ABSTRACT

Trade liberalisation influences companies' production decisions in developing nations in a variety of ways, including more foreign competition, lower production factor costs, and improved access to overseas consumers and technology. In this paper we report evidence on the relationship between trade openness, technology import and adoption, research and development within the country and the relative demand for labour and their wages in the Indian manufacturing sector, using firm-level data over the period 2000-2019. In the case of India, we are going to examine whether the trading firms are able to pay higher wages. We all know that higher wages are achievable with higher profits. So it is examined in this paper how import of technology from foreign countries in the early 2000s and later develop it in the home country through high investment in research and development helped trading firms to develop superior quality products that are capable enough to compete in the international market at a considerable cost and generate higher profit margin than non-trading firms. The empirical analysis in this study is using panel data of all manufacturing firms data classified under the National Industrial Classification (NIC) 2008.

Keywords: Trade, wages, technology, productivity