

# GVC Trade Integration as a Path for Viksit Bharat@2047



KID: 20240203

The performance of GVC related trade is significantly better during the NDA government in comparison to the UPA government. Thus, to achieve the vision of 'Viksit Bharat' by 2047, it is imperative for the Government of India to enhance deeper participation of GVC through competitiveness, attracting more FDI and fostering innovation.

In first week of March, 2025, a World Bank report stated that India needs to target an average growth rate of 7.8 percent for next 22 years to achieve developed nation status by 2047.

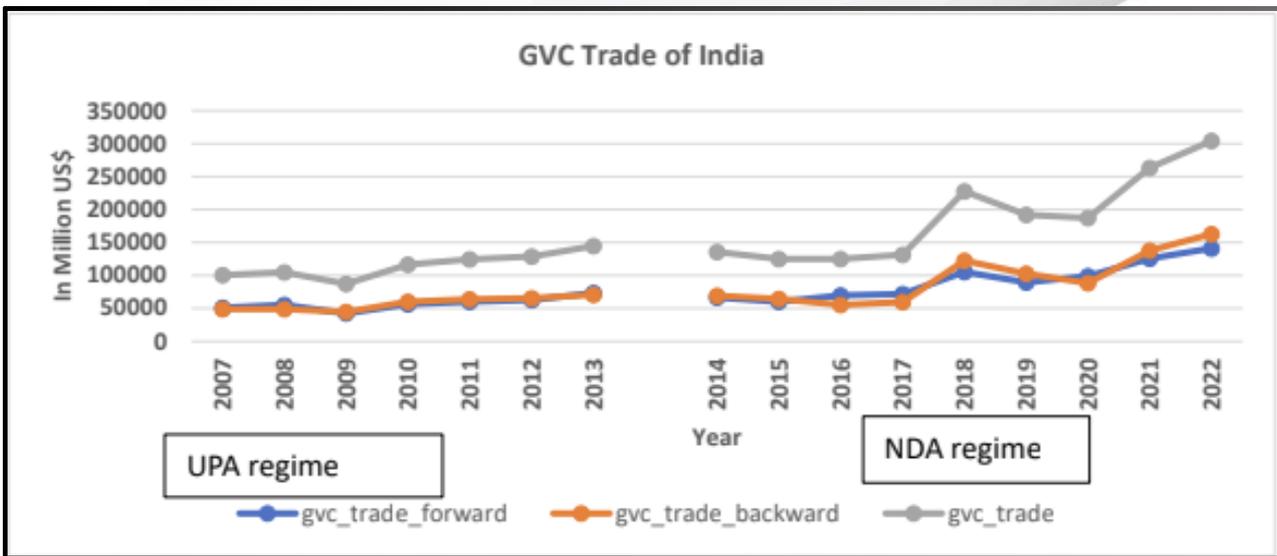
Though the World Bank recommends various areas including structural transformation, I pick India's global value chains (GVC) trade integration as a key path to achieve the vision of Viksit Bharat by 2047.

The fragmentation of trade in the form of global value chains (GVCs) has played an important role, which could potentially benefit the country through competitiveness and fostering innovation.

The interconnection of production structure between countries through both backward and forward GVCs participation would not only increase trade integration but also bolster economic growth with stability.

Despite India's supply chain disruptions due to lingering effects of COVID-19 pandemic, geopolitical tensions, and volatility in foreign exchange market, still the country is significantly performing better in GVC trade under the leadership of our Hon'ble Prime Minister Shri Narendra Modi.

Figure 1: India's GVC trade



Source: Asian Development Bank (ADB) database.

Fig.1 demonstrates the GVC trade of India from 2007 to 2022. Further GVC trade has decomposed into forward and backward participation of GVC trade. In case of forward participation of GVC, India can produce and shipping inputs that are further re-exported.

Similarly, in case of backward GVC participation, India can use imported inputs to produce goods that are exported abroad. Fig.1 shows the trends of GVC trade between UPA and NDA government tenures.

The figure indicates that the forward and backward participation of GVC trade in NDA regime is higher than UPA regime.

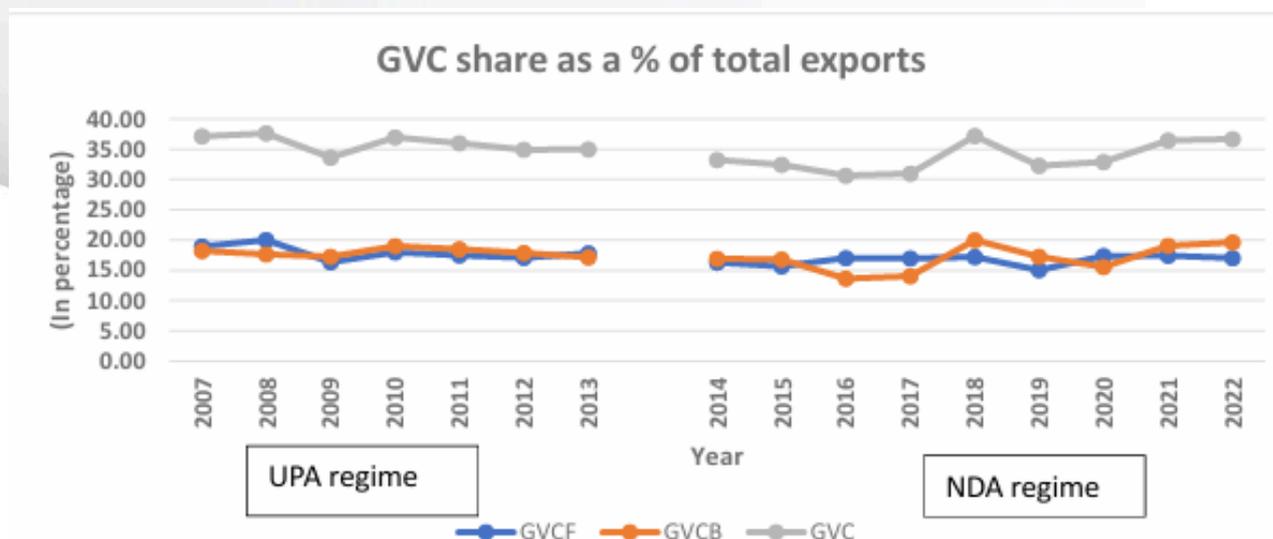
Table 1: Growth rates of exports based on GVC participation in India

Regime	Exports	GVC_Forward	GVC_Backward	GVC_Trade
UPA led government (2007-2014)	7.61	7.66	6.97	7.23
UPA led government (2007-2014)	9.11	9.02	14.87	11.38

Source: Author’s calculation based on ADB database

Table 1 shows the growth rates of exports, forward GVC exports, backward GVC exports and total GVC trade. All figures clearly indicate that the performance of GVC related trade is significantly better during NDA government in comparison to UPA government. It is further noticed that during UPA tenure, the average growth of forward participation of trade (7.66%) was higher than the average growth of backward participation of trade (6.97%). However, during NDA regime, the average growth of backward participation of trade (14.87%) has upsurged than average growth of forward participation of trade (9.02%).

Figure 2: India’s GVC trade



Source: Author’s calculation based on ADB database.

Fig. 2 presents the GVC share as a percentage to total exports. The figure clearly demonstrates that India’s GVC participation share to its total exports is almost stagnant around 35% over the period 2007 to 2022. In the UPA regime, the share of both forward and backward GVC trade was almost the same from 2009 to 2014. However, there is slight variation between share of forward and backward participation of GVC during the NDA regime. It is also observed that the share of backward GVC trade is growing and higher than forward GVC participation particularly from the post COVID-19 pandemic period. The sectoral GVC participation further reveals that India is performing well in terms of forward GVC participation in agriculture, mining and quarrying, and service sectors, whereas, in the case of manufacturing sector, the backward GVC participation of trade is performing well.

As India strives to achieve the vision of ‘Viksit Bharat’ by 2047, it is imperative for the Government of India to enhance deeper participation of GVC through competitiveness, attracting more FDI and fostering innovation.

Since India aims to be recognised as a global manufacturing hub, thus, to unlock this potential, the government should strategically reduce the import tariffs and non-tariff barriers particularly for those intermediate goods that are being used in the form of backward participation of GVC.

Similarly, the government should also ensure helping those export promoting firms and industries that are actively engaged in forward GVC participation.

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