

A man in a dark suit and tie stands on a staircase, looking towards the camera. The background shows a modern building interior with a glass railing and a staircase.

RESILIENCE AND OPPORTUNITY: India's Strategic Rise in a Polarized World

The intensifying polarization between the United States and China, coupled with a growing emphasis on resilience and diversification, has brought India to the forefront as a key player in the global China + 1 strategy. This evolving scenario offers both significant opportunities and challenges as India positions itself as a vital hub for global manufacturing and supply chains.

In this exclusive interview with Vineet Agarwal, Managing Director, Transport Corporation of India (TCI) Ltd., we delve into the implications of these global shifts. He shares his perspective on the evolution of global trade flows, the competitive advantages India offers, the hurdles the country must overcome to fully capitalize on these opportunities and a lot more.

› Karvi Rana

Given the current polarization between the US and China, how do you foresee global trade and supply chain flows evolving, particularly in Asia?

We should expect more diversification in the global supply chains, as investors and manufacturers push for resilience against economic shocks or geopolitical tensions. In this regard, countries such as India and Vietnam will continue to benefit in the early stages. However, in this era of interconnectedness, it would be impossible to imagine a boom in trade and resilience of supply chains with the complete absence of any one large player. Therefore, despite the rivalries, especially playing out in select areas such as semiconductors, we will also see cooperation among the large economies.

India is being positioned as an alternative to China for manufacturing and supply chain diversification. What specific strengths make India an attractive destination for global companies looking to adopt a China + 1 strategy?

India has distinct advantages that make it an attractive investment destination for global companies. A stable political environment, agile policy improvements, rapidly developing infrastructure, and production-linked incentives (PLIs) for both global and domestic manufacturers and technology as a digital public good create a very favorable environment. On the supply side, a large, productive workforce; tech-savvy, English-speaking professionals; the availability of diverse raw materials; and increasing sustainable sources of energy further add to the list of advantages. We should also note that being the fastest-growing large economy, India makes a very attractive market for most global manufacturers. So, while there is always scope to improve, overall, the story of India being the next global supply chain hub remains strong.

What are the primary challenges India faces in meeting this growing demand for diversified supply chains? How can India's logistics sector address these challenges?

India's logistics sector faces challenges in meeting the rising demand for diversified supply chains, driven by regionalization and resilience needs. Key hurdles include a growing but still inadequate infrastructure, regulatory complexities, slow tech adoption, workforce skill gaps, low focus on safety, and increasing sustainability demands from customers.

Infrastructure gaps, such as limited multimodal connectivity and last-mile delivery issues, impede supply chain efficiency. With logistics costs at 13-14% of GDP—significantly higher than global standards—India must innovate to enhance cost competitiveness. Regulatory bottlenecks, including complex customs and interstate compliance, slow operations. Furthermore, fragmented adoption of advanced technologies like IoT, AI, and blockchain limits operational visibility and efficiency.

Demand for environmental sustainability adds another layer of complexity as the nascent and still-evolving infrastructure for green logistics, such as multimodal cargo parks, ports, EV adoption, and renewable energy, still face initial teething problems at the operational level. Simultaneously, global geopolitical shifts like the China+1 strategy and volatile trade dynamics require agile supply chain responses.

To address these challenges, we must focus on accelerated infrastructure development through initiatives like PM Gati Shakti, expanding multimodal networks, and improving last-mile connectivity. Technology integration, including AI for demand forecasting and blockchain for transparency, will enhance operational efficiency. Simplified regulatory frameworks, such as single-window customs clearance, digital documentation etc., can minimize delays.



Reducing costs by increasing rail and water freight share and promoting energy-efficient practices is critical. Workforce upskilling through targeted training programs is equally vital to bridging skill gaps. Enhanced focus on safety and training will further enable meeting compliance and service levels. Sustainability efforts, such as adopting cleaner fuels and solar-powered warehouses, will align with global green standards.

Strategic public-private partnerships and collaborations with global players will further bolster India's integration into global value chains.

What role do you believe government policies should play in further enabling India to attract investments in logistics and warehousing? Are there any specific policy changes you think are necessary?

Broadly speaking, we need to continue reducing our overdependence on road-based transportation. Infrastructure development for other modes of transport is increasingly important now. Further, increasing standardization of service protocols and certifications, reducing the burden of excessive physical documentation, developing last-mile infrastructure for particularly challenging terrains, and crafting more curricula for skilling



and upskilling of the workforce in consultation with the industry players are the top priorities, and the government is addressing all of them expeditiously.

How does the Transport Corporation of India (TCI) plan to leverage or respond to these global shifts in terms of investments or new strategic initiatives?

TCI is well-positioned to provide end-to-end logistics and supply chain solutions, including in complex and emerging sectors such as agri++, cold chain, chemicals, automobiles (including EVs), renewables, pharma, and defense, among others. We are already seeing an upsurge in demand for logistics services in India due to these shifts; thus we will continue to further invest in expanding our multimodal network, warehousing capacity, and innovative tech-based solutions.

How important are technological advancements, such as automation, IoT, and blockchain, in managing the complexity of diversified supply chains? How is TCI incorporating such technologies into its operations?

Tech innovation is happening on multiple fronts today, each with the ability to redefine business

processes, changing logistics as we know it today. While the immediate focus is on improving efficiency and reducing costs through route optimization, warehouse management, and inventory turnaround to increase productivity, some objectives are more long term. We are actively implementing a comprehensive tech stack that spans across all facets of our business, from AI-powered analytics to a secure cloud infrastructure, ensuring seamless and efficient logistics for our customers across the globe.

How do you envision the logistics and supply chain industry evolving in the next five to ten years, given the shifts in global political dynamics and trade policies?

We will continue to see an increase in demand for both cost-effective and green logistics. For this transition, tech upgrades and increased digitization will be key. Reconfiguration of supply chains due to new initiatives such as the India-Middle East-Europe Corridor, investments in sustainable manufacturing and renewables, as well as changing consumption patterns through the proliferation of digital commerce platforms, are some of the factors that will continue to drive the demand for the sector in the next five to ten years. 📈