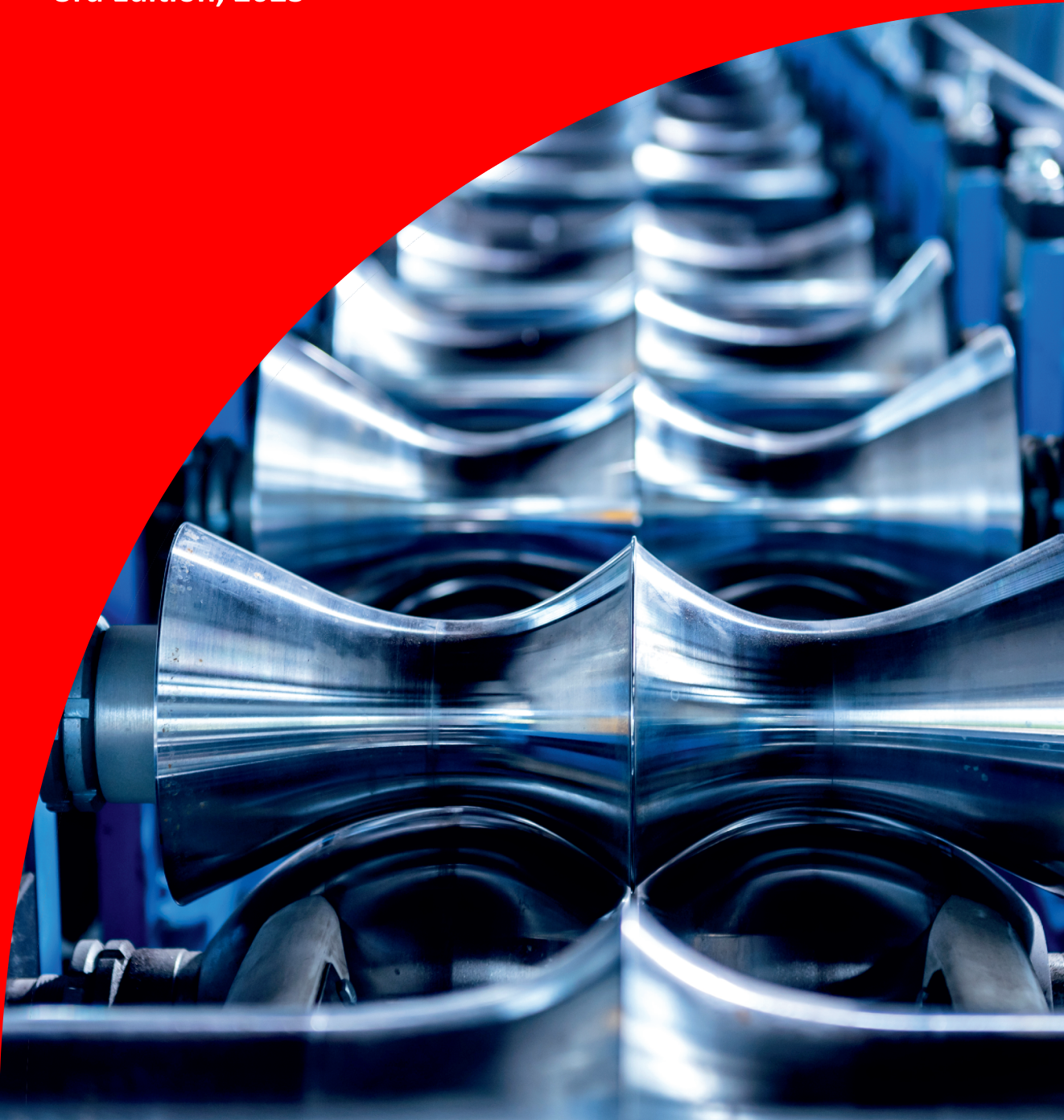


India



Sourcing Newsletter

3rd Edition, 2023



MV-Altios



Sourcing from India has evolved in 2023 – Here’s how!

As the global economy recovered in 2021, key global sourcing markets were competing for their share in the rising global demand. India stood out strong and positioned itself as an attractive alternate sourcing destination in the world.

Sourcing from India has evolved in the past few years. The country’s long-term growth trajectory and potential make it a key supply market to focus on. With steady economic growth and economic fundamentals in place, India is successfully tapping on to the opportunity of being a reliable supplier to meet global demands. This has changed the long-term potential for India as it is increasingly recognised as a more prominent supplier in global value chains.

An increasingly attractive and comprehensive supply base

Currently, India is the world’s 6th largest economy, with a GDP of USD 3.04 trillion in 2021. It is projected that by 2025 India could become the 3rd largest economy in the world. This very much explains that India is already a major supply market.

India’s growing competitiveness positions it as an attractive supply base. To illustrate, India’s exports witnessed unprecedented growth over the last two years, reaching a record high of USD 420 billion during the financial year 2022.

India is gradually becoming an important global supply market in international supply chains. Significant domestic demand potential and government-level promotions like Local for Global, PLI schemes, Make in India, Start-up India, and Free Trade Agreements, are helping boost the country’s exports.

In the past one year, the country has shown almost double-digit growth in machinery & electronics, metals & minerals and chemicals & plastics. Engineering products have experienced a notable 32.04% year-over-year increase in exports and are anticipated to be a major export item for the US and the Middle East.

As India steps closer to its mission of being “atmanirbhar”, it is anticipated that in the next 5 years, it will move to the top 10 global exporter rankings by surpassing traditional export leaders like UK, UAE, Switzerland, Canada and France.

Mr. Pramod Radhakrishnan, Director, Canamerind India quotes, “India has great export potential but to capitalize on it, it must address certain overseas market challenges such as adhering to local regulatory requirements, achieving international quality standards, etc.”

India is becoming the next big manufacturing hub

India's manufacturing capacity has drastically expanded in the past two decades. The government's pro-manufacturing policies and initiatives encourage home-grown businesses and spur domestic manufacturing.

An increasing number of foreign companies are shifting their manufacturing base to India. The government is working on developing the infrastructure and reducing the bureaucratic paperwork to further boost the entry of foreign firms.

Mr. Rakesh Suraj, Regional Director at Engineering Export Promotion Council, Ministry of Commerce & Industry, Government of India says, "India is increasing its manufacturing capacity to become a viable alternative to China. Government efforts in building supply chain infrastructure, lowering pricing, building capacity on macro level, boosting decentralisation model are in the right direction to support the growth of India,"

Sourcing in India - challenging, but possible with the right sourcing partner

While we are optimistic about the future in India, there are real challenges to navigate to fully leverage the opportunity. It is essential to acknowledge the range and depth of diversity in India when engaging with suppliers. India is both huge and diverse and a single formula does not work to enter into a business here.

"Doing business in India can be challenging, as foreign companies may carry a perception that suppliers are unreliable, logistics are not up to standard, and quality is subpar. However, this perception is changing as India's economy continues to grow and develop. India offers great potential for foreign companies, though it is important to keep in mind that doing business in India requires patience and an understanding of the local culture and business environment. With the right approach, businesses can be successful in India, unlocking new opportunities for growth." - Mr. Ruediger Schroeder, Senior Vice President – Projects at M+V Altios India

The uniqueness of India demands an in-depth understanding of the local market and on-the-ground support for the successful navigation of the cultural complexities. The right sourcing partner can become a key driver for competitive advantage and growth.

"When looking to localise manufacturing in India, identifying and evaluating potential vendors, and building a reliable supply chain, are essential components for success." - Sagar Bhosale, Managing Director, Schmearsal India.

M+V Altios is an ideal sourcing partner in India

M+V Altios helps foreign companies leverage the benefits of India sourcing. With a diverse team, local knowledge and a reliable supplier network, we can help you realise your Indian sourcing objectives. We help you mitigate the risks in the supply chain and provide the best experience for your business in India. MV can be an ideal partner for foreign companies seeking a reliable sourcing partner to produce goods that match European quality standards.

For more information on our India sourcing services, drop us an email at info@mv-altios.com.

To gather more insights on sourcing, check out our annual flagship event on our YouTube channel - 'Sales Networking Meet' where industry experts discuss the challenges and opportunities of sourcing and exporting from India.

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