

## “Shifting Trade Patterns and GVC Participation: India’s Linkages with Selected Economies”

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**Abstract:** This paper examines India’s integration into the global value chain (GVC) with selected emerging Asian economies—China, Indonesia, Japan, South Korea, Turkey, Malaysia, and the Philippines—covering the period from 1991 to 2020. It analyses India’s trade in intermediate and final goods and evaluates the involvement of primary, resource-based, and low-, medium-, and high-technology products within these value chains. Further, the study assesses India’s manufacturing network products and its overall competitiveness across major sectors using key trade indicators. The findings indicate significant shifts in India’s export and import shares with Asian economies over time. Export shares increased with Malaysia, Indonesia, Korea, the Philippines, and Turkey, whereas a decline was observed with Japan and China, particularly during the COVID-19 period. Import shares rose mainly from China, Indonesia, and Korea. Overall, India’s trade growth with these economies experienced considerable fluctuations due to global economic crises and other shocks. The study also shows that India’s total GVC participation with the world increased from 23.96 percent in 1991 to 31.40 percent in 2020. While backward participation expanded substantially, forward participation declined. India’s GVC linkages with China, Indonesia, Korea, Malaysia, the Philippines, and Turkey generally strengthened, despite periodic instability driven by economic uncertainties. Additionally, India’s share of network products in manufacturing trade grew markedly with China and showed moderate expansion with Indonesia, the Philippines, South Korea, and Turkey. Overall, the paper highlights the growing significance of Asian partners in advancing India’s engagement and competitiveness in global value chains.

**Keywords:** GVC, Competitiveness, Asian

### Introduction

India’s role in the global value chain (GVC) with selected emerging Asian economies, including China, Indonesia, Japan, South Korea, Turkey, Malaysia, and the Philippines. In addition, the chapter deals with trade in intermediate and final goods in India’s GVC with Asian countries. The primary objective of the study is to examine the categories of primary and resource-based products and low-medium-high tech in the intermediate and final goods. The study also examines India’s total network of products in the manufacturing trade.

The study has explained the competitiveness of India’s GVC participation by measuring major trade indices in the top leading sectors with other selected Asian countries from 1991 to 2020. The study implies the necessity of a reconciled Asian economy for the best optimization in the GVCs. Indeed, the Asian global value chain is becoming more developed than any other part of the world. The study focuses on the major products since the leading firms support local firms in developing countries with solid linkages in their mutual interest.

### 1 Trade Performance of India with Selected Asian Countries (1991-2020)

This section presents India’s trade performance with selected Asian countries, including China, Japan, Korea, Indonesia, Malaysia, the Philippines, and Turkey, from 1991 to 2020. Table 1 depicts India's overall export

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and import performance with Asian countries. The share of India's export has increased with China from 3.44 percent in 1991 to 6.14 percent in 2000. However, it has declined to 3.48 percent in 2020 due to the COVID-19 pandemic. Similarly, India's export share with Japan has fallen from 9.26 percent to 1.47 percent. India's export share with Korea has increased slightly from 1.35 percent to 1.64 percent from 1991 to 2020.

Along with Indonesia, India's export share has increased from 0.81 percent in 1991 to 2.05 percent in 2010; due to smooth economic growth and fiscal deficit there is a decline of about 1 percent. From 1991 to 2020, India's export share with Malaysia increased from 1.13 percent to 2.14 percent. Further, India's export share with the Philippines and Turkey has increased from 0.36 percent to 0.51 percent and 0.30 to 1.39 percent over the study period. In contrast, India's import share with China increased from 0.55 percent in 1991 to 3.96 percent in 2020. However, with Japan, it has declined from 6.99 percent to 2.77 percent in the same period.

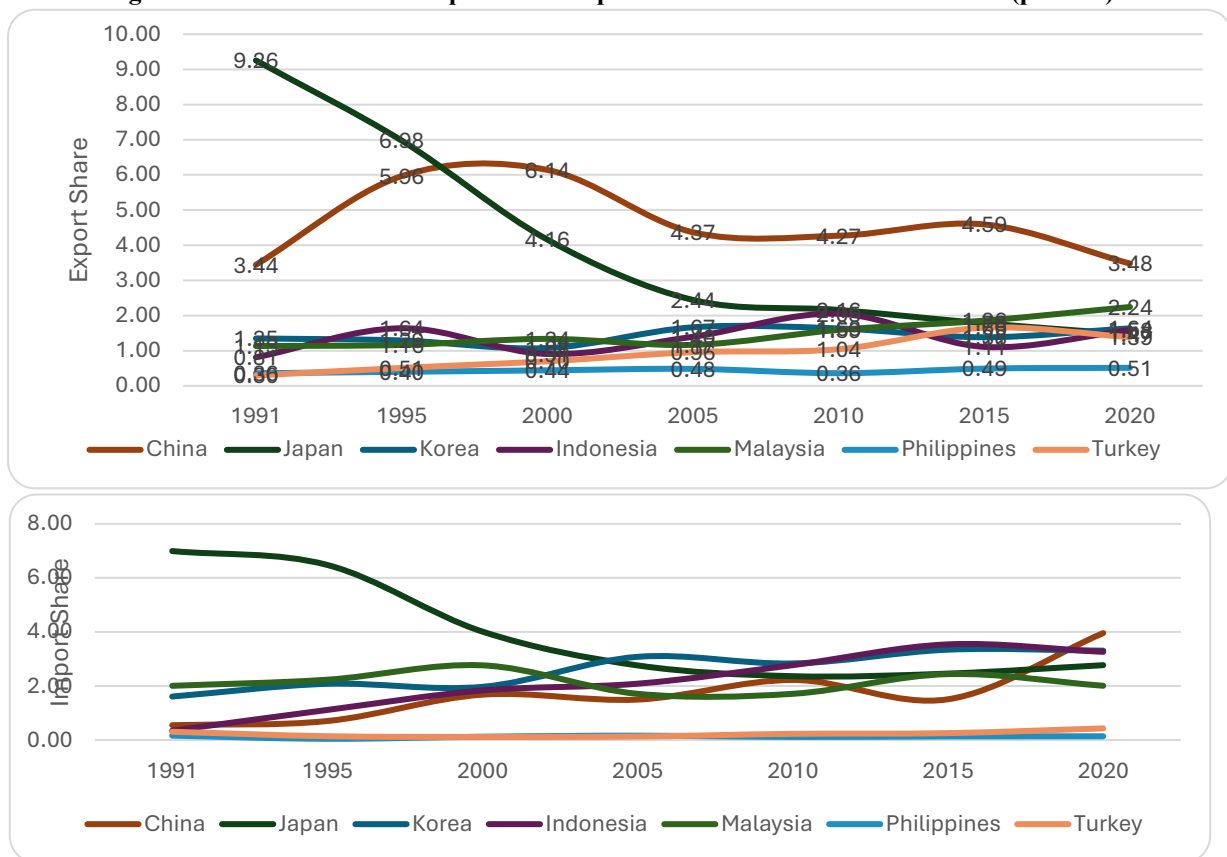
**Table 1: India's Trade Share with Selected Asian Countries**

% Share of Export							
Year	China	Japan	South Korea	Indonesia	Malaysia	Philippines	Turkey
1991	3.44	9.26	1.35	0.81	1.13	0.36	0.30
2000	6.14	4.16	1.08	0.91	1.34	0.44	0.70
2010	4.27	2.16	1.63	2.05	1.59	0.36	1.04
2020	3.48	1.47	1.64	1.58	2.24	0.51	1.39
CAGR	-0.93	-6.41	1.11	1.71	1.87	0.67	<b>5.53</b>
% Share of Import							
Year	China	Japan	South Korea	Indonesia	Malaysia	Philippines	Turkey
1991	0.55	6.99	1.61	0.34	2.00	0.16	0.30
2000	1.68	4.01	1.97	1.84	2.76	0.12	0.11
2010	2.22	2.36	2.83	2.77	1.71	0.11	0.23
2020	3.96	2.77	3.31	3.26	2.01	0.14	0.43
CAGR	<b>4.96</b>	-4.07	1.90	6.40	-0.20	2.50	2.72

*Source: IMF Directions of Trade Statistics, 2022.*

India's import share with Korea has increased from 1.61 percent in 1991 to 3.31 percent in 2020. With Indonesia, its import share grew from 0.34 percent to 3.26 percent in the same period. Similarly, India's import share with Malaysia has also increased from 2.00% in 1991 to 2.44% in 2015, and the Philippines declined from 0.16% in 1991 to 0.14% in 2020, and with Turkey, it increased from 0.30% in 1991 to 0.43% in 2020.

**Figure 1a: India's Share of Exports and Imports with Selected Asian Countries (percent)**



**Source:** IMF Directions of Trade Statistics, 2022.

From 1991 to 2020, the compound annual growth rate (CAGR) of India's export share has found to be the highest with Turkey (5.53%), followed by Malaysia (1.87%), Indonesia (1.71%), Korea (1.11%), Philippines (0.67%), Japan (-6.41%), and also China (-0.93%). Moreover, the compound annual growth rate (CAGR) of India's import share with Turkey has the highest value (2.72%), followed by Malaysia (-0.20%), Indonesia (6.40%), Korea (1.90%), Philippines (2.50%), Japan (-4.07%) and China (4.96%). Likewise, due to the economic crisis and the COVID-19 pandemic, India's total trade growth with selected Asian countries has fluctuated over the last two decades. Figure 5.1.1 shows India's total export growth rate. With selected Asian countries, it has seen upward to downward trends, while the import growth rate shows downward to upward trends.

## 2 Global Value Chain Trade in Gross Trade of India with the World

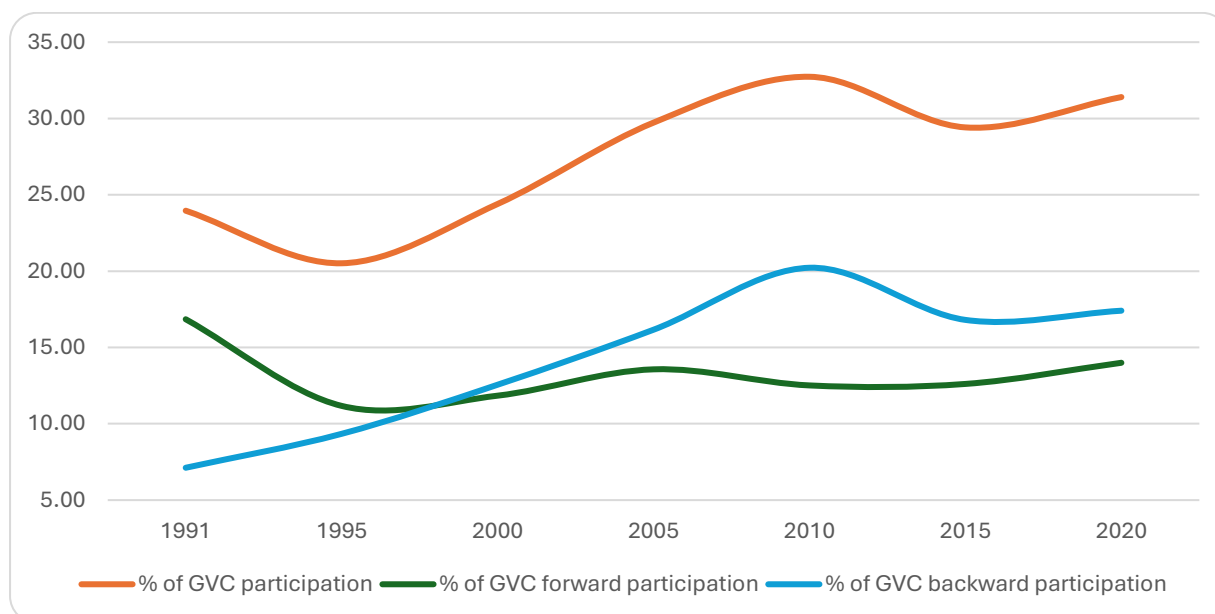
The study reveals the share of India's global value chain in backward and forward participation with world from 1991 to 2020. The overall participation of global value chain of India with the world has increased from 23.96 percent to 31.40 percent from 1991 to 2020. However, the forward participation of India's global value chain with the world has declined from 16.85 percent to 14 percent in the study period. In comparison, India's backward participation in the global value chain with the world has increased from 7.119 percent in 1991 to 17.41 percent in 2020, with many fluctuations due to the economic crisis and the COVID-19 pandemic. Figure 5.2.1 shows India's participation in the global value chain, with the world is following an upward trend during the study period.

**Table 2: India’s GVC Trade Participation in Gross Trade with World  
(as per share of Gross Trade)**

Year	% of GVC Participation	% Forward Participation of GVC	% Backward Participation of GVC
1991	23.96	16.85	7.119
1995	20.52	11.17	9.343
2000	24.40	11.84	12.56
2005	29.73	13.57	16.16
2010	32.73	12.51	20.22
2015	29.42	12.61	16.81
2020	31.40	14.00	17.41

Source: Author compiled from Eora, OECD, and ADB database, 2022.

**Figure 2b: Share of India’s GVC Participation in Gross Trade with World**



Source: Author compiled from Eora, OECD, and ADB database, 2022.

### 3 India's GVC-related Trade in Gross Trade with Selected Asian Countries

The study reveals the participation of GVC trade as percent of gross trade of India with Asian countries like China, Indonesia, Japan, South Korea, Malaysia, Philippines and Turkey from 1991 to 2020. India's GVC

trade participation as percentage of gross trade with China increased from 26 percent in 1991 to 34.5 percent in 2020. Further, with Indonesia, it has escalated from 19.1 to 33.8 percent from 1991 to 2020. In the same period, India’s GVC trade share in gross trade with Japan has increased from 14.1 percent in 1991 to 31 percent in 2010. After that, it has declined to 28.3 percent in 2020.

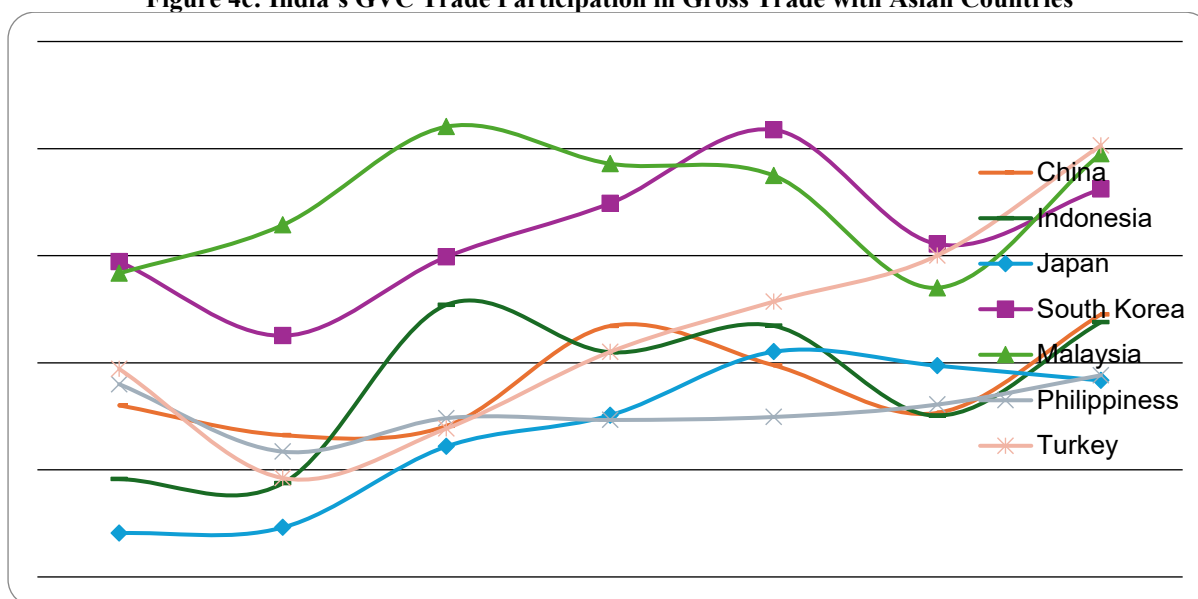
Furthermore, the share of GVC trade in India's gross trade with Korea has increased from 39.5 percent in 1991 to 51.8 percent in 2010. However, in 2020, it fell to 5 percent due to the economic crisis and COVID 19 pandemic. India’s GVC trade share in gross trade with Malaysia has increased from 38.3 to 49.5 percent over the period. While the share of India’s GVC with the Philippines shows a smile curve, which has decreased from 28 percent in 1991 to 26.1 percent in 2015, and then gradually increased to 28.8 percent in 2020. With Turkey, it has risen from 29.4 percent to 50.3 percent, respectively, in the study period. Figure 5.3.1 reveals that the selected countries have high potentiality with India over the study period. India’s participation in GVC has increased significantly with these countries, especially with Turkey, from 1991 to 2020.

**Table.4 : India’s GVC Trade Participation in Gross Trade with Asian Countries (percent)**

Year	China	Indonesia	Japan	South Korea	Malaysia	Philippines	Turkey
1991	26.0	19.1	14.1	39.5	38.3	<b>28.0</b>	29.4
2000	24.1	35.4	22.2	39.9	52.0	24.8	23.9
2010	29.8	33.4	31.0	51.8	47.5	24.9	35.7
2020	34.5	33.8	28.3	46.2	49.5	<b>28.8</b>	<b>50.3</b>

Source: Author compiled from Eora, OECD, and ADB database, 2022.

**Figure 4c: India’s GVC Trade Participation in Gross Trade with Asian Countries**



Source: Author compiled from Eora, OECD, and ADB database, 2022.

**Table 5: Share of India's Network Products Trade in Manufacturing Trade with Asian Countries (1991-2020)**

Exports (as a Percentage Share)							
Year	China	Indonesia	Japan	Malaysia	Philippines	South Korea	Turkey
1991	0.01	0.61	11.9	1.22	0.19	0.08	0.19
2000	0.48	0.43	4.49	1.32	0.26	0.28	0.49
2010	1.50	1.50	0.85	1.83	0.44	0.37	0.79
2020	2.25	1.99	1.24	1.00	0.54	0.64	1.52
Imports (as a Percentage Share)							
Year	China	Indonesia	Japan	Malaysia	Philippines	South Korea	Turkey
1991	0.01	0.03	12.4	0.18	0.02	0.94	0.01
2000	2.81	0.39	8.50	2.68	0.30	2.40	0.06
2010	22.5	0.71	4.36	1.68	0.26	4.35	0.15
2020	29.9	0.44	3.39	1.53	0.18	4.41	0.35

**Source:** Author compiled from UN Comtrade database, 2022. Notes: Network trade is the trade of specific products code of SITC revision 3, including 62, 66, 71, 72, 74, 75, 76, 77, 78 and 79.

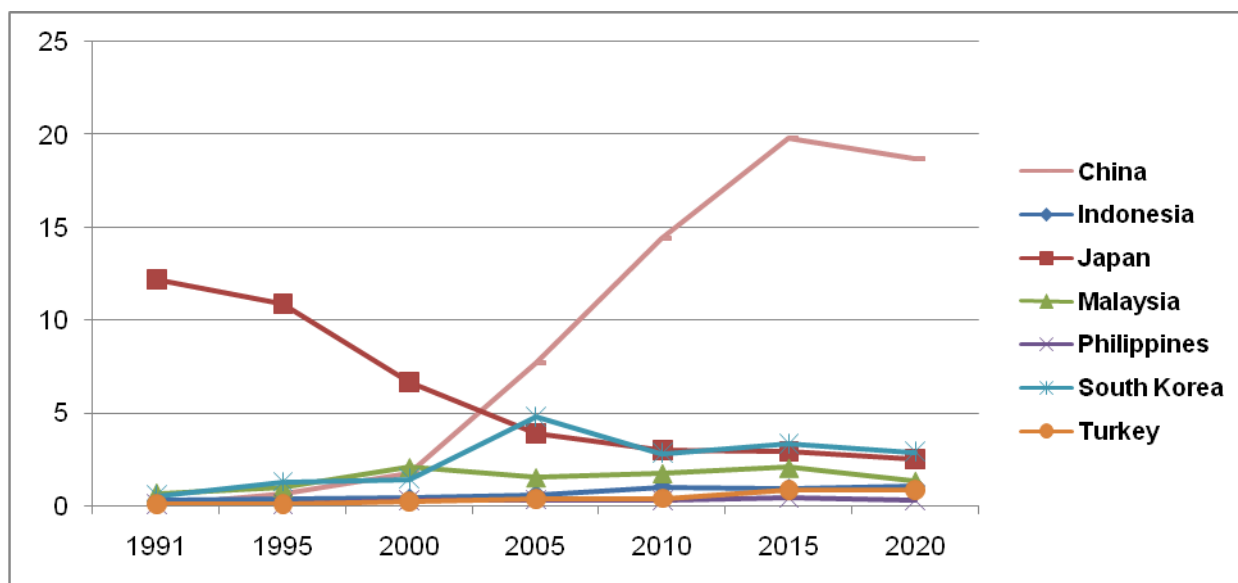
Table 6 illustrates the share of India's total network products in manufacturing trade during from 1991 to 2020. The share of India's total network products with China has highest amplified from 0.01 percent in 1991 to 18.7 percent in 2020. Similarly, with Indonesia, it has increased from 0.30 percent to 1.06 percent from 1991 to 2020. On the other side, India's total trade with Japan decreased from 12.2 percent to 2.53 percent in the same period.

**Table 6: Share of India's Total Network Products in Manufacturing Trade with Asian Countries (1991-2020)**

Year	China	Indonesia	Japan	Malaysia	Philippines	South Korea	Turkey
1991	0.01	0.30	12.2	0.67	0.10	0.54	0.09
2000	1.76	0.41	6.69	2.07	0.29	1.45	0.25
2010	14.4	1.02	3.01	1.74	0.33	2.82	0.40
2020	18.7	1.06	2.53	1.32	0.32	2.89	0.82

**Source:** Author compiled from UN Comtrade database, 2022

**Figure 6d: Share of India’s Total Network Products in Manufacturing Trade**



**Source:** Author own plots from UN Comtrade database, 2022.

With Malaysia, India's total trade increased from 0.67 percent in 1991 to 2.07 percent in 2000. After that, it has declined by 1 percent in 2020. Philippines, it has gradually increased from 0.10 percent to 0.32 percent. While South Korea, India total trade has increased from 0.54 percent in 1991 to 4.78 percent in 2005, due to the economic financial crisis, it has declined by about 2 percent in 2020. On the other hand, India’s total trade with Turkey has increased from 0.09 percent in 1991 to 0.82 percent in 2020. Thus, Malaysia, Philippines, South Korea, and Turkey fluctuated at various times during their highly grown with China over the study period.

### Conclusion

This study examined India’s role in the global value chain (GVC) with selected emerging Asian economies from 1991 to 2020. The analysis of trade in intermediate and final goods shows that India has built strong linkages with countries such as China, Indonesia, South Korea, Malaysia, the Philippines, Japan, and Turkey. The results clearly show that India’s export and import shares with these countries have changed a lot over time, mainly due to economic crises, global shocks, and the COVID-19 pandemic. Even with these challenges, India’s trade connections with many Asian partners have steadily grown. The findings also show that India’s overall GVC participation with the world increased from 23.96 percent in 1991 to 31.40 percent in 2020. Backward participation grew strongly, meaning India imported more foreign value-added goods for its exports. However, forward participation declined, showing India supplied a smaller share of inputs used by other countries’ exports. Still, India’s growing GVC integration with countries like China, Indonesia, Korea, Malaysia, the Philippines, and Turkey highlights the importance of Asia in India’s trade structure. The study further reveals that India’s share of network products in manufacturing trade expanded the most with China, while moderate growth was recorded with Indonesia, the Philippines, South Korea, and Turkey. Japan showed a fall in network product trade over the years. These trends indicate that India is becoming more involved in production networks, but the depth of

engagement differs across Asian partners. Overall, the study suggests that a more coordinated Asian economy can help optimize GVC linkages and strengthen regional trade. Since Asian value chains are becoming more advanced and dynamic than many other regions, India can gain significantly by improving cooperation, enhancing competitiveness in key sectors, and deepening its participation in technology-intensive production networks. Strengthening these partnerships will support India's long-term trade growth and its position in global value chains.

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