Innovation, Efficiency, Productivity and Intellectual Property Rights: Evidence from a BRIC Economy

Sunil Kanwar
Department of Economics, Delhi School of Economics

Abstract

In this paper we study the innovation, production efficiency and total factor productivity responses of manufacturing industry in India to the stronger protection of intellectual property rights post-TRIPs. The fact that the post-TRIPs strengthening of intellectual property rights in India was largely exogenous, enables us to correct for any endogeneity biases that may obtain in estimating the relationships in question. Using data for 17 manufacturing industries in India, for the period 1994-2011, we find a significant outward shift in the technical or production possibility frontier, and consequent increase in the level of total factor productivity, post-IP-reform. The results are robust to changes in estimation strategy and model specification.