

The Impact of Foreign Collaborations (Technology) on India's Foreign Trade and Industrial Competitiveness: A Study of Automobile Ancillary Industry

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Abstract:

The impact of foreign collaborations or international technology transfers in developing host countries has been a major bone of contention. Literature on this subject has varied views and the role of MNCs in and the sharing of the net benefits between the technology givers and technology takers has been a subject of continuous controversy. The issue has further assumed greater importance with assiduous process of economic liberalisation and globalisation and sets out an agenda for further research on this subtle subject. Considering the nature of tangible assets and the advantages MNCs lend to the host country's industry, it is general refrain that the units operating with foreign technology should reveal better performance than their local counterparts. This study, which is based on the data pertaining to pre-liberalisation period of Indian economy has examined the impact of foreign technology with respect to R&D, foreign trade and industrial competitiveness by using several variables and issues or restrictive clauses put in the foreign collaboration agreements for the Indian automobile industry and has come out with some striking findings that shatters the common perception regarding the likely superior performance of units operating with foreign collaborations and logically underscores the factors behind it and put forward notable policy implication.

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