



**Is Outward FDI from Developing Countries a 'Good Thing'? Policy Implications for Home Countries'  
Innovation, Internationalization and regional development**

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This paper considers the longer-term viability of the internationalization and success of Indian MNEs. We apply the dual economy concept (Lewis 1954), to reconcile the contradictions of the typical emerging economy, where a modern knowledge-intensive economy exists alongside a traditional resource-intensive economy. Each type of economy generates firms with different types of ownership advantages, and hence different types of MNEs and internationalisation patterns. We also highlight the vulnerabilities of a growth-by-acquisitions approach. The potential for Indian MNEs to grow requires an understanding of India's dual economy and the constraints from the home country's location advantages, particularly those in its knowledge infrastructure.