

# Firm heterogeneity and the behavior of Japanese manufacturing multinationals in India

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## Abstract

This paper examine factors to determine activity level of Japanese multinational corporations (MNCs) in India theoretically and empirically.

In the theoretical part, for the purpose of identifying factors which have an impact on the activity level of Japanese MNCs, we develop North-South firm-heterogeneity model of Helpman et al. (2004). To be specific, we attempt to illustrate revenue of Japanese MNCs in India taking into account the fact that the level of industrial structure and other conditions for firm's production activities in India.

In the empirical part, we conduct empirical analysis based on the regression equation delivered in the theoretical part by utilizing firm-level panel data of Japanese manufacturing MNCs operating in India through the economic liberalization period (1989-2010).

Contribution of our research are developed the North-South firm-heterogeneity model by introducing exchange rate, asymmetric North-South settings, and defect rate, and also draw empirical evidences in case of Japanese manufacturing MNCs in India.