

# Comments on “Technology adoption and production organisation: Firm level evidence from India”

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# Important Results

- Evidence of conditional convergence being faster for software industry as opposed to pharma
- Persistence of innovation on both sectors
- Important policy implications regarding exports as a channel of technology transfer

# Contribution to the literature on firm heterogeneity

- Developing an empirical analysis to look at learning processes of firms (sources of heterogeneity)
- Moving away from static models based on the HMY hypothesis to a dynamic model
- A look into technology adoption as a key driver of firm heterogeneity

# 1. Thoughts on the paper

- The problem of endogeneity has been very well accounted for in the estimation strategy
- Including patents data into the panel model could further enrich the study
- Captures the outcome of innovation
- Also measures quality of technical innovation

## 2. Thoughts on the paper

- Indian outbound FDI can be split into M&A and green-field investment
- Chances of a one time boost to technical innovation due to acquisition is an interesting cohort of firms to study

### 3. Thoughts on the paper

- The paper has found that there is persistence in technical innovation. If the creative destruction argument is to be used then a measure of “pressure” to innovate will be an important aspect to identify learning process for firms.
- This can be done by including the  $j$ -th firm’s rate of technical innovation into  $i$ ’th firms innovation equation.

Thank you