

Cluster policy landscapes and collaboration opportunities in the European Union and India

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Economic profile of India

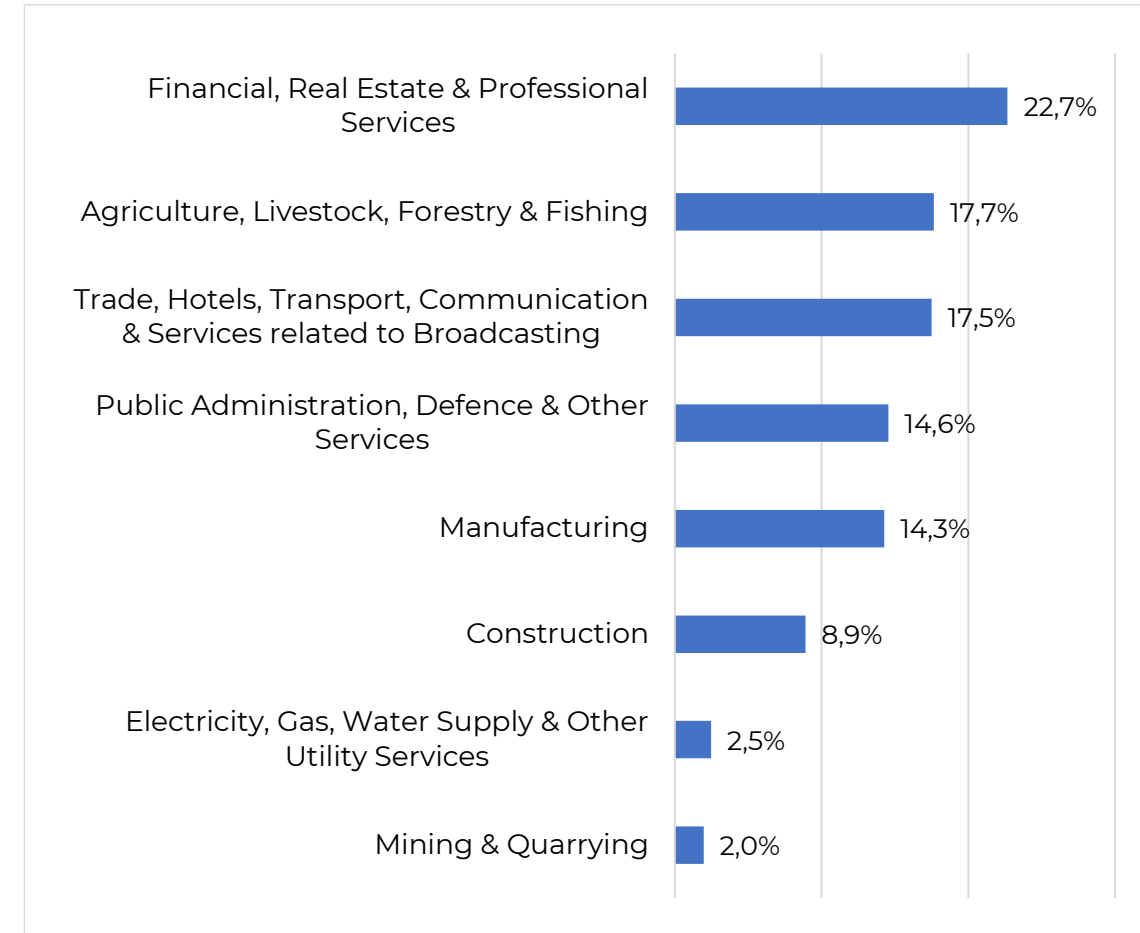
General characteristics of the economy:

- Over the last 30 years, the **GDP** grew from EUR 537 billion to EUR 2883 billion (constant 2015 EUR) – an average growth rate of 6%
- One of the fastest-growing economies in recent years
- 5th biggest economy in the world
- GDP per capita varies strongly between regions (from EUR 570 in Bihar to EUR 5,800 in Goa)

Predominant sectors:

- Strong services, especially IT being the driving force behind the growth of the Indian service sector.
- ICT alone accounts for 30% of Indian exports.
- Manufacturing as well as agriculture represent relevant shares of the Indian economy.

GVA shares by sector, in 2023



Source: ECCP (2024), own calculation based on Government of India. Data exported on 13.09.2024

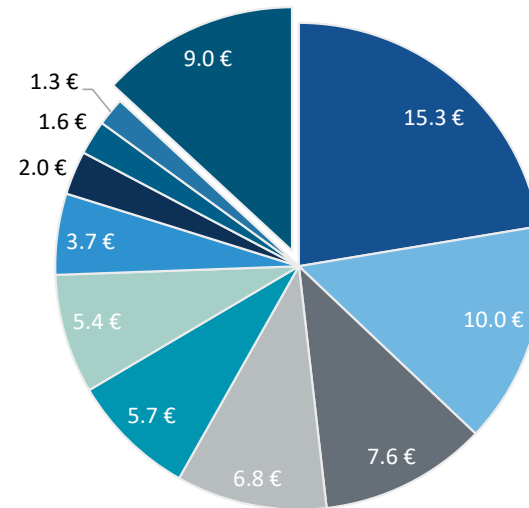
EU-Indian trade: Most relevant EU trading partners for India

- EU is the most important trading partner for India
- **Trade volume** of around EUR 115 bn in 2022
- Trade in **services** amounted to EUR 50.8 bn in 2023
- DE, IT, FR, BE & FR as stand-out partners

Top 10 most important EU27 trading partners for India, by imports to the EU27 and exports to India

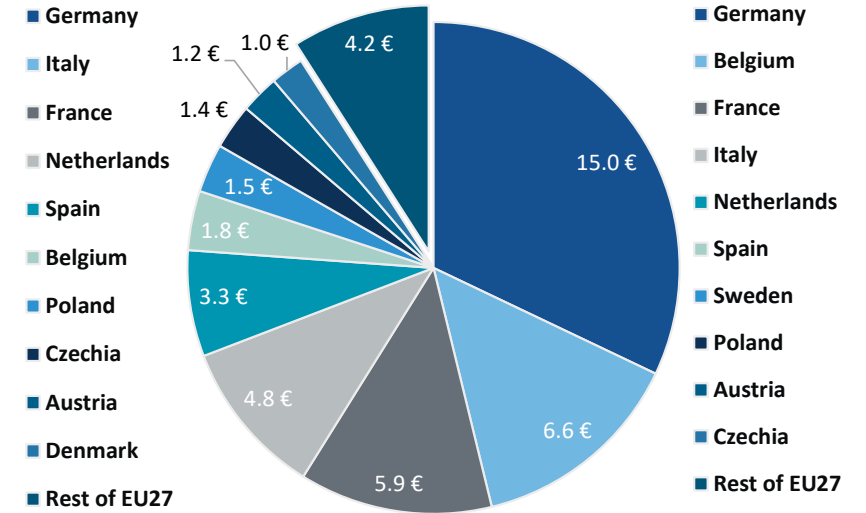


Imports from India to EU27, in bn EUR



€68.3 B

Exports from EU27 to India, in bn EUR



€46.8 B

Source: ECCP (2024), own calculation based on UN Comtrade Database. Data exported on 19.07.2024

Value chain analysis: 7 industrial ecosystems with most promising potential for further cooperation



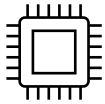
Aerospace & Defence

Aeroplanes & other aircraft (EUR 4.1 bn) as well as reaction engines (EUR 0.46 bn) key commodities exported to India



Digital

- Strong Indian IT sector
- Telecommunications, computer, & information services account for 25% of all traded services between India & the EU



Electronics

- Growing electronics industry in India
- Electrical apparatus for switching/connecting electrical circuits among key exported commodities to India



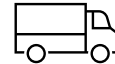
Energy Intensive Industries

- Chemicals & related products account for ~20% of total trade
- Petroleum oil, aluminium & steel among key commodities imported from India



Health

- India's leading role in the manufacturing of pharmaceuticals
- Medicaments, hormones, antisera/vaccines among the most imported commodities from India



Mobility-Transport-Automotive

- Machinery & transport equipment account for 44% of all EU exports to India
- Parts & accessories of motor vehicles + pneumatic tires as key trade commodities



Textiles

- Global role of India's textile industry
- Key EU imports include footwear, T-shirts & other textiles

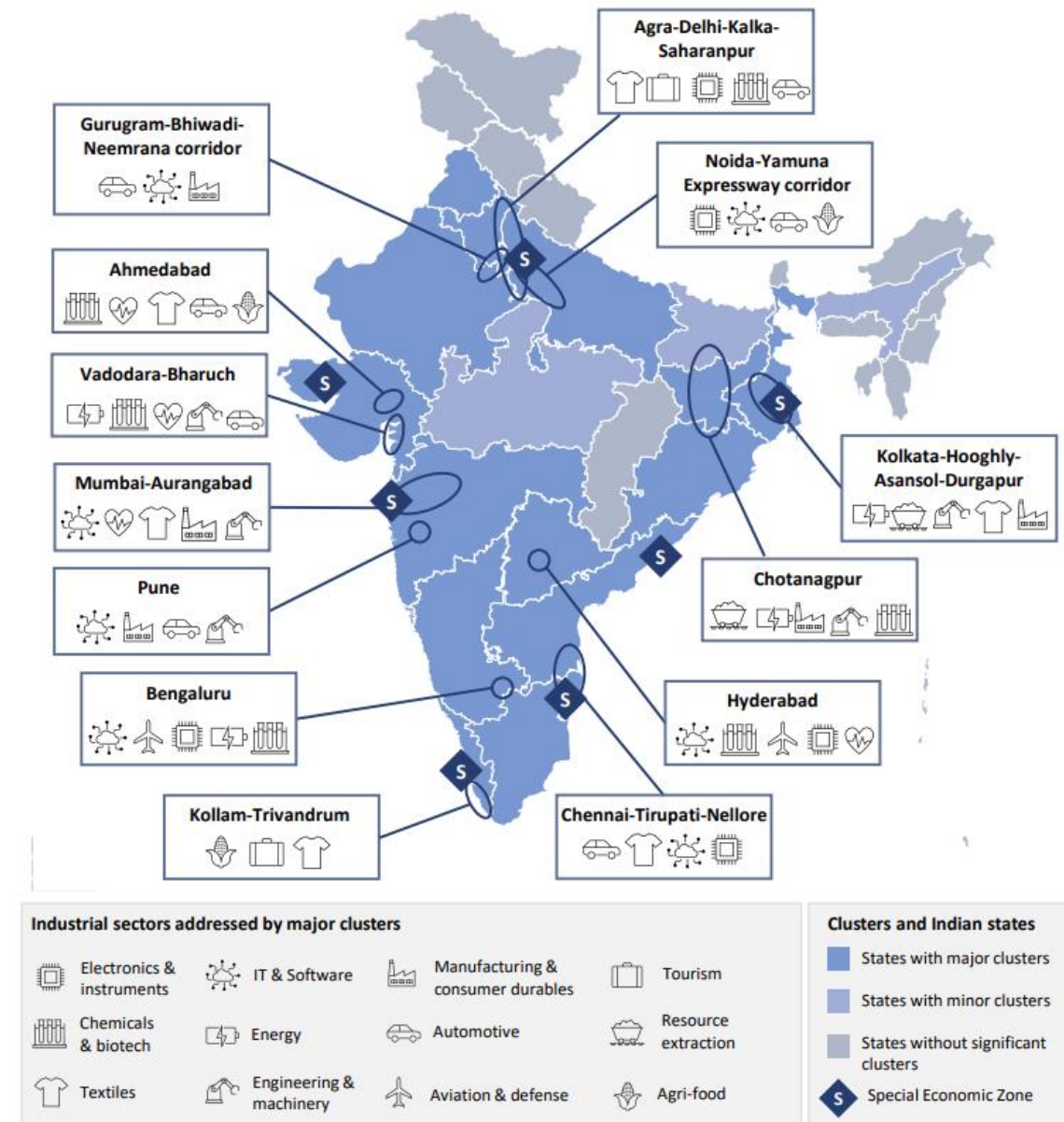
The Indian cluster landscape

Clusters

- **Map:** 13 major industrial clusters
- Many more minor and micro clusters all over India
- **Traditionally** in chemicals & petrochemicals, automobile & components, drugs & pharmaceuticals, consumer appliances
- **Increasingly** in ICT, engineering and other business services

Special Economic Zones

- 2005: Special Economic Zones Act
- April 2024: **375** registered SEZs
- **Map:** seven central government SEZs

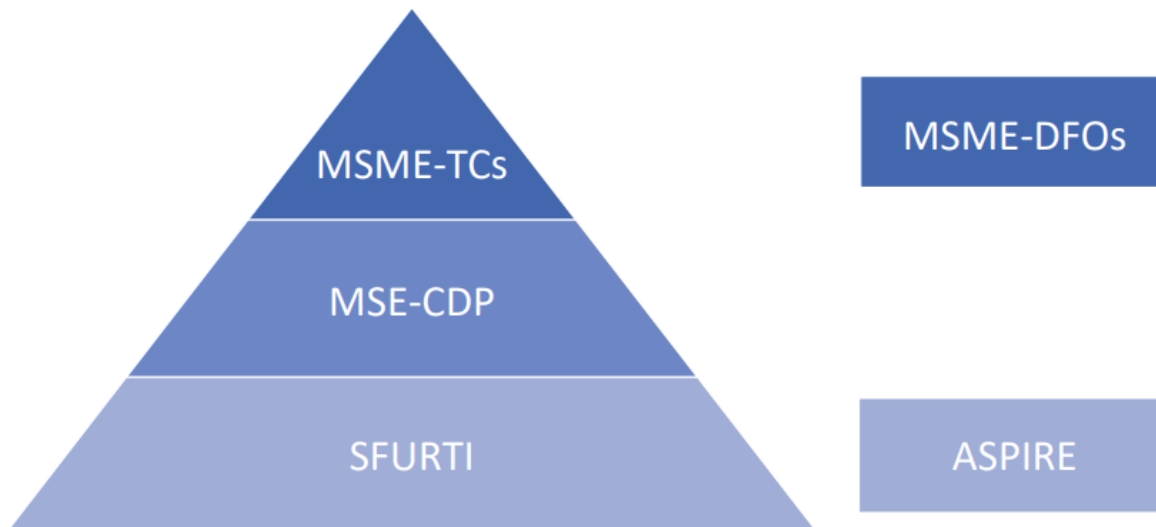


Source: ECCP (2024), own elaboration based on Global Business Inroads (2024)

Cluster policy

India's cluster policy portfolio

- Ministry of Micro, Small & Medium Enterprises (MSME) operates a set of cluster support programmes
- Core programme is the Micro and Small Enterprises-Cluster Development Programme (MSE-CDP)



Source: ECCP (2024), own elaboration based on Ministry of MSME (2022) and National Productivity Council (2021)

EU-India linkages

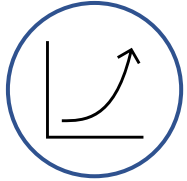
Institutions

- European Business & Technology Centre (EBTC), part of the Enterprise Europe Network (EEN) with three EBTC clusters:
 - Transport cluster
 - Aviation cluster
 - Sports cluster
- Europe India Chamber of Commerce (EICC)

Strategic programmes

- EU-India Connectivity Partnership
- SWITCH Asia

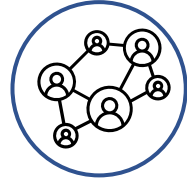
Final Remarks



India's economic growth is primarily driven by the services sector, especially in IT and software services. The industrial sector, including key industries like manufacturing & automobiles, also plays a significant role.



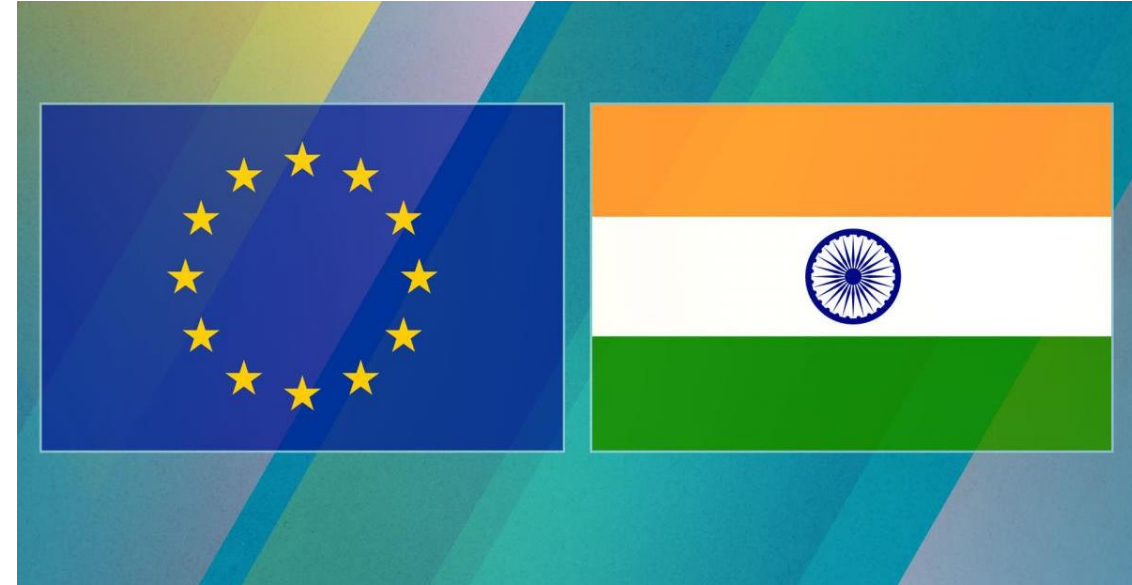
Key **traded goods & commodities** between India & the EU can be linked to several EU industrial ecosystems. The currently negotiated **Free Trade Agreement** between the EU and India can be expected to further enhance trade relations.



India shows a variegated **cluster landscape** with regional agglomerations in key sectors like chemicals, electronics, pharmaceuticals, automotive & consumer appliances manufacturing, complemented by rising IT and software clusters

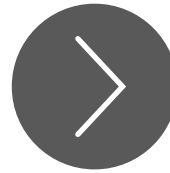


Linkages between European and Indian clusters can rely on institutions like the European Business and Technology Centre and collaborations like the EU-India Connectivity Partnership as part of the Global Gateway Initiative



Source: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreement_en

Make sure to check out the Input Paper!



THANK YOU