

Trade Promotion Campaigns & Their Impact on Indian Labor: Discussion & Evidence

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This study investigates the impact of international trade and the 'Make in India (MII)' campaign on firms' performance and labor outcomes. For this purpose, the study deploys prudent econometric techniques such as panel estimation and difference-in-difference estimator on Indian plant-level data. International trade is found to be enhancing firms' performance and leading to employment generation but having a diminishing impact on wages. MII campaign is found to be positive but marginally contributing to improving employment, wages and firms' revenues. The study observes international trade as a trade-off between 'employment generating industrial growth' and falling wages. MII compensates for the loss in wages due to trade, indicating the potential labor-centric nature of the campaign.

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Introduction

A branch of literature in economics on growth and development has advocated the integration of international markets as key to economic development. Economic integration can be seen as part of the broader term 'globalization', which also includes other aspects such as the globalization of cultural or political ideas. However, economic integration is largely referred to as globalization in economic analysis. Though there exists a debate on the impact of globalization, most countries seem to support it. The success of East Asian countries in the 1960s to transcend themselves to the path of development through export-led growth is the prime motivator for policy-makers globally to advocate free trade and globalization (Aw et al., 2007).

In the context of developing countries, economic integration or globalization primarily means opening up the markets to foreign players to import and export goods and services and allow the free flow of capital. Philosophically, a developing country is believed to ben-

efit from trade. A developing country would export the commodities it specializes in (generally the labor-intensive goods) and import the products and services (typically, technology-related goods) in which it does not have expertise. In this process, a country frees up its scarce resources from less productive sectors and deploys them in the sector it specializes. The non-specialized products and services can be imported from the countries which can produce them more efficiently. Also, developing countries can import sophisticated products and technologies, which can help them build their capabilities. In this way, globally, all countries move towards efficient production of goods and services. Similar is the essence of most traditional trade theories, which advocate enhanced trade for global efficiencies.

Theoretically, it appears to be a win-win situation for all countries. However, practically this might not be the case. Many studies argue the lopsided development impact of free trade (Banga, 2005). The evidence and arguments against free trade range from the exploitation of developing countries by developed countries to the issue of environmental degradation. This points out the social costs associated with the trade, which are not often considered while analyzing the gains from the trade (Banga, 2005). Hence, recent studies primarily study the conditions and situations under which gains from trade are likely to occur and provide detailed theoretical models for it (such as Melitz, 2003). In this study, we consider the social costs for Indian labor associated with

the trade to evaluate the likely gains/loss from a popular trade promotion campaign in India, namely the “Make in India (MII)”.

Trade Promotion Campaigns

As we discussed, trade is primarily believed to lead to economic growth by policy-makers, including those in developing countries. Hence, governments in developing countries tend to create conditions conducive for enhancing trade and organize campaigns to attract foreign entities to invest and trade with domestic firms. These trade campaigns try to build a nation-brand of an attractive investment destination and offer their best to facilitate foreign firms. One of the famous trade campaigns in recent times in the Indian context has been ‘Make in India’¹, which intended to establish India as a global manufacturing and designing hub. ‘Make in India’ was launched in September 2014 to reform the Indian government’s business image from ‘Issuing Authority’ to a ‘Business Partner’. Its objective was to comprehensively overhaul the existing policies and processes to make them more business and investor friendly. The campaign intends to inspire confidence among potential foreign partners and the Indian business community to trust in Indian capabilities.

Effectively, ‘Make in India’ was not a single campaign or a policy but a slew

¹ The ‘*Make in India*’ campaign has been referred as the ‘trade promotion campaign’ or the ‘campaign’ or ‘MII’ in the study hereafter.

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of policy changes and efforts towards making India an ideal investment destination. It was supplemented by many other policy instruments, such as 'Foreign Trade Policy 2015-20', which attempted to digitise the conventional process of exporting and importing from India. Further, it included efforts towards improving India's 'ease of doing business' by cutting down on the average number of days taken to export and import from India. This campaign was politically publicized as a part of wider nation-building initiatives by the Indian government. One of the rationales to make India a manufacturing hub was to provide employment to the sizeable unskilled workforce of India, transforming India's large population into a demographic dividend. The literature in economic policy also advocates shifting labor to the manufacturing sector as an appropriate step in the transitioning of an economy. Since agriculture productivity has limits, and unskilled labor cannot be absorbed in the service sector, the manufacturing industry becomes the most logical option for the absorption of labor and employment generation (Kathuria et al., 2010). Hence, one of the components of 'Make in India' emphasizes skill development. At the same time, it was expected to benefit the Indian domestic firms in improving their productivity and making their products competitive in international markets.

Data

We use plant-level data from the Annual Survey of Industries (ASI) conducted by the Ministry of Statistics and Program Implementation (MOSPI), Government of India. The survey is driven by the MOSPI annually and covers the plants employing more than 10 workers (20 workers in the case of non-power aided factories). Using plant-level data instead of industry-aggregated data helps us conduct microanalysis, where the unit of analysis is firm and not any particular industry group. The results are expected to be closer to reality as each firm's data is utilized to derive the results. Also, most policy interventions to promote trade are microeconomic in their scope, i.e., applied at the firm level (such as incentives or duties). Hence, firm-level data becomes more prudent than industry macro data for studies like ours. The details of the variables deployed are presented in Table 1.

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We use the data for the financial years 2008-09 to 2018-19. Since the 'Make in India' Campaign was introduced in the year 2014, our dataset provides us with an adequate number of observations for the period before the introduction of 'Make in India' and the period thereafter. By the time of this study, data was only released up to the year 2018-19. Hence more recent periods could not be included. The exports were not covered

Table 1 Variable Description

Variable	Description
Dependent variables	
Total employees (e)	Average number of employees employed by a plant during a year
Average wage (l)	Total wages paid by a firm divided by the average number of workers
Revenue (q)	Gross sales of the firm
Labor productivity (lp)	Gross sales divided by the average number of workers
Independent Variables	
Imports per worker (imp/e)	Imports per head worker (Intermediate imported inputs divided by the average number of workers)
Export per worker (exp/e)	Exports per head worker (Exports divided by the average number of workers)
Foreign investment dummy (FI)	=0 for firms with no investment by foreign entities in the share capital=1 for firms with investment by foreign entities in the share capital
Make in India dummy (MII)	=0 for FY 2014 and the period before it =1 for the period post-FY 2014
Capital (k/e)	Capital per head worker [Totals assets (after depreciation) divided by average number of workers]
Age of firm (age)	Age of firm in years

*Labor productivity (lp) has been included as a control variable in models having dependent variables different from labor productivity

in ASI until 2007-08. Therefore, the longest duration possible for this study is of eleven years, from the year 2008-09 to the year 2018-19.

Deflation of Data

ASI provides data in nominal terms, i.e., not adjusted for inflationary pressures for any year. The issue with using the nominal data is that the year-on-year figures would be inflated, and analysis based on them would provide upwardly biased results. This implies that the component of growth, which is due to inflation, would make growth figures look larger than they actually were. Hence, to adjust the data for inflationary pressures, we deflate it to convert it from nominal to real terms. We deflate output figures (such as revenue or values of

export) with the WPI-based deflator obtained from the Office of Economic Advisor, Ministry of Commerce and Industry. The deflator is calculated by matching the industries at the NIC 3-digit level. Imported input data has been deflated using 'WPI – all commodities' as it was not possible to segregate inputs based on their industry of origin classification. 'Gross fixed capital formation based deflator obtained from the World Bank is used for deflating capital. 'CPI-Industrial Workers (CPI-IW)' obtained from the Reserve Bank of India is used for deflating labor expenses/wages.

Methodology & Model

The 'Make in India' campaign has existed for more than eight years now, with continuous improvements and up-

dates in the policies. The congruent period has also seen growth in the Indian economy and exports but with a few drops. Data broadly suggests growth in the Indian economy and GDP in this period. Still, it is difficult to conclude whether this growth is in consequence of the ‘Make in India’ campaign and associated efforts or has occurred in due course of the Indian economy’s path to development.

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In this study, we evaluate the impact of the ‘Make in India’ campaign and associated efforts on the Indian economy using proper statistical and econometric methodologies to slice out the special effect of the campaign. We evaluate the campaign’s impact on the Indian economy by also taking into account the social costs associated with trade. Since our focus is on labor outcomes, we integrate social costs into our model by gauging the impact of trade on two labor-related variables. We primarily investigate if the campaign has successfully generated employment and improved wages for Indian laborers. Also, we analyze the impact of trade on firms’ productivity and revenue. We deploy two kinds of models/methods to explore the effects of trade and trade campaigns on the Indian growth story and ensure robustness in the analysis, i.e., (1) the production function approach and (2) the difference-in-difference based approach. We use firm-level data to ana-

lyze the impact of international trade and promotional campaigns.

Model: Production Function

We use a production function-based approach where a firm i produces output Q at time t using capital K and labor L . Hence the firm’s output can be depicted in the most basic form as follows:

$$Q_{it} = f(K_{it}, L_{it}) \dots \dots \dots (1)$$

We augment equation (1) with trade and control variables. Further, we take logs on both sides and simplify them into a standard regression equation

$$o_{it} = \beta_0 + \beta_1 k_{it} + \beta_2 l_{it} + \beta_3 x_{it} + \beta_4 c_{it} + \varepsilon_{it} \dots (2)$$

Here letters in small caps denote the logarithmic values. Terms k_{it} and l_{it} are the logarithmic values of Capital (K) and Labor (L), respectively. Term x_{it} represents the vector of trade-related variables viz. exports (exp/l), imports (imp/l), foreign investment (FI) and the ‘Make in India’ (MII) dummy. Terms c_{it} represent the vector of control variables such as the age of the firm (period), labor productivity (lp), and industry fixed effects. ε_{it} is the usual error term. The term o_{it} represents four outcome variables, namely: Employees (e), Average wage (l), Revenue (q) and labor productivity (lp) deployed in alternate models.

Model: Difference-in-difference Approach

Following Girma et al. (2004) and Giavazzi and Tabellini (2005), we adopt

a difference-in-difference (d-i-d) approach to estimate the specific impact of the ‘Make in India’ campaign on the Indian growth story. D-i-d is a regression-based model which evaluates the effect of policy intervention, i.e., ‘Make in India’ in our case. It considers the changes in group mean before and after the policy intervention, referred to as the ‘treatment group’. It compares this with the mean of a group that did not undergo the treatment, known as the control group. In our study, we take the beginning of FY 2015, i. e., Apr. 2015, as the timeline for policy intervention, as it is closest to the launch of the ‘Make in India’ campaign (launched in Sep. 2014). The firms whose internationalization efforts did not change pre- and post-Apr. 2014 became our control group. The firms for whom the internationalization efforts changed be-

came our treatment group. The d-i-d model can be presented in the equation form as follows:

$$o_{it} = \beta_0 + \beta_1 t_{it} + \beta_2 MII_{it} + \beta_3 t_{it} + \beta_4 t_{it} \cdot MII_{it} + \varepsilon_{it} \dots \dots \dots (3)$$

In equation (3), t_{it} refers to the treatment group, which in our study is the firm’s efforts towards trading activities, i.e., exports or imports. MII_{it} is a dummy variable indicating pre and post-intervention, which is the launch of the ‘Make in India’ campaign in our study. β_3 has been referred as the d-i-d coefficient in our research. The non-zero value of β_3 indicates the impact of policy intervention which is separate from the usual effect taking place over time in the control group. We have separately estimated the d-i-d coefficients for the treatment group export and imports.

Table 2 Comparison of International Trading and Non-trading Firms

Year	Number of exporters	Number of non-exporters	Number of importers	Number of non-importers
FY 2009	4,059	47,143	6,284	44,918
FY 2010	3,845	50,190	6,475	47,560
FY 2011	4,267	45,150	6,983	42,434
FY 2012	4,984	44,938	7,392	42,530
FY 2013	4,371	51,266	7,743	47,894
FY 2014	4,619	49,727	8,113	46,233
FY 2015	4,959	54,391	8,620	50,730
FY 2016	5,450	55,113	8,640	51,923
FY 2017	5,393	58,058	8,856	54,595
FY 2018	5,288	56,894	8,864	53,318
FY 2019	5,136	57,648	8,941	53,843

Source: Author’s calculations based on ASI data

In Table 2, we provide the year-wise comparison of the firms involved in exporting and importing activities. We observe a gradual and continuous increase in the number of importing firms from FY 2009 to FY 2019. Similarly, we see in-

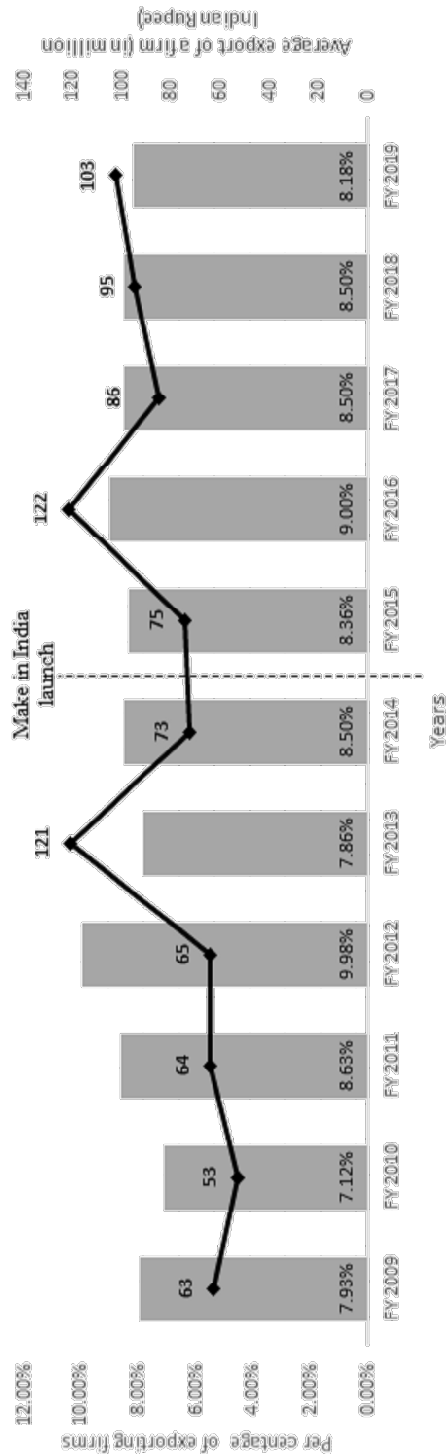
cremental growth in the number of exporting firms from FY 2009 to FY 2019. However, it is not continuous; we see occasional drops, such as in FY 2010 and FY 2017.

Fig. 1 presents the trend in the percentage of firms in our dataset involved in exporting and their average export volume. Similarly, Fig. 2 illustrates the movement in the percentage of firms in our dataset engaged in importing and their average import volume. Sep 2014 marks the launch of the ‘Make in India’ campaign in both figures. We cannot identify any general trend or any trend shaped by the launch of the MII campaign. The drops and rise in the figures are more likely to be influenced by external factors such as currency depreciation/appreciation or an increase/decrease in global demand, which cannot be weeded out in a representative chart. Hence, we apply statistical tests in the next section to precisely capture the effect of variables of our choice.

International Trade & Growth

The role of trade in the nation’s economic growth has long been highlighted in the literature. Literature in the last two decades has focused on how trade and internationalization influence the performance of domestic firms (Sharma, 2018). Generally, domestic firms in developing countries lack technology development due to scarcity of resources and depend on external entities for access to advanced technology. In such a scenario, internationalization becomes a critical factor in the modernization of industry and its development, acting through various routes. Learning in firms can take place in multiple ways, and one of the major routes is ‘learning by ex-

Fig.1 Percentage of Exporting Firms & Average Export Volumes, FY 2009-19



Source: Author’s calculations based on ASI data

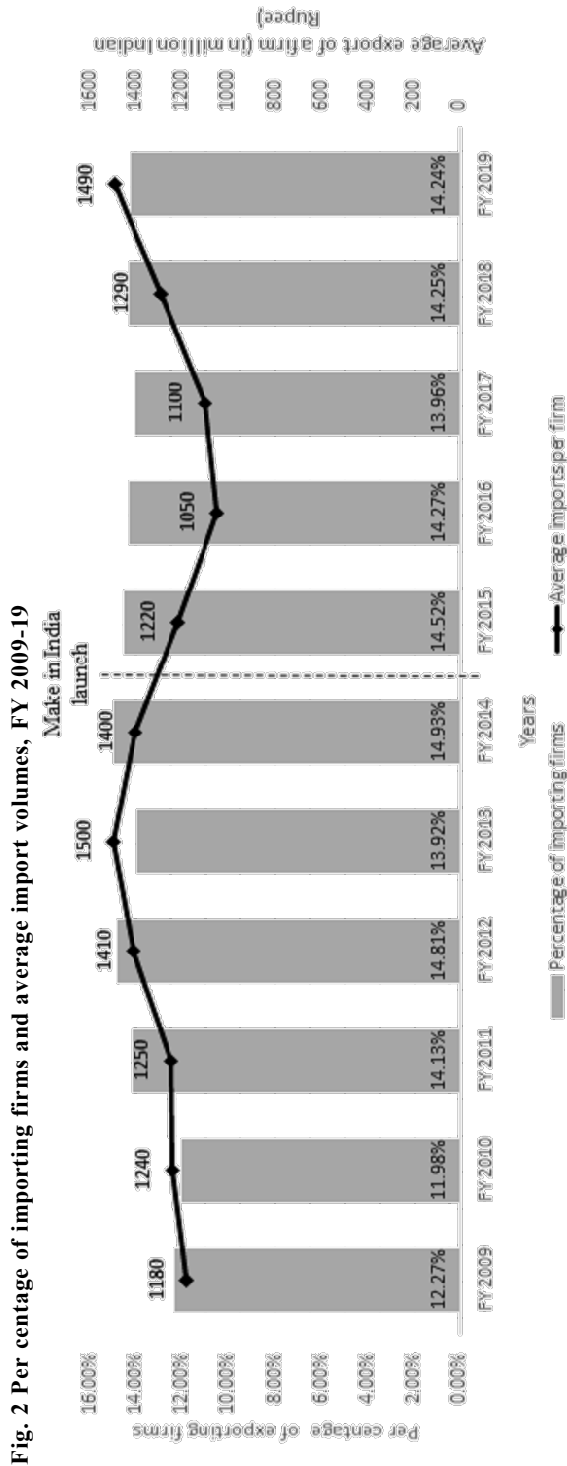


Fig. 2 Per centage of importing firms and average import volumes, FY 2009-19

Source: Author's calculations based on ASI data

ports'. Mostly, selling to a foreign firm is more than conventional selling and payments. Foreign firms need products per the specifications and standards prevailing in their country. Therefore, along with an order for a product, they also provide the technical know-how required to produce the product as per their standards (Grossman & Helpman, 1991; Taherdoost & Brad, 2019). Foreign firms' technical, product and managerial guidance and expertise help domestic firms improve their products and processes (Sharma, 2018). The firms learn from the guidance received for exports and integrate it into their processes helping them improve their overall efficiency. An improvement in efficiency with a few exporting firms in an industry also motivates other domestic firms to improve their productivity, leading to spillover effects in the entire industry. This knowledge absorption and assimilation process from exports pushes the whole industry to higher productivity levels (Aw et al., 2007).

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Similarly, foreign investment brings in the technical know-how from foreign partners along with the usual investment (Caves, 1974; Blomstrom and Persson, 1983). The foreign parent companies, which are generally superior in their technical capabilities, help domestic subsidiaries in which they invest to transform them into a more productive entity.

Although the relationship between productivity with exports and foreign investment is direct and straight forward, but imports are seen mainly as a threat to the domestic industry in popular public opinion. However, studies have shown the positive impact of intermediate imports in improving the firm's exports and productivity (Gross & Helpman, 1991; Frankel & Romer, 1999). The imports may not always be in the form of final products, which are alternative to domestically manufactured products. In reality, they could be intermediate products used as input by the domestic industry in manufacturing their final product. The technology embodied in such intermediate imports is also a source of new technology for domestic firms, which helps them improve their final product. This improvement in the final product may also enhance the export competitiveness of the product. The intermediate inputs could be imported with varied motives (Sharma, 2018). Primarily, they provide access to high-quality inputs which are not locally produced but are required to manufacture the final product of international standards. Second, intermediate imports can be cheaper input alternatives for the domestic industry, which can help them keep the final product prices low and enhance

price competitiveness in international markets. Third, imports also provide access to a variety of imports, which can help firms differentiate their product from that of competitors.

We see trade positively influencing the firms' productivity too.

In our analysis, in Table 3, we find all the variables of international trade, namely exports, imports and foreign investment, to contribute positively to the firms' output and productivity. In Column (3) of Table 3, we see an increase in exports and imports by one per cent, leading to a rise in firms' revenue by 0.006 per cent and 0.005 per cent, respectively. Similarly, an occurrence of investment from foreign sources is likely to increase revenues by 0.035 per cent. In Column (4) of Table 3, we see trade positively influencing the firms' productivity too. We observe a per centage increase in exports and imports, increasing productivity by 0.223 per cent and 0.119 per cent, respectively, and the influx of foreign investment raising productivity by 0.054 per cent.

International Trade & labor

Various studies in the literature have analyzed the relationship between trade and labor outcomes and have found contrasting results. Some studies have shown trade leads to higher wages or employment generation (Egger & Kreickemeier, 2013; Schröder, 2018). In comparison, there are also a few studies with no or negative impact of trade

Table 3 Panel Data Fixed-effect Regression Results

	(1)	(2)	(3)	(4)
	Employees (e)	Average wage (l)	Revenue (q)	Labor Productivity (lp)
Exports per worker (exp/e)	0.00622* (0.00374)	-0.00842* (0.00472)	0.00622* (0.00374)	0.223** (0.00347)
Imports per worker (imp/e)	0.00548* (0.00292)	-0.00413 (0.00368)	0.00548* (0.00292)	0.119** (0.00292)
Foreign Investment Dummy (FI)	0.0346** (0.0121)	0.154** (0.0153)	0.0346** (0.0121)	0.0542** (0.0128)
Make in India dummy (MII)	0.0557** (0.00614)	1.047** (0.00775)	0.0557** (0.00614)	0.0551** (0.00646)
Capital per worker (k/e)	-0.262** (0.00511)	-0.00215 (0.00645)	-0.262** (0.00511)	0.159** (0.00523)
Age of plant (age)	0.0973** (0.00769)	0.236** (0.00971)	0.0973** (0.00769)	0.104** (0.00808)
Labor Productivity (lp) ¹	-0.250** (0.00794)	0.296** (0.0100)	0.750** (0.00794)	
Industry fixed effect	Yes	Yes	Yes	Yes
Constant	12.35** (0.115)	6.974** (0.145)	12.35** (0.115)	7.844** (0.102)
Number of observations	25239	25237	25239	25239
Adjusted R ²	-0.206	0.455	0.182	-0.043

1. Labor productivity(*lp*) has not been included as a control variable in the model (4), as it is a dependent variable in that model
2. Small letters in parentheses in variables indicate log values.
3. Standard errors in parentheses
4. * p<0.10, ** p<0.05

on labor outcomes (Banga, 2005; Duda-Nyczak & Viegelahn, 2018). Some anecdotal shreds of evidence shed light on the negative effect of trade on laborers, such as job loss due to cheaper imports or the gradual decline of traditional labor-intensive industries due to trade-induced capitalization. The alleged detrimental impact of trade on labor has been propounded as a significant social cost (Banga, 2005). Hence, we include labor outcomes as the social costs in evaluating the gains from international trade and trade campaigns.

Reading the literature on trade and wages, we find studies advocating trade

to contribute positively to wages through various routes. As discussed earlier too, foreign companies are considered to have superior technology, hence can generate higher output for the given labor input, which leads to higher profitability (Schröder, 2018). The higher profits lead to higher wages under a phenomenon called ‘intra-firm rent sharing’, which implies that more productive firms share extra profits with their workers (Budd et al., 2005; Egger & Kreickemeier, 2013). Further, it is observed that international firms use proprietary technologies and have sophisticated production techniques, which require special learning and ‘firm-specific training’. Hence, international

firms pay their employees extra to compensate for additional training. Once these skills are imparted, firms need to retain these trained workers, leading to another reason for higher wages, i.e., to ensure retention. Additionally, international firms have higher skill composition, raising their total wage bill and resulting in higher average wages.

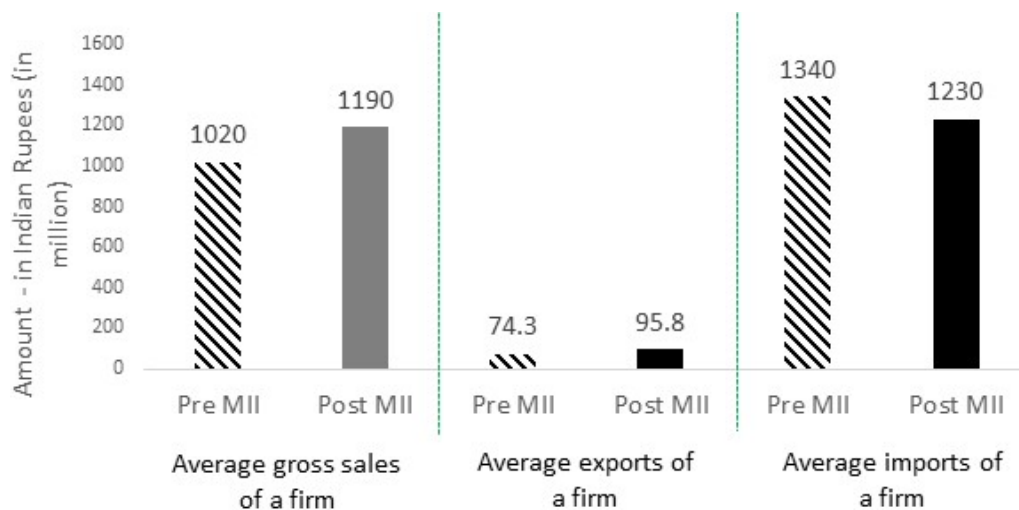
The case of developing countries is peculiar, and the analysis of the studies conducted in developed countries' context may not apply. A study by Duda-Nyczack and Viegelahn (2018) on various African countries finds no evidence of the positive impact of trade on labor outcomes and, in some cases, even reports a negative effect. Similarly, a working paper by Banga (2005) analyzing trade and wages for the Indian manufacturing sector concludes that trade has no impact on labor outcomes. Some studies

that have looked at employment using different kinds of data (such as labor census data, along with firm-specific data) conclude that the trade leads to lower firm or industry-level employment but contributes to the general employment dynamics of the country (Goldar, 2009).

Our analysis yields some interesting results in Table 3. In column 1, we find an increase in imports and exports to result in employment generation. A percentage increase in exports and imports for a firm on average is found to increase its employees by 0.005 per cent and 0.006 per cent. The influx of foreign investment is also seen to be creating employment by 0.03 per cent.

But in contrast, we see trade to be negatively impacting wages. We observe a percentage increase in exports declining wages by 0.008 per cent. Although

Fig. 3 Pre and Post-Make in India (MII) Comparison



Source: Author's calculations based on ASI data

*Pre-and post-MII refer to periods before and after the launch of the 'Make in India' campaign

The impact of foreign investment has been constant in terms of wages and employment.

the imports also negatively impact wages, their statistically significant value could not be estimated. Although the results have been mixed, overall, they indicate trade generating employment but at lower wages. Interestingly the impact of foreign investment has been constant in terms of wages and employment.

Impact of ‘Make in India’: Statistical Estimation

In fig. 3, we compare the firms’ annual sales and key trade metrics in the pre- and post-period of the launch of ‘Make in India’ campaign. We see the

average gross sales of a firm rising from Rs. 1020 million in the pre-campaign period to Rs. 1190 million post-launch of the campaign. Similarly, we witness a rise in the average export size of a firm from Rs.74.3 million in the pre-campaign period to Rs. 95.8 million post-launch of the campaign. The average annual imports by a firm have fallen from Rs.1340 million in the pre-launch period to Rs.1230 million post-launch of MII. These observations indicate increasing domestic and international sales of Indian firms, along with declining reliance of the Indian manufacturing industry on imports. The numbers overall appear in favor of the success of the campaign. However, they are not tested for their statistical significance and drawing any inference from them could be erroneous.

Table 4 Difference-in-difference Estimates

	(1)	(2)	(3)	(4)
	Employment(e)	Average Wages(l)	Total Revenue(q)	Labor Productivity(lp)
D-i-d (Exporters)	0.178**	0.027**	0.055**	-0.036**
D-i-d (Importers)	0.226**	0.023**	0.087**	-0.034**

1. Small letters in parentheses in variables indicate log values.
2. * p<0.10, ** p<0.05

The coefficient of the MII dummy variable in Table 4 substantiates the picture depicted in Fig. 3. It provides the magnitude of the contribution of the ‘Make in India’ campaign to the Indian growth story. We find the campaign launch to be contributing by 0.056 per cent in employment generation, 1.047 per cent in the wage increase, 0.056 per cent in firms’ revenues, and 0.055 per cent in enhancing labor productivity. Table 4 provides difference-in-difference coeffi-

cients of the ‘Make in India’ campaign estimated individually for exports and imports. The impact of the MII dummy has been alternatively tested with imports and exports for its impact on the four outcome variables considered in our study. The results in Table 4 can be interpreted in the following manner. The d-i-d coefficient for the singular impact of MII on employment is 0.178, in case of exporters [refer to the value corresponding to ‘D-i-d (Exporters)’ in Col-

umn 1 of Table 4]. This means that the employment generation in exporting plants increased by 0.178 per cent due to the MII campaign alone. Similarly, we can infer a 0.226 per cent increase in employment generation in importing plants due to the MII campaign.

We can infer a 0.226 per cent increase in employment generation in importing plants due to the MII campaign.

The impact of the MII campaign is positive on average wages in both exporting and importing plants to the tune of 0.027 and 0.023 per cent, respectively (refer to Column 2 of Table 4). Similarly, we find the impact of the MII campaign positive on the revenue of exporting and importing firms to the tune of 0.055 per cent and 0.087 per cent, respectively. However, we see the MII campaign impacts labor productivity adversely. The campaign reduces labor productivity by 0.036 per cent and 0.034 per cent in exporting and importing plants, respectively. Prima facie, this reflects the reduction in the productivity of Indian firms due to the MII campaign. Another probable inference from the results is that the thrust of MII-led policy interventions has been on the labor-intensive sectors/products. Hence, we see rise in employment and wages with a simultaneous drop in labor productivity. Another explanation could be that the employment generation has primarily taken place in semi or un-skilled jobs, mainly the less productive roles; hence, there is a drop in labor productivity.

Conclusion

In this study, we analyzed the impact of international trade and the ‘Make in India’ campaign on firm performance and labor outcomes. For this purpose, we use a large official dataset of industrial statistics provided by the Government of India. We find exports, imports and foreign investment to positively contribute to firm performance in terms of revenue and productivity, but has a dampening impact on wages, although contributing positively to employment generation. This presents policy-makers with a trade-off between employment generating industrial growth or lower wages. The effect of foreign investment is constantly positive over all the variables of firm performance and labor outcomes.

The ‘Make in India’ campaign seems to have been marginally successful in its objective of generating employment and fostering manufacturing sector growth. The coefficients of the MII campaign have primarily been positive (except in the case of labor productivity), but their magnitude has been low. However, the MII campaign successfully covers the negative impact of trade on wages. This also indicates the labor-centric nature of the ‘Make in India’ campaign, which seems to be compensating for the social costs of international trade borne by labor. The results of the campaign’s impact on improving productivity remain mixed and inconclusive. In terms of contribution to the literature, we find evidence of the positive but marginal contribution of the ‘Make in India’ campaign in improving the labor outcome and

firms' revenues. We see the campaign as successful in its objectives but recognize the need to strengthen the efforts for a potentially enormous impact.

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