

Economics
Seminar
Series
2018



SOUTH ASIAN UNIVERSITY
FACULTY OF ECONOMICS

Seminar

Global value chains and the missing links

Dr Saon Ray

**Indian Council for Research on International
Economic Relations (ICRIER)**

Date: **October 26, 2018**
(Friday)

Time: 2:30 p.m.

Venue: FSI Hall, Akbar Bhawan,
Satya Marg, Chanakyapuri, New Delhi

All are Welcome

ABSTRACT

The global value chain (GVC) literature has examined the phenomenon of fragmentation of production which has led to dispersion of production across the globe. This approach has been used to study why insertion into GVC is beneficial for firms through income generation, value capture etc. In the context of developing countries, GVCs are particularly important through learning and upgrading of production processes. While there are numerous examples of successful insertion of firms and countries in GVCs, there are fewer studies of the difficulties faced by firms in inserting into GVCs. India presents an unique example of manufacturing capability in most sectors, but low integration in GVCs (although it has done well in quite a number of niche segments). This provides a rationale to examine cases from India to understand why and how integration may be impeded. The Indian case can be an example to many other low-income, middle and large economies which face similar development problems. To move up the value chain, it is important that customization and innovation continue in a cost-effective manner. Different growth models may be required for different regions and industries to achieve these goals. India also needs to focus on sectors in which it has competencies and increase value-addition in these sectors. Strong political will and favorable policies will help India move up the value chains and lead to greater integration.