

# REVEALED COMPARATIVE ADVANTAGE INDEX: AN ANALYSIS OF REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP FROM INDIAN PERSPECTIVE

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## ABSTRACT

*India aborted the Regional Comprehensive Economic Partnership (RCEP) deal at the last moment in November 2018 over its concerns & issues not being addressed properly. This paper tries to evaluate India's concerns and also the cost of not joining RCEP, Dairy sector, economic slowdown, past experience with FTA's (Free trade agreements), China factor, data localization, rules of origin, experience of ASEAN countries with Sino- FTA have been some of the factors responsible for this decision. The main objectives of the paper is to study the Revealed Comparative Advantage Index of Indian exports in relation to RCEP Countries. Though a lot of literature is available where in RCA index has been used to analyse trade vis-a vis other countries and there are some studies which have used RCA index to analyse India's trade with ASEAN countries but no study was done using RCA index for analysing India's proposed trade with RCEP countries. Despite all the concerns it's still in India's favor to go ahead with the deal as RCA index portrays a different picture. The RCA index reveals that India has comparative advantage in many product categories but we have not been able to utilize our advantage and in absolute terms is reflected by widening trade deficits with RCEP countries. Paper also evaluates long term repercussion of this decision and that whether India would miss out becoming part of global value chain & having greater market access through this block. India's experience following protectionist policies did not yield desired results in the past. So, an in-depth analysis has been done to analyze if India has made a mistake by not joining RCEP or her concerns and fears were justified.*

**Keywords:** RCEP, FTA's, Trade Deficit, China, Trade Agreements, ASEAN, Revealed Comparative Advantages (RCA).

**JEL Classification:** F31, O34, F1.

## INTRODUCTION

India Decided to pull out of the Regional Comprehensive Economic Partnership (RCEP) trade deal in November last year. The mega deal if gone through would have contributed 40% of global trade, 35% of world GDP with almost half the population of the world. Combined GDP of RCEP countries was \$49.5 trillion in 2017. RCEP is a proposed free trade agreement in the Asia-Pacific region between ASEAN (Indonesia, Thailand, Singapore, Malaysia, the Philippines, Vietnam, Myanmar, Brunei, Cambodia, Laos) plus six nations (Australia, China, India, Japan, New Zealand and Korea). These plus 6 nations were those who already had standalone FTA's with ASEAN countries. There is no denying the fact that the Indian economy was slowing down pre Covid. World Bank has sharply scaled down its projections for India's