



# REIMAGINING INDIA'S SUPPLY CHAIN LANDSCAPE

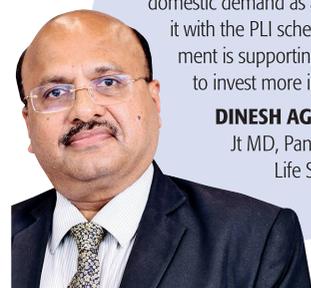
Reworking strategies for sourcing, production, and manufacturing could be the opportunity that the industry had been looking for

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The dominant conversation for businesses in 2020 was the disruption of the supply chain caused by the global spread of the pandemic. The resetting of that supply chain is now dominating the thinking for businesses as they try and rework their strategies in the new world order.

This opportunity could be opening up in automobiles, industrials, technology, chemicals, and other sectors where companies are looking to de-risk their manufacturing operations. Companies like Apple, Samsung, Foxconn, Pegatron, and others have announced shifting some of their manufacturing to India.

India's supply chain industry is often fragmented and inefficient because it adds indirect costs. The pandemic has forced many companies to return to their drawing boards and rework their supply chain model for the near and long term. The new approach could allow companies to build operational efficiency.



The biggest strength that India needs to leverage and sell out to the world is its domestic demand as a base. Linking it with the PLI scheme, the government is supporting manufacturing to invest more in that direction

**DINESH AGGARWAL**  
Jt MD, Panasonic Life Solutions

ciencies and achieve better results.

"With the push by the government, we are now seeing that the strategic relationship with 50 plus countries through a trade agreement, there are several early harvest agreement been set up," Sumit Gupta, Managing Director and Partner, BCG India explained about the global opportunity.

### ADVANTAGE INDIA

There are several advantages that the country has as a supply base. First, the strong domestic demand – over 80 percent of the production is consumed in India – makes India's supply chain a robust one. A market where two-wheeler companies sold over 12.78 lakh units and car companies sold 2.45 lakh units in November 2021, for example, gives a sense of the scale at which the automobile industry operates.

India's location advantage could add to the recent policy changes. "Considering that the future markets for South Asia, Africa, and Central Asia, India stands out very well in terms of its geographical location and hence can be a supply base," Dinesh Aggrawal, Joint MD, Panasonic Life Solutions pointed out.

There are policy changes that add to the other advantages too. Twenty-nine laws across different categories have been changed to make



There are some genuine challenges from the supply chain logistics perspective. If you look at the macro factors, first, India needs to have significant policy shift to drive a greater amount of multimodal transportation

**RAMPRAVEEN SWAMINATHAN**  
MD & CEO, Mahindra Logistics

it attractive to the industry and could work out as a second advantage. If the government's recent announcement of production-linked incentive (PLI) schemes for various sectors works well, it could tilt the balance for India.

The third advantage is India's engineering and skill base coupled with the low cost that its workforce offers. By 2030,



Supply chain used to be about network balancing and optimization where cost was core to decision making but the pandemic will change the equation and emphasis will shift to cost-optimisation plus risk mitigation. Organizations need to transcend beyond the mindset of supply chain as a separate function

**DEVENDRA CHAWLA**  
MD & CEO, Spencer's Retail & Nature's Basket

India may have the world's largest pool of labour. The lowest wage rates add to the advantage. That could mean that the most abundant workforce can sustain the opportunity.

### EMERGING OPPORTUNITIES

The central government's production-linked incentive scheme would be a game-changer for several

sectors in India, including renewable energy. Prime Minister Narendra Modi announced that India would have 500 gigawatts of renewable energy by 2030, up from 450 gigawatts announced earlier. When achieved, that would be 50 percent of non-fossil fuel for the country's installed capacity.

The renewable energy sector, for example, is already working

on the emerging opportunity. Amit Jain, Global CEO, Sterling and Wilson Renewable Energy Group, explained that the industry has already started leveraging the massive potential in the renewable energy sector. "With setting up the vertically integrated plant, there would be huge capacity generated. India will soon emerge as a leader in that space," Jain informed.

### CHALLENGES THAT NEED ATTENTION

The country is still following a road surface-based logistics supply chain system, and there is a need to have a policy shift to become more cost-efficient. The enormous challenge of quality infrastructure remains.

"We still need some quality assets and investments around logistics infrastructure, not just from cross border perspective but even within the country. The direct freight corridors need to be accelerated a lot faster," Rampraveen Swaminathan, MD & CEO, Mahindra Logistics.

"In today's hyper-associated supply chain, risks are



Huge opportunities lie ahead of us in sectors like renewable energy, pharma and others which can be leveraged to build additional capacity. But it is also important to work on the logistics and bring in cost competitiveness

**AMIT JAIN**  
Global CEO, Sterling and Wilson Renewable Energy Group



India is fast emerging as the next supply chain destination of the world. It has already attracted FDI inflows of \$ 27.37 Billion in the first four months of FY22 which is a 62 percent hike over last year



**SUMIT GUPTA**  
Managing Director and Partner, BCG India

evolving, at a compounding pace that can strike from practically any course, including that which are new and unforeseen. This (the current pandemic) may not be the last one. So, the supply chain is facing a challenge," said Devendra Chawla, MD & CEO, Spencer's Retail & Nature's Basket.

The issues were discussed threadbare at a virtual roundtable organised by The Economic Times and Mahindra Logistics - Reshaping the Supply Chain Landscape: Leveraging the India Opportunity.

The legendary management guru Tom Peters wrote in his book, In Search of Excellence, "Planning is a welcome respite from operating problems. It is intellectually more rewarding and does not carry the pressures that operations entail." It is this bias for action that should now be the industry's focus.

