

A COMPARISON OF MNEs AND DOMESTIC FIRMS IN THE INDIAN  
ELECTRICAL EQUIPMENTS INDUSTRY

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## **ABSTRACT**

Globalization has increased the importance of MNEs. In the Indian context we see a scenario where there is active competition between MNEs and domestic firms. This study tries to understand whether MNEs and domestic firms differ with regards to various firm characteristics, especially technology related ones, in the Indian Electrical Equipments industry. Further, the study also investigates the role of technological efforts in terms of R&D, import of capital goods, import of raw materials and import of stores and spares in determining one of the important performance variables, namely profitability of the firm. The analysis shows that the MNEs and the domestic firms do differ in terms of the average firm characteristics. Also, technological factors are important in determining profitability of the firms in this industry. R&D is especially having a favorable effect on profitability in the group of domestic firms.