

India's Intermediate Goods Trade in the Inter Regional Value Chain:

An examination based on Trade data and Input Output Analysis

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Abstract:

Intermediate goods play a very important role in world trade. Infact a large part of world trade takes place in the form of intermediate goods rather than final goods. One significant feature of world trade in the past decade has been the increase in the role of rapidly growing economy of China in the global value chain of intermediate goods trade. India's rapid growth rates like China have also attracted attention but little research has been done on the nature of its integration into the interregional value chain of trade in intermediate goods. The objective of this paper is to fill this void in literature. At the global level India's share in the trade of intermediate goods is very low but out of the BEC (Broad Economic Categories) classifications of goods (Final, Intermediate and Primary goods), India trades the most with the rest of the world in intermediate goods. Therefore from an Indian perspective it is interesting to examine the nature of India's integration into the interregional value chain of intermediate goods trade and especially look at its intermediate goods trade relationship with China which has established itself as the leader of Asian Intermediate goods trade in the past decade.