

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

RAJYA SABHA
UNSTARRED QUESTION NO. 534
ANSWERED ON 26/07/2024

OUTSOURCING MATERIAL SOURCING BENEFITS AND RISKS

534. SHRI AYODHYA RAMI REDDY ALLA:

Will the Minister of COMMERCE & INDUSTRY be pleased to state:

- (a) the advantages of outsourcing material sourcing in terms of cost savings and the manner in which outsourcing material sourcing improve access to specialized materials or expertise;
- (b) whether the outsourcing material sourcing expose companies to supply chain disruptions and risks, if so, the details thereof;
- (c) the manner in which companies can ensure that outsourcing material sourcing aligns with their overall business strategy; and
- (d) the future trends and directions in outsourcing material sourcing, and the manner in which companies can prepare to catch up future trends?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI JITIN PRASADA)

(a) to (d) Outsourcing material sourcing facilitates expansion of production capacity through multiple sourcing points for improving quality, prevents disruption due to internal breakdown, improves access to affordable technology as well as provides opportunities to focus on the core competencies. Integrating with global value chain through suppliers enhances chances of upgradation of strategy, skill and technology, which facilitate to meet customers demand through enhanced overall efficiency. It necessitates putting in place proper risk management system, which can reduce chances to supply chain disruptions. Among others, companies can conduct internal needs analysis, market assessment of suppliers, supply chain evaluation, risk of dependency, data security and confidentiality, for aligning with their overall business strategy.
