

Supply Opportunities in India

India has one of the world’s fastest-growing economies, simultaneously experiencing rapid expansion in recent decades and significantly dropping poverty rates. India’s population recently exceeded that of China to become the largest in the world and the working-age population is projected to expand by almost 100 million in the period to 2030. India is often viewed as a top contender in the region, due primarily to its large population and low labor costs. The Indian Ocean region is primed to become a major manufacturing hub as costs in China and other manufacturing centers are rising. Major investments in infrastructure have been made in the area to support this goal. Due to these factors, India could soon become the next low-cost manufacturing hub, replacing China.

India provides a strong future growth opportunity. With a presence in many high-tech and fast-growing sectors, India’s economy has managed to grow by an average of 7.4% over the past decade, withstanding a great deal of volatility and disruption. India and the United States have deliberately been strengthening their relationship over the past decade, with the U.S. viewing India as a counterweight to the rising influence of China. This report outlines opportunities in India for Virginia companies looking to strengthen and diversify their international supply chains.

The following table provides Virginia companies with an indication of regions in India with hubs for each sector.

Comparative analysis: Leading sectors for sourcing, by region

Sector	Eastern	Northern	Southern	Western
Oil & Gas		x		x
Vehicle Manufacturing		x	x	x
Metals Mining	x		x	x
Tobacco Production	x		x	
Electrical Equipment Manufacturing		x	x	x
Pharmaceuticals Manufacturing			x	x
Metal Products Manufacturing		x		x
Construction		x	x	x

Source: D&B Hoovers

The future of doing business in India for Virginia companies is bright, with improved logistics occurring via investments in infrastructure and overall operational efficiency. The incorporation of technology is occurring throughout the country. Export prospects are growing steadily, led by an increase in consumption and government policies intended to increase India’s competitiveness on the global stage.

To access the full report and learn more about VEDP’s Supply Chain Optimization Program, please contact Monica Sadie, VEDP’s Supply Chain Program Manager, at msadie@vedp.org.