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Economic Report

India

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0. EXECUTIVE SUMMARY

- L'économie indienne a continué sa croissance durant la période sous revue (année fiscale 2023-24). Un taux de croissance d'environ 7% devrait se maintenir au cours des années à venir, ce qui est élevé en comparaison internationale. L'inflation à 7% n'a pas baissé comme prévu et a pénalisé le gouvernement lors des dernières élections générales.
- Cependant, cette croissance n'est ni durable, ni inclusive, contrariée par des faiblesses structurelles telles que le sous-emploi, une faible représentation des femmes dans le marché du travail, une forte marge de progression dans l'accès à l'éducation, aux soins et à une alimentation de qualité, ainsi qu'une gestion déficiente des ressources naturelles, marquée par une pollution croissante de l'eau, des sols et de l'air.
- En particulier, l'accès à des emplois de qualité et générateurs de valeur-ajoutée dans l'économie constitue un défi de taille pour l'Inde, qui doit impérativement capitaliser sur son dividende démographique lors de la décennie à venir. La création d'emplois de qualité demeure la priorité absolue du gouvernement, qui s'efforce de trouver des mesures efficaces à cet égard.
- Le gouvernement indien maintient une attention forte sur le développement des infrastructures, y voyant un moteur de croissance et de création d'emplois. Couplée à des ambitions fortes dans le numérique et les technologies propres, cette politique offre des opportunités pour les entreprises suisses.
- Les autorités peinent cependant à attirer suffisamment d'investissements directs de l'étranger (FDI) pour financer leurs projets d'infrastructures et doper la croissance. Le nouveau budget de l'Union prévoit en ce sens la réduction de l'impôt direct pour les entreprises étrangères de 40% à 35%.
- Fin 2021, l'Inde a opéré un virage à 180 degrés dans sa politique commerciale, en lançant tous azimuts des négociations de libre-échange. Refroidies par une balance commerciale chroniquement déficitaire et la sortie précipitée du *Regional Comprehensive Economic Partnership* (RCEP) en 2019, les autorités indiennes auront finalement réalisé la nécessité d'une plus grande intégration dans les chaînes de valeur mondiales et, partant, du développement de leur industrie d'exportation et du secteur manufacturier.
- C'est dans ce contexte que les États de l'AELE sont parvenus à la conclusion le 10 mars 2024 des négociations entamées en 2008 pour un « Trade and Economic Partnership Agreement » (TEPA). Cet événement marque un tournant historique dans les relations bilatérales. Des engagements inédits en matière d'investissements (USD 100 milliards sur 15 ans) de la part de l'AELE inaugurent un nouveau chapitre de partenariat non seulement avec l'Inde, mais également avec le secteur privé. Il est prévu que l'accord entre en vigueur dans la deuxième moitié de 2025, après le processus parlementaire dans les États de l'AELE.
- On trouve près de 330 entreprises suisses en Inde, générant environ 190'000 emplois bien rémunérés. La Suisse et ses entreprises jouissent d'une image de marque très positive en Inde et s'illustrent dans des secteurs de niche à haute valeur-ajoutée. Les échanges de personnes-à-personnes entre les deux pays constituent l'épine dorsale des relations bilatérales, avec plus de 200'000 visas remis en 2024 (prévision). Si ces liens sont tissés essentiellement dans le secteur du tourisme, ils se répercutent toutefois dans les relations d'affaires et les partenariats en recherche et innovation.
- Durant la période sous revue, les échanges commerciaux entre la Suisse et l'Inde se sont élevés à CHF 2.3 milliards pour les importations (-8%) et CHF 1.8 milliards pour les exportations (+5%). Les flux d'investissements cumulés entre 2000 et 2025 atteignent USD 9.96 milliards (Suisse #12) et le stock d'investissements suisses en Inde se monte à CHF 8.1 milliards.
- Dans un environnement réglementaire complexe où l'industrie nationale s'est développée sous une épaisse chape de protectionnisme, les acteurs économiques suisses ont besoin de sécurité juridique et de transparence, ainsi que d'un accès amélioré à l'un des marchés les plus vastes et prometteurs du monde. La conclusion du TEPA permettra d'exploiter le potentiel considérable de ce marché. Afin de garantir à nos entreprises des conditions adéquates, la conclusion d'un nouvel accord de protection des investissements constitue désormais une priorité.

1. ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

India's economic outlook is regularly the subject of heated debate. But whether it is the World Bank's (WB) estimated Gross Domestic Product's (GDP) growth rate of 7.6% for 2023,¹ the Indian government's own figures for the financial year (FY) 2023-2024 of 8.2%,² or the International Monetary Fund's (IMF) projected rate of 6.8% for 2024,³ one thing for sure is that India remains the fastest-growing major economy in the world.⁴

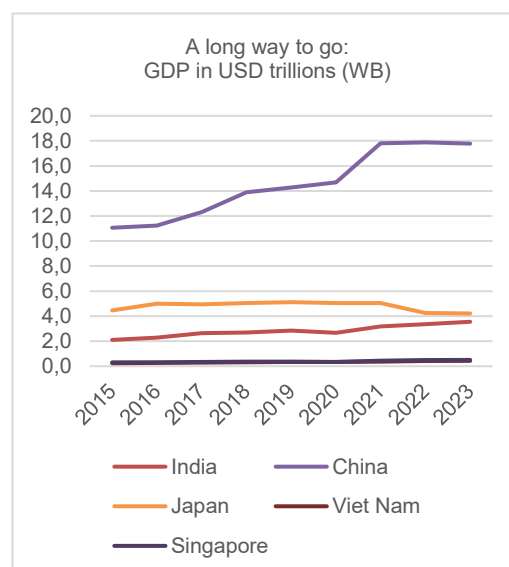
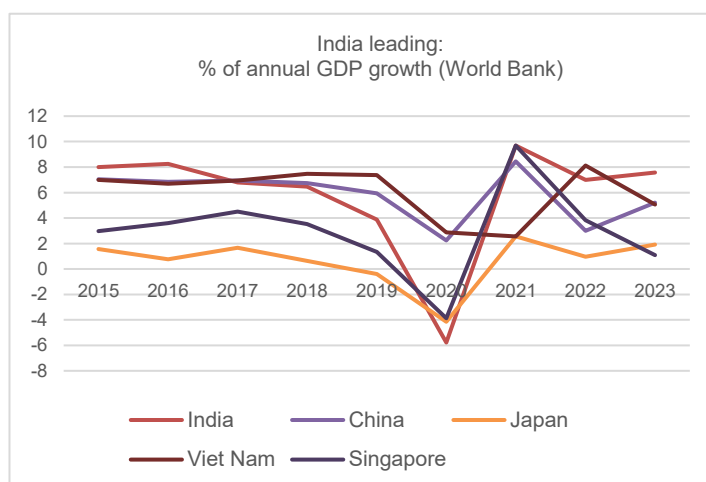
The general elections have returned Prime Minister Narendra Modi's party to power, but without the hoped-for absolute majority. Forced to govern as part of a coalition, he will much certainly have to make concessions, which could have a negative impact on the implementation of some of the major reforms under way. The Prime Minister is pursuing his vision of making India a developed country by 2047 and surpassing China as the world's second largest economy. This will require a strong focus on employment, infrastructure and the development of manufacturing capacity, particularly in order to attract the foreign direct investment needed to finance these goals.

The Indian Government is still pursuing the Nehruvian ideal according to which developing modern infrastructure has pull effects on the rest of the economy, in particular job creation. Following on from previous years, the new Union Budget⁵ released on July 23, 2024, confirms the interventionist course of the Indian economic policy and does not change much from the interim budget presented in February 2024. Acknowledging the results of the elections, in which voters punished the government's failings in terms of the cost of living and employment, the authorities are proposing a whole series of measures designed to remedy the situation.

In the new budget, focus increased towards agriculture and rural development, housing, and MSMEs, as they are at the center of the job creation objective. Capital expenditure – seen as a growth driver – is projected to increase by 10% to USD 121.8 billion. Substantial allocations have been made for health and education and a notable emphasis has been put on innovation through support for research and startups. Industries such as critical minerals, space, shipping, and aviation are targeted with promotive tax measures. Finally, significant efforts have been made to attract FDIs, notably by reducing direct tax for foreign companies from 40% to 35%.

In FY 2023-24, the Indian Government further reduced its fiscal deficit to 5.8%. Projections of 5.1% for FY 2024-25 show that the target of reducing it to 4.5% by 2025-26 is within reach.⁶ While decreasing from 6.6% to 5.4% between FY 2022-23 and FY 2023-24, inflation remains a cause for concern in India, as it still lags around 7% for food items, which represents half of household expenditures.⁷

The performance of the Indian banking sector is continually improving, due to efforts in consolidation across public sector banks.⁸ So-called non-performing assets, that accumulated before the financial crisis of 2008,



¹ [GDP](#), World Bank, 2023.

² [Provisional Estimates of Annual GDP for 2023-24](#), Ministry of Statistics & Programme Implementation, May 2024.

³ [India](#), International Monetary Fund, April 2024.

⁴ OECD's GDP growth forecast in 2024 for reference: world = 2.9%, OECD = 1.4%, Switzerland = 1.2%.

⁵ [Union Budget 2024-2025](#), MoF, July 2024.

⁶ [Summary of the interim Union Budget 2024-2025](#), MoF, February 2024.

⁷ [Consumer Price Index](#), Center for Monitoring the Indian Economy (CMIE), May 2024.

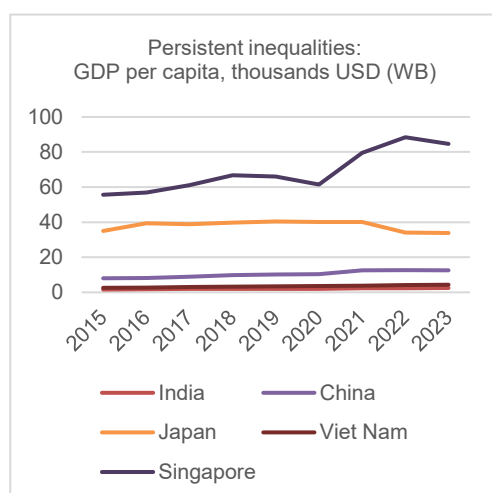
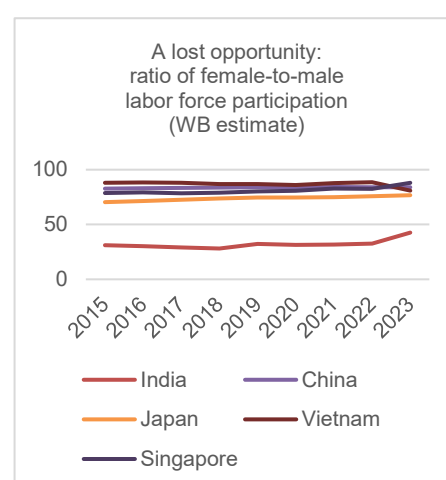
⁸ [Indian banks: Building resilient leadership](#), McKinsey & Company, August 2023.

have significantly decreased (2.8%), as profitability is increasing: on a yearly basis, private banks' profit jumped by 25% whereas public sector banks' net profit rose by 34%.⁹ Yet, despite positive developments such as the increase in the corresponding threshold for Foreign Direct Investments' (FDIs) rules for financial institutions from 49% to 74%, the Indian financial market remains highly regulated and protected, making cross-border transactions and investments complex, if not impossible.

Arguably, the major socio-economic challenge that India is facing – and has been facing since Independence – is the provision of quality jobs for its growing population. Successive economic policies have been developing capital- and technology-intensive industries, at the expense of labor-intensive sectors. Independent sources assess the rate of unemployment at 8% for FY 2023-24,¹⁰ while official figures for 2023 indicate 3.1%. These numbers are taken up by international organisations.¹¹ However, such projections only capture the situation in the formal sector, whereas most of the labor participation in India is happening in the informal sector, usually offering part-time work with negligible or no social benefits. No reliable figures exist as to the extent of the “underemployment” in India, but the ILO estimates that 90% of the workforce is informally employed. More interestingly, labor participation rate in India remained around 40% in 2023, meaning that only a small fraction of the working age population (>15 years old) is currently employed or actively looking for a job.¹²

It has been estimated that the country needs to generate between 150 and 170 million jobs in the next decade to break out a dynamic of “jobless growth”.¹³ In India, the youth working-age population (15-29 years old) makes up 27% of the population and should decrease to 23% in 2031. That means India is at an inflexion point in its demographic transition and positively needs to capitalize on the “demographic dividend” within the next decade.

A major source of concern in India is the very low rate of women's integration in the workforce, which is inferior to everywhere else in the region. Explanations span from lack of employment options in labor-intensive manufactures (e.g. textiles and garment industry), increasing gender-based violence deterring women to seek jobs outside of their homes, and a later access to primary education for girls.



While India's GDP growth, together with a large range of other figures, depicts a positive economic outlook, it is essential to adopt a broader vision and to take into account differentiated indicators, in order to be able to judge the sustainable and inclusive nature of this trend. The GDP per capita still remains low with USD 2'485 in 2023 (India ranking 140th).¹⁴ India constantly climbed up the Human Development Index until 2018, when it then started stagnating, probably as a consequence of the pandemic (rank 134/193).¹⁵ As far as environmental performance is concerned, India ranks among the lowest (176/180).¹⁶ The World Food Programme estimates that 21% of India's population live with less than USD 1.90 a day, facing persistent food insecurity and malnutrition.¹⁷ The Government of India has put in place one of the world's largest food-based safety nets, reaching nearly 800'000

million vulnerable people every month. According to the 2023 Economic Survey of India, 47% of the Indian working population is dependent on agriculture for livelihood.¹⁸

⁹ [Banking Sector Roundup FY24](#), Boston Consulting Group, June 2024.

¹⁰ [Employment and Unemployment Statistics Summary](#), Center for Monitoring the Indian Economy (CMIE), May 2024.

¹¹ [India Employment Report 2024](#), International Labor Organization, 2024.

¹² [Employment and Unemployment Statistics Summary](#), Center for Monitoring the Indian Economy (CMIE), May 2024.

¹³ Mody, Ashoka, “India Is Broken”, Juggernaut Books, p. 9.

¹⁴ [GDP per capita \(current USD\) – India](#), World Bank.

¹⁵ [Human Development Index](#).

¹⁶ [Environmental Performance Index](#).

¹⁷ [India](#), World Food Programme.

¹⁸ [Economic Survey 2022-2023](#) (p. 200), Ministry of Finance, January 2023.

2. PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES

Despite being host to a growing number of start-ups and concentrating some of the world's biggest industrial conglomerates (i.e. Tata, Reliance, Adani), 65% of India's population lives in rural areas¹⁹ and 58% of the working rural population is active in agriculture (see annex 1).²⁰ On the one hand, the agricultural sector still displays high levels of inefficiency, as it only represented around 15% of the GDP in FY 2022-23.²¹ On the other hand, the services sector is driving up GDP figures, while employing few workers. Thus, the Indian government's focus is on drastically increasing employment opportunities in industrial manufacturing, to absorb the growing workforce. Thus, sector-specific promotion schemes from the Government can represent opportunities for Swiss companies willing to engage in long-term investments in the industrial sector.

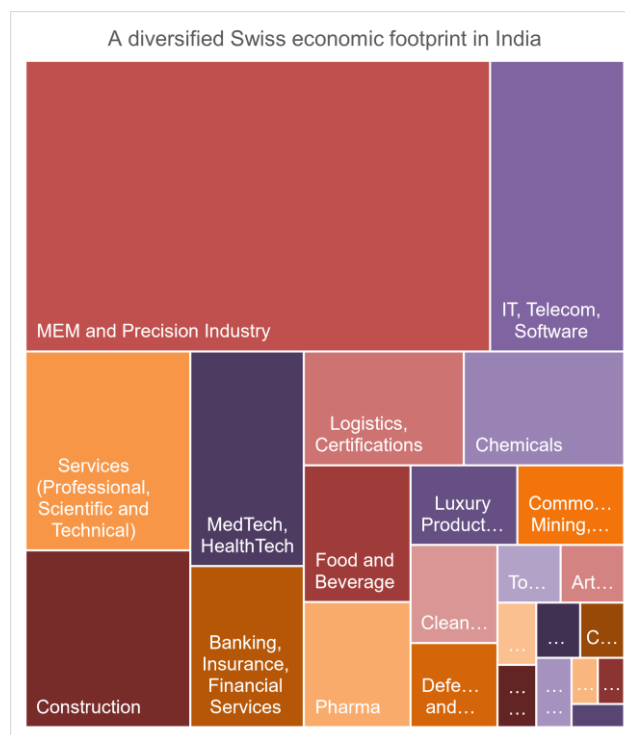
Out of the approximately 330 Swiss companies present in India, more than 160 are involved in manufacturing operations; out of these, two-third export from there; nearly 30 companies run research and development activities in India. Swiss companies in India come from a broad range of sectors: almost a third of them are active in the MEM industry (machinery, electrical and metal), while other sectors cover services, IT, pharmaceuticals, medical technology or construction.²² The Swiss financial sector is well represented with around 15 entities, however not primarily involved in traditional financial transactions and banking operations, but rather in business development, back-office support and human resources. This shows that India is interesting for Swiss companies from practically all sectors and offers solid growth opportunities.

The infrastructure sector offers wide-ranging opportunities for Swiss companies. The Indian Government prioritizes infrastructure development. In official discourse, particular emphasis is placed on the sustainable nature of these infrastructures. This results in opportunities for Swiss companies in capital- and technology-intensive sectors such as railways, construction and engineering (e.g. tunneling or cable cars), cleantech (e.g. wastewater systems, waste to energy or electromobility) and logistics. In the context of the infrastructure mandate entrusted by the Federal Council to SECO and "Team Switzerland", India is one of six priority regions and countries where Swiss companies' access to major infrastructure projects on public procurement markets is being facilitated.

The rail sector in particular is attracting a great deal of attention from Swiss business circles. Switzerland and India are conducting an annual dialogue in the framework of the "Joint Working Group (JWG) on technical cooperation in rail sector". The 3rd round took place in October 2023. There, the Swiss Embassy, the Swiss Business Hub India (SBHI) and Swissrail are partnering to promote Swiss participation to important infrastructure projects.

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A number of opportunities in the area of sustainable technologies and cleantech are of interest to Swiss companies, too. One of these is electro-mobility, which is still in its infancy in India, but has great potential. A report by the management consulting firm Arthur D. Little predicts that by 2030, every third vehicle sold in India will be electric, particularly two- and three-wheelers.²³ However, the infrastructure to sustain electro mobility has yet to be developed. These opportunities for Swiss companies also align with priorities of the Swiss Development and Cooperation Agency's (SDC) Global Programme Climate Change, potentially inducing public-private-partnerships (PPP). Water treatment and waste management (including waste-to-energy) are



¹⁹ [Economic Survey 2022-2023](#) (p. 200), Ministry of Finance, January 2023.

²⁰ [Employment in India](#), Data for India, April 2024.

²¹ [GVA at constant basic prices by economic activity](#), Center for Monitoring the Indian Economy (CMIE), June 2024.

²² [Switzerland's Economic Footprint in India](#), based on the Swiss Business Mapping, updated in September 2022.

²³ [Unlocking India's electrical mobility potential](#), Arthur D. Little, August 2022.

also areas that the Government intends to prioritize and where investments and expertise from foreign companies are in demand.

The advances in digitalization promoted by the Indian government have made the country a leader in this field, notably by the implementation of a digital public infrastructure (DPI), the so-called “India Stack”.²⁴ India's ambition is to harness these innovations to foster economic development, notably in improving financial inclusion and facilitating access to basic public services. Various e-government services are accessible via the “Aadhaar” digital identity, such as the storing of medical data. India is also a pioneer in the field of digital payments with its Unified Payments Interface²⁵ (UPI). The digital payment applications developed by private actors allow even the smallest transactions using cell phones. Some of these even give the possibility to users to take out micro-loans, which is not without its risks. A growing number of countries, among which France and Singapore, have reached agreements with India for the UPI system to be applicable in their jurisdictions as well. Discussions are on-going about the possibility to deploy this service in Switzerland, along a large number of countries, which would greatly contribute to tourism promotion. Not only do these innovations represents considerable growth prospects for business actors, it is also a sector where Switzerland can learn a great deal from India.

However, it also comes with its pitfalls. At the domestic level, the recently enacted Digital Personal Data Protection Act has been heavily criticized as allowing too much scrutiny to the government. At the international level, India also intends to make its DPI available to other low-income countries, particularly its neighbors, who are already heavily dependent on it economically. Beyond the laudable objective of supporting economic development and financial inclusivity, risks regarding sovereignty and security arise.

Other opportunities for Swiss companies exist in space technologies, which have both an economic and political relevance to the Indian authorities. While there were 35 space technology companies in India in 2020, their number jumped to over 400 in 2022,²⁶ making India the fifth space technology ecosystem behind that the United States, the United Kingdom (UK), Canada and Germany. This can also lead to opportunities for Swiss industry and technology companies.

3. FOREIGN ECONOMIC POLICY

3.1 Host country's policy and priorities

India joined the General Agreement on Tariffs and Trade (GATT) shortly after independence in 1947 and has been a member of the World Trade Organization (WTO) since its inception. In principle, the Indian Government defends the maintenance and further development of the WTO and thus promotes a rules-based and multilateral trading system. In multilateral fora such as the G20 or WTO, India sees itself as a representative of developing countries, a defender of the so-called “Global South”. This political narrative is assiduously disseminated at the international level, as well as taken up at home by the media, academics and even within the business community. It often overlooks the fact that India, by virtue of the size of its market and capacity for production and innovation, has all the characteristics of both an emerging and a developing country. We are looking at a “multi-speed economy”, having segments of population and industries that are comparable to advanced economies, and others that remain poor and extremely vulnerable.

India has already negotiated or signed free trade agreements (FTA) with more than 30 countries so far.²⁷ In the period under review, the Government maintained the new course in foreign trade policy adopted at the end of 2021, and resolutely engaged in several parallel negotiating processes, stretching its staff resources to the maximum. On May 1st, 2022, the India-United Arab Emirates (UAE) Comprehensive Economic Partnership Agreement²⁸ entered into force, after only a couple of months of negotiation. The Australia-India Economic Cooperation and Trade Agreement²⁹ (ECTA) entered into force on December 29, 2022, and negotiations for

²⁴ [India Stack](#).

²⁵ [Unified Payments Interface](#), NPCI.

²⁶ [Space Sector](#), Invest India, 2023.

²⁷ [Trade Agreements](#), Department of Commerce, Ministry of Commerce and Industry, Government of India, June 2024.

²⁸ [UAE-India CEPA](#), Ministry of Economy, Government of UAE.

²⁹ [Australia-India Economic Cooperation and Trade Agreement \(ECTA\)](#), Department of foreign Affairs and Trade, Australian Government.

an Australia-India Comprehensive Economic Cooperation Agreement³⁰ (CECA) have resumed already. The negotiations with the United Kingdom for a comprehensive agreement are nearing to a conclusion, which still depends on both governments settling highly sensitive issues, such as market access for vehicles, spirits and professional legal services. The European Union³¹ has been negotiating since more than 16 years. Talks progress at a slower pace and the decision of the EU to adopt the Carbon Border Adjustment Mechanism (CBAM) is hindering progress. Due to an on-going diplomatic crisis, trade negotiations with Canada are on hold.³² In addition, recent negotiations with Oman are soon to bear fruits and talks are engaged with Peru and Israel. Most notably, the Trade and Economic Partnership Agreement (TEPA) between the EFTA States and India was signed on March 10, 2024, after 16 years of negotiations.

There are different explanations to India's renewed interest in trade agreements. On the domestic front, the current government is showing a great deal of confidence that it has now sufficient political capital to positively deliver on trade. In other words, to heal from the longstanding trauma of having negative trade balances with free trade agreements partners. On the foreign front, geo-politics and geo-economics interweave: on the one hand, Western governments are eager to consolidate their ties with India amid rising tensions in the Indo-pacific. India intends to take advantage of this situation, as more and more foreign investors are following a "China Plus One" strategy, where the Indian market becomes the logical alternative. On the other hand, during the pandemic, India realized the urgent need to diversifying their supply chains, as well as attracting FDIs and enhancing technology and know-how transfer. While many of their neighbors and competitors were engaging in broad regional trade negotiations, India found itself isolated, with slow-paced export figures and the need to address new non-trade topics such as environment, labor rights, digitalization or gender in FTAs. For the authorities, it came with the realization that India was not yet a crucial link in global value chains. Despite the size of its market, India's exports only account for 1.82% of global trade (4% for global services exports).³³

In that respect, a look at India's latest Foreign Trade Policy (FTP), released on April 1, 2023, is telling. Its main focus is increasing the export competitiveness of Indian products. It contains a new mechanism of taxes remission that supposedly aligns with WTO's Agreement on Subsidies and Countervailing Measures, which bans export subsidies – a notorious battleground between India and the United States. The FTP finally shifts away from using fiscal resources to incentivize exports. Interestingly, it also grants an amnesty for exporters that could not comply with their export obligations (imposed in exchange for tariff exemptions on imports of capital goods and inputs bound to export). The FTP further intends to deploy support for regions so far neglected that show potential to become export hubs. Several measures also aim at enhancing the ease of doing business by introducing automated solutions (although India's IT infrastructure for customs operations is well developed, it still lacks uniform implementation). The Government's target is to take India's goods and services exports up to USD 2 trillion by 2030, with equal contribution from the goods and the services exports. Taking into consideration that the previous FTP for 2015-20 had targeted exports of USD 900 billion by 2020 and will likely only achieve USD 760-770 billion by the end of 2023-24, the task seems ambitious, to say the least, and will require more than sheer export promoting measures. All in all, it testifies that the Indian government is following an export-oriented trade policy, while overlooking the benefits of liberalization and supply chains integration.

3.2 Outlook for Switzerland

The TEPA³⁴ is the first comprehensive FTA that India has signed with European countries. It marks a turning point in bilateral relations in the broadest sense between Switzerland and India and will give our companies a comparative advantage towards their competitors in the EU and the UK, once it enters into force (expected in the second half of 2025). The TEPA covers a wide range of sectors. It contains provisions on trade in industrial goods (including fish and marine products), processed and unprocessed agricultural products, technical barriers to trade, sanitary and phytosanitary measures, rules of origin, trade facilitation, trade in services, investment promotion, protection of intellectual property, competition, dispute settlement, trade and sustainable development as well as a development clause in the area of public procurement.

³⁰ [Australia-India Comprehensive Economic Cooperation Agreement \(CECA\)](#), Department of foreign Affairs and Trade, Australian Government.

³¹ [EU-India agreement](#), European Commission.

³² [Canada-India Comprehensive Economic Partnership Agreement negotiations](#), Global Affairs, Government of Canada.

³³ [Ministry of Commerce and Industry](#), 14 April 2024.

³⁴ [India](#), Free trade network, Trade Relations, European Free Trade Association.

Approximately 95% of Switzerland's existing trade in goods with India will benefit from tariff elimination or reductions (partly with dismantling periods). Considering the size and dynamism of the Indian market, that is very significant. These reductions should equal customs duties savings of up to CHF 166 million. The TEPA also foresees improvements in the provision of services in specific sectors. This is interesting for both Switzerland and India, who are service-oriented economies. It is also remarkable that it is India's first FTA to ever include a chapter on sustainable development. Once the TEPA enters into force, the EFTA will engage in a yearly dialogue with India on topics such as climate change and labor rights. Furthermore, the TEPA contains a comprehensive chapter on intellectual property. This is an important incentive for investment in innovative industries. It provides legal certainty in the area of patents, streamlines reporting procedures and alleviates administrative burdens. The TEPA also specifically regulates the protection of country names and geographical indications, which represents mutual interests for both Switzerland and India. Importantly, this chapters does not hamper access to medicines and generics.

Most notably, the TEPA contains a new chapter on investment promotion and cooperation. For the first time in a FTA, some countries, i.e. the EFTA States, have committed to promote investments abroad. The target of reaching a combined investment stock of USD 100 billion within 15 years and generating 1 million jobs implies new cooperation parameters on three fronts: (1) promoting investments, mainly the task of the EFTA States, (2) facilitating investments, mainly the responsibility of the Indian government and (3) monitoring investments, which will require close collaboration. Taken this into account, the TEPA inaugurates a new era of partnership, with uncharted territory ahead. The on-going ratification process in Switzerland and the implementation modalities of the agreement is a priority of the Swiss foreign policy in India.

4. FOREIGN TRADE

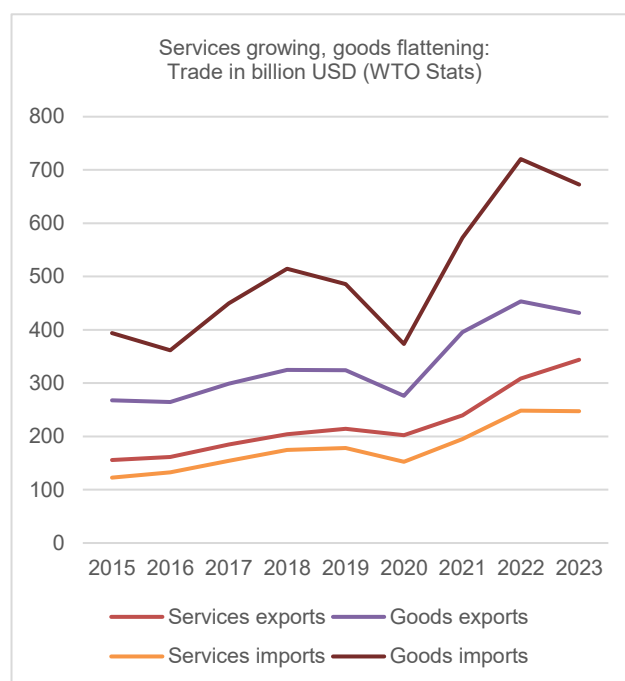
4.1 Developments and general outlook

Based on official figures, overall export growth for both goods and services stagnated between FY 2022-23 and FY 2023-24 (from USD 776.40 billion to USD 776.68 billion). Overall imports in FY 2023-24 exhibited a negative growth of (-) 4.81% with USD 854.80 billion.

The estimated value of services export for FY 2023-24 is USD 339.62 billion as compared to USD 325.33 billion in FY 2022-23. Services imports for FY 2023-24 are valued at USD 177.56 billion as compared to USD 182.05 billion in FY 2022-23.

India's trade deficit has improved during FY 2023-24 (April-March) with overall trade deficit at USD 78.12 billion as compared to the last year's deficit of USD 121.62 billion, posting a decline of (-) 35.77%.

During FY 2023-24, the most exported commodities from India were petroleum products (19.25%), drug formulation and biologicals (4.96%), pearls, precious and semi-precious stones (4.32%), telecom instruments (3.94%) and gold, other precious metal jewelry (3.04%). As far as imports were concerned, energy accounted for at least 20.70% of the total (petroleum, crude oil), while gold and precious stones amounted to 6.75%.³⁵ In 2021, services exports were structured as such: 83.3% for commercial services, including IT, 12% for transport, 3.7% for travel and 0.3% for goods-related services. Services imports were made up of 49.7% of commercial services, including IT, 42.2% of transport, 7.3% of travel and 0.6% of goods-related services.³⁶



³⁵ [Monitoring Dashboard, Trade Stats](#), Department of Commerce, Ministry of Commerce and Industry.

³⁶ [WTO Trade Profile India, 2022](#).

Export-wise, India's major partners are the United States (17.7%), the UAE (8.15%), the Netherlands (5.1%), China (3.8%) and Singapore (3.29%).³⁷ Import-wise, India's main trading partners are China (15.1%), Russia (9.09% – arguably due to the shift in energy sourcing), the UAE (7.1%), the United States (6.03%) and Saudi Arabia (4.7%).³⁸

With USD 646 billion, India's forex reserves are continuously increasing.³⁹ India holds the 4th rank in international comparison after China, Japan and Switzerland.⁴⁰ The IMF reported that as of September 2023, India's forex reserves stood at USD 587 billion, covering more than 7 months of prospective imports.⁴¹

4.2 Bilateral Trade

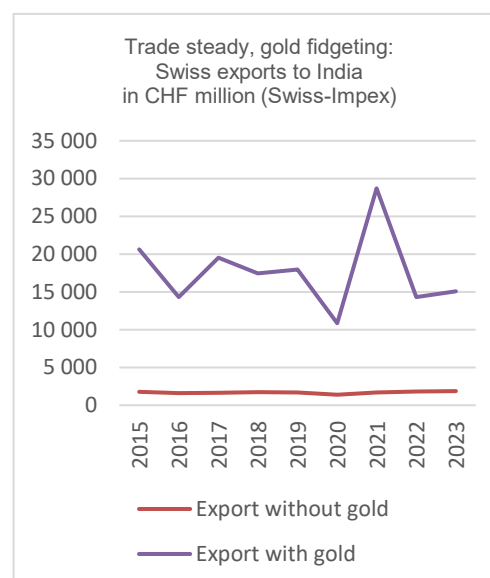
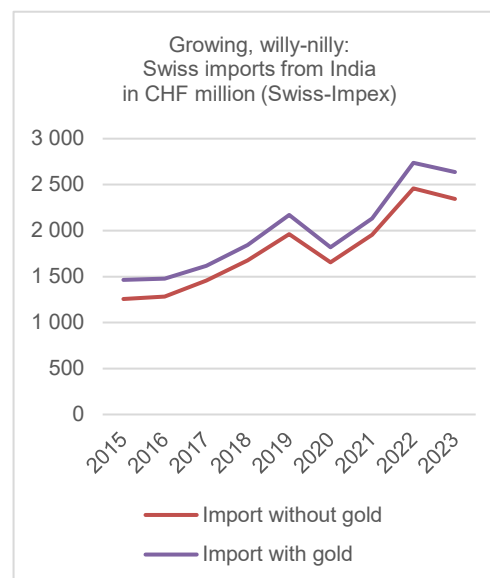
The bilateral trade between India and Switzerland has been growing steadily over the last years, especially in favor of India (excluding gold and precious metals). In 2023, exports to India amounted to CHF 1.9 billion, while imports reached 2.3 billion, at the same level as in 2022.

In 2023, gold constituted 88% of Switzerland's exports to India. Trade in gold is volatile, since it depends strongly on the global economic situation. This peculiarity distorts the interpretation of foreign trade figures, which is why value-based analysis traditionally exclude it.

Switzerland's main exports to India are machines (23.5%), pharmaceutical products (13%), precision instruments (12.2%), electrical appliances (11.9%), watches (11.7%) and chemical products (10.1%). The main imports from India to Switzerland are chemical products (33.2%), precious metals and stones (11.9%), clothing (11.4%), electrical appliances (5.5%) and aluminum (5.3%).

Between 2015 and 2023, bilateral trade in services between Switzerland and India has been increasing at an average rate of 7.8% per year and now equals trade in goods (CHF 4.2 billion). In 2023, Switzerland exported CHF 1.2 billion to India and imported CHF 3 billion. The main exports to India are in the sectors of transport, licenses, tourism and information technologies. The main imports from India are information technologies, consulting, sales services and transports.⁴²

In the tourism sector, the year 2023 showed promising signs with figures approaching pre-pandemic levels. However, certain challenges prevented a complete return to the 2019 numbers. Group travels remained reserved due to still limited flight options and rising prices. Despite this, there was a significant boost of 58.6% in hotel overnight stays by Indian guests compared to 2022. In 2023, a total of 602'888 hotel overnight stays were recorded, marking an increase from 380'135 in 2022, though still below the 2019 levels by 23.9% with 792'607 hotel overnights. The sector is also seeing an increase in demand for apartments.



³⁷ Rotterdam and Singapore are major ports and trading hubs, which the Indian statistics do not record as transit locations.

³⁸ [Monitoring Dashboard](#), Department of Commerce, Ministry of Commerce and Industry.

³⁹ [Reserve Bank of India Dashboard on Indian Economy – Foreign Exchange Reserves 2023-24](#)

⁴⁰ [Cleartax](#), May 2024.

⁴¹ [IMF Staff Country Report India](#), Article IV Consultation, December 2023, page 14

⁴² [Services Trade Cockpit](#), SECO, 2024.

5. DIRECT INVESTMENTS

5.1 Developments and general outlook

According to the United Nations Conference on Trade and Development's (UNCTAD) World Investment Report 2024,⁴³ FDI in Asian developing countries declined by 8% to USD 621 billion. Decline was concurrently recorded in India's inbound FDIs. India slipped to rank #15 from rank #8 last year in terms of FDI recipient (USD 28 billion), still making it the fourth largest host country for announced greenfield projects and the second largest for international project finance deals. During FY 2023-24, FDI into India fell to a five-year low, recording an inflow of USD 44.4 billion. This is less than the USD 46 billion received in the previous year, despite substantial liberalization of FDI regulations and government's push.⁴⁴ On the one hand, the drop in FDI can be attributed to geopolitical factors, such as the war in Ukraine, recessionary pressures, as well as global inflation and tight monetary policies in high-income economies (i.e. less investable resources for emerging markets). On the other hand, domestic factors are at play, such as the lack of investors' confidence due to aggressive tax collections, low risk-return perspectives and India's reputation of a high-risk destination, possibly due to the absence of modern investment protection treaties. According to the Kearney FDI Confidence Index 2024,⁴⁵ India drops from 16th to 18th position globally, and 4th from 2nd in terms of the most appealing emerging market and developing economy for investors, after China, UAE and Saudi Arabia.

Mauritius (25%), Singapore (24%) and the United States (10%) are the top-3 in terms of investment flows (see annex 5).⁴⁶ The substantial investment volumes from Mauritius, Singapore and Netherland into India is attributed to the favorable tax benefits these countries offer. Many global companies strategically channel their investments through these jurisdictions to take advantage of such benefits. Since the entry into force of the CEPA between India and the UAE, investments from the later have surged from USD 1 billion in FY 2021-22 to USD 3.35 billion in FY 2022-23, but decreased during FY 2023-24 (2.93 billion) (rank #7).

The following sectors are attracting the most FDIs in India: services⁴⁷ (16%), computer software and hardware (15%), trading (6%), telecommunications (6%), construction (5%), automotive (5%), chemicals (3%), power (3%) and drugs & pharmaceuticals (3%).

5.2 Bilateral Investments

Between 2000 and 2024, the Ministry of Commerce and Industry estimates that Switzerland's investment flows in India amount to USD 9.96 billion (rank #12).⁴⁸ Regarding FDIs stocks, the most recent Swiss National Bank's (SNB) estimates from 2022 indicate that approximately CHF 8.1 billion have been invested in India, while the IMF proposes a figure of USD 32.6 billion for the same date (rank #7).⁴⁹ This major discrepancy could be explained by different methodologies, since a large number of global companies first route their investments into India via other jurisdictions offering favorable tax regimes (see above).

Over 330 Swiss companies have invested in India,⁵⁰ with a presence in the various forms allowed by the Indian legislation: subsidiaries, joint ventures or representation offices. According to the survey of the Embassy, they account for approximately 190'000 direct jobs.

Nearly 140 Indian companies have invested in 180 entities in Switzerland, employing 5'000 persons. These companies are mostly present in the Zurich area and mainly active in the sectors of technology (32%) and life

⁴³ [World Investment Report 2024](#), UNCTAD.

⁴⁴ [India Briefing update](#), Dezan Shira & Associates, June 2024.

⁴⁵ [Kearney FDI Confidence Index](#), 2024.

⁴⁶ [Quarterly fact sheet on FDI inflows](#), Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, March 2023.

⁴⁷ Services sector includes Financial, Banking, Insurance, Non-Financial / Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis, Other

⁴⁸ [Quarterly fact sheet on FDI inflows](#), Department of Industrial Policy and Promotion, Government of India, March 2024.

⁴⁹ [Coordinated Direct Investment Survey CDIS](#), IMF, July 2022.

⁵⁰ The SNB accounts 243 Swiss companies in India, based on a different methodology. [France](#) accounts for over 1'000 companies, [Germany](#) 1'700 and [Italy](#) 700.

sciences (21%).⁵¹ According to the IMF, Switzerland is the 8th largest recipient of Indian FDIs (stocks), amounting to USD 3.7 billion.⁵²

In 2017, India terminated almost all bilateral investment treaties (BIT), which, according to its own perspective, were concluded from a position of weakness after the economic opening in 1991. India also terminated the BIT with Switzerland.⁵³

6. ECONOMIC AND TOURISM PROMOTION

The Swiss network in India has a wide range of instruments for dealing with economic affairs. In addition to the economic section of the Embassy in New Delhi, the Consulate General in Mumbai houses the Swiss Business Hub India and Switzerland Tourism, while Swissnex is located in the Consulate General in Bangalore. This enables the network to capitalize on a wide-ranging expertise and varied resources following a “One-Switzerland approach”. In addition, the network organises events and webinars on topics important to Swiss companies in cooperation with the Swiss-Indian Chamber of Commerce (SICC).

Swiss Business Hub India (SBHI)

The Swiss Business Hub India (SBHI) has two mandates in India. The first one is export promotion to India and the second one investment promotion into Switzerland.

Regarding export promotion in the business period 2023/24, the SBHI has supported with almost 60 companies more than double than in the same period last year. These companies are all from different industry sectors with concrete market entry or expansion projects in India. The support extended ranges from business partner search, to site selection projects and market studies. Despite some remaining challenges in ease-of-doing business, India is on the agenda of Swiss companies: In itself, the huge and fast-growing market offers lots of opportunities. The signature of the Trade and Economic Partnership Agreement (TEPA) further puts India on the map of Swiss companies. Since now two years, the SBHI focuses on large Indian infrastructure projects besides the general export promotion support for Swiss companies. The aim is to identify large-scale projects and to position Swiss technologies and services. The SBHI has been focusing on maintaining its network of large Indian EPC (Engineering Procurement and Construction) companies and continued to connect Swiss companies to them with regard to concrete project opportunities in India, the Middle East and Africa.

With regard to investment promotion, the SBHI identifies Indian companies that want to set up a legal entity in Switzerland, create local jobs and are keen to upgrade their business models through connecting with the innovative Swiss ecosystem. Since the beginning of 2024, the SBHI focuses exclusively on companies from the health-tech sector, strategically focusing and maintaining engagement with the most promising ones. In this period so far, the SBHI conducted a roadshow to Hyderabad and Bangalore and met with key decision makers of the targeted companies. A highlight this year so far was the 3rd Swiss-Indian Innovation Event on healthtech which was held at the side lines of the World Economic Forum in Davos. Stakeholders from Switzerland and India discussed the potential of joint collaborations in the Swiss innovation ecosystem. The event was jointly organized by the SBHI, the Swiss-Indian Chamber of Commerce (SICC) Switzerland Global Enterprise, Invest India, the Swiss Biotech Association and Tata Consultancy Services.

Swissnex India

The mission of Swissnex in India is to connect Switzerland and India in education, research and innovation. Swissnex’s activities and programmes aim to elevate the Indo-Swiss cooperation to a more strategic and systemic dimension through the Indo-Swiss Innovation Platform, launched in Bengaluru on October 30, 2023, with a focus on health (antimicrobial resistance), sustainability (decarbonisation, biodiversity), and digital transformation (digital self-determination, AI). In 2023, Swissnex in India organised the Indo-Swiss AMR Innovation Dialogue, a 3-day gathering featuring, academics, researchers, start-ups, and policy makers from both countries. In 2024 they will organize a 3-day Planetary Health Dialogue between India, Switzerland and

⁵¹ [FDI Mapping Study of Indian Investments in Switzerland](#), S-GE, January 2023. As of November 2022, the Federal Statistical Office has different figures: [Number of enterprise groups, enterprises, persons employed and turnover by country of residence](#). In comparison: China has around 140 companies with 9'600 employees; Japan around 300 companies with 16'500 employees; Singapore 80 companies with 950 employees.

⁵² [Coordinated Direct Investment Survey CDIS](#), IMF, 2022.

⁵³ [International Investment Agreements Navigator](#), UNCTAD.

Uganda. Swissnex in India is mandated by Innosuisse to promote the internationalization of Swiss start-ups by providing a soft-landing platform, coaching and mentoring in India. Furthermore, Swissnex acts as the anchor and implementing partner of the Academia-Industry Training (AIT) program, a boot camp for entrepreneurial scientists (scientrepreneurs) and very early-stage university spin-offs from India and Switzerland. Swiss start-ups are also promoted through various high-visibility programs, i.e. in 2024 at the India Global Innovation Connect or the Bengaluru Tech Summit. In the field of corporate innovation, Swissnex in India supports Swiss companies on a mandate basis in their efforts to connect with the local innovation ecosystem and shape their Indian open innovation strategy.

Switzerland Tourism

In 2023, overnights from Indian travelers almost fully recovered to pre-pandemic levels. The year was definitely characterized by the phenomenon of extended seasons. Interest in the autumn and winter months is growing year on year. The travel destination Switzerland experienced a shift from group to individual travelers, which are now becoming more accustomed to traveling and more adventurous. This target group is getting more important for tourism in Switzerland. There is also a growing trend of returning travelers looking for new destinations or attractions in addition to those already visited during their first experience of Switzerland. The Tier II and Tier III cities, where there is a lot of economic activity and development in general, and therefore a lot of potential for tourism, are also geographically important for the future.

Switzerland Tourism India ran promotional campaigns in collaboration with Olympic champion and ambassador Neeraj Chopra to raise awareness in the Indian market. The focus was on steering the guest flow and hotel occupancy in cities during the less traditional travel seasons. In addition, Switzerland Tourism continued to support tour operators throughout India with training, special events, and webinars to ensure the presence of Switzerland as a travel destination to these important partners, as most Indian travelers still book their holidays through tour operators.

Swiss-Indian Chamber of Commerce

The Swiss-Indian Chamber of Commerce (SICC) is a bi-national non-profit organization with more than 180 members in India and 240 in Switzerland. It comprises a wide range of companies, organizations, and professionals from various sectors such as finance, manufacturing, technology, pharmaceuticals, tourism, and more. SICC acts as a platform for fostering business relationships, facilitating market access, and enhancing cooperation between the two nations. SICC works closely with the Swiss network in India. It played a central role in supporting the Swiss Government's efforts in favor of a comprehensive Trade and Economic Partnership Agreement between the EFTA State and India, rallying the voice of the private sector both in Switzerland and in India. SICC will remain a key actor in the framework of its implementation.

Joint Economic Commission

The Swiss-Indian Joint Economic Commission (JEC) is designed to involve government and business leaders from both countries in discussing global and regional trends of the economy, policy objectives, on-going negotiations, specific issues of the private sector, and common projects. The 19th JEC took place on November 24, 2023, in Geneva. This meeting was a pivotal moment in bringing the TEPA negotiations to a conclusion, with the involvement of the private sector.

ANNEX 1 – Economic Structure

Sectors and sub-sectors ⁵⁴	Share of GDP per (sub-)sector ⁵⁵	Share of rural working population	Share of urban working population
Agriculture, forestry and fishing	15.35%	58%	6%
Crops including irrigation	8.31		
Livestock	4.66		
Forestry and logging	1.26		
Fishing and aquaculture	1.12		
Industry	30.22%	23%	33%
Mining and quarrying	2.13		
Manufacturing	16.92		
Electricity, gas, water supply and others	2.35		
Construction	8.82		
Services	54.43%	19%	60%
Trade, hotels, transport, communication and broadcasting services	18.76		
Financial services, real estate and professional services	23		
Public administration, defence and other services	12.67		

⁵⁴ [GVA at constant basic prices by economic activity](#), Center for Monitoring the Indian Economy (CMIE), June 2024.

⁵⁵ [Employment in India](#), Data for India, April 2024.

ANNEX 2 – Main economic data

	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
GDP ⁵⁶ (billion USD)**	3.17	3.35	3.57	3.94
GDP/per capita ⁵⁷ (thousand USD)**	2.25	2.37	2.5	2.73
Growth rate (% of GDP)	8.2	6.9	7.8**	6.8*
Inflation rate ⁵⁸ (%)	5.5	6.6	5.4**	4.6
Unemployment rate ⁵⁹ (%)	7.66	7.56	8.05	7.6%
Budget balance ⁶⁰ (% of GDP)*	-9.22	-8.62	-7.83	-7.63
Current account (% of GDP)	-1.2	-3.0	-1.2**	-1.4*
Total debt (% of GDP) ⁶¹	83.49	81.68	82.75	82.48*
Debt service ⁶² (% of exports)	5.2*	5.2	5.3	6.7
Reserves (in import months)*	8.8	10.4	n/a	7 ⁶³

* estimates / projections

**revised estimates / projections

⁵⁶ [GDP, current prices](#), IMF, April 2024.

⁵⁷ [GDP, current prices](#), IMF, April 2024

⁵⁸ [India: 2023 Article IV Consultation-Press Release](#)

⁵⁹ [CMIE Economic Outlook data](#)

⁶⁰ [Budget balance from 2018 to 2028 in relation to gross domestic product](#)

⁶¹ [India: National debt from 2019 to 2029 in relation to gross domestic product-Statista](#)

⁶² [India's External Debt as at the end of March 2024](#), RBI Press release, June 2024

⁶³ [IMF Staff Country Report India](#), Article IV Consultation, December 2023, page 14

ANNEX 3 – Trade partners of India

Rank	Country	Exports (USD million)	%-share	Rank	Country	Imports (USD million)	%-share
1	USA	77'515.03	17.73	1	China	101'745.54	15.06
2	UAE	35'625.13	8.15	2	Russia	61'431.24	9.10
3	Netherlands	22'366.86	5.12	3	UAE	48'018.10	7.11
4	China	16'658.91	3.81	4	USA	40'772.98	6.04
5	Singapore	14'414.27	3.30	5	Saudi Arabia	31'806.53	4.71
6	UK	12'922.65	2.96	6	Iraq	30'004.81	4.44
7	Saudi Arabia	11'562.73	2.65	7	Indonesia	23'410.67	3.47
8	Bangladesh	11'061.19	2.53	8	Switzerland	21'239.11	3.14
9	Germany	9'839.64	2.25	9	Singapore	21'200.86	3.13
10	South Africa	8'707.53	1.99	10	Ro Korea	21'136.11	3.12
	Switzerland	1'526.92	0.35				
	EU*	75'274	17.22		EU	60'034	8.89
	Total	437'112	100		Total	675'430	100

Source: [Trade Stat](#), Department of Commerce, Ministry of Commerce and Industry, April 2021 to April 2024.

Note*: EU excluding UK, including Germany, Netherlands

ANNEX 4 – Bilateral trade figures

	Export (CHF million)	Change (%)	Import (CHF million)	Change (%)	Balance (CHF million)	Volume (CHF million)
2005	1'369	34.3	652	19.1	717	2'021
2006	1'888	37.8	736	12.8	1'152	2'624
2007	2'303	22.1	949	29.0	1'354	3'252
2008	2'406	4.5	1'101	16.0	1'305	3'507
2009	2'156	-10.4	800	-27.4	1'356	2'956
2010	2'561	18.8	1'010	26.2	1'551	3'571
2011	2'983	16.5	1'304	29.2	1'679	4'287
2012*	28'713	*)	1'450	*)	27'263	30'163
2013	23'980	-16.5	1'540	6.2	22'440	25'520
2014	19'342	-19.3	1'628	5.7	17'714	20'970
2015	20'613	6.6	1'464	-10.1	19'149	22'077
2016	14'325	-30.5	1'478	0.9	12'848	15'803
2017	19'510.8	36.2	1'617.2	9.4	17'893.6	21'128
2018	17'439.41	-10.6	1'834.52	13.4	15'604.8	19'274
2019	17'946.80	2.9	2'171.30	17.8	15'775.5	20'118.1
2020	10'852	-39.5	1'818	-16.3	9'034	n/a
2021	16'752.7	20.4	1'955	18.2	28'706	n/a
2022	14'301.2	-50.2	2'737.3	28.3	11'564	17'039
2023	15'072.93	5.4	2'636.35	-3.7		
(Total 1)**	(1'867.9)	2.7	(2'344.9)	(-4.6)	(-477)	n/a
2024						
(Jan-May)***	(6'621.43)	(8.1)	(1'116.1)	(13.2)	n/a	n/a

*As of 1.1.2012, the FCA has changed the calculation method for imports and exports. As a result, comparisons between 2012 and previous years are no longer possible.

**Total "business cycle view": excluding gold in bars and other precious metals, coins, precious and semi-precious stones, and objets d'art and antiques.

***Change (%) vs. prior-year period

Exports (% of total, without gold)	2022	2023
Machines (84+85)	21.9	4.4
Pharmaceuticals	14.6	1.6
Precision instruments (9026)	12.0	0.3
Chemical products	11.1	1.3
Watches and accessories (91)	10.03	1.5

Imports	2022	2023
Chemical products	32.9	2.8
Clothing	11.5	13.6
Precious metals and stones	11.1	12.0
Aluminium	8.8	5.1
Machines	3.2	8.8

ANNEX 5 – Main investing countries in India

Rank	Country	Total FDI equity inflows April 2000 to March 2024 (USD million)	Share	Change	Inflows FY 2023/24 (USD million)
1	Mauritius	171,847	25%	30%	7,970
2	Singapore	159,943	24%	21%	11,774
3	USA	65,194	10%	6%	4,998
4	Netherlands	48,683	7%	7%	4,924
5	Japan	41,918	6%	7%	3,177
6	UK	35,091	5%	6%	1,216
7	UAE	18,502	3 %	2%	2,924
7	Cayman Islands	15,266	2%	2%	342
8	Germany	14,643	2%	3%	505
10	Cyprus	13,450	2%	2%	806
...	EU*	145'458	21.42%	1.8%	40'677
12	Switzerland	9'968	1.5%	1.5%	189
	Total cumulative FDI equity inflows	678'864			79'502

Source: [FDI stats](#), Department for Promotion of Industry and Internal Trade (DPIIT, Ministry of Commerce and Industry, March 2024.

Note: EU including UK, Germany, Netherlands and Cyprus