

FINANCING PATTERN OF OUTWARD FOREIGN DIRECT INVESTMENT BY INDIAN MULTINATIONAL ENTERPRISES FROM PHARMACEUTICAL SECTOR

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ABSTRACT

By using multivariate regression analysis for the period 2007-08 to 2011-12 the paper attempts to analyze the impact of the firm-level characteristics of the Indian parent company of pharmaceutical sector on the leverage ratio of its outward foreign direct investment (OFDI) abroad. The results show that age, size, profitability, liquidity, and capital structure of the company investing abroad does not have significant impact on the gearing ratio on OFDI by the MNE that enjoys the advantage of the existence of internal capital market. Rather the existence of growth opportunity and the tangibility acts as a guiding factor in the financing decision of its OFDI flowing into its foreign affiliates abroad.

KEYWORD: Debt, Equity, India, Financing, Outward foreign direct investment, Outward FDI, Pharmaceutical sector
