

OSTROM WORKSHOP RESEARCH SERIES

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“Technological Catch-Up and
Productivity Spillovers from FDI:
Evidence from Indian Manufacturing”

Wednesday, April 12, 2017

12:00 – 1:00 p.m.

Ostrom Workshop, 513 N. Park



This paper estimates productivity spillovers to domestic firms from inward FDI using firm-level panel data on Indian manufacturing firms from 2001 to 2016. I account for firms' relative position in the productivity distribution within their industry, and examine if FDI facilitates catch-up to the industry's productivity frontier. I find robust evidence for productivity spillovers in technology-intensive sectors that appear uniform across the productivity distribution. In contrast, spillovers in less technology-intensive sectors are concentrated at the top of the productivity distribution. I corroborate these findings by providing evidence that FDI is associated with increased productivity dispersion in less technology-intensive sectors. I argue that these findings suggest the presence of distributional effects from inward FDI that are not accounted for in policies promoting foreign investment in developing countries.



Michael Klein is a PhD candidate in the Department of Economics at IU where he specializes in international trade and economic growth. His research analyzes economic policy that promotes foreign direct investment, technology adoption, and growth in developing economies. Michael received his BS in Economics from the University of Wisconsin–Madison in 2012, and his MA in Economics from Indiana University in 2015 ([website](#)).

Presentations are open to the public (see our website for papers). You are welcome to bring your lunch. For questions, contact Allison Sturgeon (sturgeon@iu.edu; 812/855–3151).