



# **MADE IN INDIA**

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**Could India Be a Solution for  
Your Global Supply Chain?**



East West

[FREE GUIDE]



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# Manufacturing in India: A Bright Future

The future for India's manufacturers has never been brighter. While India is commonly known for its services sector, India's manufacturers have long performed below their potential.

In September 2014, India's Prime Minister Narendra Modi announced the "Make in India" manufacturing campaign. The goal of the campaign is to try to increase the manufacturing share of Indian economy by encouraging domestic and foreign investors to set up operations in the country, whether for export or for the domestic market.



*The New "Make in India" Campaign Website*

However, with India in a global economic downturn, it would be hard for India to grow at the same pace China grew in the 1970s due to its large-scale, labor-intensive manufacturing.

If India is able to gear up manufacturing today, it could be in an improved position to become a bustling manufacturing economy compared to if it waited until a global economic recovery is already underway.



“Prime Minister Modi noted how India was, before the industrial revolution, known abroad as a Golden Bird, suggesting it could once again be famous as being a golden opportunity.”

-The Economist

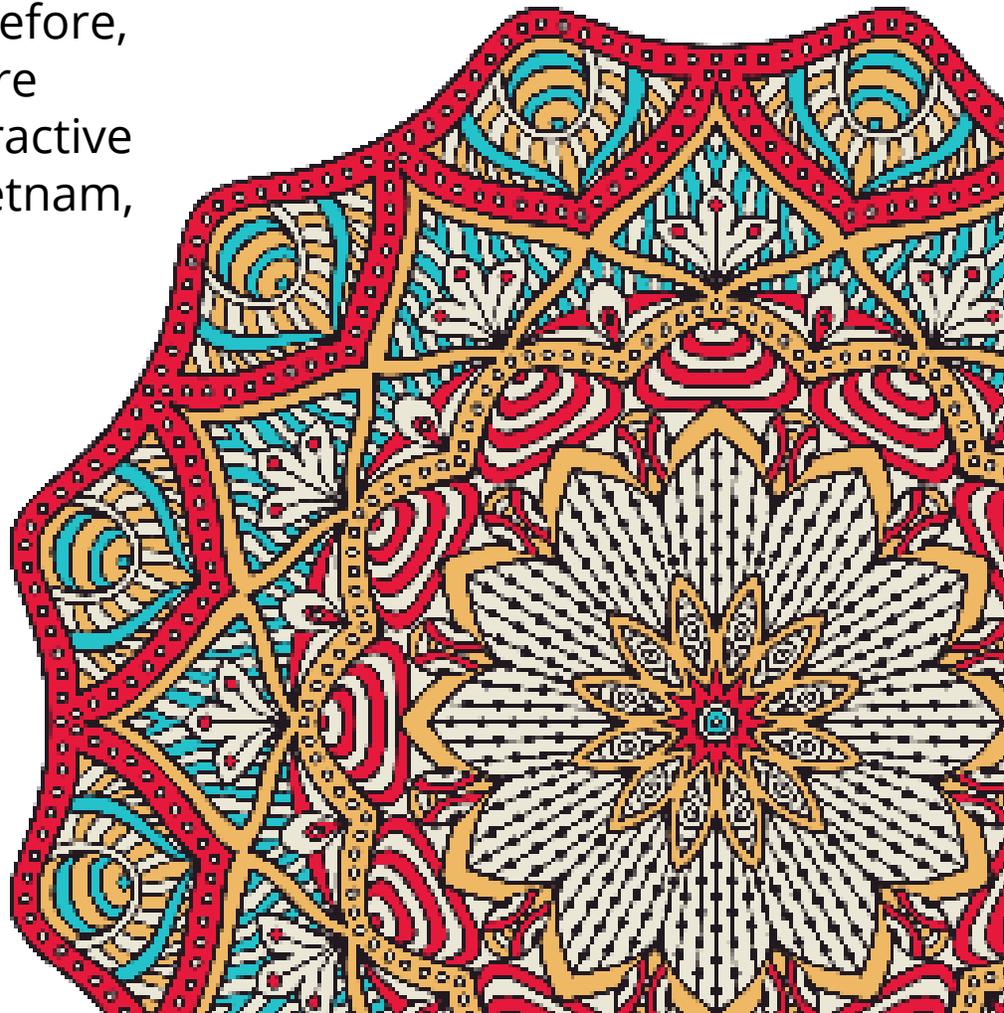
# India vs. China: May the Greater Global Manufacturer Prevail

It's no secret China is the powerhouse of manufacturing and exports. Yet just in March 2015, China's economy showed signs of slowing down with factory activity falling to an 11 month low.

This slowdown in China could make a huge difference this time compared to the economic boom China experienced decades earlier. China's wage increases are making it not as cheap to manufacture there as before, and many companies are looking for low-cost attractive alternatives, such as Vietnam, Indonesia, and India.

But what does India have that the two other Southeast Asian countries don't?

A deep supply of workers.



With an enormous workforce, India is the only country that has the ability to pick up where China is leaving off. In 2013, China was listed as number one in the global rank of labor force size with India right behind in the number two spot.

While India still lacks the infrastructure that China has, Prime Minister Modi is doing everything in his power to change that. India has secured nearly \$57 billion in investments from both China and Japan with the majority of the money going towards building a giant industrial corridor between Delhi and Mumbai featuring high-speed trains and superhighways.



*Photo Credit*

CLSA senior Economist Rajeev Malik states: By 2016, India's growth rate of 7.2% will surpass China's 7.1%.

- Bloomberg

# Benefits of “Made in India”

With plans in place to literally pave the roads toward India’s manufacturing future, there are many companies already benefiting from having their products made in India. We already know that India has a massive workforce. Combined with an emerging supply base and access to natural resources needed in production, India offers several advantages for companies looking to manufacture there:

## 1. Currency

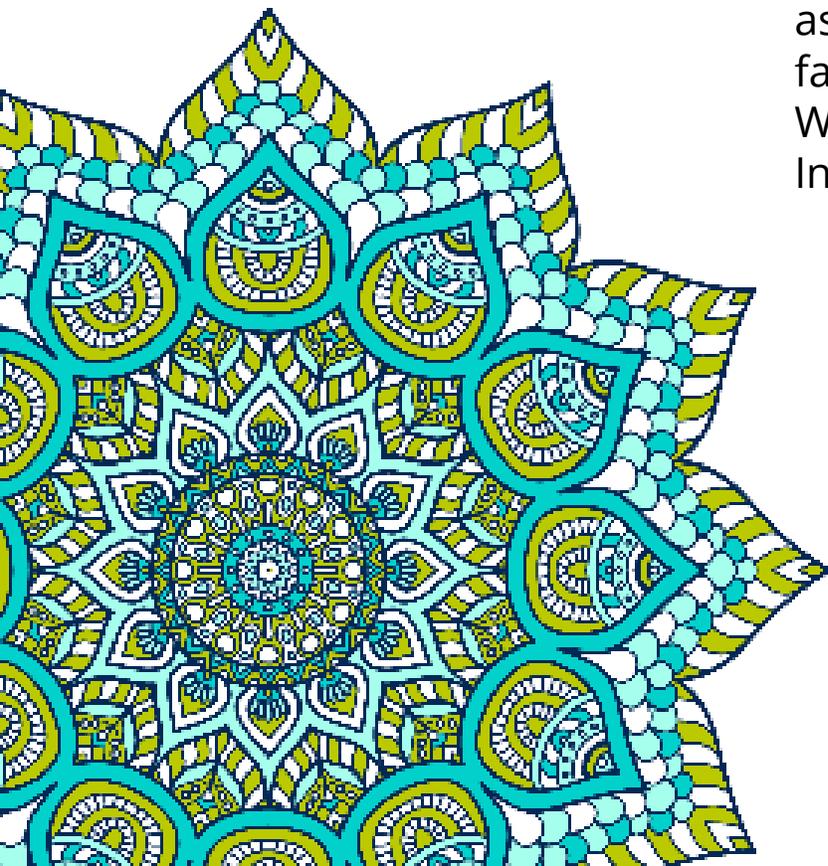
Costs are rising in China. The Chinese Yuan increased over 35% against the US dollar in the past decade, while the Indian Rupee dropped 26.7% in the past 3 years.

## 2. Labor Shortage

Many Chinese workers no longer want to do simple, low-cost jobs but aspire to work in a higher tech factory, working on chip fabrication. What products are best made in India? More on that coming up.

## 3. Shipping Costs

Freight charges from China to the US and other parts of the world have increased over the years while freight costs remain competitive from India.



## 4. Labor Costs

In 2014, the average manufacturing labor cost per hour in China was \$3.52 and \$.92 in India. And China wages are estimated to continue to rise over 10% a year...

## 5. Single Country Risk

India offers another option from putting all of your eggs in the China basket. It's just plain smart to diversify your supply chain.

## 6. Access to natural resources

Specifically iron ore and aluminum for engineered goods, cotton for textiles, and coal for power generation.

India has the potential to become a sustainable manufacturing alternative to China. The chart below details sectors in which India has the ability to become a top exporter:

By 2025, India could ...	Sectors		
... establish leadership in these sectors and become one of the top 2 low-cost-country exporters.	<ul style="list-style-type: none"> <li>Aluminium</li> <li>Apparel</li> <li>Auto components</li> <li>Iron and steel</li> </ul>	<ul style="list-style-type: none"> <li>Jewelry</li> <li>Leather</li> <li>Pharmaceuticals</li> </ul>	<ul style="list-style-type: none"> <li>Power transmission and distribution equipment</li> <li>Specialty chemicals</li> </ul>
... capture significant share in these sectors and become one of the top 3 to 5 low-cost-country exporters.	<ul style="list-style-type: none"> <li>Basic chemicals</li> <li>Commercial heating, ventilation, and air conditioning</li> <li>Computer hardware</li> <li>Consumer electronics</li> <li>Domestic appliances</li> <li>Engines and turbines</li> </ul>	<ul style="list-style-type: none"> <li>Fabricated metal products</li> <li>Footwear</li> <li>Industrial- and medical-electronics equipment</li> <li>Machinery</li> <li>Miscellaneous electric equipment</li> <li>Motor vehicle assembly</li> </ul>	<ul style="list-style-type: none"> <li>Other basic metals</li> <li>Paper and related products</li> <li>Petroleum and coal products</li> <li>Plastic products</li> <li>Storage media</li> <li>Telecom equipment</li> <li>Textiles</li> </ul>

[Source](#)

# Casting, Forging, and Machining: Masters of Metals

The key advantage to manufacturing goods in a country rich with natural resources means it's much cheaper to manufacture as you're avoiding having to import supplies from elsewhere. India has access to vast sources of iron ore and aluminum which are perfect for making steel components and aluminum products.

Here are 5 metal processes that would be a great fit for manufacturing in India:

1. Investment castings with machining. These can be Stainless Steel components or other alloy steel components
2. Iron sand castings, gray or ductile, with machining
3. Larger aluminum gravity castings
4. Brass forging with machining
5. Stainless Steel fabricated components with welding and polish



# Could India Be a Solution for You?



If you currently have metal components, assemblies or products manufactured offshore or are in the process of looking for a global manufacturer, India should be top on your list to consider. East West Manufacturing has extensive experience manufacturing metals as well as a deep understanding of metal manufacturing processes, finishes, and raw materials.

With operations in India, Vietnam, and China, East West provides our customers with access to a diversified global supply chain and one that manufactures goods where it is most advantageous to your business.

Curious to see if India can play a role in your supply chain? Let us help determine if India's a great fit for you.



**Find Out if Your  
Supply Chain Could  
Benefit with India**

**[Click Here to Learn More](#)**

# Sources

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[“India’s Big Manufacturing Push”](#)

