

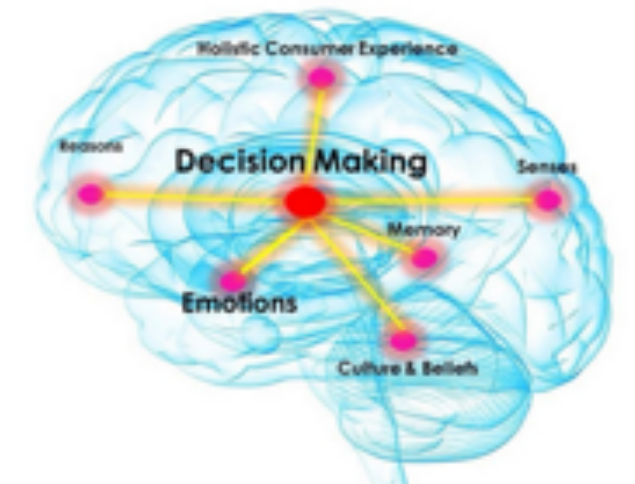
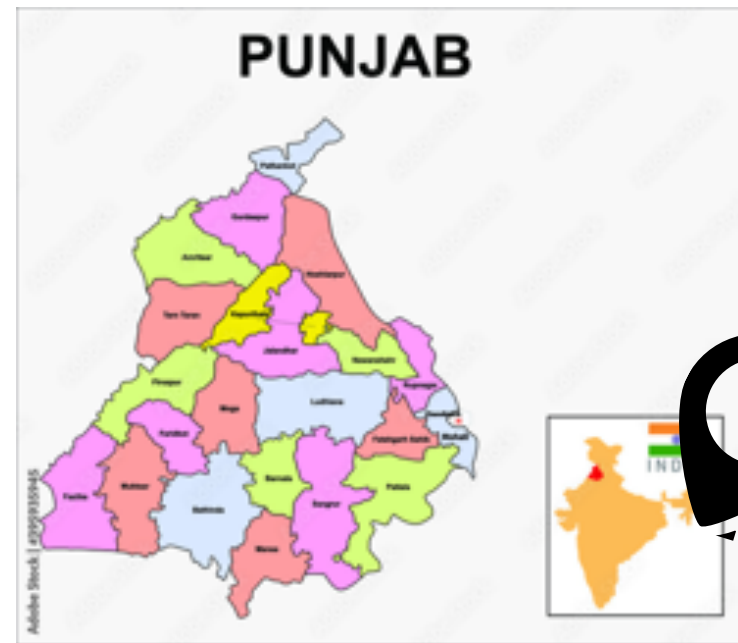


INDIA AS A PARTNER: THE ECONOMIC ASPECT

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PROFILE



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**“BUILDING NEW
BRIDGES IN
DIFFICULT TIMES”**

**CHALLENGES
CHANCES
PERSPECTIVES**



“BUILDING NEW BRIDGES IN DIFFICULT TIMES”

A key EU objective in its trade relations with India is to work towards **a sound, transparent, open, non-discriminatory and predictable regulatory and business environment** for European companies trading with or investing in India, including the protection of their investments and intellectual property.

The aim is to contribute to unlocking the untapped potential of two-way trade and investment between the EU and India.



INDIA: A SUCCESS STORY & LAND OF ENDLESS OPPORTUNITIES

World's biggest population A sizable and dynamic market

1.417 billion citizens

India is already an important trade and investment partner for the EU

World's fifth-largest economy by nominal GDP,

Fastest Growing economy Most curiously searched nation

Young and Expanding Population Substantial consumer base for European goods and services.

Annual projected GDP growth rate of over 8% according to the IMF

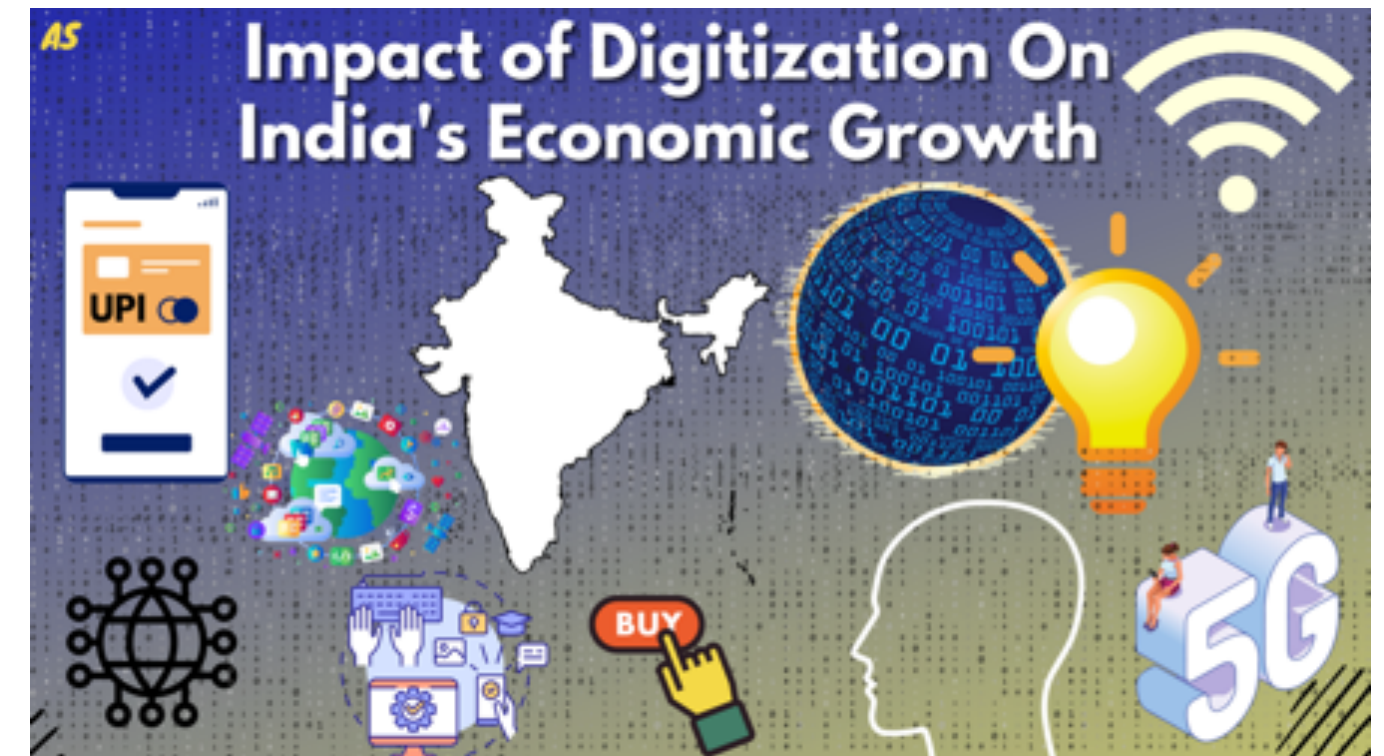


INDIA: A SUCCESS STORY & LAND OF ENDLESS OPPORTUNITIES

One must credit the Indian prime minister, Narendra Modi, for implementing policies that have modernised India and supported its growth. Specifically, Modi has made massive investments in the single market (including through de-monetisation and tax reform) and infrastructure (not just roads, electricity, education and sanitation, but also digital capacity). These investments - with industrial policies to accelerate manufacturing, a comparative advantage in tech and IT, and a customised digital-based welfare system - have led to robust economic performance after the Covid-19 slump.

France Has Launched India's Digital Payment System UPI

Utkarsh Classes | Last Updated 03-02-2024



INDIA: A MAJOR GLOBAL ECONOMIC PLAYER

A global economic powerhouse

India is currently the fifth-largest economy in the world by nominal GDP and is expected to become the world's third-largest economy by 2027.

GDP of approximately USD 3.5 trillion. It ranks third in terms of purchasing power parity (PPP), reflecting its large domestic market.



INDIA: A MAJOR GLOBAL ECONOMIC PLAYER

Global Leadership

In 2023, India assumed the presidency of the G20, marking a pivotal moment in showcasing its economic and diplomatic prowess.

Notable achievements during its tenure included the inclusion of the African Union into the G20 and the launch of the Global Biofuel Alliance and the Global Initiative on Digital Health.

India's presidency emphasized a rule-based international order and the importance of multilateralism, especially for developing countries



INDIA: A MAJOR GLOBAL ECONOMIC PLAYER

Global Leadership

African Union into the G20 and the launch of the Global Biofuel Alliance and the Global Initiative on Digital Health.

The African Union will have the same status as the 27-member European Union.



PM Modi greeted African Union President Comoros Azali Assoumani with a hug before the G20 leaders began their deliberations (Twitter/@g20org)

INITIATING MEMBERS

ARGENTINA BANGLADESH BRAZIL INDIA ITALY MAURITIUS SOUTH AFRICA UAE USA

GLOBAL BIOFUELS ALLIANCE

G20
भारत 2023 INDIA
वसुधैव कुटुम्बकम्
ONE EARTH - ONE FAMILY - ONE FUTURE

OBSERVER COUNTRIES

CANADA SINGAPORE

The infographic features a light blue background. At the top, it lists 'INITIATING MEMBERS' with small flag icons for Argentina, Bangladesh, Brazil, India, Italy, Mauritius, South Africa, UAE, and USA. Below this, the 'GLOBAL BIOFUELS ALLIANCE' logo is displayed in green and white. To the right is the G20 logo for India 2023, featuring the text 'भारत 2023 INDIA' and the motto 'वसुधैव कुटुम्बकम्' (One Earth - One Family - One Future). At the bottom, 'OBSERVER COUNTRIES' are listed with flag icons for Canada and Singapore.

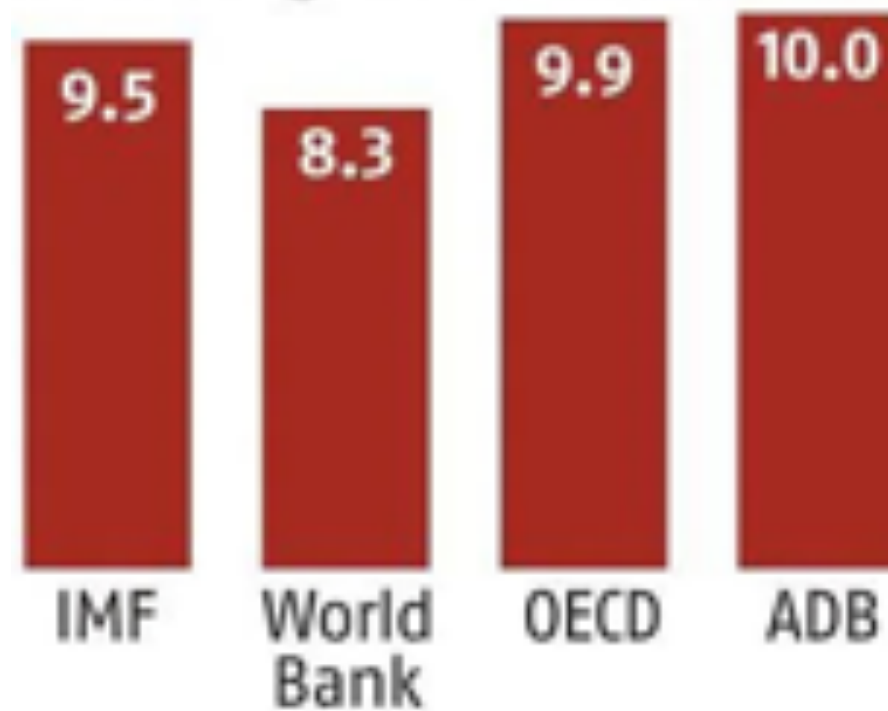
INDIA: A MAJOR GLOBAL ECONOMIC PLAYER

Key drivers include robust domestic demand, a growing middle class and a recovering services sector.

India is also a major and growing exporter of goods and services and a major recipient of foreign direct investment.

GROWTH STORY

Revised projection for India's FY22 GDP growth rate (%)



IMF's latest projection for other major countries (%)



Source: Respective global bodies

INDIA & EUROPE : ECONOMIC PARTNERSHIPS

The EU is India's **third largest** trading partner, accounting for **€88 billion worth** of trade in goods in 2021 or 10.8% of total Indian trade, after the USA (11.6%) and China (11.4%).

The **EU is the second-largest destination for Indian exports** (14.9% of the total) after the USA (18.1%), while China only ranks fourth (5.8%).

The EU's share in foreign investment stock in India reached €87.3 billion in 2020, up from €63.7 billion in 2017, making the EU a leading foreign investor in India. This is significant but way below EU foreign investment stocks in China (€201.2 billion) or Brazil (€263.4 billion).

Manufacturing, technology, services and renewable energy

Some **6,000 European companies** are present in India, providing directly 1.7 million jobs and indirectly 5 million jobs in a broad range of sectors.



INDIA & EUROPE : EDUCATIONAL PARTNERSHIPS

In 2024, the educational partnership between India and Europe has gained significant momentum, reflecting a shared commitment to fostering academic excellence and innovation

Horizon Europe Framework:

The EU's Horizon Europe program encourages Indian participation in research and innovation, although Indian entities typically need to secure their own funding. This program opens numerous avenues for collaborative projects in health, digital technologies, green technologies, and the mobility of scientists (Research and innovation).

Strategic Initiatives and Programs:

The EU-India Strategic Partnership Roadmap to 2025 outlines several key actions to enhance cooperation in research and education. This includes sectoral dialogues, health research, digital and green technologies, and polar sciences. There's also a focus on facilitating the mobility of students and researchers between the two regions (Research and Innovation) (MEA Gov India).

EU-India Connectivity Partnership:

This initiative promotes increased mobility of students and researchers, supporting exchanges and joint projects that bridge educational institutions across India and Europe. This partnership underscores a commitment to sustainable development and innovation (Research and innovation) (EEAS).

Horizon Europe

THE NEXT EU RESEARCH & INNOVATION PROGRAMME (2021 – 2027)



INDIA & EUROPE : EDUCATIONAL PARTNERSHIPS

Research and Innovation Cooperation:

Agreements between the European Commission and Indian research bodies like the Indian Science and Engineering Research Board (SERB) and the Indian Council on Social Sciences Research (ICSSR) aim to facilitate short-term mobility and collaborative research projects. This cooperation is crucial for advancing mutual knowledge and innovation capacity (Research and innovation).

Marie Skłodowska-Curie Actions and European Research Council Grants:

These EU programs offer fellowships and grants to Indian researchers, enabling them to work in Europe and vice versa. This fosters a vibrant exchange of ideas and strengthens the research networks between India and Europe (Research and innovation).

Technical and Financial Assistance:

The European Investment Bank (EIB) and other European development banks are actively involved in funding educational infrastructure and research projects in India. This financial backing supports the creation of sustainable and technologically advanced educational environments (International Partnerships).

Specialized Joint Declarations:

Recent joint declarations focus on enhancing digital transformation, green technologies, and the circular economy. These areas are pivotal for developing new curricula and research programs that align with global sustainability goals (International Partnerships) (MEA Gov India).



GERMANY AND INDIA: BUSINESS OUTLOOK

“ The days of single sourcing from the world's cheapest supplier are over. German companies are increasingly diversifying and regionalising around the globe. India is becoming an important cornerstone of the de-risking strategy in purchasing, production and increasingly also in research and development. ”



Andreas Glunz
Managing Partner International Business
KPMG AG Wirtschaftsprüfungsgesellschaft

GERMANY AND INDIA: BUSINESS OUTLOOK

Increasing importance as an investment location

The three most important location factors according to the companies: **political stability** (62 percent), availability of **excellent skilled workers** (56 percent) and relatively **low labour costs** (45 percent).

Currently, Germany is already the seventh largest foreign direct investor in India.



GERMANY AND INDIA: BUSINESS OUTLOOK

From low-cost location to location for research and development

Special focus is being placed on environmental technology, renewable energies, digitalisation, Industry 4.0 and sustainable infrastructure.

German companies expect a rapid increase in production in India for the local market.

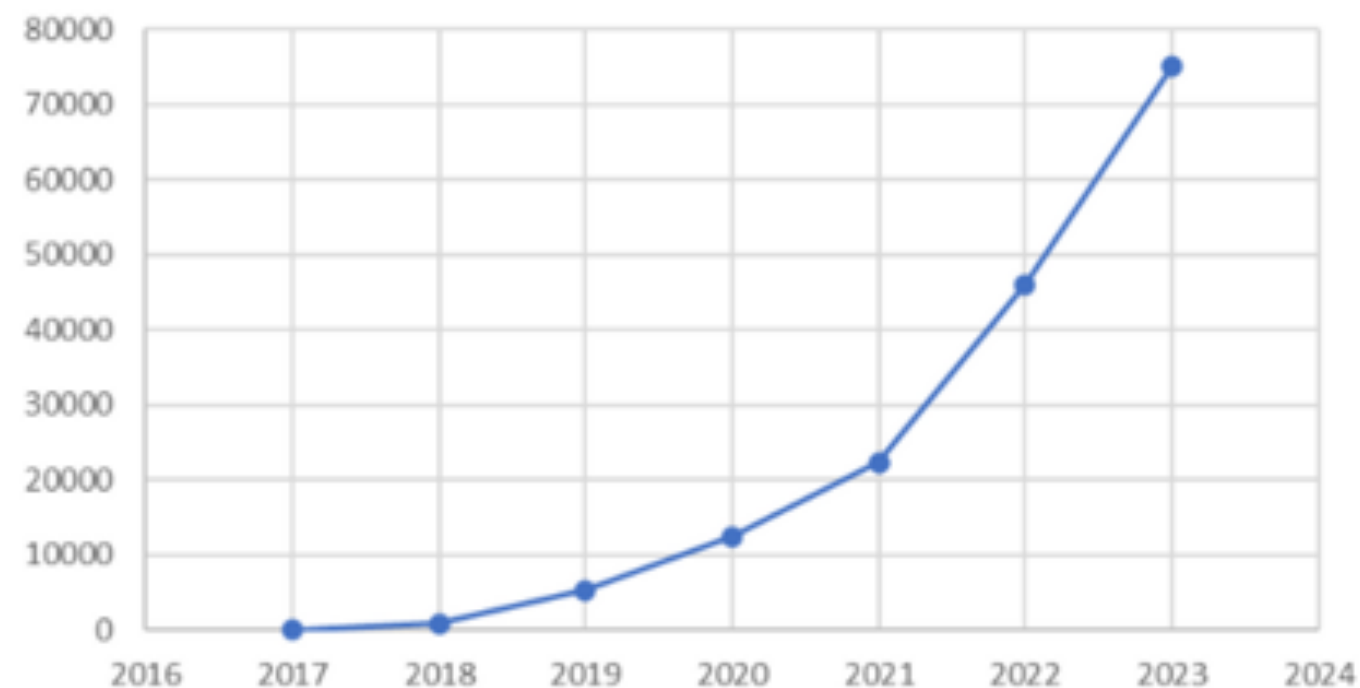
Currently, every third company (33 per cent) produces in the world's fifth-largest economy.

More than one in two (53 per cent) are planning to do so in 2028.

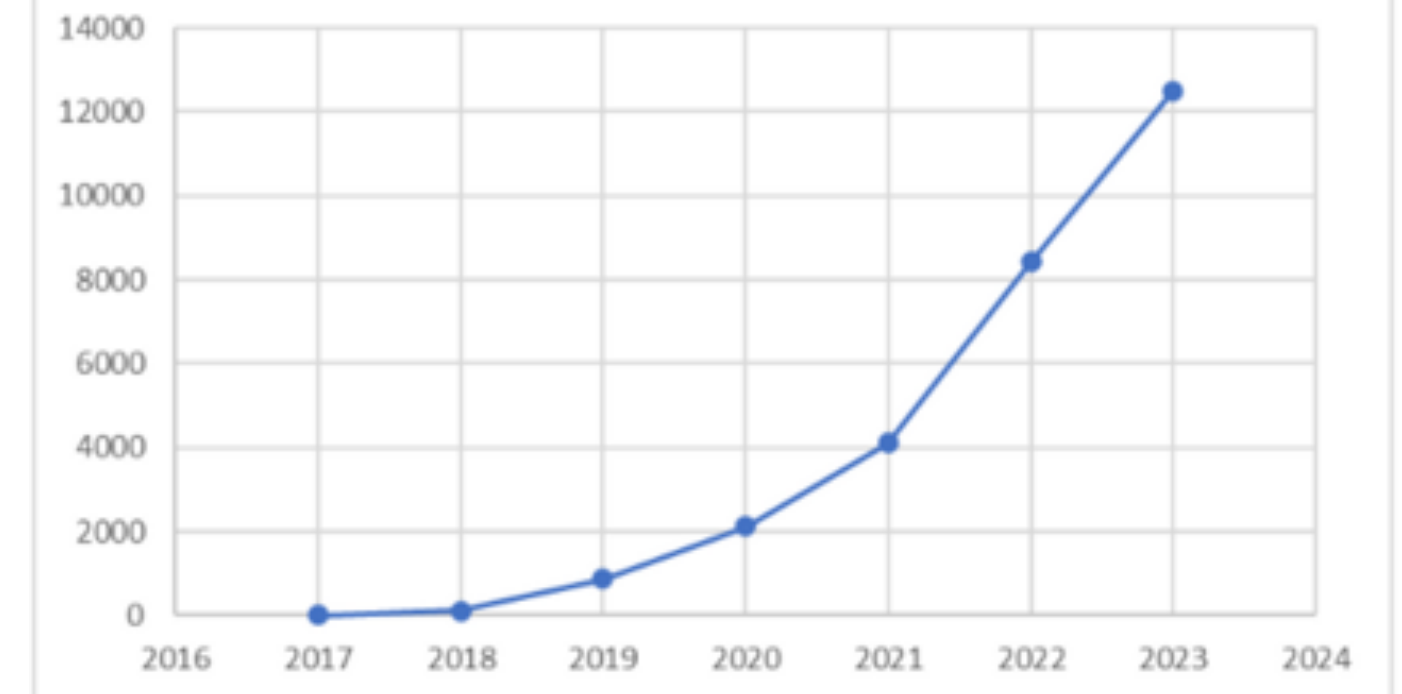
One reason for this is that the middle class, which already numbers 430 million people, is expected to continue growing strongly.

A special push is on the horizon for the research and development sector. In 2023, only nine percent are engaged in R&D in India - by 2028, this figure is expected to rise to 25 percent.

Volume of Transactions (in million)



Value (in 1,000 crore)



Value of UPI transactions over the years (in INR 1,000 crore). Note: 2023 figures do not include the data for March 2023

Image: NPCI

GERMANY AND INDIA: BUSINESS OUTLOOK

From low-cost location to location for research and development

UPI is a prime example of this, as it has seen tremendous growth over the years, with **9.41 billion transactions, worth INR 14.89 lakh crore (\$181 billion)**, processed in May 2023 alone.



GERMANY AND INDIA: BUSINESS OUTLOOK

India's strengths in regional comparison

More than every second company (53 percent) appreciates the English-speaking skilled workers who can be deployed internationally in times of virtual working environments. Likewise, 53 percent of the companies praise the continuously high economic growth.



GERMANY AND INDIA: BUSINESS OUTLOOK

Top German Companies in India

Audi India Ltd.
BASF India Ltd.
Daimler India Commercial Vehicles Pvt Ltd.
Deutsche Bank.
DHL Express India Pvt Ltd.
Metro Cash And Carry India Pvt Ltd.
Mercedes-Benz India Pvt Ltd.
Robert Bosch Engineering and Business Solutions Pvt Ltd.
Sap Labs
Volkswagon

 We create chemistry	 Mercedes-Benz	
 Mercedes-Benz	 BOSCH	 Audi

INDIA AND GERMANY:

EDUCATIONAL PARTNERSHIP OVERVIEW

Higher Education and Research Collaborations

- **Student Exchange Programs**
- **Joint Research Initiatives:**

Vocational Training and Skill Development

- **Dual Education System**
- **Technical Training Institutes**



INDIA AND GERMANY:

EDUCATIONAL PARTNERSHIP OVERVIEW

3. Online Education Platforms

- **E-Learning and EdTech:** German companies can collaborate with Indian tech firms to develop and offer online courses and educational content, making quality education accessible to a larger population.
- **Language Training:** German language institutes can partner with Indian educational institutions to promote German language learning, facilitating easier academic and professional exchanges.

INDIA AND GERMANY:

EDUCATIONAL PARTNERSHIP OVERVIEW

- **University Partnerships**

Twinning Programs:

Universities from both countries can create twinning programs, allowing students to split their studies between India and, allowing students to split their studies between India and Germany, gaining international exposure and diverse academic experiences.

- **Faculty Exchange:**

Initiatives to exchange faculty members can enhance teaching methods and curricula, benefiting students and academic communities in both countries.

INDIA AND GERMANY:

EDUCATIONAL PARTNERSHIP OVERVIEW

“A New Passage to India” (ANPtI)

- The Working Internships in Science and Engineering (WISE) scholarship programme for individuals
- The Indo-German Centre for Sustainability (IGCS) in Chennai, a cooperative project between RWTH Aachen and IIT Madras
- DAAD Initiatives: The German Academic Exchange Service (DAAD)
- TU9 Universities and IITs
- Collaborations between IIT Mandi and the University of Stuttgart, as well as other IITs such as IIT Indore and IIT Madras, fostering research projects and faculty exchanges (BMBF)



INDIA: KEY ECONOMIC SECTORS

Key Economic Sectors

Agriculture:

Contribution: Agriculture contributes about 15-18% to India's GDP and employs around 50% of the workforce.

Products: India is a leading producer of various agricultural products, including rice, wheat, spices, and dairy.

Industry:

Manufacturing: The manufacturing sector contributes approximately 16-18% to GDP. The 'Make in India' initiative aims to increase this share to 25%.

Automotive: India is one of the largest automobile markets, with significant production and export capabilities.

Services:

Contribution: The services sector is the largest contributor to GDP, accounting for over 55% of the total.

IT and BPO:

India is a global leader in information technology (IT) and business process outsourcing (BPO), with major companies like TCS, Infosys, and Wipro playing pivotal roles.

INDIA: BENEFITS TO PARTNER UP WITH GERMANY

How it is going to benefit India:-

- **New employment opportunities will be created across all renewable energy sectors.**
- **Latest technology will be introduced in the Indian renewable energy market.**
- **Presently the cost of renewable energy generation is higher than the conventional method, it is expected that R&D and market competition will bring down the cost of energy overall.**
- **India will be able to meet its energy requirements efficiently and also move towards fulfilling its commitments towards net zero emission.**

Market Challenges

High tariffs

Price Sensitivity

For example, some consumer-packaged goods companies make their products in smaller sizes or with fewer features to reflect price sensitivities of Indian customers.

Bureaucracy, and regulatory hurdles Can be the biggest challenges

Geo political tensions



THANK YOU

