

Abstract

This thesis comprises of three independent essays in International Trade in the Post-Liberalization period in India.

Essay I studies the effect of restrictive Technical Barriers to Trade (TBT) measures maintained by India on performance of its manufacturing firms. We find that these measures lead to productivity and markup losses for importers. Firms absorb the increase in marginal costs by reducing markups and do not increase prices significantly.

Essay II studies the causal effect of Chinese import competition on performance of manufacturing firms in India. We find that Chinese competition leads to increase in markups of firms. This is because there are large cost savings from increased competition which are imperfectly passed through to prices leading to increase in markups. This effect dominates the direct reduction in markups from reduced market power due to increased competition.

Essay III studies the causal effect of Chinese import competition on contract employment in manufacturing in India. We find that Chinese import competition accounted for almost 9 percent of overall increase in contract employment during 1998-2007. The results are driven by high productivity firms in states with high worker bargaining power.