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Strengthening India-Brazil Economic Relations through Sustainable Cooperation

– Srejita Nandy, *Manager*
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Brazil is the largest and most populous country in South America. According to the International Monetary Fund (IMF), Brazil is ranked as the 9th largest economy in the world, with a nominal Gross Domestic Product (GDP) of approximately US$ 2.2 trillion in 2023. The economy relies heavily on sectors like agriculture, mining, and other resource-intensive activities. Additionally, Brazil is endowed with vast mineral reserves and crude oil, making it a net exporter1 of crude oil since 2017.

The Brazilian economy is estimated to grow by 3% in 2024, driven by robust private consumption in the context of a strong labour market, before expecting to moderate to 2.2% in 2025, amid still restrictive interest rates aimed at completing the convergence of inflation to target. Brazilian Central Bank has implemented aggressive monetary tightening measures to control the inflation levels which are estimated to reach 4.3% in 2024 and 3.6% in 2025.

Merchandise Trade of Brazil

Brazil's total merchandise trade grew from US$ 484.8 billion in 2013 to US$ 580.5 billion in 2023, peaking at US$ 607.2 billion in 2022. Exports grew at an average annual rate of 4.8%, while imports grew at 1.5% between 2013 and 2023. The trade balance improved significantly, transitioning from a deficit of US$ 19.7 billion in 2013 to a surplus of US$ 98.9 billion in 2023.

Brazil is the second-largest merchandise exporter in Latin America, accounting for 24.2% of regional exports in 2023, behind Mexico. In 2023, Brazil's total exports amounted to US$ 339.7 billion, with mineral fuels and oils representing 16.2%. Other key exports included oil seeds, oleaginous fruits, and ores. China was the largest destination for Brazil's exports (30.7%), followed by the USA and Argentina. India was Brazil's 13th largest export destination, with a 1.4% share of total exports.

Brazil's imports are more diversified, with mineral fuels and oils constituting 15.3% of total imports in 2023. Other top imports included machinery and electrical equipment. China was the top source of imports, followed by the USA and Germany. India became Brazil's 6th-largest import source in 2023, up from 7th in 2019.

Services Trade of Brazil

According to the United Nations National Accounts Statistics, services contributed 68.2% to Brazil's gross value added in 2022. However, Brazil's commercial services largely serve the domestic market, with modest export performance. Total trade in services declined slightly from US$ 130.2 billion in 2013 to US$ 128 billion in 2023. Services exports grew at an average annual rate of 2.6%, while imports have shown a meagre growth in the past decade. Services trade deficit has ranged from US$ 55 billion in 2013 to US$ 37.6 billion in 2023.

In 2023, Brazil's commercial services exports were diversified, with transport and travel accounting for 15% and 15.3%, respectively. Business services dominated other commercial services, making up 43.4%, followed by telecommunications and IT services. Imports of commercial services represented 97.3% of total services imports, with transport and travel accounting for 23.8% and 17.6%, respectively. Other commercial services reached US$ 45.9 billion, with business services comprising 25.7% of imports.

Foreign Direct Investment in Brazil

According to UNCTAD's World Investment Report, in 2023, foreign direct investment in Latin America and the Caribbean (LAC) reached US$ 193 billion, with Brazil receiving US$ 65.9 billion, making it the 5th largest FDI recipient globally. Brazil ranked 13th in FDI outflows, which grew from US$ 20.5 billion in 2021 to US$ 29.9 billion in 2023.

According to Financial Times' fDi Markets database, from 2013 to 2023, Brazil attracted diverse investments, with the highest capital expenditure in renewable energy, followed by coal, oil and gas, and financial services. USA was the largest source of inward FDI to Brazil, followed by France and China. In terms of outward FDI, the metals sector led, followed by investments in coal, oil and gas, and food and beverages. USA remained the top destination for Brazil's FDI, accounting for 20% of total outward investment, followed by Colombia and Canada.

Bilateral Merchandise Trade of India and Brazil

The trade relationship between India and Brazil has steadily grown over the past decade, with Brazil emerging as India's 20th largest export destination and 25th largest import source in 2023. The total bilateral merchandise trade has fluctuated over the years, increasing from US$ 9.9 billion in 2013 to US$ 13.1 billion in 2023. India's exports to Brazil have grown at an AAGR of 8.2%, while imports from Brazil rose at an AAGR of 9.9%.

India's export basket to Brazil remains well-diversified, with refined mineral fuels and oils comprising about a quarter of the total exports. This category was followed by other chemical products, machinery and mechanical appliances and pharmaceutical products in 2023. The composition of imports was diverse, with animal, vegetable fats and oils accounting for 24.6% of the total, followed closely by mineral fuels and oils (crude) and sugar and sugar confectionery, among others.

India-Brazil Services Trade

Bilateral services trade between India and Brazil has been obtained from the OECD-WTO Balanced Trade in Services (BaTIS) dataset. According to the source, the total trade between the two nations reached US$ 3 billion in 2021 (*based on latest data available*), increasing from the US$ 2.3 billion recorded a decade ago. India's exports of services to Brazil have shown relatively healthy growth, increasing from US$ 1.7 billion in 2013 to US$ 2.2 billion in 2021. In 2021, India imported services worth US$ 807 million from Brazil, accounting for less than a percent of India's total services imports from the world.

Within India's exports of other commercial services, telecommunication, computer, and information services dominated, contributing 46.3% of services exports, followed by other business services. Financial services, along with personal, cultural, and recreational services, each accounted for a modest 1.4% of the services export in 2021. In terms of imports, travel and transport services together made up 52.6% of the total commercial services imports from Brazil. Other business services represented 27.1% of the total imports, while telecommunication, computer, and information services accounted for 9.5%.

India's Bilateral Investment Relations with Brazil

According to Financial Times' fDi Markets, during January 2013 to December 2023, total capital investment of India in Brazil stood at a cumulative amount of US$ 2,038 million making India the 22nd largest investing country in Brazil through 57 projects. In terms of envisaged capital expenditure, majority of the investments were undertaken in the metals sector amounting to US$ 577.7 million (28.3% of total Indian investments in Brazil) in the last decade. This was followed by chemicals (US$ 429.3 million) and automotive sector (US$ 340.4 million).

India was the 20th largest FDI destination of Brazilian investments during January 2013 to December 2023. India accounted for US$ 324.2 million of FDI receipts from Brazil coming through 11 projects during this period. Metals sector received one-third of the total investments amounting to US$ 107.8 million in the last decade. This was followed by space and defence sector (US$ 83.8 million) and automotive components (US$ 74.2 million).

Potential for Enhancing India's Trade with Brazil

The study identifies potential export products for Indian exporters to Brazil, using a four-quadrant analysis based on Normalized Revealed Comparative Advantage (NRCA) and the Average Annual Growth Rate (AAGR) of Brazil's global imports from 2019-2023. Products with better-than-average import growth in Brazil were targeted, focusing on items with a minimum export value of US$ 0.5 million. A total of 699 products were identified, representing 98.1% of India's exports to Brazil, valued at US$ 6.5 billion in 2023, compared to US$ 103.4 billion in global imports to Brazil.

Out of these, 285 products are categorized as "*Product Champions*," accounting for US$ 3.4 billion of India's exports (59% of total exports). These include items like medium oils, medicaments, herbicides, automotive parts, and more. Strengthening exports in this category is essential for capitalizing on the growing demand in Brazil. The "*Underachievers*" category consists of 127 items, with exports worth US$ 414.5 million, making up 6.2% of India's total exports to Brazil. These products show rising demand in Brazil but lack competitiveness from India. Targeted efforts and investments in this category could improve India's position in the medium to long term. Products in this group include turbojets, gears, and chemical products, among others.

Potential Areas of Cooperation and Recommendations

India and Brazil, which are strategic partners, share wide ranging complementarities and robust collaborations across various sectors.

Collaboration in Agriculture and Food Processing

India and Brazil, major producers of essential crops, have significant potential for agricultural cooperation. By exploring joint ventures, technological collaboration, and marketing partnerships, both nations can address food security challenges. Sharing sustainable farming practices, investing in agricultural research, and leveraging technology can enhance crop yields and resilience to climate change. Collaborative initiatives in supply chain efficiency, market access, and policy frameworks can empower farmers and ensure surplus production reaches vulnerable populations. Recent agreements, like the MoU between FSSAI and Brazil's Ministry of Agriculture, pave the way for deeper collaboration, especially in food processing, post-harvest management, and logistics.

Cooperation in Biofuels and Renewable Energy Transition

In 2023, Brazil and India ranked as the 2nd and 3rd largest ethanol producers globally, with Brazil aiming to increase ethanol blending to 35% by 2030. Both countries collaborate on biofuel initiatives through the Global Biofuels Alliance (GBA), enhancing trade and sustainability. Brazil's expertise in sugarcane ethanol production benefits India's biofuel goals. Additionally, Brazil joined the International Solar Alliance in 2024, providing an opportunity for India to assist in expanding Brazil's solar energy infrastructure. Both nations can collaborate on critical minerals for electric vehicles, supporting sustainable energy transitions, fostering economic growth, and reducing carbon emissions.

Cooperation in Promoting Sustainable Finance and Development

India and Brazil, with their national strategies on sustainable finance, could collaborate to finance sustainable projects and infrastructure. By leveraging expertise from development finance institutions like Brazil's BNDES, NDB, and India Exim Bank, both nations could co-finance projects in renewable energy, clean technology, and sustainable infrastructure. They can share best practices in green finance, project evaluation, and risk management through exchange programmes. Joint efforts in sectors like bioenergy, electric vehicles, and waste-to-energy, along with collaboration on carbon trading, reforestation, and climate-resilient projects, could help achieve global climate goals. Research on green hydrogen, biofuels, and circular economy technologies offers additional opportunities.

Easing Cross-Border Payments

India and Brazil could enhance trade by implementing a Local Currency Settlement System (LCSS), reducing transaction costs and settlement times. Establishing more Indian bank branches in Brazil could facilitate this. Additionally, leveraging India's Unified Payment Interface (UPI) and Brazil's Pix for real-time payment system interoperability would enable seamless, efficient, and secure cross-border transactions. This collaboration would strengthen economic ties, boost bilateral trade, and support both countries' digital economy growth through enhanced financial integration. ■

Analysis of India's Textile Trade with ASEAN Under AITIGA

– **Jahanwi Singh,** *Chief Manager*
Neha Raman, *Manager*

Background

ASEAN is an important trading partner for India, and the ASEAN-India Trade in Goods Agreement (AITIGA) has played a key role in strengthening this partnership. Under the Agreement, ASEAN Member States and India have committed to open their markets by gradually reducing and eliminating duties on 76.4% of goods and liberalising tariffs on over 90% of goods[1].

Textile and allied products is an important sector for both India and ASEAN. India has production capabilities across the entire textile value chain. Vietnam has positioned itself as one of the global leaders in the readymade garments segment. Vietnam also ranked 3rd globally in exports of yarns, 9th in fabrics, and 10th in other textiles in 2023. Apart from Vietnam, Thailand has also positioned itself among the top 10 exporters in the segment of fibres, particularly for manmade fibres. Indonesia is also among the top 10 exporters in fibres and yarns. Therefore, the sector holds immense significance in the context of AITIGA.

ASEAN-India Trade in Textile and Allied Products

India is the 6th largest exporter of textile and allied products, with exports valued at US$ 34.2 billion, accounting for a share of 3.9% in the global exports of these products in 2023. ASEAN countries accounted for 3.3% of India's total exports of textile and allied products and 12.5% of imports of these products in 2023. India's exports of these products to ASEAN reached US$ 1.1 billion in 2023, recording a marginally negative CAGR of (-) 0.016% during 2010 to 2023, with intermittent periods of growth and decline. Meanwhile, India's imports of textile and allied products from ASEAN have more than tripled since 2010, registering a CAGR of 10.5% during 2010 to 2023.

It is noteworthy that since 2022, India's exports of textile and allied products to ASEAN have declined for two consecutive years, primarily due to a sharp fall in cotton-related exports. India's imports from ASEAN, also saw a sharp decline in 2023 after steady growth in 2021 and 2022. Due to a steeper decline in exports, India's trade balance with ASEAN in textiles and allied products shifted from a surplus of US$ 0.45 billion in 2021 to a deficit of (-) US$ 0.02 billion in 2023.

Among ASEAN nations, Vietnam was the top export destination for India in 2023, accounting for 30.5% of India's total exports of textile and allied products to the region, followed by Malaysia (share of 20.1%), Thailand (16.1%), Indonesia (13.4%), Philippines (6.9%) and Singapore (6.6%), among others. On the import front as well, Vietnam emerged as the largest source, contributing 42.8% to India's textile imports from ASEAN in 2023, followed by Indonesia (23.3%), Thailand (21.3%), Malaysia (5.6%), and Cambodia (3.6%).

In terms of trade balance, India maintains a trade surplus in textile and allied products with countries like Malaysia, Philippines, Singapore and Myanmar, and trade deficit with key partners like Vietnam, Thailand, and Indonesia. This growing trade imbalance could be on account of better access to Indian market for exports from Vietnam, Indonesia and Thailand, as also their growing importance as key suppliers of textile and allied products globally. Meanwhile, India's textile trade with Brunei Darussalam and Lao PDR remains minimal.

Value Chain Analysis using Trade indices

Value chain-wise analysis indicates that fabrics was the largest category of exports from India to ASEAN in 2023, accounting for about 29.1% of India's total export of textile and allied products to ASEAN, followed by yarns (28.7%), readymade garments (19.6%), fibres (12.1%) and other textiles (10.6%). Fabrics and yarns were also the topmost segments for India's imports of textile and allied products from ASEAN in 2023, followed by fibres, readymade garments, and other textiles.

To assess the comparative advantage of India and ASEAN countries across the value chain of textile and allied products, a Revealed Comparative Advantage (RCA) analysis has been undertaken. Additionally, Trade Intensity Index (TII) for both exports and imports has also been estimated to assess the importance of the partner country in India's trade, relative to their importance in world trade.

The RCA analysis reveals that India has a strong comparative advantage across most segments of the textile value chain, including fibres, yarns, ready-made garments, and other textiles. However, despite this advantage, India's export intensity to ASEAN nations—reflecting the relative importance of ASEAN in India's textile and allied products exports—remains subdued. The TII Exports for India is below 1 for most ASEAN countries in the segments of fibres, RMG, and other textiles, with yarns being the only segment where India exhibits relatively stronger export intensity. This indicates that there remains substantial scope for tapping the demand in ASEAN markets, particularly in downstream segments.

In contrast, several ASEAN nations with lower RCA values than India enjoy better market access. Analysis highlights that India's imports from ASEAN are considerably higher than expected across several such segments. In fibres, India's import intensity is

[1] Invest India (2022), Free Trade Agreements between India and ASEAN Countries

notably high for imports from Vietnam, Indonesia, and Thailand, with TII values exceeding 1. Similarly, in yarns, India imports more than expected from Indonesia, Thailand, and Singapore. In fabrics, India's TII Imports is high for imports from Vietnam, Indonesia, Malaysia, Thailand and the Philippines. In the 'other textiles' segment, India imports significantly from Indonesia, Thailand, and Malaysia.

On account of the better market access for competitor countries, India experiences trade deficits with several ASEAN nations across the textile value chain. For instance, India has a trade deficit with Vietnam and Philippines in fabrics, despite these countries lacking comparative advantage in this segment. While India has higher RCA in "other textiles" segment compared to ASEAN countries, it still records deficits in this segment with Vietnam, Thailand, Indonesia, and Cambodia. In fact, Indonesia and Thailand do not even have a comparative advantage in 'other textiles'.

Tariff analysis under AITIGA

Analysis of tariff lines for trade between India and its top 5 trading partners in ASEAN suggests that in 2009, India's highest frequency tariff bracket for textile imports from its five major ASEAN trading was in the 10-15% bracket. However, following the agreement, India adopted a more protectionist stance, with a greater concentration of tariff lines in the 25%+ bracket. Despite the high tariff barrier, the number of tariff lines in which India imported from the top 5 ASEAN trading partners and India's imports from the countries have gone up, with Thailand being the only exception to this trend. On the other hand, the highest frequency tariff bracket for India's exports to its top 5 trading partners in ASEAN has reduced, thereby significantly enhancing market access for Indian textile exports. The number of tariff lines for India's textile exports to these countries has gone up during 2009-2022.

Table 1: India's Tariff Concessions to ASEAN Nations: Textile Sector under AITIGA

(Values in US$ '000)

ASEAN Countries	India				Number of total tariff lines		
	2009		2022				
	Highest freq. tariff bracket (%)	India's Imports from the Country	Highest freq. tariff bracket (%)	India's Imports from the Country	2009	2022	
Vietnam	10-15	34,711.63	25+	300,743.70	114	354	↑
Indonesia	10-15	76,637.41	25+	62,987.95	200	251	↑
Thailand	10-15	94,077.16	25+	92,114.65	351	335	↓
Malaysia	10-15	39,535.66	25+	43,685.81	191	276	↑
Philippines	10-15	1,411.11	25+	5715.12	53	77	↑

Source: WITS; Exim Bank Research

Table 2: ASEAN Nations' Tariff Concessions to India: Textile Sector under AITIGA

(Values in US$ '000)

ASEAN Nations	India				Number of total tariff lines for bilateral trade		
	2009		2022				
	Highest freq. tariff bracket (%)	ASEAN imports from India	Highest freq. tariff bracket (%)	ASEAN imports from India	2009	2022	
Vietnam	10-15	24,077.53	0	316,833.09	193	397	↑
Indonesia	15-20	12,300.50	5-10	91,075.99	364	529	↑
Thailand	25+	9,114.22	0	131,626.52	450	581	↑
Malaysia	20-25	6,251.32	0	167,803.72	336	411	↑
Philippines	15-20	8,242.67	0	36,265.92	242	363	↑

Source: WITS; Exim Bank Research

Conclusion

Analysis indicates significant underutilisation of opportunities in textiles in ASEAN markets by Indian exporters despite zero-duty under AITIGA across several markets. There is a need to promote greater utilisation of the existing tariff concessions available in the ASEAN market. Analysis also highlights that a significant proportion of textile products have been placed under exclusion lists and sensitive tracks by major ASEAN trading partners, such as Indonesia, Thailand, and Malaysia, restricting duty-free market access for India. This, coupled with growing trade imbalances, underscores the need for renegotiating FTA terms to achieve equitable market access and unlock trade potential. Additionally, negotiating more favourable rules of origin could also ensure that Indian exporters are better able to utilise the FTA provisions while preventing a possible circumvention by third-party countries.

Deepening India-Nepal Economic Ties

– **Siddharth Nema,** *Deputy Manager*
Visahakha Bhagwat, *Officer*

Nepal, a landlocked country in South Asia, is bordered by China to the north and India to the south, east, and west. Nepal's nominal GDP has steadily grown, rising from US$ 34.2 billion in 2019 to an estimated US$ 43.7 billion in 2024. Economic growth is forecasted to stabilize at 4.9% in 2025 and 2026, driven by structural reforms and economic normalization. The industrial sector, particularly electricity and construction, is expected to expand in the medium term, contributing to continued growth. Inflation, which peaked at 7.8% in 2023 due to rising food and fuel prices, is projected to stabilize at 5.6% in 2024 and further moderate to 5.2%-5.4% in 2025-2026, reflecting effective monetary policies.

Nepal's economy, heavily reliant on agriculture, remittances, and a growing service sector, faces challenges due to its landlocked geography and limited resources. As a Least Developed Country (LDC), Nepal benefits from tariff concessions under the Generalized System of Preferences (GSP) and has signed multiple trade agreements. In 2021, UN's Committee for Development Policy (CDP) recommended graduation of Nepal from LDC status in 2026[1]. Nepal's impending graduation from LDC status presents a complex scenario, particularly concerning its trade dynamics.

India Nepal Bilateral Trade Relations

The bilateral framework for trade is anchored on the India-Nepal Treaty of Trade and Agreement of Co-operation to Control Unauthorized Trade – 2009 (renewed in October 2023). India accounts for approximately two-thirds of Nepal's merchandise trade, a third of its service trade, and a third of foreign direct investment. It also supplies nearly all of Nepal's petroleum and plays a crucial role in inward remittances from workers, pensioners, and professionals in India.

Bilateral trade between India and Nepal has grown from US$ 4.8 billion in 2014 to US$ 8.1 billion in 2024, reflecting an average annual growth rate of 9.3%. India's total exports to Nepal amounted to US$ 7.3 billion while imports were recorded at US$ 811.5 million in 2023. The trade balance has been in India's favour with trade surplus increasing from US$ 3.6 billion in 2014 to US$ 6.4 billion in 2024.

In 2023, Nepal ranked as the 17th largest export destination for India, accounting for 1.7% of India's total exports. India's export basket to Nepal remains fairly diversified, with mineral fuels and oils making up 32% of total exports in 2023. Other significant export categories include iron and steel and machinery and mechanical appliances, among others.

[1] National Planning Commission, Government of Nepal, February 2024

Coffee, tea and spices and iron and steel accounted for major imported commodities each accounting for 12.7% of India's total imports from Nepal. Other major commodity included animal and vegetable oil (10.3%), man-made staple fibres (9.8%) and aircraft, and its parts (7.9%) among others.

Bilateral Services Trade between India and Nepal

India's trade with Nepal has primarily focused on merchandise, but the trade in services has seen steady growth over the past decade. From 2014 to 2024, services trade between the two countries grew from US$ 630.6 million to US$ 1.4 billion, reflecting an average annual growth rate (AAGR) of 10.4%. Exports from India to Nepal increased at an AAGR of 10.8%, rising from US$ 286.8 million in 2014 to US$ 663.6 million in 2024. At the same time, imports grew at a slightly slower pace of 10.3% annually. Overall, India's bilateral trade in services with Nepal constituted less than 1% of India's trade in services with the rest of the world.

In 2023, India exported services worth US$ 663.6 million to Nepal, with travel accounting for the largest share at 81.7% of total services exports. Other commercial services ranked second, contributing US$ 65.1 million, or 9.8% of the total export value. Transport services followed, making up 8.5%, while other business services accounted for 7% of the total services exports in the same year.

Service imports have grown significantly from US$ 343.8 million in 2014 to US$ 760.8 million in 2023, more than doubling over the period. Transport and Travel together contribute 84.5% of the total services imports reflecting increasing tourism and travel between India and Nepal.

Investment Relations with India

India is one of Nepal's largest trading partners and a significant source of foreign direct investment (FDI). The two countries collaborate in key sectors such as energy, infrastructure, manufacturing, and agriculture, with India investing in various development projects across Nepal. According to Financial Times' fDi Markets database, from January 2014 to December 2023, the total envisaged capital investment of India in Nepal stood at a cumulative amount of US$ 381 million. In terms of capital investments during 2014-2023, the largest share has been in communications (23.6% of Indian investment in Nepal), pharmaceuticals (17.2%), and financial services (17.1%) among others.

Potential for Enhancing India's Exports to Nepal

The study has identified potential items of exports which could be targeted by Indian exporters. To identify the products based on their export competitiveness in Nepal, a four-quadrant analysis has been undertaken based on the HS Code classifications at 6-digit level by calculating their Normalised Revealed Comparative Advantage (NRCA) and mapping them against AAGR of global imports of Nepal for all products. The quadrants are drawn by comparing the overall AAGR of global imports of Nepal for all products during 2020-2023 (which was 0.9%), to the NRCA of India's exports to Nepal during the same period. This exercise aims to identify products whose imports in the Nepal over the period 2020-2023 have performed better than the overall average of Nepal for all products during this period, implying that the share of such products in Nepal's import basket has witnessed an increase, a reflection of their rising demand and map them with products where India has a comparative advantage. At 6-digit HS Code, with minimum exports of US$ 0.1 million from India to Nepal, 2337 products have been identified with the total exports from India to Nepal amounting to US$ 7.2 billion (99.7% of India's exports to Nepal in 2023), while the total world imports by Nepal for the same products stood at US$ 9.5 billion in 2023 (91.8% of Nepal's global imports in 2023).

Out of the 2337 items at the HS 6-digit level, 1109 items belonged to the category of the product champions. The combined exports of these items from India to Nepal were US$ 5.1 billion in 2023, representing approximately 69.8% of India's exports to Nepal in 2023. The study has identified potential items of exports which could be targeted by Indian exporters with export potential gap under current trade regime for *Product Champions* around US$ 190.6 million (difference between Nepal's Global Imports and India's Export to Nepal for the respective products).

The product category of *Underachievers* comprised 627 items, with India's exports of these products amounting to US$ 591 million to Nepal. These products constitute a share of 8.2% in India's total exports to Nepal. These are the product items in which import demand in Nepal's market are rising, but exports from India are currently not competitive. Nepal's imports of these products stood at US$ 2.4 billion in 2023, presenting significant opportunities for exporters.

Potential Areas of Cooperation and Recommendations

Enhancing Bilateral Services Trade

India has maintained a services trade surplus with Nepal, with travel services making up 81.7% of exports, followed by transport (8.5%), other business services (7%), and computer services (1.5%). In 2023, India accounted for 9.7% of Nepal's global transport services imports and could expand its share in sea transport services. India is Nepal's largest source of personal travel services (39.9% share) and a key destination for medical tourism. India also supplied 64.1% of Nepal's global computer services imports, offering opportunities in software development, data analytics, and IT support. Additionally, India contributed 21.9% of Nepal's global business services imports, with growth potential in professional, technical, and consulting services. Strengthening these sectors can further enhance India-Nepal economic ties.

Cooperation in Energy Infrastructure

Nepal's electricity sector plays a crucial role in its economy, leveraging its vast hydropower potential for exports to South Asia. The country aims to achieve 11,700 MW of installed capacity by 2029, driving industrial growth, with over 9,500 MW of projects licensed for construction. India is financing key transmission lines projects under Lines of Credit and supporting petroleum pipeline projects to enhance regional energy security. These initiatives highlight deepening energy cooperation between Nepal and India, fostering trade and infrastructure development in the region.

Cooperation in Transport and Connectivity

Nepal's tourism sector, contributing over 8% to GDP, relies on strong connectivity infrastructure, with key priorities in road, aviation, and urban transport development. India and Nepal are enhancing cross-border connectivity through rail links, roads, and Integrated Check Posts (ICPs) with India's grant assistance. Enhancing border facilities, including storage and testing infrastructure, could further reduce trade costs and strengthen bilateral economic integration.

Banking and Financial Cooperation

India and Nepal are strengthening financial collaboration to facilitate investment flows and improve banking services. As of December 31, 2024, three Indian banks operate in Nepal: Nepal SBI Bank, Everest Bank, and ICICI Bank. Expanding Indian banks' presence could enhance financial services for businesses. Both countries have also advanced cross-border digital payments, with NPCI International Payments Limited (NIPL) partnering with Nepal's Fonepay to enable UPI transactions. Over 100,000 UPI Person-to-Merchant (P2M) transactions have been recorded in Nepal since March 2024. Additionally, Nepali visitors can now use UPI One World in India, improving seamless digital payments and strengthening economic and cultural ties.

Healthcare

India is a key player in Nepal's healthcare sector, being the largest supplier of pharmaceuticals (71.2% share) and the second-largest source of medical devices. Nepal's hospital and medical technology markets are projected to grow, offering significant investment opportunities for India. India can support Nepal's healthcare through investments in telemedicine, AI-driven diagnostics, and medical education programs. Expanding collaborations in healthcare infrastructure and skill development will enhance Nepal's medical resilience while strengthening bilateral ties.

Aerospace and Defence Cooperation

India's aerospace and defence cooperation endeavours with Nepal span across a wide range of sectors. India has been assisting Nepal in capacity building and supplying equipment. India has also exported advanced light helicopters to Nepal. ■

Rise of Medical Tourism in India

- **Rahul Mazumdar,** *Deputy General Manager*
Dhitika Shah, *Officer*

Medical tourism, also known as Medical Value Travel (MVT), refers to activities related to travelling across international borders to obtain healthcare services, involving at least one night of stay at the destination region for the purpose of maintaining, improving or restoring health through medical intervention[1].

The medical intervention herein is typically classified into the broad categories of medical treatment viz. wellness and rejuvenation, and cures through traditional systems of medicine like AYUSH (Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homeopathy). Other kinds of procedures may include joint replacement, dental procedures, cardiac surgery, to name a few.

In recent years, India's medical tourism industry has been booming owing primarily to factors like competitive treatment cost relative to other healthcare destinations and lesser waiting period for medical procedures. As per the Medical Tourism Index (MTI) for 2020-21, India ranked 10th of a total of 46 destinations considered. Medical tourism footfall saw a year-on-year growth by over 30% in 2023.

The Union Budget 2025-26 thus announced prioritisation of medical tourism as a key growth driver in India. The Budget aims to promote medical tourism in India through the "Heal in India" initiative in partnership with the private sector, enhancing India's position as a premier global healthcare destination

Growth Drivers of Medical Tourism in India

Cost-effective Treatment	**Skilled Workforce**
Alternate Medicine	**e-Medical Visa & Government Support**

Medical Tourism in India: A Statistical Take

In 2024, India's medical tourism industry was estimated to stand at US$ 10.2 billion, taking up a share of over 20% of Asia's medical tourism market.

Over the period of January-August 2024, around 4,77,927 foreign tourists visited India for medical purposes, contributing to a share of about 8% in India's total foreign tourist arrivals (FTA) over the same period.

As per the Tourism Statistics 2023, in 2022, approximately 5 lakh foreign tourists (holding a share of 7.4% in the total FTA) contributed to India's medical tourism. This shows a drastic fall from the previous year's share of 21.2% of foreign tourist arrivals visiting for medical purposes. In terms of regions, West Asia had the largest share of medical purpose visits to India at 22.7% of total FTA from the region in 2022, followed by Africa (21.2%) and South Asia (19.8%).

Table: Region-wise Foreign Tourist Arrivals (FTA) in India for Medical Purposes (2022)

Region	Total Number of FTA	Share of Medical Purpose in Total FTA Visits from the Region (%)
West Asia	2,60,346	22.7
Africa	2,34,483	21.2
South Asia	17,23,016	19.8
Eastern Europe	1,87,964	6.0
South East Asia	4,12,780	1.3
Australasia	4,35,674	0.4
Central And South	46,157	0.3
East Asia	1,36,852	0.3
North America	16,92,659	0.2
Western Europe	13,00,210	0.2
Unspecified Regions	7,326	1.4
Grant Total	**6437467**	**7.4**

Source: India Tourism Statistics 2023, Ministry of Tourism

[1] Ministry of Tourism

India has become among the most preferred destinations for the people from Iraq seeking quality medical treatment. Within West Asia, Iraq saw the highest number of tourists visiting India seeking medical services, at about 85% of its total FTA into India. Other West Asian countries contributing to the medical tourism industry in India were Yemen (73.4%) and Oman (19.7%).

Further, among all regions, Bangladesh holds a prominent place in boosting India's medical tourism sector overall. FTAs from the country for medical reasons have been more than 50% of the total FTAs visiting India for medical treatment, during the last half a decade ending 2023[2].

Impact of Bangladesh's Upheaval on India's Medical Tourism

Bangladesh plays a vital role in India's booming medical tourism industry, typically accounting for a share of 60% of India's total international medical tourism inflows. Factors like competitive pricing for quality treatment, geographical proximity, and linguistic similarities have contributed to this high tourist inflow from the country seeking medical assistance in India.

However, the recent rise in socio-political disturbances in Bangladesh may have possible implications for the medical tourism sector in India through visa curbs implemented by the latter. This has resulted in complete cancellations or delays in medical visits to India, which has particularly impacted hospitals that show high dependency on foreign tourist inflows.

Major industry players have even seen a 40% drop in patients from Bangladesh in the first half of 2024-25, leading to adverse impact on their revenues. As per reports, Apollo Hospitals Enterprise saw a 27% drop in revenue from Bangladeshi patients; and Manipal Hospitals saw a 10% fall in total revenue generated from international patients with patients from Bangladesh accounting for almost 45% of all foreign patients.

As per CareEdge Ratings, assuming the unrest in Bangladesh continues, medical tourism in India may face a 10-15% decline in patient inflow from Bangladesh, a dominant contributor to the sector. However, given the nature of the services, a gradual normalisation may also be a possibility by end of 2024. Till then, hospitals with high dependency on patient inflow from Bangladesh may see adverse revenue impact during Q2 and Q3 of 2024-25.

Source: Medical tourism revenue takes a hit after govt stops visas for Bangladeshis, Business Standard (November 2024); Bangladesh Crisis May Reduce India's Medical Tourism by 10-15% in 2024, CareEdge Ratings (August 2024); India Exim Bank Research

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[2] CareEdge Ratings (August 2024)

Government Policies

'Heal in India' is an initiative of the Government to position India as a global hub for medical tourism by simplifying visa processes, improving healthcare infrastructure, as well as India's branding as a hub of medical expertise internationally.

India has till date made its e-Medical visa available for nationals of over 166 countries.

India's National Strategy and Roadmap for Medical and Wellness Tourism

Develop a brand for India as a wellness destination	Strengthen the ecosystem for medical and wellness tourism	Enable digitalization by setting up Online Medical Value Travel (MVT) Portal
Enhancement of accessibility for Medical Value Travel	Promoting Wellness Tourism	Governance and Institutional Framework

The Government of India has been exploring ways to promote medical tourism in the country. In 2022, the Ministry of Tourism launched the National Strategy and Roadmap for Medical and Wellness Tourism.

Other initiatives include:

(i) Marketing campaigns promoting India-wide destinations for the purpose of medical tourism under the '*Incredible India*' campaign;

(ii) Introd)uction of 'Medical Visa' for tourists seeking medical care in India. This includes the sub-categories of e-Medical Visa and e-Medical Attendant Visa which permits triple entry and extension up to 6 months on case-to-case basis; and

(iii) Constitution of a National Medical and Wellness Tourism Board to provide an industry-specific framework.

By 2026, India's MVT sector is expected to reach US$ 13.42 billion.

Copper Industry- Poised for Growth

- **Rahul Mazumdar,** *Deputy General Manager*
Sakshi Garg, *Deputy Manager*

Copper has become the third most used industrial metal after steel and aluminium in terms of quantities consumed[1]. It finds widespread use in all major sectors such as construction, electrical and electronic products, industrial machinery and equipment, transportation equipment, clean energy, and consumer products.

Copper Mine Production: World copper mine production stood at 22.4 MT in 2023. Copper mine production in Latin America surged from less than 0.75 MT in 1960 to 8.9 MT in 2023 and now accounts for 40% of the total global production. Asia has also seen significant growth, with its share of global copper mine production rising from 6% to 21% over the same period, followed by Africa (16%), North America (10%), Europe (9%) and Oceania (4%).

Country-wise, Chile contributed nearly a quarter of global copper mine production in 2023, with an output of 5.3 MT. Peru, which has experienced a significant surge in copper mine production since 2015, accounted for 12% of the world's output. DR Congo has also demonstrated strong performance in recent years and is projected to surpass Peru as the second-largest producer[2].

Refined Copper Production: The world refined copper production was estimated at 27 MT in 2023. China is the largest producer of refined copper, with production at 12 MT in 2023, followed by DR Congo (2.2 MT), Chile (2.1 MT), Japan (1.5 MT), and Russia (1 MT). According to BHP Group, in 2023, total copper demand reached 31 MT, comprising 25 MT of copper cathode and 6 MT of copper scrap.

India's production of refined copper has declined from a peak of 798.7 thousand tonnes in FY 2016-17 to 509 thousand tonnes in FY 2023-24. Production declined considerably in the last few years, especially after the shutdown of Sterlite's copper factory. On the other hand, India's copper consumption has seen a rise and exceeded the domestic production levels from FY 2018-19 onwards. In FY 2023-24, India's production of refined copper stood at 509 thousand tonnes while the consumption increased to 843.9 thousand tonnes.

Trade Trends

Copper Scrap: Copper can be recycled repeatedly without any loss of performance. There is no difference in the quality of recycled copper (secondary production) and mined copper (primary production). Thus, copper scrap market plays a vital role in supporting global supply chains. The global imports of copper waste and scrap have increased from US$ 26.9 billion in 2014 to US$ 35.3 billion in 2023.

India had a trade deficit in copper scrap in 2023 with exports at US$ 113.5 million and imports at US$ 1664.0 million. India's top export destinations for copper scrap in 2023 were China (52.2%), South Korea (22.5%), Taiwan (8.1%), Japan (6.3%), and Spain (2.8%). The top import sources were Saudi Arabia (17.6%), the USA (14%), the UK (9.8%), Germany (9.7%), and the UAE (5.8%).

Refined Copper and its Products

The global imports of refined copper have increased from US$ 127.8 billion in 2014 to US$ 162.6 billion in 2023. India's exports of refined copper and products have reduced from US$ 3.4 billion in 2014 to US$ 2.1 billion in 2023. Imports on the other hand, have increased from US$ 2.1 billion in 2014 to US$ 5.4 billion in 2023. India's top export destinations for refined copper in 2023 were Saudi Arabia (40.4% share in exports), China (13.6%), the USA (13.3%), the UAE (5.3%), and Germany (2.7%). The top import sources were Japan (39.6%), Vietnam (10.8%), Thailand (7.7%), DR Congo (6.8%), and Malaysia (6.4%).

Outlook

Notably, copper mining is gaining a central role in the minerals policy of the US. While the US has ample copper reserves, its smelting and refining capacity lags behind that of global competitors. The US is planning to boost its domestic copper industry by investigating the national security implications of imports and weighing the option of tariffs as a response and is also looking at securing copper reserves in regions such as Ukraine and Greenland.

Going forward, copper is poised for a robust long-term trajectory of growth, driven significantly by sectors linked to energy transition, including electric vehicles and renewable energy applications. Growing digital demand i.e. growth from the expected ramp-up in demand for digital infrastructure is also driving copper's growth. Copper demand in data centres could accelerate to six-fold by 2050, from half a million tonne of copper today to 3 MT. Overall, global copper demand is expected to grow from 31 MT in 2023 to 50 MT by 2050[3], driven by copper's role in both conventional and emerging technologies, as well as in the global decarbonisation goals.

[1] United States Geological Survey
[2] United States Geological Survey
[3] BHP (2024). BHP Insights: how copper will shape our future.

India Exim Bank Lines of Credit

Contributed by: **Lines of Credit Group**

The Government of India (GOI), with a view, inter-alia, to promote India's trade and economic relations with developing countries in particular, launched the India Development Initiative (IDI), later renamed as the Indian Development and Economic Assistance Scheme (IDEAS), through General Budget for fiscal year 2003-04. The scheme attempts to promote India's strategic, political and economic interest abroad by positioning it as an emerging economic power, investor country and partner for developing countries, by sharing India's development experience through - capacity building and skills transfer, trade, and infrastructure development. The Bank, as a policy institution, serves as the financing instrumentality for the LOCs extended to overseas countries under the IDEA scheme.

The latest IDEAS guidelines have been revised and effective from March 31, 2022. Under the revised IDEAS guidelines, the Concessional Financing Scheme (CFS) of GOI, has been subsumed under the scheme; wherein GOI may provide concessional financing to any Borrowing Government or an entity owned or controlled by the Borrowing Government to support Indian Entities bidding for strategically important overseas infrastructure projects, if the said Indian entity succeeds in getting contract for the execution of a project tendered by such foreign entity. The strategic importance of a project to be eligible for this financing will be decided by GOI, on a case-to-case basis.

Since 2003-04, the LOCs extended to sovereign governments or their nominated agencies are being routed by the GOI, through Export-Import Bank of India (India Exim Bank). LOCs enable Indian exporters to enter new geographies or expand their business in existing export markets without any payment risk from overseas importers. The Bank puts special emphasis on extending LOC as an effective market entry tool as well as a means of market diversification for Indian exporters. These LOCs are increasingly being extended to partner countries for large-scale and complex projects (project exports from India).

India Exim Bank extends LOCs to sovereign governments, overseas financial institutions, regional development banks and government nominated entities overseas, to enable buyers in those countries to import developmental and infrastructural projects, equipment, goods and services from India. While the GOI decides about the recipient of the LOC, the amount and terms of the LOC and the purpose thereof; the LOCs are funded, operated and monitored by India Exim Bank as the operating vehicle of the GOI.

Under the LOCs, India Exim Bank reimburses up to 100% value of contract on FOB/CFR/CIF/CIP basis to the Indian exporters. Goods and services (including consultancy services) for minimum 75% of the value of the contracts covered under these loans must be sourced from India (relaxation of 10% may be considered on a case-to-case basis). LOCs have enabled India to demonstrate its project execution capabilities in the emerging markets and have helped to gather considerable momentum in the recent years, especially in the developing countries of Africa, Asia, Latin America, Oceania and the CIS. LOCs also help to create the requisite political goodwill for India in the beneficiary countries besides promoting India's political, strategic and commercial interests while projecting India's growing economic strength as well as its willingness to contribute to infrastructure development and capacity building in the recipient developing countries. The Indian exporters obtain payment of eligible value from India Exim Bank, without being exposed to risk on the buyer or the buyer's country, against negotiation of shipping documents / provision of services (as per approved payment terms).

As on March 31, 2025, the Bank has extended 293 LOCs, covering over 62 countries in Africa, Asia, Latin America, Oceania and the CIS, with credit commitments of over US$ 27.38 billion, available for financing exports from India. LOCs are thus an effective instrument for promoting and facilitating India's exports of projects, goods and services.

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The Quarter That Was

Contributed by: **Corporate Communications Group**

India Exim Bank opens debt markets with US$ 1 billion bond at tightest spread ever from India

Export-Import Bank of India (India Exim Bank) has successfully issued 10-year US$ 1 billion Senior Unsecured Bonds in the 144A/ Reg-S format. This issuance makes India Exim Bank the first Indian issuer to open the markets for dollar bond issuances in 2025.

On the back of a strong start to the year and a constructive market at Asia open, India Exim Bank capitalised on the strong demand momentum, with an intraday execution and tightening of 30 bps from the Initial Price Guidance to achieve a pricing of UST10+100 bps, with a negative new issue concession of 5 bps. This transaction also marks the tightest spread ever achieved for a 10-year public issuance out of India and the tightest 'BBB -' 10-year USD public issuance out of Asia ex-Japan.

In terms of geographic distribution, the bonds were well distributed, with 50% in Asia, 32% in EMEA region and 18% in the USA. In terms of distribution to investor types, the bonds were distributed to high quality investors with around 64% distributed to Asset and Fund managers, 18% to Banks, and 16% to Insurance, Pension Funds and Public Sector, followed by private banks and others.

Exim Bank Announces the Winner of IERA Citation 2023

India Exim Bank International Economic Research Annual Citation (IERA Citation) 2023 was presented by Dr. V. Anantha Nageswaran, Chief Economic Adviser, Government of India, Department of Economic Affairs, Ministry of Finance, to the Citation winner, Dr. Rahul Rao in the presence of Dr. Nagesh Kumar, Director and Chief Executive, Institute for Studies in Industrial Development (ISID), and Ms. Deepali Agrawal, Deputy Managing Director, Export-Import Bank of India at the IERA Citation Function held in New Delhi on January 20, 2025. The Citation comprises prize money of ₹ 3.5 lakh.

On this occasion Dr. V. Anantha Nageswaran commended India Exim Bank for its continuous efforts to promote economic research, which contributes to effective policy formulation thereby facilitating inclusive and sustainable growth. Dr. Nageswaran opined that reallocation of land to sectors performing better is important. Although higher productivity will lead to decline in agricultural prices, the food security issue will ensure better terms of trade for the farmers. Dr. Nageswaran also pointed out that land use in India is often constrained by regulations, leading to its suboptimal utilization. Concluding his remarks, he underscored the importance and contemporary relevance of Dr. Rao's thesis for India's growth trajectory.

India Exim Bank forecasts India's merchandise exports to amount to US$ 124.8 billion and Non-oil exports to amount to US$ 109.3 billion for Q4 (January-March) of FY2025

In February 2025, India Exim Bank forecasted India's total merchandise exports to amount to US$ 124.8 billion, witnessing a year-on-year (y-o-y) growth of 3.64%, while non-oil exports were forecasted to amount US$ 109.3 billion, with a y-o-y growth of 11.34%, during Q4 (January-March) of FY2025. Non-oil and non-gems and jewellery exports were forecasted to amount US$ 98.5 billion, with a y-o-y growth of 10.1%, during Q4 (January-March) of FY2025.

Positive growth in India's exports could be as a result of strong agricultural harvest, revival in manufacturing activity and improving demand prospects in trading partners. The positive growth rate in total merchandise exports, non-oil exports, and non-oil & non-gems and jewellery exports, are likely to continue in first quarter of the next financial year. The outlook is, however, subject to risks of global trade policy uncertainty, rising geo-economic fragmentation and persisting geo-political tensions.

A 1% tariff reduction in female labour-intensive sectors could yield welfare gains of 3.6%: India Exim Bank Study

Lowering trade barriers in sectors with relatively high female employment can significantly boost economic growth and welfare, according to a recent study by India Exim Bank. The Study finds that a 1% reduction in tariffs faced by India's exports in sectors that are relatively more important for the female workforce could lead to a 0.36% increase in labour supply in the country and a 0.14% increase in GDP. The overall welfare gains from such a tariff reduction are estimated to be nearly 3.6%.

Exim Bank's study examines the female labour force participation in export-intensive sectors in the Indian context. According to the study, a higher proportion of female employees in India are engaged in low-technology and resource-intensive sectors such as food and beverages, leather products, and textiles and apparel etc., that leave them disproportionately exposed to fluctuations in global demand and commodity price shocks. The Study also highlights that sectors which employ women more, typically face higher tariffs on inputs, indicating the need to seek tariff relaxation in such sectors.

Currency Currents

Contributed by: **Treasury & Accounts Group**

Nepalese Rupee - NPR

NRs The Nepalese rupee is the official currency of the Federal Democratic Republic of Nepal. The Nepalese rupee is subdivided into 100 paisa. The issuance of the currency is controlled by the Nepal Rastra Bank (NRB), the central bank of Nepal. The Nepalese rupee was introduced in 1932 when it replaced the Nepalese mohar at the rate 2:1. The Nepalese rupee (NRs) has been pegged to the Indian rupee (₹) at the rate NRs 1.60 = ₹1 since 1994.

Nepal's real GDP growth is projected to accelerate to 5.1% in FY25 and 5.5% in FY26. Wholesale, retail, construction, and manufacturing sectors that collectively account for over one-fifth of GDP are poised to benefit from the NRB's loosening of monetary policy and easing of regulatory requirements, including the relaxation of working capital requirements, easing of loan classification and loan-loss provisioning. These measures are expected to stimulate private investment, while remittance-driven private consumption and increased exports of hydropower and tourism are anticipated to further bolster economic growth.

Nepalese Rupee Indian Rupee (NPRINR) traded at 0.62406 on March 25, 2025. Looking back, over the last four weeks, NPRINR lost 0.01%. Over the last 12 months, its price fell by 0.13%. Looking ahead, INR/NPR is expected to be priced at 0.62493 by the end of this quarter and at 0.62437 in one year. The closing rate of INR/NPR as on March 28, 2025 was NPR 0.6250 per INR.

Qatar Riyal – QAR

QR Qatar has one of the richest economies globally, mainly due to its large natural gas and oil reserves. It ranks third in proven natural gas reserves and is a top exporter of liquefied natural gas (LNG), which boosts its GDP and government income. GDP projections for Qatar are around US$ 244. 57 billion in 2025 and US$ 249. 95 billion in 2026. Qatar National Vision 2030 aims to lessen dependence on hydrocarbons, focusing on sustainability, human development, and private sector growth. The plan includes major investments in infrastructure and sovereign wealth funds, promoting diversification and global competitiveness, setting Qatar apart from traditional resource-dependent nations.

The Qatar Central Bank lowered its lending rate by 30 basis points to 5.10% in December 2024, following the US Federal Reserve's 50 basis point cut to its benchmark rate. Additionally, the central bank lowered the deposit rate and repo rate by 30 basis points to 4.60% and 5.85%, respectively. Qatar's monetary policy typically aligns its interest rate policy with the Fed due to the Qatari riyal's peg to the US dollar.

Qatari Rial Indian Rupee (QARINR) traded at 23.4597 on March 24, 2025, decreasing 0.1349 or 0.57% since the previous trading session. Looking back, over the last four weeks, QARINR lost 1.56%. Over the last 12 months, its price rose by 2.31%. The closing rate of USD/QAR as on March 28, 2025 was QAR 3.6445/- per US$.

Swiss Franc - CHF

CHF CHF is the abbreviation for the Swiss franc, the official legal tender of Switzerland, Liechtenstein, and the Italian region of Campione d'Italia. CHF stands for Confoederatio Helvetica franc, the Latin name for the Swiss Confederation. Banknotes are issued by the Swiss National Bank and coins are issued by Swissmint, the federal mint.

The Swiss franc has long been regarded as a safe haven asset by investors due to the stability of the Swiss economy, particularly those worried about the turmoil in larger markets. It is possible to gain CHF exposure by simply buying Swiss francs but this strategy may not be ideal for retail investors because it requires them to set up a forex account. While its safe-haven status provides demand support for CHF, its low yield, the risk of official FX intervention and the economy's vulnerability to US protectionism represent potential headwinds.

In the Swiss economy, the Swiss National Bank is expected to continue reducing interest rates amid persistently lower inflationary pressures. In February, the Consumer Price Index rose by 0.3%, faster than estimates of 0.2%.

In the current environment the expected CHF is set to depreciate to 0.90 against the US dollar but to strengthen to 0.91 against the euro, over the course of 2025. The closing rate of USD/CHF as on March 28, 2025 was CHF 0.8814/- per US$.

Canadian Dollar – CAD

C$ CAD acts as the fifth most-held reserve currency in the world after the US dollar (USD). The Canadian dollar, ranking as the sixth most traded currency globally, is also known as a commodity currency, due to Canada's rich natural resources and significant raw material exports. Canada is a mixed economy, with the service industry accounting for over 70% of the GDP.

The Bank of Canada, which had been cutting interest rates aggressively last year to strengthen the economy, expected fourth-quarter GDP to grow 1.8%. As of March 2025, Canada's economy, the world's ninth-largest, shows a nominal GDP of US$ 2.36 trillion, with recent GDP growth at 2.16% and inflation at 2.7%. Unemployment stands at 5.4%, among the lowest in the G7.

The United States has imposed tariffs on some Canadian exports and threatened more tariffs that could come into effect in early April. Canada has retaliated with tariffs on some US imports and has promised more counter measures if the trade war escalates. The Canadian dollar remains under pressure as President Trump reaffirmed the tariff imposition on Mexico and Canada. Despite the diplomatic efforts of Canada to get exemptions.

The pair is forming a cup and handle pattern, which is a strong bullish sign. If the pair finds acceptance above 1.4383, the next hurdle will be 1.4425 ahead of 1.4495. On the flip side, rejection from current levels could challenge the 1.4300 support ahead of 1.4233 (30-SMA) and then 1.4200. The closing rate of USD/CAD as on March 28, 2025 was CAD 1.4376 per US$.

Country Scan

Contributed by: **Research & Analysis Group**

Argentina

Argentina is Latin America's third-largest economy. Although it benefits from a wealth of natural resources, a diversified industrial base and a skilled labour force, the economy suffers from political polarisation that fuels policy uncertainty and political instability. Real GDP is likely to rebound strongly in 2025 (5.5%), driven by private consumption as real salaries recover. The lifting of currency controls, greater access to credit and an investment promotion regime is expected to boost both domestic and foreign investment. Investments in critical minerals (copper and lithium), as well as the oil and gas sector, will support exports and growth in 2025-29. The devaluation of the peso below inflation under a crawling-peg regime could serve as a price anchor in 2025. The government is expected to lift currency controls by mid-2025 following a new fund deal that is likely to grant additional funds to Argentina. Argentina is likely to also benefit from the new US administration given the growing personal ties. Tensions with Brazil's left-wing government are set to remain high amid substantial personal and ideological disagreements, however, it is not likely to affect the commercial relations.

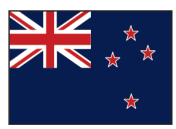
Canada

Mark Carney sworn in as the 24th Prime Minister of Canada in March 2025, following Justin Trudeau's early resignation in January 2025. The Canadian economy, being the tenth largest in the world is estimated to grow at 1.6% in 2025 following 1.3% growth in 2024 as lower interest rates support households and firms. Inflation is expected to moderate to 2.5% in 2025 assisted by the high base of 2023 and weakness in the oil market. Tighter immigration policies and US tariff policies are likely to affect GDP growth potential in near term. So far, the US has imposed sweeping tariffs on steel and aluminium imports raising duties on all such imports to 25%, up from the 10% previously imposed on aluminium. In retaliation, Canada, the biggest foreign supplier of metal to the US, announced 25% tariffs on goods including steel, aluminium, computers, sports equipment and other products on March 11, 2025. As a result of the trade war uncertainities, its current account balance is expected to be in deficit of 1.4% of the GDP vis-à-vis 0.3% in 2024.

Ukraine

The Ukrainian economy slowed during 2024, following extensive damage to infrastructure due to the Russia-Ukraine conflict, resulting in a GDP growth of 3.4%. The peace talks are likely to start in 2025 however, the conflict could still weigh heavily on economic growth during early 2025 accounting for 4% growth. Inflation is expected to average to 12.5% in 2025, with high labour costs and electricity shortages keeping prices elevated in the first quarter, although it may begin to moderate towards the end of 2025. According to the IMF, the overall risk of sovereign stress remains high with Ukraine's public debt at 82.3% of the GDP in 2023 and further estimated to rise to 104.3% of GDP in 2025. As per the seventh review (February 2025) of the 4-year, US$ 15.5 Extended Fund Facility Agreement, Ukraine would be expected to draw about US$ 0.4 billion (SDR 0.3 billion), bringing total disbursements under the program to US$ 10.1 billion. The hryvnya is expected to depreciate to HRN 42.5:US$1 in 2025 from HRN 40.1: US$ 1 in 2024 in anticipation of multilateral aid to Ukraine stopping before the export earnings could rise.

New Zealand



New Zealand is the second-largest economy in Oceania (after Australia) and is an OECD member, supported by a sophisticated services sector. Primary sector output such as dairy products, meat and wood are major exports for the economy. Economic growth is likely to accelerate moderately in 2025. The effects of monetary loosening have been slow to filter through the economy but is likely to become more prominent in the second half of the year. Slow economic growth in New Zealand's trade partners could dampen demand for dairy and meat exports, which are typically considered premium products in the country's export markets. Amid easing inflationary pressure, the Reserve Bank of New Zealand (RBNZ) is likely to continue to lower its policy rate throughout 2025, allowing it to reach 3.5% by mid-2025 (from 4.25% at present) before pausing to assess the situation. Interest-rate cuts thereafter are likely to continue at a slower pace. Like Australia, New Zealand is expected to remain concerned about China's increasing influence in the Pacific region. However, New Zealand would still aim to balance its political concerns with its economic ties, as China is projected to remain the primary destination for its exports. ■

Exim Bazaar

Contributed by: **Grassroot Initiatives & Development & Marketing Advisory Services Group**

In 2017, the Bank launched Exim Bazaar, a platform for strengthening and supporting outreach efforts of the India's handicrafts and handloom sectors. Exim Bazaar, an exhibition-cum-sale of India's traditional art and crafts, has been held across various cities such as Mumbai, Delhi, Ahmedabad, Pune and Kolkata over its nine editions till date, generating retail sales and institutional orders of over ₹ 10.50 crore. To further strengthen marketing efforts for Indian artisans, weavers and handicraftsmen, the Bank has partnered with Mumbai's iconic Kala Ghoda Arts Festival, providing artisan communities with greater access to consumer markets and a larger canvas to showcase their art forms. The festival was scheduled from January 25 to February 02, 2025, at Kala Ghoda, Mumbai.

Kala Ghoda Arts Festival extends beyond mere exhibitions. With more than 300 programmes across 15 verticals which includes dance, music, theatre, literature, children's workshops, cinema, and more come alive across 25 iconic venues across Mumbai, celebrating the human spirit in all its diverse forms. Launched in 1999 by the Kala Ghoda Association, the Kala Ghoda Arts Festival is a testament to the enduring spirit of Mumbai's art district. This district, teeming with museums, galleries, and creative souls, is a heritage haven. Festival proceeds fuel the Association's ongoing restoration efforts, ensuring this artistic enclave's legacy soars for generations.

The nine-day exhibition showcased traditional and contemporary arts, crafts, and textiles. Over 200 artisans and grassroots enterprises from all states across India participated in the festival, with the Bank sponsoring total 64 artisans from 20 states. Art forms such as Bihar's Madhubani paintings, Andhra Pradesh's Leather puppetry, Maharashtra's Warli paintings, Rajasthan's Pichwai and Phad paintings, Sanjhi art, and Blue pottery, West Bengal's Batik art and Pattachitra, Uttar Pradesh's Banarasi silk fabrics and Black Pottery, Madhya Pradesh's Batik print, Odisha's Dokra art and Pattachitra, Manipur's Kauna art, Jammu & Kashmir's Pashmina Shawls and Uttarakhand's knitwear among others displayed and were available for sale at this KGAF exhibition.

The event boosts business prospects for many individual artisans as well as micro & grassroots enterprises. With the footprint of thousands of visitors, this exhibition provided wider visibility and brand promotion for the artisans to market their products. This gave them access to direct customers and generate future sales leads, as well as understanding consumer preferences, improve industry knowledge and discover latest trends.

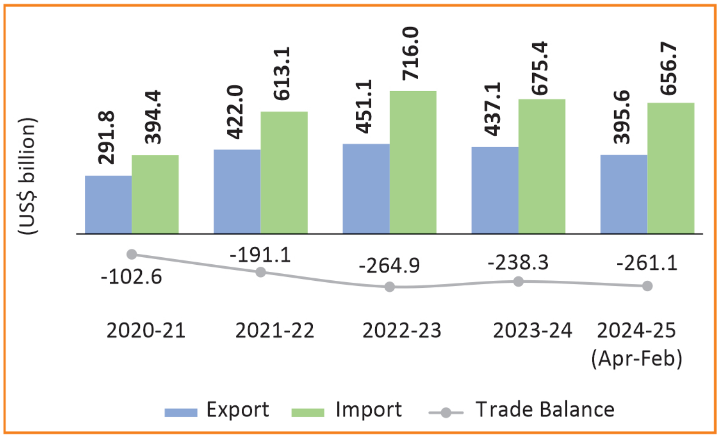
On this occasion, India Exim Bank's success story booklet (4th edition) titled *"The Best Stories are Handmade: 25 stories of grassroots artisanal excellence"* was released. The book features the 25 success stories of the achievements of Exim Bank's collaboration with grassroots enterprises to revive traditional Indian art forms.

During the nine-day event, the India Exim Bank had hosted five workshops, namely Kauna Basket workshop, Terracotta Paintings workshop, Batik Print art Workshop, Embroidery Workshop, and the Crochet Workshop. ■

Snippets on Indian Economy

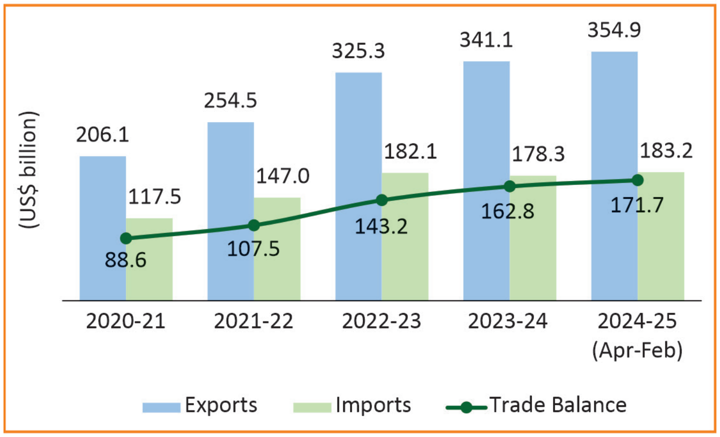
Contributed by: **Research & Analysis Group**

India's Merchandise Trade



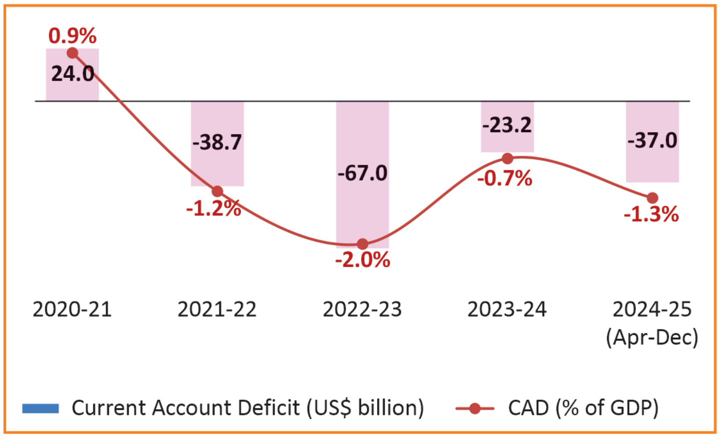
Source: Ministry of Commerce and Industry, Government of India

India's Services Trade



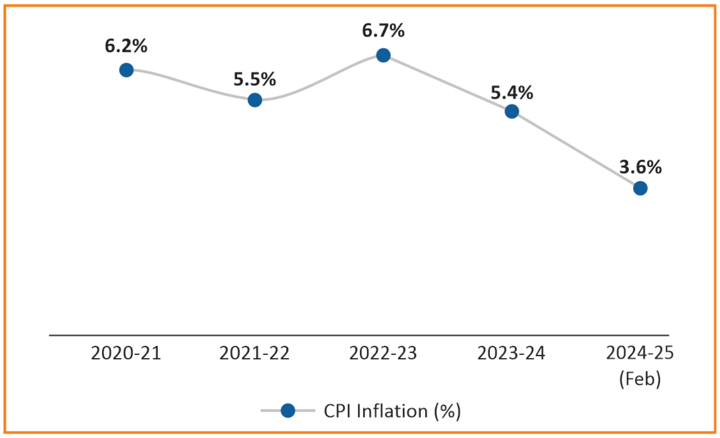
Source: Ministry of Commerce and Industry, Government of India

Current Account Deficit



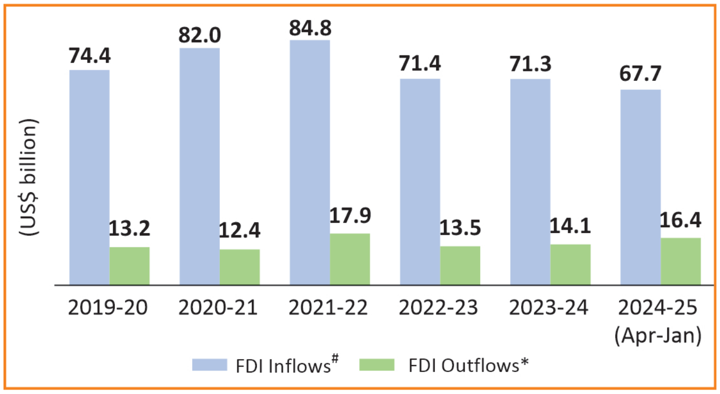
Source: Reserve Bank of India

Consumer Price Inflation



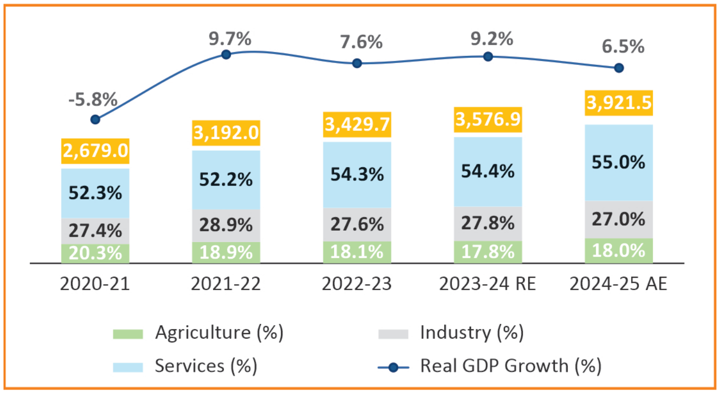
Source: MOSPI

Foreign Direct Investment Flows



*Note: * - FDI Outflows reflect actual figures and include equity, loans and guarantees invoked*
 # - FDI Inflows include equity, re-invested earnings and other capital
Source: RBI and Ministry of Finance, Government of India

India's Economic Growth



Note: Figures in yellow boxes represent Nominal GDP in US$ billion; Sectoral percentage figures represent respective sectoral shares in the GDP. RE-Revised Estimate; AE-Advance Estimates
Source: Institute of International Finance & Ministry of Statistics and Programme Implementation, Government of India