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Name of Topic: TRADE-RELATED INTELLECTUAL PROPERTY RIGHTS AND INCOME INEQUALITY IN INDIA

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FINDINGS

For objective I, the study attempts to evaluate the impact of IPR strength, IPR-related policy effectiveness and governance, and trade openness/liberalisation on India's international flows. The main findings indicate short-run and long-run cointegration among the variables and suggest that strengthening IPR is a significant variable that enhances India's total trade flows.

However, the IPR-specific merchandise trade data shows that strengthening IPR in India has improved imports more than exports. The study argues that the low IPR-exports performance could result from IPR's distributional bias since trade-IPR also serves as a trade barrier for developing countries, especially those in the process of technological catch-up, mostly valid for middle-income countries.

The results show that the IPR-related policy implementation process remains sluggish. The results highlight the need for an optimal IPR regime that balances international obligations and the domestic requirement to ensure improved export flows from India.

Objective II investigates the impact of IPR on economic growth, which is assessed by capturing the effects of IPR exports, IPR imports and liberalisation on India's GDP. The main findings indicate that the share of IPR-export and IPR-import remains low in India's total trade, making them less significant to impact economic growth. It is found that import decisions determine the tariff rates and other import-related restrictions. India's IPR imports are more responsive to the IPR regime than to openness that retreats towards protectionism from 2014 onwards.

Results confirm that imports facilitate upgraded R&D embodied knowledge products from developed to developing countries that enhance innovation, output, IPR exports and trade flow. However, policies to augment economic growth through enhancing innovation activity and production have not yet paid off in terms of augmented IPR exports.

The results also imply that the scope of imitation may not be equal or uniform across industries in India, and only the firms with imitation capacity can benefit; the rest will crowd out. It also infers that IPR protection seems to have restricted knowledge disclosure in India as trade secrets protection was also strengthened. Even though India requires strong IPR laws to boost innovation and technology inflows, it also requires sophisticated data sharing laws to enable lawful imitation and limit rampant infringements.

The analyses of objectives I and II emphasise the importance of IPR in influencing trade flows and economic growth parameters. The final objective III examines the association between IPR

and income distribution in India. Income inequality tends to be one of the most intricate social issues hindering economic progress and contributing to social instability. The assessment is carried out using multiple econometric techniques.

Results indicate that raising IPR protection from 1995 through 2018 has contributed to the increase in India's income inequality. In addition, strengthening IPR may have led to monopoly pricing, allowing dominant firms to gain pricing power and control over weaker firms in their commodity chain, like in a franchising model.

It is found that income distribution improves with trade openness since the reduction in tariffs has an expansionary effect on aggregate output through changes in relative prices and increased competition. The study confirms a non-linear openness-inequality relationship for India.

The results suggest that higher GDP growth has allowed higher imports, enhancing India's technical know-how, innovation, imitation, and production. It is found that an increase in regulatory quality is likely to reduce income inequality in India, but these policies remain less impactful. The result supports the view that better regulatory quality in India improves income distribution by preventing monopoly pricing and profit concentration, encouraging competition, and thus, limiting skilled-unskilled and big-small firms' wage gap. Though regulatory controls may appear to be feasible and beneficial policy options, these options limit prices and de-incentivise foreign firms to expand their operations in the Indian market.

Stronger IPR contributes to economic growth through increased innovation while contributing to income inequality by raising the returns on wealthy assets (Chu, 2010) and wages of skilled workers compared to unskilled workers (Bloom et al., 2021), leading to a higher but skewed income distribution. Therefore, the study suggests that India requires suitable policy interventions in investment, knowledge-based productivity, and skill development. Though innovation activity has improved in India, as it holds eighth position in the world in terms of total IPR filing activity in 2020, R&D spending and IP filings have become concentrated in a few sectors only, leading to skewed income distribution.

There is a need to raise innovation capacity, R&D as a percentage of GDP, and government funding to small and medium firms, whose contribution has minimised after adherence to the TRIPS due to crowding out. This calls for greater participation of public and private enterprises and institutions in different sectors. Apart from this, education and human capital outlay are additional factors behind the negligible contribution of IPR-specific trade to economic growth, thus also demanding government attention.