

# Export Orientation, Import Competition and Plant Survival in Indian Manufacturing

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## ABSTRACT

*While there have been a large number of studies on survival of industrial plants and firms, most undertaken for industrialized countries, there is hardly any such study for India. In this paper, survival of organized sector manufacturing plants in India is analyzed by estimating the Cox Proportional Hazard Model from two sets of plant-level data, one for the period 1998-99 to 2012-13 and the other for the period 2006-07 to 2012-13, both drawn from the Annual Survey of Industries (Central Statistics Office, Government of India). The main issue investigated is how survival probability of Indian manufacturing plants is impacted by (a) their export orientation and (b) the import competition they face in domestic markets. The results of the econometric analysis indicate that increased export orientation of manufacturing plants in India tends to improve their survival probabilities, consistent with the finding of several similar studies undertaken for other countries, and that enhanced import competition in India, particularly from China, tends to reduce survival probabilities of manufacturing plants. Also, there is indication from the empirical analysis that the 2008-2012 global recession had increased the risk of closure of manufacturing plants in India.*

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