

TRADE IN FOCUS



BAHRAIN AND INDIA BILATERAL TRADE ACTIVITY

MARCH 2023



Introduction

The Republic of India is one of the largest and fastest growing economies worldwide, and is one of the Kingdom of Bahrain's top 10 trade partners. Diplomatic relations between Bahrain and India were established 52 years ago, in October 1971 – within a month of Bahraini independence. However, Bahrain and India's trade relations can be traced back 5,000 years to the Dilmun Civilization in Bahrain and the era of Indus valley civilization in India. It is reported that ancient Bahraini traders carried out the trade of Bahraini pearls with spices from India. Strong relations binding the two countries have extended to the present. According to the Embassy of India in Bahrain, there are over 350,000 Indian nationals in Bahrain. Furthermore, Bahrain and India have signed multiple agreements to develop their bilateral relations, including the Investment Promotion and Protection Agreement in 2004. The two countries have also signed agreements and MOUs related to energy, healthcare, youth and sports, ICT, and the labor market, among other sectors.

The volume of trade between Bahrain and India has grown by 30% between 2018 and 2022, reaching \$1.4 billion. Exports from Bahrain to India increased by 59% during the same period, from \$314 million in 2018 to \$500 million in 2022. Additionally, India was Bahrain's 6th top import partner and 9th top export partner in 2022. There is a strong potential for further investment and collaboration between Bahrain and India. India is the 5th largest economy globally, with a GDP of around \$3.5 trillion. The country is rich in agricultural resources, and has a robust manufacturing industry. Furthermore, services contribute significantly to India's GDP and it is considered an IT hub. There are promising investment opportunities in multiple sectors in India, including technology, retail and e-commerce, renewable energy, healthcare and life sciences, automobile, education, and gems and jewelry.

Sources: Embassy of India in Bahrain, Ministry of Foreign Affairs Bahrain, Information and e-Government Authority, IMF, Invest India



Economic Comparison between Bahrain and India

	India	Bahrain
General Information		
Population	1.4 billion	1.5 million
Area (square km)	3.287 million	786.5
Currency exchange Rate (1 USD)	81.79 INR	0.38 BHD
GDP and Prices (Annual change ratio / USD)		
Real GDP Growth (2022)	6.84%	3.37%
GDP Per Capita (2022)	\$2,466	\$28,692
Government (Contribution as a proportion of GDP)		
Government Spending (2022)	28.9%	29.0%
Government Gross Debt (2022)	83.4%	119.5%
Trade		
Major Export Partners (2022)	US, UAE, China	KSA, US, UAE
Major Import Partners (2022)	China, UAE, US	China, Brazil, Australia
Other Economic Indicators		
Inflation (2022)	6.9%	3.6%
FDI (2021)	\$44.74 billion	\$1.77 billion
International Rankings		
S&P Credit Rating (2022)	BBB-	B+
Economic Freedom Index (2022)	131st	74th
Human Development Index (2021)	132nd	35th

Source: Heritage, S&P Ratings, IMF, UNDP Human Development Reports, Information and e-Government Authority, Ministry of Commerce and Industry in India, UNCTAD



Bahrain Economy

With particular strengths in the financial services, technology innovation, manufacturing and logistics sectors, Bahrain's economy is the most diversified in the GCC region. Bahrain's economy is also one of the most open economies in the Middle East and North Africa (MENA) region. The Kingdom is well positioned to provide traders and investors with access to regional and international markets due to the free trade agreements in place, excellent infrastructure, and strong financial institutions.

Bahrain's Economic Vision 2030, which is based on the principles of sustainability, competitiveness, and fairness, aims to improve living standards, enhance the economy's competitiveness, and create job opportunities for citizens. Consequently, Bahrain views the foreign direct investment as key to its long-term plan and is committed to build the Middle East's most attractive center for business through enhancing the country's existing advantages.

The esteemed Government recently announced a national economic growth and fiscal balance plan, which includes several initiatives aimed at developing the economy and creating quality opportunities for citizens. It is based on 5 pillars as follows:

- Create promising job opportunities and make the Bahraini citizen the first choice in the labor market. The program aims to create 20,000 Bahraini jobs and train 10,000 Bahrainis annually until 2024.
- Facilitate business procedures and increase their efficiency to attract investments worth more than \$2.5 billion by 2023.
- Launch strategic projects worth more than \$30 billion.
- Develop promising sectors and grow the non-oil sector by 5% in 2022.
- Enhance financial sustainability and economic stability by achieving fiscal balance by 2024.

Source: International Trade Administration, Ministry of Finance and National Economy, Ministry of Foreign Affairs, Bahrain EDB



Bahrain GDP

Bahrain's economy is expected to grow by 2.98% in 2023, according to the IMF's forecasts.

Main Indicators	2019	2020	2021f	2022f	2023f
GDP (<i>Current prices, billions USD</i>)	39	35	39	44	45
GDP (<i>Constant prices, Annual % Change</i>)	2.17	-4.94	2.23	3.37	2.98
GDP per Capita (<i>Current Prices, USD</i>)	26,051	23,586	26,136	28,692	29,076

Note: f = forecasted data

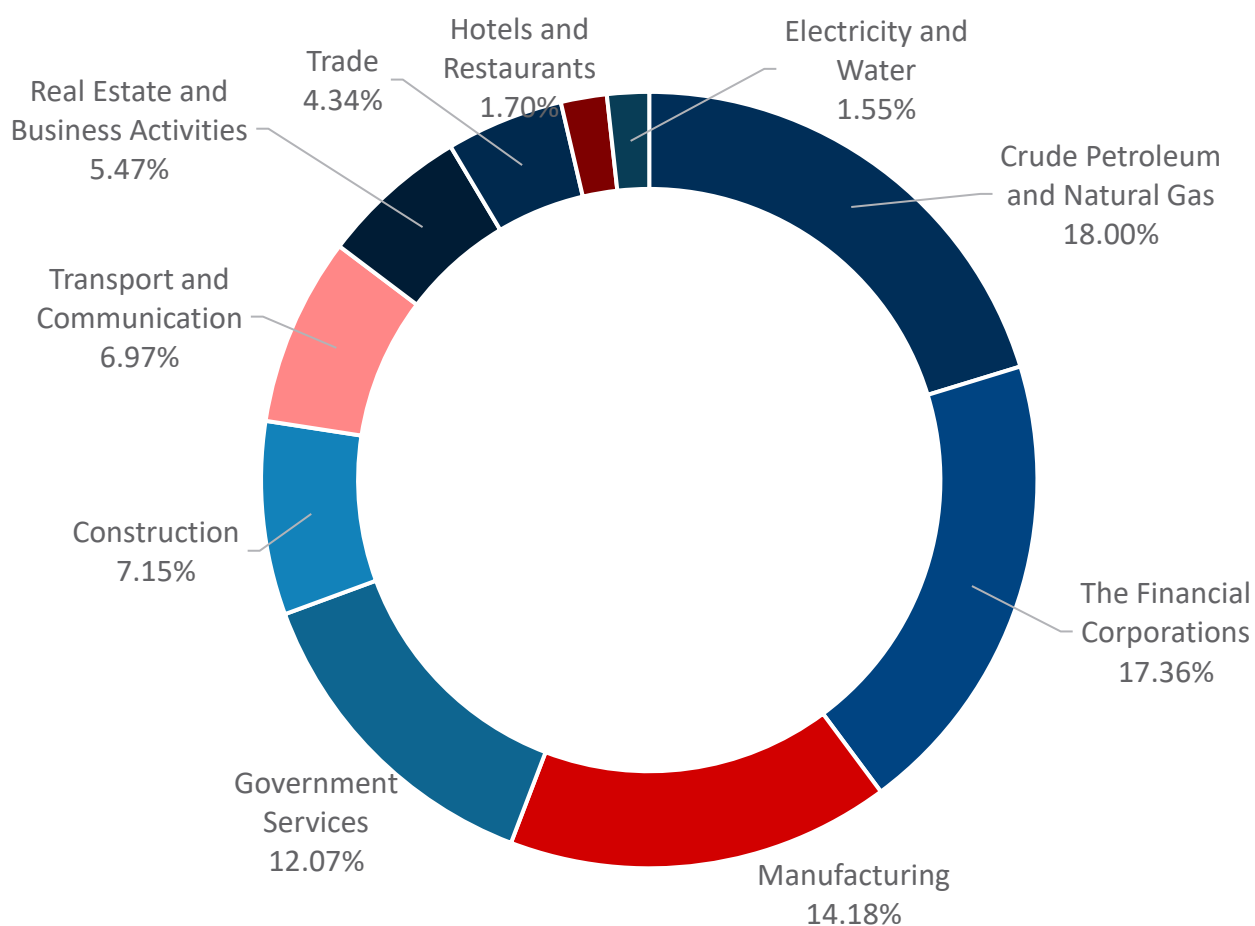
Source: IMF – World Economic Outlook Database, October 2022



Bahrain GDP by Sector

The Crude Petroleum and Natural Gas sector is the top contributor to Bahrain's real GDP in Q3 2022 at 18%, followed by The Financial Corporations sector at 17.36% and the Manufacturing sector at 14.18%.

Real GDP Contribution by Sector Q3 2022



Source: Information and e-Government Authority



Bahrain FDI

The Finance and Insurance sector acquired the highest share of FDI stocks in Q3 2022, amounting to \$22,027 million and constituting 65% of total inward FDI stocks. Inward FDI stocks in the Manufacturing sector amounted to about \$5,516 million, constituting 16% of total inward FDI stocks. In addition, 5% of the total inflow value was injected into the Wholesale and Retail Trade sector, amounting to \$1,667 million.

Sector	Inward Foreign Direct Investments Stocks in Q3 2022 (Million USD)	Share of Sectors (%)
Finance and Insurance	22,027.37	65%
Manufacturing	5,516.23	16%
Wholesale and Retail Trade	1,666.58	5%
Information and Communication	1,245.30	4%
Others	3,475.92	10%
Total	33,931.40	

Source: Information and e-Government Authority



Foreign Investment Advantages in Bahrain



100% foreign ownership in several economic activities, without the need for a local partner.



No tax imposed on corporate or personal income.



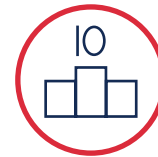
Access to the Gulf markets, which are worth nearly \$2 trillion and include 54 million consumers.



Talented workforce with exceptional skills and a very high level of professionalism.



Operation costs are around 30% lower than other GCC markets.



Among the top ten attractive destinations for expatriate workers in the world.

Source: EDB



India Economy

India is the seventh-largest country worldwide, and has the second-largest population with over 1.38 billion people. Furthermore, India has a GDP of around \$3.5 trillion, making it the world's fifth largest economy. India is one of the fastest growing economies globally, and has a population mostly comprised of youth, providing an abundance of manpower. According to the IMF, India's real GDP contracted by 6.60% in 2020 because of the pandemic. The real GDP rebounded in 2021 though, registering a growth of 8.7%. India's economy is forecasted to grow by 6.8% in 2022 and 6.1% in 2023.

India is a major agricultural power, and the country's main agricultural products include wheat, millet, rice, tea, potatoes, cotton, bananas, guava, and mango. India is also a large producer of cattle and sheep. The country also has a significant spices sector, especially the production of ginger, pepper, and chili. The industrial sector is also highly pronounced, and coal is the country's primary energy source. Within the manufacturing industry, India is proficient in textile production and in the chemical industry. Services contribute to almost half of India's GDP, and the country is a major exporter of IT services. India is an IT hub with a fast-growing software sector, and is home to IT giants such as Infosys and WIPRO.

FDI has been essential for India's economic development, and foreign corporations benefit from investment privileges such as tax breaks and comparatively lower salaries. Moreover, investors are attracted by the government's supportive policy framework. In 2022, some of the main sectors that received FDI were the information and technology and automobile industries. India has signed 13 Free Trade Agreements (FTAs) with its trading partners as of April 2022, including the India-UAE Comprehensive Partnership Agreement (CEPA) and the India-Australia Economic Cooperation and Trade Agreement (IndAus ECTA).

Source: IMF, India Brand Equity Foundation, Santander Trade, Invest India



India GDP

The Indian economy is expected to grow by 6.06% in 2023, according to the IMF's forecasts.

Main Indicators	2019	2020	2021f	2022f	2023f
GDP (<i>Current prices, billions USD</i>)	2,832	2,668	3,176	3,469	3,821
GDP (<i>Constant prices, Annual % Change</i>)	3.74	-6.60	8.68	6.84	6.06
GDP per Capita (<i>Current Prices, USD</i>)	2,072	1,933	2,280	2,466	2,691

Note: f = forecasted data

Source: IMF – World Economic Outlook Database, October 2022



India FDI

The main investing countries in India are Mauritius, Singapore, and the United States. The primary invested sectors are the Services Sector (Including Financial, Banking, and Insurance), Computer Software and Hardware, and Construction. According to Santander, foreign investors mainly prefer to establish Partnerships or Private Limited Companies in India.

FDI Inflows to India by Country

Main Investing Countries	FY 2020/21 (April 2020-March 2021)
Mauritius	28%
Singapore	22%
USA	8%
Netherlands	7%
Japan	7%
United Kingdom	6%
Germany	2%
UAE	2%



FDI Inflows to India by Sector

Main Invested Sectors	FY 2020/21 (April 2020-March 2021)
Services Sector (Including Financial, Banking and Insurance)	16%
Computer Software and Hardware	13%
Construction	10%
Telecommunications	7%
Trade	6%
Automobile Industry	5%
Chemicals	3%



Services Sector (Including Financial, Banking and Insurance)



Computer Software and Hardware



Construction

Source: Santander Trade

Foreign Investment Advantages in India

- Large youth population, and highly skilled and educated workforce.
- An extensive consumer base, making it one of the world's largest markets for manufactured goods and services.
- Significant reforms to FDI policies that increase the ease of doing business.
- Provision of a robust financial and technological infrastructure.
- Rich in natural resources.
- Proximity to key manufacturing sites, key suppliers, and low development costs.

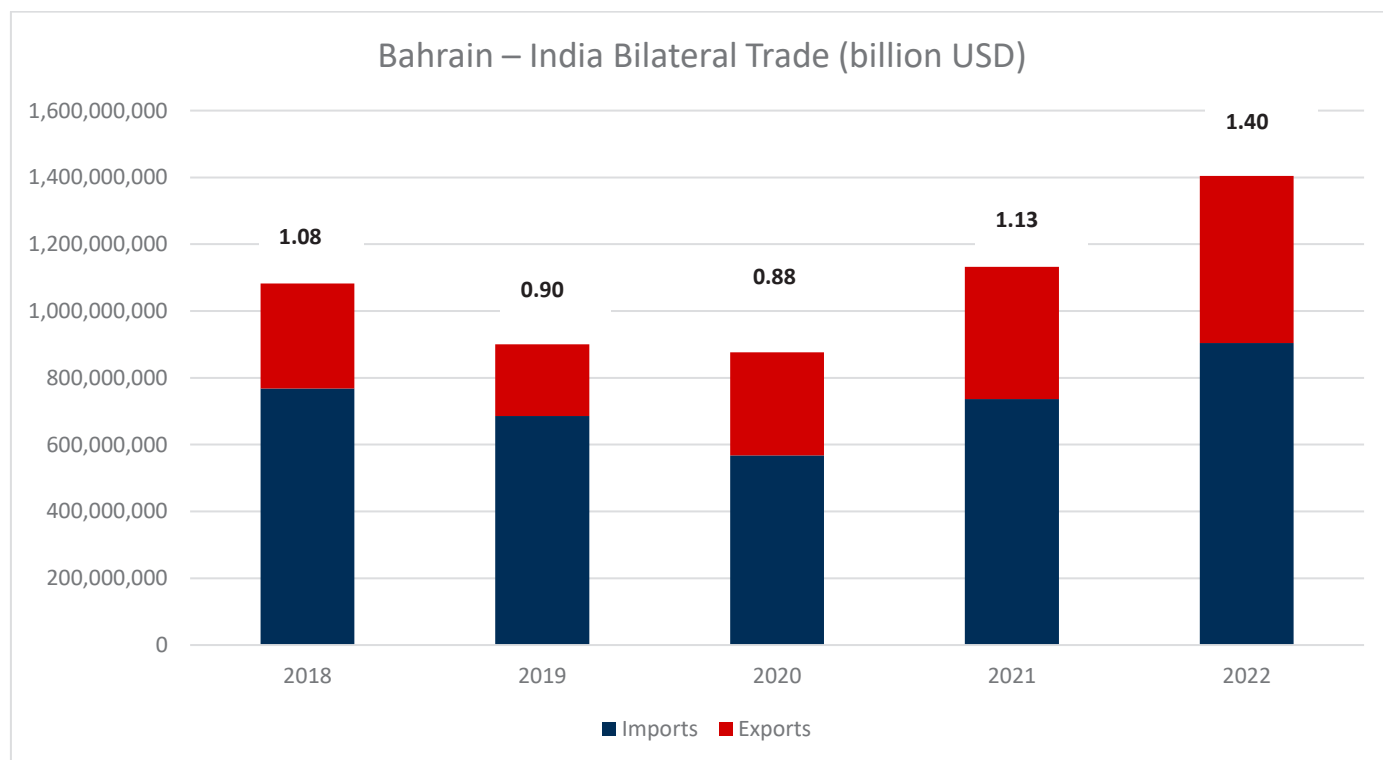
Source: Invest India, Santander Trade, India Brand Equity Foundation



Bahrain- India Total Trade Performance

Trade between Bahrain and India has grown by 30% between 2018 and 2022.

India is one of Bahrain's top 10 trade partners. The volume of trade between the two countries has been increasing since 2018, except for the slowdown in 2019 and 2020. Trade between Bahrain and India decreased from \$1.08 billion in 2018 to \$900 million in 2019, and then further decreased to \$876 million in 2020. Trade rebounded in 2021 with an increase of 29%, and continued to increase until it reached \$1.40 billion in 2022. Over the past 5 years, imports from India to Bahrain have increased by 18%, from \$768 million in 2018 to \$904 million in 2022. Exports from Bahrain to India have increased by 59% during the same period, from \$314 million in 2018 to \$500 million in 2022. India is Bahrain's 6th top import partner and 9th top export partner.





Bahrain- India Bilateral Trade (USD)

Year	Imports	Exports	Balance of Trade	Volume of Trade	VOT Annual Percentage Change
2018	768,463,396	313,789,004	-454,674,392	1,082,252,400	25%
2019	685,373,934	214,660,212	-470,713,722	900,034,146	-17%
2020	567,487,415	308,938,350	-258,549,065	876,425,765	-3%
2021	736,593,321	395,378,818	-341,214,503	1,131,972,139	29%
2022	904,409,354	499,976,886	-404,432,468	1,404,386,240	24%

Source: Information and e-Government Authority Bahrain

Ranking of India's Trade Level with Bahrain

Year	Imports	Exports
2018	7 th	7 th
2019	8 th	9 th
2020	8 th	8 th
2021	7 th	8 th
2022	6 th	9 th

Source: Information and e-Government Authority Bahrain



Major Products Traded

Bahrain Imports from India

7 of the top 10 imports from India witnessed y-o-y growth, while 2 contracted.

In 2022, Bahrain's top imported product to India was other polymers, valued at \$64 million. The import value of this product decreased by 23% compared to the previous year and constituted 7% of total imports. The second most prominent imported product was semi – milled or wholly milled rice, and it accounted for around 5.7% of total imports and grew by 21% compared to 2021. The third major import was unwrought aluminum, not alloyed, and it accounted for 5.5% of total imports.

Bahrain Major Imported Commodities from India 2022

	Commodity	Value (USD)	Share	y-o-y growth
1	Other polymers	64,101,657	7.1%	-22.6%
2	Semi – milled or wholly milled rice, whether or not polished or glazed	51,413,422	5.7%	21.3%
3	Unwrought aluminum, not alloyed	50,083,244	5.5%	N/A
4	Butter	43,493,662	4.8%	1306.2%
5	Jewelry of gold	24,707,519	2.7%	26.9%
6	Ferro – silico – manganese	20,943,429	2.3%	47.1%
7	Private cars, current, spark ignition, 1001 to 1500 cc	20,386,844	2.3%	65.5%
8	Other boneless meat of bovine animals, frozen	20,142,641	2.2%	-4.9%
9	Other bars and rods of iron or non-alloy steel	17,985,399	2.0%	176.2%
10	Refined sugar crystals	15,024,215	1.7%	60.4%

Source: Information and e-Government Authority Bahrain



Bahrain Exports to India

6 of Bahrain's top 10 exports to India witnessed y-o-y growth, while 4 contracted.

Bahrain exported \$146 million worth of unwrought aluminum alloys to India in 2022, making it the top exported commodity. This product accounted for 29% of total exports in 2022 and grew by 79% compared to 2021. The second major product exported was urea, whether or not in aqueous solution, accounting for 21% of the total annual exports and witnessing an annual decrease rate of 11%. The third major product exported was methanol (methyl alcohol), accounting for 16% of total imports and growing by 413% compared to 2021.

Bahrain Major Exported Commodities to India 2022

	Commodity	Value (USD)	Share	y-o-y growth
1	Unwrought aluminum alloys	145,577,659	29.1%	79.2%
2	Urea, whether or not in aqueous solution	106,043,460	21.2%	-11.0%
3	Methanol (methyl alcohol)	81,509,210	16.3%	413.3%
4	Waste and scrap of tinned iron or steel	55,746,690	11.1%	21.7%
5	Aluminum waste and scrap	17,253,751	3.5%	0.8%
6	Rectangular alloyed aluminum plates over 0.2 mm thick	14,376,114	2.9%	-18.2%
7	Unwrought aluminum, not alloyed	10,843,635	2.2%	-32.8%
8	Roving's of glass fibers	8,573,339	1.7%	-2.7%
9	Old newspapers	8,052,677	1.6%	0.04%
10	Copper waste and scrap	7,859,111	1.6%	0.13%

Source: Information and e-Government Authority Bahrain



Potential Opportunities for Trade

The following tables provide an overview of the top 10 commodities with untapped potential for trade between Bahrain and India, according to the International Trade Center’s Export Potential Map which collaborates with Export Bahrain. The ICT trade potential tool calculates the potential trade gap as “supply x demand (corrected for market access) x bilateral ease of trade. Supply and demand are projected into the future based on GDP and population forecasts, demand elasticities, and forward-looking tariffs” (International Trade Center, 2022).

Bahrain’s Untapped Export Potential to India

Bahrain’s top export potential to India is in aluminum products and urea.

Commodity		Untapped Export Potential (million USD)
1	Wire, of aluminum, non-alloyed >7mm	73
2	Aluminum alloys, unwrought	54
3	Urea	44
4	Gold, unwrought, for non-monetary purposes	35
5	Methanol "methyl alcohol"	27
6	Bridges and bridge-sections	14
7	Tubes and pipes of refined copper	9.4
8	Wire, of aluminum alloys >7mm	3.6
9	Plates, of aluminum alloys, square/rectangular	2.8
10	Aluminum, not alloyed, unwrought	2.7

Source: International Trade Center, 2022



The top product with untapped export potential from Bahrain to India is wire, of aluminum, non-alloyed >7mm with an export gap of \$73 million. This is followed by aluminum alloys, unwrought with an untapped export potential of \$54 million. The third major commodity with untapped export potential is urea, with an export gap of \$44 million. Other potential exports from Bahrain to India include gold, methanol, bridges and bridge-sections and tubes and pipes of refined copper.

Bahrain's Untapped Import Potential from India

Bahrain's top import potential from India is in medicaments, electric conductors, and telephone sets.

	Commodity	Untapped Import Potential (million USD)
1	Medicaments consisting of mixed or unmixed products, for retail sale	74
2	Electric conductors $\geq 1.000V$	22
3	Telephone sets and other voice/image transmission apparatus	19
4	Jewelry, of precious metal	16
5	Unglazed ceramic flags, paving, hearth, wall tiles, mosaic cubes and the like	13
6	Non-agglomerated iron ores and concentrates (excl. roasted iron pyrites)	11
7	T-shirts and vests of cotton, knit/crochet	9.8
8	Semi-milled or wholly milled rice	8.1
9	Sheep carcasses, fresh	7.9
10	Aluminum oxide	7

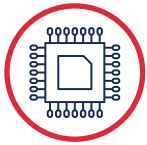
Source: International Trade Center, 2022



The top product with untapped import potential from India to Bahrain is medicaments with an import gap of \$74 million. The second major product is electric conductors $\geq 1.000V$, with an untapped import potential of \$22 million. The third major product with untapped import potential is telephone sets and other voice/image transmission apparatus, with an import gap of \$19 million. Other potential imports from India to Bahrain include jewelry, non-agglomerated iron ores and concentrates, cotton products, and rice.



Promising Sectors for Investment in India



Technology

India's technology sector is rapidly accelerating, and has opportunities in fintech and the semiconductor markets.

India's technology market is expected to grow from its estimated value of \$191 billion in 2021 to \$352 billion by 2025. From 2020 to 2025, the IoT market in India is anticipated to develop at a CAGR of 13.2%. By 2026–2027, the IT sector is expected to generate \$350 billion in revenue. In addition, according to projections made by the Ministry of Electronics and Information Technology, the Indian semiconductor market will grow four times faster than its current rate and reach \$63 billion by 2026.

The market size of the Indian fintech sector is estimated to amount to \$50 billion in 2021 and to reach \$150 billion by 2025, representing a 24.57% CAGR by 2025. India currently has the third-largest global fintech ecosystem. Furthermore, India has the greatest fintech adoption rate in the world, at 87%. Fintech finance in India has developed significantly over the last few years; in FY22, the sector attracted funding totaling \$8.53 billion (in 278 deals). The fact that the market estimates a 29% return on investment, which is the highest predicted ROI on fintech ventures globally, demonstrates the potential of the fintech market.

As of September 2022, 358 banks have integrated India's Unified Payments Interface (UPI), and 6.8 billion transactions totaling more than \$135 billion have been recorded. Transactions involving digital payments increased at a 37% CAGR between FY19 and FY21. Over 23 billion digital payments worth 38.3 trillion INR were made in India in the third quarter of 2022. In India's semi-urban and rural stores, UPI transactions increased by 650%.

Source: Invest India



Retail and E-Commerce

India is a major tech power globally and there are opportunities for investment in retail & e-commerce products and services.

In the last ten years, India's retail market has seen a significant transition and experienced phenomenal growth. With 830 million users, India ranks as the fourth largest preferred retail destination in the world and is currently the second-largest internet market. The Indian e-commerce sector was estimated to be worth \$64 billion in 2021, and it is anticipated to grow to \$200 billion by 2026.

Socio-demographic and economic variables, including urbanization and income growth, are expected to drive the Indian retail sector to a \$2 trillion market by 2032. Meanwhile, the Indian e-commerce market is anticipated to reach \$350 billion by 2030, expanding at a CAGR of 23%. Additionally, growth in income will transform India from a bottom of the pyramid economy to a truly middle-class led one, with consumer spending growing from \$1.5 trillion today to nearly \$6 trillion by 2030 which further illustrates the investment potential within the Indian economy.

The Indian government has taken several steps to promote e-commerce in the country, such as the launch of the National Policy on E-commerce, which aims to create an environment that is conducive for the growth of the sector. Overall, e-commerce is a promising sector for investment in India due to its potential for growth, government support, and the large and growing market.

Source: Invest India



Renewable Energy

India consumes and produces a significant amount of global energy, and there is potential for investment in renewable energy technologies.

India is the third-largest energy consumer in the world and ranked third in the renewable energy country attractive index in 2021. India ranks fourth in the world for installed renewable energy capacity, which includes large hydro, wind and solar energy.

As of 2021, India's installed renewable energy capacity was around 85 GW and the government target is to achieve 175 GW by 2023, which includes 100 GW from solar, 60 GW from wind, 10 GW from bio-power and 5 GW from small hydro power. Additionally, the country has set an ambitious target to achieve a capacity of 500 GW worth of renewable energy by the end of 2030. This is the world's largest expansion plan in renewable energy.

India is also implementing several policy measures to promote the development and deployment of renewable energy, such as the National Solar Mission and the National Wind Energy Mission. The government has also introduced various financial incentives, such as subsidies and tax benefits, to encourage investment in the sector. Moreover, India has also been successful in reducing the cost of renewable energy through competitive bidding and auction-based procurement.

Source: Invest India, REN21 Renewables 2022 Global Status Report



Healthcare and Life Sciences

The healthcare and life sciences field in India is supported by a strong infrastructure and the region is prominent in global scientific exploration.

Healthcare is rapidly emerging as one of India's most significant sectors both in terms of employment and revenue. The Indian healthcare sector is developing and growing rapidly as a result of factors such as an aging population, a growing middle class, a rise in the prevalence of different diseases, enhanced focus on public-private partnerships, and a significant increase in investor interest and FDI inflows over the past two decades.

Hospitals, Pharmaceuticals, Medical Equipment and Biotechnology are the main components of the healthcare sector. India is the third-largest biotechnology destination in Asia Pacific and one of the top 12 biotechnology locations globally. India's biotechnology sector reached \$80.12 billion in 2022, up 14% from the previous year. In the last ten years, the value of the Indian Bioeconomy has risen, in large part due to covid-19, which gave the sector an enhanced boost.

Since 2016, the healthcare sector in India has been expanding at a CAGR of about 22%, indicating that the country was performing well prior to the pandemic. By the end of 2022, India's healthcare sector is projected to grow at a CAGR of 39% to \$372 billion, primarily attributable to the country's rising middle class and increased levels of financial literacy and awareness. 100% FDI is allowed in greenfield projects within the pharmaceuticals and the medical device manufacturing industries.

Source: Invest India



Automobile

India has a rapidly growing automobile industry, which is one of the largest in the world, with both domestic and international companies manufacturing their vehicles there.

As of 2021, the automobile sector in India was valued at around \$74 billion and it's expected to be the world's third-largest automotive market in terms of volume by 2030. Between April 2021 and March 2022, the automotive sector manufactured a total of 22.93 million vehicles. India is the largest tractor manufacturer, second-largest bus manufacturer, and third-largest heavy truck manufacturer in the world, giving it a significant position in the global heavy vehicle market. Currently, the automobile sector accounts for 49% of India's manufactured GDP and 7.1% of the country's overall GDP.

Electric vehicle (EV) sales are anticipated to reach 10 million units annually by 2030 and to grow at a CAGR of 49% between 2022 and 2030. By 2030, 50 million job opportunities, including direct and indirect, will be generated by the EV industry. The Indian government has set an ambitious goal of ensuring that 30% of the country's vehicles are electric by 2030. This offers an investment opportunity with the EV market. The market for financing electric vehicles is forecasted to reach \$50 billion in 2030.

The Indian government has taken several steps to promote the automobile sector in the country, such as the implementation of the Goods and Services Tax (GST) which has helped to create a more favorable environment for the industry. Moreover, with the growth in the number of vehicles on the road, the aftermarket for vehicle parts and services is also growing, presenting opportunities for investment in this area.

Source: Invest India



Education

India's large and growing population presents a promising investment opportunity in education and digital education.

India is the second most populated country and has a significant youth population. This presents a large potential market for education providers. The education sector in India was estimated to be worth \$117 billion in FY20 and is expected to reach \$225 billion by the end of 2025. The online education sector in India is growing rapidly, being the second largest market for E-learning, with a growth of \$2.28 billion expected during 2021-2025.

Given the ever-expanding demand for skilled manpower, the Indian government has taken several steps to promote the education sector in the country, including the development of the National Education Policy 2020. This policy aims to increase the access to and quality of education, which would create opportunities for investment in the sector. Additionally, the government has been focusing on skill development, which creates opportunities for investment in vocational education and training.

India's increasing internet and smartphone adoption grants digital education providers the chance to reach more students. Although it is still in its early growing stage, India's educational technology industry is looking very promising. Overall, the education sector in India provides many investment opportunities due to its large and growing population, government initiatives, and emphasis on digital education and skill development.

Source: Invest India



Gems and Jewelry

India is a global leader in the gems and jewelry industry, and has undertaken several measures to make the sector more attractive for FDI.

India is prominent worldwide within the gems and jewelry sector, and it is a significant component of the Indian economy. India ranks first among the top exporters in cut and polished diamonds, and second in gold jewelry, silver jewelry and lab-grown diamonds. India's gold and diamond industry constituted around 7.5% of its GDP and 14% of its total merchandise exports in February 2021. The gems and jewelry market size reached \$78.50 billion in FY 2021, and India's exports within the sector reached \$39.14 billion in 2021-2022, a 54.13% increase compared to the year before.

The government has announced that the gems and jewelry sector is an area they are focusing on for export promotion due to its growth potential. The objective is to increase exports to \$70 billion up until 2025, an increase from \$35 billion in 2020. It is expected that the gems and jewelry sector in India will grow in the upcoming years largely because of the development of large retailers/brands.

India has taken certain steps and implemented various policies to develop the gold and jewelry sector. The government has allowed 100% FDI in the sector under the automatic route, such that the foreign investor or Indian company do not require any prior approval from the Reserve Bank or the Government of India. Additionally, India has signed a Comprehensive Economic Partnership Agreement (CEPA) with the United Arab Emirates (UAE) in March 2022. This agreement grants the sector duty-free access to the UAE market, and will culminate in increased exports.

Source: Invest India, India Brand Equity Foundation



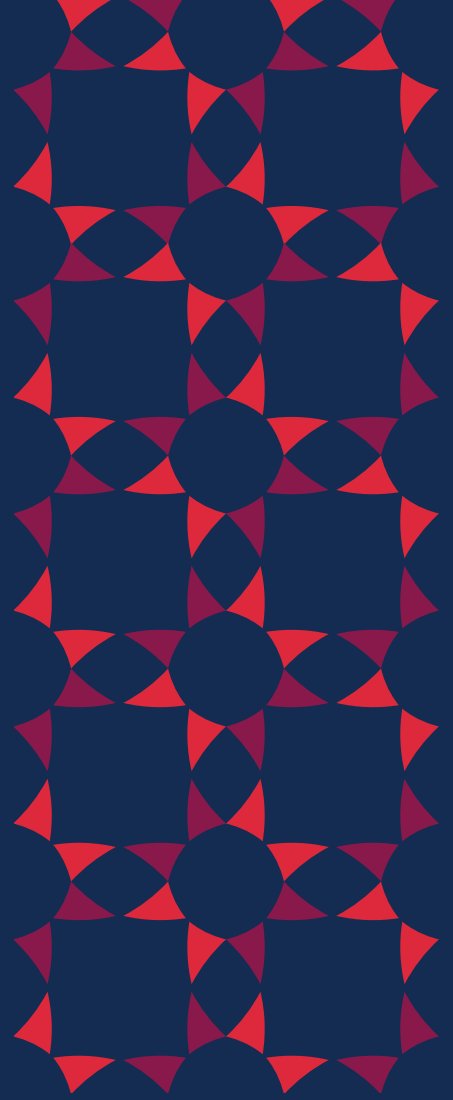
Conclusion

India is one of Bahrain's top trade partners, and their special relationship extends to over 5,000 years back. The bilateral relations binding the two countries have remained strong until the present day, and India consistently ranks as one of Bahrain's top 10 trading partners. The volume of trade between India and Bahrain has increased by 30% since 2018, reaching \$1.4 billion in 2022. Furthermore, the two countries have signed many MOUs and agreements across sectors, and have exchanged several high-level visits during recent years. There is potential to further strengthen the economic relations between Bahrain and India through further investment and collaboration in key promising sectors.



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- International Trade Administration
- International Trade Center
- India Brand Equity Foundation
- Santander Trade
- Invest India



غرفة البحرين BAHRAIN CHAMBER

Since its inception in 1939, the Bahrain Chamber of Commerce and Industry (BCCI) played a prominent role in shaping the national economy of Bahrain and creating a vigorous private sector.

It has kept abreast of the fast-paced economic and social developments, and consolidated its efforts to stimulate the growth and expansion of the private sector and empower its role in the economic development of the country alongside the public sector.

The confidence bestowed upon the chamber by the wise leadership reinforced its influence on economic decisions and streamlined its endeavor to create an attractive ecosystem that fosters the flourish of businesses. In addition, the growing base of its members contributed to reinstating its standing as the sole representative of the private sector and an advocate of its interest.