



## **BOOK REVIEW**

**Book Reviewed by:**

**H. RAMAKRISHNA**

Associate Professor & Co-Ordinator, Department of P. G. Studies in Commerce,  
Smt. Saraladevi Satishchandra Agarwal, Government First Grade College,  
BELLARLY- 5831 101

**E-mail:** [drhramakrishna@gmail.com](mailto:drhramakrishna@gmail.com)

**TITLE OF THE BOOK:**

**GLOBALISATION AND QUALITY OF FOREIGN DIRECT INVESTMENT**

**By Dr. NAGESH KUMAR**

Chief Economist of the Economic and Social Commission for Asia and the Pacific (ESCAP) and director of its Sub-regional Office for South and South-West Asia, New Delhi

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“Globalization and the Quality of Foreign Direct Investment” published by Oxford University Press, New York within its first edition in 2002. This is one of the first books to define the parameters of quality FDI from a development perspective.

This book is divided into three parts. Part-A, deals with Multinational Enterprises (MNEs) and host country industrialization. Part-B deals with MNEs and export-oriented production by MNEs in host countries. Part-C deals with MNEs and innovation in host countries. The information contained in above three parts has been explained in nine chapters. These

chapters reflect on the possible implications of the emerging international regime on invests for developing countries in the light of the findings of the study. FDI is generally viewed as an engine for global development and the transfer of technology. From this perspective, measures to attract foreign firms are strongly advocated. However, in this book, author argued that the development impact of various forms of FDI depends upon at least three factors; the access to new market abroad, especially for manufactured goods; the new knowledge brought in; and the contribution to local technological capability building.

In the book, he emphasizes the need for developing countries to rethink foreign investment policies. For examples, low wages are not enough to attract quality investment even in manufacturing operations intended to serve home country markets. The conscious efforts of Government and domestic partners interest is needed to strengthen the local technological capabilities-he added. The attraction of quality foreign investment is also associated with large markets. Larges domestic market in countries such as China and Brazil which relatively high technological help in establishing them as host country leaders in their regions. Large market size can also be through regional grouping such as NAFTA, AFTA, and ASEAN etc.

The book seeks to contribute to the literature on the subject by introducing the quality of FDI inflow into the analysis. It makes an attempt to define the parameters of quality of FDI inflows from the perspective of a developing country. It goes on to analyze the structural and policy factors that shape the patterns of quantity and quality of the FDI inflows received by different countries. This analysis helps in drawing policy implications for developing countries seeking to industrialize with the help of resources of MNEs. In the book author applied four important indicators to assess the quality of FDI. These are (1) extent of localization of affiliate's output; (2) contribution to the development of modern industries; (3) extent of export-orientation; (4) R & D activity of affiliates.

The book is an invaluable resource for researchers, policy makers and development export across the globe.