

ABSTRACT

This study explores the relationship between technology transfers and firms' global value chain (GVC) participation. We use rich firm-level data belonging to the Indian manufacturing firms for the period 2000-2019 to assess the impact of technology transfers on GVC participation using the panel probit model. Our study considers technology transfers through intangibles and analyses the domestic and international channels of transfers. The empirical results reveal a positive relationship between the measures of technology transfers and GVC participation. We also find that international technology transfers have a significantly higher impact than the domestic channel. Our results are robust to alternative definitions of GVC based on the intensity of participation. Further, we find that technology transfer through foreign direct investment increases GVC participation. We also observe that the source of technology transfers varies, between domestic and international, across business groups and standalone firms, and old and new firms. In addition, we find that the effect of technology transfer on GVC participation is higher for firms located in metro cities than other firms. Finally, we observe that the effect of technology transfer on GVC participation varies across industries. Our findings have strong policy implications in favour of technology transfers which will increase GVC participation and, in turn, contribute to the success of the "Make in India" initiative and expedite India's initiatives of intensifying GVC participation.

Keywords: Technology transfers, intangibles, global value chain participation, manufacturing

JEL codes: F14, L25, O32, O33