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**276**

WORKING PAPER

# Trade Liberalisation, Export Margins, and International Competitiveness in the Indian Manufacturing Sector

R Rijesh



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# Trade Liberalisation, Export Margins, and International Competitiveness in the Indian Manufacturing Sector

R Rijesh \*

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*[Abstract: In this study, we examined India's trade performance post-liberalisation, focusing on export margins and competitiveness in the organised manufacturing sector. As trade integration deepens, it is expected to bring static reallocation gains and dynamic productivity gains within the domestic economy, enabling producers to specialise and broaden their product range, thus enhancing their competitive performance in the global market. Analysis of detailed merchandise trade data from India indicates significant growth in both exports and imports, with a notable shift in the composition of exports towards modern, technology-intensive products, indicating a move towards higher value-added exports. Using the Hummels and Klenow methodology, the empirical analysis underscores the importance of extensive and intensive margins in driving export growth. While India's extensive margin, particularly in bilateral trade with the USA, has been robust, intensive margins show limited improvement, especially in exports to China. RCA analysis reveals mixed trends across technology categories and industrial sectors, with low-tech segments sustaining competitiveness while high-tech industries were unable to improve competitiveness and global market share. The study concludes by suggesting targeted policy interventions to strengthen competitiveness in specific industries and technology categories, aiming to leverage India's trade liberalization efforts for sustained economic growth.]*

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*Keywords: Trade liberalisation, Export Margins, Manufacturing, Competitiveness, RCA*  
*JEL Classification: F10, F14, F15, L60, O14.*

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*For the complete working paper, please contact the author at [rijesh@isid.org.in](mailto:rijesh@isid.org.in)*

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