An Analysis of Export Specialization and Competitiveness in the Indian Sugar Industry

Sheetal, Guru Jambheshwar University of Science and Technology
Rajiv Kumar, Guru Jambheshwar University of Science and Technology

ABSTRACT

Formation of various regional economic integrations, primarily the establishment of WTO, has eased the rules in world sugar trade. Hence, developing nations like India, China, Thailand and Indonesia are augmenting the world sugar economy. Moreover, export competitiveness and specialization patterns of these developing nations are undergoing a major structural change. Hence, the study is an attempt to examine the export competitiveness of India in the international sugar market between 2001 and 2013 with the help of the RCA Balassa approach and export specialization index. India is found to have a comparative advantage at an aggregated level but lagging behind in disaggregated product categories. Furthermore, major structural changes in export specialization patterns have been observed in Asian, North American and European markets over the years. Hence, India’s export competitiveness is not consistent across the years and not uniform across all product categories. Rather is shows the effect of a controlled legacy. The reason behind this cyclicality is occasional sugar exports induced by irrational sugar price mechanisms and procedural delays in announcement of export incentives.

Keywords: Competitiveness, Cyclicality, Specialization, Political interventions, Structural shifts.