



India's International Trade and Investment

February 2022

Presentation Outline

- Indian Economy
- India's Merchandise Trade
- India's Trade in Services
- Robust Recovery in India's Exports
- India's Investment Flows

Indian Economy



Indian Economy - Snapshot

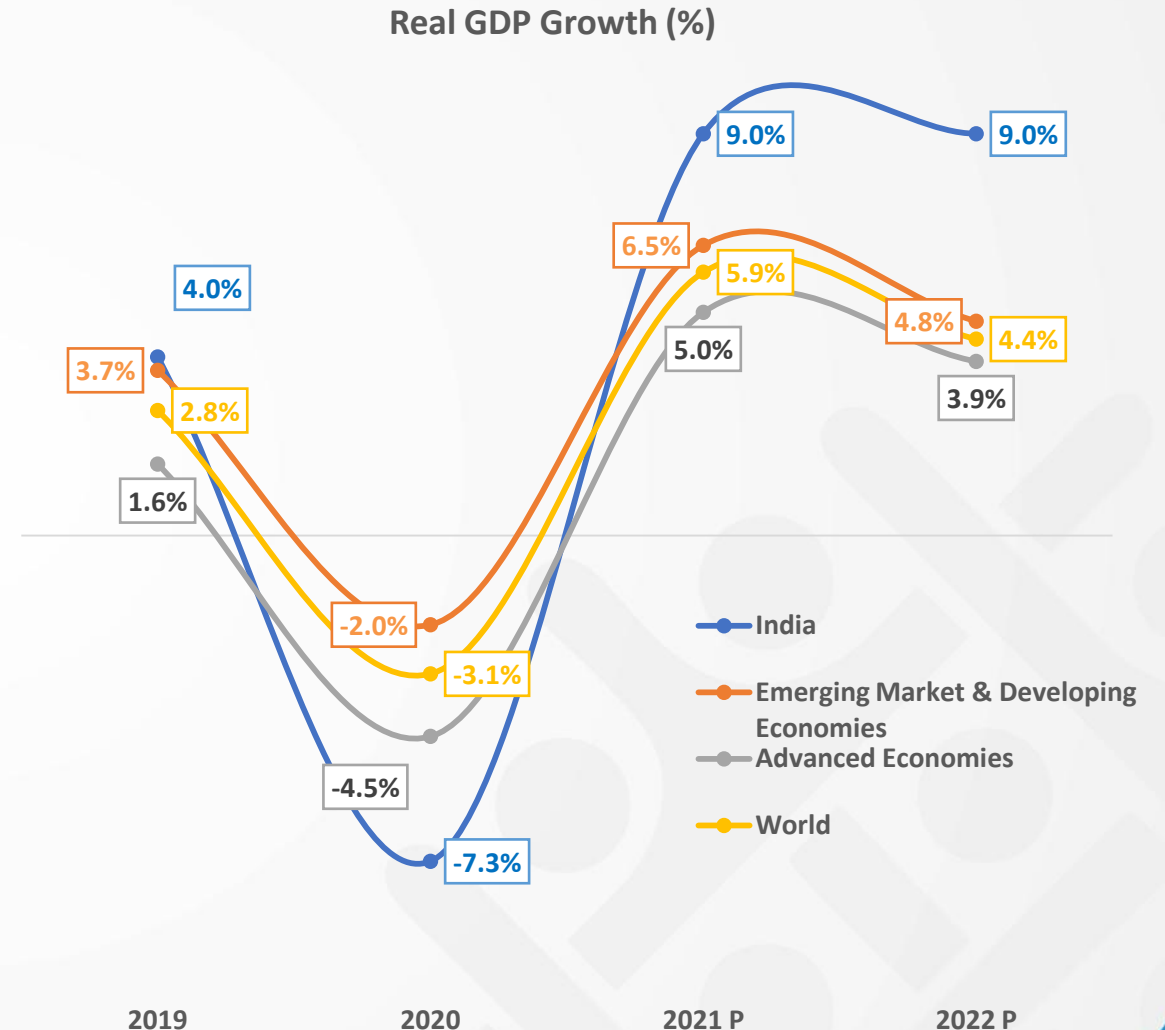
PARAMETER	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GDP (current prices, US\$ billion)	2291.6	2625.1	2761.2	2890.6	2664.4 ^f	3138.0 ^f
GDP Growth (constant prices, %)	8.3	6.8	6.5	3.7	-6.6 ^{re}	9.2 ^{ae}
<i>Agriculture & allied activities (% change)</i>	6.8	6.6	2.6	4.3	3.6 ^{re}	3.9 ^{ae}
<i>Industry (% change)</i>	7.7	5.9	5.3	-1.2	-7.0 ^{re}	11.8 ^{ae}
<i>Services (% change)</i>	8.5	6.3	7.2	7.2	-8.4 ^{re}	8.2 ^{ae}
Inflation rate (CPI, annual avg. %)	4.5	3.6	3.4	4.8	6.2	6.0 (Jan'22)
IIP (general, % change)	4.6	4.4	3.8	-0.8	-8.4	0.4 (Dec'21)
Fiscal Deficit (% of GDP)	3.5	3.5	3.4	4.6	9.2	6.9 ^{re}
Merchandise Trade Balance (US\$ billion)	-108.5	-162.1	-184.0	-161.3	-102.6	-159.9 (Apr-Jan)
Services Trade Balance (US\$ billion)	68.3	77.6	81.9	84.9	88.6	88.7 (Apr-Jan)
Current Account Balance (US\$ billion)	-14.4	-48.7	-57.2	-24.6	24.0	-3.0 (Apr-Sep)
<i>CAB as percentage of GDP (%)</i>	-0.6	-1.9	-2.1	-0.9	0.9	0.2 (Apr-Sep)
External Debt (US\$ billion)	471.5	529.7	543.1	558.4	570.0	593.1 (Sep'21)
Forex Reserves (US\$ billion) (end-March)	370.0	424.5	412.9	477.8	579.3	629.8 (Jan' 22)
FDI Inflows (US\$ billion)	60.2	61.0	62.0	74.4	82.0	60.3 (Apr-Dec)
FDI Outflows (US\$ billion)*	15.3	16.5	13.5	13.2	12.1	12.1 (Apr-Dec)
Exchange Rate (annual avg. ` /US\$)	67.1	64.5	69.9	70.9	74.2	75.7 (Feb 15, 22)

Note: f- IIF forecast; re - revised estimates; ae – advance estimates; * - FDI Outflows (actual) include Equity, Loan and Guarantee Invoked; FYxx means financial year ended March 31, 20xx.

Source: IIF, MOSPI, MOCI, MOF, GoI & RBI

India: Macroeconomic Overview

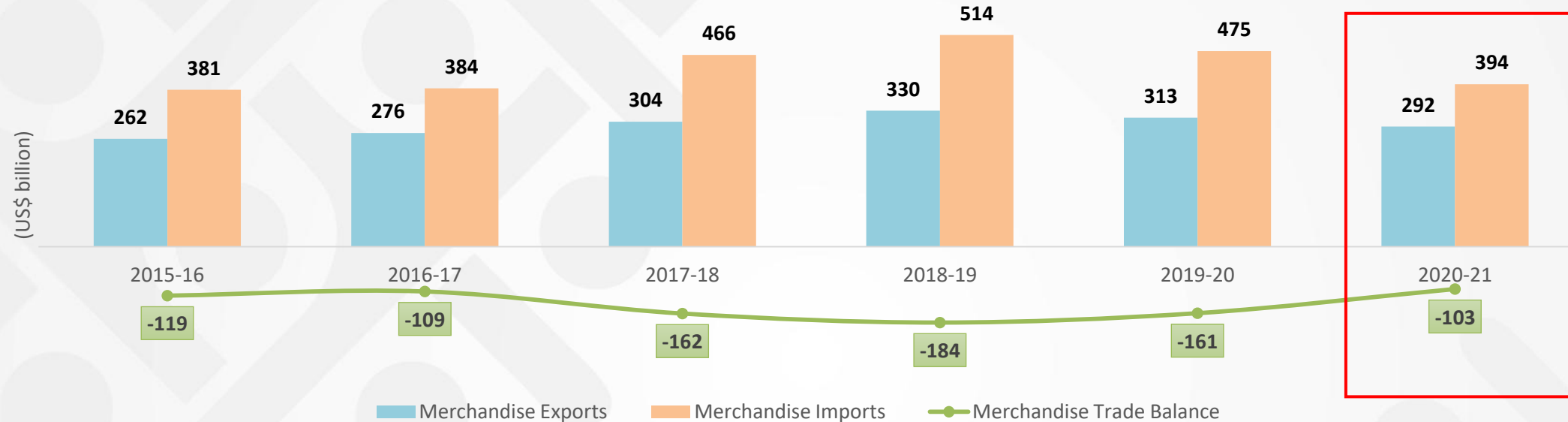
- World's 6th largest economy based on nominal GDP of US\$ 2.7 trn and 3rd largest economy based on GDP (PPP) terms at US\$ 8.9 trn in 2020.
- Estimated to grow by 9% in real terms in 2021 and 2022, after witnessing a contraction of 7.3% in 2020.
- Stringent measures to restrict the spread of COVID-19 virus led to curtailing of economic activity in 2020.
- Growth prospects suffered due to 2nd wave in early 2021. Recovery in economic activity driven by revival in rural demand and buoyant exports due to recovery in key export markets and progress in vaccination.
- Growth in 2022 expected to be supported by widespread vaccine coverage, gains from supply-side reforms and easing of regulations, robust export growth, and availability of fiscal space to ramp up capital spending.



India's Merchandise Trade



India's Merchandise Trade – Modest Growth in 2020-21



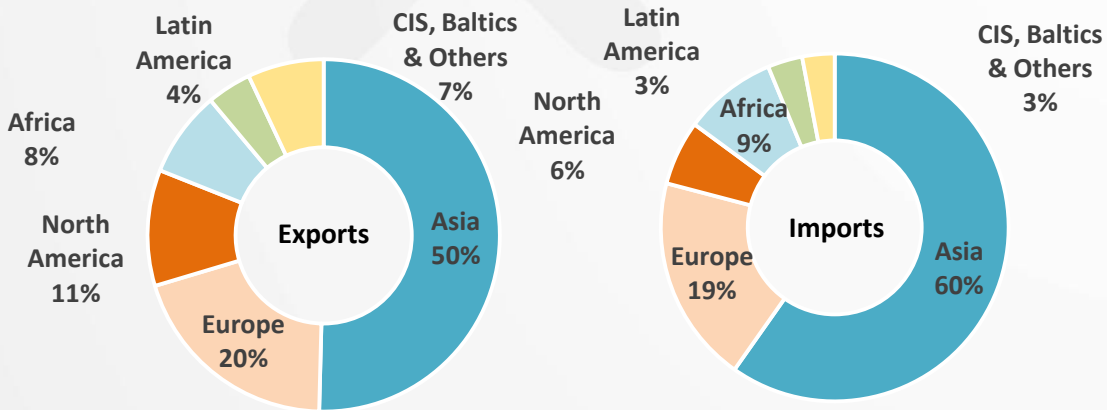
- India's trade peaked at US\$ 844 bn in 2018-19 following which it continued to decline due to weak external demand in the following year, and COVID-19 pandemic in 2020-21 to settle at US\$ 686 bn.
- India's merchandise trade to GDP ratio has declined from 30.8% in 2018-19 to 26.2% in 2020-21.
- India's merchandise exports witnessed a contraction of 5.1% in 2019-20, and further by 6.9% in 2020-21.
- Imports contracted more than exports due to weaker domestic demand, especially for the intermediate and capital-intensive goods.
- Significant narrowing of trade deficit led to a current account surplus for the first time in 17 years in 2020-21 (0.9% of GDP).

India's Merchandise Trade Direction

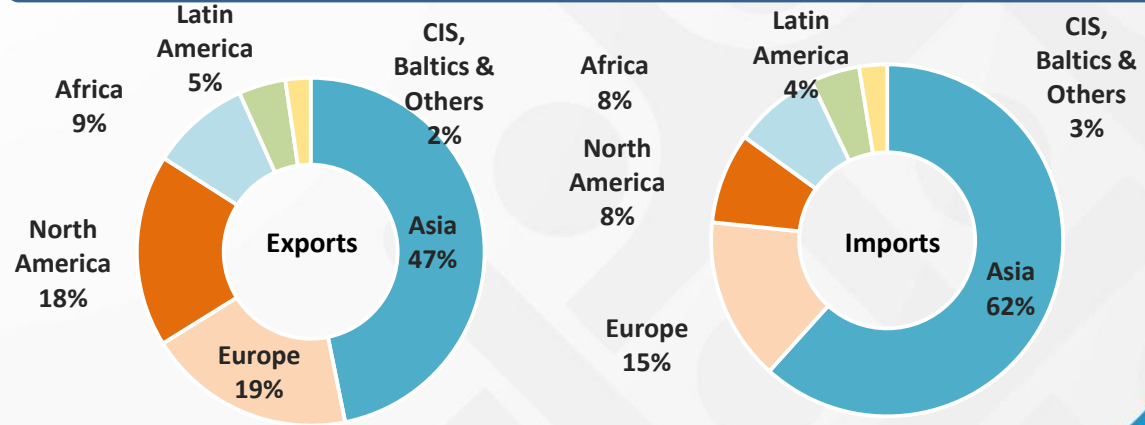
Major Trading Partners of India in 2020-21



Regional Trade Direction in 2010-11



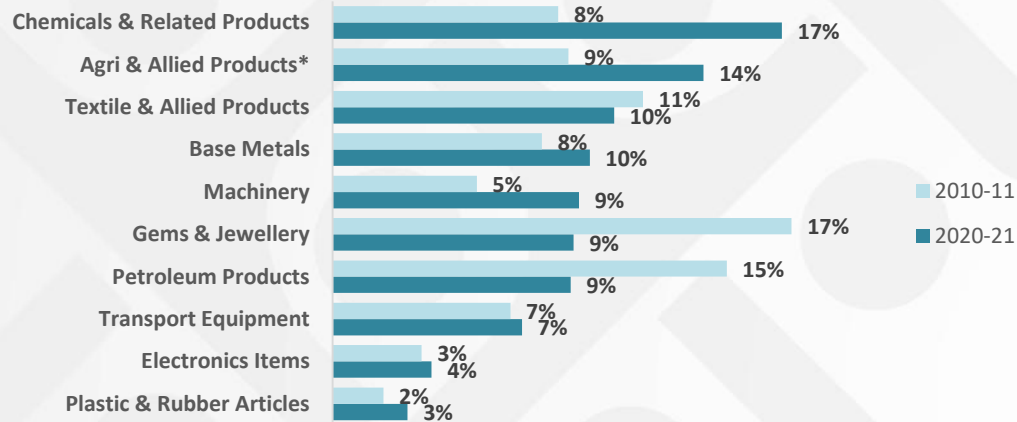
Regional Trade Direction in 2020-21



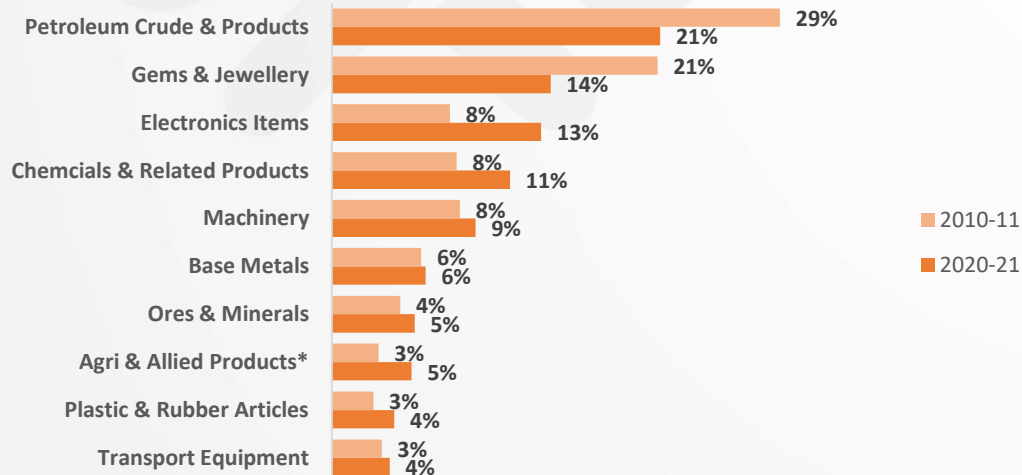
Note: (1) Data for North America does not include Mexico; Mexico has been included in Latin America
Source: MOCI, GoI

India's Merchandise Trade Composition

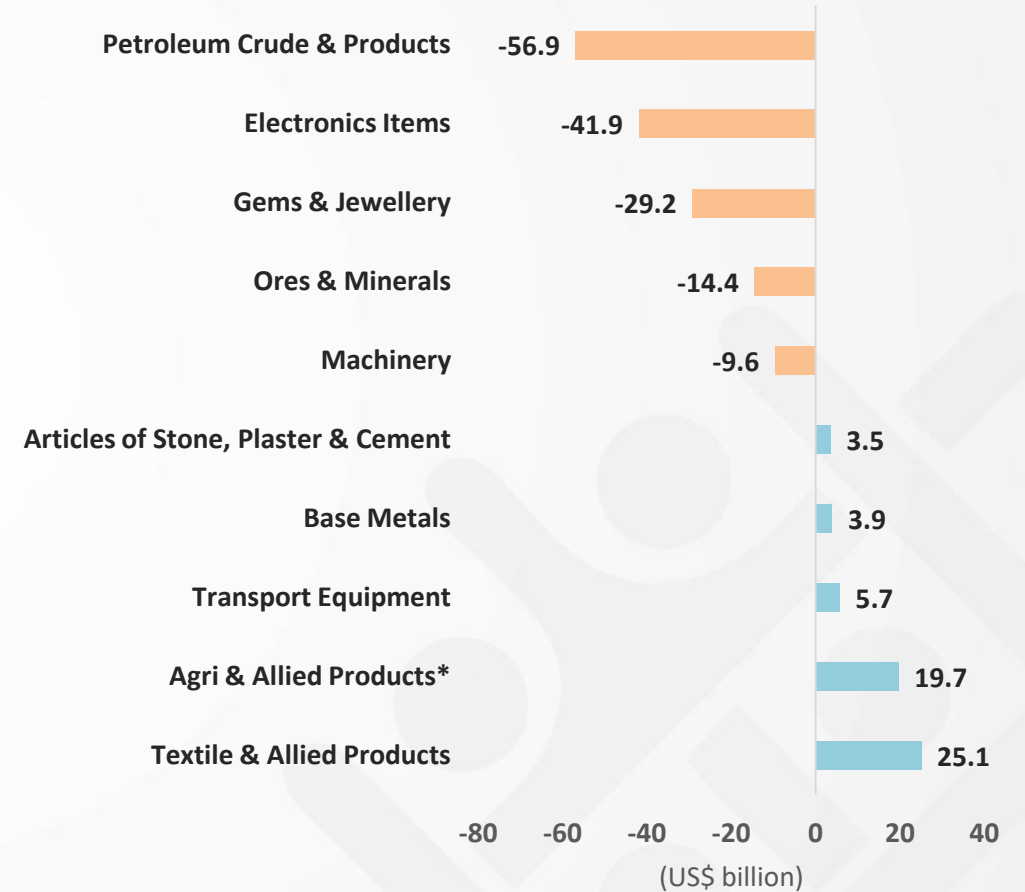
Export Composition



Import Composition



Trade Balance in Major Merchandise Items in 2020-21 (US\$ bn)



Note: *Agri & Allied products also include tea, coffee and marine products

Source: MOCI, GoI

India's Share in Global Merchandise Exports

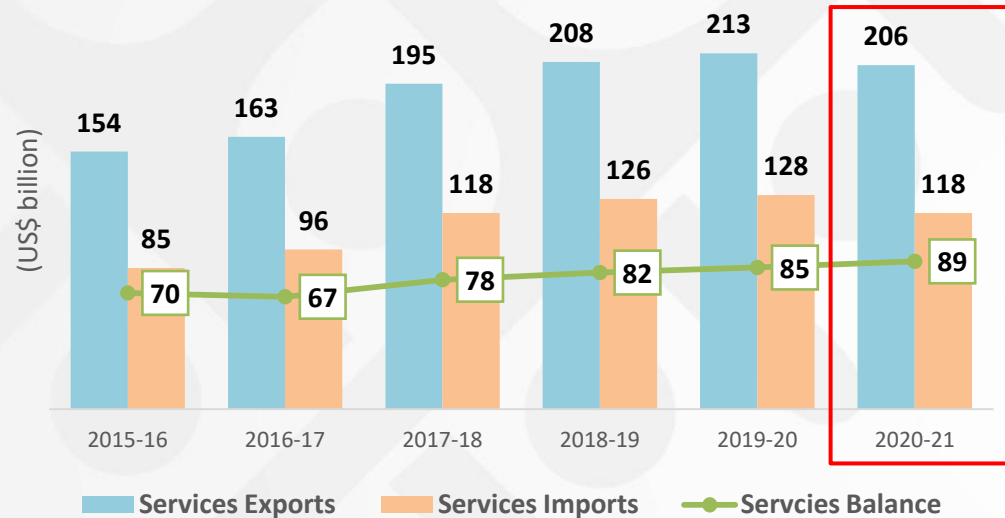
	2005		2010		2015		2020	
1	Germany	9.2	China	10.3	China	13.7	China	14.7
2	USA	8.6	USA	8.4	USA	9.1	USA	8.1
3	China	7.2	Germany	8.2	Germany	8.0	Germany	7.8
4	Japan	5.7	Japan	5.0	Japan	3.8	Netherlands	3.8
5	France	4.4	Netherlands	3.8	Netherlands	3.4	Japan	3.6
6	Netherlands	3.9	France	3.4	Republic of Korea	3.2	Hong Kong	3.1
7	UK	3.7	Republic of Korea	3.0	Hong Kong	3.1	Republic of Korea	2.9
8	Italy	3.6	Italy	2.9	France	3.1	Italy	2.8
9	Canada	3.4	UK	2.7	UK	2.8	France	2.8
10	Belgium	3.2	Belgium	2.7	Italy	2.8	Belgium	2.4
11	Hong Kong	2.8	Hong Kong	2.6	Canada	2.5	Mexico	2.4
12	Republic of Korea	2.7	Russian Federation	2.6	Belgium	2.4	UK	2.3
13	Russian Federation	2.3	Canada	2.5	Mexico	2.3	Canada	2.2
14	Singapore	2.2	Singapore	2.3	Singapore	2.1	Singapore	2.1
15	Mexico	2.0	Mexico	1.9	Russian Federation	2.1	Chinese Taipei	2.0
16	Chinese Taipei	1.9	Chinese Taipei	1.8	UAE	1.8	Russian Federation	1.9
17	Spain	1.8	Spain	1.7	Switzerland	1.7	Switzerland	1.8
18	Saudi Arabia	1.7	Saudi Arabia	1.6	Chinese Taipei	1.7	Spain	1.7
19	Malaysia	1.3	India	1.5	Spain	1.7	UAE	1.7
20	Sweden	1.2	UAE	1.4	India	1.6	Vietnam	1.6
21	Switzerland	1.2	Australia	1.4	Thailand	1.3	India	1.6
22	Austria	1.2	Brazil	1.3	Saudi Arabia	1.2	Poland	1.5
23	Brazil	1.1	Malaysia	1.3	Malaysia	1.2	Australia	1.4
24	UAE	1.1	Switzerland	1.3	Poland	1.2	Malaysia	1.3
25	Thailand	1.1	Thailand	1.3	Brazil	1.2	Thailand	1.3
26	Ireland	1.0	Poland	1.0	Australia	1.1	Brazil	1.2
27	Australia	1.0	Sweden	1.0	Viet Nam	1.0	Czech Republic	1.1
28	Norway	1.0	Indonesia	1.0	Czech Republic	1.0	Ireland	1.0
29	India	0.9	Austria	1.0	Austria	0.9	Saudi Arabia	1.0
30	Poland	0.9	Czech Republic	0.9	Turkey	0.9	Turkey	1.0

India's Trade in Services



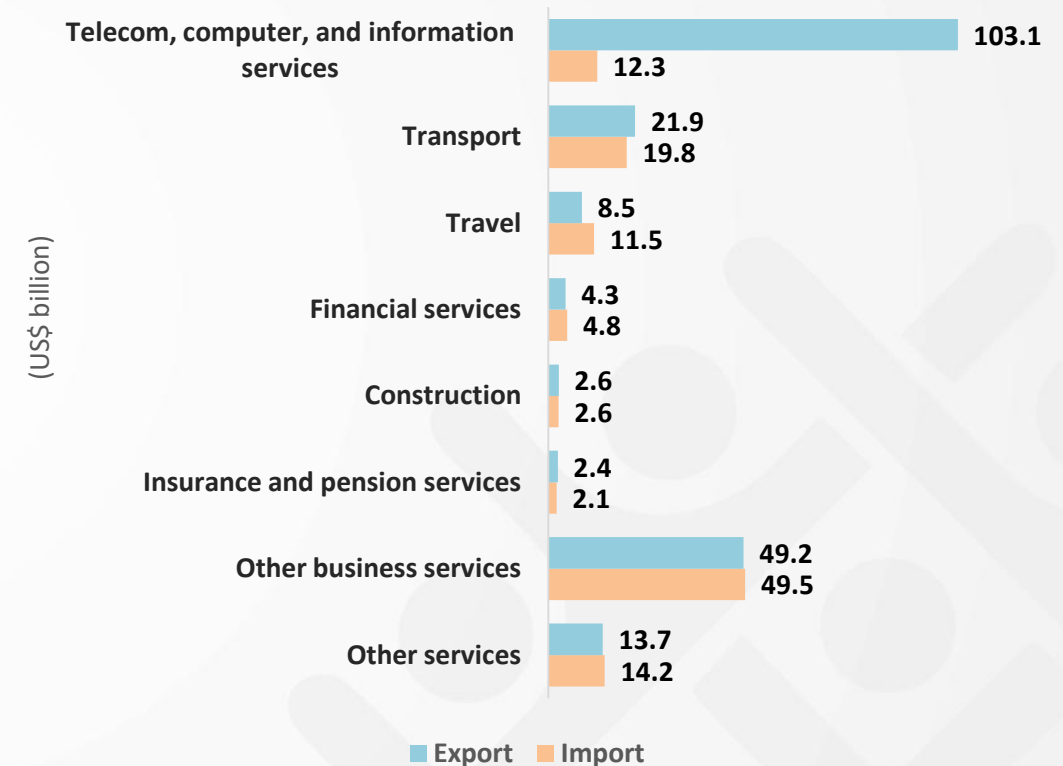
India's Trade in Services – Sustaining Momentum

Services Trade – Trend



- India's services exports contracted by 3.3% in 2020-21 as travel services were adversely impacted due to the pandemic (de-growth of 71.7%).
- Due to the increased digital modes of work, services exports were largely sustained by telecom, computer and information services exports in 2020-21.

Services Trade – Key Components in 2020-21



Note: (1) Other business services include research & development services, professional & management consulting services and technical & trade related services.

(2) Other services include personal, cultural & recreational services, government goods & services, charges for using intellectual property, maintenance & repair services and manufacturing services.

Source: BoP Statistics, RBI and WTO

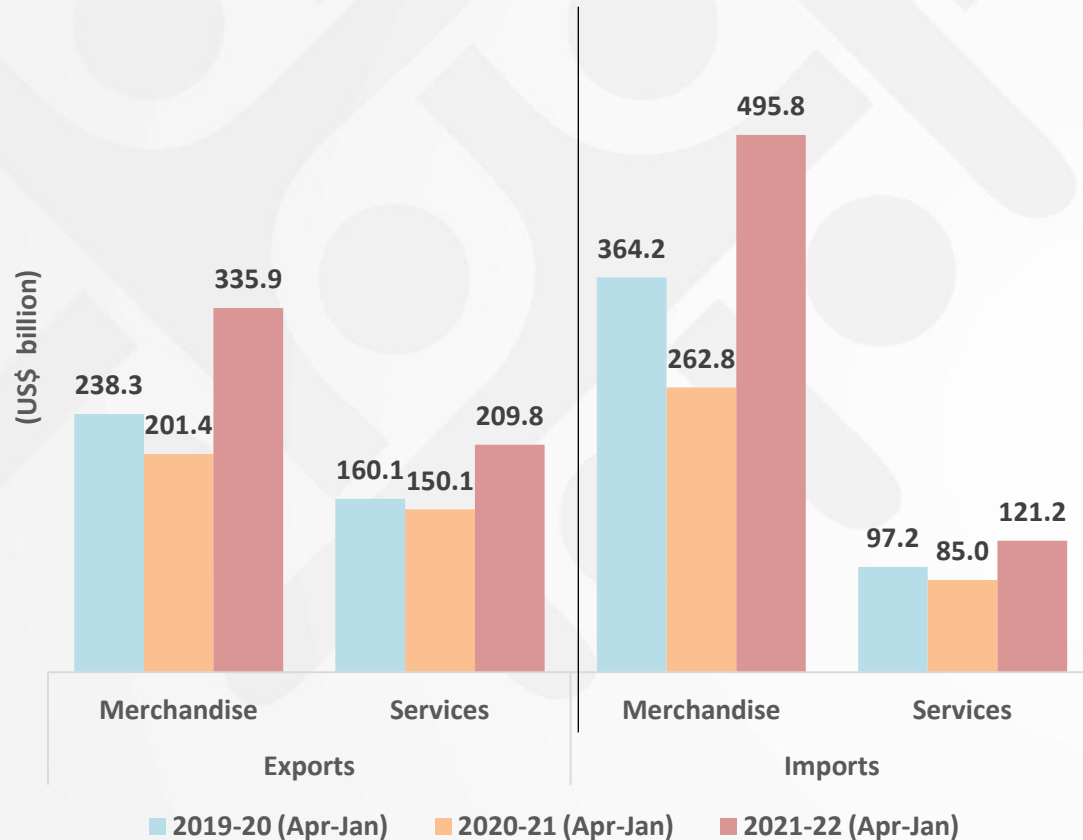
India's Share in Global Services Exports

	2005		2010		2015		2020	
1	USA	14.1	USA	14.7	USA	15.4	USA	14.2
2	UK	9.2	UK	7.3	UK	7.4	UK	6.9
3	Germany	6.2	Germany	5.7	Germany	5.6	Germany	6.2
4	France	5.8	France	5.1	France	5.1	China	5.6
5	Netherlands	4.5	China	4.5	China	4.4	Ireland	5.3
6	Japan	3.8	Netherlands	4.1	Netherlands	4.0	France	4.9
7	Spain	3.5	Japan	3.4	Japan	3.3	India	4.1
8	Italy	3.4	India	2.9	India	3.1	Singapore	3.8
9	China	2.9	Spain	2.9	Singapore	3.1	Netherlands	3.7
10	Switzerland	2.6	Italy	2.6	Ireland	2.7	Japan	3.2
11	Canada	2.3	Singapore	2.5	Switzerland	2.4	Belgium	2.3
12	Belgium	2.2	Switzerland	2.5	Spain	2.4	Switzerland	2.3
13	Ireland	2.1	Belgium	2.5	Belgium	2.2	Luxembourg	2.2
14	India	1.9	Ireland	2.3	Hong Kong	2.1	Spain	1.8
15	Republic of Korea	1.9	Republic of Korea	2.1	Italy	2.0	Italy	1.8
16	Hong Kong	1.8	Hong Kong	2.0	Republic of Korea	1.9	Republic of Korea	1.8
17	Singapore	1.7	Canada	2.0	Luxembourg	1.9	Canada	1.7
18	Denmark	1.6	Luxembourg	1.6	Canada	1.7	Denmark	1.5
19	Luxembourg	1.6	Denmark	1.6	Sweden	1.5	Sweden	1.4
20	Austria	1.5	Sweden	1.4	Denmark	1.3	Poland	1.3
21	Sweden	1.4	Austria	1.3	UAE	1.2	Austria	1.3
22	Greece	1.3	Australia	1.3	Austria	1.2	Hong Kong	1.3
23	Australia	1.2	Russian Federation	1.2	Thailand	1.2	United Arab Emirates	1.2
24	Norway	1.1	Norway	1.0	Turkey	1.1	Israel	1.1
25	Russian Federation	1.1	Greece	0.9	Australia	1.1	Australia	1.0
26	Turkey	1.0	Turkey	0.9	Russian Federation	1.0	Russian Federation	1.0
27	Thailand	0.7	Poland	0.9	Poland	0.9	Chinese Taipei	0.8
28	Malaysia	0.7	Malaysia	0.9	Norway	0.8	Norway	0.7
29	Chinese Taipei	0.7	Thailand	0.9	Chinese Taipei	0.8	Turkey	0.7
30	Poland	0.7	Brazil	0.8	Israel	0.7	Thailand	0.6

Robust Recovery in India's Exports

The background features a light gray field with faint, large-scale geometric patterns of circles and lines. On the right side, there is a prominent graphic composed of overlapping orange and blue shapes, including circles, bars, and stylized human-like figures with arms raised, suggesting growth and recovery. A solid orange bar is at the bottom left, and a solid blue bar is at the bottom right.

India's Exports – Robust Recovery in 2021-22



- India has targeted to achieve a quantum jump in combined exports up to US\$ 2 trillion by 2030 comprising US\$ 1 trillion merchandise exports and US\$ 1 trillion services exports.
- Merchandise exports stood at US\$ 335.9 billion during April-January 2021 registering 27.2% jump over 2019-20 and 46.7% over 2020-21 leading India to set an ambitious target of US\$ 400 billion by 2021-22 and US\$ 500 billion in 2022-23.
- Services exports during the same period stood at US\$ 209.8 bn registering a growth of 17.6% over 2019-20 and 25.3% over 2020-21

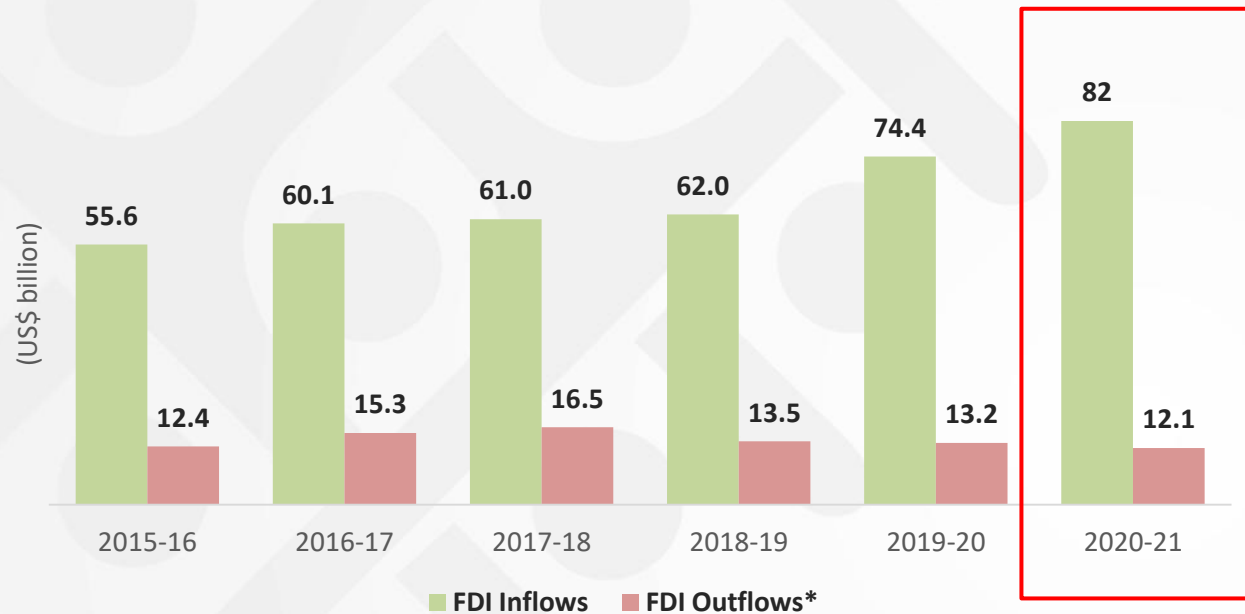
Top 10 Commodities Driving Exports

Commodity	Apr-Dec 2020 (US\$ bn)	Apr-Dec 2021 (US\$ bn)	Growth (%)	Share (%)
Petroleum Products	17.6	46.3	163.4	15.2
Chemical and related products	35.2	41.5	17.9	13.6
Base Metals	19.3	34.9	80.9	11.4
Agri & allied Products	20.3	30.9	22.1	11.2
Textile & Allied Products	16.9	28.9	51.9	10.1
Gems & Jewellery	27.9	34.1	71.2	9.5
Machinery	18.2	26.0	42.7	8.5
Transport Equipment	13.8	19.2	39.4	6.3
Electronics Items	7.1	10.5	47.7	3.4
Plastic & Rubber Articles	5.9	7.9	34.7	2.6
Sub-Total	182.2	280.2	53.7	91.8
India's Global Exports	201.4	301.4	49.7	100.0

India's Investment Flows



India's Foreign Direct Investment Flows



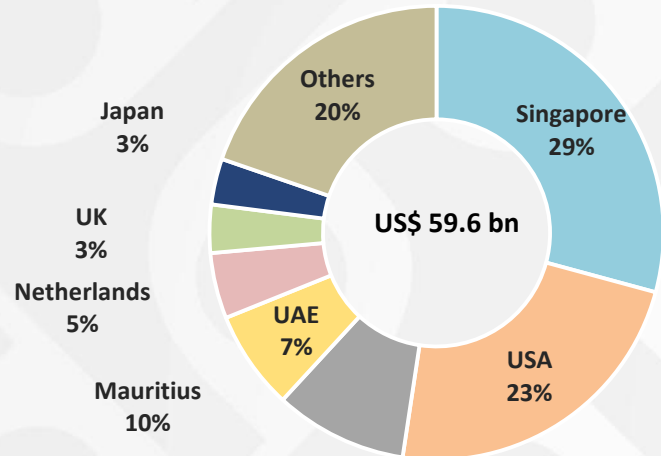
- Highest ever FDI inflows despite COVID-19, registering a 9.8% jump at a time when global inflows have largely contracted.
- Reflects the steps taken by the government for liberalizing the FDI regime. However, much of the increase was due to mergers and acquisitions compared to greenfield investment.
- India's outward investment has declined in recent years due to weak external demand and subdued investment climate.

Note: (1) FDI Inflows include Equity, Re-invested Earnings and other Capital. (2) *FDI Outflows include Equity, Loans & Guarantees Invoked.

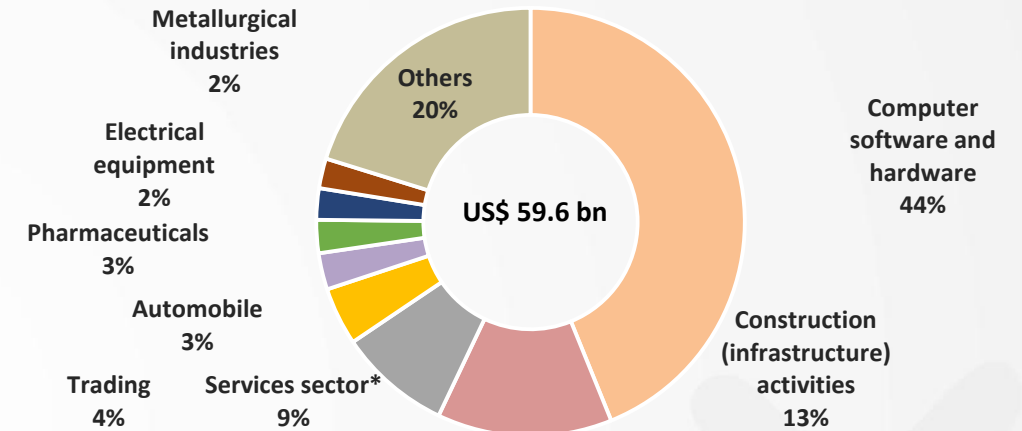
Source: RBI & MOF, GoI

Direction of India's Foreign Direct Investment Flows

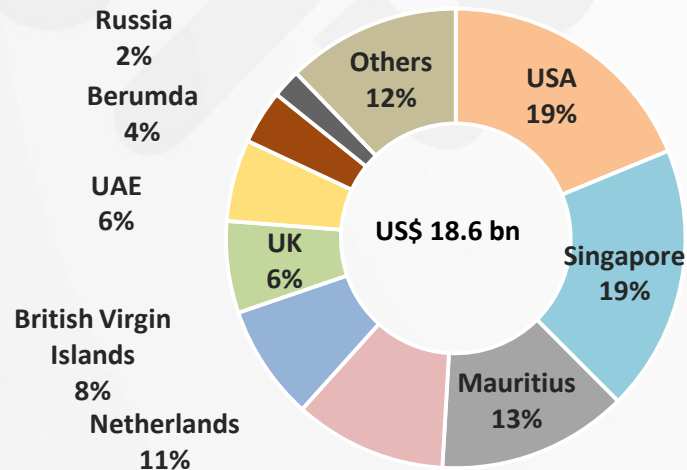
Top FDI Investing Countries in 2020-21#



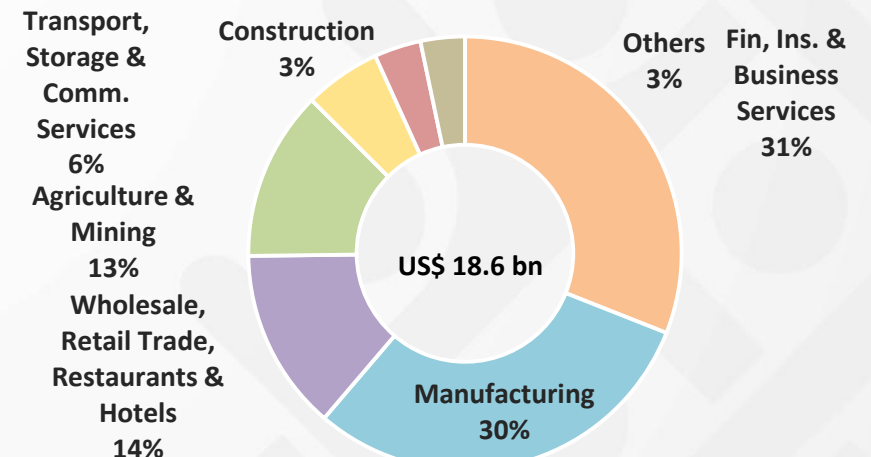
Sector-wise FDI Inflows in 2020-21#



Destination-wise FDI Outflows in 2020-21##



Sector-wise FDI Outflows in 2020-21##



Note: (1) #- data is for FDI equity inflow; (2) ## data for FDI outflow (approved) includes equity, loans & guarantees issued (3) * - Services sector includes Financial, Banking, Insurance, Non-Financial / business, Outsourcing, R&D, Courier, Tech. Testing and Analysis; Others include drugs & pharmaceuticals, construction development among others

Source: DPIIT, MOCI, GoI & RBI



PARTNERING
GROWTH.
GLOBALISING
INDIA.