EEPC INDIA
ENGINEERING THE FUTURE

INDIA'S EXPANDING ROLE IN GLOBAL ECONOMIC LANDSCAPE

Sustained economic growth and significant progress in poverty reduction over the past decade have strengthened India's integration into the global economy, reinforcing its position as a major economic force. With its expanding market potential and growing investment appeal, India is increasingly becoming a focal point for global businesses seeking new opportunities. Supported by a favourable demographic dividend, rapid digital transformation, and a strong focus on manufacturing and innovation, India's role and influence in the global economic landscape continue to expand.

India's Economic Momentum:

Resilience and Global Confidence

India's real GDP is projected to grow by 7.6% in FY26, compared with 7.1% in FY25, while nominal GDP is estimated to expand by 8.9%

Merchandise exports reached an all-time high of USD 441.78 billion in 2025-26.

Engineering exports rose by 4.86% in FY 2025–26, reaching USD 122.43 billion from USD 116.75 billion in FY 2024–25.

Cumulative FDI inflows amounted to USD 1.14 trillion between April 2000 and December 2025.

Total FDI inflows in FY26 stood at USD 94.52 billion, with FDI equity inflows accounting for USD 58.84 billion.

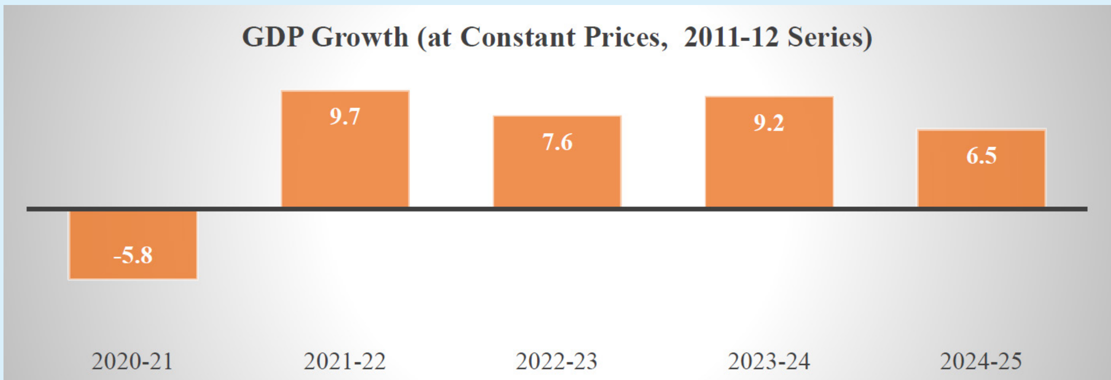
FDI inflows into miscellaneous mechanical and engineering industries totaled USD 4.92 billion during Jan 2000 to Mar 2026.

Actual Overseas Direct Investments (ODI) outflows amounted to USD 16.27 billion during 2025-26 (April-October)

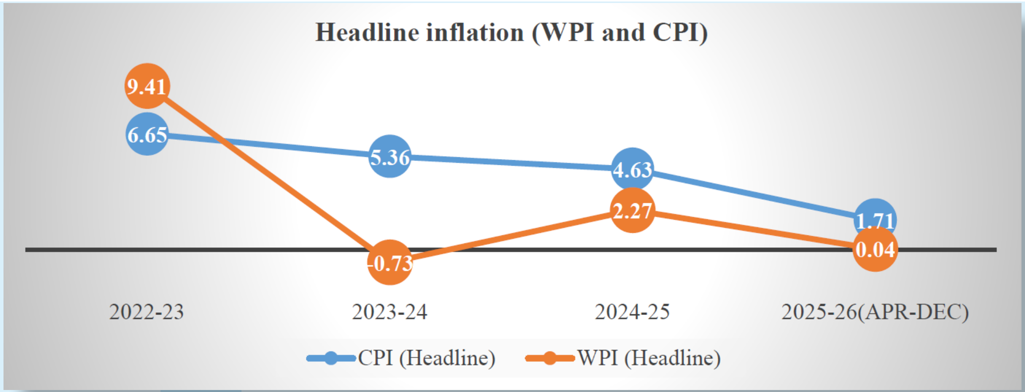
India signed Free Trade Agreements with the UK, Oman, New Zealand marking a significant milestone in strengthening bilateral trade and investment ties.

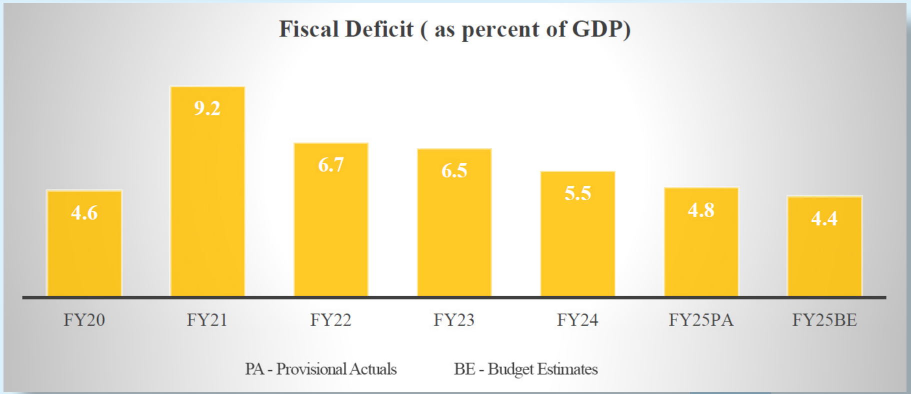
India's ranking in the World Bank's Logistics Performance Index improved from 44th in 2018 to 38th in 2023, reflecting enhanced trade infrastructure and efficiency.

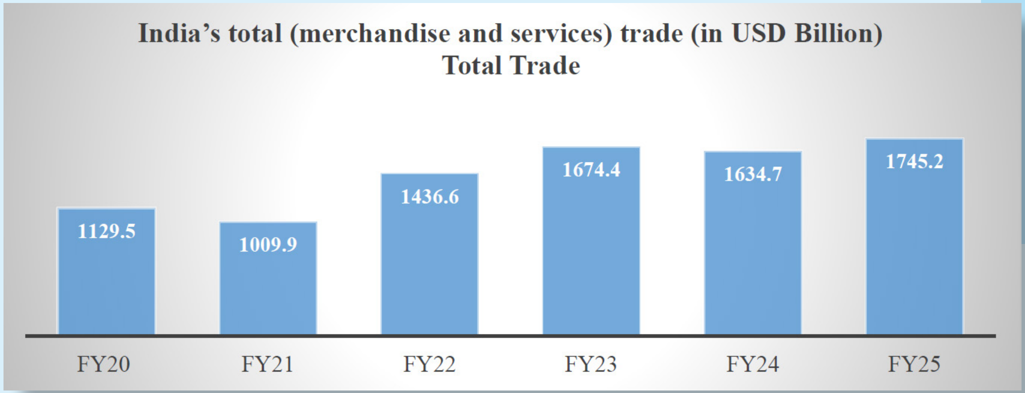
Indian Economy A snapshot (2025-26)



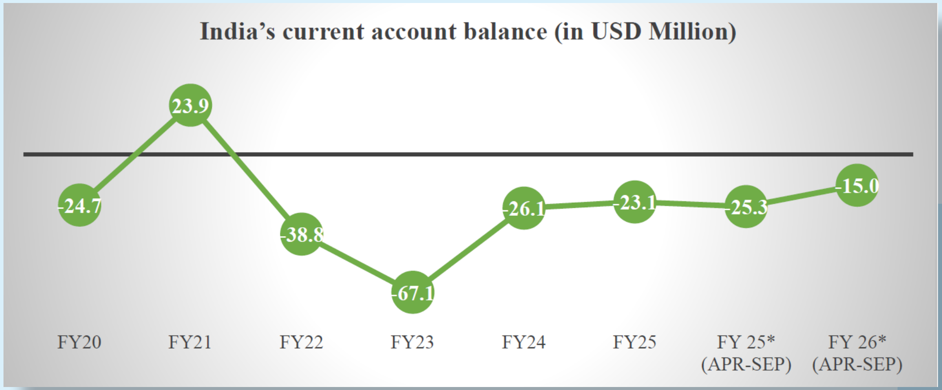
Indian Economy- A snapshot (2025-26)

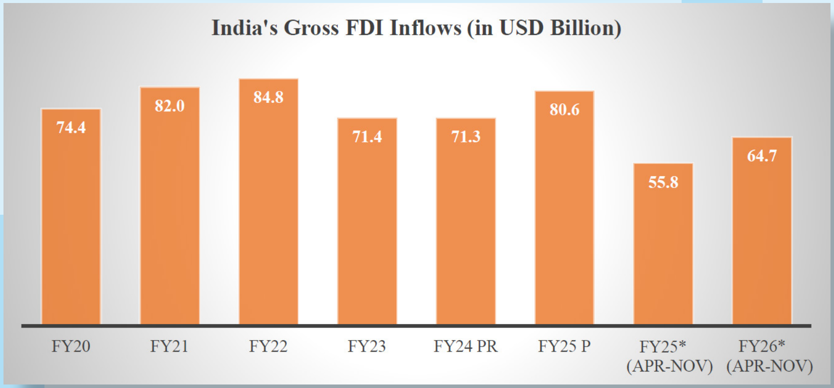


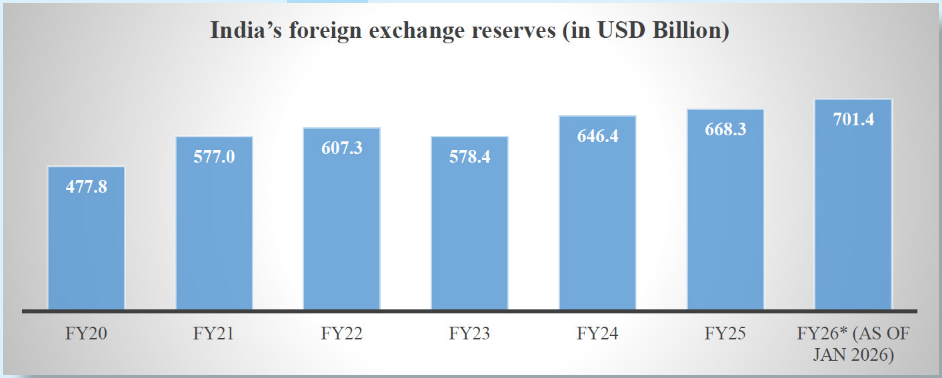




Indian Economy- A snapshot (2025-26)







Advantage INDIA...

Business-friendly government

A reform-oriented government is actively driving growth through a mix of investment-friendly reforms and coordinated monetary and fiscal policies.

Innovative policy initiatives have been launched to boost business sentiment and attract global enterprises to the Indian market.

Economic progress in recent years

India continues to be among the fastest-growing major economies, with nominal GDP expanding from USD 1.75 trillion in FY15 to USD 3.91 trillion in FY26 (Second Advance Estimates).

India has made significant strides in poverty reduction, with 415 million people moving out of multidimensional poverty between 2005 and 2021, according to the UNDP's 2023 Multidimensional Poverty Index report.

Demographic dividend

With over 65% of its population under 35, India has a large and dynamic workforce with the potential to drive productivity and economic growth.

According to the United Nations Population Fund (UNFPA), India is set to remain one of the youngest countries until 2055.

India's working-age population is expected to grow to 1 billion by 2047, sustaining the demographic dividend well into the next few decades.

Promise for world-class infrastructure: Plethora of opportunities for Global investors

India's infrastructure sector is poised for strong growth, supported by planned investments of USD 1.4 trillion by 2025.

The National Infrastructure Pipeline (NIP) was launched to mobilise large-scale investments across critical sectors, including energy, roads, railways and urban development.

Significant efforts have been undertaken to expand and modernise the National Highways network through flagship programmes such as the Bharatmala Pariyojana, which subsumes initiatives including the National Highway Development Project (NHDP) and the Special Accelerated Road Development Programme for the North-East Region (SARDP-NE).

Under the UDAN scheme, 220 destinations, including airports, heliports and water aerodromes, are targeted for development by 2026, with 1,000 routes planned to enhance air connectivity across underserved regions.

The USD 1.3 trillion Gati Shakti National Master Plan has emerged as a key initiative to drive integrated infrastructure planning and improve efficiency across the infrastructure ecosystem.

More than 80% of the country's infrastructure spending has gone toward funding for transportation, electricity, and water and irrigation.

The Union Budget 2026–27 aims to strengthen India's long-term growth trajectory through increased public investment, infrastructure development and greater private sector participation, aligned with the vision of Viksit Bharat @2047.

Noticeable improvement in business sentiment, driven by a series of impactful reforms

Over the years, the Indian government has launched several initiatives to strengthen the national economy. These policies and programmes have played a key role in enhancing financial stability for citizens while supporting overall economic growth. India's rapid economic expansion has significantly boosted its demand for exports.

A number of the government's flagship programmes, including Make in India, Start-up India, Digital India, the Smart City Mission, and the Atal Mission for Rejuvenation and Urban Transformation are designed to unlock substantial opportunities across the country.

India ranked 38th among 139 economies in the Global Innovation Index 2025, reflecting its growing innovation capabilities.

The Production Linked Incentive (PLI) programme has strengthened India's manufacturing ecosystem by promoting domestic value addition and enhancing competitiveness across priority sectors.

Under the Export Promotion Mission, the Government introduced key measures to support MSME exports, including a 2.75% interest subvention on pre- and post-shipment credit and collateral guarantee coverage of up to 85% through CGTMSE (Credit Gurantee Fund Trust for Micro and Small Enterprises).

Rising economic influence

The Indian economy continues to rank among the fastest-growing major economies globally, supported by broad-based growth across manufacturing, services and infrastructure, along with steady improvements in industrial and business activity.

Infrastructure remains a key pillar of India's economic development, reinforcing its position as an emerging global economic power. The National Infrastructure Pipeline (NIP), along with other strategic initiatives, is playing a critical role in accelerating infrastructure growth and investment.

India continues to expand its renewable energy capacity and has achieved a significant clean energy milestone by generating 50% of its power from renewable sources, five years ahead of its 2030 target.

India is advancing towards its Net Zero Emissions target by 2070 through the five-pronged climate action strategy, 'Panchamrit'.

India's external sector demonstrated resilience in FY26 despite a challenging global trade environment.

INDIA at a Glance

Indicators (Calendar-year wise)	2021	2022	2023	2024	2025
GDP at Current Prices (USD Billion)	3084.5	3249.9	3500.9	3760.8	3916.3
Real GDP growth (Annual percent change)	9.7	7.6	7.2	7.1	7.6
GDP per capita, current prices (USD per capita)	2181.1	2280.0	2434.4	2592.0	2675.3
Inflation rate, average consumer prices (Annual % change)	5.5	6.6	5.4	4.6	2.1
Population (Million)	1414.2	1425.4	1438.1	1450.9	1463.9
Indicators (Fiscal-year wise)	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**
Merchandise Export (USD Billion)	422.0	451.1	437.1	437.7	441.7
Merchandise Import (USD Billion)	613.1	716.0	678.2	721.2	776.0
Engineering Export (USD Billion)	112.2	107.0	109.30	116.75	122.43
Engineering import (USD Billion)	176.81	203.54	221.11	243.24	274.78
Total FDI Inflow (USD Billion)	84.84	71.36	71.30	80.62*	64.73*
FDI Equity Inflows in Miscellaneous Mechanical & Engineering Industries (USD Million)	411.17	103.58	284.37	153.68	268.16

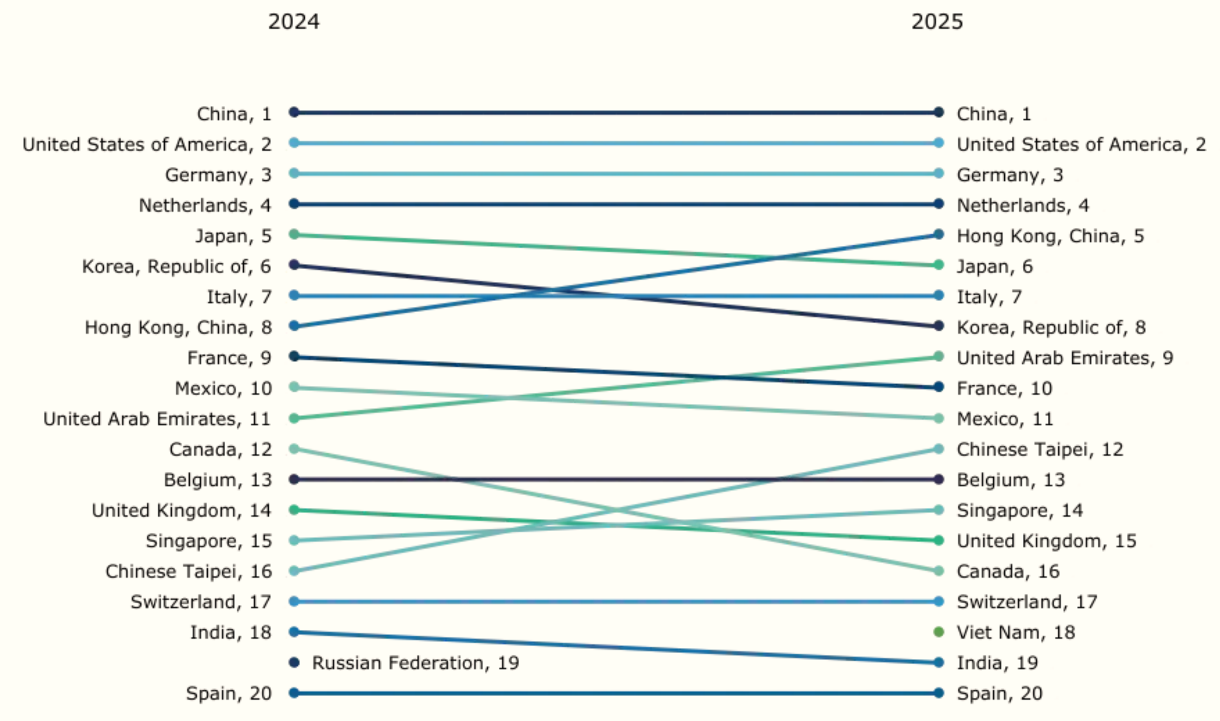
Source: IMF; D/o Commerce, Govt. of India; DPIIT, GoI, *Provisional, @(up-to Nov) (P)

Trade

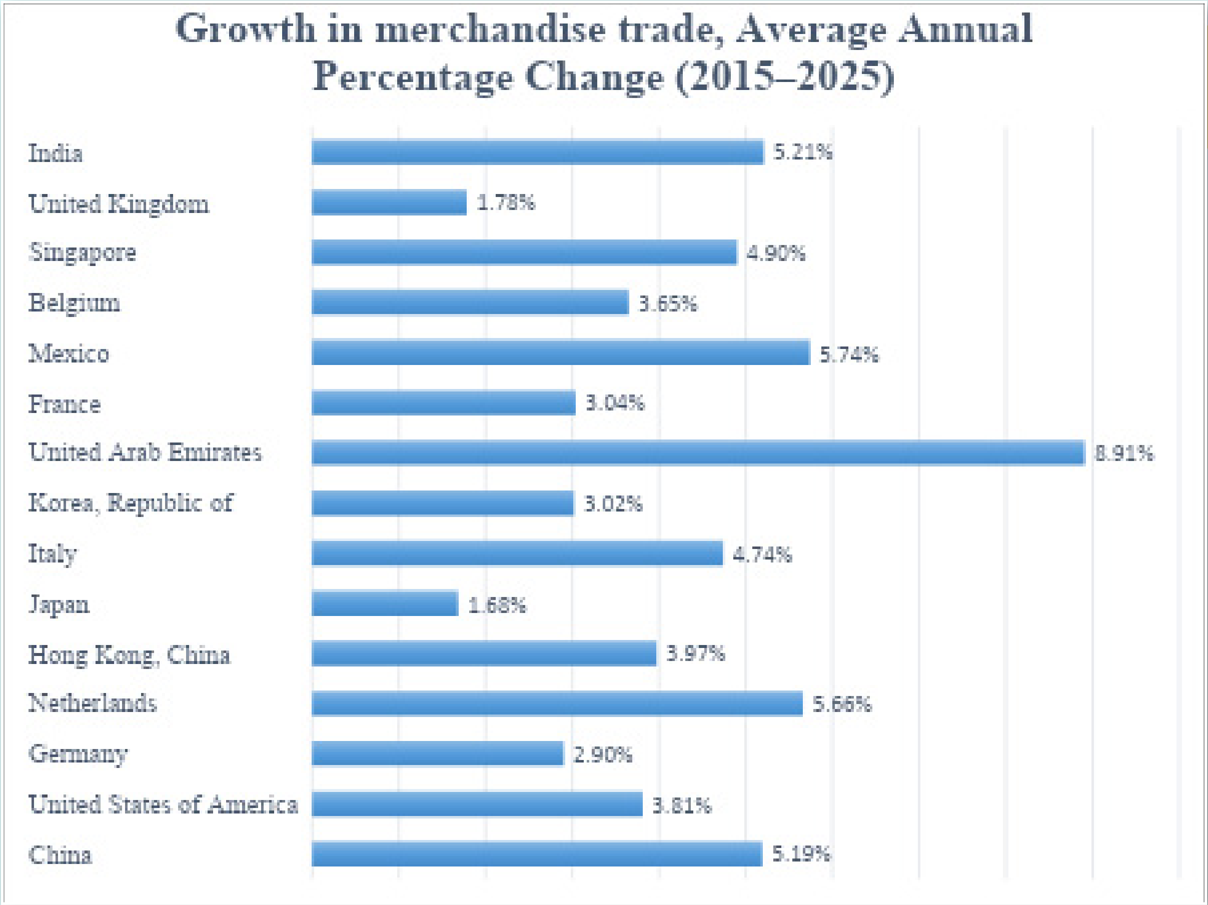
India remains among the world's top 20 merchandise exporting economies, reflecting its growing integration with global trade. Continued policy reforms, expanding manufacturing capabilities, and strengthened trade and logistics infrastructure are enhancing India's competitiveness in international markets. Supported by a diversified export base and sustained trade engagement, India continues to reinforce its role as a reliable and significant participant in the global economy.

Top 20 rankings in world merchandise trade

Exports 2024 vs 2025



Source: WTO Trade statistics

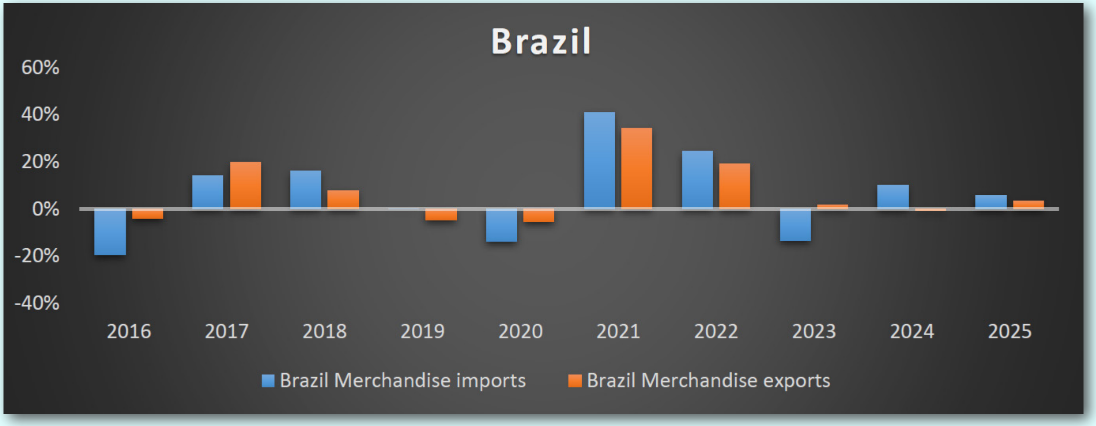


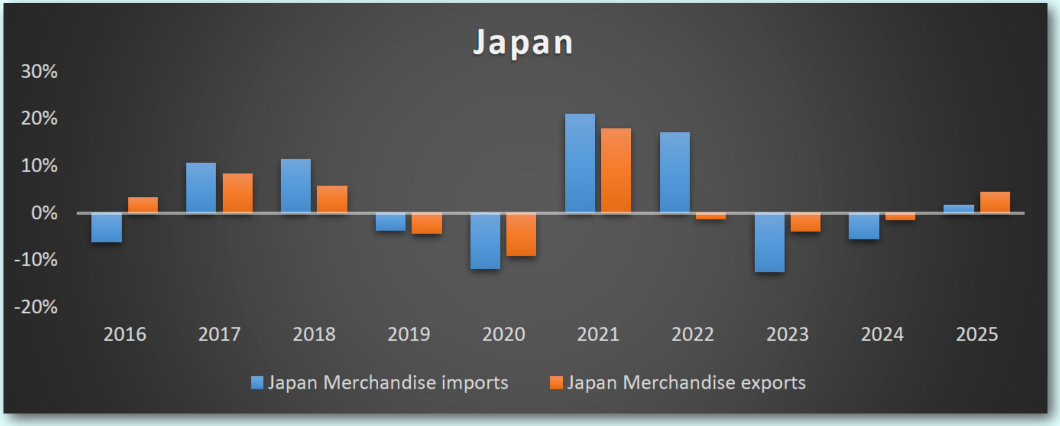
Source: WTO Trade statistics

India's external trade ecosystem continues to evolve through sustained policy reforms, industrial development, and trade facilitation measures. A diversified export base, improving logistics, and enhanced manufacturing competitiveness have strengthened India's integration with global value chains. As one of the world's leading trading economies, India continues to consolidate its position as a dependable partner in global commerce.

Merchandise Exports and Imports of India & Selected Economies

(Year-on-year percentage change in US$ values)




Japan
30%
20%
10%
0%
-10%
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2016
2017
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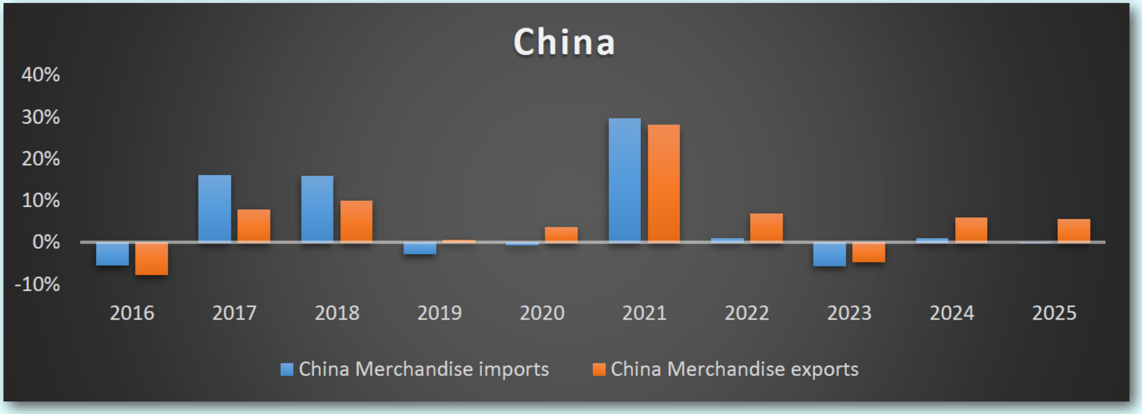
Japan Merchandise imports
Japan Merchandise exports


China
40%
30%
20%
10%
0%
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2016
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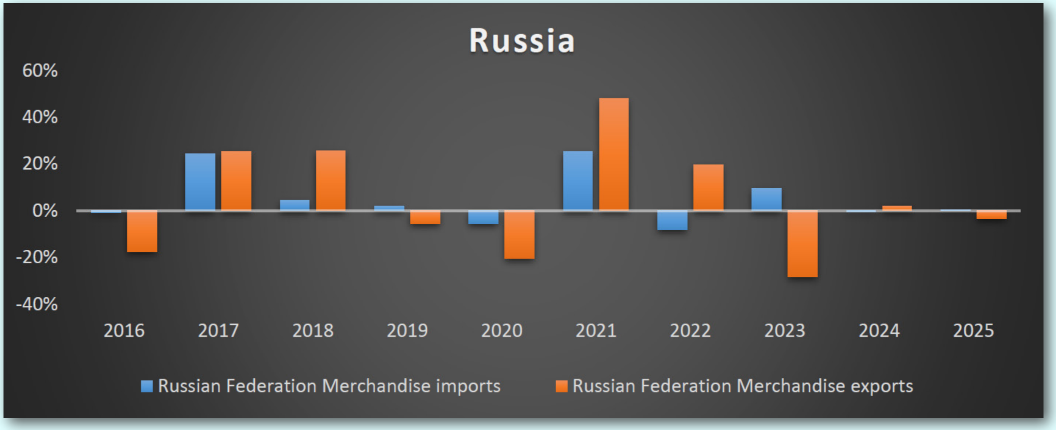
China Merchandise imports
China Merchandise exports


Russia
60%
40%
20%
0%
-20%
-40%
2016
2017
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2021
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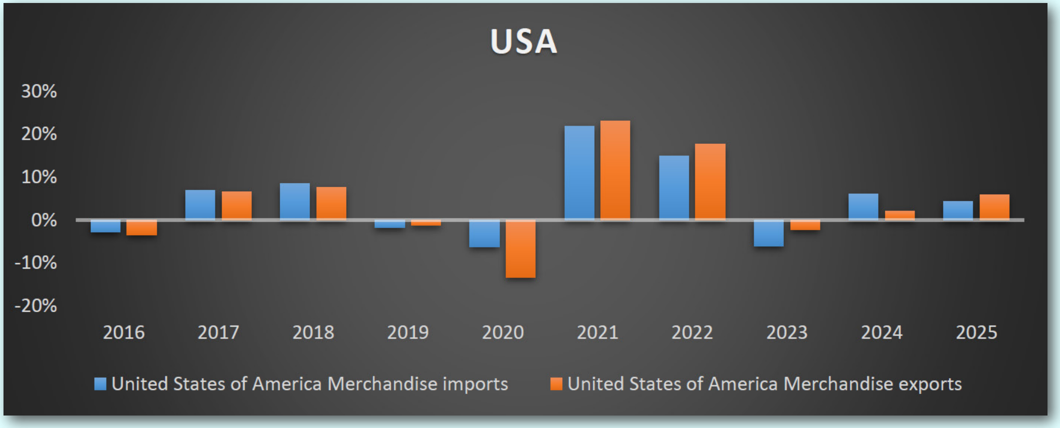
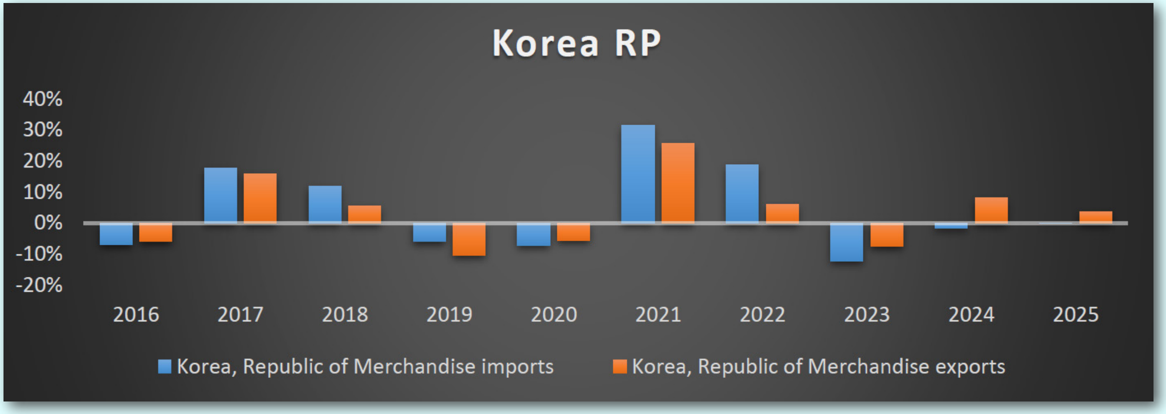
Russian Federation Merchandise imports
Russian Federation Merchandise exports

Merchandise Exports and Imports of India & Selected Economies

(Year-on-year percentage change in US$ values)





Source: WTO Trade statistics

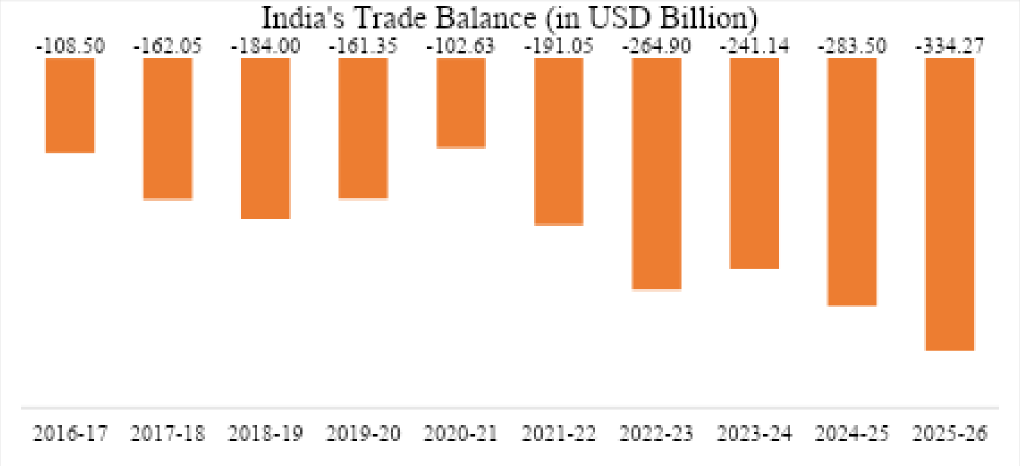
India's Merchandise Trade Performance in Last Five Years (US$ billion)

India's merchandise trade has remained at a high level over the past five years, with total trade increasing from US$ 1,035.06 billion in 2021–22 to US$ 1,217.76 billion in 2025–26. While merchandise exports have remained broadly stable at around US$ 440 billion, imports have recorded a steady increase, reflecting rising domestic demand and higher requirements for energy, raw materials, and capital goods. Consequently, the merchandise trade deficit widened during the period. The sustained expansion in overall trade highlights the increasing scale of India's engagement with the global economy.

Year	2021-22	2022-23	2023-24	2024-25	2025-26
India's Total Export	422.00	451.07	437.07	437.70	441.75
India's Total Import	613.05	715.97	678.21	721.20	776.01
India's Trade Balance	-191.05	-264.90	-241.14	-283.50	-334.27
Total Trade	**1035.06**	**1167.04**	**1115.29**	**1158.90**	**1217.76**

Source: DGCI&S

The merchandise trade deficit exhibited a fluctuating trend over the period, narrowing significantly in 2020–21 before widening thereafter. The deficit increased from US$ 191.05 billion in 2021–22 to US$ 334.27 billion in 2025–26, primarily on account of faster growth in merchandise imports than exports. The trend reflects the import needs of a growing economy, particularly for energy, raw materials, and capital goods.



Source: DGCI&S

List Of Top 15 Trading Partners Of India

Below is a list highlighting 15 of India's top trading partners – countries that imported the most Indian shipments by dollar value during 2025-26. Also shown is each import country's percentage of total Indian exports.

Rank	Country / Region	Share% in Total Indian Exports
1	U S A	19.6%
2	CHINA P RP	3.2%
3	U ARAB EMTS	8.3%
4	RUSSIA	1.1%
5	SAUDI ARAB	2.7%
6	SINGAPORE	2.9%
7	IRAQ	0.7%
8	GERMANY	2.4%
9	INDONESIA	1.2%
10	NETHERLAND	5.2%
11	KOREA RP	1.3%
12	HONG KONG	1.4%
13	JAPAN	1.4%
14	AUSTRALIA	1.9%
15	SWITZERLAND	0.3%

Source: DGCI&S

Foreign Trade Policy 2023: A Concrete Plan to Strengthen India's Global Grip

- A unique and more flexible policy with no time limit attached
- Promotes international trade settlement in Indian Rupees
- Focuses on export promotion through coordination among exporters, states, districts, and Indian Missions abroad
- Simplifies SCOMET licensing procedures to ease high-tech and dual-use item exports
- Supports e-commerce exports by planning designated export hubs
- Prioritizes manufacturing growth to enhance export competitiveness
- Special one-time Amnesty Scheme for default in Export Obligations

India's Participation in Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs)

- India – New Zealand Free Trade Agreement
- India Oman Comprehensive Economic Partnership Agreement
- India-UK Comprehensive Economic and Trade Agreement (CETA)
- India - EFTA States Trade and Economic Partnership Agreement (TEPA)
- India-Australia Economic Cooperation and Trade Agreement (ECTA)
- India-UAE Comprehensive Economic Partnership Agreement (CEPA)
- ASEAN-India Comprehensive Economic Cooperation Agreement
- India-Japan Comprehensive Economic Partnership Agreement
- India-Malaysia Comprehensive Economic Cooperation Agreement
- India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement
- India-Republic of Korea Comprehensive Economic Partnership Agreement
- South Asian Free Trade Area (SAFTA)
- Agreement on SAARC Preferential Trading Arrangement (SAPTA)
- Asia Pacific Trade Agreement (APTA)
- India MERCOSUR PTA
- India Afghanistan PTA
- India-Chile Preferential Trading Agreement
- India-Singapore Comprehensive Economic Cooperation Agreement
- India-Sri Lanka Free Trade Agreement
- Agreement of Cooperation with Nepal to Control Unauthorised Trade
- Agreement on Economic Cooperation between India and Finland
- India-Africa Trade Agreement
- Trade Agreement between India and Argentina
- Agreement of Trade, Commerce and Transit between the Government of the Republic of India and the Royal Government of Bhutan

Major Schemes

(A) Duty Exemption/Remission/Incentive Schemes

- Issuance under Service Exports from India Scheme (SEIS)
- Remission of Duties and Taxes on Exported process of manufacture and distribution Products (RoDTEP)
- Advance Authorisation (AA) Scheme
- Duty Free Import Authorization (DFIA)
- Schemes for Gems & Jewellery Sector (Advance Procurement/replenishment, Replenishment Authorisation, Diamond Imprest Authorisation, etc.

(B) Interest Equalization Scheme on Pre & Post Shipment Rupee Export Credit

- Benefit in the interest rates being charged by the banks to the exporters on their Pre and Post Shipment Rupee Export Credits.

(C) Export Promotion of Capital Goods (EPCG) Scheme

- Allows import of capital goods (except those specified in negative list in Appendix 5 F) for preproduction, production and post-production at zero customs duty. Capital goods imported under EPCG Authorisation for physical exports are also exempt from IGST and Compensation Cess, leviable thereon under the subsection (7) and subsection (9) respectively, of section 3 of the Customs Tariff Act, 1975 (51 of 1975), as provided in the notification issued by Department of Revenue

(D) Export Oriented Units (EOUs), Electronics Hardware Technology Parks (EHTPs), Software Technology Parks (STPs) and Bio-Technology Parks (BTPs)

- Units undertaking to export their entire production of goods and services(except permissible sales in DTA), may be set up under the Export Oriented Unit (EOU) Scheme, Electronics Hardware Technology Park (EHTP) Scheme, Software Technology Park(STP) Scheme or Bio-Technology Park (BTP) Scheme for manufacture of goods, including repair, re-making, reconditioning, re-engineering, rendering of services, development of software, agriculture including agro-processing, aquaculture, animal husbandry, bio-technology, floriculture, horticulture, pisciculture, viticulture, poultry and sericulture

(E) Deemed Exports

- Refund under Drawback and TED for deemed exports

(F) Export Promotion Mission

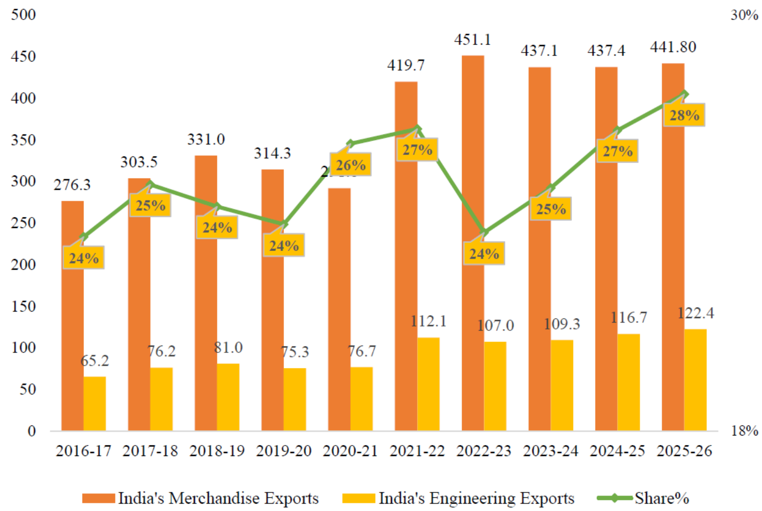
- NIRYAT PROTSAHAN
- NIRYAT DISHA

Engineering Trade

The Indian engineering sector achieved astounding growth over the last few years driven by increased investments in infrastructure and manufacturing following some much-needed reform measures by the incumbent government. The engineering sector, being closely associated with the two sectors aforesaid, is of strategic importance to Indian economy. Development in sectors such as infrastructure, power, mining, oil and gas, refinery, steel, automotive and consumer durables are driving demand in the engineering sector.

India's engineering exports

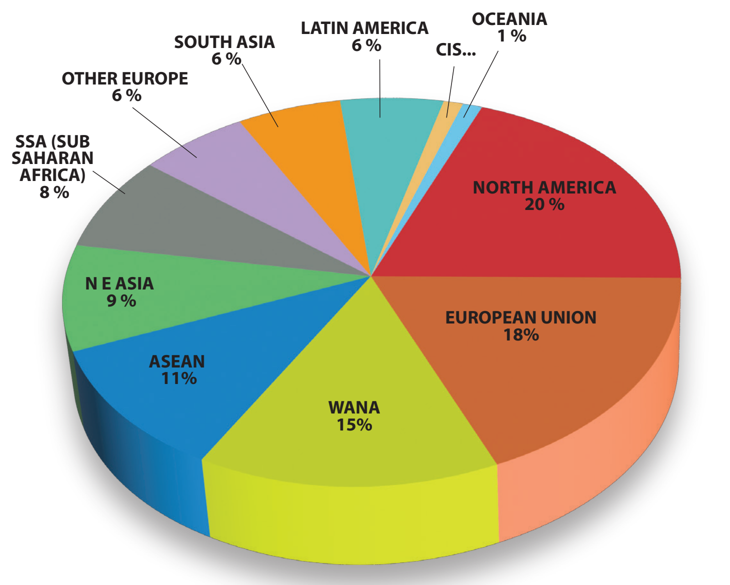
India's engineering exports registered steady growth over the last decade, rising from US$ 65.2 billion in 2016-17 to a projected US$ 122.4 billion in 2025-26—an increase of nearly 88%. Engineering exports consistently accounted for around one-fourth of India's total merchandise exports, with their share increasing from 24% in 2016-17 to an estimated 28% in 2025-26. After recording moderate growth up to 2018-19, engineering exports declined to US$ 75.3 billion in 2019-20, reflecting the impact of the global economic slowdown and trade disruptions. Exports recovered gradually in 2020-21 before witnessing a sharp rebound to US$ 112.1 billion in 2021-22, supported by strong global demand and economic recovery. Engineering exports reached US$ 122.4 billion in 2025-26.



Source: DGCI&S

Region-wise India's engineering exports during 2025-26

North America and European Union remained the top two exported destination for Indian engineering in 2025-26 with shares of 20% and 18% respectively in India's global engineering exports. WANA and ASEAN were next in the queue holding shares of 15% and 11% respectively



Source: DGCI&S

India ranked 38th among 139 economies in the Global Innovation Index 2025, marking a significant improvement from 81st position in 2015.

India's industrial GVA recorded a 7.0% year-on-year growth in H1 FY26, accelerating from FY25, with manufacturing GVA witnessing strong expansion in both Q1 and Q2, reflecting strengthening domestic production capabilities.

Strategic self-sufficiency efforts have accelerated in critical minerals, semiconductors, shipbuilding, alongside broader resilience across energy and defence ecosystems, reflecting lessons from recent supply-chain disruptions.

In December 2025, Google announced AI-focused investments and collaborations to accelerate India's artificial intelligence ecosystem, including USD 8 million in funding for four government-backed AI Centres of Excellence in healthcare, education, urban governance and agriculture.

As of March 27, 2026, India's foreign exchange reserves reached Rs. 65,20,745 crore (USD 688.05 billion).

Top Engineering Export Destinations

Rank	Countries	Share% in total Indian engineering exports
1	U S A	16.0%
2	UAE	6.1%
3	GERMANY	4.1%
4	SAUDI ARAB	4.0%
5	U K	3.9%
6	SINGAPORE	3.7%
7	CHINA	2.9%
8	ITALY	2.8%
9	MEXICO	2.8%
10	KOREA RP	2.5%
11	SOUTH AFRICA	2.4%
12	JAPAN	2.2%
13	BRAZIL	2.0%
14	NEPAL	2.0%
15	FRANCE	1.9%

Source: DGCI&S

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Vanijya Bhavan (1st Floor)
International Trade Facilitation Centre
1/1 Wood Street, Kolkata 700 016
Tel: 91-33-22890651/52/53
e-mail: eepcho@eepcindia.net
www.eepcindia.org

CIN: U51900WB1955NPL022644