

Trade Specialisation and Structural Stability of India and China: A Study on High-Tech Manufacturing Exports

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This study is an attempt to measure the international specialisation of high-tech products at HS 6-digit level for India and China and also to check the structural stability of India and China in those product lines during 2010-18. Lafay index of trade specialisation measured the specialisation pattern of high-tech products of India and China in the world market. Besides this, the regression and variance analysis were done to check the structural stability of India and China. The study revealed that India enjoyed specialisation in 109 products against 200 products of China in 2010. In 2018, comparatively India had 133 specialised high-tech products against China's 247. India enjoyed top advantage in product lines like 'parts of aeroplanes, helicopters, parts of spacecrafts and antibiotics. While China mainly has advantage in electronic and allied devices like 'mobile cellular phones, data processing machines. However, India's specialisation has not increased to an extreme level as the Lafay index never crossed 1. The study also concluded that both India and China share a significant structural stability in the world market.

Keywords: International specialisation, Lafay index, High-tech products, India, China, Structural stability.

I. INTRODUCTION

The impetus that a nation gains in the trade specialisation, over a particular period of time, often reflects its structural position in the world market (Zaghini, 2003). An economy usually takes a very long period to gain international specialisation, only after which it comes into the global picture, as did the two highly emerging economies of the world, namely, India and China, after their gradual economic liberalisation in 1991 and 1978 respectively. Since then, the pattern as well as openness of trade changed dramatically in both these economies. Their growing presence in the world market increased the competitive structure of their respective exports and hence increased their specialisation level as well. The international specialisation of India and China stand on the literature based on the traditional and original concept from the Ricardo (1817) and Heckscher-Ohlin (1933) models. However, these traditional concepts

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