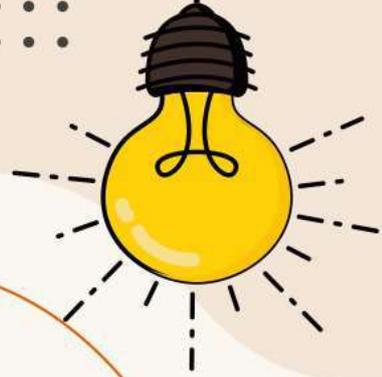




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# **50 DAYS PLAN**

Mains Answer Writing Program  
for **BPSC 67**



**Current Affairs  
International Relations**

25. India would be better served if it channelizes its various global supply chain for its overall geopolitical and economic interests. Analyse the statement citing the various global example in context of India?

भारत अपने समग्र भू-राजनीतिक और आर्थिक हितों के लिए अपनी विभिन्न वैश्विक आपूर्ति श्रृंखलाओं को एकीकृत करता है तो यह बेहतर सेवा प्रदान करेगा। भारत के संदर्भ में विभिन्न वैश्विक उदाहरणों का वर्णन देते हुए इस कथन का विश्लेषण करें?

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25. India would be better served if it channelizes its various global supply chain for its overall geopolitical and economic interests. Analyse the statement citing the various global example in context of India?

**Introduction**

On a worldwide scale, India is viewed as a crucial link in the global supply chain, presenting itself as an attractive location for multinational firms. The whole world awaits India's persistent and relentless attempts to transform the country into a global leader via its many programmes.

**Role of India in global supply chain**

- **India's fast turnaround time** made it a desirable commercial location during and after Covid-19. In severe economic times, India was a realistic alternative for filling the distribution network and huge domestic market with expanding disposable incomes.
- **Stability and investment security:** These components are combined with the country's stability and investment security. The country's claim is strengthened by its diverse business climate and qualified, inexpensive labour.
- **SEZ framework:** India might benefit from an enhanced legal framework for SEZs with duty-free imports by creating a parallel environment for industrial growth and entering global supply chains. SEZs have helped IT but hurt manufacturing.
- **Connectivity:** Expressway connections to the NH, ports, and airports will improve the SEZ's investment appeal. The new DFI should be able to finance such large projects long-term. Less cost power, shared effluent treatment centres, talent development centres, international testing centres, and certification facilities are needed.
- **Trade war:** The US-China trade conflict has helped India join key GVCs. US-based MNCs developed operations in China to use China's infrastructure, talents, and cheap factor costs to produce and sell to the US. They're seeking for alternate areas to manufacture these items and diversifying their supply.
- **Impact of covid:** The COVID-19 pandemic has generated logistical delays, export restrictions on raw materials, intermediates, and supplies, disrupting GVCs. This has increased the demand for reshoring and diversifying GVC supply sources. So countries are seeing India as an opportunity.
- India is a possible alternative supply network. It's the largest software outsourcing firm. Third-largest pharmaceutical business. Second in telecommunications and smartphones, fourth in cars, and sixth in chemicals.

**Various global example in context of India**

- **The Resilient Supply Chain Initiative (RSCI)**
  - o India, Japan, and Australia created the Resilient Supply Chain Initiative (RSCI) in September 2021 in response to rising concerns over China's dominance in global supply networks.
  - o This has prompted policymakers and the corporate community to look on India as an alternate route for products to sustain the global economy. To make this a reality, though, would need significant work.
- **KMMTTP (Kaladan Multi-Modal Transit Transportation Project)**
  - o ASEAN and India are striving to strengthen water connection via the KMMTTP. Find an alternate route via Myanmar for moving commodities to the north-eastern region of India. It links Kolkata, India to Sittwe and Paletwa, Myanmar, through sea and river.
  - o It will help to connect mainland India and north eastern state with the supply chain of South east Asia
- **MIEC (Mekong-India Economic Corridor)**
  - o Connects Ho Chi Minh City, Dawei, Bangkok, and Phnom Penh to Chennai and entails the integration of four Mekong nations – Vietnam, Myanmar, Thailand, and Cambodia – together with India. Importantly, the corridor would reduce the transit distance between India and ASEAN nations.
- **Indo-Myanmar- Thailand Trilateral Highway**
  - o India, Thailand, and Myanmar are constructing a motorway that would connect India to Southeast Asia via land. This route will strengthen economic, health, educational, and tourist linkages between the three nations.
- **Bangladesh-Bhutan-India-Nepal (BBIN)**
  - o The motor vehicle agreement has lately seen a good development. It demonstrated that the goal of building physical connection between the smaller states of South Asia through India may be attained.
- **International North-South Transport Corridor (INSTC)**
  - o INSTC is provided by a trilateral agreement signed by India, Iran and Russia at the Euro-Asian Conference on Transport in 2000.
  - o It will lower the cost of transportation between India and Russia by around 30% and cut the transit time in half, from 40 days to approximately 16. The decreased cost of transportation will boost the competitiveness of Indian exports, giving them access to untapped markets.
- **Chabahar port**
  - o The port provides access to the southern coasts of the energy-rich Persian Gulf countries, allowing Central Asia and India to avoid Pakistan. This port will decrease reliance on the Suez Canal and shipping times. It will integrate India's supply chain with Gulf countries
- **The Mineral Security Partnership**

- o The Mineral Security Partnership, or MSP, is an ambitious new economic alliance established as part of the 'China Plus One' Strategy. This U.S.-led alliance. It seeks to strengthen the supply chains of lithium, cobalt, nickel, and 17 rare earth minerals in member countries.
- o When it comes to such programmes, India has mainly remained an anomaly. The Indian programme for skill development lacks components for creating knowledge in this subject.
- **Indo-Pacific Economic Framework**
- o India has joined three pillars of the US-led Indo-Pacific Economic Framework (IPEF)—supply chains, tax and anti-corruption, and renewable energy—but not trade.
- o It to boost resilience, sustainability, inclusion, economic development, fairness, and competitiveness in the area.
- **Atmanirbhar Bharat Initiative**
- o Strengthens India's ability to participate without supply chain interruptions. India has a 101-item import ban
- o Foreign corporations may partner with reputable Indian defence producers to leverage India's booming defence sector.

#### Challenges for India

- Domestic policy issues persist for businesses. Complex tax rules and processes, insufficient infrastructure, and trade policy uncertainties hinder attempts to increase manufacturing in India.
- Indian firms lack quality standards, institutional backing, and information. This hinders their GVC integration.
- India hasn't properly exploited trade, a development driver, in the recent decade. Exports of goods, which produce manufacturing employment, have stayed constant at \$300 billion yearly. India's commerce has fallen from 56% of GDP in 2011 to 40% in 2019. The Ukraine situation may also delay trade recovery.
- India is a latecomer to GVC since it hasn't joined major trade blocs. GVCs flourish in regions that reduce tariff and non-tariff barriers, adopt trade facilitation measures, and safeguard investments. Latin American, EU, ASEAN, Japan, and even China have plurilateral and mega regional trade agreements that encourage GVCs.

#### Way forward

- Exclusion from MSP worries Indian policymakers, and rightly so. India's Finance and External Affairs Ministries are utilising diplomatic procedures to join the alliance. India's renewable energy and decarbonization objectives are ambitious. This will boost demand for materials and labour.
- The **recent Quad declaration** on collaboration for robust global supply networks is notable in this respect. These events provide India a significant historical opportunity. Strategic aims of big powers do encourage large corporations to take a careful look at certain investment areas.

#### Conclusion

GVCs boost production, improve skills, and enhance exports, boosting local incomes and economic development. GVC integration does not inevitably result in immediate economic advantages like job creation and higher living standards. Policy plays a vital role in achieving the greatest potential results. The government must boost India's GVC involvement. Integration with Global Value Chains may boost India's economic progress.