

Economic QuickView



India: A globally competitive services hub with strong growth potential

- India is a services-led economy, which has achieved decades of rapid growth through structural reforms and deepening integration with the global economy.
- China's high-tech exports to India constitute a major component of bilateral trade, with stabilising bilateral relations in 2025 set to support mutual investment ahead.
- India is striving to become a high-income economy by 2047, driven by a range of initiatives from economic transformation, digital empowerment to skills development.

Demographic advantages and structural reforms lift India into a key global player

India's demographic fundamentals and rich resources underpin its growing global prominence. As the world's most populous nation, with a population of around 1.45 billion in 2024, India benefits significantly from a large and young demographic. About 25.7% of its citizens are aged 20-34, compared to the global average of 22.4%, providing persistent growth dividends. The nation not only possesses vast human capital but also ranks among the top global producers in various natural resources, including being the second largest producer of coal, steel and aluminium, fourth in iron ore and zinc, and fifth in manganese. Since surpassing the UK in the global GDP ranking of 2021, India's nominal GDP reached USD 3.9 trillion in 2024, becoming the world's fifth-largest economy. While India is classified as a lower-middle income economy by the World Bank, its GDP per capita has grown at an average annual rate of 5.7% since 2015, reaching nearly USD 2,700 in 2024.

Decades of reforms and global integration have consistently fuelled India's growth. The market liberalisation and structural reforms launched after the balance of payment crisis in 1991, including tax reforms, enhanced financial oversight, trade liberalisation, foreign direct investment (FDI) liberalisation and industrial deregulation, unlocked India's economic potential, driving an average

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annual growth rate of 5.7% from 1990 to 1999. Entering the 2000s, India's economy was further catalysed by capital investment and exports of services, particularly in information technology (IT) and business process outsourcing activity, with economic growth accelerating to 6.3% per annum from 2000 to 2009. From 2010 to 2019, India sustained its rapid growth trajectory at 6.6% per annum, driven by solid domestic demand amid rising incomes. From 2020 to 2024, India's growth moderated to 5.3% per annum, reflecting the 5.8% contraction in 2020 during the Covid-19 pandemic as well as the solid expansion of 8.2% per annum during 2021 and 2024. Overall, India's decades of reforms bore fruit, with rapid economic growth of 6.1% annually from 1990 to 2024, outpacing the global average of 3.4%.

India's Key Macroeconomic Indicators				
	1990 - 1999	2000 - 2009	2010 - 2019	2020 - 2024
GDP growth (% , average)	5.7%	6.3%	6.6%	5.3%
GDP (USD billions, end of period)	458.8	1,341.9	2,835.6	3,909.1
GDP per capita (USD, end of period)	441.9	1,094.9	2,041.4	2,696.7
Share of world GDP (% , end of period)	1.4%	2.2%	3.2%	3.5%
GDP ranking in the world (end of period)	13	11	6	5

Source: International Monetary Fund, World Bank

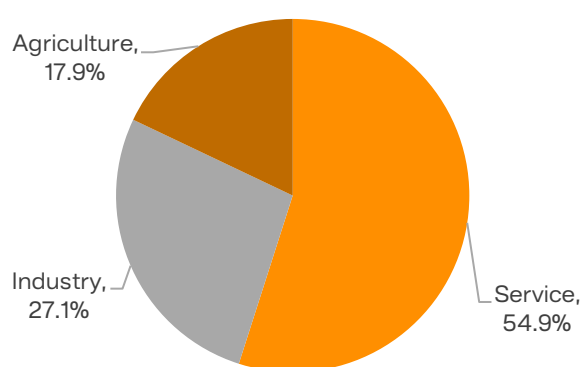
A services-led growth model

India continues to be a predominantly services-driven economy. India's services sector plays a key role in the economy, accounting for about 55% of GDP in 2024. This strength is supported by a large, young English-proficient labour force and well-established IT and business process sectors, which underpin the nation's ascent as a leading global outsourcing centre. Meanwhile, the industry and agriculture sectors contributed about 27% and 18% of GDP in 2024, respectively. Sectoral growth rates further highlight the dominance of the services sector, which has grown by 6.4% per annum since 2015, outpacing the industry (5.7%) and agriculture (4.4%) sectors. In addition, digital infrastructure development and increased financial inclusion, driven by innovative initiatives such as the Unified Payment Interface (a system that enables instant fund transfers), have supported the growth of business services. Notably, the financial, real estate and professional services sectors grew by 7.0% annually between 2015 and 2024.

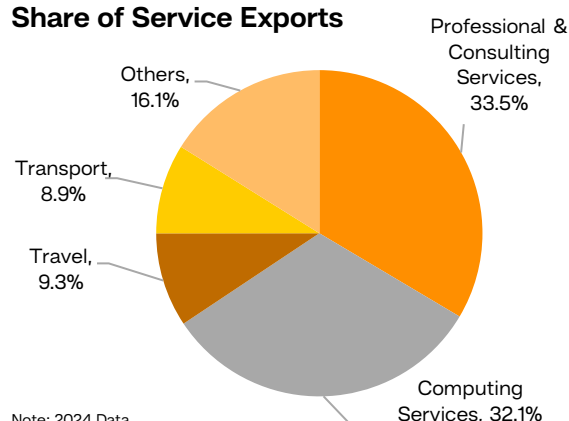
The government's FDI liberalisation has enhanced the nation's attractiveness to foreign investors.

Alongside cost advantages as well as a huge potential consumer market, foreign investors will be able to enjoy enhanced market access under the government's FDI liberalisation. For instance, more sectors are opened to enter the Indian market with 100% ownership under the automatic route (a facilitation channel with a simpler application process), such as telecom, renewable energy, coal mining, contract manufacturing and insurance intermediaries. From 2015 to 2024, India's cumulative FDI stock grew at an average annual rate of 8.0%, reaching USD 547.6 billion in 2024. Besides, the government's initiatives for green transition such as PM-Surya Ghar: Muft Bijli Yojana (a national scheme for installation of rooftop solar system) supported FDI inflows in the non-conventional energy industry in 2024. By source market, Singapore and Mauritius were the two major sources of FDI. Tax benefits by the India-Mauritius and India-Singapore Double Tax Avoidance Agreement provide strong policy incentives for foreign investment from these economies.

India is a preferred offshoring destination for global companies. India benefits from a large and cost-effective IT talent pool, mature IT infrastructure, and strategic time zone that enables 24/7 global coordination across continents. These advantages give India a competitive edge as a global capability centre, supporting IT, finance, customer support, R&D and data analytics for multinational corporations. These advantages drove India's services exports to grow rapidly by an average annual rate of 9.1% from 2015 to 2024, reaching USD 374.9 billion in 2024 and positioning India as the world's eighth-largest and Asia's third-largest services exporter. The contribution of services exports to India's GDP rose from 7.4% in 2015 to 9.6% in 2024. Specifically, computer services and management consulting services emerged as key sectors, collectively accounting for 65.7% of total services exports in 2024.

Share of GDP by Industry


Note: 2024 Data
Source: India Ministry of Statistics

Share of Service Exports


Note: 2024 Data
Source: UNCTAD

India developed close trade partnerships with the US and China. According to the World Trade Organisation, India ranked as the world's 17th and Asia's 7th largest exporter. Between 2015 and 2024, India's merchandise exports grew at an average annual rate of 3.2% to USD 442.7 billion in 2024, accounting for 11.5% of GDP. Among its major trading partners, the US ranks as the largest export market with its share increasing from 15.0% in 2015 to 18.2% in 2024, followed by the UAE (export share of 8.5%), Netherlands (5.6%), UK (3.6%) and China (3.4%). India's top five export categories are mineral fuels, electrical machinery, nuclear reactors, pearls & precious metals and pharmaceutical products. These products collectively accounted for 45.6% of total exports in 2024. Meanwhile, China is the top source of India's imports, accounting for 15.2% in 2024. Notably, Russia emerged as the second major source of India's imports, with its share rising from 1.1% to 9.2% during 2015-2024, which might be linked to increased purchases of Russian oil. Top five import categories include mineral fuels, pearls & precious metals, electrical machinery, nuclear reactors and organic chemicals. These products accounted for 68.4% of total imports in 2024.

Macroeconomic policy aims for stabilising growth

India's policy mix has prioritised stability and resilience amid external and domestic headwinds.

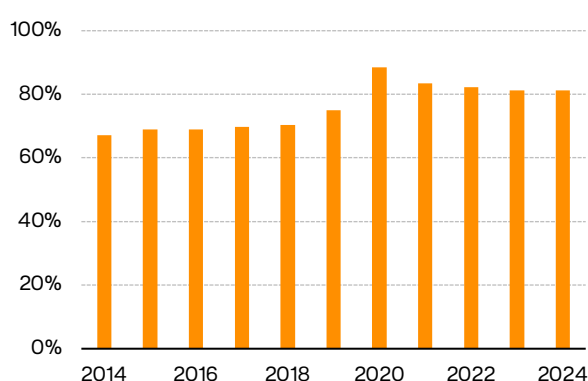
The government adopts a measured, consolidating and countercyclical fiscal policy stance to support a stable growth trajectory while ensuring sustainable fiscal conditions. India's deficit-to-GDP and debt-to-GDP ratios once surged to 9.2% and 88.4% in 2020, respectively, reflecting fiscal stimulus measures in response to the Covid-19 pandemic. Since then, India gradually restored its fiscal position by phasing out the pandemic-related expenditures and collecting higher tax

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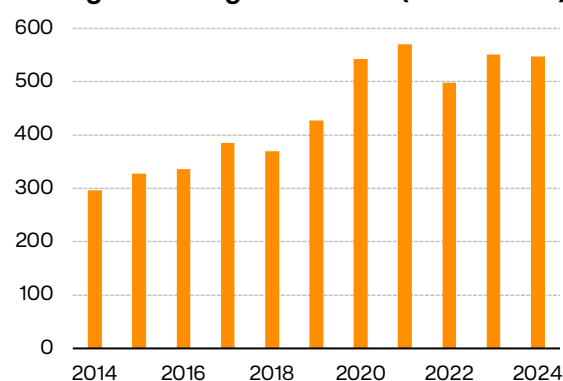
revenues, with its deficit-to-GDP and debt-to-GDP ratios improving to 4.8% and 81.3% in 2024, respectively. In August 2025, external pressures intensified as the US imposed a 50% tariff on Indian products amid escalating trade tensions. In response, the Indian government introduced a Goods & Services Tax reform in September 2025, reducing tax rates on most consumer goods and services to ease financial burden for households and enterprises. In the longer term, India is likely to maintain prudent fiscal spending, rebuild fiscal buffers and reduce debt servicing burden. In August 2025, the S&P Global Rating raised India's sovereign credit rating to BBB after holding it at BBB- since 2007, citing solid economic growth, enhanced monetary policy for managing inflation expectations and sustained fiscal consolidation. This underscored market confidence in India's strong economic fundamentals and sound macro-policies for a sustainable growth outlook.

Gross Government Debt-to-GDP Ratio



Source: International Monetary Fund

Foreign Exchange Reserves (USD Billion)



Source: International Monetary Fund

India implements a flexible inflation targeting monetary policy framework. The Reserve Bank of India (RBI) establishes an inflation target of 2%-6% and uses the repo rate as the primary monetary tool for maintaining price stability and supporting economic growth. With moderate inflation and heightened economic uncertainty throughout 2025, the RBI cut the repo rate to 5.5% as of October 2025, 100 basis points (bps) lower than the level at the end of 2024. Meanwhile, India's foreign exchange reserves expanded notably to USD 579.2 billion in September 2025, the fourth largest globally. Ample FX reserves provide substantial buffers for the RBI to conduct foreign exchange market intervention against potential market volatility.

Technology-led trade relations with China

China's exports to India constituted most part of bilateral trade. Between 2015 and 2024, total bilateral trade grew at an annual rate of 7.0%, reaching USD 138.5 billion in 2024. China's exports to India accounted for 87% of bilateral trade in 2024, while the share of imports from India was around 13% of bilateral trade. China was India's 2nd largest trading partner, while India was China's 15th major trading partner. High-tech products dominate exports to India, with electrical machinery as well as nuclear reactors and mechanical appliances together accounting for 55.5%. Meanwhile, China's imports from India are concentrated in raw and industrial materials, notably ores and slag as well as organic chemicals accounted for 27.8% of the total. Besides, Hong Kong serves as a gateway, facilitating trade flows between India and the Chinese Mainland. India was Hong Kong's 9th largest trading partner, with total trade reaching USD 25.8 billion in 2024. Re-export trade between India and Chinese Mainland through Hong Kong amounted to USD 12.5 billion in 2024, of which 89.5% were re-exports from the Chinese Mainland.

China's Top Five Export/Import Commodities to/from India (2024)			
Export Commodities	Share	Import Commodities	Share
Electrical machinery & equipment	35.4%	Ores, slag & ash	19.7%
Nuclear reactors & mechanical appliances	20.1%	Organic chemicals	8.2%
Organic chemicals	9.1%	Electrical machinery & equipment	7.6%
Plastics and articles thereof	5.4%	Nuclear reactors & mechanical appliances	6.9%
Optical, technical and medical apparatus	2.3%	Fish, crustaceans & aquatic invertebrates	6.4%

Source: General Administration of Customs, China

Long-term ambition to become a high-income economy by 2047

India holds a long-term ambition to become a high-income economy by 2047. In 2023, the Indian government launched a long-term vision, Viksit Bharat 2047, with an aim to promote India to become a high-income economy by 2047. Specific targets envision transforming India into a USD 30-40 trillion economy with income per capita of USD 15,000-18,000 by 2047. To achieve these targets, the World Bank estimates that India will need to sustain an average annual growth rate of around 7.8% over the next two decades. As per Viksit Bharat 2047, the plan outlines eight pillars of development, spanning from economic transformation, digital empowerment, social inclusion, education and skill development, healthcare for all, infrastructure and urban growth, sustainable development and energy, as well as governance and citizen participation. Particularly, key reform initiatives include "Make in India" for boosting domestic manufacturing capability, "Digital India" for promoting digital literacy and "Skill India" Mission for enhancing employability of youth with technical skill training. These initiatives are expected to unlock India's productivity and growth potential in the long term.

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