

## Primus Report Quote

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# West Asia Conflict Disrupts Indian Trade, Supply Chains Across Five Sectors

*Ongoing geopolitical instability is affecting India's agriculture, automotive, textile, and pharmaceutical exports while also drawing increased investor interest in the country.*

Authored by Autocar Professional Bureau



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### Article Content:

The conflict in West Asia is straining Indian supply chains, pushing up logistics and input costs, and creating uncertainty across several export-dependent sectors, according to a sectoral analysis released today by Primus Partners, a New Delhi-based consultancy. The report finds that the economic fallout is broader and more structural than a simple rise in crude oil prices, touching trade routes, capital flows, and industrial supply chains simultaneously.

The analysis covers five sectors — agriculture, investment flows, automotive, textiles, and pharmaceuticals — and concludes that the crisis is exposing pre-existing vulnerabilities in India's import concentration, energy dependence, and export exposure, while also opening certain strategic opportunities.

**Agriculture:**

India's agricultural exports to Gulf markets are facing shipment delays, payment uncertainties, and weakening buyer confidence. Basmati rice, mangoes, and bananas are among the commodities most affected, as Gulf nations represent a significant and longstanding market for Indian farm produce.

The disruption is not confined to exports. On the input side, rising urea prices are adding to costs for farmers ahead of the kharif sowing season — the summer cropping cycle that typically runs from June to September — when fertilizer demand is at its highest. A sustained increase in fertilizer prices could affect planting decisions and farm-level margins, particularly for smallholders who lack the capacity to absorb input shocks.

**Investments:**

Rising crude prices, wider sovereign spreads, currency volatility, and shipping disruptions are collectively raising the cost of capital globally and prompting investors to delay or reassess commitments. The uncertainty is affecting investment decisions across emerging and developed markets alike.

However, the same instability appears to be working in India's favour in relative terms. With several other regions facing more acute geopolitical or macroeconomic stress, India is drawing attention as a comparatively stable and predictable destination for long-term capital. The report identifies manufacturing, infrastructure, and technology as the sectors most likely to benefit from this shift in investor sentiment. Whether this translates into committed capital flows will depend in part on policy continuity and the pace of regulatory clearances.

**Automotive:**

The automotive sector is facing a convergence of pressures: longer shipping timelines, higher freight costs, and constrained availability of semiconductors, polymers, and fuel inputs — several of which are sourced from or routed through the West Asia region.

These disruptions are adding cost and unpredictability to production schedules at a time when the industry is already navigating a global transition toward electric mobility. The report suggests the crisis may accelerate the shift, as manufacturers look to reduce dependence on imported fuel-linked components and diversify their sourcing strategies. Stronger coordination across the supply chain and investment in domestic component manufacturing are identified as near-term priorities.

**Textiles:**

India's textile industry, one of the country's largest employers with a workforce running into millions, is under growing stress. Rising polyester prices — polyester being a petroleum-derived fibre whose cost is directly linked to crude oil — are compressing margins. At the same time, logistics costs have increased, payment cycles have lengthened, and demand signals from Gulf-linked export markets have weakened.

The textile sector has weathered several economic disruptions in recent years, including the pandemic-era demand collapse and post-pandemic supply chain dislocations. However, the current pressures reinforce a longer-standing concern: the industry's dependence on a narrow set of export markets and its vulnerability to raw material price swings. The report points to market diversification, improved access to working capital, and stronger raw material security as the structural responses needed.

### **Pharmaceuticals:**

Of the sectors examined, pharmaceuticals carries perhaps the widest implications — not just for India's trade position, but for healthcare access in other countries. India is one of the world's largest producers of generic medicines and vaccines, supplying a substantial share of the requirements of lower- and middle-income countries across Africa, Southeast Asia, and beyond.

Prolonged maritime disruptions along key shipping lanes could delay the delivery of time-sensitive medicines and create bottlenecks in global pharmaceutical supply chains. The report notes that the consequences in this sector extend beyond commercial losses, potentially affecting the availability of essential medicines in regions that have limited alternative sources of supply.

West Asia occupies a central position in India's external economic relationships. The region is the source of a large share of India's crude oil imports — India imports roughly 85% of its oil requirements — and also a significant destination for Indian goods, including agricultural products, pharmaceuticals, and manufactured items. The Indian diaspora in Gulf countries contributes substantially to remittance inflows, which have historically been one of India's largest sources of foreign exchange.

Disruptions to Gulf shipping lanes and the Suez Canal corridor have cascading effects on transit times and freight rates for Indian exporters and importers alike. The region also hosts a significant portion of the infrastructure through which India's trade with Europe and parts of Africa is routed, making geopolitical instability there a structural concern rather than a temporary inconvenience.

The Primus Partners report concludes that navigating the current crisis — and future ones like it — will require deliberate policy choices: diversifying energy sources, building

logistics redundancy, securing raw material supply chains, and maintaining a regulatory environment stable enough to attract long-term investment. The findings suggest that for India, resilience is increasingly less an outcome of good fortune and more a function of economic strategy.