

## India's Strategic Emergence in U.S. Supply Chain Realignment

On April 2, 2025, the US announced the introduction of tariffs targeting key Asian economies. While a temporary 90-day pause has delayed enforcement, the announcement has already accelerated a recalibration of global trade strategies. US companies, anticipating disruption, are reassessing their sourcing models—with India increasingly positioned as a viable alternative in the emerging global order.

Recent data from the Dun & Bradstreet Data Cloud points to a sharp uptick in business interest from the United States toward India. Comparing Q1 2024 to Q1 2025, inquiries from US based firms to Indian businesses rose by 39% year-on-year growth. The manufacturing and services sectors, which together account for about 55% of the enquiries, have shown significant growth with inquiries in the manufacturing sector increasing by 39.7% and the services sector by 65.1%. This shift is more than statistical, it signals a deeper restructuring of trade relationships grounded in risk mitigation, supply chain diversification, and long-term value realignment.

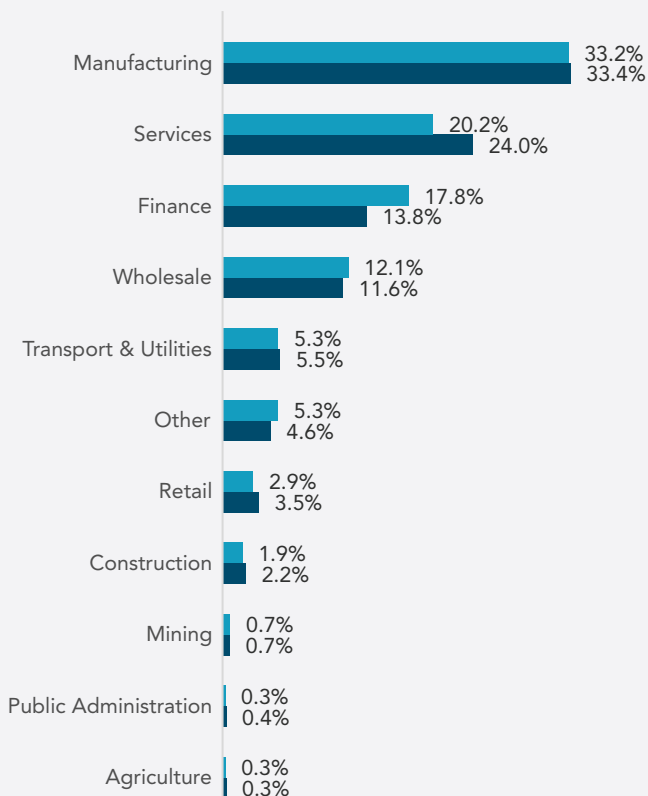


## Manufacturing Remains a Core Pillar

Across both years, the Manufacturing sector retained its dominant share of US inquiries. This continuity indicates sustained confidence in India's industrial capacity and reinforces the country's status as a key node in global production networks.

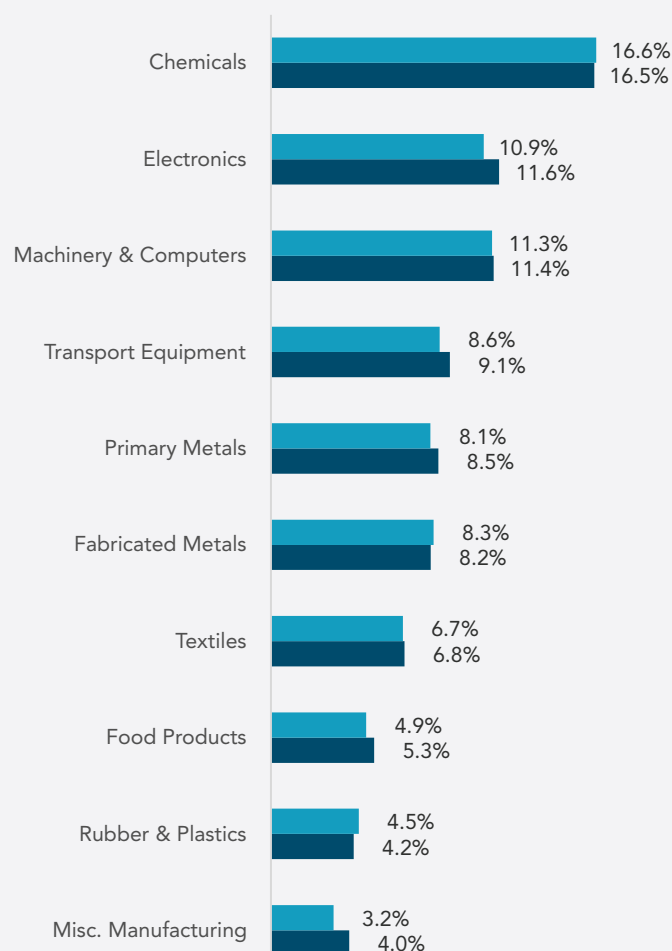
### % Share of Inquiries by Sector

■ Q1 2024 ■ Q1 2025



### % Share of Inquiries in the Manufacturing Sector

■ Q1 2024 ■ Q1 2025



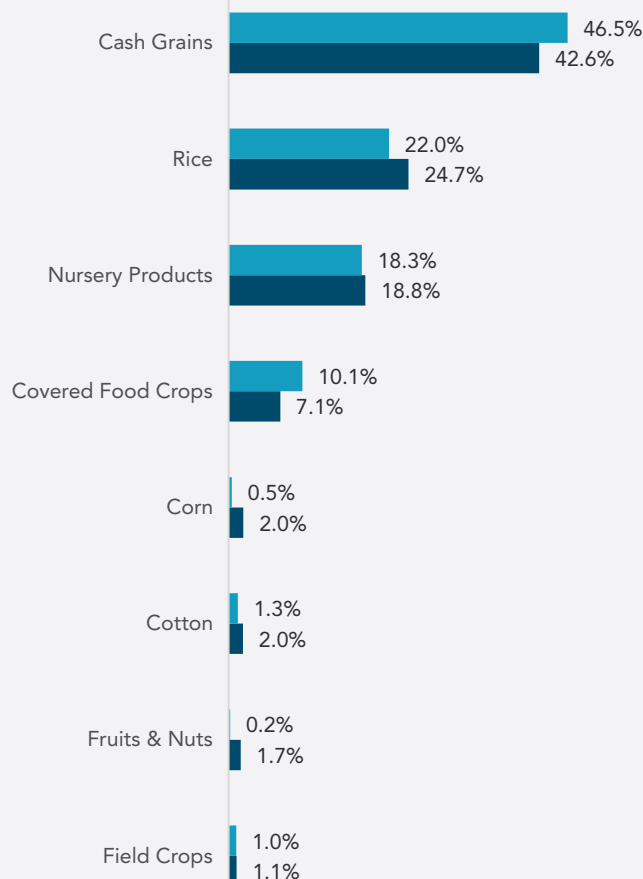
## Agriculture and Services: Accelerating Growth

As per Dun & Bradstreet Data Cloud, inquiries in Agriculture surged by 79.8%, signaling a rise in US interest in India's agricultural output.

Meanwhile, the **Services sector**—anchored by IT and consulting—saw a **65.1% increase** in inquiries. This reflects India's continued strength in knowledge-based exports and digital delivery, as US companies look to optimize operations and scale with cost-efficient, high-skilled partners.

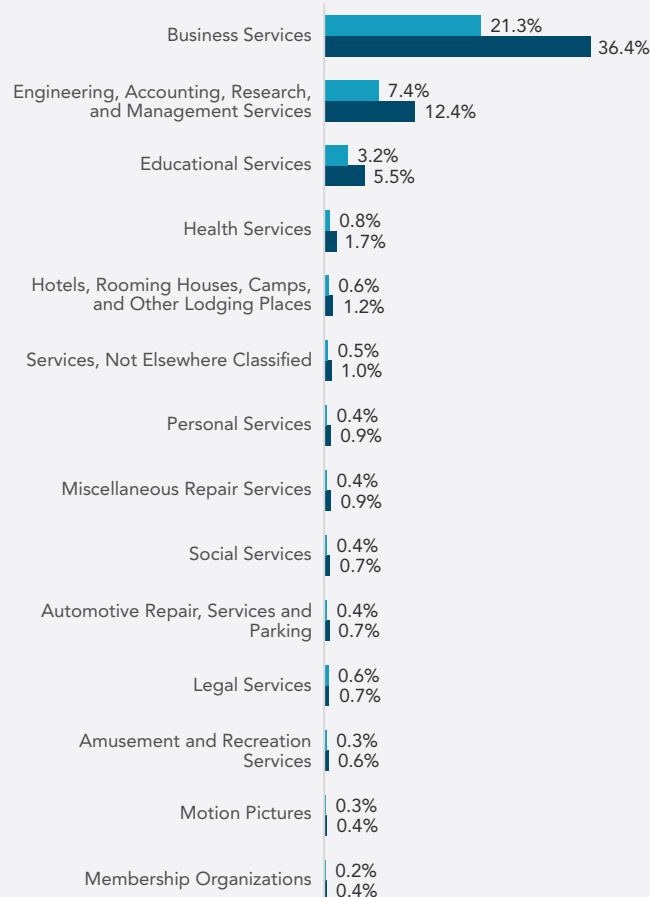
### % Share of Inquiries in the Agriculture Sector

■ Q1 2024 ■ Q1 2025



### % Share of inquiries in the Service Sector

■ Q1 2024 ■ Q1 2025



## Steady Progress in Other Sectors

Construction (62.1% growth) and Public Administration (95.2% growth) also saw increases in inquiries. While Public Administration remains the sector with the fewest overall inquiries, its growth may indicate rising interest in public-private collaboration or India's increasing participation in US-funded development projects.

## Export-Oriented Indian Firms: A Targeted Opportunity

In Q1 2025, export-driven Indian companies experienced a notable 23% increase in US-based inquiries compared to the previous year. This data highlights India's growing prominence in the global trade landscape, positioning it as a key player in the evolving supply chain dynamics.

## Assessing India's Opportunities Amid Shifting Trade Landscape

The new US administration's announcement of increase in tariffs on April 2 sent shockwaves through global trade, with disproportionately high duties aimed at Asian economies, including India. While framed as a corrective action to address perceived unfair trade practices, particularly targeting Chinese exports, the sweeping nature of these measures risked significant disruption to regional supply chains. However, the implementation of the tariffs was subsequently paused for 90 days following heightened financial market volatility and intense negotiations with trade partners. Based on the current direction of negotiations, it appears increasingly likely that tariffs, if applied, will be softened or selectively targeted rather than enforced uniformly.

Regardless of how the final tariff structure evolves, one trend is clear: a global shift away from China as the dominant supplier is firmly underway. In this evolving landscape, India is emerging as a strong contender to fill supply chain gaps, thanks to its broad industrial base, growing compliance with global standards, and active trade diplomacy. Even if Indian exports face some tariff hurdles, the broader decoupling from China is expected to create meaningful opportunities for Indian firms, especially in sectors where India has both production scale and competitive advantage.

In this context, efforts to deepen US-India trade ties take on even greater significance, as both countries have set an ambitious target of doubling bilateral trade to USD 500 billion within the next seven years. Recent agreements covering agricultural products, medical devices, and information technology underline a growing commercial alignment. Strategic collaborations are also picking up pace in areas like electronics manufacturing and critical minerals, backed by new working groups under the Trade Policy Forum to facilitate investments and smoothen regulatory hurdles. A visible example of this shifting supply chain dynamic is Apple's decision to manufacture a greater share of US-sold iPhones in India. Currently, around 7% of Apple's iPhones are produced in India, with further investments underway through suppliers like Foxconn and Pegatron. This marks a dramatic shift for a company that only a few years ago relied almost exclusively on Chinese manufacturing for its flagship products. India's emergence as a credible hub for high-



end electronics production is a powerful signal to other multinational companies evaluating their "China plus One" strategies.

At Dun & Bradstreet, we have tried to capture these shifts through two powerful frameworks: the Tariff Vulnerability Score (TVS) and the Trade Opportunity Score (TOS). The TVS highlights sectors most exposed to margin pressure due to tariffs, while the TOS identifies product categories where India is well positioned to step in as an alternative supplier to the US market. Based on this analysis, we see high-potential opportunities in sectors such as specialty chemicals, electrical machinery components, home textiles, and select processed agricultural goods. In total, approximately 360 product categories present opportunities for India to gain new market share, provided exporters move quickly and strategically.

Our Inquiries data further reinforces these findings. Unique inquiries from US companies to Indian exporters rose by 23% in Q1 2025 compared to the same period a year ago. For manufacturing firms, in particular, inquiries are 1.3 times last year's level, highlighting a tangible shift in US sourcing preferences. Diving deeper, the strongest momentum is visible in transportation equipment and primary metal industries, which saw inquiries surge by 50% and 46%, respectively. Electronics followed closely with a 43% rise in inquiries — a trend that aligns with the broader supply chain realignment exemplified by Apple's decision to expand iPhone production in India. These shifts closely mirror the sectors prioritized in our Trade Opportunity Score, offering strong validation of where real demand is building.

While the external environment remains uncertain, Indian exporters are presented with a rare and powerful opening. By sharpening focus on scalable sectors, accelerating global certifications, and proactively building partnerships with US firms, India has a real chance not just to withstand trade turbulence but to emerge as a more central player in the reconfigured global supply chain network.

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