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ZVEI Foreign Trade Report Special

India

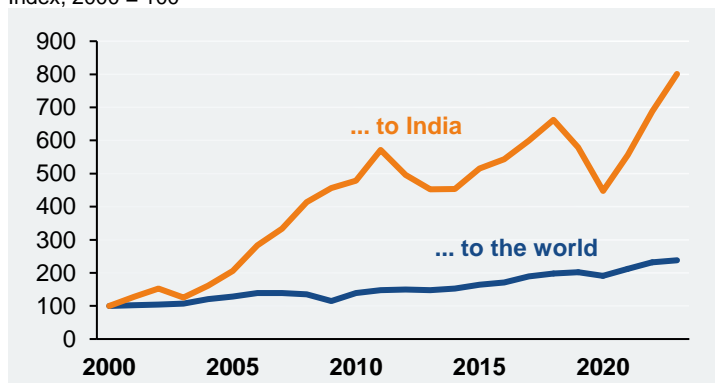
With a population of 1.44 billion people, India has generated a gross domestic product of 3.3 trillion euros in 2023. India is thus the **most populous country** in the world, ahead of China, and the fifth largest economy in absolute terms. However, a comparison with China, the only country with a similar population size, shows clear differences in the level of prosperity. While China's current **per capita income** was €11,488 in 2023 according to the International Monetary Fund (IMF), India only had a per capita income of €2,296. However, with an expected growth rate of 6.5 percent in 2025 according to the IMF forecast, India is well ahead of China, which is expected to grow by 4.1 percent.

India's economic rise over the last decade has been shaped by **Narendra Modi's presidency**, which has been essential in driving forward India's economic transformation. The central building blocks of Modi's economic policy were reducing bureaucracy, strengthening the manufacturing sector, digitalization and infrastructure expansion. However, Modi's unexpectedly weak victory in the presidential election at the beginning of June has also triggered fears that necessary further reforms could now be delayed.

The **Indian market for electrical and digital goods** grew by an annual average of 6.7 percent between 2010 and 2022 and - according to preliminary calculations by ZVEI - has now reached a volume of €113 billion (2022), which corresponds to around two thirds of the German

German electro exports

Index, 2000 = 100



Source: Destatis and ZVEI's own calculations

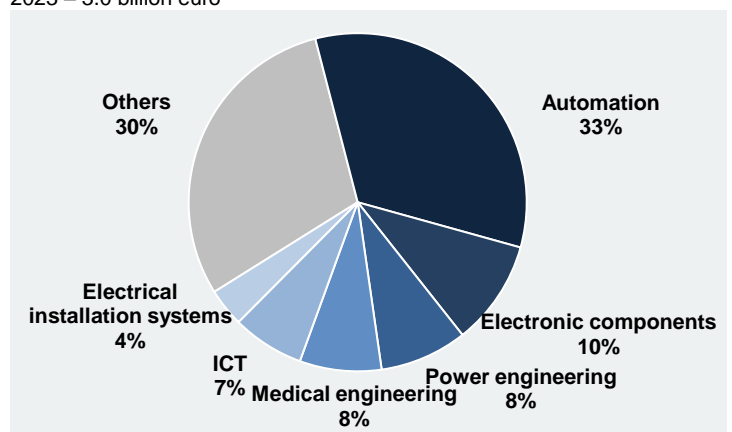
market and two percent of the global market. With a market volume of €2.3 trillion and an average annual growth rate of 9.3 percent since the end of 2010, the Chinese electrical market still clearly dwarfs its Indian counterpart. However, geopolitical considerations and high growth rates are favoring an increasing importance of India for the German electrical and digital industry. This is reflected on the one hand in the **eight-fold increase in exports** from our industry to the country since 2000, and on the other hand in the fact that India has now become the sixth largest electrical market in the world, directly behind Germany and ahead of the UK.

In total, German electrical goods worth €3.0 billion were exported to India in 2023 (1.2% of total industry exports of €253.8 billion). The majority of exports were accounted for by goods from the automation sector (€1.0 billion), followed by electronic components (€306 million), power engineering (€255 million), medical engineering (€238 million), ICT (€210 million) and electrical installation systems (€111 million). On the **import side**, electronic and electrical goods worth €1.6 billion were shipped from India to Germany last year. This corresponds to just 0.6 percent of total German electro imports (amounting to €268.7 billion).

Foreign direct investment of the German electro industry in India amounted to €1.1 billion at the end of 2022, or 2.2 percent of the industry's total FDI stock abroad (€50.9 billion).

German electro exports to India by sub-branches

2023 – 3.0 billion euro



Source: Destatis and ZVEI's own calculations