

# Positioning India on the global manufacturing stage

*How domestic & global MNC organisations are strengthening their China Plus One strategies in India*

India's manufacturing sector has experienced remarkable growth over the past decade, driven by strategic government initiatives and significant investments. The sector witnessed [13% growth in the last 10 years](#), contributing [17% to the country's GDP](#). Between 2014 and 2023 alone, [\\$149 billion](#) was invested in the manufacturing sector, reflecting strong confidence from both domestic and international players.

This growth has not only bolstered the country's economic progress but also attracted increased investments from domestic players and global giants looking to diversify their supply chains away from China. Leveraging its strategic location, large domestic market, improved infrastructure, and high-quality Indian leadership talent, India strives to become a global manufacturing hub.



## Why India is an attractive location for manufacturing

Many global giants are expanding their footprint in India, attracted by lower costs, a skilled workforce, and a growing consumer base. Examples include:



### Tech and consumer

Apple has ramped up iPhone production in India, with its key suppliers expanding operations to cater to both domestic and export markets. Samsung has established a large manufacturing base for smartphones, consumer electronics, and home appliances. Sports brands like Adidas and Nike are shifting production to India, for footwear and apparel manufacturing.



### Industrial and energy

GE is expanding in aviation, power, and healthcare, taking advantage of cost-effective labour and infrastructure growth. Siemens and Schneider are scaling their industrial automation and energy solutions manufacturing, positioning India as a hub for high-tech industrial goods.



### Retail and e-commerce

Walmart is strengthening its supply chain and logistics in India, driven by wholly owned subsidiaries to capitalise on India's massive consumer base.



### Automotive

Japanese and Korean companies like Toyota and Hyundai are expanding their vehicle and EV production in India, serving both the domestic market and high-growth regions like the Middle East and Africa.



### Aerospace & Defence

A combination of Production Linked Incentives (PLI), fiscal incentives, and large defence orders with larger offset commitments from original equipment manufacturers (OEMs) are supporting production of components, assemblies and structures by Tier I and II suppliers.

## Establishing India as a global manufacturing hub

With global companies expanding their investments in India as part of their wider China Plus One strategies, the country has a significant opportunity to strengthen its position as a key manufacturing hub. However, to fully capitalise on this momentum, Indian manufacturers must go beyond being just an alternative. They need a clear, strategic approach to enhance competitiveness, build resilience, and drive long-term growth.



### Focus on quality and customisation

Indian companies should focus on providing high-quality products with better quality control and reliability. Companies can build their reputations by producing durable and precision-engineered products, particularly for high-end, specialised segments like engineering, automotive, pharmaceuticals & specialty chemicals, and aerospace. Meanwhile, tailoring products to meet specific market needs can offer a competitive edge.



### Agility and faster time-to-market

The ability to quickly respond and adapt to market changes, consumer demands, and new trends can be a significant advantage. This includes offering faster prototyping, small batch production, and reducing time-to-market. Leveraging our capability in AI, technology, and digital tools, Indian manufacturers must focus on reducing time-to-market, by doubling down on research & development and applications, leading to faster delivery times, especially to regions like Southeast Asia, the Middle East, Europe and Africa, where Indian firms are geographically well-positioned.



### Cost competitiveness and efficiency

Indian companies can remain competitive by focusing on reducing operational inefficiencies. Using lean manufacturing practices, reducing overall waste, optimising energy use, and focusing on supply chain efficiencies can help reduce production costs. Leveraging government manufacturing policy and incentives such as the PLI schemes, which aim to boost domestic manufacturing and make Indian products more competitive globally, can also advance companies to the next stage.



### Supply chain optimisation

Ensuring the stability of supply chains by relying on locally sourced materials will also be a key differentiator. This reduces dependency on global supply chain bottlenecks, and mitigates risks from international disruptions to improve both cost efficiency and reliability in delivery. Given India's location, it opens up supplier networks to serve export markets. Indian manufacturers can focus on establishing itself as a regional manufacturing hub and strengthen partnerships with these countries to optimise logistics costs and work with markets that are geographically or strategically closer than Chinese counterparts.



### Strategic partnerships and alliances

Forming strategic alliances with global players can also enhance manufacturing capabilities, reach new markets, and gain access to cutting-edge technologies. Partnerships can provide access to investments, wider distribution networks, market access, and advanced knowledge – which can improve competitive standing against Chinese firms. As global tensions rise regarding over-reliance on China, Indian companies can capitalise on this trend, building relationships with governments and companies in countries looking to diversify their supply chains.

## Leadership excellence: The critical factor

While developing the right go-to-market strategies is crucial in this next phase for Indian manufacturers, finding the right leaders to lead this ambitious journey, becomes even more important. Successful, future-ready India leaders must have:



### Strategic thinking and foresight

This means having the strategic thinking and foresight to anticipate trends, industry shifts, and global demands in manufacturing. They need to think above and beyond immediate challenges and envision the future of the company as well as the sector. Leaders should have the ability to identify emerging trends and potential disruptions in the market and adapt their strategies accordingly.



### Global perspective

It is just as important for future-ready leaders to have a global perspective to understand wider macro trends and create an environment conducive to international partnerships and investments. They need to be adept at recognising and acting on new opportunities in global markets, such as expanding across different countries. Thinking globally and fully understanding the connected and interdependent nature of the world is essential. These leaders must develop strategies to overcome international challenges, ensuring their organisations can navigate the complexities of the global manufacturing landscape effectively.



### Adapt to change swiftly and effectively

Leaders must be adept at leading through change, particularly when it comes to embracing new technologies, market dynamics and customer needs. Especially relevant and critical post-pandemic, leaders who can maintain business continuity while addressing external challenges such as economic downturns or geopolitical tensions will have an advantage over the rest.



### Innovative and learning mindset

Leaders must foster a culture of innovation and encourage employees to think outside the box. They should be receptive to novel ideas and approaches, not hesitating to experiment, stay curious, and take risks. Viewing setbacks as opportunities for growth and learning is critical. Maintaining a deep customer focus and leveraging disruptive innovation in their work can lead to creative problem-solving and sustained competitive advantage.



### Understanding and applying technological advancements

While digital proficiency and knowledge of digital tools and technologies is a must, what sets leaders apart will be their ability to translate digital trends into actionable strategies. Embracing technologies like 3D printing, advanced materials, and sustainable manufacturing techniques can differentiate India's manufacturing capabilities on the global stage. Understanding advanced technologies like AI, robotics, IoT, and Industry 4.0 will be crucial for enabling manufacturing innovation and improving scalability.



## Cultural sensitivity

Leaders should cultivate the ability to build trust and rapport with people from different backgrounds to foster strong relationships and collaborations. Effective communication is vital for interacting with diverse stakeholders, including employees, customers, suppliers, and partners from different geographies and cultures. These stakeholders may bring diverse perspectives, and leaders must be adept at understanding and respecting these differences. By demonstrating cultural sensitivity, leaders can create an inclusive environment that encourages collaboration.

## Key focuses for India's manufacturing sector



### Electronics and technology

Manufacturing components for consumer electronics, mobile devices, and semiconductors.



### Automobile and automotive parts

Leveraging the growing automotive manufacturing base and moving into electric vehicle (EV) production.



### Textiles and apparel

Tapping into the demand for sustainable and high-quality textiles and garments.



### Pharmaceuticals

Further penetrating the global market as one of the largest producers of generic drugs.



### Renewable energy

Manufacturing solar panels, wind turbines, and battery storage.



### Specialty chemicals

Meeting the rising demand in industries like automotive, electronics, engineered products and agriculture.



### Aerospace & defence

Encouraging indigenous production through joint ventures and technology transfer.



### Infrastructure

Addressing gaps in transportation, logistics, ports, and energy value chain with significant investments.

As the manufacturing industry continues to evolve, India stands at a pivotal moment in its journey to becoming a global manufacturing powerhouse. By focusing on quality, agility, cost efficiency, supply chain optimisation, and strategic partnerships, and by fostering visionary leadership, India can solidify its position on the global stage. Opportunities are vast, and with the right strategies and leadership, the Indian manufacturing sector can achieve long-term growth and success.

## Author

**Suresh Raina** is a Partner in Heidrick & Struggles' Mumbai office, and member of the global industrial and CEO & Board of Directors practices.

[sraina@heidrick.com](mailto:sraina@heidrick.com)