

ABSTRACT

This study involves measuring of returns from investment on R&D in the Indian Automobile sector over a time span of last 10 years .Main question that arises here is whether investment on R&D actually leads to growth in sales and profit of any firm investing on their in house R&D unit. The primary objective for us is to develop a conceptual model or derive a formal model that can be tested with and thereby generate estimates of the impact of R&D on productivity growth in the Indian Automobile sector. From this we can then estimate the rate of return to investment in R&D.As an improvement to the earlier studies we would also try to find out the inter-firm differences in R&D stock by using firm characteristics.