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Embassy of Switzerland in India and Bhutan

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Economic Report
India

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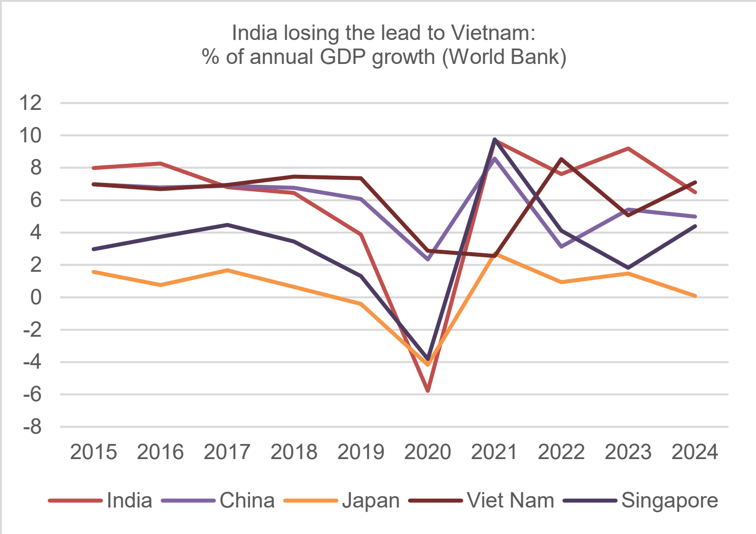
0. EXECUTIVE SUMMARY

- Durant l'année fiscale sous revue, malgré les instabilités globales, l'économie indienne a maintenu une croissance robuste (6.5%) tout en réduisant l'inflation (4.8%). Cette performance remarquable est essentiellement due à la consommation domestique et aux dépenses étatiques, et non à l'investissement privé. L'Inde attire des investissements directs étrangers croissants, mais pas suffisamment pour réaliser son ambition de devenir un pays développé d'ici à 2047. Près de la moitié de la population est encore active dans l'agriculture, un secteur qui ne génère que 14% du PIB.
- La croissance de l'Inde n'est ni durable, ni inclusive, entravée par des faiblesses structurelles telles que le sous-emploi, une faible représentation des femmes dans le marché du travail, un accès hétérogène à l'éducation, aux soins et à une alimentation de qualité, ainsi qu'une gestion déficiente des ressources naturelles, marquée par une pollution croissante de l'eau, des sols et de l'air.
- En particulier, l'accès à des emplois de qualité et générateurs de valeur-ajoutée dans l'économie constitue un défi de taille pour l'Inde, qui doit impérativement capitaliser sur son dividende démographique lors de la décennie à venir. La création d'emplois au-delà du secteur des services – désormais saturé – demeure la priorité absolue du gouvernement.
- Le gouvernement indien priorise le développement des infrastructures, le numérique et les technologies propres comme moteurs de croissance et de création d'emplois. Cette politique offre des opportunités pour les entreprises suisses. Déjà bien positionnées dans les secteurs des machines, de la construction, de la mobilité, des produits pharmaceutiques, du luxe, du transport ferroviaire et de la finance, les acteurs économiques helvétiques ont tout à gagner en se positionnant comme acteurs du changement en Inde.
- En 2024 et 2025, l'Inde a poursuivi ses intenses efforts en vue de conclure des accords de libre-échange. Les incertitudes générées par la nouvelle administration américaine et les tensions géopolitiques accrues ont ainsi contribué à accélérer les processus avec l'Union européenne et la Grande-Bretagne, désormais à bout touchant. Ce mouvement témoigne à la fois d'une nécessité économique – intégrer davantage les chaînes de valeur globale – et d'un opportunisme découlant de la politique indienne de multi-alignement. Il s'agit d'un rapprochement calculé avec l'Occident.
- Désormais ratifié par toutes les parties, le « Trade and Economic Partnership Agreement » (TEPA) signé en mars 2024 entrera en vigueur au mois d'octobre 2025. Des objectifs inédits en matière d'investissements de la part de l'AELE inaugurent un nouveau chapitre de partenariat non seulement avec l'Inde, mais également avec le secteur privé suisse. Dans ce contexte, la multiplication récente par l'administration indienne des entraves techniques au commerce interroge : assiste-t-on au remplacement des droits de douane par des instruments non-tarifaires ?
- Près de 330 entreprises suisses génèrent environ 150'000 emplois bien rémunérés en Inde. La Suisse et ses entreprises y jouissent d'une image très positive et s'illustrent dans des secteurs de niche à haute valeur-ajoutée. Les échanges de personnes-à-personnes entre les deux pays constituent l'épine dorsale des relations bilatérales, avec plus de 240'000 visas remis en 2025 (prévision). Si ces liens sont tissés essentiellement dans le secteur du tourisme, ils se répercutent toutefois dans les relations d'affaires et les partenariats en recherche et innovation.
- Durant la période sous revue, les échanges commerciaux entre la Suisse et l'Inde se sont élevés à CHF 2 milliards pour les exportations (+8.7%) et CHF 2 milliards pour les importations (-10.8%). Les flux d'investissements cumulés entre 2000 et 2025 atteignent USD 10.83 milliards (Suisse #12) et le stock d'investissements suisses en Inde se monte à CHF 8.8 milliards.
- Dans un environnement réglementaire complexe où l'industrie nationale s'est développée sous une épaisse chape de protectionnisme, les acteurs économiques suisses ont besoin de sécurité juridique et de transparence. L'entrée en vigueur du TEPA permettra d'exploiter le potentiel considérable de ce marché. Afin de garantir à nos entreprises des conditions adéquates, la conclusion d'un nouvel accord de protection des investissements constitue la prochaine priorité pour la Suisse en Inde.

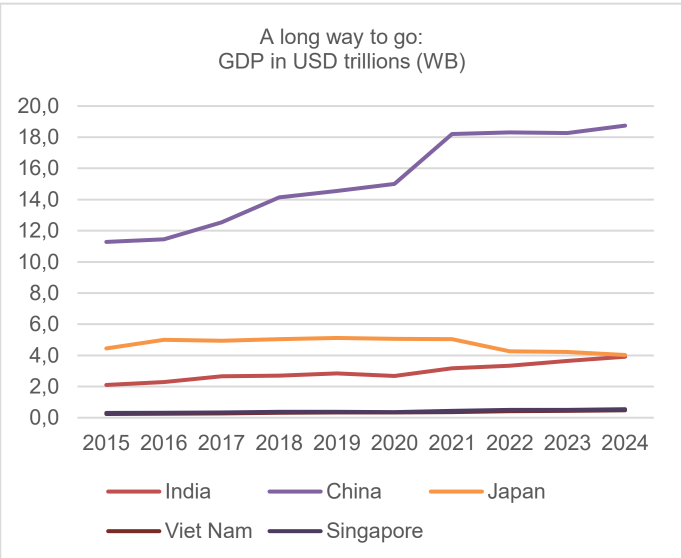
1. ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

In 2024, India's economy remained broadly stable despite a moderation in growth. GDP was estimated to grow at 6.5% in FY 2024-25, a resilient performance given ongoing global disruptions, from escalating trade tensions under the new U.S. administration, the Russia-Ukraine war, and instability in the Middle East impacting oil prices, to domestic shocks such as a significant escalation in tensions with Pakistan. Growth is projected to remain strong at 6.2% in 2025, supported primarily by private consumption in rural areas, although slightly lower than the January 2025 forecast.



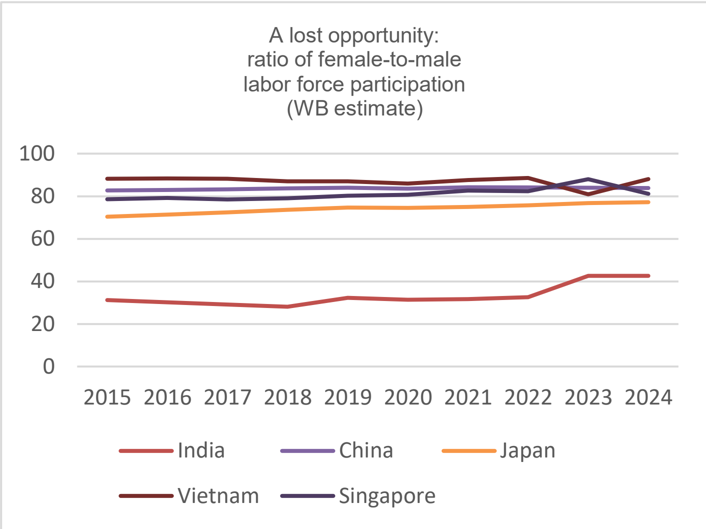
India continues to outperform both advanced and emerging economies in growth terms. Inflation remains moderate at 4.8% (see annex 2), the rupee is stable, and the financial sector has strengthened, non-performing loans are at multiyear lows, while capital and liquidity ratios exceed regulatory thresholds. These improvements reflect targeted policy measures, including corporate tax cuts and efforts to clean up bank balance sheets, aimed at boosting private investment. The financial system is currently sound, though sustained regulatory oversight remains important to guard against latent vulnerabilities.

However, India's growth model remains largely consumption-based and government-spending-driven, rather than led by private investment. In 2024, private investment contributed just 11.5% of GDP, while private final consumption remained the dominant driver of growth.[1] Although this structure supports short-term economic momentum, it raises concerns about long-term sustainability. Structural reforms to boost investment, formal employment, and wage growth will be critical to shifting toward a more balanced and resilient growth path. According to the World Bank, India must sustain annual growth of 7.8% to meet its "Viksit Bharat" (developed India) goals.



The sectoral distribution of growth in FY 2024-25 remained broadly unchanged: agriculture and allied activities contributed 14% of total output, industry (including mining and manufacturing) accounted for 49.81%, construction 9.15%, and services (including utilities) 57.29%. This confirms that India's growth continues to be service-led, while the manufacturing sector shows little momentum. The services sector is reaching saturation, particularly in terms of job creation. On the supply side, agriculture recovered from previous droughts, and construction and services maintained steady output. However, industrial performance slowed, pointing to persistent structural constraints.[2]

[1] India has a chance to cure its investment malaise, May 2025, The Economist.
[2] Global economic prospects, June 2025, World Bank.



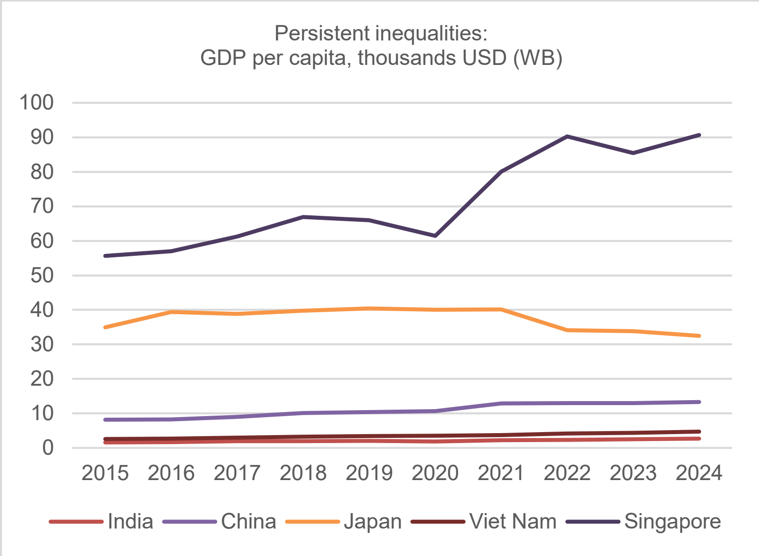
Despite strong headline GDP growth, labor market indicators paint a more challenging picture. Between 2020 and 2025, the labor force participation rate (LFPR) stagnated between 39% and 41.1%, while unemployment remained high at 8.07% in FY 2024-25 (excluding widespread informal employment). Sectoral employment patterns reveal slow structural transformation: 44% of the workforce remains in agriculture, 25% in industry, and 31% in services, which indicates continued disguised unemployment, especially in rural areas.[3] India's demographic dividend remains underutilized: youth LFPR is particularly low, with only 35.33% participation among those aged 20-24 and 58.87% among those aged 25-29. Female LFPR has declined further, falling to 11.15% nationally, from 14.89% in 2016-17. These employment challenges are compounded by significant data gaps. The absence of a recent census and the lack of disaggregated caste data severely limit the government's capacity to plan, allocate resources, and design evidence-based welfare or employment programs. Without updated demographic and social statistics, inclusive policy design and targeted interventions remain difficult, weakening the state's ability to address regional and social disparities effectively.

India's economic trajectory reflects a dual reality: significant progress in reducing extreme poverty alongside a sharp increase in inequality. According to a World Inequality Lab paper, between 2014-15 and 2022-23, wealth concentration accelerated, with the top 1% now capturing 22.6% of total income and 40.1% of total wealth, placing India among the most unequal countries globally.[4] This trend has been exacerbated by declining data transparency, with key household surveys delayed or left unpublished, limiting public scrutiny and policy responsiveness. Nonetheless, more recent data released in June 2024 and January 2025 provides a more nuanced perspective. A new study suggests that only 1% of households now live below the international poverty line of USD 2.15/day, implying that extreme poverty has been nearly eliminated.[5] Yet, this success does not obscure deeper structural challenges. With over 40% of the workforce still engaged in agriculture, India has not completed the manufacturing-led transition that characterizes most economies that move from low to high income. This stalled structural transformation raises concerns about the inclusiveness and sustainability of current growth patterns.

The Reserve Bank of India's inflation-targeting framework has proven effective, maintaining low inflation through calibrated interest rate adjustments. The current account deficit remains modest at 1.1% of GDP, while India's capital markets have matured significantly, offering resilience against external shocks. India's GDP is projected to surpass Japan's, marking a significant milestone.

Yet, to sustain momentum, India must accelerate structural transformation by modernizing agriculture and deepening urbanization beyond metropolitan centres. With the agriculture sector only contributing to 14% of the GDP, comprehensive reforms are essential to boost productivity and enable labor reallocation. Parallelly, targeted investments in tier II and III cities, especially in physical and digital infrastructure can unlock their potential as new growth hubs. These efforts would not only reduce pressure on large urban centres but also create productive employment. Structural transformation will also include tackling long-standing issues in land and labor regulation and improving the ease of doing business. India's growth strategy must therefore extend beyond traditional factory- and trade-led models to one that fosters inclusive urban and rural transformation.[6]

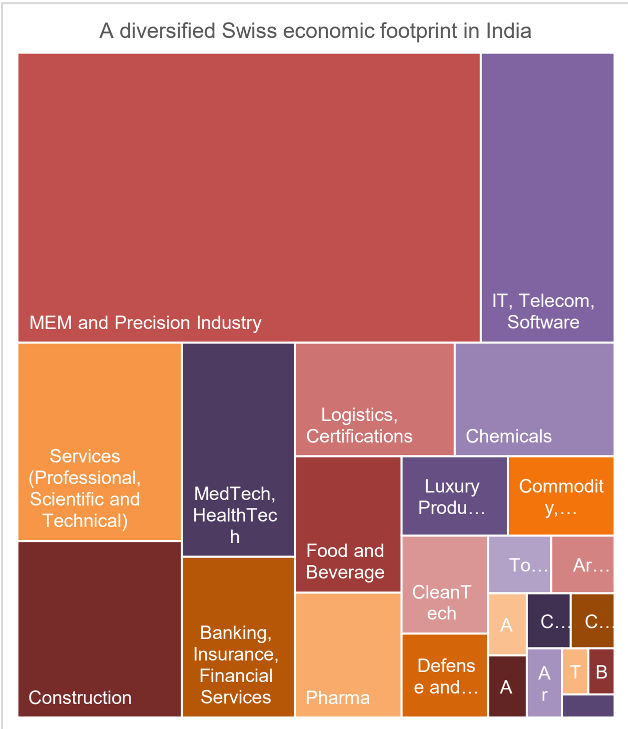
[3] Modeled ILO estimates, 2023, World Bank.
[4] Income and wealth inequality in India, World inequality lab.
[5] India has undermined a popular myth about development, Feb 2025, The Economist.
[6] Fading Modi momentum, June 2025, The Economist.



The Economic survey of India underlines the urgency of systematic deregulation, drawing lessons from economies like Switzerland, Germany and Japan, to lower business costs, empower India's Mittelstand (SMEs) and catalyze innovation and job creation. It advocates for state governments to address foundational inefficiencies in areas such as land use, local commerce, and water access, which fall under state jurisdiction.[7]

Complementing this outlook, the Union Budget 2025-26 reflects a strategic balance between maintaining fiscal discipline and enhancing household consumption.[8] In contrast to previous budgets, which prioritized public investment, this budget pivots toward stimulating domestic demand, especially among lower-income groups with high consumption multipliers. Key measures include targeted income tax relief and expanded welfare programs. Capital expenditure has been raised by 10% to INR 11.2 trillion (CHF 116.15 billion), though the rate of increase has slowed. The fiscal deficit is projected to decline from 4.8% to 4.4% of GDP, signaling a shift toward fiscal prudence. Both the Survey and the Budget converge under the “Viksit Bharat 2047” vision, emphasizing four engines of long-term growth: 1) agricultural modernization; 2) MSME development, especially through the Make in India framework; 3) public-private investments, particularly in infrastructure; and 4) export growth through trade diversification and competitiveness.

2. PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES



Despite being host to a growing number of start-ups and concentrating some of the world’s biggest industrial conglomerates (i.e. Tata, Reliance, Adani), 63% of India’s population lives in rural areas[9] and 60% of the working rural population remains engaged in agriculture, a sector that contributes only 14.41 % of GDP (see annex 1).[10] This disconnect reflects widespread disguised unemployment, where more people are engaged in agricultural work than economically necessary, often resulting in low productivity per worker.[11] On the other hand, the services sector is driving up GDP figures, contributing 54.93% of GDP, while employing only 19% of the rural and 61% of urban working population. The Indian government is prioritizing job creation in industry and manufacturing to absorb the growing workforce. Although the sector contributes 30.66% to GDP, it currently employs only 21% of the rural and 32% of the urban population. Addressing this imbalance remains central to India’s economic strategy and may offer long-term opportunities for Swiss investment.

[7] Economic survey 2024-25, Ministry of Finance.
[8] Budget 2025, Ministry of Finance.
[9] Share of rural population, World Bank.
[10] Employment in India, Data for India, April 2024- based on Periodic Labor Force Survey 2023-2024.
[11] GVA at constant basic prices by economic activity, Center for Monitoring the Indian Economy (CMIE), June 2024.

India's economic priorities increasingly centre around Public Private Partnerhips (PPPs) to meet its ambitious development goals. The Economic survey highlights several key priority sectors for PPP engagement, including expansion of highways, improving energy capacity (especially renewable energy), development of port infrastructure, and strengthening railway infrastructure. The Smart Cities Mission further embeds PPPs into urban infrastructure, with more than 100 projects in over 50 cities covering water and sanitation, mobility, and smart energy solutions.

Swiss businesses are well-positioned to contribute across both PPP driven and independently operated sectors, leveraging Switzerland's industrial strengths and growing investment footprints.[12] In the MEM sector, Swiss exports to India grew by 60% between 2020 and 2023.[13] Firms like ABB and Feintool have expanded their presence through new facilities and automation partnerships.[14] In infrastructure and mobility, Swiss firms are actively engaging in transport, metro, ropeway, and electric vehicle solutions. HESS Green Mobility's USD 110 million (CHF 87.6 million) electric bus initiative, along with ongoing Indo-Swiss collaboration in railways, underscores the strong potential in this area.[15] A bilateral Memorandum of Understanding on technical cooperation in the railway sector was renewed in October 2024, and a Joint Working Group has been established to deepen engagement. The next round of meetings is scheduled alongside the International Railway Equipment Exhibition (IREE) in October 2025. The Swiss Embassy, the Swiss Business Hub India (SBHI), and Swissrail continue to partner closely to promote Swiss participation in key Indian railway infrastructure projects.

Other priority sectors include Medtech and pharmaceuticals, where Swiss investments have exceeded USD 9.8 billion (CHF 7.8 billion) since 2000. Leading companies such as Novartis, Roche, and Ferring Pharmaceuticals are leveraging India's medical talent to drive innovation in affordable healthcare. In the cleantech domain, Swiss firms such as hiLyte and Battrion are contributing to India's renewable energy ambitions through innovations in battery storage, solar power, wind energy, and smart grid technologies.[16] On water and sanitation, organizations like WATALUX, Helvetas, and Skat Consulting are helping decentralized water systems and improve access to clean water infrastructure. These efforts are supported by the Swiss Water Partnership and Swiss Agency for Development and Cooperation (SDC), which contribute to long term projects and policy partnerships.[17]

3. FOREIGN ECONOMIC POLICY

3.1 Host country's policy and priorities

India joined the General Agreement on Tariffs and Trade (GATT) soon after gaining independence in 1947 and has been a founding member of the World Trade Organization (WTO) since its inception. The country continues to advocate for a multilateral, rules-based trading system and positions itself as a voice of the Global South in platforms such as the BRICS, G20, WTO, and G7 (where it was recently invited as a guest). However, growing uncertainty around U.S. trade policy, particularly reciprocal tariffs applied to all partners including India, has challenged this commitment. The U.S. being India's largest trading partner, these tariffs pose risks to India's export competitiveness. India's response has been strategically accommodative. During the 2025 budget session, the government introduced indirect tariff relaxations that favored U.S. exports in sectors such as motorcycles, whiskey, and switches. In February 2025, the two countries set a target to double bilateral trade to USD 500 billion (CHF 428.13 billion) by 2030 under the "Mission 500" initiative. As part of this, both sides aim to conclude a "mutually beneficial, multi-sectoral Bilateral Trade Agreement (BTA)" by Fall 2025. This agreement is framed as a strategic response to avoid the U.S.'s reciprocal tariff structure.

Since 2024, there has been significant progress on several of India's free-trade agreements (FTAs). India has signed or negotiated over 30 FTAs to date. Launched in 2021, the U.K.-India negotiations were concluded in

[12] Swiss businesses in India are currently active in sectors such as MEM industries, precision engineering, chemicals and pharmaceuticals, logistics, certification services, aviation, shipping, agriculture, luxury goods, banking and financial services, construction, IT and telecommunications, and food and beverages.
[13] FTA with India- huge opportunity for the Swiss tech industry, Swissmem.
[14] The Swiss are coming as USD 100 billion deal shifts focus from China to India, October 2024, The Economic Times.
[15] Numerous Swiss companies keen on investing in India, March 2024, The Economic Times.
[16] Industry report, 2022, Switzerland Global Enterprise.
[17] Swiss water partnership.

April 2025 after delays due to U.K.'s political instability and tariff disputes. In 2024, India was the U.K.'s 12th largest trading partner, with bilateral trade worth CHF 47.32 billion. The FTA is now in the legal scrubbing stage. The EU-India FTA is following a two-stage approach and the stated objective is to conclude by the end of year. Driven by U.S. tariff threats, negotiations are progressing well and five chapters, including intellectual property, have been finalized.[18] The EU's Carbon Border Adjustment Mechanism (CBAM), opposed by India as a de facto carbon tax, remains a sticking point, though both the U.K. and Norway (EFTA) could go through with a similar mechanism. Negotiations for the Comprehensive Economic Cooperation Agreement (CECA) with Australia continue, following the earlier ECTA.[19] Talks with New Zealand are in the second round, with dairy being a sensitive issue for India and labor mobility a priority for New Zealand.

India's recent acceleration in trade negotiations is a strategic response to multiple global disruptions. The imposition of reciprocal tariffs by the U.S. has prompted India to seek a bilateral arrangement with their most important trade partner and also gave impetus to the EU-India negotiation. Similarly, the U.S.-China trade war has created openings for Indian exports due to higher U.S. tariffs on Chinese goods. Notably, Apple plans to shift its entire iPhone production from the U.S. to India by 2026. Additionally, India is still aiming to position itself as a plus one in the "China Plus One" strategy, which had previously benefited competitors like Vietnam.

While slowly lowering its tariff structure in the framework of bilateral deals, India increasingly relies on non-tariff domestic instruments, such as Quality Control Orders (QCOs), which impact all of India's trading partners. QCOs have emerged as a key non-tariff tool for regulating imports in the post-liberalization era. Since 2014, their number has expanded significantly. Issued under the BIS Act (2016) by relevant ministries in consultation with the Bureau of Indian Standards (BIS), QCOs have been applied across sectors: the Ministry of Mines issued QCOs for seven refined metals, the Department of Chemicals is reviewing 49 chemical standards, and the Ministry of Heavy Industries plans to implement new QCOs on electrical components by August 2025. While India has reduced import duties, QCOs have filled the protectionist gap, often resulting in trade disruptions, compliance burdens, and industry shortages, particularly in sectors like steel.

3.2 Outlook for Switzerland

Trade and Economic Partnership Agreement (TEPA)

The signing of the Trade and Economic Partnership Agreement (TEPA) between the EFTA states and India on March 10, 2024, after 16 years of negotiations, marked a historic milestone in bilateral relations.[20] However, effective implementation will require sustained diplomatic engagement, particularly as parts of the Indian media and public opinion remain skeptical of FTAs.

The TEPA is the first comprehensive FTA that India has signed with European countries. It marks a turning point in bilateral relations in the broadest sense between Switzerland and India and will give our companies a comparative advantage towards their competitors in the EU and the U.K., once it enters into force (expected on October 1st, 2025). The TEPA covers a wide range of sectors. It contains provisions on trade in industrial goods (including fish and marine products), processed and unprocessed agricultural products, technical barriers to trade, sanitary and phytosanitary measures, rules of origin, trade facilitation, trade in services, investment promotion, protection of intellectual property, competition, dispute settlement, trade and sustainable development as well as a development clause in the area of public procurement.

Approximately 95% of Switzerland's existing trade in goods with India will benefit from tariff elimination or reductions (partly with dismantling periods). Considering the size and dynamism of the Indian market, that is very significant. These reductions should equal customs duties savings of up to CHF 166 million. The TEPA also foresees improvements in the provision of services in specific sectors. This is interesting for both Switzerland and India, who are service-oriented economies. It is also remarkable that it is India's first FTA to ever include a chapter on sustainable development. Once the TEPA enters into force, the EFTA will engage in a yearly dialogue with India on topics such as climate change and labor rights. Furthermore, the TEPA contains a comprehensive chapter on intellectual property. This is an important incentive for investment in innovative industries. It provides legal certainty in the area of patents, streamlines reporting procedures and alleviates administrative burdens. The TEPA also specifically regulates the protection of country names and

[18] EU-India agreement, European Commission.
[19] Australia-India Comprehensive Economic Cooperation Agreement (CECA) and Australia-India Economic Cooperation and Trade Agreement (ECTA), Department of foreign Affairs and Trade, Australian Government.
[20] India, Free trade network, Trade Relations, European Free Trade Association.

geographical indications, which represents mutual interests for both Switzerland and India. Importantly, this chapter does not hamper access to medicines and generics.

Most notably, the TEPA contains a new chapter on investment promotion and cooperation. For the first time in a FTA, some countries, i.e. the EFTA States, have committed to promote investments abroad. The target of reaching a combined additional investment stock of USD 100 billion within 15 years and generating 1 million new jobs implies novel cooperation parameters on three fronts: (1) promoting investments, mainly the task of the EFTA States, (2) facilitating investments, mainly the responsibility of the Indian government, which inaugurated the “EFTA Desk” to this end in February, and (3) monitoring investments, which will require close collaboration. Taken this into account, the TEPA offers a platform for a more strategic and coordinated approach of the Swiss-Indian bilateral relations.

Double Taxation Avoidance Agreement (DTAA)

On December 11, 2024, Swiss financial authorities announced the suspension of the ‘most favored nation’ (MFN) clause under the DTAA with India, effective January 1, 2025. The DTAA, in force since 1994, includes an MFN clause stating that if India grants a lower tax rate on certain income, such as dividends, to any OECD member country after August 30, 2010, the same rate will apply to Switzerland. In 2011, India signed treaties with Lithuania and Colombia offering a 5% dividend tax rate; both countries became OECD members only later. This raised questions about whether the MFN clause would apply automatically. Switzerland applied the lower rate in 2021, aligning with the view that the clause was self-executing. In contrast, the Indian judicial framework ruled in 2023 that a formal government notification is required for the clause to take effect. To reflect this interpretation, Switzerland suspended the application of the MFN clause. From January 1, 2025, dividends from Swiss sources to Indian investors has been taxed at the original 10% rate. The DTAA remains in force, and investment provisions under the TEPA are unaffected.

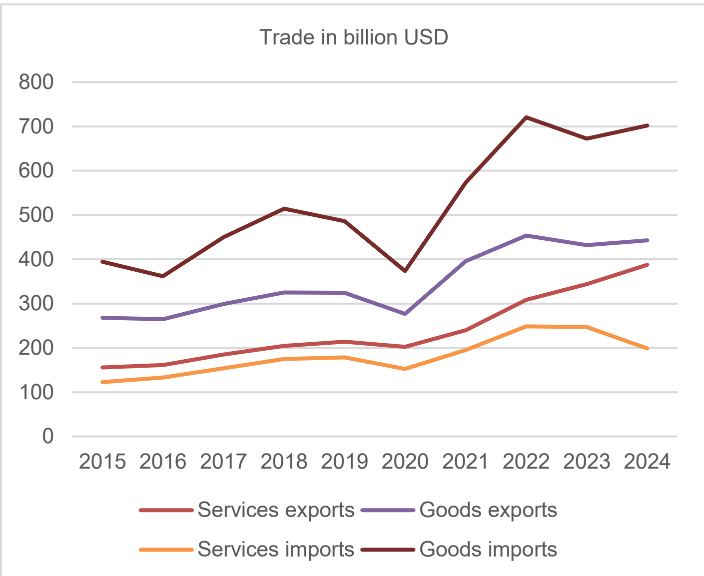
Bilateral investment treaty (BIT)

Switzerland’s investment framework with India remains shaped by India’s 2017 decision to unilaterally terminate almost all of its bilateral investment treaties (BITs), including the one with Switzerland. From the Indian government’s perspective, these earlier agreements were concluded under economic pressure following the 1991 liberalization and no longer aligned with India’s evolving sovereign priorities. Since then, new Swiss investments in India are no longer covered under any bilateral investment protection mechanism. While Swiss companies have so far not voiced major concerns publicly about this legal vacuum, the lack of treaty-based investor safeguards does pose long-term risks particularly in view of India’s complex regulatory environment.

4. FOREIGN TRADE

4.1 Developments and general outlook

Based on official figures, India’s goods exports recorded modest growth between FY 2023 and FY 2024, rising from USD 432.0 billion to USD 442.6 billion, which is an increase of around 2.4%. On the import side, goods imports declined slightly from USD 701.6 billion in 2023 to USD 701.6 billion in 2024, reflecting a marginal contraction of less than 0.1%. While the growth in exports suggests a stable external demand environment, the near-flat trend in imports may indicate a combination of subdued domestic demand and lower input costs.



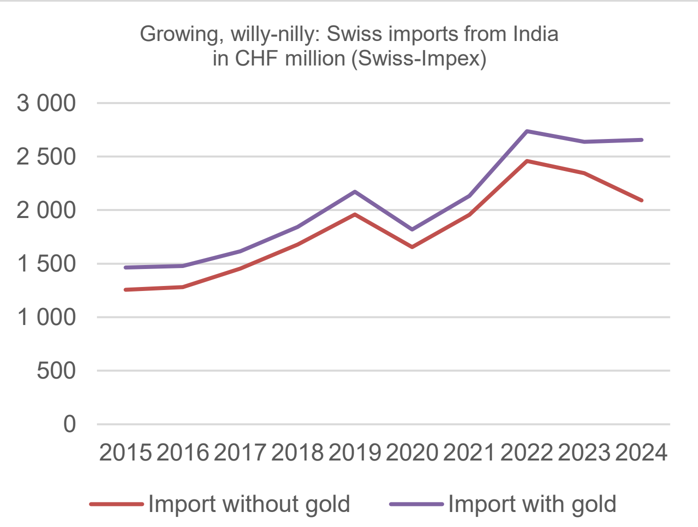
The estimated value of India’s services exports for FY 2024-25 is USD 387.47 billion, representing a 12.7% increase from USD 343.90 billion in FY 2023-24. Services imports declined to USD 198.69 billion, marking a 19.6% decrease from USD 247.23 billion in the previous fiscal year. This trend reflects a widening surplus in services trade and suggests a reduced dependence on service imports from the rest of the world.[21] India's trade deficit remained virtually unchanged in FY 2024, with a goods trade deficit of USD 259.0 billion, compared to USD 240.7 billion in the previous fiscal year. This reflects a moderate widening of the deficit by approximately 7.6%.

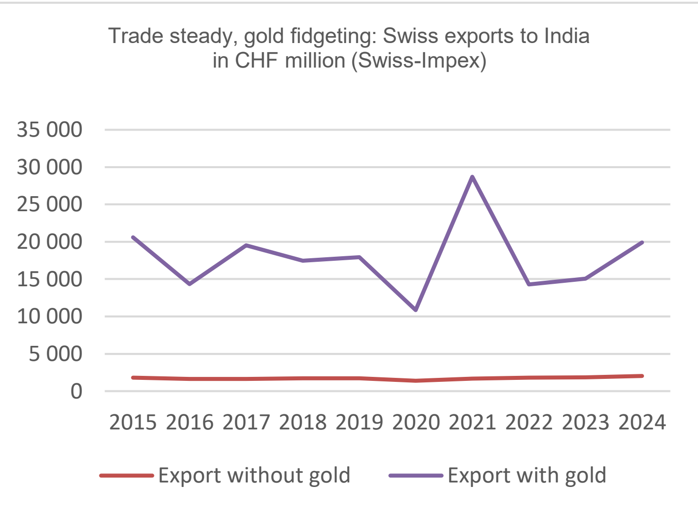
During FY 2024, India's top export commodities included petroleum products (USD 63.34 billion), telecom instruments (USD 26.09 billion), drug formulations and biologicals (USD 24.15 billion), pearls and precious/semi-precious stones (USD 15.59 billion), and electric machinery and equipment (USD 14.38 billion). On the import side, crude petroleum remained the dominant item (USD 143.08 billion), followed by gold (USD 58.01 billion), petroleum products (USD 42.70 billion), electronic components (USD 36.80 billion), and coal/coke/briquettes (USD 31.09 billion). Energy-related imports, notably crude and refined petroleum, continued to constitute a substantial share of the import basket.[22]

Export-wise (see annex 3), the U.S. remained India's largest partner (USD 40.33 billion), followed by the United Arab Emirates (USD 17.20 billion), the Netherlands (USD 13.10 billion), the U.K. (USD 7.27 billion), and China (USD 6.91 billion). For imports, China topped the list (USD 56.29 billion), followed closely by Russia (USD 32.23 billion) underscoring ongoing shifts in energy sourcing, then the United Arab Emirates (USD 31.46 billion), and the U.S. (USD 22.30 billion).

4.2 Bilateral Trade

The bilateral trade between India and Switzerland has been growing steadily in favor of India over time (excluding gold and precious metals).[23] In 2024, India's exports to Switzerland amounted to CHF 2.03 billion, marking an 8.7% increase from 2023, while imports totaled CHF 2.09 billion, reflecting a 10.8% decrease from the previous year. Switzerland's main exports to India (see annex 4) included machines (34%), watches and accessories (14%), precision instruments (12%), pharmaceuticals (11%), and chemical products (10%). On the import side, Switzerland's key imports from India consisted of chemical products (31%), precious metals and stones (22%), clothing (10%), machines (10%), and footwear (3%).





Between 2015 and 2024, bilateral trade in services between Switzerland and India has grown at an average annual rate of 7.7%, reaching CHF 4.5 billion in 2024.[24] In that year, Switzerland exported CHF 1.27 billion in services to India and imported CHF 3.24 billion. The main exports to India include licenses (CHF 265.1 million), transport services (CHF 247.9 million), ICT (CHF 209.5 million), and tourism (CHF 177.9 million). The main

[21] WTO trade statistics is used as the data source on import and exports of goods. For services until 2023 WTO statistics is used, however due to limited availability, for 2024 data from Department of Commerce, Ministry of Commerce and Industry is used.
[22] Monitoring Dashboard, Department of Commerce, Ministry of Commerce and Industry.
[23] Trade in gold is volatile, since it depends strongly on the global economic situation. This peculiarity distorts the interpretation of foreign trade figures, which is why value-based analysis traditionally exclude it.
[24] Services Trade Cockpit, SECO, 2025.

imports from India are ICT (CHF 1.26 billion), consultancy (CHF 547.4 million), professional services (CHF 315.7 million), and transport (CHF 315.5 million).

5. DIRECT INVESTMENTS

5.1 Developments and general outlook

Global FDI flows declined by 11% in 2024, falling to USD 1.5 trillion (CHF 1.19 trillion). However, this aggregate figure masks significant variation across regions. FDI to developing countries remained relatively stable at USD 867 billion (CHF 691 billion), i.e., 57% of global flows despite tightening financial conditions and rising geopolitical uncertainty.[25] Developing Asia, the largest recipient region, experienced only a modest 3% decline. Strong inflows into several major economies helped offset a sharp drop in FDI to China. Within the region, investor sentiment remained resilient in East and Southeast Asia, and South Asia, particularly India, where greenfield project activity stayed robust, particularly in sectors like semiconductors and basic metals.

Although project *counts* rose across most regions, only a few countries recorded a substantial increase in project *value*. India stood out, with projected capital expenditures rising by over 25% to USD 110 billion (CHF 87.6 billion), nearly one-third of the total across Asia. Notably, Microsoft announced a USD 3 billion investment to enhance its cloud and AI infrastructure in India.

At the moment, cumulative FDI into India reaches USD 1.05 trillion (CHF 0.86 trillion), primarily in manufacturing, financial services, energy, and communications. In contrast to the 8% decline in FDI to developing Asia in 2024, India remained a top destination for greenfield investment and project finance, even though it also experienced one of the sharpest absolute declines in total FDI inflows, alongside major host economies such as France, Australia, China, and the U.S.[26] After two stagnant years, inward FDI to India rebounded in FY25, rising by 13.7% to USD 81 billion (CHF 66.5 billion).

Key investor countries to India include Mauritius, Singapore, the U.S., the Netherlands, Japan, and Switzerland (see annex 5).[27] While most FDI is facilitated through standardized procedures, sector-specific approvals are required in areas related to national security and public interest. To attract more foreign investment, the Indian government has introduced a series of liberalization measures aimed at increasing market access and investor confidence. These include raising sectoral limits for FDI, such as allowing 100% FDI in sectors like insurance and brownfield airports. The government has also eased local sourcing requirements for single-brand retail, making it more feasible for global brands to operate in India. In addition, strategic sectors such as defence and pharmaceuticals have been opened to higher levels of foreign participation, signaling a broader commitment to economic openness and reform.

5.2 Bilateral Investments

Between 2000 and 2025, the Ministry of Commerce and Industry estimates that Switzerland's investment flows in India amount to USD 10.83 billion (rank #12).[28] Regarding FDIs stocks, the most recent Swiss National Bank's (SNB) estimates from 2023 indicate that approximately CHF 8.8 billion have been invested in India.[29]

Over 330 Swiss companies operate in India through joint ventures, wholly owned subsidiaries, sales offices, or representation offices. Major investment areas include the machine-building, electrical and metal (MEM) industries, precision engineering, chemicals and pharmaceuticals, logistics and certification services, aviation, shipping, agriculture, luxury goods, banking and financial services, construction, IT and telecommunications, as well as the food and beverage sector. According to a survey regularly conducted by the Embassy, these operations account for approximately 147,000 quality jobs.

Despite high-level commitments to improving the investment climate, operational experiences remain uneven. Persistent bottlenecks continue to affect foreign investors, including regulatory fragmentation across central, state, and municipal levels, complex compliance frameworks, and inconsistencies in the implementation of

[25] World Investment Report 2025, UNCTAD.
[26] World Investment report, 2024, UNCTAD.
[27] It is noteworthy that many FDIs are routed via Mauritius, Singapore and the Netherlands, which makes it difficult to interpret global statistics.
[28] Fact sheet on FDI inflows, Department of Industrial Policy and Promotion, Government of India, March 2025.
[29] SNB.

QCOs and related certification processes. A shift toward more transactional forms of government engagement, combined with varying policy execution, has added to the complexity. Where, regulatory decisions have been closely linked to specific trade negotiations, rather than grounded in a predictable, long-term policy framework. A notable example is the ongoing India-EU trade negotiations, where regulatory adjustments on QCOs have reportedly been considered in exchange for greater flexibility on the European Union's CBAM. While such an approach may serve immediate strategic objectives, contributes to a more complex and uncertain operating environment for foreign investors, who value consistency and transparency in regulatory implementation.[30] In terms of policy shifts, the FDI cap in the insurance sector has been raised from 74% to 100%, allowing expanded participation in an underpenetrated market. Regulatory changes under the "Make in India" framework have introduced mandatory certification for 570 new products via the BIS, with an additional 230 expected by 2026, spanning sectors such as metals, footwear, paper, rubber, and light engineering. Officially aiming at ensuring the quality of inputs on the Indian markets, these measures are part of a broader strategy to localize production and protect local manufacturers, while avoiding imports from China.

Investment remains concentrated in states such as Karnataka, Maharashtra, and Tamil Nadu, which, while still attractive, face capacity constraints, highlighting the need for greater regional diversification. Operational processes such as land acquisition and permitting continue to require streamlining. At the same time, emerging sectors beyond energy could benefit from more targeted incentives and clearer policy direction. Tier II and Tier III cities are increasingly viewed as growth nodes, offering alternatives to saturated metropolitan markets.

Nearly 155 Indian companies have established 179 subsidiaries in Switzerland, and mainly active in the sectors of technology (32%) and life sciences (21%). Around 56% of these companies were present in cantons Zug, Zurich, Basel, and Lake Geneva Region.[31]

6. ECONOMIC AND TOURISM PROMOTION

The Swiss network in India has a wide range of instruments for dealing with economic affairs. In addition to the economic section of the Embassy in New Delhi, the Consulate General in Mumbai houses SBHI and Switzerland Tourism, while Swissnex is located in the Consulate General in Bangalore. This enables the network to capitalize on a wide-ranging expertise and varied resources following a "One-Switzerland approach." In addition, the network organizes events and webinars on topics important to Swiss companies in cooperation with the Swiss-Indian Chamber of Commerce (SICC).

Swiss Business Hub India (SBHI)

SBHI has two mandates in India. The first one is export promotion to India, including the infrastructure mandate, and the second one investment promotion into Switzerland.

Regarding export promotion in the business period 2024/25, the SBHI has supported more than 50 companies with a concrete market entry project and supported many more with initial market information about India. The support extended ranges from business partner search, to site selection projects and market studies. Despite some remaining challenges in ease-of-doing business, India is on the agenda of Swiss companies: In itself, the huge and fast-growing market offers lots of opportunities. The signature of the TEPA further puts India on the map of Swiss companies. Since now two years, the SBHI focuses on large Indian infrastructure projects besides the general export promotion support for Swiss companies. The aim is to identify large-scale projects where to position Swiss technologies and services. The SBHI has been focusing on maintaining its network of large Indian EPC (Engineering, Procurement and Construction) companies and continued to connect Swiss companies to them with regard to concrete project opportunities in India, the Middle East and Africa. In the business period 2024/2025, the SBHI together with the SDC office builds also relationship to International Financial Institutions such as the World Bank in order to position Swiss companies in these IFI funded projects.

With regard to investment promotion, the SBHI identifies Indian companies that want to set up a legal entity in Switzerland, create local jobs and are keen to upgrade their business models through connecting with the innovative Swiss ecosystem. Since the beginning of 2024, the SBHI focuses exclusively on companies from the health-tech sector, strategically focusing and maintaining engagement with the most promising ones. In this period so far, the SBHI conducted roadshows to Ahmedabad as well as to Hyderabad and Bangalore and

[30] India-EU FTA, The economic times and KNN India.
[31] FDI Mapping Study of Indian Investments in Switzerland, S-GE, January 2023.

met with key decision makers of the targeted companies. A highlight this year so far was the 4th Swiss-Indian Innovation Event on healthtech which was held at the side lines of the World Economic Forum in Davos. Stakeholders from Switzerland and India discussed the potential of joint collaborations in the Swiss innovation ecosystem. The event was jointly organized by the SBHI, SICC, Switzerland Global Enterprise, Invest India, the Swiss Biotech Association and Tata Consultancy Services.

Swissnex India

The mission of Swissnex in India is to connect Switzerland and India in education, research and innovation. Swissnex's activities and programmes aim to elevate the Indo-Swiss cooperation to a more strategic and systemic dimension through the Indo-Swiss Innovation Platform, launched in Bengaluru on October 30, 2023, with a focus on health (antimicrobial resistance), sustainability (decarbonization, biodiversity), and digital transformation (digital self-determination, AI). In 2023, Swissnex in India organized the first Indo-Swiss AMR Innovation Dialogue, a 3-day gathering featuring academics, researchers, start-ups, and policy makers from both countries. The second AMR Innovation Dialogue took place over 6 days in Switzerland in 2025 and was attended by over 100 stakeholders. Swissnex in India is mandated by Innosuisse to promote the internationalization of Swiss start-ups by providing a soft-landing platform, coaching and mentoring in India. Furthermore, Swissnex acts as the anchor and implementing partner of the Academia-Industry Training (AIT) program, a boot camp for entrepreneurial scientists ("scientrepreneurs") and very early-stage university spin-offs from India and Switzerland. Swiss start-ups are also promoted through various high-visibility programs, i.e. in 2025 at the India Global Innovation Connect or the Bengaluru Tech Summit. In the field of corporate innovation, Swissnex in India supports Swiss companies on a mandate basis in their efforts to connect with the local innovation ecosystem and shape their Indian open innovation strategy.

Switzerland Tourism

The strongest growth in hotel overnight from Indian guests in Switzerland stays was observed during the shoulder seasons, particularly in September (+30.4%) and December (+29.1%), which shows that the interest in the autumn and winter months is growing year on year. However, the peak travel period for Indian guests remains April to June. While group travel remains stable, the number of individual travelers continues to grow. There is also increasing demand for unique and experiential activities, such as first-time ski experiences, paragliding or river rafting. Indian visitors are showing a strong interest in discovering new and niche destinations within Switzerland.

Emerging Tier II and Tier III cities in India – centers of rising economic activity and development – are becoming increasingly important from a tourism perspective. These regions represent significant potential for future growth due to their geographic and demographic advantages.

Switzerland Tourism India has introduced a new format for promoting Switzerland in the Indian market. Recognizing YouTube as the leading travel inspiration platform among Indian audiences, Switzerland Tourism launched the YouTube series "Ticket to Switzerland." In this campaign, four teams – featuring Bollywood actors, influencers, and TV hosts – traveled across Switzerland using public transport while completing a series of challenge-based tasks to win the "Ticket to Switzerland." This initiative aligns with Switzerland Tourism's global "Travel Better" strategy, which emphasizes sustainability, steering guest flows to lesser-known destinations, and encouraging longer stays. Additionally, Switzerland Tourism India continued to support trade partners across the India through training programs, special events, and webinars. Given that a significant share of Indian travelers still book through tour operators, maintaining strong ties with the travel trade remains a key focus.

Swiss-Indian Chamber of Commerce (SICC)

The chamber is a bi-national, non-profit organization with a membership base of over 400 companies across India and Switzerland. With a presence in key cities such as Mumbai, New Delhi, Pune, Bangalore, Chennai, Kolkata, and Zurich, SICC represents a cross-section of industries including finance, manufacturing, technology, pharmaceuticals, or tourism. SICC serves as a platform for fostering bilateral business relationships, facilitating market access, and promoting deeper cooperation between the two countries. It offers its members opportunities to engage with relevant government authorities and gain valuable insights into evolving policy landscapes. The chamber works in close collaboration with both public authorities and private institutions, including Switzerland Global Enterprise (S-GE), the Embassies of Switzerland and India, Swiss and Indian Consulates General, SBHI, and Swissnex. It played a central role in supporting the Swiss Government's efforts in the TEPA negotiations and will remain a central partner in the implementation phase.

ANNEX 1 – Economic structure

Sectors and sub-sectors[32]	Share of GDP per (sub-)sector	Share of rural working population[33]	Share of urban working population
Agriculture, forestry and fishing	14.41	60	7
Industry	30.66	21	32
Mining and quarrying	1.97	n/a	n/a
Manufacturing	17.18	n/a	n/a
Electricity, gas, water supply and others	2.36	n/a	n/a
Construction	9.15	n/a	n/a
Services	54.93	19	61
Trade, hotels, transport, communication and broadcasting services	18.48	n/a	n/a
Financial services, real estate and professional services	23.79	n/a	n/a
Public administration, defence and other services	12.66	n/a	n/a

[32] GVA at constant basic prices by economic activity, Center for Monitoring the Indian Economy (CMIE), July 2025.
[33] Employment in India, Data for India, April 2024. The data is based on the Periodic Labor Force Survey, 2023-24 due to limited updated dataset available. The data is only available for broad sectors and unavailable for subsectors.

ANNEX 2 – Main economic data

	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
GDP[34] (billion USD)**	3.17	3.35	3.57	3.94	4.19
GDP/per capita[35] (thousand USD)**	2.25	2.37	2.5	2.73	2.88
Growth rate (% of GDP)[36]	8.2	6.9	7.8**	6.8*	6.2
Inflation rate (%)[37]	5.5	6.7	5.4**	4.8	4.3
Unemployment rate (%)[38]	7.32	7.19	7.55	7.52	-
Budget balance[39] (% of GDP)*	-9.22	-8.62	-7.83	-7.63	-6.86
Current account (% of GDP)	-1.2	-3.0	-1.2**	-1.4*	
Total debt (% of GDP)[40]	83.49	81.68	82.75	81.29**	80.39*
Debt service (% of exports)[41]	5.2*	5.2	5.3	6.7	6.6
Foreign exchange reserves (in import months)*	8.1	8.0	8.3	7.9	7.8[42]

** estimates / projections*
***revised estimates / projections*

[34] GDP, current prices, IMF, April 2025.
[35] GDP, current prices, IMF, April 2025.
[36] GDP, current prices, IMF, April 2025.
[37] India: 2024 Article IV Consultation-Press Release.
[38] CMIE Economic Outlook data.
[39] Budget balance from 2018 to 2028 in relation to gross domestic product.
[40] India: National debt from 2019 to 2029 in relation to gross domestic product-Statista.
[41] India's External Debt as at the end of March 2025, RBI Press release, June 2025.
[42] IMF Staff Country Report India, Article IV Consultation, December 2024, page 36.

ANNEX 3 – Trade partners of India

Rank[43]	Country	Exports (USD million)	%-share	Rank	Country	Imports (USD million)	%-share
1	U.S.	40,325.96	5.48	1	China	56,285.94	11.51
2	UAE	17,201.02	11.21	2	Russia	32,231.97	5.91
3	Netherland	13,104.06	36.61	3	UAE	31,458.47	52.01
4	U.K.	7,269.41	12.07	4	U.S.	22,304.92	2.28
5	China	6,909.91	-9.37	5	Iraq	13,821.25	3.72
6	Singapore	6,432.29	1.49	6	Saudi Arabia	13,134.93	-13.39
7	Saudi Arabia	5,455.13	3.54	7	Indonesia	12,219.74	8.98
8	Bangladesh	5,198.99	3.05	8	*Korea*	10,618.11	5.00
9	Germany	5,072.85	4.67	9	***Switzerland***	10,406.14	3.64
10	South Africa	4,111.70	-2.43	10	Singapore	10,369.36	-2.37
	Switzerland	***764.46***	***5.49***				
	EU*	20,270.65	9.51				
	Total	**2,09,215.64**	-		**Total**	**3,49,002.28**	-

[43] Source: Trade Stat, Department of Commerce, Ministry of Commerce and Industry (MoCI), April 2024 to September 2025. The discrepancy between the Swiss Impex figures and those from MoCI can be attributed to the inclusion of gold-related statistics.
Note*: EU excluding U.K., Germany, and Netherlands

ANNEX 4 – Bilateral trade figures

	Export[44] (CHF million)	Change (%)	Import (CHF million)	Change (%)	Balance (CHF million)	Volume (CHF million)
2005	1’369	34.3	652	19.1	717	2’021
2006	1’888	37.8	736	12.8	1‘152	2‘624
2007	2’303	22.1	949	29.0	1‘354	3‘252
2008	2’406	4.5	1’101	16.0	1‘305	3‘507
2009	2’156	-10.4	800	-27.4	1‘356	2‘956
2010	2’561	18.8	1’010	26.2	1‘551	3‘571
2011	2’983	16.5	1’304	29.2	1‘679	4‘287
2012*	28’713	*)	1’450	*)	27‘263	30‘163
2013	23’980	-16.5	1’540	6.2	22‘440	25‘520
2014	19'342	-19.3	1'628	5.7	17'714	20'970
2015	20'613	6.6	1'464	-10.1	19'149	22'077
2016	14‘325	-30.5	1'478	0.9	12‘848	15‘803
2017	19’510.8	36.2	1’617.2	9.4	17’893.6	21’128
2018	17’439.41	-10.6	1’834.52	13.4	15’604.8	19’274
2019	17’946.80	2.9	2’171.30	17.8	15’775.5	20’118.1
2020	10’852	-39.5	1’818	-16.3	9’034	n/a
2021	16’752.7	20.4	1’955	18.2	28’706	n/a
2022	14’301.2	-50.2	2’737.3	28.3	11’564	17’039
2023	15'072.93	5.4	2'636.35	-3.7	12'436.6	17'709.3
2024	19'890.48	32.0	2'656,46	0.7	17’234	22’546.9
*(Total 1)***	(2’028.9)	8.6	(2’091.8)	(-10.8)	(-62.9)	4’120.7
2025 (Jan-May)***	(3’090.7)	(-53.3)	(1'166.9)	(-3.7)	n/a	n/a

*As of 1.1.2012, the FCA has changed the calculation method for imports and exports. As a result, comparisons between 2012 and previous years are no longer possible.
**Total "business cycle view": excluding gold in bars and other precious metals, coins, precious and semi-precious stones, and objets d'art and antiques.
***Change (%) vs. prior-year period

Exports (% of total, without gold)	**2023**	**2024**
Machines (84+85)	35	34
Watches and accessories (91)	12	14
Precision instruments (90)	12	12
Pharmaceuticals (30)	13	11
Chemical products (29)	10	10
Imports	**2023**	**2024**
Chemical products (29)	33	31
Precious metals and stones (71)	12	22
Clothing (61+62)	11	10
Machines (84+85)	9	10
Footwear	3	3

[44] Source: Federal Office for Customs and Border Security

ANNEX 5 – Main investing countries in India

Rank[45]	Country	Total FDI equity inflows April 2000 to March 2025 (USD million)	Share	% Change	Inflows FY 2024/25 (USD million)
1	Mauritius	180,190.51	24.72	4.69	8,344
2	Singapore	174,885.78	23.99	26.92	14,942
3	U.S.	70,650.48	9.69	9.18	5,457
4	Netherland	53,302.34	7.31	-6.17	4,620
5	Japan	44,395.88	6.09	-21.99	2,478
6	U.K.	35,886.71	4.92	-34.62	795
7	UAE	22,847.63	3.13	48.58	4,345
8	Cayman Islands	15,637.46	2.15	8.48	371
9	Germany	15,112.09	2.07	-7.13	469
10	Cyprus	14,653.13	2.01	49.26	1,203
…	EU	134,190.27	26.83	-	-
12	**Switzerland**	***10,833.24***	***1.49***	-	-
	Total cumulative FDI equity inflows	50,018	-	-	-

[45] Source: FDI stats, Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, March 2025. Note: EU excludes Luxembourg due to paucity of data.