

India's International Trade and Investment

August 2019



Presentation Outline



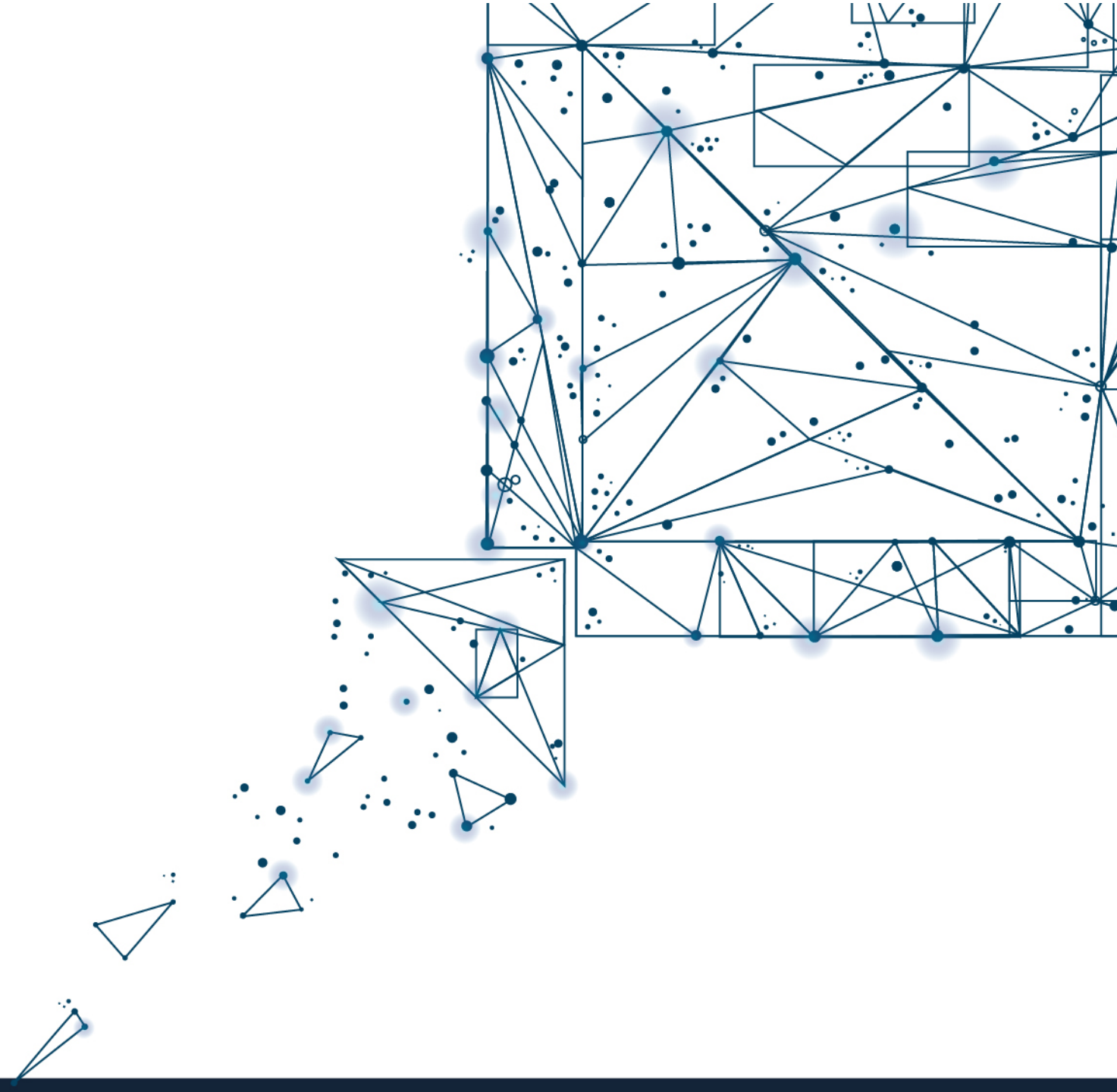
1 Indian Economy

2 India's Merchandise Trade

3 India's Trade in Services

4 India's Investment Flows

Indian Economy



India: An Emerging Economic Powerhouse

Strong Economic Fundamentals

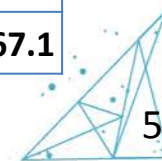
- **World's 7th largest economy** based on **nominal GDP** in 2018; forecast to become the **5th largest economy** in 2019.
 - *Nominal GDP for 2018: ~US\$ 2.7 trn*
- **World's 3rd largest economy** based on **GDP measured in PPP terms** in 2018.
 - *GDP in PPP terms for 2018: ~US\$ 10.5 trn*
- **Favorable demographic profile:** **66%** of the population is in the **age group of 15 to 64 years**.
- **Sovereign rating:** **Baa2/Stable (Moody's)**, **BBB-/Stable (S&P)**, **BBB-/Stable (Fitch)**.
- **IMF expects growth to pick up at 7.0% in 2019** supported by continued recovery of investment and robust consumption.
- **India's ranking jumped up 23 notches to the 77th position** from 100 during 2017-18 in the **World Bank's Ease of Doing Business Index 2019**.
- **India ranked 58th among 140 countries in Global Competitiveness Index (GCI) 4.0 2018** (rise of 5 positions from 2017)

Indian Economy - Snapshot

PARAMETER	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
GDP (current prices, US\$ billion)	2043.3	2148.4	2287.2	2625.9	2779.2
GDP Growth (constant prices, %)	7.4	8.0	8.2	7.2^{re}	6.8^{pe}
<i>Agriculture & allied activities (% change)</i>	<i>-0.2</i>	<i>0.6</i>	<i>6.3</i>	<i>5.0^{re}</i>	<i>2.9^{pe}</i>
<i>Industry (% change)</i>	<i>7.0</i>	<i>9.6</i>	<i>7.7</i>	<i>5.9^{re}</i>	<i>6.9^{pe}</i>
<i>Services (% change)</i>	<i>9.8</i>	<i>9.4</i>	<i>8.4</i>	<i>8.1^{re}</i>	<i>7.5^{pe}</i>
Inflation rate (CPI, annual avg. %)	5.8	4.9	4.5	3.6	3.4
IIP (general, % change)	4.0	3.3	4.6	4.4	3.6
Merchandise Trade Balance (US\$ billion)	-137.7	-118.7	-108.5	-162.1	-183.6
Services Trade Balance (US\$ billion)	76.5	69.7	68.3	77.6	81.9
Current Account Balance (US\$ billion)	-26.8	-22.1	-14.4	-48.7	-57.2
<i>CAB as percentage of GDP (%)</i>	<i>-1.3</i>	<i>-1.1</i>	<i>-0.6</i>	<i>-1.9</i>	<i>-2.1</i>
External Debt (US\$ billion)	474.7	484.8	471.5	529.7	543.0
Forex Reserves (US\$ billion) (end-March)	341.6	360.2	370.0	424.5	412.9
FDI Inflows (US\$ billion)	45.1	55.6	60.2	61.0	64.4
FDI Outflows (US\$ billion)*	6.7	12.4	15.3	14.7	12.4
Exchange Rate (annual avg. ₹/US\$)	61.1	65.5	67.1	64.5	67.1

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

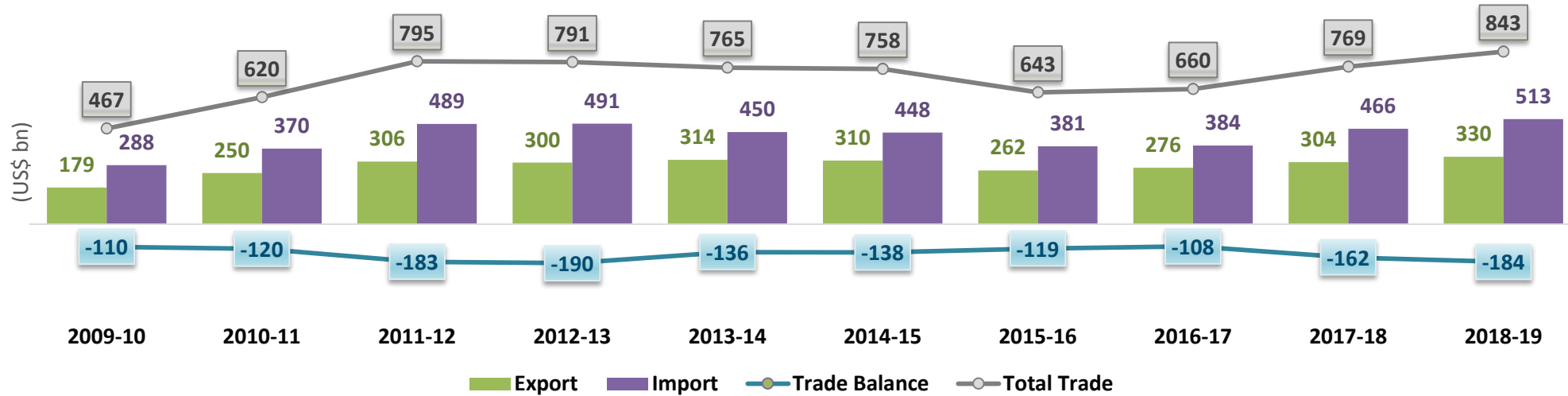
Source: IIF, MOCI, CSO, RBI & MOF



India's Merchandise Trade



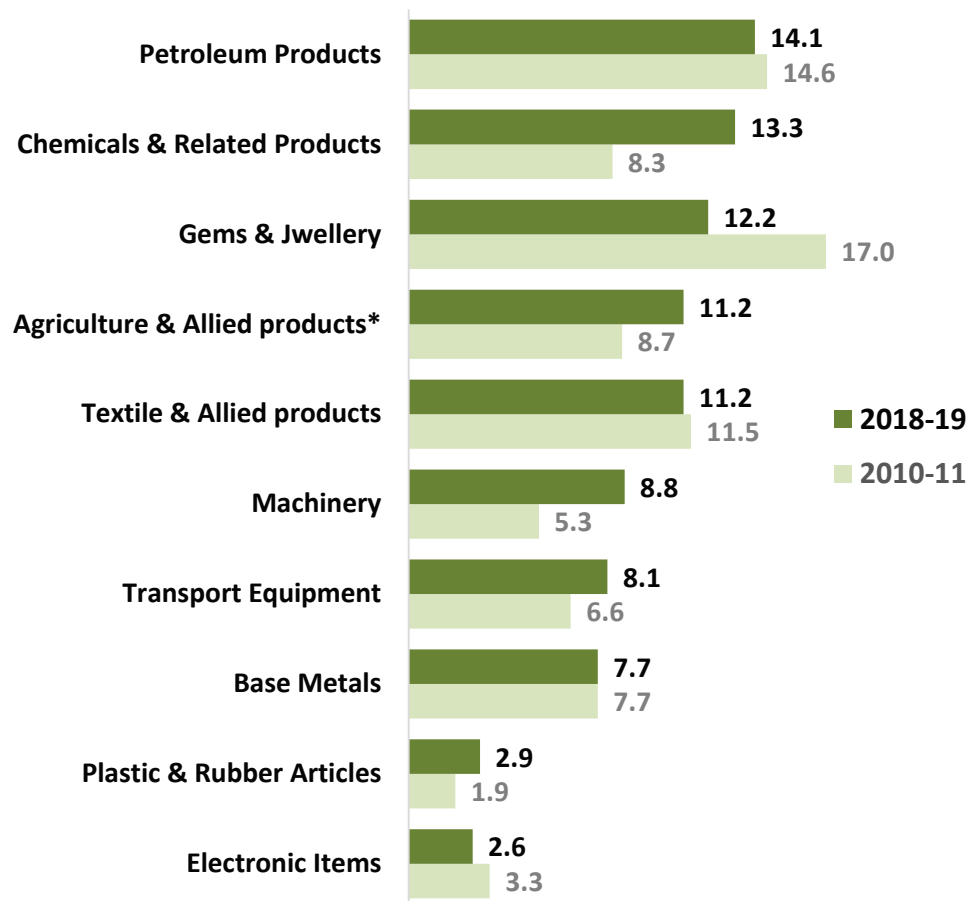
India's Merchandise Trade – Upward Trend



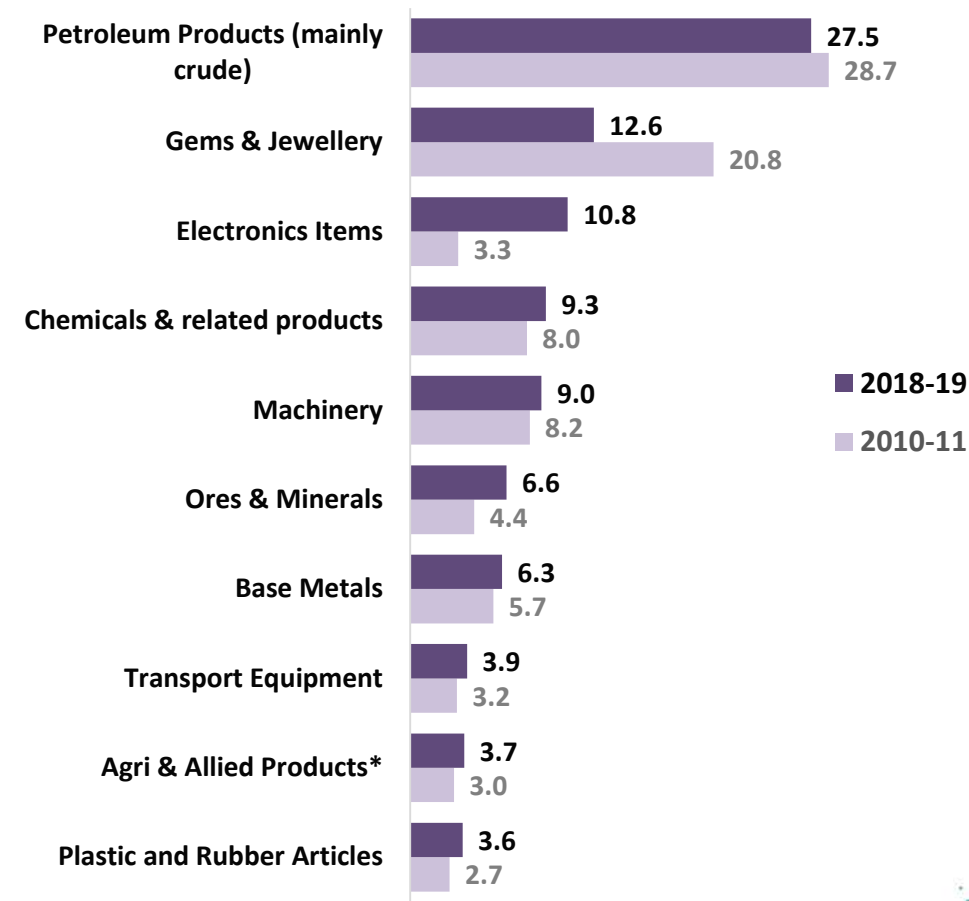
- India's total trade peaked at US\$ 843 billion in 2018-19.
- Exports recovered since 2016-17 to reach a record high of US\$ 330 billion in 2018-19, growing at 8.6% y-o-y.
- High crude oil prices pushed imports to US\$ 513 billion in 2018-19.
- Trade deficit widened to US\$ 184 billion in 2018-19, a result of increased import of petroleum crude, gems & jewelry, electronic items & machinery.
- India's share in global merchandise trade increased to 2.1% 2018 from 1.9% in 2010.

India's Merchandise Trade Basket

Top Export Items (% Share)

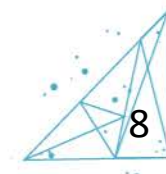


Top Import Items (% Share)



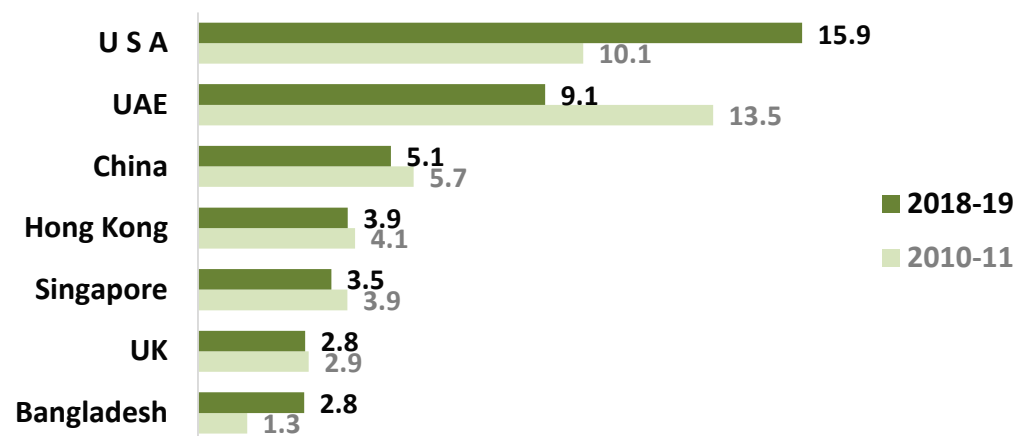
Note: *Agriculture and allied products also include tea, coffee and marine products

Source: MOCI, GoI

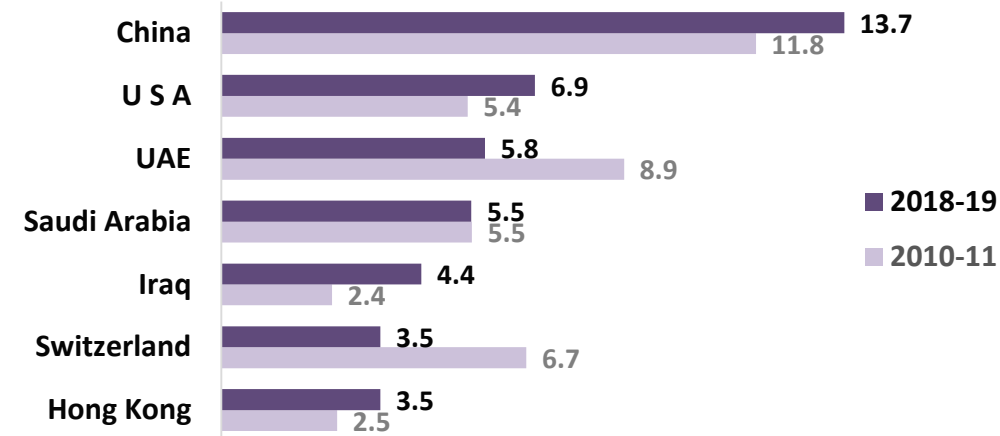


Direction of India's Merchandise Trade

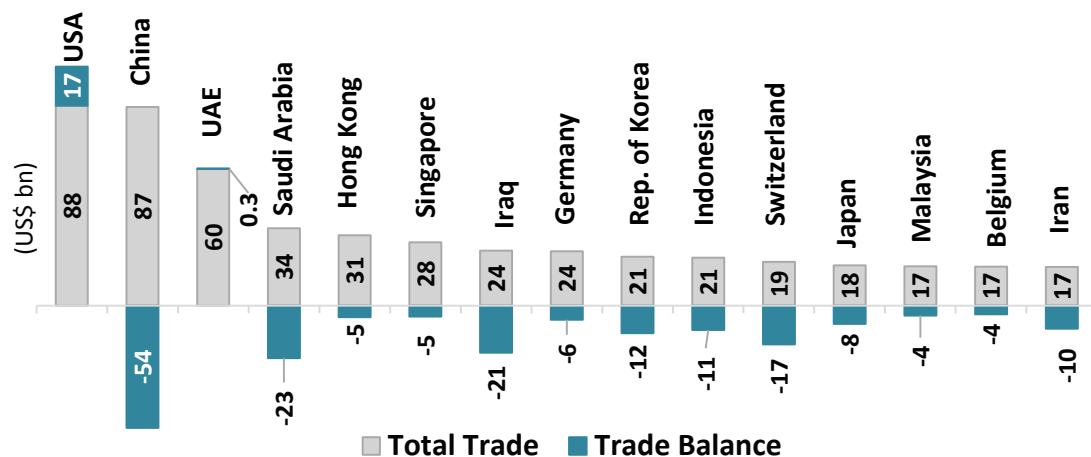
India's Export Markets (% share)



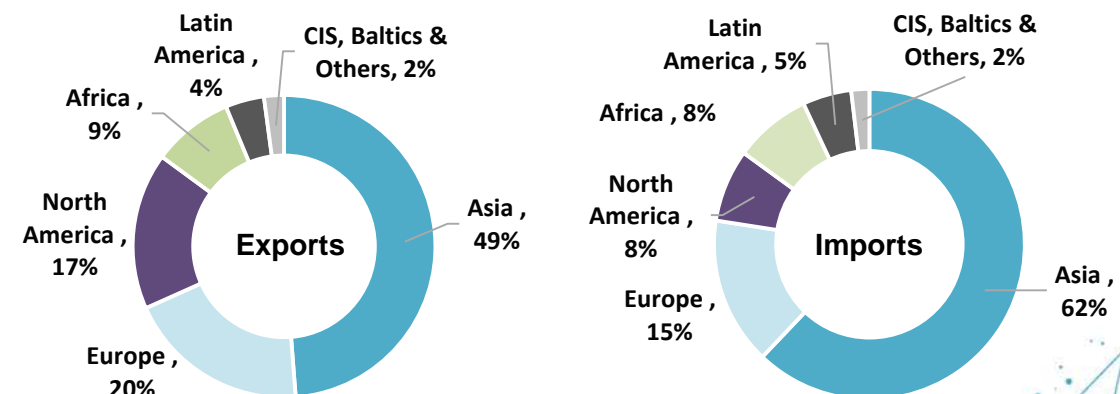
India's Import Sources (% share)



Major Trading Partners in 2018-19



Regional Trade Direction in 2018-19



India's Increasing Share in Global Merchandise Exports

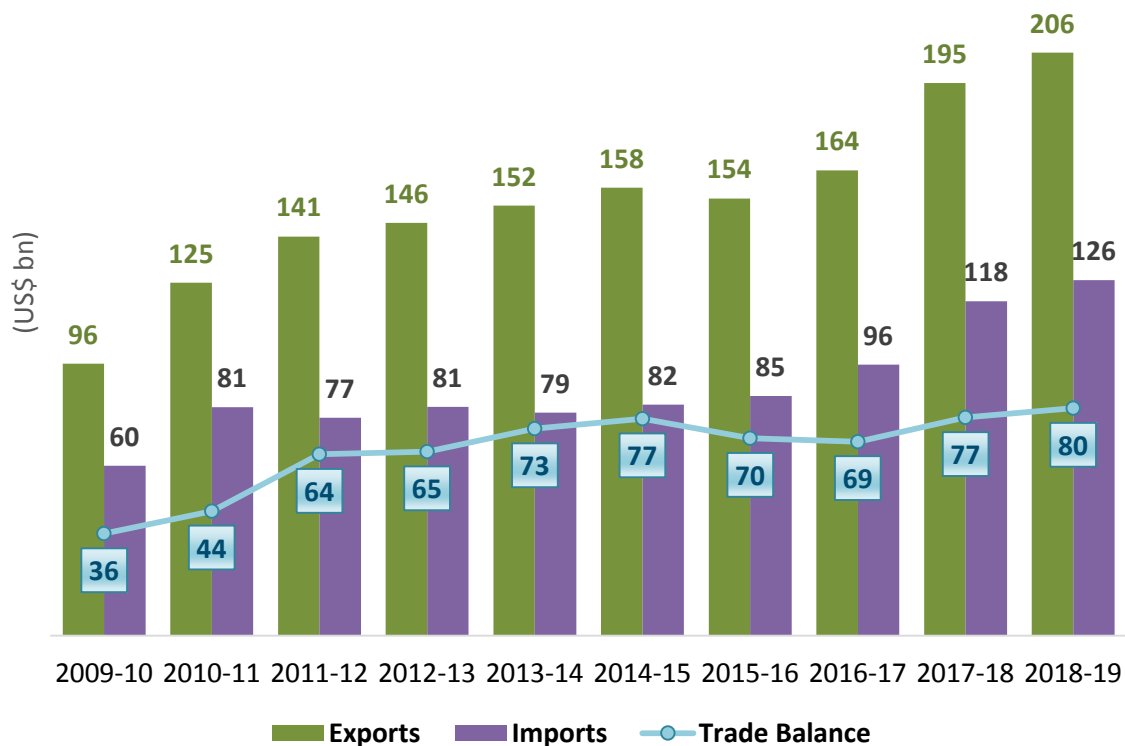
Rankings	Country	2005 (%)	Country	2010 (%)	Country	2018 (%)
1	Germany	9.2	China	10.3	China	12.8
2	USA	8.6	USA	8.4	USA	8.5
3	China	7.3	Germany	8.2	Germany	8.0
4	Japan	5.7	Japan	5.0	Japan	3.8
5	France	4.4	Netherlands	3.8	Netherlands	3.7
6	Netherlands	3.9	France	3.4	South Korea	3.1
7	UK	3.7	South Korea	3.0	France	2.9
8	Italy	3.6	Italy	2.9	Hong Kong	3.0
9	Canada	3.4	UK	2.7	Italy	2.8
10	Belgium	3.2	Belgium	2.7	UK	2.5
11	Hong Kong	2.8	Hong Kong	2.6	Belgium	2.4
12	South Korea	2.7	Russia	2.6	Mexico	2.3
13	Russia	2.3	Canada	2.5	Canada	2.3
14	Singapore	2.2	Singapore	2.3	Russia	2.3
15	Mexico	2.0	Mexico	1.9	Singapore	2.1
16	Chinese Taipei	1.9	Chinese Taipei	1.8	UAE	1.8
17	Spain	1.8	Spain	1.7	Spain	1.8
18	Saudi Arabia	1.7	Saudi Arabia	1.6	Chinese Taipei	1.7
19	Malaysia	1.3	India	1.5	India	1.7
20	Sweden	1.2	UAE	1.4	Switzerland	1.6
21	Switzerland	1.2	Australia	1.4	Saudi Arabia	1.5
22	Austria	1.2	Brazil	1.3	Poland	1.3
23	Brazil	1.1	Malaysia	1.3	Australia	1.3
24	UAE	1.1	Switzerland	1.3	Thailand	1.3
25	Thailand	1.1	Thailand	1.3	Malaysia	1.3
26	Ireland	1.0	Poland	1.0	Viet Nam	1.3
27	Australia	1.0	Sweden	1.0	Brazil	1.2
28	Norway	1.0	Indonesia	1.0	Czech Republic	1.0
29	India	0.9	Austria	1.0	Austria	0.9
30	Poland	0.9	Czech Republic	0.9	Indonesia	0.9

India's Trade in Services

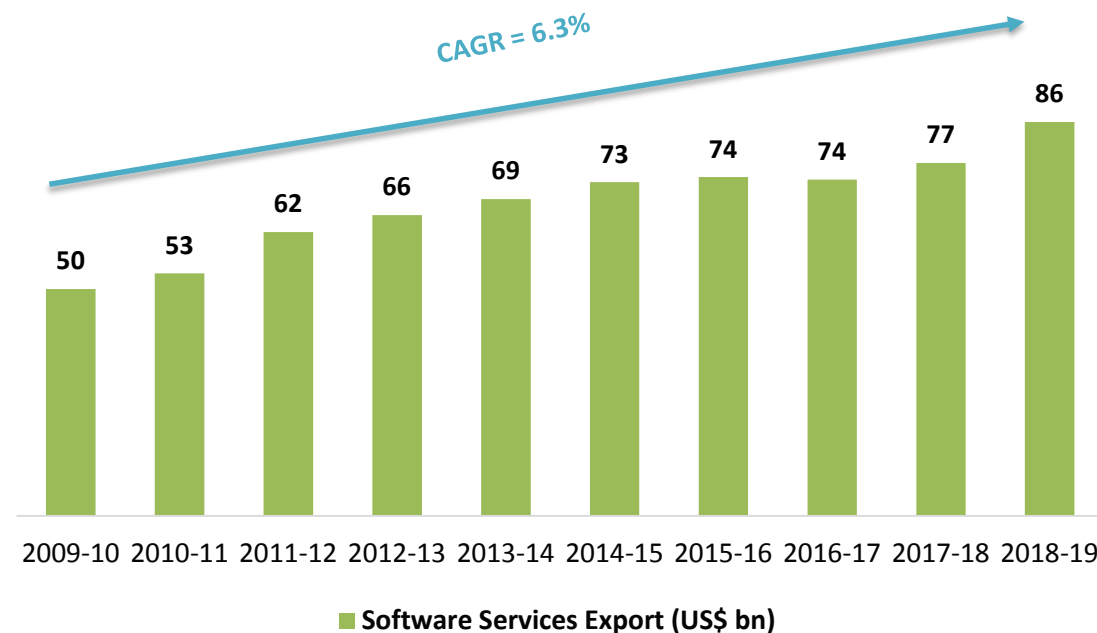


India's Trade in Services – Sustaining Momentum

Strong Services Exports

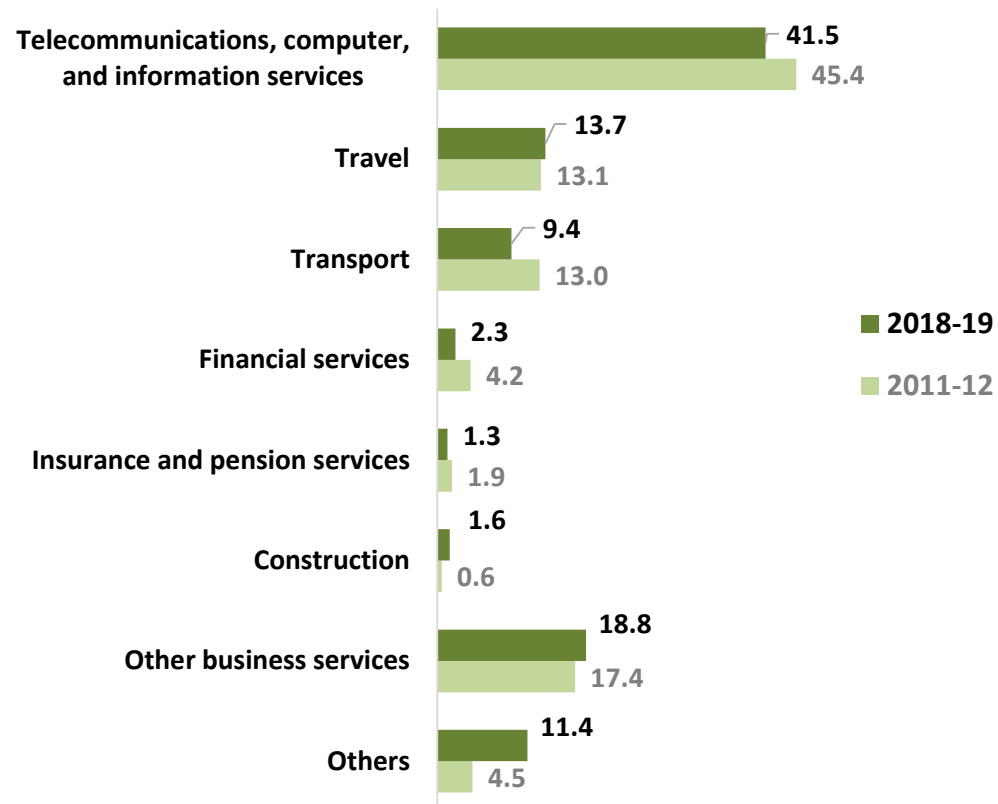


Software Exports – Key Drivers

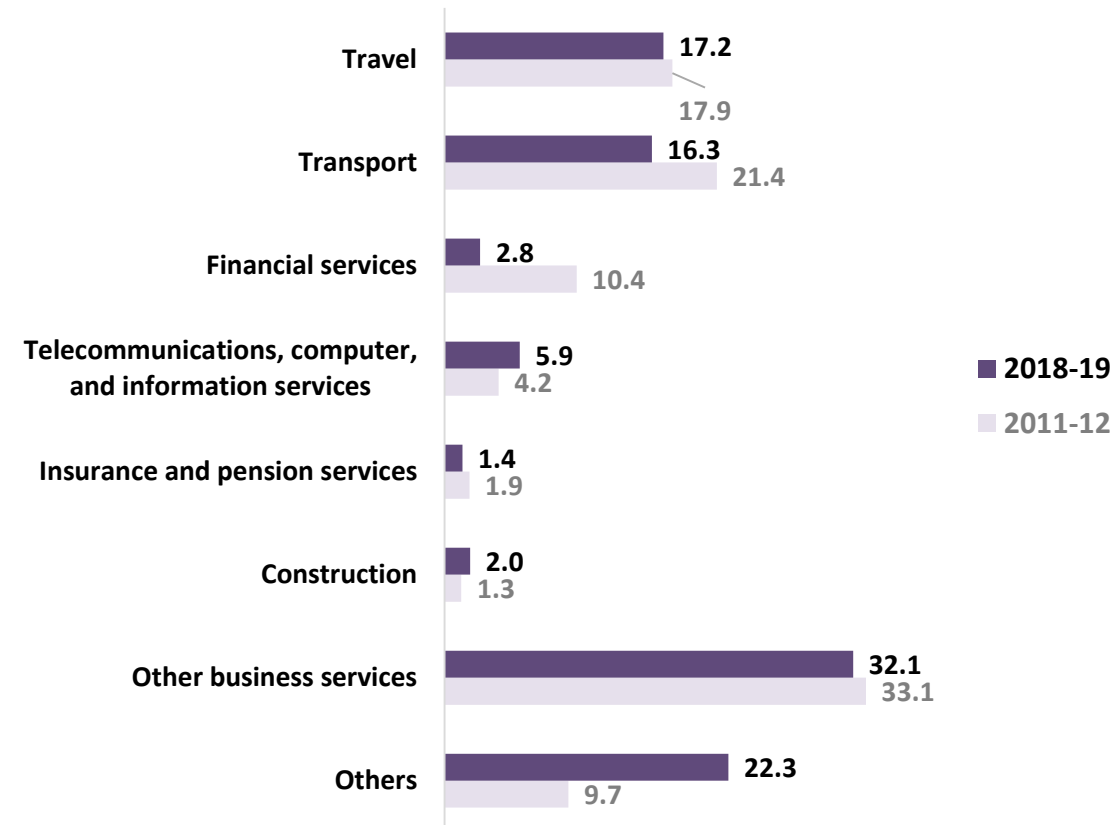


India's Trade in Services - Components

India's Services Exports (% share)



India's Services Imports (% share)



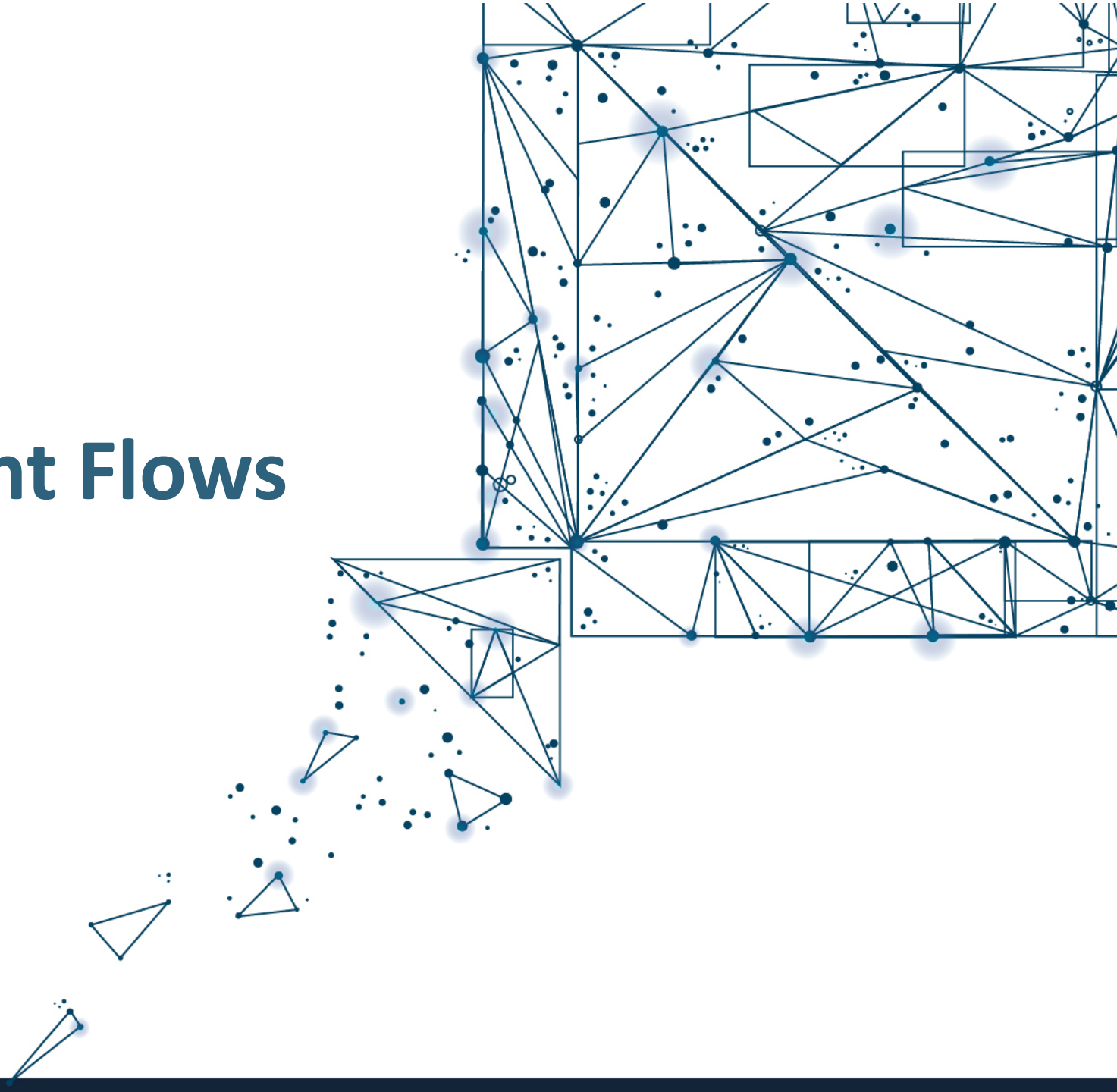
Note: Other business services include research & development services, professional & management consulting services and technical & trade related services.
 Other services include personal, cultural & recreational services, government goods & services, charges for using intellectual property, maintenance & repair services and manufacturing services.
 Data for services trade available from 2011-12 as per BPM6 standard of IMF.

Source: BoP Statistics, RBI

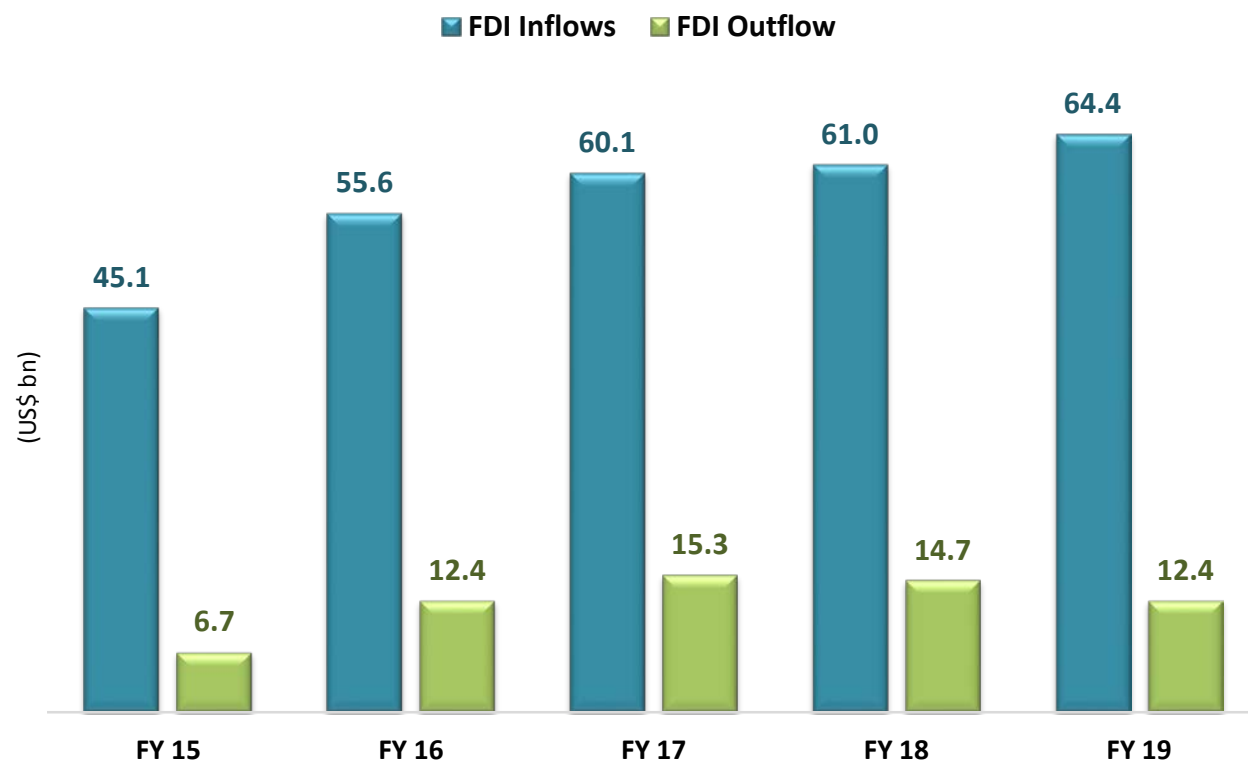
India's Share in Global Services Exports – Outperforming Peers

Ranking	Country	2005 (%)	Country	2010 (%)	Country	2018 (%)
1	USA	14.7	USA	14.3	USA	13.9
2	UK	8.1	UK	6.9	UK	6.6
3	Germany	6.4	Germany	6.4	Germany	5.8
4	France	4.8	France	5.0	France	5.0
5	Japan	4.3	China	4.2	China	4.6
6	Spain	3.7	Japan	3.6	Netherlands	4.2
7	Netherlands	3.6	Spain	3.2	Ireland	3.6
8	Italy	3.5	Netherlands	3.0	India	3.5
9	China	2.9	India	3.0	Japan	3.2
10	Hong Kong	2.5	Hong Kong	2.7	Singapore	3.2
11	Ireland	2.3	Ireland	2.5	Spain	2.6
12	Belgium	2.2	Italy	2.5	Switzerland	2.1
13	Canada	2.2	Singapore	2.4	Belgium	2.1
14	Singapore	2.2	Belgium	2.4	Italy	2.1
15	India	2.0	South Korea	2.2	Hong Kong	2.0
16	Switzerland	1.9	Switzerland	2.1	Luxembourg	1.9
17	South Korea	1.9	Canada	1.9	South Korea	1.7
18	Denmark	1.7	Luxembourg	1.6	Canada	1.6
19	Sweden	1.7	Denmark	1.6	Thailand	1.4
20	Austria	1.7	Sweden	1.6	Sweden	1.3

India's Investment Flows



India's Foreign Direct Investment Flows

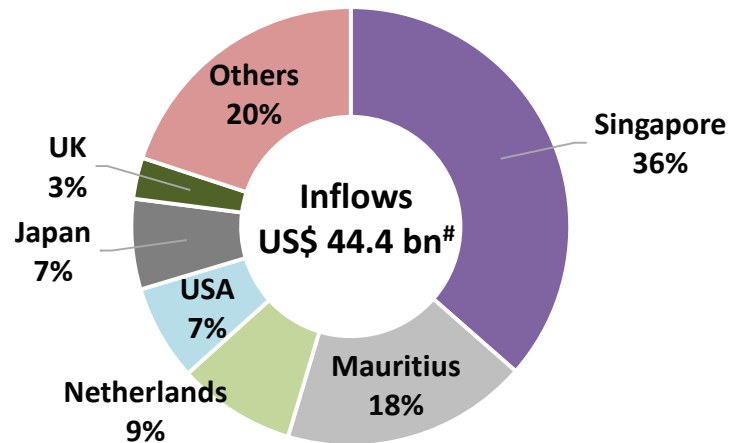


- Highest FDI inflows received reflecting the steps taken by the government for liberalizing the FDI regime and efforts taken to provide a conducive business climate
- Indian ODI has resulted into greater macro-economic co-operation with other countries, transfer of technology and skill, sharing of R&D and promotion of brand India.

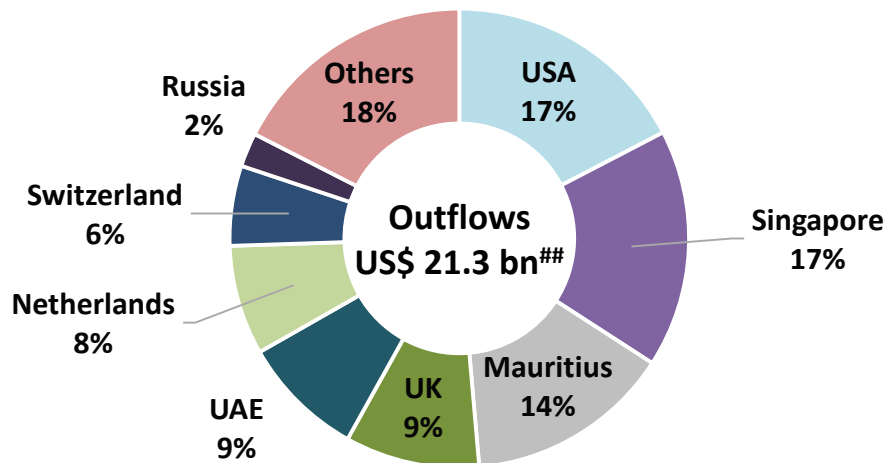
Note: FDI Inflows include Equity, Re-invested Earnings and other Capital. FDI Outflows include Equity, Loans & Guarantees Invoked.
Source: RBI & Ministry of Finance, GoI

Direction of India's Foreign Direct Investment Flows

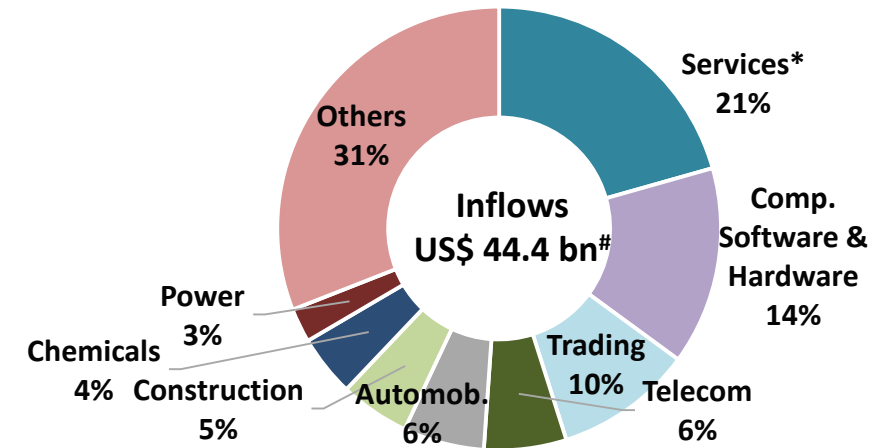
Top FDI Investing Countries in 2018-19



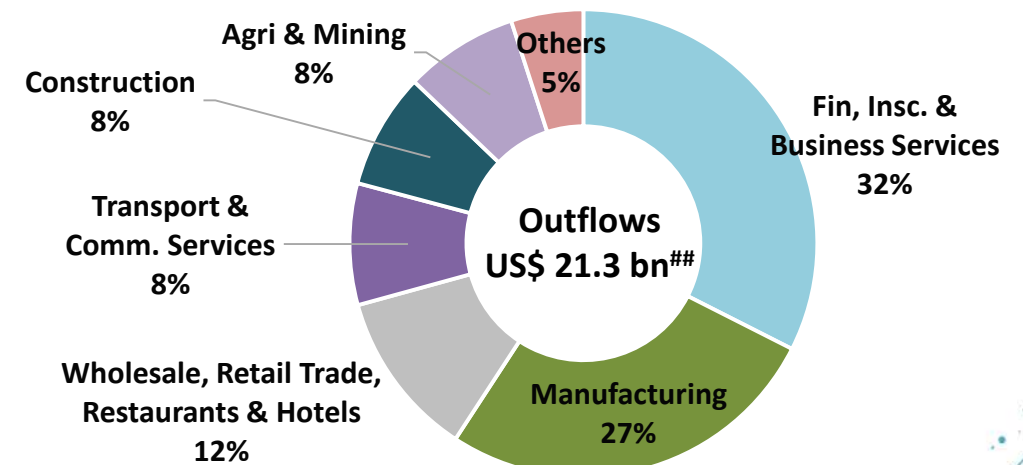
Destination-wise FDI Outflows in 2018-19



Sector-Wise FDI Inflows in 2018-19



Sector-wise FDI Outflows in 2018-19



PARTNERING
GROWTH.
GLOBALISING
INDIA.