



DLJ/SRU – 11.07.2023

---

# Economic Report

## India

---

**Table of contents**

0.	EXECUTIVE SUMMARY .....	3
1.	ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS .....	4
2.	PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES .....	6
3.	FOREIGN ECONOMIC POLICY .....	7
3.1	Host country's policy and priorities .....	7
3.2	Outlook for Switzerland .....	8
4.	FOREIGN TRADE .....	8
4.1	Developments and general outlook .....	8
4.2	Bilateral Trade .....	9
5.	DIRECT INVESTMENTS .....	10
5.1	Developments and general outlook .....	10
5.2	Bilateral Investments .....	10
6.	ECONOMIC AND TOURISM PROMOTION .....	11
	ANNEX 1 – Economic Structure .....	13
	ANNEX 2 – Main economic data .....	14
	ANNEX 3 – Trade partners of India .....	15
	ANNEX 4 – Bilateral trade figures .....	16
	ANNEX 5 – Main investing countries in India .....	17

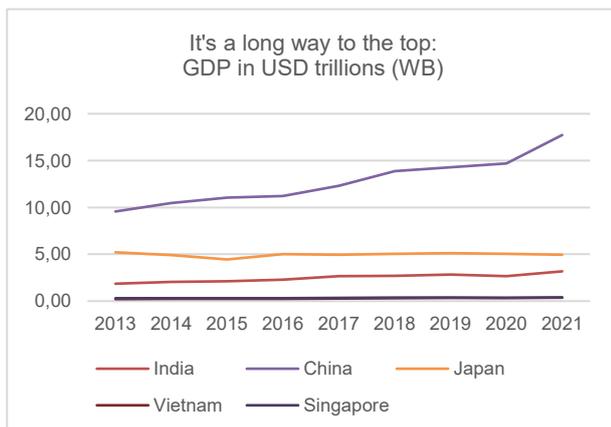
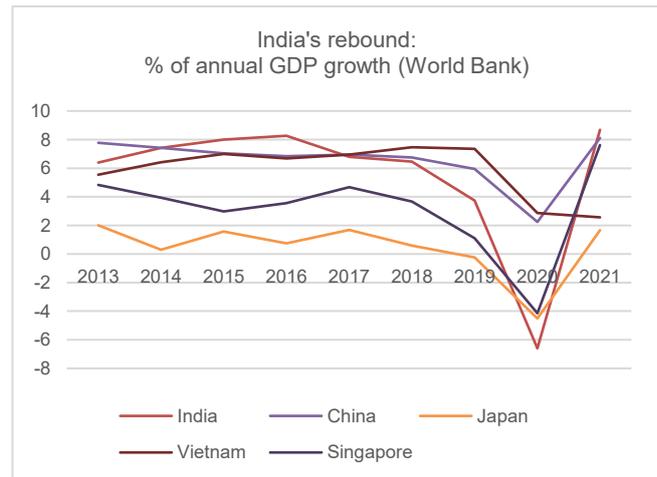
## 0. EXECUTIVE SUMMARY

---

- L'économie indienne a rebondi de manière notable durant la période sous revue (année fiscale 2022-23). Des taux de croissance oscillant autour de 6-7% devraient se maintenir au cours des années à venir. C'est élevé en comparaison internationale, à plus forte raison dans le contexte d'une récession globale. L'inflation à 6% est sous contrôle et devrait baisser à 5.2% d'ici à 2024.
- 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, dont la population continuera de croître jusqu'en 2060. Si une industrie à forte intensité de capital et de technologie a été promue par les gouvernements successifs depuis 1947, des manufactures créatrices de main-d'œuvre sont plus que jamais d'actualité.
- Le gouvernement indien fait du développement des infrastructures une priorité, y voyant un moteur de croissance et de création d'emplois. Couplée à des ambitions renouvelées 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. Les FDI ont enregistré une baisse de 22% dans la période sous revue et les investissements nationaux sont notoirement bas.
- 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.
- Aux négociations achevées rapidement avec les Émirats Arabes Unis et l'Australie (phase I) en 2022, succèdent des processus avec – notamment – la Grande-Bretagne, l'Union européenne, le Canada et l'Australie (phase II). C'est dans ce contexte que les États de l'AELE ont également repris les négociations en cours depuis 2008. Le calendrier pour leur conclusion est serré, étant donné l'approche des élections générales de mai 2024 et les ressources limitées de l'administration indienne. Il s'agit cependant d'une priorité du gouvernement indien.
- On trouve près de 330 entreprises suisses en Inde, générant environ 166'000 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 près de 200'000 visas remis en 2023 (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 2.5 milliards pour les importations (+26%) et CHF 1.8 milliards pour les exportations (+9%). Les flux d'investissements cumulés entre 2000 et 2023 atteignent USD 9.8 milliards (Suisse #12).
- Les relations économiques entre la Suisse et l'Inde sont bonnes, mais un potentiel encore inexploité réside dans la conclusion d'un accord de libre-échange et d'un nouvel accord de protection des investissements. 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. Les entreprises indiennes bénéficieraient quant à elles d'un lien privilégié avec un investisseur global de poids, dont l'écosystème d'innovation domine les classements mondiaux.

## 1. ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

India's economic outlook is the subject of lively debates, all the more so in view of the general election of May 2024. In that respect, the Gross Domestic Product's (GDP) figures and their interpretation differ according to sources. It is nevertheless undeniable that India's economic performance largely caught up with pre-pandemic levels during the reporting period (July 2022 – June 2023). Even if the World Bank (WB) revised its Financial Year (FY) 2023/24 GDP forecast from 6.6% down to 6.3%,<sup>1</sup> the country is showing resilience and sustained growth amid global uncertainties. The Organization for Economic Cooperation and Development (OECD)'s latest economic outlook mentions that India is the only major economy that could grow in excess of 6% during FY2023-24 and 7% during FY 2024-25.<sup>2</sup> However, according to the International Monetary Fund's (IMF) previsions, growth should decline steadily to 6% in 2025 and beyond,<sup>3</sup> suggesting that the current high growth rate is primarily due to a post-covid catch-up effect and that several structural deficits will remain active impediments to sustainable growth. As for the Indian authorities,<sup>4</sup> they foresee the GDP growth to remain robust within a range of 6-6.8% in 2024.



In 2023, India went past China as the most populated country in the world, with 1.43 billion inhabitants, and left the United Kingdom behind, becoming the fifth largest global economy (i.e. USD 3.176 trillion). The authorities' barely concealed aim is to overtake China, the world's second largest economy, by the time India celebrates its centenary of independence in 2047.

In FY2022-23, the Indian Government met its target in reducing the fiscal deficit at 6.4% of the GDP, increasing its finances by 17.63%.<sup>5</sup> Inflation remained a cause for concern in 2022 at around 6% but is projected to decline to an average of 5.2% during FY2023/24.<sup>6</sup>

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 2022, the new Union Budget<sup>7</sup> maintains a strong focus on infrastructure. This includes the road network (25'000 km of new highways), railroads (energy-efficient trains), airports and seaports, waterways and (multimodal) logistics infrastructure. Another priority of India's new budget is domestic consumption, as it constitutes over 55% of India's GDP. However, the budget does neither provide impetus to attract fresh Foreign Direct Investment (FDI) – an important factor for realizing the Government's objective of making India a manufacturing hub – nor does it offer a clear policy for enhancing the private sector participation in growth areas (i.e. domestic investments). Along with jobs creation in labor-intensive sectors, domains such as basic education, health and food security still lack sufficient political attention to ensure sustainable and inclusive growth.

An important obstacle to the development of the Indian economy is its financial system. The main challenge is the still fragmented banking sector, which needs to be consistently consolidated. Before the financial crisis of 2008, Indian banks lent money expansively and beyond their actual means – or the means of their clients to repay them. Many banks are still sitting on bad loans, so-called non-performing assets (NPAs), which render

<sup>1</sup> [Indian Economy Continues to Show Resilience Amid Global Uncertainties](#), World Bank, April 2023.

<sup>2</sup> [Real GDP growth projections for 2023 and 2024](#), OECD, June 2023. GDP growth forecast in 2023 for reference: world = 2.7%, OECD = 1.4%, Switzerland = 0.6%.

<sup>3</sup> [Real GDP growth](#), IMF, April 2023.

<sup>4</sup> [Economic Survey 2022-23: Highlights](#), MoF, January 2023.

<sup>5</sup> [Press Release](#), MoF, April 2023.

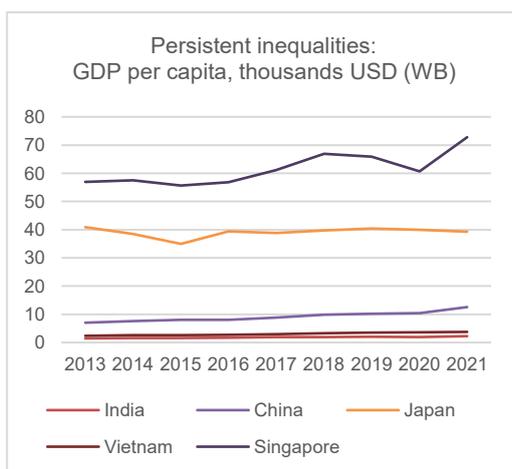
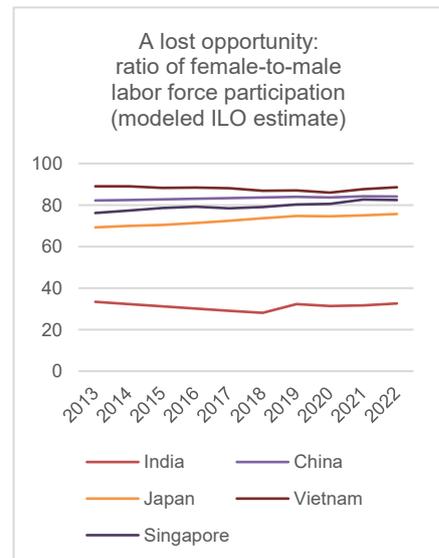
<sup>6</sup> [Indian Economy Continues to Show Resilience Amid Global Uncertainties](#), World Bank, April 2023.

<sup>7</sup> [Union Budget](#), February 2023.

further lending difficult. This deficit in the Indian financial and banking system, which has become systemic, has never been decisively addressed by the Government. Only efficiency-enhancing measures, such as the consolidation of banks or the liberalization of the financial market, could modernize the dysfunctional lending system. The still heavily regulated and protected financial market is an impediment for foreign banks and financial institutions to develop their business operations in India.

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. A focus of successive economic policies has been developing capital- and technology-intensive industries, at the expense of labor-intensive sectors. Official figures of unemployment are disputed and vary between 7.3% and 7.9%.<sup>8</sup> However, these numbers 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. 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”.<sup>9</sup> With 40% of the population under 25, the demographic windfall is both a promise of growth and a socio-political risk for the country.<sup>10</sup>

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, depict 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 2,256 in 2021 (India ranking 139<sup>th</sup>).<sup>11</sup> India constantly climbed up the Human Development Index until 2018, when it then started decreasing (rank 132).<sup>12</sup> As far as environmental performance is concerned, India ranks the lowest (180<sup>th</sup>).<sup>13</sup> 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.<sup>14</sup> The Government of India has put in place some of the world’s largest food-based safety nets, reaching nearly 1 billion vulnerable people every month.

India is sensitive to external shocks when it comes to food, energy and sustainable supply chains. On May 13, 2022, as a consequence of the war in Ukraine, the Ministry of Commerce and Industry imposed an export ban on wheat, rice and sugar in order to ensure adequate supplies of the food grain for its domestic market and keep the inflation at check. Similarly sensitive is the supply of energy, around 35% of which comes from oil and gas imports. The country mitigated pressures by drastically increasing oil imports from Russia (from 2% in 2021 to 20% in 2023).<sup>15</sup>

<sup>8</sup> [Unemployment rate heightened in April](#), CMIE, April 2023.

<sup>9</sup> Mody, Ashoka, “India Is Broken”, Juggernaut Books, p. 9.

<sup>10</sup> [State of the Economy](#), RBI Bulletin, p. 15, May 2023.

<sup>11</sup> [GDP per capita \(current USD\) – India](#), World Bank.

<sup>12</sup> [Human Development Index](#).

<sup>13</sup> [Environmental Performance Index](#).

<sup>14</sup> [India](#), World Food Programme.

<sup>15</sup> [Gains from Russian Oil](#), Bank of Baroda (public sector bank), May 2023.

## 2. PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES

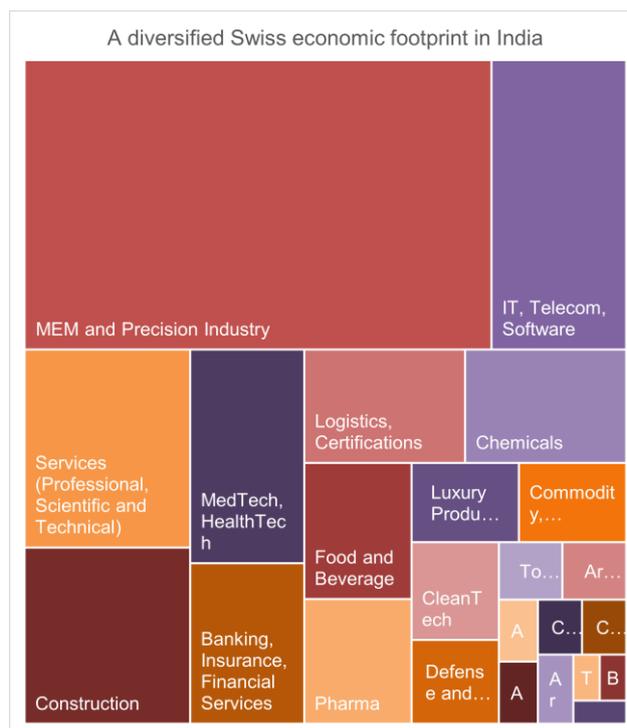
Out of the approximately 330 Swiss companies present in India, more than 160 are involved in manufacturing operations; out of these, two-third export from there; nearly 30 companies run research and development activities in India. Swiss companies in India come from a broad range of sectors: almost a third of them are active in the MEM industry (machinery, electrical and metal), while other sectors cover services, IT, pharmaceuticals, medical technology or construction.<sup>16</sup> 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, as the above-average funding in the FY2023/24 budget shows. 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” (3<sup>rd</sup> round 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.

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.<sup>17</sup> 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 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”.<sup>18</sup> 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 Interface<sup>19</sup> (UPI). The digital payment applications developed by private



<sup>16</sup> [Switzerland's Economic Footprint in India](#), based on the Swiss Business Mapping, updated in September 2022.

<sup>17</sup> [Unlocking India's electrical mobility potential](#), Arthur D. Little, August 2022.

<sup>18</sup> [India Stack](#).

<sup>19</sup> [Unified Payments Interface](#), NPCI.

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. The European payment services provider Worldline is also planning the deployment of this service in Switzerland, along a large number of countries. Not only do these innovations represent 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, it needs to be pointed out that no data protection law exists in India. A bill is still pending in Parliament, after several setbacks and heated debates. 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 development, 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,<sup>20</sup> making India the fifth space technology ecosystem behind that of 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 FTAs with more than 30 countries so far.<sup>21</sup> 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 1<sup>st</sup>, 2022, the UAE-India Comprehensive Economic Partnership Agreement<sup>22</sup> entered into force, after only a couple of months of negotiation. The Australia-India Economic Cooperation and Trade Agreement<sup>23</sup> (ECTA) entered into force on December 29, 2022, and negotiations for an Australia-India Comprehensive Economic Cooperation Agreement<sup>24</sup> (CECA) have resumed already. Canada is following the same approach, with an “early progress” agreement expected to be concluded before the end of the year.<sup>25</sup> The United Kingdom, on the contrary, aims at reaching a *comprehensive* deal in 2023, while the European Union<sup>26</sup> initially set up a broader calendar with a comprehensive agreement in view by 2024 – however given the space that the general election will occupy in India by the end of 2023 already, most FTAs candidates hoping to reach a conclusion as soon as possible.

There are different explanations to this radical shift in policy. On the domestic front, an electoral objective underlines that trend, the current government being confident that it has now sufficient political capital to positively deliver on trade. 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.

<sup>20</sup> [Space Sector](#), Invest India, 2023.

<sup>21</sup> [Trade Agreements](#), Department of Commerce, Ministry of Commerce and Industry, Government of India, June 2023.

<sup>22</sup> [UAE-India CEPA](#), Ministry of Economy, Government of UAE.

<sup>23</sup> [Australia-India Economic Cooperation and Trade Agreement \(ECTA\)](#), Department of foreign Affairs and Trade, Australian Government.

<sup>24</sup> [Australia-India Comprehensive Economic Cooperation Agreement \(CECA\)](#), Department of foreign Affairs and Trade, Australian Government.

<sup>25</sup> [Canada-India Comprehensive Economic Partnership Agreement negotiations](#), Global Affairs, Government of Canada.

<sup>26</sup> [EU-India agreement](#), European Commission.

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, 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.

On April 1, 2023, India release its new Foreign Trade Policy (FTP). The new FTP’s 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 2022-23, the task seems ambitious, to say the least, and will require more than sheer export promoting measures.

### 3.2 Outlook for Switzerland

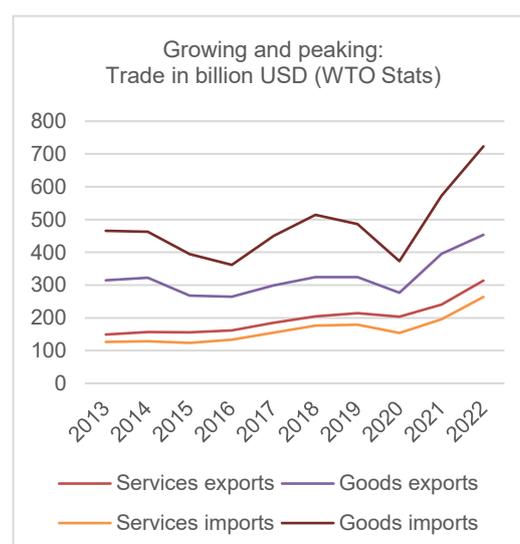
Switzerland and the EFTA States, which have been negotiating a Trade and Economic Partnership Agreement<sup>27</sup> (TEPA) with India since 2008, are also benefitting from the new approach towards FTAs. After several high-level meetings, which have reinjected a positive dynamic into the negotiation process between October 2022 and May 2023, discussions are taking place at expert level again, in view of finalizing an agreement rapidly. Swiss companies would be at a disadvantage vis-à-vis their competitors, especially in the EU and the UK, should these States finalize a deal earlier – which could eventually lead to relocations or a reorientation of value chains.

## 4. FOREIGN TRADE

### 4.1 Developments and general outlook

Based on official estimations of the Ministry of Commerce and Industry, India’s trade figures remained resilient during the reviewed period, mainly due to the domestic economic recovery driving up consumption and demand for imports.

Exports of goods for FY2022-23 exceeded previous figures by 6% with a total of USD 447.46 billion. Imports of goods reached USD 714.24 billion, displaying an increase of 16.5%. The estimated value of services export amounts to USD 322.72 billion, showcasing an impressive increase of 26.8% over last year’s figures, while projected imports of services amount to USD 177.94 billion (+21%). The combined overall exports of goods and services exhibits an increase of 13.84% in FY2022-23 over the last period. However, the merchandise trade deficit for FY2022-23 was estimated at USD 266.78 billion, an increase of 40% over FY2021-22.<sup>28</sup>



During FY2022-23, the most exported commodities from India were petroleum products (21.58%), pearls, precious and semi-precious stones (5.59%), drug formulation and biologicals (4.3%) and iron and steel

<sup>27</sup> [India, on-going negotiations](#), Global Trade Relations, European Free Trade Association.

<sup>28</sup> [Press Release](#), Ministry of Commerce and Industry, April 2023.

(2.95%). As far as imports were concerned, energy accounted for at least 36.26% of the total (petroleum, coal), while gold and precious stones amounted to 9.1%.<sup>29</sup> 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.<sup>30</sup>

Export-wise, India's major partners are the United States (17.4%), the United Arab Emirates (7% with a growth of 12.71% in FY2022-23), the Netherlands (4.8%) and China (3.4%). Import-wise, India's main trading partners are China (13.8%), the United Arab Emirates (7.5% with a growth of 18.7% arguably due to the recent FTA), the United States (7%) and Russia (6.5% with a massive growth of 368.2% due to the shift in energy sourcing).<sup>31</sup>

With USD 596 billion, India's forex reserves are continuously increasing, placing the country at the 4<sup>th</sup> rank in international comparison.<sup>32</sup> The IMF estimates that it should cover between 6 or 7 months of imports.<sup>33</sup>

## 4.2 Bilateral Trade

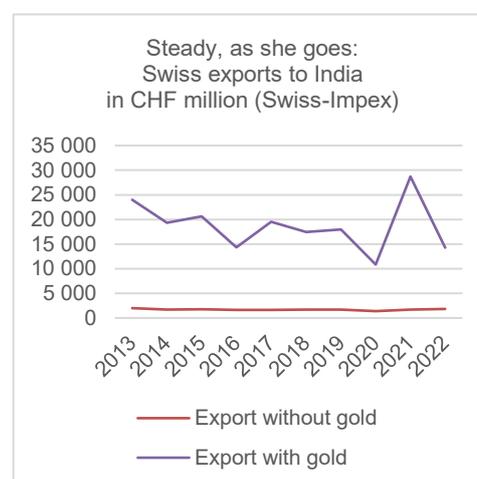
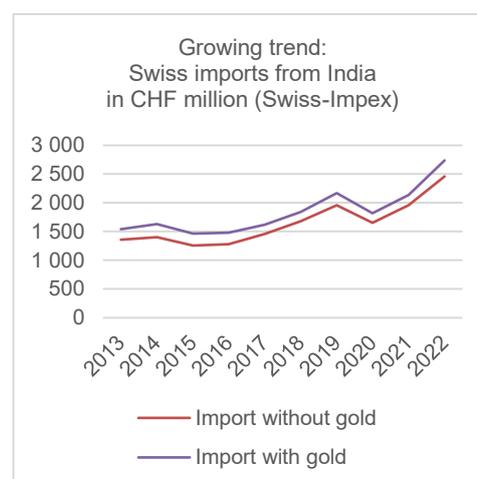
The bilateral trade between India and Switzerland has been growing steadily over the last years, especially in favor of India (excluding gold and precious metals). In 2022, exports to India amounted to CHF 1.8 billion, while imports reached 2.5 billion, displaying a 26% increase from 2021.

In 2022, gold constituted 87% 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 (21.9%), pharmaceutical products (14.6%), precision instruments (12%) and chemical products (11.1%). The main imports from India to Switzerland are chemical products (32.9%), clothing (11.5%), precious metals and stones (11.1%) and aluminum (8.8%).

At the exception of tourism, there are no available figures on bilateral trade in services. However, by looking at the footprint of Indian companies in Switzerland, it can be assumed that information technology and life sciences are growing sectors.

In the tourism sector, the impact of the pandemic could still be felt in FY 2022-23. The market did not perform as well as hoped for a series of reasons. In particular, Covid certificate requirements for third countries and the late implementation of the booster in India, coupled with a still limited availability of air connections and not entirely predictable visa issuance explain the situation. On the one hand, overnight stays in Swiss hotels decreased by 55.8% when compared to the reference year 2019. In 2022, 157'445 overnight stays were recorded compared to 355'992 in 2019. On the other hand, compared to 2021, the figures are obviously positive, with a growth rate of 399.9%.<sup>34</sup> The early months of 2023 are showing a sector moving towards pre-pandemic levels. Interestingly, a "deseasonalisation" of Indian tourism towards Switzerland is being observed, thanks to an increasingly young and independent customers group.



<sup>29</sup> [Monitoring Dashboard, Trade Stats](#), Department of Commerce, Ministry of Commerce and Industry.

<sup>30</sup> [WTO Trade Profile India](#), 2022.

<sup>31</sup> [Trade Stats](#), Department of Commerce, Ministry of Commerce and Industry.

<sup>32</sup> [Weekly Statistical Supplement](#), RBI, June 2023.

<sup>33</sup> [IMF Staff Country Report India](#), Article IV Consultation, December 2022.

<sup>34</sup> Data received from <sup>S</sup>Switzerland Tourism.

## 5. DIRECT INVESTMENTS

### 5.1 Developments and general outlook

According to the United Nations Conference on Trade and Development's (UNCTAD) World Investment Report 2023,<sup>35</sup> FDIs in India rose by 10% in 2022 (USD 49 billion) making it the third largest host country for announced greenfield projects and the second largest for international project finance deals. India ranks 8<sup>th</sup> in FDIs inflows globally. However, according to the Ministry of Commerce and Industry, India registered net FDIs inflows of USD 46 billion during the FY2022/23, which is 22% less than last's year USD 58 billion, despite substantial liberalization of FDI regulations. However, the drop in FDI should rather 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). According to the Kearney FDI Confidence Index 2023,<sup>36</sup> India ranks at the 16<sup>th</sup> position globally, and second in terms of the most appealing emerging market and developing economy for investors, after China.

Mauritius (26%), Singapore (23%) and the United States (9%) are the top-3 in terms of investment flows (see annex 5).<sup>37</sup> The important investment volumes from Mauritius and Singapore can be explained by the fact that many global companies channel their investments through countries offering better tax benefits. Interestingly, since the entry into force of the CEPA between India and the UAE, investments from the later have surged from USD 1 billion in FY2021-22 to USD 3.35 billion in FY 2022-23 (rank #4).

The following sectors are attracting the most FDIs in India: services<sup>38</sup> (16%), computer software and hardware (15%), telecommunications (6%), trading (6%), construction development (5%), automotive (5%), chemicals (3%) and drugs & pharmaceuticals (3%).

### 5.2 Bilateral Investments

Between 2000 and 2023, the Ministry of Commerce and Industry estimates that Switzerland's investment flows in India amount to USD 9.80 billion (rank #12).<sup>39</sup> Regarding FDIs stocks, the most recent Swiss National Bank's (SNB) estimates from 2021 indicate that approximately CHF 7.3 billion have been invested in India, while the IMF proposes a figure of USD 35 billion for the same date (rank #7).<sup>40</sup> 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,<sup>41</sup> with a presence in the various forms allowed by the Indian legislation: subsidiaries, joint ventures or representation offices. According to the estimations of the SNB, they account for approximately 166'000 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 sciences (21%).<sup>42</sup> According to the IMF, Switzerland is the 8<sup>th</sup> largest recipient of Indian FDIs (stocks), amounting to USD 3.7 billion.<sup>43</sup>

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.<sup>44</sup>

<sup>35</sup> [World Investment Report 2023](#), UNCTAD.

<sup>36</sup> [Kearney FDI Confidence Index](#), 2023.

<sup>37</sup> [Quarterly fact sheet on FDI inflows](#), Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, March 2023.

<sup>38</sup> Services sector includes Financial, Banking, Insurance, Non-Financial / Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis, Other

<sup>39</sup> [Quarterly fact sheet on FDI inflows](#), Department of Industrial Policy and Promotion, Government of India, March 2023.

<sup>40</sup> [Coordinated Direct Investment Survey CDIS](#), IMF, July 2022.

<sup>41</sup> 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.

<sup>42</sup> [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.

<sup>43</sup> [Coordinated Direct Investment Survey CDIS](#), IMF, July 2022.

<sup>44</sup> [International Investment Agreements Navigator](#), UNCTAD.

## 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 whole-of-government 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 and the second one investment promotion.

Regarding export promotion in the business period 2022/23, so far the SBHI supported more than 25 companies from different industry sectors with concrete market entry or expansion projects in India. The support extended from business partner search to site selection projects. Despite some remaining challenges in ease-of-doing business, India is resolutely on the agenda of Swiss companies: In itself, the huge and fast-growing market offers lots of opportunities. Since the beginning of this period, 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 building its network of large Indian EPC (Engineering Procurement and Construction) companies and was able to connect Swiss companies to them with regard to concrete project opportunities. India is one of six focus countries or regions where SBHI includes an infrastructure expert.

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. In this period so far, the SBHI held meetings with more than 50 Indian companies that meet these requirements. The SBHI concentrates its investment promotion activities in the areas of advanced manufacturing, personalized health, artificial intelligence, blockchain, robotics and drones. A highlight this year so far was the event “Swiss precision with India’s scale” which was held at 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) and Switzerland Global Enterprise. To fulfil its investment promotion goals, the SBHI conducts every year two roadshows in India and participates in various events and conferences.

### **Swissnex India**

The mission of Swissnex in India is to encourage and facilitate collaborations and exchanges in the field of education, research and innovation.<sup>45</sup> The activities aim to advise on and facilitate collaboration between Swiss and Indian universities, research institutions, start-ups and bring together both innovation ecosystems such as start-ups, investors (Angels, VCs, etc.), incubators/accelerators and innovation-driven companies. Priority areas are health (antimicrobial resistance in particular), sustainability (biodiversity and decarbonization) and digital transformation (digital self-determination). Within this context, 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 2023 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**

As far as tourism is concerned, 2022 showed the first signs of recovery. Various restrictions that were still in place in the first part of the year, right up to the start of the upcoming holiday season for Indian tourists, did not

---

<sup>45</sup> Swissnex in India, [Annual Report 2022](#).

allow the market to perform according to expectations. However, even with the restrictions in place, an extension of the classic holiday season was noticed, with good results even in the less classic months.

Switzerland Tourism India continued with its support for the sector by organizing training days for tour operators in several Indian cities, as well as webinars and promotional campaigns. A focus was laid on active holidays in Switzerland, a strongly growing trend, as well as autumn and winter holidays, given the extended season and the robust demand for alternative holidays. Also in 2022, additional budgets were granted ('Recovery') for additional promotional messages throughout the country, which allowed for a large presence of the 'Switzerland' branding throughout the country.

### **Swiss-Indian Chamber of Commerce**

SICC is a bi-national non-profit organization with more than 300 Swiss and Indian members. 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. With its strong network and diverse membership base, the SICC has emerged as a leading force in promoting Swiss-Indian business collaborations. Further, in order to promote its interests and to facilitate easy accessibility and to render services to Indian and Swiss citizens, companies, scientific partners and cultural actors, SICC works closely with the Swiss network in India. Last but not least, SICC plays 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.

**ANNEX 1 – Economic Structure**

<b>GDP Distribution<sup>46</sup></b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Agriculture	20.2%	20.19%	n/a
Manufacturing industry	25.9%	25.92%	n/a
Services	53.9%	53.89%	n/a
- thereof public services	15.4%	n/a	n/a

<b>Distribution of employment<sup>47</sup></b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Agriculture	44.30%	43.96%	n/a
Industry	23.93%	25.34%	n/a
Services	31.76%	30.70%	n/a

<sup>46</sup> [Sector-wise GDP of India](#), Statistics Times, June 2021.

<sup>47</sup> [Distribution of the workforce across economic sectors from 2011 to 2021](#), Statista 2023.

## ANNEX 2 – Main economic data

	FY2020/ 21	FY2021/22	FY2022/23	FY2023/24*
<b>GDP<sup>48</sup></b> (billion USD)**	2'671.59	3'150.30	3'386.40	3'736.88
<b>GDP/per capita<sup>49</sup></b> (USD)**	1'913.22	2'234.33	2'379.20	2'601.36
<b>Growth rate</b> (% of GDP)	9.5	8.2	6.9	6.3
<b>Inflation rate<sup>50</sup></b> (%)	6.2	5.5	6.6	5.2
<b>Unemployment rate<sup>51</sup></b> (%)	7.0	7.7	6.70	8.4
<b>Budget balance<sup>52</sup></b> (% of GDP)*	-12.8	-9.65	-8.89	-8.34
<b>Current account</b> (% of GDP)*	0.9	-1.2	-3.0	-2.1
<b>Total debt</b> (% of GDP)*	87.5	85.4	83.0	83.4
<b>Debt service<sup>53</sup></b> (% of exports )	8.2**	5.2*	n/a	n/a
<b>Reserves<sup>54</sup></b> (in import months)*	12.0	8.8	10.4	n/a

\* estimates

\*\*revised estimates

<sup>48</sup> [GDP, current prices](#), IMF, April 2023.

<sup>49</sup> [GDP, current prices](#), IMF, April 2023.

<sup>50</sup> [Indian Economy Continues to Show Resilience Amid Global Uncertainties](#), WB, April 2023.

<sup>51</sup> [Unemployment rate heightened in April](#), CMIE, April 2023.

<sup>52</sup> [Budget balance from 2018 to 2028 in relation to gross domestic product](#), Statista 2023.

<sup>53</sup> [India's External Debt as at the end of March 2022](#), RBI Press release, June 2022.

<sup>54</sup> [India Foreign Exchange Reserves: Months of Import](#), CEIC Data, April 2023.

## ANNEX 3 – Trade partners of India

Rank	Country	Exports (USD million)	%-share	Rank	Country	Imports (USD million)	%-share
1	USA	78'542.74	17.42	1	China	98'505.79	13.79
2	UAE	31'608.79	7.01	2	UAE	53'231.66	7.54
3	Netherlands	21'618.38	4.79	3	USA	50'240.10	7.03
4	China	15'306.10	3.39	4	Russia	46'212.71	6.47
5	Bangladesh	12'203.93	2.71	5	Saudi Arabia	42'035.27	5.88
6	Singapore	11'992.94	2.66	6	Iraq	34'385.50	4.81
7	UK	11'406.28	2.53	7	Indonesia	28'820.41	4.03
8	Saudi Arabia	10'727.65	2.38	8	Singapore	23'595.35	3.30
9	Germany	10'134.55	2.25	9	Republic of Korea	21'227.32	2.97
10	Indonesia	8'471.51	1.88	10	Australia	19'011.31	2.66
	<b>Switzerland</b>	<b>1'346.54</b>	<b>0.30</b>		<b>Switzerland</b>	<b>15'793.95</b>	<b>2.21</b>
	EU	71'704	15.90		EU	78'044	10.92
	<b>Total</b>	<b>450'958</b>	<b>100</b>		<b>Total</b>	<b>714'042</b>	<b>100</b>

Source: [Trade Stat](#), Department of Commerce, Ministry of Commerce and Industry, April 2021 to April 2023.

## ANNEX 4 – Bilateral trade figures

	<b>Export</b> (CHF million)	<b>Change (%)</b>	<b>Import</b> (CHF million)	<b>Change (%)</b>	<b>Balance</b> (CHF million)	<b>Volume</b> (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
<b>(Total 1)**</b>	<b>(1'818.3)</b>	<b>(8.5)</b>	<b>(2'459.1)</b>	<b>(25.8)</b>	<b>n/a</b>	<b>n/a</b>
<b>2023</b> <b>(Jan-June)***</b>	<b>(772.9)</b>	<b>(8.1)</b>	<b>(1'116.1)</b>	<b>(13.2)</b>	<b>n/a</b>	<b>n/a</b>

\*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

<b>Exports</b> (% of total, without gold)	<b>2021</b>	<b>2022</b>
Machines	19.3	21.9
Pharmaceuticals	16.4	14.6
Precision instruments	11.4	12.0
Chemical products	15.5	11.1
Watches and accessories	9.4	10.03

<b>Imports</b>	<b>2021</b>	<b>2022</b>
Chemical products	37.0	32.9
Clothing	13.7	11.5
Precious metals and stones	9.1	11.1
Aluminium	0.6	8.8
Machines	3.5	3.2

## ANNEX 5 – Main investing countries in India

Rank	Country	Total FDI equity inflows April 2000 to March 2023 (USD million) <sup>55</sup>	Share	Change	Inflows FY2021/22 (USD million)
1	Mauritius	163,876	25%	30%	6,134
2	Singapore	148,169	23%	21%	17,203
3	USA	60,196	9.4%	6%	6,044
4	Netherlands	43,759	6.8%	7%	2,498
5	Japan	38,740	6.1%	7%	1,798
6	UK	33,875	5.3%	6%	1,738
7	UAE	15,578	2 %	2%	3,353
7	Cayman Islands	14,924	2%	2%	772
8	Germany	14,138	2%	3%	547
10	Cyprus	12,644	2%	2%	1,277
...	EU	104'781	19.7%	3%	23'436
<b>12</b>	<b>Switzerland</b>	<b>9'779</b>	<b>1.5%</b>	<b>1.5%</b>	<b>439</b>
	Total cumulative FDI equity inflows	634'441			

<sup>55</sup> [Quaterly fact sheet on FDI inflows](#), Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, March 2023.