

ABSTRACT

This article examines the role of firm size and firms specific characteristics like sales, total asset, age , market share, net export, expenditure made on salaries and wages on the Research and Development (R&D intensity of a firm. Taking the panel data from 2002 to 2011 of the Indian manufacturing firms categorized by CMIE Prowess, analysis was done using pooled OLS regression as well as using FE model. Using the input-based measurement of R&D initiative, we found that there is an increasing relationship between the size of a firm and the probability of it engaging in R&D activity. Net export, age and human capital (proxies by wages) also increase the probability of R&D activity. However, market share has negative significant effect on the firm's R&D intensity.

