

Global Value Chains and Modern Industrial Policy: A Pathway to Growth, Jobs, and Economic Resilience

C. Veeramani

Centre for Development Studies, Thiruvananthapuram, Kerala

veeramani@cds.edu

This paper argues that deeper integration into global value chains (GVCs) provides a more effective path to job creation and economic resilience than protectionist approaches. By leveraging its comparative advantage in labour-intensive activities, India can capitalize on global manufacturing shifts through backward-linked GVC participation. We highlight the need to transition from traditional industrial policy (IP) approaches to those aligned with GVCs. Conventional IP often results in inefficiencies, protectionist tendencies, and resource misallocation. In contrast, a GVC-oriented framework prioritizes global specialization, unrestricted access to inputs, export-driven growth, and partnerships with multinational enterprises (MNEs). By embedding local firms into GVCs, countries can harness comparative advantages, achieve strategic value chain upgrading, and enhance global competitiveness. India's mobile phone manufacturing sector illustrates this shift. Policies like the Production Linked Incentive (PLI) scheme replaced import-substitution measures, focusing on exports and global integration. The subsequent steady growth in production, exports and jobs highlights the advantages of modern, GVC-aligned industrial policies for sustainable development and resilience.