

# **Cointegration Test between Industrial Value Addition and Factors of Production**

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## **Abstract**

**Purpose of the study:** In this study, an initiative has been taken to understand relationship of capital and labour input with the industrial value addition.

**Study design/ methodology/approach:** To understand such relationship, yearly time series data from 1981 to 2017 have been taken in the Cobb-Douglas production function. Empirical statistical analyses have been made on the basic Cobb-Douglas production function in regression equation form, and auto regressive distributed lag method has been applied to understand the long-term relationship between dependent and independent variable.

**Findings:** The study shows that in the basic model, capital has significant positive impact and labour input has no significant impact. But in case of long-run, capital input has negative relationship with the industrial value addition.

**Keywords:** *Industrial Value Addition, India, ARDL Approach, Cobb-Douglas, Cointegration*