

# ‘Real rise in India’s ability to serve world in goods’

Experts at BCG see India showing signs of having the appropriate supply chain to become an exporter in the goods space. **MARC GILBERT**, managing director (MD) and senior partner, BCG Canada, and global lead, BCG Center for Geopolitics, and **NISHANT GUPTA**, MD and senior partner, BCG India, spoke in an interview with **Amritha Pillay** in Mumbai to discuss decarbonisation, impact from West Asia tensions and geopolitical concerns. Edited excerpts:

## How is the decarbonisation conversation shaping up at the global stage and how does India compare?

**Gilbert:** Generally speaking, Europe and the US have taken a slightly different approach. Europe used more of a stick approach with the carbon border adjustment mechanism. The US went with an incentive with the inflation reduction Act, which is about creating jobs with a green component to it.

Right now, unlike three years ago, there’s been less attention brought to decarbonisation and the best lens that we use right now is to look at the elections.

And, over 60 per cent of the world has voted or is voting this year. Sometimes, it has historically been part of the election campaign, but it has gone down this time.

**Gupta:** If you look at India from that (election) perspective, there’s always the trade off between how much you want to develop as a country as well as what should be your efforts on decarbonisation, because there is a cost associated

with it.

India still, from a developing standpoint, has been making good efforts around it. We are well on track to at least meet whatever we promised by 2030 in terms of renewable targets.

## Which way do you see India going — the incentive way or the carrot way? What is your view on India as part of the global supply chain?

**Gilbert:** The supply chain in India has tremendously improved. And, many have looked at India as a potential source of supply. Our outlook over the next 10 years is that India is increasingly part of the global supply chain as it pertains to goods.

There is a real rise in India’s ability to serve the world in goods beyond what you’ve been doing in the past. I think that’s because you’ve put in better infrastructure, you’ve got a great talent pool and you’ve got the right economics. From outside, you are showing signs of having the appropriate supply chain to become an exporter in the goods space.

Q&A



Nishant Gupta (left), MD & senior partner, BCG India; and Marc Gilbert, MD & senior partner, BCG Canada and global lead, BCG Center for Geopolitics

## When you meet CEOs — those of Indian companies and those at global giants — what are the concerns they raise in the context of supply chain from an India context?

**Gilbert:** Historically and still, it is the precision and quality. It is very, very hard to surpass China, which has exceptional precision and quality. And then, it’s logistics, just the ability to move the goods once they’re produced in a reliable, efficient fashion.

India has worked on logistics connectivity from inland to the ports and then elevating its level of precision and quality, which is why it’s attracting more. But these are the two top concerns, which I believe India is addressing.

**Gupta:** Geopolitics is becoming more and more important. There is so much tension in different geographies.

So, most (Indian) chief executive officers (CEOs) will prefer things to be local as far as possible, cost permitting. They would de-risk their supply chain from all geopolitical shocks and other tariffs coming in at some point in time.

## In your earlier outlook, you anticipated trade moving towards BRICS countries, specifically China, India and Brazil due to the Russia-Ukraine conflict. What is your view?

**Gilbert:** What we’re seeing remains pretty constant with last

year, which is that whatever trade with Russia was to dislocate has happened. Russia-Europe trade is gone as a result, Europe-US, saw a huge increase.

Much of it is liquid natural gas. Russian trade has shifted from EU-US to China, Brazil, India and North Korea. We need to pay attention to the emergence of terror and export controls because they can change the landscape and impact investments.

## What are the other geopolitical events playing out and are key monitorables?

**Gilbert:** The other piece is bipartisan. The China dynamic remains and the US is encouraging its allies to follow suit.

The EU was, a few years ago, going to sign a trade deal with China, but backed out. We are seeing a reduction of concentration to China and who is capturing that? Partly India, partly Asean and Mexico is capturing a lot of it, particularly in North America.

## How does the West Asia situation look?

**Gilbert:** In the macro-economic context, the conflict in the Middle-East has had very minimal impact on global trade, except when the Houthis’ were attacking ships. This crisis has not been dislocating trade like the Russia-Ukraine conflict.