

SESSION 3.3 (MANUFACTURING ISSUES & SUSTAINABLE DEVELOPMENT)

Subcontracting: A Solution or a Failure for the Indian Manufacturing Industry

Mitali Gupta

Senior Research Associate, Giri Institute of Development Studies, Sector- 'O', Aliganj, Lucknow-226024, Uttar Pradesh; miafgr2809@gmail.com

Abstract: Subcontracting perceived to be an alternative strategy for the organized sector (in terms of attaining a competitive edge in the market) and for the unorganised sector (as a case of survival) is not able to deliver in the present scenario as it had been perhaps thought to be when it newly emerged into the production scenario. The basis of this argument lies somewhat in the discrepancy of the understanding of existence of this sector, which this paper attempts to delve into by exploring the origins of this mode of production and how it has changed its nature and operation over the period of time with special emphasis on the Indian Manufacturing Sector. The findings derived from the review of literature as well as NSSO data 67th Round (2010-11) seem to suggest that the subcontracting relationships in India have missed the operation of two important facets of this mode of production-bargaining power and specialization which helps in understanding of poor functioning of subcontracted enterprises in the post-2000 period.

Export Spillovers from Foreign Direct Investment in India: A firm level analysis

Sanghita Mondal (Ph.D)

Assistant Professor, P.G.D.A.V. College

Abstract: FDI and its effects on host country firms have drawn considerable attention during the last few decades due to the surge of FDI in developing countries. In view of that, the present study focuses on the channels of export spillovers from FDI activities in the

host country market, namely India, using the firm level data from manufacturing sector for the period 1994-2010. For the econometric analysis, the study considers manufacturing firms from all 2 digit industries. Moreover, the manufacturing firms are also categorised according to the technology intensity following OECD definition. We have divided the FDI spillover channels into competition (domestic market activity), information (export activity), skill (a proxy to measure spillover from higher foreign skills) and imitation (R&D and technology import) spillovers. We also consider that in house R&D activity, technology import influence the export performance of the host country firms. Our findings show that most of the spillover channels are not influencing export decision or export activity of the Indian firms. Information spillovers from foreign export activities have shown negative impact on domestic firms from all technology categories. Among other factors, in house R&D activity is found to important factor to influence export decision and in enhancing export intensity.

Commercial Success in Product Innovation: Evidences from Manufacturing Firms in India

George Paily

PhD Research Scholar, Centre for Development Studies

Abstract: This paper attempts to contribute to the emerging research stream on innovative capability building in developing countries, considering the case of India's manufacturing industry. We have examined technological strategies expressed in terms of certain dimensions of technology and innovation and its impact on new product development. This research is based on the data obtained from World Bank Enterprises Survey 2013-14 covering 4105 manufacturing firms located in India including micro, small, medium and large across the sectors¹. The set of indicators of innovation capability used is inspired by the influence from the literature on National Systems of Innovation² framework on which the study is based. We present certain new empirical evidences on the link between the nature of innovative activities and firms' ability to come up with new product lines.

¹ The Survey was originally conducted for more than 9000 firms. After omitting the firms with missing information, we have selected 4105 firms for this study

² For earlier usage of this concept, see Lundvall (1992), Nelson and Winter (1993), and Freeman (1995)

Exporting Behaviour and Employment Generation Capacity: A Study Of Micro, Small and Medium Enterprises

Uma S.

Assistant Professor, Lady Doak College, Madurai, Tamil Nadu, India, umasankaran@ldc.edu.in ; umacds@gmail.com

Abstract: This paper analyse the impact of exporting behaviour of Micro, Small and Medium Enterprises (MSMEs) on their employment generation capacity using All-India Fourth Census of MSME, 2006-07. The present paper has taken exporting behaviour as heterogeneous in terms of direct, indirect and both (direct and indirect) export networks/channels. Further employment generation capacity was measured in terms of labour intensity. The overall conclusions are that, the labour-intensity of direct and indirect channel exporting units is higher than for both channel exporting units. On the other hand, the labour-intensity of direct exporters is higher than for indirect exporters. Labour productivity and wage rate have a negative impact on the employment generating capacity of firms. All the policies related to the promotion of MSMEs have been oriented to the objective of employment generation. However, schemes related MSMEs have tended to encourage capital-intensity across all industry-groups. This is probably because schemes meant to enhance export capabilities of firms might be encouraging them to adopt capital-intensive nature of production.

Innovation and Employment: A Case of Indian Manufacturing Firms

Swati Mehta

Assistant Professor, Punjab School of Economics, Guru Nanak Dev University, Amritsar-Punjab, India, swatieco@gmail.com

Abstract: While innovation has widely acclaimed as an important source of productivity and growth, its relationship with employment remained largely ambiguous. The debate assumes importance as the recent past has witnessed economic growth with falling or stagnant employment growth in large number of countries. The loss of additional employment resulted in widespread inequalities and poverty that put the whole issue of economic growth in jeopardy. Moreover, the need is to understand the relationship between innovation, employment and economic growth and the present paper is an attempt towards deciphering this relationship to find the way-out for higher economic and employment growth using the case of Indian manufacturing sector. With the motive to find

the impact of innovation on employment at different technological intensive industries, the present paper collected the firm level data from four industries namely pharmaceuticals (high technology), transport (medium-high technology), ferrous metals (medium-low technology) and textiles (low technology) for the period 2000-01 to 2013-14. It was found that the impact of 'product innovation' is positive on employment for different industries. Therefore, the need is to build the 'system of innovation' in such a manner that radical innovations could be produced for long term growth and employment.