

[Home](#)[Subject](#) > [Journals](#) [Books](#) [Major Reference Works](#) [Partner With Us](#) > [Open Access](#)[About Us](#) >

KAMINIINDRA C.M. DAS

Doi: <https://doi.org/10.1142/S0217590820500666>[< Previous](#)[Next >](#)

Abstract

The paper empirically examines Indian investment in China and its spatial distribution across 17 Chinese provinces during 2005–2015. Indian investments in China have spread across heterogeneous provinces. The location of ventures has been shaped by several provincial characteristics and locational advantages that include infrastructural facilities, lower wages, markets and openness; economic geography forces that include agglomeration of foreign and private firms and policies and engagements of the local governments. As such multiple determinants of location choice can be observed, which provide insights into the locational determinants of firms from one emerging country in another. Chinese inland provinces trying to attract Indian investment need to focus on developing locational advantages at par with the coastal regions and on economic geography. However, the scale of operation of Indian companies in China remains smaller due to several China-specific challenges. Industrial bodies and investment promotion agencies may aid in building firm-capacity to deal with China-specific challenges, with adequate emphasis on the spatial characteristics of provinces, to overcome business challenges. The increase in Indian investment in China shall be beneficial provided the firms and their activities generate complementarity in the bilateral economic relationship between the two countries and in the product and factor markets.

Keywords: [China](#) ▪ [India](#) ▪ [FDI](#) ▪ [locational advantages](#) ▪ [agglomeration](#) ▪ [province](#)**JEL:** F21, F23, R32