

Global Value Chains (GVCs) Participation and the Upgrading of the Indian Auto Components Industry

Takahiro Sato (Kobe University)

[joint paper with Manabu Furuta (Aichi Gakuin University)
and Keiji Otsuka (Kobe University)]

Abstract

This paper examines the impact of local parts suppliers' long-term transactions with domestically-located foreign assemblers in the Indian automotive industry on their participation in global value chains (GVCs). We used data from the Directory of the Automotive Component Manufacturers Association of India (ACMA) for 1997–2016, which includes information on each part supplier's transactions with specific assemblers. The estimation results indicate that continuous transactions with foreign assemblers allow local suppliers to climb up the ladder of GVCs. In particular, two giant assemblers (Suzuki and Honda) play a significant role in enhancing the ability of local parts suppliers in India to export their products to overseas parts suppliers and assemblers.