Q8)

Q8	Is it your First Recruitment in any Company		Total
	YES	NO	
Dissatisfied Somewhat	10	5	15
	66.67*	33.33*	100.00*
	7.04**	4.55**	5.95**
Neutral	7	7	14
	50.00*	50.00*	100.00*
	4.93**	6.36**	5.56**
Agree Some What	67	84	151
	44.37*	55.63*	100.00*
	47.18**	76.36**	59.92**
Agree Strongly	58	14	72
	80.56*	19.44*	100.00*
	40.85**	12.73**	28.57**
Total	142	110	252
	56.35*	43.65*	100.00*
	100.00**	100.00**	100.00**

Source: Primary Survey *Row Percentage, ** Column Percentage

Table-6.24: χ^2 tests between the first company recruitment, gender and workers' satisfaction with salary (Q8)

Variables	Degree of Freedom	χ^2	p-Value
Gender.First_Company	1	7.0294	0.000
Gender.Q8	3	10.9755	0.000
First_Company.Q8	3	26.8387	0.000

Source: Primary Survey

As the statistical result is found after testing χ^2 test with 1 percent of the level of significance, the null hypothesis is rejected and it is found that there is a significant relationship among the first company recruitment, gender and workers' satisfaction with salary.

Frey and Feld (2002) in their empirical study have cited a report by economists that pay satisfaction is the most important factor of success in an organization's success. Carraher, Carraher, and Whitely (2003) proposed that job satisfaction highly controls pay satisfaction comprising actual salary satisfaction level and job satisfaction significantly augmented adjustment for each measurement of pay satisfaction.

6.3.9- Perception question “Q9” relates to workers’ satisfaction with incentives

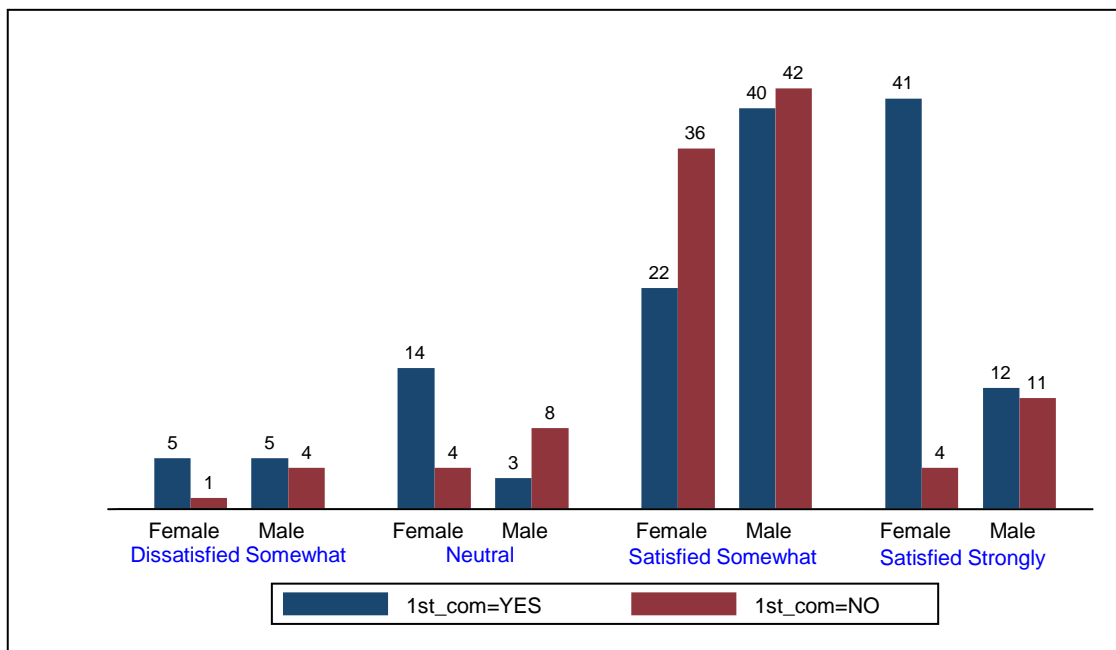
Q9- Are you satisfied with the incentives/ bonus offered by the company?

For analysing Q9, a sub-hypothesis has been taken and that is:

H₀: There is no significant relationship among the first company recruitment, gender and workers’ satisfaction with incentives.

H₁: There is a significant relationship among the first company recruitment, gender and workers’ satisfaction with incentives.

Figure-6.9: Workers' perception of their incentives (Q9)



Source: Primary Survey

Table-6.25: Cross tab between the first company recruitment and perception of workers’ satisfaction with incentives (Q9)

Q9	Gender of Respondents		Total
	Female	Male	
Disagree Somewhat	6	9	15
	40.00*	60.00*	100.00*
	4.72**	7.20**	5.95**
Neutral	18	11	29
	62.07*	37.93*	100.00*
	14.17**	8.80**	11.51**
Agree Some What	58	82	140
	41.43*	58.57*	100.00*
	45.67**	65.60**	55.56**
Agree Strongly	45	23	68

	66.18*	33.82*	100.00*
	35.43**	18.40**	26.98**
Total	127	125	252
	50.40*	49.60*	100.00*
	100.00**	100.00**	100.00**

Source: Primary Survey *Row Percentage, ** Column Percentage

Table-6.26: Cross tab between the first company recruitment and perception of workers' satisfaction with incentives (Q9)

Q9	Is it your First Recruitment in any Company		Total
	YES	NO	
Dissatisfied Somewhat	10	5	15
	66.67*	33.33*	100.00*
	7.04**	4.55**	5.95**
Neutral	17	12	29
	58.62*	41.38*	100.00*
	11.97**	10.91**	11.51**
Agree Some What	62	78	140
	44.29*	55.71*	100.00*
	43.66**	70.91**	55.65**
Agree Strongly	53	15	68
	77.94*	22.06*	100.00*
	37.32**	13.64**	26.98**
Total	142	110	252
	56.35*	43.65*	100.00*
	100.00**	100.00**	100.00**

Source: Primary Survey *Row Percentage, ** Column Percentage

Table-6.27: χ^2 tests between the first company recruitment, gender and perception of workers' satisfaction with incentives (Q9)

Variables	Degree of Freedom	χ^2	p-Value
Gender.First_Company	1	7.0294	0.008
Gender.Q9	3	13.5066	0.004
First_Company.Q9	3	21.8820	0.000

Source: Primary Survey

As the statistical result is found after testing χ^2 test with 1 percent of the level of significance, the null hypothesis is rejected and it is found that there is a significant relationship among the first company recruitment, gender and workers' satisfaction with incentives.

Dorenbosch, De Reuver & Sanders (2006) indicated that financial incentive goes a long way in determining how effective and loyal a worker will contribute to organizational goal and objectives. According to Salau, Falola and Akinbode (2014), the financial incentives given to workers include bonuses, increased salary, fringe benefits, profit sharing, and other payment packages.

6.3.10- Perception-based question "Q10" relates to occupational safety at work

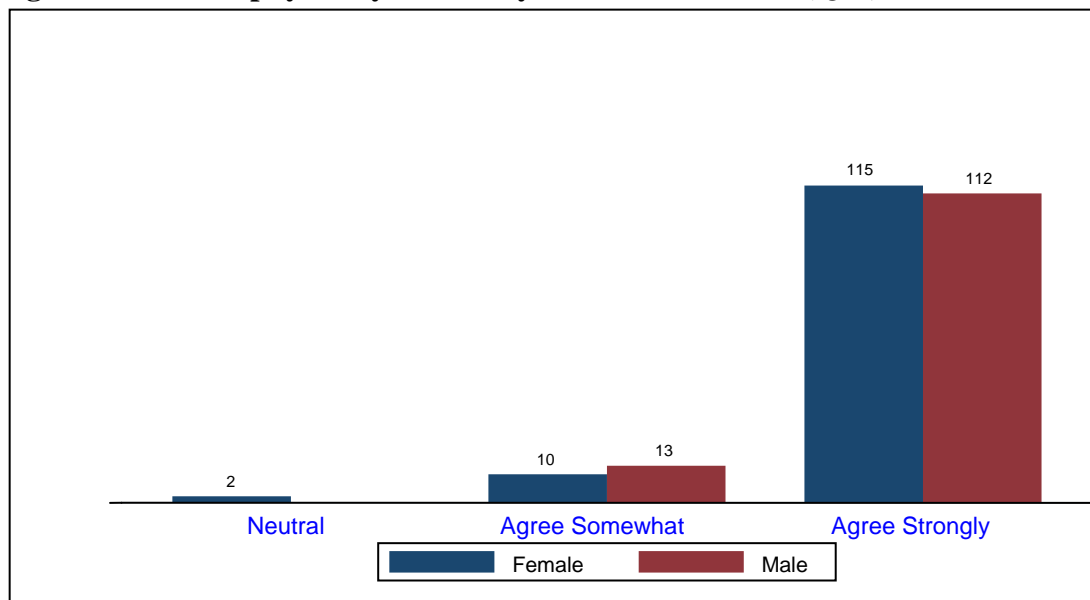
Q10- "Do I feel physically safe in my work environment?"

For analysing Q10, a sub-hypothesis has been taken and that is:

H₀: There is no significant relationship between gender and occupational safety at work.

H₁: There is a significant relationship between gender and occupational safety at work.

Figure-6.10: I feel physically safe in my work environment (Q10)



Source: Primary Survey

Table-6.28: Crosstab between Gender and perception of occupational safety at work (Q10)

Q10	Gender of Respondents		Total
	Female	Male	
Neutral	2	0	2
	100.00*	0.00*	100.00*
	1.57**	0.00**	0.79**
Agree Some What	10	13	23
	43.48*	56.52*	100.00*
	7.87**	10.40**	9.13**
Agree Strongly	115	112	227
	50.66*	49.34*	100.00*
	90.55**	89.60**	90.08**
Total	127	125	252
	50.40*	49.60*	100.00*
	100.00**	100.00**	100.00**

Source: Primary Survey *Row Percentage, ** Column Percentage

Table-6.29: χ^2 tests between Gender and perception of occupational safety at work (Q10).

Variables	Degree of Freedom	χ^2	p-Value
Gender.Q10	2	2.4152	0.299

Source: Primary Survey

As the statistical result is found after testing χ^2 test with 5 percent of the level of significance, there is no reason to reject the null hypothesis and it is found that there is no statistically significant relationship between gender and occupational safety at work.

In the workplace, occupational health and safety policies are supreme for the well-being of the workers and the organization. Many hazards are present in today's work environments, and it's the employer's job to keep their workers' safety from the same. It's a job that is so vital that there are occupational safety standards and regulations set by the Government of India, which ensures that all of their guidelines for health and safety violations can have their business blackout. It is just a cause of why workplace health and safety standards are important for workers.

Section-3

6.4- Finding the Cause and Effect through the Logistic Model: Odd Ratio

Logistic Regression models the probabilities for classification problems with two possible outcomes. It's an extension of the Linear Regression model for classification problems. A solution for the classification is Logistic Regression. Instead of fitting a straight line or hyper plane, the Logistic Regression model uses the logistic function to squeeze the output of a linear equation between 0 and 1.

6.4.1- Odd Ratio: An Introduction

The odds of an event happening are defined as the likelihood that an event will occur, expressed as a proportion of the likelihood that the event will not occur. Therefore, if A is the probability of subjects affected and B is a probability of subjects not affected, then odds = A /B. Odds Ratio (OR) is a measure of association between exposure and an outcome. The OR represents the odds that an outcome will occur given a particular exposure, compared to the odds of the outcome occurring in the absence of that exposure.

$$\text{Odds} = \frac{\text{Probability of event}}{\text{Probability of non-event}}$$

Important Aspects of Odds Ratio:

- a) Calculated in case-control studies as the incidence of outcome is not known.
- b) OR >1 indicates an increased occurrence of an event.
- c) OR <1 indicates a decreased occurrence of an event (protective exposure).
- d) Look at CI and P-value for statistical significance of value.
- e) In rare outcomes OR = RR (RR = Relative Risk). This applies when the incidence of the disease is < 10%.

Advantages and Disadvantages

- a) Logistic regression has been widely used by many different people, but it struggles with its restrictive expressiveness (e.g. interactions must be added manually) and other models may have better predictive performance.

- b) Another disadvantage of the logistic regression model is that the interpretation is more difficult because the interpretation of the weights is multiplicative and not additive.
- c) Logistic regression can suffer from complete separation. If there is a feature that would perfectly separate the two classes, the logistic regression model can no longer be trained. This is because the weight of that feature would not converge. After all, the optimal weight would be infinite. This is a bit unfortunate because such a feature is really useful. But you do not need machine learning if you have a simple rule that separates both classes. The problem of complete separation can be solved by introducing the penalization of the weights or defining a prior probability distribution of weights.
- d) On the good side, the logistic regression model is not only a classification model but also gives you probabilities. This is a big advantage over models that can only provide the final classification. Knowing that an instance has a 99% probability of a class compared to 51% makes a big difference.

For analysis of the perceptions of workers, relevant sub-hypotheses were used for supporting the core hypothesis on which the present chapter is based.

For analysing the perception of MNCs' workers, a single sub-hypothesis has been taken for all types of perception individually, that is:

H₀: There is no significant impact of explanatory variables on the workers' satisfaction in the MNCs' work environment.

H₁: There is a significant impact of explanatory variables on the workers' satisfaction in the MNCs' work environment.

All different perceptions of MNCs' workers will be justified by testing this sub-hypothesis.

6.4.2- Workers' participation in decision making

According to Stark P., B., (2010), there is many benefits of involving employees in the decision making, based on data analysis of employee satisfaction surveys of

association of companies in all over USA. In the survey, it has been found that some companies referred to their employees as “employees.” Other organizations have referred to their employees as “associates,” “staff members,” or “team members.”

The following are the most important benefits of involving works in making decisions:

1. The workers feel they are a valued part of the team. When workers feel appreciated, usually they will raise their level of effort and commitment to ensure the company's success.
2. The workers can make better day-to-day decisions because they have accurate information regarding the direction of the company.
3. The workers feel a stronger bond of accountability for making the decision.
4. The workers will focus more of their energy on future-oriented problem solving rather than blaming their current problems on management.
5. Morale and motivation are higher in organizations where workers are involved in the company's decision making. When workers are involved in decision making, they know they make a difference to the company's success. When workers get that they make a difference, they find it easier to be motivated and satisfied with their job.
6. It frees up a manager's time to contribute to the department's success in other areas as decision making is delegated to workers.

For analyzing the Q12, a sub-hypothesis has been taken and that is:

Perception of the workers working in MNCs is evaluated with the variables given below and the model is used for determination is:

$$Q12 = \beta_1.Gender1 + \beta_2.salary_012 + \beta_3.post_012 + \beta_4.tim_in_com_012 + \beta_5.Qualifictn_011 + \mu$$

Where, Q12= positive perception of workers for participation in decision making

Gender1= female workers

Salary_012= more than Rs. 20,000

Post_012= Lower posts (Executives and Assistants)

tim_in_com_012= More than 2 years in present MNCs

Qualifictn_011= Conventional Degree (UG and PG)

β = coefficients of respective variables

μ = random errors

Table-6.30: Odd ratio result for positive responses for workers' participation in decision making

Logistic Regression					Number of Observations	252
Log likelihood	- 113.80922				Wald chi2(5)	70.36
					Probability > chi2	0.0000
Q12	Dy/Dx	Odds Ratio	Std. Err.	z	P>z	
Gender1	1.290576	3.634881	1.322754	3.55	0.000	
salary_012	-0.705311	0.493955	0.210406	-1.66	0.098	
post_012	-1.151652	0.316114	0.115108	-3.16	0.002	
tim_in_com_012	1.526963	4.604172	2.236090	3.14	0.002	
Qualifictn_011	2.186072	8.900181	3.212404	6.06	0.000	

Source: Primary Survey

The model is statistically significant at 1 percent of the level of significance. All variables are statistically significant at 1 percent of the level of significance except the upper level of salary (Salary_012) which is also statistically significant at 10 percent of the level of significance.

The result is showing that the sub hypothesis is rejected after testing it and there is a significant impact of explanatory variables on workers' satisfaction in the MNCs' work environment.

The odd ratio result shows that males are 3.36 times more participative in decision making. Upper-level salary workers are negatively participating in making decisions means they accept that they are not invited for decision making by seniors in MNCs. Upper post workers also think that they are not called to participate in the company's decision making. Workers who work less than 2 years and workers who are professionally qualified, they are also positively accepting participation in decision making, respectively. This is 4.6 times more than the workers who are working for more than 2 years and 8.9 times more participating than those who have a traditional degree.

6.4.3- Top Management and Core Values of Organization

Core values are what support the vision, shape the work culture and reveals what a company values. They are the soul of the company's identity the principles, beliefs or philosophy. Many companies focus mostly on the technical competencies but frequently forget that the primary competencies that make their companies run efficiently are the core values. Establishing strong core values gives various advantages to the company both through internal and external means.

Perception of the workers for top management and the core values of the Organization in MNCs is evaluated with the variables given below and the model used for determination is:

$$Q22 = \beta_1.Gender1 + \beta_2.salary_012 + \beta_3.post_012 + \beta_4.tim_in_com_012 + \beta_5.Qualifictn_012 + \beta_6.ur1st_com2 + \mu$$

Where, Q22= positive perception of workers for top management and core values of Organization

Gender1= female workers

Salary_012= more than Rs. 20,000

Post_012= Lower posts (Executives and Assistants)

tim_in_com_012= More than 2 years in present MNCs

Qualifictn_012= professional Qualification (management and technology)

ur1st_com2= workers who have worked before present company

β = Coefficients of respective variables

μ = random errors

Table-6.31: Odd ratio result for positive responses for top management and core values of Organization

Logistic Regression				Number of Observations	252
Log-likelihood	-59.091664			Wald chi2(6)	72.74
				Probability > chi2	0.0000
Q22	Dy/Dx	Odds Ratio	Std. Err.	z	P>z
Gender1	0.396386	1.486443	0.803819	0.73	0.464
salary_012	2.940698	18.92905	17.50047	3.18	0.001
post_012	2.815722	16.70523	8.046282	5.85	0.000
tim_in_com_012	1.864372	6.451884	5.418844	2.22	0.026
Qualifictn_012	-2.335195	0.096792	0.052039	-4.34	0.000
ur1st_com2	-1.199188	0.301439	0.217712	-1.66	0.097

Source: Primary Survey

The result is showing that the sub hypothesis is rejected after testing it and there is a significant impact of explanatory variables on worker satisfaction in the MNCs' work environment.

in odd ratio result, it is found that gender is not statistically significant while salary, post and qualification is statistically significant at 1 percent, working period in the present company is significant at 5 percent and workers who have worked before present company are significant at 10 percent of the level of significance. There is a positive impact on females, upper salary, lower post, long time working workers satisfaction and negative impact of professional qualification and workers having previous experience.

6.4.4- Skills and Competencies for Employability

Employers are unquestionably in continuous search of employable graduates who are not only ready to express employability skills but are competent in using these skills to create a positive working environment for the overall higher performance of the company. While workers are expected to maximize their potential to become successful in their jobs, it is essential to ensure that what they do in the company will lead to producing a positive impact. Workers who have competencies in specific

employability skills that are associated with their contextual behavioural responses will put them in a valuable position to stay and progress in workplaces and become familiar with the challenging demands of different work conditions (*Maripaz C. A., Ombra A. I., 2016*).

Perception of Workers for their skills and competencies for employability in MNCs is evaluated with the variables given below and the model used for determination is:

$$Q32 = \beta_1.Gender1 + \beta_2.salary_012 + \beta_3.post_012 + \beta_4.tim_in_com_012 + \beta_5.Qualifictn_012 + \beta_6.ur1st_com2 + \mu$$

Where, Q32= Present job is according to workers' skill

Gender1= female workers

Salary_012= more than Rs. 20,000

Post_012= Lower posts (Executives and Assistants)

tim_in_com_012= More than 2 years in present MNCs

Qualifictn_012= professional Qualification (management and technology)

ur1st_com2= workers who have previous work experience

β = Coefficients of respective variables

μ = random errors

Table-6.32: Odd ratio result in the present job is according to workers' skill

Logistic Regression				Number of Observations	252
Log likelihood	-145.37105			Wald chi2(6)	45.74
				Probability > chi2	0.0000
Q32	Dy/Dx	Odds Ratio	Std. Err.	Z	P>z
Gender1	0.9026901	2.466229	0.762659	2.92	0.004
salary_012	-0.7573446	0.468910	0.200528	-1.77	0.077
post_012	0.6062356	1.833516	0.583929	1.90	0.057
tim_in_com_012	0.4280053	1.534194	0.655191	1.00	0.316
Qualifictn_012	- 1.2264190	0.293341	0.089609	-4.01	0.000
ur1st_com2	0.1964475	1.217071	0.383245	0.62	0.533

Source: Primary Survey

The result is showing that the sub hypothesis is rejected after testing it and there is a significant impact of explanatory variables on workers' satisfaction in the MNCs' work environment.

As a result, it is found that the working period and a previous company's experience are not statistically significant for accepting that the present job is using the workers' skills in better ways. Female workers and professional qualifications are statistically significant at 1 percent, the upper level of salary and lower posts are statistically significant at 10 percent of the level of significance. There is a positive impact of females, lower posts, working periods for more than 2 years and workers having previous company's experience and negative impact of upper salary level and professional qualification on job satisfaction for better utilisation of their skill.

6.4.5- Workers' satisfaction with salary

For a job in a company, salary is like a charger to the phone. Without it, it is essentially deadweight (Acharya R., 2017).

Workers' satisfaction with salary in MNCs is evaluated with the variables given below and the model used for determination is:

$$Q52 = \beta_1.Gender1 + \beta_2.salary_012 + \beta_3.post_012 + \beta_4.tim_in_com_012 + \beta_5.Qualifictn_012 + \beta_6.ur1st_com2 + \mu$$

Where, Q52= Workers' satisfaction with salary

Gender1= female workers

Salary_012= more than Rs. 20,000

Post_012= Lower posts (Executives and Assistants)

tim_in_com_012= More than 2 years in present MNCs

Qualifictn_012= professional Qualification (management and technology)

ur1st_com2= workers who have prior work experience

β = Coefficients of respective variables

μ = random errors

Table-6.33: Odd ratio result for workers' satisfaction with salary

Logistic Regression				Number of Observations	252
Log likelihood	-76.209198			Wald chi2(6)	86.72
				Probability > chi2	0.0000
Q52	Dy/Dx	Odds Ratio	Std. Err.	z	P>z
Gender1	-0.141597	0.867971	0.403726	-0.30	0.761
salary_012	1.636608	5.137711	3.309210	2.54	0.011
post_012	1.616009	5.032965	2.619403	3.11	0.002
tim_in_com_012	1.655434	5.235350	3.795046	2.28	0.022
Qualifictn_012	-1.465400	0.230986	0.107238	-3.16	0.002
ur1st_com2	0.777318	2.175629	1.224181	1.38	0.167

Source: Primary Survey

The result is showing that the sub hypothesis is rejected after testing it and there is a significant impact of explanatory variables on workers' satisfaction in the MNCs' work environment.

The result shows that lower post and professional qualification is statistically significant at 1 percent and upper-level salary and working period of more than 2 years are statistically significant at 5 percent level of significance. But females and experience of the previous company are not statistically significant because females are not being paid the same salary as males (Crothers, L. M., *en. al.* (2010) and workers having experience of a previous company expected that the salary given by MNCs would be higher than local companies.

6.4.6- Workers' satisfaction with incentives

Both monetary and non-financial incentives increase worker feelings to work; while some workers see pay as the greatest motivating drive for higher performance, others see nonfinancial rewards as the only means by which the company can make them feel like a valued part of a company and showing them that they are appreciated.

Workers' satisfaction with incentives in MNCs is evaluated with the variables given below and the model used for determination is:

$$Q62 = \beta_1.Gender1 + \beta_2.salary_012 + \beta_3.post_012 + \beta_4.tim_in_com_012 + \beta_5.Qualifictn_012 + \beta_6.ur1st_com2 + \mu$$

Where, Q62= Workers' satisfaction with incentives

Gender1= female workers

Salary_012= more than Rs. 20,000

Post_012= Lower posts (Executives and Assistants)

tim_in_com_012= More than 2 years in present MNCs

Qualifictn_012= professional Qualification (management and technology)

ur1st_com2= workers who has worked before present company

β = Coefficients of respective variables

μ = random errors

Table-6.34: Odd ratio result for workers' satisfaction with incentives

Logistic Regression				Number of Observations	252
Log likelihood	-111.83657			Wald chi2(6)	82.25
				Probability > chi2	0.0000
Q62	Dy/Dx	Odds Ratio	Std. Err.	Z	P>z
Gender1	-0.5071435	0.602213	0.228128	-1.34	0.181
salary_012	0.3670638	1.443490	0.743432	0.71	0.476
post_012	1.7274210	5.626126	2.365413	4.11	0.000
tim_in_com_012	1.1167580	3.054934	1.622700	2.10	0.036
Qualifictn_012	-0.4477130	0.639088	0.237430	-1.21	0.228
ur1st_com2	0.1229027	1.130774	0.464449	0.30	0.765

Source: Primary Survey

The result is showing that except for the lower post, no explanatory variables are statistically significant. Because incentives are real income for employees but it is not given to them timely by the organization which builds a slight psychological pressure that can impede finding satisfaction at work. It is not important that which factor is different from it but incentives are a psychological cause for lackluster performance in the present job. In MNCs, incentives are not provisioned for time and it becomes a cause for dissatisfaction among the workers (*Wu, L. C., & Wu, M. (2011).*)

6.4.7- Expectations Perspectives for the Current Company

Workers also have the right to expect from their employers. The well-timed and accurate payment of wages, sufficient training, safe working environment, a full

explanation of the company's policies, especially of their job responsibilities, and fair and fruitful response from their employer are incorporated in the list of all workers' expectations. If any of these expectations are not being met, workers should have a conversation with their employer to discuss the situation. Most of these workers' expectations are not only logical but are also required by law (*Thompson, S., 2018*).

Workers' expectation, perspectives for current company is evaluated with the variables given below and the model used for determination is:

$$Q42 = \beta_1.Gender1 + \beta_2.salary_012 + \beta_3.post_012 + \beta_4.tim_in_com_012 + \beta_5.Qualifictn_012 + \beta_6.ur1st_com2 + \mu$$

Where, Q42= positive expectations perspectives of workers for current company

Gender1= female workers

Salary_012= more than Rs. 20,000

Post_012= Lower posts (Executives and Assistants)

tim_in_com_012= More than 2 years in present MNCs

Qualifictn_012= professional Qualification (management and technology)

ur1st_com2= workers who has worked before present company

β = Coefficients of respective variables

μ = random errors

Table-6.35: Odd ratio result for expectations of workers for the current company

Logistic Regression				Number of Observations	252
Log likelihood	-132.67605			Wald chi2(6)	61.11
				Probability > chi2	0.0000
Q42	Dy/Dx	Odds Ratio	Std. Err.	z	P>z
Gender1	0.8505418	2.340915	0.7733945	2.57	0.010
salary_012	0.0932822	1.097771	0.5104066	0.20	0.841
post_012	0.8890466	2.432809	0.7723456	2.80	0.005
tim_in_com_012	-0.5209928	0.593931	0.2676141	-1.16	0.248
Qualifictn_012	-0.3639883	0.694899	0.2237863	-1.13	0.258
ur1st_com2	0.3070055	1.359349	0.4418061	0.94	0.345

Source: Primary Survey

As a result, it is shown that except female and lower posts, other variables are not statistically significant because job dissatisfaction is the psychological condition of a worker. Job dissatisfaction happens due to various reasons like workload, lack of control, unfairness, value conflict and insufficient rewards (*Jianguo, W., & Frimpong, S. K., 2017*). *Hoppock* (1935) defines job satisfaction as a permutation of emotional and environmental conditions that inspire a worker honestly to speak that he is satisfied with his present job. Although job satisfaction is under the influence of various peripheral factors, it is also a very subjective context as one's response to a given work profile could be different from the other's response to the same work. Hence, job satisfaction presents a set of factors that cause a mood of satisfaction. Vroom in his definition of job satisfaction focuses on the role of the workers in the place of work. Thus he defines job satisfaction as sentimental orientations on the part of individuals towards work roles which they are at the moment occupying (*Vroom, 1964*).



Chapter-7
Research Findings and
Recommendations for
Policy Implementations



Chapter-7

Research Findings and Recommendations for Policy Implementations

7.1- Preliminary Remark

The overarching importance of the role of MNCI in the Indian economy compelled the researcher to select this issue as a research problem. It is necessary to explore the dimensions of MNCI inflow such as trends, patterns, determinants and causal relation between MNCI and economic growth of the province's economy. Hence, the present study aims at analysing various dimensions of particular the inflow of MNCI in Uttar Pradesh during 2005-2018.

Very simply, it is found about MNCI in many studies that this type of investment is always:

- i. More likely to invest in those counties that are enjoying fast economic growth. And give preference for countries with a strong industrial base.
- ii. The encouraging and friendly environment should be provided to the MNCs to attract more MNCs' investment.
- iii. The availability of an abundant supply of relatively skilled labour is an important magnate to multinationals invests. The host country is more likely to be benefited if they have a large supply of skilled labour.
- iv. A degree of openness, low county debt, a liberal money supply policy, low unemployment rate and low environmental pollution attract MNCs' investment in Asia's developing countries.
- v. Host country with it widely available English educated, but cheap manpower, operational and close to the land, seaport and liberal economic policies to attract more MNCs' investment.

- vi. Macroeconomic policies that shape the fundamentals of cost competitiveness, the economic stability of the country.
- vii. The growth-enhancing effects of MNCs' investment are stronger in countries that pursue an export promoting policy than in those following an import substitution policy.
- viii. The size of a region's market as approximated by regional income has a positive effect, but wage cost hurts MNCs' investment.
- ix. Exchange rates are important considerations because MNCs are not planning to take the profit out of the host country in the short run.
- x. After the financial crisis of 2007, the emerging economies have started to grow in 2010, unlike most developed economies, which continue to decline. In BRICS economics, MNCs' investment seems to have the impact of a position by contributions to the economic development of these countries to reach development economies.
- xi. There are some motives to encourage MNCs investment in India: 1) Initiating a top level of investment; 2) Reducing the technological gap; 3) The natural resources will be used in true meaning; 4) The foreign exchange gap will be reduced; 5) Enhancing the basic economic structure.

Uttar Pradesh is the third largest provincial economy in India. Presently, it is the second of the dearest destination for MNCs for investing in India after Mumbai. But in Uttar Pradesh MNCs are based only in NOIDA, Greater NOIDA and Lucknow because this part of Uttar Pradesh is being developed for organized sectors.

In the light above, Uttar Pradesh is represented as an important point in space for studying the MNCs' investment pattern and its impact on economic development. The study specifically aims at:

1. To assess the patterns and impact of MNCs Investment on the economy of Uttar Pradesh.
2. To assess the Investment policy to attract MNCs in the favour of economic development of Uttar Pradesh.

3. To assess the CSR of MNCs' for the economic development of Uttar Pradesh.
4. To evaluate the impact of MNCs' on worker development.

This study is based on the primary as well as secondary data. The secondary data have been collected by the Reserve Bank of India, the Security and Exchange Board of India, Government of UP, Department of Industrial Promotion and Policy, annual reports of the economy of UP by state and central government bodies. , etc. the primary data will collect by the survey area.

The selected area for the survey is NOIDA, which is selected under purposive sampling. Because there are more than 240 MNCs, working in Uttar Pradesh and the approximately 220 MNCs head offices are existed in NOIDA.

For primary data, to evaluate multinational companies, 252 samples have been collected from MNCs based in NOIDA, respondents are MNC's workers. Method for collecting primary data from workers is simple random which is collected during office time outside of the MNCs when they come out for food, tea and its or office ending. For secondary data, the study period is 2000 to 2017 and descriptive statistics are used to it.

Precise economic and econometric tools and techniques are used. These tools related to some methods such as regression analysis, correlation, percentage share with the time series data and primary data. Some software is also used like Excel and STATA.

7.2- Conclusion of the whole study

It is found in the review literature that there is the various economic determination of MNC investment, as table-7.1:

Table-7.1: Economic Determination of MNC Investment as per Relative Theories

Sr No.	Theory/ Model	Determinants of MNC Investment
1	Static Accelerator Model of Investment	Output Of GDP
2	Dynamic Accelerator Model of Investment	Output Desired Capital Stock
3	Jorgenson's Investment Model	Profit, Corporate Tax

4	Tobin's Q model of Investment	Expectation, Aggregate Economic Activity, Marginal Productivity Of Capital
5	The Profit Theory of Investment	Profit to the MNCs Reinvestment
6	Duesenberry's Theory of Investment	Accelerator, GDP
7	The Financial Theory of Investment	Cost of Capital in Investment
8	Imperfect Capital Market Theory	Competition, Market Seeking MNCs, Product Seeking MNCs, Efficiency Seeking MNCs,
9	Dynamic Comparative Advantage and the Product Cycle Model	Product in Global Value Chain
10	The Eclectic Paradigm of International Production	Ownership Location Internality or Localisation
11	Home and Host Country Effects of FDI	Push and Pull Factors of MNC Investment
12	An Assignment Theory of Foreign Direct Investment	Green Field Versus Brown Field MNC Investment

Source: Conceptual Reviews

In the above table, it can be that by all reviewed conceptual theories it is found that what means of MNCs investment with these determinants which affects the economy in the long run for its development. Now, it can be said that the first objective of the present research is achieved.

Just as a weak human body needs blood and it is borrowed from another healthy body, similarly, Investment from abroad is important for a weak economy. In the above conceptual theories, it is defined that the causes and effects of MNCs investment. These theories are very much related to the research study and provide that so many understandings for determinants of MNCs investment. Investment in business equipment by firms is important in both the short-run business cycles and in the long-run growth of developing economies as it explains much of the volatility and movement in the countries' GDP. In this Chapter, we reviewed the main traditional theories of investment behaviour that include flexible accelerator, the Tobin q the

neoclassical theory, the liquidity and profitability theories focusing on their applicability to firms operating in developing economies. Most traditional theories of investment behaviour have been developed for use in industrialised economies. However, developing economies have idiosyncratic socio-political and economic characteristics that are quite different from developed economies. This suggests the need to reformulate investment theories to suit the context of developing economies countries where factors like prices, aggregate demand, inflation, interest and exchange rates, firm-level investment behaviour and output fluctuate with higher unpredictability.

In the previous period, many economists provided different concepts regarding Multinationals' investment. As Raymond Vernon (1966) indicates that the stages of the product cycle tell how a product cost and benefit are playing an important role in international trade. In the present study, it will be seen that which things are affected and which things affect foreign trade in the economy of the state of Uttar Pradesh. According to Dunning (1966), it is considered that locational advantages are necessary for MNCs' investment as the existence of raw materials, low wages, special taxes or tariffs. Locational advantage refers to the different countries or regions, for undertaking the value-added activities of MNCs. Uttar Pradesh have a very economical and Locational advantage for multinationals for investment. In Uttar Pradesh, skilled labour and a favourable economic environment are available for multinationals. Robert E. Lipsay (2002) says that there are two types of effects on MNCs' investment: Home country effect and host country effect. As second affect how economic determinants affect the MNCs' investment. It has been analysed in this research study that how economic determinants affect MNCs investment and the host economy is being affected by MNCs' investment. Volker Nocke and Stephen Yeaple (2004), after analysing volume and composition of MNCs' investment, say that they model the merger market as a market in which heterogeneous firms buy and sell heterogeneous firm-specific assets to exploit complementarities.

According to the World Bank, India currently, ranks at the 62nd (in 2019) place in the 'ease of doing business' index, which is a significant jump from the 130th position in 2017.

Uttar Pradesh is a huge state not only based on population, but also on the size of the economy. It needs huge investment for its economic development, but where Gross investment is playing a significant role for boosting it, Industries of the organised sector are not recruiting workers as much as needed to impact the economic growth of the state because Investors are limited resources if they recruit more workers it can create a financial and managerial problem for them (Guest, D.E. 1987).

Presently, (as of April 2017) 240 MNCs are working in Uttar Pradesh but their investment is very small to impacting economic growth. It seems in the result that there is no association between the economic growth of Uttar Pradesh and MNCs' investment. The reasons behind the lack of coming foreign investors are that good governance, lack of infrastructures and the regional disparity of investment patterns.

For monitoring direct investment by foreign investors Uttar Pradesh is divided into two different RBI Zones; Delhi and Kanpur. Kanpur Zone covers all Uttarakhand and maximum part of Uttar Pradesh and Delhi Zone covers all Delhi, a part of western Uttar Pradesh, Hariyana and Rajsthan.

The secondary evidence is taken from both zones for the present study. The inflow of MNCI is very much higher in a Delhi zone than Kanpur zone. But in the result, there is no statistically significant impact of MNCI on the economic growth of Uttar Pradesh.

Infrastructure availability is the most critical factor for attracting foreign investors. In India, the distribution of foreign investment is biased with skewness 3.07. Where Maharashtra, Karnataka and Haryana are having a foreign investment of 70 percent of total foreign investment, the rest of India is having only 30 percent.

There are 10 highest investing counties which are; Mauritius, Singapore, U.K., Japan, USA, Netherlands, Germany, France, UAE and Cyprus. For the last 10 years, UAE, USA and Mauritius are investing respectively highest in India.

The sector-wise inflow of foreign investment is highest in service and IT sectors in all over India, both sectors are having 44 percent of total foreign investment.

RBI is setups 16 regional zone to measure foreign investment such as; Mumbai, New Delhi, Bangalore, Chennai, Ahmadabad, Hyderabad, Kolkata, Kochi, Chandigarh, Kanpur, Jaipur, Panji, Bhubaneswar, Guwahati, Patna and Jammu, where for last 10 years, Bangalore, Hyderabad, Chennai and Ahmadabad are having 57 percent of total foreign investment. These parts of India are providing good communicating and connecting facilities to MNCs all over the world which is the main factor for becoming the most likely region for foreign investors for investment.

In Uttar Pradesh, there are more than 240 MNCs are working, but 45 percent of MNCs is working under the IT&Software industry.

Foreign Investment in Uttar Pradesh is measured by two different RBI regional offices; Kanpur and Delhi regional office. Delhi zone is having much more foreign investment in comparison with Kanpur zone.

There is no statistically significant relationship between both zones, because the Kanpur region is a less developed and lack of required infrastructure, whereas the Delhi region is full of facilities for foreign investors.

The amount of total foreign investment is very less in comparison with GVA of Uttar Pradesh, which is the main reason for the statistically insignificant of MNCI for playing a good role in the economy of Uttar Pradesh.

In conclusion, it can be said that in the Indian context, a small miscalculation while deciding the foreign investment policy on the side of policymakers shall make MNCs' investment a load on the Indian economy and upon the people of India. Therefore, the Government of India, while choosing the policy towards foreign investments should take necessary precautions, considering both economic and social factors, to avoid any potential negative effects of allowing MNCs' investment in India.

Discussion based on findings leads us to conclude that the encouragement and facilitation of international investors in India have created ample opportunities. It can be concluded that India has come across vast diversification in all sectors in terms of growth and infrastructure development since liberalisation started. In terms of policy implication, further liberalisation may have some negative effects on the traditional players which could not compete with global competitive pressure, however, that

shall not impede the ability to implement the policy of liberalisation. Instead, the measure should be taken to make easy the structural improvement associated with further liberalisation. These may include the development of human capital and labour force to facilitate the smooth transition and reducing the unemployment associated with the structural change in the industry. Nonetheless, this may also be an aspect to consider in the fiscal management and allocation of resources to those sectors of the economy which are negatively influenced by the liberalisation.

There is an efficient symbiotic relationship between MNCs and host policy uncertainty that helps mitigate economic loss, particularly in politically unstable jurisdictions. While it is well known that MNCs often partner with local firms to get a toehold in particular countries and assistance in navigating the local institutions, it is less well known what externalities these relationships generate. We suggest that in addition to providing more stable customer growth, MNCs' relationships with the government can serve to dampen the rise of political instability. While many conjectures that MNCs attempt to influence policy in an exclusively self-serving manner, our work suggests that MNCs appear to influence policy in an altruistic manner that has positive implications for the local landscape. Using several unique data sets, it has found a positive association between the likelihood of maintaining a cross country relationship and the level of host country political risk. This finding is consistent with MNCs teaming up with local organizations to navigate host country political risk. MNCs that maintain cross economy relationships enjoy greater future customer growth, particularly during periods of high political risk. However, it is also found that the aggregate level of MNC and host economy relationships is associated with lower levels of future political risk. This finding suggests that these local partnerships help align the MNCs' interests with the adoption of policies that benefit all economic activity, not just the MNCs.

Beyond profit, to doing business fairly and responsibly, MNCs is supposed to obey the law and regulations. They also should work ethically towards all stakeholders. Finally, MNCs should run as good corporate citizens. Many of them have been working hard to improve their corporate structures and incorporate schemes to set up a socially responsible work culture and become a responsible corporate citizen, as they understand this will promote the company, employees and community in the long run. It will also assist build reputation and leave a good impression. Therefore,

many MNCs are taking their role as CSR leaders sincerely to be more profitable, sustainable, and prominent corporate people.

CSR is generally processed by large, high profile national companies and MNCs, particularly those with recognized international brands or those which are hopeful to global status.

In developing Nations, CSR is most generally linked with social participation through corporate social investment in education, health, sports development, the environment, and other social activities. Making economic participation is frequently seen as the most vital and efficient direction for the business to craft a social impact, through investment, job creation, taxes, and technology transfer. Corporate finds themselves engaged in the provision of social activities that could be seen as the responsibility of public administration in developed nations, for example, investment in infrastructure, schools, hospitals, and housing.

There is a problem with MNCs that they are not publishing their CSR expenditure according to geographical or political area which creates problems that may lead the state government to make a friendly investment policy. MNCs are clear with their company's philosophy with CSR activities, but their annual report is not fulfilled with data related to it.

India is the first-ever country in the world to mandate corporate social responsibility for big business sharks. On 1 April 2014, the government of India put into practice new CSR guidelines requiring companies to use up 2% of their net profit on social development.

Advanced investment incentives are given by the host governments and elimination of restrictions on operations of MNCs in India. This has also led to an ever-growing number of bilateral investment treaties.

Work culture is a result, in a company created by a set of values and beliefs, carried forward from a long period and has an important impact on the behaviour, quality and quantity of work done by the workers in a company.

The work culture of MNCs is reflected by the various norms and standards. An MNC working in India must have an idea of the business culture of India. Thus, an MNC working in India must have some basic idea regarding the business ethics and customs followed here. Having a good grasp of Indian business culture ensures that it has succeeded in maintaining a well-earned affinity with business counterparts.

Developing global cultural competency is one of the most, not the easiest aspects of working internationally. Managing the countless work and management styles that MNCs face across geographies, businesses, functions and projects can be overwhelming. What is effective in work culture may be ineffective, or even inappropriate.

The present study finds that the wellness benefits and programs are becoming increasingly important for employees around the globe and for their employers looking to create and maintain a workplace "culture of health" that also improves productivity. Employees are concerned about their well being, as well as the impact of any health issues on their job performance. MNCs are providing good and workers friendly work culture and provide a comfortable environment for the workers.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been a division in the history of India's effort to ensure a safe and a favourable working environment for women. The Act not only puts in place essential mechanisms for the safety and security of working women but also provides the much-needed boost and direction to the efforts of corporate India to ensure a balanced and a gender-neutral working environment. In the recent past, there has been a marked improvement in the approach of the board in bringing down cases of sexual harassment at the workplace by setting up essential preventive mechanisms and internal complaints committee. Workers working in MNCs are also satisfied with a physically safe environment and also privacy providing a workplace in MNCs.

The Study has also shown that the Time Pressure towards not affecting the MNCs' Employees (Shyamala D., and Rajandran K.V.R., 2017)

In a nutshell, MNCs are having a good employer and employee relationship which provides career development for the workers.

7.2.1-Final Remark on the Present Study

The study covers the following objectives:

Objective-1: To assess the patterns and impact of MNCs' Investment on the economy of Uttar Pradesh.

The objective third is also achieved that the present study provides the trend and pattern of MNCI in Uttar Pradesh but due to very less amount, its contribution is not significant for the economic development of Uttar Pradesh.

Objective-2: To assess the Investment policy to attract MNCs in the favour of economic development of Uttar Pradesh.

This objective is also achieved and it provides information about the foreign investment policy of India and also what determinants are also important for achieving the policy's goal.

It is also providing understandings about How to analyse different kinds of determinants and improve the research. As:

- Political stability and safety of Investors
- Legal framework and the role of Law
- International agreements for MNCs' investment into India

Objective-3: To assess the CSR of MNCs' for the economic development of Uttar Pradesh

This objective is also achieved. The determinant of MNCs' participation in the economic development of Uttar Pradesh is the CSR (Corporate Social Responsibility). In the present study, it is found that MNCs are paying attention to CSR expenditure. At the same time, companies also express their discomfiture because the legal clause creates undue pressure and entails extra expenditure. Companies concur that CSR generates better brand recall and helps to amass goodwill which translates into higher brand value and better profits with more brand loyal customers. However, the

organisations prefer to use their discretions in choosing upon the investments incurred for CSR initiatives.

Objective-4: To evaluate the impact of MNCs' on the workers' development.

The last objective of the present research is also achieved. It provides evidence about the employer-employee relationship in MNCs and how it is relevant to the workers' economic development. The participation of female workers in MNC is significant. Workers who are working for the first time in a company are satisfied, but more workers are not satisfied with career progress especially those who are working for more than 5 years. Although MNCs provide a good work culture that ensures safety, security and a peaceful environment for the workers in the workplace, employees who have spent more than 5 years seem to have some disenchantment with their enterprises.

Hypotheses

There are two hypotheses for the present research study:

Hypothesis-1

H₀: MNCs' investment is not playing a significant role in the economic growth of Uttar Pradesh.

H₁: MNCs' investment is playing a significant role in the economic growth of Uttar Pradesh.

The amount of MNCs investment is very small before the economy of Uttar Pradesh. Due to this reason, there is no evidence to reject the hypothesis after testing it. Now the null hypothesis is accepted.

Hypothesis-2

H₀: There is no significant relationship between the employer and employee in MNCs in the workers' interest.

H₁: There is a significant relationship between the employer and employee in MNCs in the workers' interest.

The workers contribute towards ensuring a good work environment in MNCs while the MNCs provide them with safety security, better career options. Due to this, there is strong evidence to reject after testing it, the null hypothesis is rejected.

7.3- Limitation of Present Research

- Secondary evidence is not provided by the relative Government institutions properly in the context of UP. Due to this the present study has very few time-series observations of MNC investment in Uttar Pradesh.
- MNCs are also reluctant in sharing their data with the researchers. This is also a problem in reaching a more conclusive summation.
- Since no data related to CSR is published in annual reports by MNCs, it hampers an exhaustive analysis, thus thwarting a more convincing and accurate solution to overcome the existing lacunae.

7.4- Recommendation for Policy Implementation

The current context of investment in the country is far more inclusive than the earlier decades as the GOI remains dedicated to infuse its mission of *ease of doing business* in India by pruning the *red tape* to facilitate the mechanisms of investment in India. Uttar Pradesh, to its merit, has been able to attract more than its current worth of foreign investment through MNCs investments in the state. However to ensure further strengthening of this growth curve, economists, policymakers and the state government would need to reorient the existing frames for MNFI. This becomes a mandatory exercise if UP intends to be deemed as the cynosure for global investors.

Even more imperative is to secure the symbiotic bond that the host country and the MNC share to harness the economic development. Growth cannot be a mere prerogative of the investors, it must percolate to include the employees and even make significant inroads in the socioeconomic levels of the host nation. With this intent, the present study sets forth the following recommendations in the favour of Nation and State:

1. Government should simplify the Company Act completely so that clear-cut criteria can be imposed without any ambiguity because MNCs have incentive deliberately putting itself outside of CSR expenditure for all MNCs which are falling into and which are not falling into the criteria of CSR.
2. MNCs are hiding income and profit through off balance-sheet activities which is not part of main balance-sheet of MNCs so that de-facto and de-jure profit defers, there is enough space for increasing the share of CSR in profit from 2 percent to 3 percent at the same time when government reduced the corporate tax in October, 2019.
3. It should be enforced by competent regularity authority the discloser norms of CSR expenditure publically as well as in their annual reports locally and as well nationally.
4. MNCs should ensure the security of female workers at the workplace in a long period in a company because they have to leave work for family condition after certain period.
5. MNCs should have enforced for maternal benefits act-2017. So that, the women labour participation in MNCs can be enhanced. Therefore, women empowerment will be reinforced itself.
6. There should be optimal regulation for CSR expenditure; it is empirically proved that when government strictly enforced the reinvestment clause MNCs tend to move outside of the country. On the other hand, when government relaxes this norm MNCs tend to harm environmental sustainability through many MNCs as well as more production. Therefore, optimal regulation is required for taking both concerns.
7. RBI should calculate the amount of foreign investment based on respective states, not in respect of its regional head offices. There should be easy access and transparent database of MNCs. Because data related to MNCs Investment is a public goods which is characterized by non-rivalrous and non-excludable.
8. State government should measure how foreign investment is coming in their state for evaluation of cost and benefit at local level.



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Appendix



Appendix

Questionnaire-A

SURVEY QUESTIONNAIRE ON CORPORATE SOCIAL RESPONSIBILITY (CSR) FOR MNCs

Name of respondent _____

Designation _____

Name of the Organisation _____

Year of Establishment _____

1. Are you aware of CSR as a terminology?

(a) Yes (b) No

2. How clear to you is its true meaning?

(a) Very clear (b) somewhat clear
(c) Indifferent (d) Not clear (e) Not clear at all

3. Do you think that there is a relationship between profitability and CSR?

(a) Yes (b) No

4. Please rank the following drivers of CSR according to you. ("1" for the highest rank and "7" for the lowest rank)

SI No.	Drivers of Corporate Social Responsibility	Rank
1	Increase in profits	
2	Image Building	
3	Vision and philosophy of the Company/Organisation	
4	Legal Compliance	
5	Rising International Standards	
6	Increasing Awareness	
7	Community Pressure	

5. Please tick (whichever applicable) the strategy you have for CSR implementation in your organisation/company:

- (a) A separate Department (b) NCO
(c) Line Dept (d) Foundation Trust

6. Does your company/organization have separate allocation of funds for CSR Implementation?

- (a) Yes (b) No

7. Has your company/organisation invested in any of the following areas as part of its community investment initiatives?(Please tick whichever applicable)

Sl.No.	Community Investment Initiatives	Participating or Not?	Percentage spending in Uttar Pradesh
1	Education		
2	Helping the underprivileged		
3	Local Heritage		
4	Youth Development		
5	Poverty Alleviation		
6	Working for Disability		
7	Conservation of Nature		
8	Games and Sports		
9	Promotion of Culture		
10	Infrastructural support to local community		
11	No community Investment Initiatives		

8. What type of resources do you provide? (Please tick)

- (a) Money + Kinds (b) Kinds + Volunteers
(c) Money + Volunteers (d) All Three

9. Has your organisation/company introduced any of the following programmes to assist employees, their families or community members?(please tick)

- (a) Health (Yes) (No)
(b) Education (Yes) (No)
(c) Training (Yes) (No)
(d) Counselling (Yes) (No)
(e) Preservation programmes (Yes) (No)

10. Does your Company/Organisation award for CSR activities?

- (a)Yes (b)No

11. If yes, what is the percentage of the net profits?

- (a) Not disclosed (b) Between 1% to 2%
 (c) Between 2% to 3% (d) More than 3%.

12. Does your Company/Organization evaluate CSR activities?

- (a) Yes (b) No

13. Rate your opinion about the following items for adoption of CSR practices by Companies/Organisations: (Please tick the statement of your agreement or disagreement with the following statements by choosing the corresponding assertions from strongly agree-5 to strongly disagrees)

Sr. No.	ITEMS	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
F.	Promote Corporate Image/Loyalty					
G.	Increase financial Efficiency					
H.	Competitive Market Advantage					
I.	Organisational Values, Culture, Mission & Coals					
J.	Pressure from Stakeholders					

14. Do you prefer to buy product/services of the companies which practice CSR?

- (a) Yes (b) No (c) not necessary

15. Do you have the willingness to pay higher prices for products/services of companies/organisations which practice CSR?

- (a) Yes (b) No (c) Depend on situation and need

16. Which are in your opinion problems related to the development of initiatives in the field of social responsibility by your company?

- a) Lack of knowledge
- b) Lack of institution assistance
- c) Lack of specific legislation on CSR
- d) Business benefits not immediate
- e) High costs
- f) Lack of corporate skill
- g) Little impact on social and environmental business
- h) Few interest of the company

Questionnaire-B

To be filled by any employee working in MNC.

- Thank you for taking time to complete this questionnaire.
- Please tick on the box provided. Some questions may require you to elaborate further.
- Please indicate “NA” if the question is not applicable to your company.
- All information will be kept confidential.
- Please, tick (√) in boxes (B4 to F)

Section-A: Background information

A1	Name of the Company	
A2	Type of Industry	
A3	Type of Sub-Industry	
A4	Company belongs to which Country	

Section-B: Employees' information

B1	Name:
B2	Home District:
B3	State:
B4	Gender I. Male II. Female III. Other
B5	Qualification I. Graduate (BA/B.Com/B.Sc) II. Post Graduate (MA/M.Com/M.Sc) III. Professional Graduate (BBA/B.tech/BCA) IV. Professional Post Graduate (MBA/M.tech/MCA)
B6	Post in the company I. Director II. Senior Manager III. Manager IV. Officer V. Executive VI. Assistant VII. Other (please specify)
B7	Salary I. 10000-15000 II. 15001-20000 III. 20001-30000

	IV. More than 30000
B8	Time period in the company I. Less than 1 year II. 1-2 years III. 3-5 years IV. More than 5 years
B8	Is it your first recruitment in an MNC? I. Yes II. No
B9	If it is not first MNC workplace, why did you left previous MNC? I. For better post II. For better salary III. For security IV. For easiness
B10	In which department do you work? I. Customer Service/Care/Support II. Development/Fundraising III. Finance/Accounting IV. Human Resources V. Information Technology VI. Legal VII. Marketing/Advertising VIII. Maintenance/Operations IX. Production X. Research & Development XI. Sales/Retail/Business Development XII. Other
B11	What is your Age I. 18-29 II. 30-39 III. 40-55 IV. 55+years

Section-C: Worker's role within present organization

Q no	questions	Disagree strongly	Disagree somewhat	neutral	Agree somewhat	Agree strongly
C-1	I am given enough authority to make decisions I need to make					
C-2	My job makes good use of my skills and abilities					
C-3	Most days, I feel I have made progress at work.					

Section-D: Work environment

Q no	questions	Disagree strongly	Disagree somewhat	neutral	Agree somewhat	Agree strongly
D-1	My workspace has adequate privacy for me to do my job					
D-2	I feel physically safe in my work environment					
D-3	Seniors leaders live the core value of the organization					

Section- E: Overall feelings about worker's employment experience

Q no	questions	Disagree strongly	Disagree somewhat	neutral	Agree somewhat	Agree strongly
E-1	I plan to continue my career with this organization for at least two more years					
E-2	I would recommend working here to a friend					

Section- F: How worker is satisfied with

Q no	questions	Dissatisfied strongly	Dissatisfied somewhat	neutral	Satisfied somewhat	Satisfied strongly
F-1	Base pay					
F-2	Incentives					

years	Def_workers	Def_GVA	Def_invtd Captl	Def_MNCI-DZ	Def_MNCI-KZ	Def_MNCI
2001-02	67.29500039	34.86879898	40.88405929			
2002-03	71.09358916	39.00363562	40.66177743			
2003-04	74.69233503	42.96523091	44.00389779			
2004-05	77.06566623	48.57892107	47.6944495			
2005-06	85.03145165	54.40651996	54.90720573			
2006-07	91.16180325	73.67217319	65.14110813	29.56036106		29.4158194
2007-08	98.50065369	84.33748703	84.98603022	23.02530467		22.91271756
2008-09	96.8587685	80.99172374	87.08637756	17.20241574		17.11830088
2009-10	100	100	100	100	100	100
2010-11	106.0407895	140.9387546	114.1066269	26.37400697	226.4317181	27.3522316
2011-12	113.3421366	122.4550901	135.9629817	80.96413187	279.7356828	81.93606755
2012-13	108.2530924	135.1162356	153.2960134	37.85960127	73.56828194	38.03420644
2013-14	119.618043	167.0220554	156.5975349	82.6677057	66.07929515	82.58659314
2014-15	115.8316494	145.6885994	161.9825746	91.46048445	299.1189427	92.47587455
2015-16	123.4322363	177.6060345	179.8432068	180.2887633	230.8370044	180.5359297
2016-17	132.8197388	277.4531131	192.3509976	85.4644241	22.02643172	85.15423057
2017-18				106.8597528	254.6255507	107.582285
2018-19				152.5748425	103.0837004	152.3328451

Source: Calculated from various RBI handbook

Name of MNC based in UP (June-2017)

Sr. No.	Name the MNCs	Industry	Sub-industry	Location
1.	1E Infosystems	IT	IT software, QA-testing	Noida/U.P.
2.	3Pillar Global Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
3.	Access Financial Services	BFSI	Financial Services	Noida/U.P.
4.	ACRO HR Solutions India Pvt Ltd	Consulting	Placement, HR	Noida/U.P.
5.	Acro Technologies India Pv Ltd	IT	IT software, QA-testing	Noida/U.P.
6.	ACS Global	IT	IT software, QA-testing	Noida/U.P.

	Tech Solutions Pvt Ltd			
7.	ACTIA India pvt Ltd	Automobiles, Auto Ancillaries	Automobiles	
8.	Adeptia India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
9.	Adobe Systems India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
10.	Adroit Business Solutions Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
11.	Aethon Technologies Pvt Ltd	IT, Airlines, Aviation, Defence	IT software, QA-testing, Aviation	Noida/U.P.
12.	AF Consult India Pvt Ltd	Consulting	Engineering	Noida/U.P.
13.	Agnicient Technologies Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
14.	Agnisys Technology Pvt Ltd	IT	IT-Embedded, EDA, VLSI	Noida/U.P.
15.	AGNITY India Technologies Pvt Ltd	IT	IT-Network Admin, Database, Security	Noida/U.P.
16.	Agreeya Solution India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
17.	Apex TG India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
18.	APK Identification	Paper, Publishing, Printing	Stickers, Labels, Cards, Smart Cards, Holograms	Noida/U.P.
19.	APS Techsoft Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
20.	Aptara India Pvt Ltd	IT	IT software, QA-testing, IT-Consulting	Noida/U.P.
21.	Aristocrat Technologies India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
22.	Arkadin Confer India Pvt Ltd	Advertising, Media	Event Management	Noida/U.P.
23.	Artech Infosystems Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
24.	ATCG Solutions	IT	IT Software, QA-testing	Noida/U.P.
25.	Audio Technologies and odec's India Pvt Ltd	Advertising, Media	Production, distribution, Equipment, TV Cables, Broadcast	Noida/U.P.

26.	Avisor India Pvt Ltd	Electrical, Electronics	Electrical, Electronics	Noida/U.P.
27.	AwareBase Technology Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
28.	AwsQuality Technologies Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
29.	AXA Assistance India Pvt Ltd	Consulting	Management	Noida/U.P.
30.	Barclays Shared Services Pvt Ltd	ITES, BPO, KPO, PO, MT	BPO, KPO, Call center	Noida/U.P.
31.	Barco Electronic System Pvt Ltd	Electrical, Electronics, IT	Electrical, Electronics, IT-Hardware	Noida/U.P.
32.	BC Management Services Pvt Ltd	Consulting	Placement, HR	Noida/U.P.
33.	Beganto Software Systems Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
34.	Biz2credit Info services Pvt Ltd	BFSI, E-Commerce	Financial Services	Noida/U.P.
35.	Bonna Agela India Pvt Ltd	Chemical	Industrial Chemical, Plastics, Resing, Polymers	Greater Noida/U.P.
36.	Burda Drunk India Pvt Ltd	Paper, Publishing, Printing	Printing	Noida/U.P.
37.	Cadence Design Systems India Pvt Ltd	IT	IT-Embedded, EDA, VLSI	Noida/U.P.
38.	Camozzi India Pvt Ltd	Engineering	Machineries, Instruments	Noida/U.P.
39.	Care India	NGOs, Trust Charitable Institutions	NGOs	Noida/U.P.
40.	Career Builder India	Consulting	Placement, HR	Noida/U.P.
41.	Carma International India Pvt Ltd	Advertiging Media	Advertising, PR, MR	Noida/U.P.
42.	CH2M HILL India Pvt Ltd	Consulting	Engineering	Noida/U.P.
43.	Chetu India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
44.	Cinda Engineering & Constructions Pvt Ltd	Engineering	Machineries, Instruments	Noida/U.P.
45.	Clear2Pay India Ltd	IT	IT software, QA-testing	Noida/U.P.
46.	CNH Industrial	Automobiles,	Automobiles	Noida/U.P.

	India Pvt Ltd	AutoAncillaries		
47.	Commeasure Solutions India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
48.	Compunnel Technologies India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
49.	Conexant Systems Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
50.	Contata solutions Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
51.	Cooper Standard Automotive India Pvt Ltd	Automobiles, AutoAncillaries	Auto Ancillaries	Noida/U.P.
52.	Coperion Ideal Pvt Ltd	Engineering	Machineries, Instruments	Noida/U.P.
53.	Corbus India LLP	ITES, BPO, KPO, PO, MT	BPO, KPO, Call center	Noida/U.P.
54.	CPA Global Support Services India Pvt Ltd	ITES, BPO, KPO, PO, MT	LPO	Noida/U.P.
55.	CresTech Software Systems Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
56.	Dabon International Pvt Ltd	Food, FMCG, Agriculture	Dairy Produces	Noida/U.P.
57.	Data World Information System Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
58.	Databorough India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
59.	Datavideo Technologies India Pvt Ltd	Advertising, Media	TV Cable, Broadcast Networks	Noida/U.P.
60.	Denave India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
61.	Denso India Ltd	Automobiles, AutoAncillaries	Auto Ancillaries	Noida/U.P.
62.	Dentsply India Pvt Ltd	Pharmaceuticals, Labs	Equipments, Machines, Surgical Products	Noida/U.P.
63.	Dr. Willmar Schwabe India Pvt Ltd	Pharmaceuticals, Labs	Pharmaceuticals	Noida/U.P.
64.	Dulevo India Pvt Ltd	Security, Safety, Facility Management, Engineering	Safety, Security Equipments, Machineries, instruments	Noida/U.P.

65.	Durlabh Computers Pvt Ltd	IT	IT software, QA-testing	Ghazyabad/ U.P.
66.	e-MDs	ITES, BPO, KPO, PO, MT	Medical Transcription	Noida/U.P.
67.	e-navik Global Services India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
68.	e-Solutions IT Services Pvt Ltd	Consulting, IT	Placement, HR, IT software, QA-testing	Noida/U.P.
69.	E.M. Technologies India Pvt Ltd	Pharmaceuticals, Labs	Pharmaceuticals,	Noida/U.P.
70.	Ebix Software India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
71.	Ebizon Netinfo Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
72.	Eland International Pvt Ptd	Export, Import Houses	Export, Import	Noida/U.P.
73.	Elesa and Ganter India Pvt Ltd	Engineering	Machineries, Instruments	Noida/U.P.
74.	Eletta Instrumentation India Pvt Ltd	Electrical, Electronics	Electrical, Electronics	Noida/U.P.
75.	Elixir Computech Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
76.	EMD Locomotive Technologies Pvt Ltd	Automobiles, AutoAncillaries	Auto Ancillaries	Noida/U.P.
77.	Enlog LLC	Pover, Energy	Equipments	Greater Noida /U.P.
78.	Eperium Business Solutions India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
79.	ESQ Management Solutions India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
80.	Eurotech Assessment and Certifications Services Pvt Ltd	Consulting	Management	Ghazyabaad /U.P.
81.	Excel Life Science Pvt Ltd	Pharmaceuticals, Labs	Pharmaceuticals,	Noida/U.P.
82.	EXL Service	ITES, BPO, KPO, PO,	BPO, KPO, Call	Noida/U.P.

	Holdings Inc	MT	Centers	
83.	Expedien eSolutions Ltd	IT	IT software, QA-testing, IT-ERP, CRM	Noida/U.P.
84.	FAAC India Pvt Ltd	Security, Safety, Facility Management, Engineering	Safety, Security Equipments, Machineries, instruments	Noida/U.P.
85.	Flakt Woods ACS India Pvt Ltd	Engineering	Machineries, Instruments	Noida/U.P.
86.	Foresight Group International AG	Pharmaceuticals, Labs	Pharmaceuticals,	Noida/U.P.
87.	Freescale Semiconductor India Ltd	Pharmaceuticals, Labs	Pharmaceuticals,	Noida/U.P.
88.	Gebo Cermex India Pvt Ltd	Courior, Logistics, Packaging, Transport	Packaging-Material, Machinery	Noida/U.P.
89.	Gebr. Pfeiffer India Pvt Ltd	Cement, Marble, Stone etc	Cement	Noida/U.P.
90.	Geo Ground Engineering Operations India Pvt Ltd	Environmental Engineering	Environmental Engineering, Machineries, Instruments	Noida/U.P.
91.	Ganpact Headstrong Capital Markets	IT	IT software, QA-testing	Noida/U.P.
92.	Gilat Satellite Networks India Pvt Ltd	Telecom, Mobile	Telecom Infrastructure, Equipments	Noida/U.P.
93.	Global Logic India Ltd	IT	IT software, QA-testing	Noida/U.P.
94.	Global Talent Co. India Pvt Ltd	Consulting	Training	Noida/U.P.
95.	Glocaledge Consultants Pvt Ltd	Advertising, Media	Advertising, PR, MR	Noida/U.P.
96.	Grapecity India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
97.	Harmonic India Pvt Ltd	IT	IT Hardware, IT- network admin, Database, Datacenter, Security, IT-telecom	Noida/U.P.
98.	Hcentive Technology India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
99.	Helix Biogenesis Pv Ltd	Pharmaceuticals, Labs	Biotechnology	Noida/U.P.

100	GERB Vibration Control System Pvt Ltd	Engineering	Machineries, Instruments	Noida/U.P.
101	HELM Analytics Pvt LTD	IT	IT software, QA-testing	Noida/U.P.
102	Hexagon Metro India Pvt Ltd	Engineering	Machineries, Instruments	Noida/U.P.
103	Honda Cars India Ltd	Automobiles, Auto Ancillaries	Automobiles	Greater Noida /U.P.
104	Houston System Pvt Ltd	Security, Safety, Facility Management, Capital goods, Machine	Safety, Security Equipments	Noida/U.P.
105	HyTech Professionals India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
106	IS Global Web	IT	IT software, QA-testing	Noida/U.P.
107	ICCG India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
108	IDE Technologies India Pvt Ltd	Engineering	Machineries, Instruments	Noida/U.P.
109	iEnergizer India Pvt Ltd	ITES, BPO, KPO, PO, MT	BPO, KPO, Call Centers	Noida/U.P.
110	IFS Solutions India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
111	IHS Markit Ltd	Consulting	Management	Noida/U.P.
112	Imagine Communications Corp	Advertising, Media, IT	Advertising, PR, MR, IT-software & hardware, QA-testing	Noida/U.P.
113	IMI Precision Engineering Pvt Ltd	Engineering	Machineries, Instruments	Noida/U.P.
114	India Document Solutions Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
115	India Yamaha Motor Pvt Ltd	Automobiles, Auto Ancillaries	Automobiles	Noida/U.P.
116	Indialog Publications Pvt Ltd	Paper, Publishing, Printing	Publication House	Noida/U.P.
117	Infogain India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
118	Innodata India Pvt Ltd	ITES, BPO, KPO, PO, MT	BPO, KPO, Call Centers	Noida/U.P.
119	Innoexcel Technologies Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.

12	Integrated Business Environment	IT	IT software, QA-testing	Noida/U.P.
12	Integreon Managed Solutions India Pvt Ltd	Advertising, Media	Advertising, PR, MR	Noida/U.P.
12	Interra Information Technologies India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
12	Interra Systems India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
12	Inveera Technologies Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
12	ION Trading India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
12	J Simple	IT	IT software, QA-testing	Noida/U.P.
12	Jubilant Clinsys Ltd	Pharmaceuticals, Labs	Pharmaceuticals	Noida/U.P.
12	Kaecher Cleaning systems Pvt Ltd	Chemical	Industrial Chemicals	Noida/U.P.
12	Kobelco Construction Equipment India Pvt Ltd	Construction, Infrastructure, Capital Goods , Machines	Construction Machinery	Noida/U.P.
13	Kronos Solutions India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
13	LG Electronics India Pvt Ltd	Consumer Durables, Home Appliances, Telecommunication, Mobile	Telecom Infrastructure , Equipments, Consumer Goods	Greater Noida /U.P.
13	Linkquest Telecom Ltd	Telecommunication, Mobile	Telecom Infrastructure Equipments	Noida/U.P.
13	Loesche India Pvt Ltd	Engineering	Machineries, Instruments	Noida/U.P.
13	Lumata Digital Indi Pvt Ltd	Telecommunication, Mobile	Telecom VAS	Noida/U.P.
13	Macmillan Publishers India Pvt Ltd	Paper, Publishing, Printing	Publication House	Noida/U.P.
13	Mamsys Consulting Services Ltd	IT	IT-Consulting	Noida/U.P.
13	Markem Imaje india Pvt Ltd	Office Automation, Stationary	Stationary	Noida/U.P.

13	McGraw-Hill Education India Pvt Ltd	Paper, Publishing, Printing	Publication House	Noida/U.P.
13	MCN Solutions Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
14	Markit India Services Pvt Ltd	BFSI	Financial Services	Noida/U.P.
14	mediate India Technology Pvt Ltd	IT	IT-Embedded, EDA, VLSI	Noida/U.P.
14	Meinhardt Pte Ltd	Engineering	Machineries, Instruments	Noida/U.P.
14	MetaOption Software Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
14	etLife Global Operations Support Center Pvt Ltd	BFSI	Insurance	Noida/U.P.
14	Mobisoft Technologies	IT	IT software, QA-testing, IT-Telecom	Noida/U.P.
14	Moglix	E-Commerce	E-Commerce	Noida/U.P.
14	Monotype Solutions india Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
14	Moriroku Technology India Pvt Ltd	Automobiles, Auto Ancillaries	Auto Ancillaries	Noida/U.P.
14	Navatarn Group	IT	IT software, QA-testing, IT-ERP, CRM	Noida/U.P.
15	NCS Pearson India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
15	New Age Techsci Research Pvt Ltd	Advertising, Media	Advertising, PR, MR	Noida/U.P.
15	New Rubbermaid GSA Ltd	Consumer Durables, Home Appliances	Consumer Goods	Noida/U.P.
15	Next Brick Solutions Ltd	IT	IT software, QA-testing	Noida/U.P.
15	NMT Ronics India Pvt Ltd	Electronics, Electrical	Electronics, Electrical	Noida/U.P.
15	Normet India Pvt Ltd	Chemical, Construction, Infrastructure, Capital Goods, Machines	Industrial Chemical, Construction Machinery	Noida/U.P.
15	North Shore Technologies	IT	IT software, QA-testing	Noida/U.P.
15	Oberthur Technologies	Security Safety, Facility Management	Safety, Security Equipment	Noida/U.P.

	India Pvt Ltd			
158	Oerlikon India Pvt Ltd	Engineering	Machineries, Instruments	Greater Noida /U.P.
159	On Sumaye Web Solutions Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
160	Opera Solutions India Pvt Ltd	IT	IT-Consulting	Noida/U.P.
161	Opusing	IT	IT-Consulting	Noida/U.P.
162	Origins Technology Ltd	IT	IT-Consulting	Noida/U.P.
163	OSS Cube Solutions Ltd	IT	IT-Consulting	Noida/U.P.
164	OutWorX Solutions Pvt Ltd	IT	IT-Consulting	Noida/U.P.
165	Pacific BPO Pvt Ltd	ITES, BPO, KPO, LPO, MT	BPO, KPO, Call centre	Noida/U.P.
166	Pai Cristal India Pvt Ltd	Chemical	Paints, Adhesives	Noida/U.P.
167	Panasonoc AVC Networks India Co. Ltd	Consumer Durables, Home Appliances	Consumer Goods	Noida/U.P.
168	Patton Refrigeration India Pvt Ltd	Consumer Durables, Home Appliances, Electronics, Electrical	Consumer Goods, Electronics, Electrical	Noida/U.P.
169	Pearson Education India Ltd	Paper, Publishing, Printing	Publication House	Noida/U.P.
170	Perceptive Innovations Pvt Ltd	Consulting	Management	Noida/U.P.
171	Phi Stream Consulting Pvt Ltd	IT	IT-Consulting	Noida/U.P.
172	Piron Corporation	Institutes, Educational, Training	Training Institute, Educational Consitants	Noida/U.P.
173	Piney Bowes Software India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
174	Porteck India Infoservices Pvt Ltd	ITES, BPO, KPO, LPO, MT	BPO, KPO, Call centre	Noida/U.P.
175	Project Objects India	IT	IT software, QA-testing	Noida/U.P.
176	PROSEM Technology India Pvt Ltd	Electronics, Electrical	Electronics, Electrical	Ghaziabad/U.P.
177	ProVal	IT	IT software, QA-testing	Noida/U.P.

	Technologies Pvt Ltd			
178	QBS Learning	Paper, Publishing, Printing	Publication House	Noida/U.P.
179	Quint Wellington Redwood	Consulting	Management	Noida/U.P.
180	Qustn Technologies Inc	IT	IT software, QA-testing	Noida/U.P.
181	Ramy Infotech Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
182	Rate Gain IT Solutions Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
183	Ridings Consulting Engineers India Pvt Ltd	Consulting	Engineering	Noida/U.P.
184	Right Wave Info Solutiontions India Pvt Ltd	E-Commerce	E-Commerce	Noida/U.P.
185	Risk Management Solutions India Pvt Ltd	Pharmaceuticals, Labs	Pharmaceuticals	Noida/U.P.
186	RISO India Pvt Ltd	Office Automation, Stationary	Stationary	Noida/U.P.
187	Rockwell Automation India Ltd	Engineering	Machineries, Instruments	Noida/U.P.
188	RocSearch India Pvt Ltd	Advertising, Media	Advertising, PR, MR	Noida/U.P.
189	Royal Haskoning DHV India Pvt Ltd	Construction, Infrastructure	Architectural , Interior Desg , Landscape Services	Noida/U.P.
190	RS Components & Controls India Ltd	Electronics, Electrical	Electronics, Electrical	Noida/U.P.
191	SaaS focus Inc	IT	IT-Consulting	Noida/U.P.
192	Safe Engineering Services & Technologies India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
193	Safenet Infotech Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
194	Saigun Technologies	IT	IT software, QA-testing	Noida/U.P.

	Pvt Ltd			
19	Samsung Engineering India Pvt Ltd	Electronics, Electrical	Electronics, Electrical	Noida/U.P.
19	Samwha India Energy Saving Pvt Ltd	Electronics, Electrical	Electronics, Electrical	Noida/U.P.
19	SCHENCE RoTEc India Ltd	Engineering	Machineries, Instruments	Noida/U.P.
19	SDG Global Technology Center India	IT	IT-Consulting	Noida/U.P.
19	Senes Consultants India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
20	SDG Software India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
20	Sequence Design India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
20	Sharp Business Systems India Ltd	Office Automation, Stationary	Stationary	Noida/U.P.
20	Sings Software Services Pvt Ltd	IT	IT software, QA-testing	Luckonw/U.P.
20	Snap-on Business Solutions India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
20	Software Data India Ltd	IT	IT software, QA-testing	Noida/U.P.
20	Sopra Steria India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
20	Source Fuse Technologies India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
20	SRM Techsol Pvt Ltd	IT	IT software, QA-testing	Lucknow/U.P.
20	Starey Laboratories India Pvt Ltd	Pharmaceuticals, Lab	Equipment, Machines, Surgical Products	Noida/U.P.
21	STEAG Energy Services India Pvt Ltd	Engineering	Machineries, Instruments	Noida/U.P.
21	ST Micro electronics Pvt Ltd	IT	IT-Embedded, EDA, VLSI	Greater Noida /U.P.
21	Stork HKB India Pvt Ltd	Engineering	Machineries, Instruments	Noida/U.P.

211	Syscom Corporation Ltd	Telecommunication, Mobiles	Telecom Infrastructure, Equipments	Noida/U.P.
214	Sysemair India Pvt Ltd	IT, Engineering	IT software, QA-testing, Machineries, Instruments	Greater Noida /U.P.
215	Taazaa Tech Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
216	Taction Software LLC	IT	IT software, QA-testing	Noida/U.P.
217	Tangence Solutions India Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
218	Tectura Infotech Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
219	Tekshapers Software Solutions Pvt Ltd	IT	IT software, QA-testing	Noida/U.P.
220	Telenity Sysems Software India Pvt Ltd	Telecommunication, Mobiles	Telecom, VAS	Noida/U.P.
221	Teva API India Ltd	Pharmaceuticals, Labs	Pharmaceuticals	Greater Noida /U.P.
222	The Smart Cube India Pvt Ltd	Consulting	Management	Noida/U.P.
223	The Take Factory	Construction, Infrastructure	Infrastructure	Noida/U.P.
224	TMF India Pvt Ltd	Consulting	Accounting, Taxation	Noida/U.P.
225	Toyo Ink India Pvt Ltd	Paper, Publishing, Printing	Printing	Greater Noida /U.P.
226	Trelleborg Automotive India Pvt Ltd	Automobile, Auto Ancillaries	Auto Ancillaries	Noida /U.P.
227	Tribal Fusion R & D India Pvt Ltd	Advertising, Media	Advertising, PR, MR	Noida /U.P.
228	TSYS Card Tech Services Pvt Ltd	BFSI	Financial Services	Noida /U.P.
229	Tuareg Marketing Pvt Ltd	Consumer Durables, Home Appliances	Consumer Goods	Noida /U.P.
230	UEM India Pvt Ld	Engineering	Designing & Services	Noida /U.P.
231	URS Certification Ltd	IT	IT software, QA-testing	Noida /U.P.
232	US Tech Solutions Pvt	IT	IT software, QA-testing	Noida /U.P.

	Ltd			
23	USoft Technologies India Pvt Ltd	IT	IT software, QA-testing	Noida /U.P.
23	Voith Hydro Pvt Ltd	Power, Energy	Energy, Power Generation	Noida /U.P.
23	VTLS Software Pvt Ltd	IT	IT software, QA-testing	Noida /U.P.
23	Wago Ltd	Electronics, Electrical	Electronics, Electrical	Noida /U.P.
23	Web Express Computer Technology Pvt Ltd	IT	IT software, QA-testing	Noida /U.P.
23	WT Vision Solution Pvt Ltd	Advertising, Media	TV Cable, Broadcast Networks	Noida /U.P.
23	Xavient Information Systems	IT	IT software, QA-testing	Noida /U.P.
24	Zdh Seque Partnership Programme	Consulting,	Management	Noida/U.P.

Source: fundodata.com

Table-3.3: Permission for FDI entry in different sectors and routes:

Sector	FDI Limit	Entry Route & Remarks
Agriculture & Animal Husbandry <ul style="list-style-type: none"> • Floriculture, Horticulture, Apiculture and Cultivation of Vegetables & Mushrooms under controlled conditions • Development and Production of seeds and planting material • Animal Husbandry(including breeding of dogs), Pisciculture, Aquaculture • Services related to agro and allied sectors 	100%	Automatic
Plantation Sector <ul style="list-style-type: none"> •Tea sector including tea plantations •Coffee plantations •Rubber plantations •Cardamom plantations •Palm oil tree plantations • Olive oil tree plantations 	100%	Automatic
Mining Mining and Exploration of metal and non-metal ores including diamond, gold, silver and precious ores but excluding titanium bearing minerals and its ores	100%	Automatic
Mining (Coal & Lignite)	100%	Automatic

Mining Mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities	100%	Government
Petroleum & Natural Gas-I Exploration activities of oil and natural gas fields, infrastructure related to marketing of petroleum products and natural gas, marketing of natural gas and petroleum products etc	100%	Automatic
Petroleum & Natural Gas-II Petroleum refining by the Public Sector Undertakings (PSU), without any disinvestment or dilution of domestic equity in the existing PSUs.	49%	Automatic
Defence Manufacturing	100%	Automatic up to 49% Above 49% under Government route in cases resulting in access to modern technology in the country
Broadcasting •Teleports(setting up of up-linking HUBs/Teleports) •Direct to Home (DTH) •Cable Networks (Multi System operators (MSOs) operating at National or State or District level and undertaking up-gradation of networks towards digitalization and addressability •Mobile TV •Head end-in-the Sky Broadcasting Service(HITS)	100%	Automatic
Broadcasting Cable Networks (Other MSOs not undertaking up gradation of networks towards digitalization and addressability and Local Cable Operators (LCOs))	100%	Automatic
Broadcasting Content Services •Terrestrial Broadcasting FM(FM Radio) •Up-linking of 'News & Current Affairs' TV Channels	49%	Government
Up-linking of Non-'News & Current Affairs' TV Channels/ Down-linking of TV Channels	100%	Automatic
Print Media •Publishing of newspaper and periodicals dealing with news and current affairs •Publication of Indian editions of foreign magazines dealing with news and current affairs	26%	Government
Publishing/printing of scientific and technical	100%	Government

magazines/specialty journals/ periodicals, subject to compliance with the legal framework as applicable and guidelines issued in this regard from time to time by Ministry of Information and Broadcasting.		
Publication of facsimile edition of foreign newspapers	100%	Government
Civil Aviation – Airports Green Field Projects & Existing Projects	100%	Automatic
Civil Aviation – Air Transport Services •Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline •Regional Air Transport Service	100%	Automatic up to 49% Above 49% under Government route 100% Automatic for NRIs
Civil Aviation •Non-Scheduled Air Transport Service •Helicopter services/seaplane services requiring DGCA approval •Ground Handling Services subject to sectoral regulations and security clearance • Maintenance and Repair organizations; flying training institutes; and technical training institutions	100%	Automatic
Construction Development: Townships, Housing, Built-up Infrastructure	100%	Automatic
Industrial Parks	100%	Automatic
Satellites establishment and operation, subject to the sectoral guidelines of Department of Space/ISRO	100%	Government
Private Security Agencies	74%	Automatic up to 49% Above 49% & up to 74% under Government route
E-commerce activities (E-commerce entities would engage only in Business to Business (B2B) e-commerce and not in Business to Consumer (B2C) e-commerce.)	100%	Automatic
Single Brand retail trading Local sourcing norms will be relaxed up to three years and a relaxed sourcing regime for another five years for entities undertaking Single Brand Retail Trading of products having ‘state-of-art’ and ‘cutting edge’ technology.	100%	Automatic
Multi Brand Retail Trading	51%	Government
Duty Free Shops	100%	Automatic

Asset Reconstruction Companies	100%	Automatic
Banking- Private Sector	74%	Automatic up to 49% Above 49% & up to 74% under Government route
Banking- Public Sector	20%	Government
Credit Information Companies (CIC)	100%	Automatic
Banking- Public Sector	20%	Government
Credit Information Companies (CIC)	100%	Automatic
Infrastructure Company in the Securities Market	49%	Automatic
Pension Sector	49%	Automatic
Power Exchanges	49%	Automatic
White Label ATM Operations	100%	Automatic
Railway Infrastructure Construction, operation and maintenance of the following <ul style="list-style-type: none"> • Suburban corridor projects through PPP • High speed train projects • Dedicated freight lines • Rolling stock including train sets, and locomotives/coaches manufacturing and maintenance facilities • Railway Electrification • Signalling systems • Freight terminals • Passenger terminals • Infrastructure in industrial park pertaining to railway line/sidings including electrified railway lines and connectivity to main railway line • Mass Rapid Transport Systems. 	100%	Automatic
Insurance <ul style="list-style-type: none"> • Insurance Company • Insurance Brokers • Third Party Administrators • Surveyors and Loss Assessors • Other Insurance Intermediaries 	49%	Automatic
Non-Banking Finance Companies (NBFC)	100%	Automatic
Pharmaceuticals(Green Field)	100%	Automatic
Pharmaceuticals(Brown Field)	100%	Automatic up to 74% Above 74% under Government route
Food products manufactured or produced in India Trading, including through e-commerce, in respect of food products manufactured or produced in India.	100%	Government

Source: Consolidated FDI policy 2018 (DIPP-MCI-GOI)

India News-Based Policy Uncertainty Index

Year	India News-Based Policy Uncertainty Index	MNC Investment in India
2003	63.20253	8.469459
2004	74.74056	12.46032
2005	51.78245	21.44461
2006	49.48257	48.35488
2007	52.8731	95.12658
2008	141.7768	121.5298
2009	108.9366	100
2010	108.775	82.77077
2011	162.9657	135.9487
2012	185.4646	86.79647
2013	133.1013	94.05822
2014	96.67919	119.7298
2015	70.89349	154.8386
2016	73.97531	168.2976
2017	72.74287	173.6355
2018	57.02824	171.7349

Policy uncertainty. Com

CURRICULUM-VITAE

PAWAN KUMAR GUPTA
S/O Smt. Sheela Gupta & Mr. Ram Shankar Gupta

Date of Birth: June 05, 1990

537Kha/130 Naya Purwa
Faizullaganj Sitapur Road
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E-mail: **pkgupta_eco@yahoo.in** , **pkgupta.rs@bbau.ac.in**

CAREER OBJECTIVE

Aim of my life is to be a successful researcher in social science as an economist. I want to prove my worth with excellent job, by which society could be benefited.

ACADEMIC QUALIFICATION

- High school from U.P. Board (60.00%; Roll no.1068399) in year-2005 with subjects:- Hindi, English, Mathematics, Science, Social science, Drawing. From Hazari Lal Madyamic Vidhyalaya, Puraniya, Lucknow.
- Intermediate from U.P. Board (52.80%; Roll no.0536322) in year-2007 with subjects: - General Hindi, English, Mathematics, Physics, Chemistry. From Govt. Jubilee Inter College, Lucknow.
- Graduation (BA) from University of Lucknow, Lucknow (56.00%; Roll no.83610237) in year-2010 with subjects: - Economics and Geography. From National P.G. College, Lucknow affiliated to University of Lucknow.
- Post Graduation (MA) from University of Lucknow, Lucknow (55.24%; Roll no.10001009071) in year 2012 with Economics.
- Pursuing Doctor of Philosophy in Economics from Babasaheb Bhimrao Ambedkar University (A Central University), Lucknow (Reg. No-1312/16), under the supervision of Prof. NMP Verma, Department of Economics. Research entitled “MNCs’ Investment Pattern and Its Impact on Economic Development of UP.”

ADVANCED QUALIFICATION

- UGC NET-June 2012; Roll no.34010108.
- UGC NET-June 2015; Roll no.81015766.
- UGC NET-July 2016; Roll no.81020546.
- UP- PhD CET-2012; roll no.09010137, organized by Dr Ram Manohar Lohiya Awadh University, Faizabad.

PARTICIPATIONS in SEMINARS & CONFERENCES

1. Participated and presented a model entitle '***Land use Classification***' in an International seminar on "***Land Use Land Cover Change and Agro-Biodiversity***" during March 7-8, 2008, organizes by Department of Geography, National Post Graduate College, Lucknow.
2. Participated and Presented paper entitled '***Regional Pattern of Human Resource Development***' in National seminar on "***Regional Pattern of Human Resource Development***" during February 16-17, 2013, organized by Department of Geography, National Post Graduate College, Lucknow.
3. Participated in International Conference on "***Statistics and Related Areas for Equity, Sustainability and Development (SRAESD-2015)***" in Conjunction with XXXV Annual Convention of Indian Society for Probability and Statistics (ISPS) during November, 28-30, 2015, organized by Department of Statistics, University of Lucknow.
4. Participated and presented paper entitled '***Effects of Holidays on the Economic Growth of India***' in an International Seminar on "***Changing Economic Parameters and prospects of Growth in India and South Asia***" during 5-7 February, 2016 organized by Department of Economics, University of Lucknow, Lucknow.
5. Participated as an organising member in a National Seminar on "***Emerging Socio-Economic Inequality in India***" during 6th -07th December, 2017, Organized by Department of Economics, Babasaheb Bhimrao Ambedkar University, Lucknow.

6. Participated and presented paper entitled '*A comparative study on Educational Unemployment between Uttar Pradesh and Kerala States*' in a National Conference of ASEDS on "*Growing Economic and Social Insecurity in India*" during 11-12 December, 2017, Organized by ASEDS and DRMLU, Faizabad.
7. Participated as an organising member in 2nd National conference of Association of Socio-Economic development Studies (ASEDS) on "*Emerging Issues on Society, Economy and Governance with special reference to Digital India*", during December 6th & 7th, 2018, jointly organised by ASEDS and Giri Institute of Development Studies, Lucknow.
8. Participated as an organising member in a Nation Seminar on "*Problem of Sectorial Scarcity and Choice in India*", during March 14th-15th, 2019, jointly organised by Babasaheb Bhimrao Ambedkar University, Lucknow, & Association of the Socio-Economic Development Studies (ASEDS), Lucknow. And also presented a research paper entitled "**The Impact of Foreign Investment in India**".

PARTICIPATED in ORIENTATION PROGRAMMES

1. Participated in an Orientation Programme on "*National Translation Mission in Hindi*" during 6-10, February 2012, organized by Central Institute of Indian Languages, Department of Higher Education, Ministry of Human Resource Development, Government of India & Department of Sociology, University of Lucknow.
2. Participated in "*Two Weeks Capacity Building Programme for Faculty Members in Social Sciences*" during 30th may to 12th June, 2016, sponsored by ICSSR, organized by Giri Institute of Development Studies (ICSSR research Institute) Lucknow.
3. Participated in Three Days Workshop on "*Research Methodology using SPSS*" during 21-23 December, 2017, organized by AMITY University, Lucknow Campus, Lucknow.

4. Participated in Ten Days workshop entitled “**Statistical Data Processing and Use of Unit Level Data of NSSO**”, during 23rd April to 02nd May, 2018 sponsored by ICSSR, organized by Department of Economics, Babasaheb Bhimrao Ambedkar University, Lucknow.
5. Participated in Ten Days “**Research Methodology Course: Focus on Computer Application**”, during October 24th November 02, 2018. Organised by Department of Economics, Babasaheb Bhimrao Ambedkar University, Lucknow, Academic Collaboration with Association of the Socio-Economic Development Studies (ASEDS), Lucknow, Sponsored by Indian Council of Social Science Research, New Delhi.
6. Participated in Seven Days “**Workshop on Data Analysis Using SPSS**”, during 19-25 February, 2019. Organised by Department of Statistics, University of Lucknow, Lucknow.
7. Participated in Seven Days “**Orientation Programme on Data Analysis in R and Rcmdr**” during March 28 to April 03, 2019. Organised by Baratiya Shiksha Shodh Sansthan, Saraswati Kunj, Nirala Nagar, Lucknow.

PUBLICATIONS

1. Gupta, P.K., 2019, “**The Impact of Foreign Investment on Indian Economy**”, International Journal of Technical Research and Science. Vol. 4 (5), 45-49. ISSN No: 2454-2024. DOI: 10.30780/IJTRS.V04.I05.007
2. Gupta, P.K., 2019, “**Ease of Work Culture in MNCs in India**”, International Journal of Recent Scientific Research. Vol.10 (11), 35935-35939. DOI: 10.24327/ijrsr.2019.1011.4199
3. Gupta P.K., and Srivastava, A., 2019, “**Disparity and Disconnection in Investment and Unemployment among the Indian States**”, *Handbook of Exclusion, Inequality and Stigma in India*, Routledge India: Taylor & Francis Group, ISBN: 978-0-367-27238-8 (hbk), ISBN: 978-0-429-29570-6 (ebk), (in Press).

4. Gupta P.K., and Verma, NMP, “**Patterns of FDI in India**”, *IASSI Quarterly*.
(in process)

TEACHING EXPERIENCE

- Teaching as an Assistant Professor in Krishna Institute of Education, Sarkpur, BKT, Lucknow since 23/09/2013 to 10/02/2015.
- Teaching as an Assistant Professor in Subhash Chandra Bose Law College, Kahli Terwa, Gausganj, Hardoi since 01/07/2015 to 31/07/2016.
- Teaching as an Assists Professor in Vamdev Singh Mahavidyalaya, Andhana-Dahawa, Sidhouli, Sitapur since 01/8/2016 to 03/11/2016.
- Worked as Academic councillor in India Gandhi National Open University, *Registration No.:27746821*.

Date:

Pawan Kumar Gupta