Indian Economy · GS - III

“Global companies are increasingly exploring alternatives to excessive dependence on China for manufacturing and supply chains.” Discuss the opportunities and challenges for India under the China Plus One strategy.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 15/10/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

China Plus One, supply-chain diversification, global value chains, foreign direct investment, Make in India, telecom manufacturing, electronics, technology transfer, infrastructure gaps, logistics costs, skilled workforce, ease of doing business.

Model Answer

Introduction

The China Plus One strategy refers to companies diversifying some manufacturing or sourcing activities beyond China while potentially retaining operations there. It offers India an opportunity to strengthen its position in global value chains.

Opportunities for India

1. **Manufacturing investment:** India can attract investment in electronics, telecom equipment, components and other industrial sectors.
2. **Employment generation:** Expansion of manufacturing can create jobs and develop workforce skills.

3. **Technology transfer:** Greater participation in global production networks can improve technological capabilities.
4. **Supply-chain resilience:** Multiple sourcing locations reduce excessive dependence on a single country.

Key Challenges

India faces infrastructure and logistics gaps, skill shortages, regulatory complexities, and competition from other manufacturing hubs. Attracting investment alone is insufficient without competitive productivity and reliable domestic suppliers.

Way Forward

India should improve logistics, simplify regulations, support research and development, strengthen component manufacturing, and build skilled human capital. Stable policies and quality standards are also essential.

Conclusion

The China Plus One strategy provides an opportunity, not a guaranteed outcome. India must build competitive domestic capabilities to convert global supply-chain diversification into sustainable industrial growth.

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