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India–South Africa economic ties

Unlocking new opportunities through collaboration and innovation

July 2025

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India and South Africa

Economic landscape, bilateral relations and collaborative initiatives

Current economic landscape

Consumer and business confidence index and bilateral trade[1]

Consumer and business confidence index		
	South Africa	India
Consumer confidence index (CCI)	-20 (1QCY25)	95.5 (March 2025)
Business confidence index (BCI)	123.5 (March 2025)[2]	139.3 (1QCY25)*

Bilateral trade, CY24	
	South Africa
Imports from India	USD7.2 billion
Exports to India	USD4.6 billion
Trade deficit	-USD2.6 billion

Trade and FDI[2]

Trade and FDI, CY24		
	South Africa	India
Imports	USD99.4 billion	USD718.2 billion
Exports	USD109.8 billion	USD442.7 billion
Trade balance	USD10.5 billion	-USD275.5 billion
FDI	USD5.4 billion	USD80.3 billion

Note(s): *The CCI for India represents the vale for Current Situation Index under the Consumer Confidence Indices

[1] 'South African Business Confidence Index', SACCI; 'South Africa Consumer Confidence', Money Control; 'Consumer Confidence Survey', 'The NCAER Business Expectations Survey for India', NCAER; 'Trade statistics reports', SARS; all accessed on 9 May 2025

[2] 'Commerce Dashboard', Ministry of Commerce; 'FDI Factsheet', DPIIT, 'Trade statistics reports', SARS; 'South Africa Attracts USD 5.4 Billion in FDI', Jobudgetc; all accessed on 9 May 2025

Overview of bilateral ties

India and South Africa, both members of the Commonwealth of Nations, have forged stronger ties since the conclusion of the apartheid era in South Africa in 1994.

Notably, India took an early stance on allying with South Africa by imposing an embargo on the latter in 1946, symbolising its resolute disapproval of the apartheid regime. Although this caused a temporary halt in trade, collaboration was rekindled in 1993 and has since borne fruit in the form of several high-level dialogues, partnerships and the consequent growth in bilateral trade.

India's strategic shift towards becoming a more active participant in Free Trade Agreements (FTAs) reflects its ambition to deepen economic ties with South Africa. These efforts aim to enhance connectivity, diversify trade baskets and leverage the region's vast resources, to bolster India's economic growth and global standing. The legacy of these bilateral collaborations has laid the foundation for a robust and mutually beneficial trade relationship between India and South Africa.

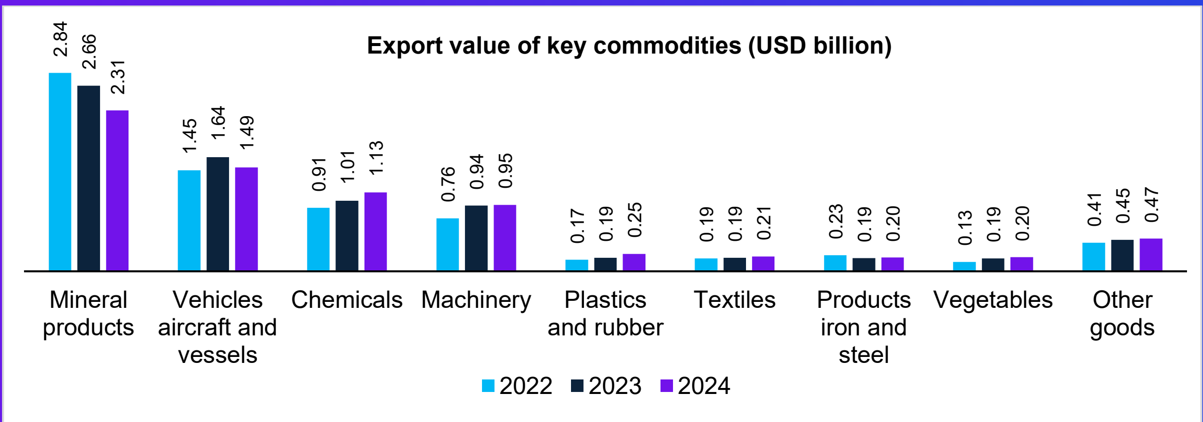
> “South Africa is excited by India and the potential between South Africa and India more than any other country within the BRICS trading bloc. India is the one destination that just felt the warmest and most natural and the one where we thought there would be most success.”
>
> **— Glenn Silverman, RisCura**

Key highlights of trade between India and South Africa

Both countries, considered among the rapidly transforming economies of the developing world, offer a broad range of opportunities for bilateral investment and trade. The bilateral trade relationship between South Africa and India has deepened in recent years, with total trade reaching USD11.8 billion in 2024. Although this marks a decline from USD12.0 billion in 2022, certain commodity categories such as machinery, chemicals and vegetables have recorded growth. The data presented in the export and import charts below indicates the bilateral trade between India and South Africa from 2022 to 2024.

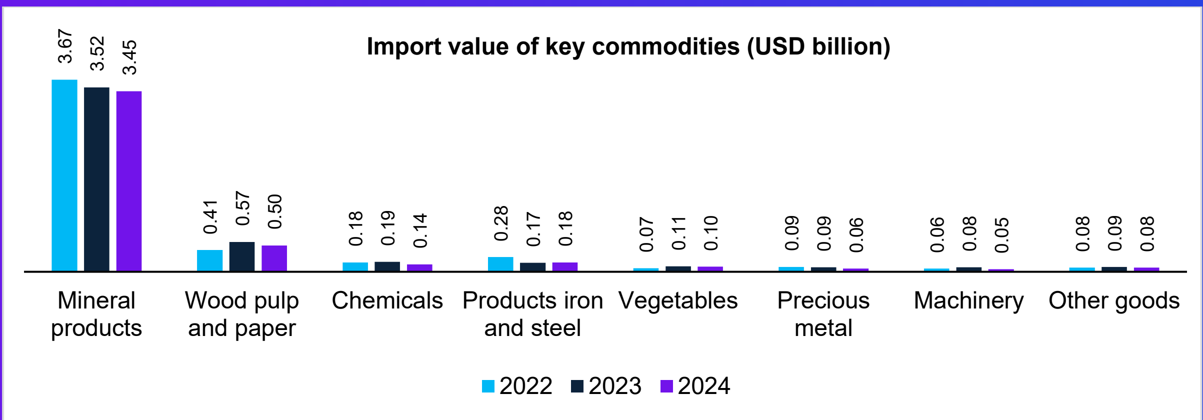
Export statistics as of 2024*

India's exports to South Africa increased by 1.4 per cent from USD7.1 billion (ZAR131.3 billion) in 2022 to USD7.2 billion (ZAR133.6 billion) in 2024[3].



Import statistics as of 2024

India's imports from South Africa decreased by 6.1 per cent from USD4.9 billion (ZAR89.8 billion) in 2022 to USD4.6 billion (ZAR84.5 billion) in 2024[4].



Note: *Throughout the report, unless explicitly stated as "FY" (Fiscal Year), all year references should be interpreted as Calendar Year (CY).

[3] 'Trade statistics reports', SARS, as accessed on 9 May 2025

[4] 'Trade statistics reports', SARS, as accessed on 9 May 2025

A steady stream of investments reflecting the strategic alignment of the two countries

While South Africa, with its progressive policies and openness to foreign inflow of capital, presents an ideal investment location; India with its rapid economic growth and one of the largest consumer markets globally provides a significant opportunity for expansion for South African companies.

Since 1996, the continuous flow of cross-investments flowing between India and South Africa underscores the robustness of their trade partnership. During April 2000–September 2024, Indian businesses invested over USD1.3 billion (ZAR24.1 billion) in South Africa across various sectors such as pharmaceuticals, technology, automotive, banking and mining[5].

One of the largest banks in South Africa with operations across Sub-Saharan Africa highlighted that healthcare is a key sector of interest to Indian firms in terms of both generic and non-generic drug manufacturers operating in South Africa. The bank added that the two countries have established a very strong relationship in this sector.

On the other hand, South African firms are seeing a heightened interest in investing in India, across sectors including BFSI (banking, financial services and insurance), renewable energy, biotechnology, travel and tourism and Information and Communications Technology (ICT), leveraging opportunities in India's growing market[6]. With equity inflows aggregating USD0.7 billion (ZAR13.3 billion) during April 2000–December 2024[7] there is indeed a significant untapped opportunity that South African companies can capitalise on to foster growth and increase their market presence in India.

> Financial services are emerging as one of the priority sectors in South Africa and insurance companies such as Sanlam are eyeing the Indian market for expansion.
>
> **Invest India**

[5] 'Indian Delegation visits Pretoria, South Africa for the second session of the India-South Africa JWGTI', PIB, April 2025
[6] 'India South Africa Trade', IBEF, October 2023
[7] 'Quarterly fact sheet', DPIIT, as accessed on 30 April 2025

Key initiatives bolstering bilateral relationship

In the dynamic global economic scenario, the strategic relationship between India and South Africa holds significant potential. Their shared membership in influential global groups such as BRICS (Brazil, Russia, India, China, South Africa, Indonesia, Iran, Egypt, Ethiopia and the UAE), IBSA (India, Brazil and South Africa) and G20 strengthens their bilateral ties and paves the way for adherence to global trade norms. Furthermore, India's ongoing Preferential Trade Agreement negotiations with the Southern African Customs Union (SACU), which includes South Africa and the Comprehensive Economic Cooperation and Partnership Agreement with Mauritius, is expected to enhance economic cooperation.

Further, South Africa's active role in the Southern African Development Community (SADC) and African Continental Free Trade Area (AfCFTA) promotes duty-free trade, providing an opportunity for Indian businesses to thrive.

Lastly, initiatives towards capacity building and strategic financing serve as crucial pillars for long-term growth and prosperity in the bilateral relationship.

1. India and South Africa drive mutual growth through BRICS, IBSA and G20

India and South Africa's active participation in global economic forums such as BRICS and IBSA fosters mutual development. South Africa has consistently advocated the ‘African Union Agenda 2063’ within G20 and India's role in facilitating permanent membership of the African Union in G20 shall further bolster these ties and bring India in a more favourable spot. Some pertinent benefits arising from these memberships include the following[8,9,10,11]:

- Expansion of trade links: Participation in international memberships has opened a wider market for trade for both India and South Africa. South Africa’s trade with other BRICS nations witnessed an increase of 7.2 per cent from 2022 to reach USD47.8 billion (ZAR884.5 billion) in 2024*.
- Likewise, India recorded USD226.5 billion (ZAR4,191.1 billion) in intra-BRICS trade* in 2024.

- Strengthening of economic ties and economic cooperation: The IBSA collaboration has presented initiatives promoting economic cooperation among member nations.
- These include the 2006 IBSA Maritime Transportation Agreement to improve logistics and maritime skills, a five-year action plan to enhance maritime and air connectivity and the 2004 IBSA Fund to combat poverty and hunger in developing countries of the Global South.

Note: *Global South represents developing countries in Asia, Africa and Latin America; Countries considered for intra-BRICS include Brazil, Russia, India, China and South Africa

[8] ‘Speech by Deputy Minister Alvin Botes on the Second Free State Investment Forum’, Department of International Relations and Cooperation, 27 February 2024

[9] ‘SA benefits economically from BRICS grouping’, South African Government News Agency, 5 September 2023

[10] ‘Commerce Dashboard’, Ministry of Commerce, as accessed on 30 April 2025

[11] ‘Trade statistics reports’, SARS, as accessed on 9 May 2025

2.a. Preferential trade agreement (PTA) between India and SACU

India and the South African Customs Union (SACU), an organisation that comprises South Africa, Botswana, Namibia, Lesotho and Eswatini (formerly Swaziland), are undergoing rounds of negotiations to strike a preferential trade agreement (PTA) with each other. While the initial discussions began in 2007, the progress stalled in 2010. However, in 2020, India and SACU decided to revive the conversations and are currently in the discussion phase[12].

The successful conclusion of the agreement would be beneficial for both countries:

- The Indian automotive industry, contributing significantly to India's exports to the SACU region, stands to significantly benefit from the free trade agreement (FTA) due to potential reductions in tariffs currently ranging between 20–25 per cent. In February 2025, Mahindra, an Indian Auto manufacturer, signed a memorandum of understanding (MoU) with South Africa's Industrial Development Corporation (IDC), to assess the feasibility of a completely knocked down (CKD) vehicle assembly facility in the country, signalling Mahindra's intent to explore local manufacturing opportunities. This strategic shift has the potential to not only influence the automotive industry, but also to yield significant advantages for the petroleum, pharmaceutical and iron and steel sectors[13].

> As there is no manufacturing capability for Indian vehicles in South Africa, this presents significant opportunity for expansion of Indian automotive and original equipment manufacturers in South Africa.
>
> **- Muziwethu Mathema, Gauteng Growth and Development Agency**

- South Africa, India's largest trading partner in SACU and Africa, on the other hand could expand trade in coal, diamonds, gold and iron ore.

2.b. IADD fosters collaboration in maritime security and counterterrorism

Both India and South Africa attended the India-Africa Defence Dialogue (IADD) in 2022, which targeted enhanced defence cooperation, capacity-building, maritime security, cybersecurity and counterterrorism[14]. As an outcome, the Gandhinagar Declaration was adopted, which focused on the development of skills and empowerment of South African defence forces, among multiple other countries on the continent. IADD aligns with India's aim to become the Indo-Pacific region's defence production hub. South Africa can further capitalise on this by partnering with Indian defence manufacturers and training institutes.

India, which has one of the biggest armed forces in the world, has historically relied on imports to meet its needs, making the defence sector a strategically significant sector. Even though import dependency has decreased significantly over time, much more work needs to be done to fulfil the vision of 'Atmanirbhar Bharat', an initiative launched by Indian Government to promote Indian goods in the global supply chain markets and help the country achieve self-reliance. Focusing on developing a strong domestic defence manufacturing sector that could meet the demands of the armed forces is a significant step in this approach.

The Indian government has given the defence industry special attention and focus as part of its Make in India effort, taking several actions to spur the growth of domestic defence

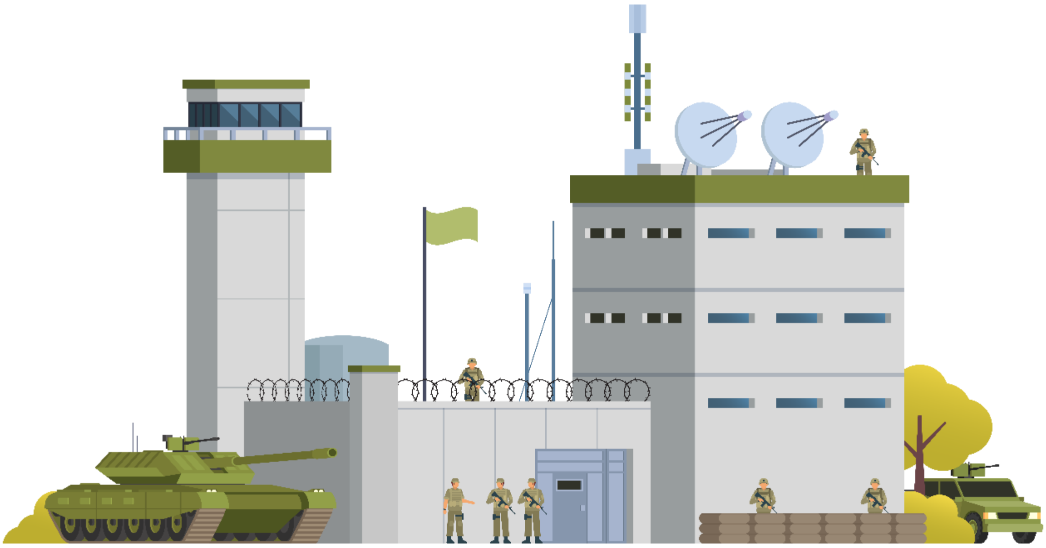
[12] 'India-SACU Preferential Trade Agreement (PTA) negotiations', Ministry of Commerce and Industry, 24 April 2020

[13] 'Trade diversification: India set to revive FTA talks with South Africa-led group', Business Line, 25 June 2023

Note: *16 countries in SADC are: Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Afric Tanzania, Zambia and Zimbabwe.

[14] 'India-Africa Defence Dialogue held on the sidelines of DefExpo 2022 in Gandhinagar, Gujarat', PiB, 18 October 2022

manufacturing capabilities. The manufacturing base, which is mainly made up of micro, small and medium enterprises (MSMEs), contribute significantly to indigenisation by supplying key components, subsystems and services to larger defence public sector undertakings (DPSUs) and private players. Their agility and domain expertise help accelerate prototyping and localised manufacturing, aligning with the government's goals of self-reliance and reducing import dependency.



3.a. SADC fosters regional growth through economic and security cooperation

Established in 1980, the Southern African Development Community (SADC) is an inter-governmental organisation focused on fostering economic development, peace, security and regional cooperation among its 16 member states in Southern Africa. The SADC also coordinates and funds initiatives in various sectors, including agriculture, energy, mining, disease control and telecommunications.

India's trade and investment ties with several SADC members, particularly South Africa, significantly influence the organisation's dynamics — South Africa stood out as India's largest trading partner within the SADC, accounting for 46.2 per cent of India's total exports to the region in 2024[15]. It is one of the key markets in SADC for India's exports of vehicles and mineral fuels, oils and their products, pharmaceutical products, machinery, equipment and organic chemicals as well as its biggest import source in SADC comprising unwrought gold, unmounted diamonds, ores, slag and nickel[16].

South Africa is one of the key markets in SADC for India's exports of vehicles and mineral fuels, oils and their products, pharmaceutical products, machinery and equipment, organic chemicals as well as its biggest import source in SADC.

South Africa is also one of the prominent suppliers of unwrought gold, unmounted diamonds, ores, slag and nickel to India.

In July 2024, SADC and India signed MoU to enhance economic cooperation focusing on industrialisation, technology, trade, disaster management, women-led development, private sector support, space collaboration and green growth. Further, Indian companies can also leverage the prospects outlined in SADC Vision 2050 by partnering with South African firms.

[15] 'Commerce Dashboard', Ministry of Commerce, as accessed on 30 April 2025

[16] 'Reinvigorating India's economic engagements with Southern Africa', EXIM Bank of India

3b. African Continental Free Trade Area (AfCFTA)

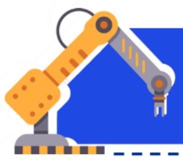
In 2021, 54 African countries launched the AfCFTA agreement, to create a single, unified market for goods and services within the African continent and drive intra-African trade[17]. The agreement also aimed at lowering or eliminating tariffs and non-tariff barriers, increasing investments, simplifying intellectual property rights and improving competition policies.

> To date, 54 of the 55 countries in the continent have the AfCFTA agreement and 48 have ratified the agreement. The agreement is comprehensive as it goes beyond trade in goods and extends to trade in services, has protocol on investments that is for protection and facilitation of investments and for property rights and digital trade.
>
> **- Sandile Tyini,**
> **Department of Trade, Industry and Competition**

The agreement is a vital milestone, as it advances access to new markets in Africa and aims at minimising trade barriers while fostering value chain integration. By harnessing AfCFTA's potential, South Africa can diversify its growth and export sources, fostering sustained economic expansion and broadening the tax base. This development strengthens fiscal and debt sustainability, laying a solid foundation for South Africa's economic future.

> There must be value addition in the continent so there will be strong rules on origin to ensure that the products that benefit from the agreement are the ones manufactured on the continent. The best way to benefit from AfCFTA is to invest in the African Continent or form joint ventures and bring technology. If India wants to export to the rest of the continent, they could invest in South Africa and establish partnerships, that will give them access.
>
> **- Sandile Tyini,**
> **Department of Trade, Industry and Competition**

India is likely to benefit by focusing on implementing specific strategies related to the AfCFTA and creating a framework that is expected to open a plethora of opportunities for Indian businesses. The focus of AfCFTA is to promote intra-continental trade so local manufacturing within the continent is key and South Africa as the most industrialised country on the continent therefore presents a potential manufacturing base from which to on-sell manufactured goods to the rest of the continent.



Manufacturing: AfCFTA's reduction of tariffs and non-tariff barriers will lower the cost of doing business, encouraging Indian manufacturers to explore South African markets and vice versa. This could lead to increased production and job creation in both countries.

Services: The agreement aims to liberalise the services sector, allowing Indian IT and financial service providers to offer their expertise in South Africa. Similarly, South African firms in these areas will have greater access to Indian markets, promoting knowledge sharing and innovation.

[17] 'Trading under the AfCFTA begins', Africa Union, 22 February 2021

Scaling up workforce capabilities through targeted skilling programs

India has made significant strides in enhancing the availability of skilled manpower across both, technical and non-technical domains, underpinned by substantial efforts in education sector enlargement and diversification of the workforce composition. The Ministry of Skill Development and Entrepreneurship (MSDE) in India, through strategic partnerships with entities such as the National Skill Development Corporation (NSDC), has implemented programs such as Pradhan Mantri Kaushal Vikas Yojana (PMKVY) and the Recognition of Prior Learning program, thereby significantly contributing to upskilling workers and fostering innovative thinking for current and future job opportunities. Government entities such as India's Capacity Building Commission (CBC) holds a crucial role in modernising the nation's public sector by upskilling its workforce. The CBC designs and implements comprehensive training programs, focusing on enhancing the skills and competencies of public sector personnel across various departments and functions.

This concerted focus on skill development and education sector enlargement is complemented by efforts to promote diversity in the workforce composition. Initiatives aimed at rural skill development, entrepreneurship promotion and collaboration with international organisations, businesses and non-profits underscore India's ambitious plan for upskilling.

India's engagement with South Africa in supporting capacity-building efforts reflects a commitment across a wide range of areas designed to not only address immediate needs but also to lay a foundation for long-term development and self-sufficiency.

Capacity development initiatives opening ground for partnership

Over the past three decades, the Indian government has actively collaborated with its South African counterpart to promote the skills development of South African students through initiatives administered by the Indian Council for Cultural Relations (ICCR) Scholarship Scheme and the Indian Technical and Economic Cooperation (ITEC) Programme.

On the other hand, South Africa has implemented several initiatives aimed at capacity-building in India, reflecting its commitment to fostering mutual growth and development through knowledge sharing and skill enhancement. These initiatives cover a broad spectrum, including education, healthcare and technology, demonstrating South Africa's willingness to contribute to India's development goals[18,19,20,21].

> India has capacity building programmes such as the ITEC programme and the country is also focusing on establishing Indian education institutes in several African countries to enhance the quality of education imparted.
>
> **- Invest India**

[18] 'Indian Council for Cultural Relations Scholarship Schemes', ICCR, accessed on 13 May 2025
[19] 'South Africa / India Joint Science and Technology Research Collaboration', Stellenbosch University, 23 September 2019
[20] 'The number of Space Start-Ups have gone up, from just 1 in 2014 to 189 in 2023 as per DPIIT Start-Up India Portal', Department of Space, 20 December 2023
[21] 'Parliament question: promotion of private sector in space sector', PIB, 18 December 2024

ICCR Scholarship Scheme

The ICCR Scholarship Scheme provides 900 scholarships to students from various African countries, including South Africa, to study in India. It covers undergraduate, postgraduate and higher courses at Indian universities and institutions.

ITEC Programme

Expansion of trade links: Participation in international memberships has opened a wider market for trade for both India and South Africa.

Space exploration

The South African National Space Agency (SANSA) signed a Memorandum of Understanding (MoU) with the Indian Space Research Organisation (ISRO) in 2018 to strengthen space exploration. Further, in 2021, the two agencies collaborated on space science and technology projects under BRICS.

Furthermore, Africa has initiated the 'Africa Outer Space Strategy' to harness the potential benefits of space science. India, with its promising space sector having 266 space startups by the end of 2024, offers substantial potential for collaboration with South Africa and the wider African region in this sector.

Additionally, exploring partnerships with governmental organisations including the Indian National Space Promotion and Authorisation Centre (IN-SPACe) could offer a structured framework for nurturing relationships between Indian and South African space agencies and startups.

Scholarships and study abroad programmes

South Africa offers scholarships to Indian students through various programmes, such as the Department of Higher Education and Training and the National Research Foundation scholarships, enabling Indian students to pursue higher education in the country.

Strategic funding: A catalyst for deepening India-South Africa partnerships

Strategic financing has played a crucial role in this partnership, facilitating the implementation of capacity development initiatives through innovative funding mechanisms. By integrating targeted strategies and leveraging sub-regional approaches, India and South Africa aim to create products and solutions that meet local needs and generate employment opportunities.

India strengthens Africa's development through strategic financial partnerships

To bolster economic ties and foster development across the African continent, the Government of India (GoI) initiated a strategic financial outreach in 1964, through:

- the Indian Technical and Economic Cooperation (ITEC) program and its subsidiary initiative
- the Special Commonwealth Assistance for Africa Programme (SCAAP), India embarked on a mission to extend Lines of Credit (LOCs) to African nations.

As of August 2024, the GoI has extended 196 LOCs with a value of USD12.0 billion[22] (ZAR222.4 billion) to 42 African countries, including South Africa. It is the second-largest recipient of credit from India, positioning itself as a reliable partner[23].

[22] 'Lines of Credit for Development Projects', MEA, 1 August 2024

[23] 'India Increases Africa Lending in Race to Counter China', Bloomberg, 5 July 2023

- LOCs have been provided in areas such as capacity building, technical training, healthcare, renewable energy, infrastructure, agriculture, automobile and construction under the ITEC Programme. The defence sector is likely to see increased LOCs due to growing India-Africa cooperation.
- These LOCs have emerged as a catalyst for infrastructure development and economic growth in South Africa. The credit facility has not only enhanced project execution capabilities but also strengthened diplomatic ties while reducing payment risks.

India's financial contributions to South Africa's development

India has actively supported Africa and South Africa through various investments, infrastructure development assistance, humanitarian aid, debt forgiveness and in-kind contributions. Some of the prominent ones include the following[24,25]:

India-Africa Forum Summit (IAFS-I) Grant: India announced a grant of USD0.5 billion (ZAR9,246.4 million) in 2008 to assist capacity building in Africa through the setting up of specialised institutions. It provides scholarships and training programmes and implements the Pan-African e-Network Project.

IAFS-II and III: India extended its grant assistance of USD0.7 billion (ZAR12,945.0 million) under IAFS-II and implementing the Pan African e-Network Project (PAeNP). Under IAFS-III, India provided an additional USD10.0 billion in concessional credit till 2020 and a grant assistance of USD600.0 million.

Underscored by a robust framework of bilateral and international agreements, the strategic partnership between India and South Africa has witnessed remarkable growth across trade, technology transfer and cultural exchanges.

Concurrently, capacity building initiatives, aimed at empowering individuals and institutions through skill enhancement and knowledge exchange programmes coupled with the provision of substantial financial support, particularly through LOCs, have catalysed infrastructure development and economic growth, reinforcing the bond between the two nations. Together, this has solidified the Indo-South African alliance, promising a future marked by shared prosperity and enduring collaboration.

[24] 'The changing nature of India's Lines of Credit to Africa', ORF, 25 May 2018
[25] 'India Exim Bank's engagements with Africa', Exim Bank, as accessed on 30 April 2025

Way forward: Broadening investment and cooperation horizons for India and South Africa

South Africa and India aim to establish a robust, sustainable and mutually beneficial partnership, that should focus on economic growth through infrastructure development and technological advancement. This partnership is expected to create a vibrant ecosystem of shared prosperity, innovation and capacity building, positioning both countries as crucial stimulus for global development.

The burgeoning trade relationship between India and South Africa is catalysing innovative developments across various sectors, driving regulatory reforms to enhance operational efficiency, alongside comprehensive educational campaigns to stimulate interest and investment in emerging fields.

The involvement of a broad spectrum of industries enriches the trade dynamic, promoting diversity and inclusivity. Various tenets that could help realise this include:

Attracting FDI with infrastructure development, emerging as a key investment priority in South Africa

South Africa’s economy is facing hurdles such as high unemployment rates, sluggish GDP growth, heavy dependence on commodity exports, low investment volumes and infrastructure challenges such as electricity shortages and logistics bottlenecks. Considering South Africa's relatively low domestic savings and investment rates, enhancing FDI inflows is key to stimulating economic expansion. Consequently, South Africa is focusing on the expansion of its infrastructure and logistics sectors, that are riddled with transportation bottlenecks, outdated facilities and inadequate capacity, to enhance its appeal to foreign investors.

South Africa's National Development Plan (NDP) 2030

The South African government has taken a slew of measures to remedy these infrastructure issues. Key amongst them is South Africa's NDP 2030 that recognises the critical role of infrastructure in driving its national development and plans to earmark 10.0 per cent of its GDP in public infrastructure investment by 2030[26]. Some of the key sectors in this include:

[26] ‘National Development Plan 2030’, Government of South Africa, as accessed on 12 May 2025

Technology: The South African government aims to leverage technology to drive economic growth. The focus is on fostering innovation, enhancing digital skills and promoting the use of artificial intelligence, machine learning and other modern technologies across sectors.

Transport and auto: South Africa plans to enhance its transport infrastructure and develop its automotive industry. The country will focus on manufacturing more vehicles locally, thereby creating jobs and contributing to the economy.

Energy and natural resources: South Africa is rich in natural resources and aims to utilise them to boost the energy sector. The country is focusing on advancing renewable energy technologies and reducing dependency on coal, ensuring a sustainable and diverse energy mix.

Education: The country plans to improve its education system by 2030, focusing on enhancing the quality of education. The goal is to equip the younger generation with skills needed for the future job market.

Healthcare: The future plan includes robust strengthening of healthcare infrastructure and affordable healthcare services for all. The country is also focusing on strengthening its healthcare infrastructure and improving the overall health status of its population.

This strategic investment plan, funded through taxes, tariffs, loans and Public-Private Partnerships (PPPs), opens a significant avenue for Indian firms to contribute to South Africa's development objective. The value of new projects announced by both the South African Government and private sector amounted to USD24.1 billion (ZAR445.9 billion) in 2024, up from USD11.3 billion (ZAR210.1 billion) in 2023[27].

Another programme initiated by the South African government aimed at attracting FDI is the Special Economic Zones (SEZs) programme via the Special Economic Zones Act 16 of 2014 (SEZ Act).

South Africa has designated 11 SEZs, namely:

Atlantis SEZ (Western Cape)	Coega SEZ (Eastern Cape)	Dube TradePort SEZ (Kwa-Zulu Natal)	Maluti-a-Phofung SEZ (Free State)
Musina/Makhado SEZ (Limpopo)	Nkomazi SEZ (Mpumalanga)	OR Tambo SEZ (Gauteng)	Vaal SEZ (Gauteng)
East London IDZ (Eastern Cape)	Richards Bay IDZ (Kwa-Zulu Natal)	Saldanha Bay IDZ (Western Cape)	

As part of this initiative:

- The Department of Trade Industry and Competition (DTIC) established a SEZ Fund to facilitate the promotion and development of SEZs (which include Industrial Development Zones, free ports, free trade zones and sector development zones).
- Some of the specific incentives* the SEZs provide include an Employment Tax Incentives for employers who hire low-salaried staff (i.e., earning below USD3,236.9 or ZAR60,000.0, per annum), accelerated depreciation allowances for buildings, reduced corporate tax rate (reduced from 28.0 per cent to 15.0 per cent), Value Added Tax (VAT) relief for investors meeting the qualifying criteria and customs relief if located within special Customs Controlled Area (CCA).

Note: * The key qualifying criteria for the tax incentives include that the enterprise must be officially registered within South Africa and its effective management team should operate within the CCA. Furthermore, a minimum of 90 per cent of the company's revenue should be derived from trade conducted within the SEZs. Additionally, no more than 20 per cent of deductible expenses should be incurred by a connected person and no more than 20 per cent of income should be received or accrued from a connected person.

27 'Nedbank Capital Expenditure Project Listing', Nedbank, as accessed on 30 April 2025

The Coega SEZ is the only SEZ with two seaports along with a strategic location for trade with global and African markets, has been attracting investment in the agro-processing, automotive, aquaculture, energy, metals, logistics and business process services sectors and is, therefore, an ideal location for investments in the metals sector. It is also an ideal location for cement production.

Utilising India’s infrastructure expertise

India's rapid economic growth over the past few decades has been founded on significant strides in civic and other infrastructure development. By aligning the evolution of its transport infrastructure with industrial development (industrial corridors, industrial parks and SEZs), India has created a synergistic ecosystem with concentrated areas of economic activity wherein businesses can benefit from improved infrastructure, strategic locations and policy incentives.

This multifaceted approach to infrastructure development has been critical in positioning India as a global hub for trade and commerce and is pivotal to driving India's ongoing economic transformation fuelling its aspiration to become a global economic powerhouse.

Extensive improvements in road networks, railways, aviation and shipping are not isolated, they represent a coordinated effort to integrate various modes of transport, thereby streamlining logistics and reducing costs for businesses. These have laid the foundation for enhanced connectivity, facilitating the seamless movement of goods and services across the country and beyond[28,29,30,31,32,33,34,35,36].

[28] ‘Year End Review 2024; Ministry of Road Transport and Highways’, PIB, 9 January 2025

[29] ‘Greenfield Corridors under Bharatmala Pariyojana’, PiB, 7 February 2024

[30] ‘Railway Stations transforming like never before’, PiB, 28 February 2024

[31] ‘Ministry of Railways: Year End Review 2024’, PiB, 29 December 2024

[40] ‘National Rail Plan (NRP) for India – 2030’, PiB, 11 February 2022

[33] ‘India's domestic air passenger traffic to touch 300 million by 2030: Minister of Civil Aviation Mr. K. Rammohan Naidu’, PiB, 8 October 2024

[34] ‘Indian aviation industry’, IBEF, February 2025

[35] ‘Government plans Sagarmala 2.0 with new funding to bridge infrastructure gaps’, IBEF, 20 March 2025; Sagarmala website, accessed in August 2024

[36] ‘Ports wing’, Ministry of ports, shipping and waterways, accessed on 12 May 2025

Increase in road connectivity

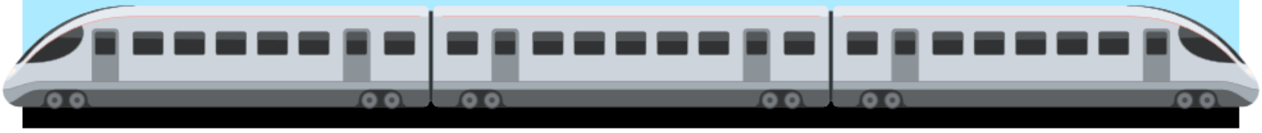
India's 6.7 million kms of road network is the second largest in the world. The National Highway (NH) network increased by 60 percent from 91,287 kms in 2014 to 146,195 kms in 2024. A key driver in this has been the flagship 'Bharatmala Pariyojana', which marks a transformative leap in India's infrastructure, aiming to create 34,800 km of economic corridors.

This ambitious project goes beyond road construction, envisioning a comprehensive overhaul of India's transportation system. By developing these corridors alongside improvements to inter-corridors and feeder routes, Bharatmala Pariyojana seeks to revolutionise logistics, enhance regional connectivity and unlock unprecedented economic potential.

Railways and dedicated freight corridors

The Indian Railways consists of a total running track length of 126,366 kms with 7,325 stations. 3,210 route kms was electrified during 2024. India has the fourth largest railway network in the world.

The National Rail Plan envisions a state-of-the-art railway system by 2030, targeting a freight traffic share of 45.0 percent with a strategic focus to enhance logistical capabilities and significantly reduce transit times, thereby boosting overall economic productivity.



Airports and aviation growth

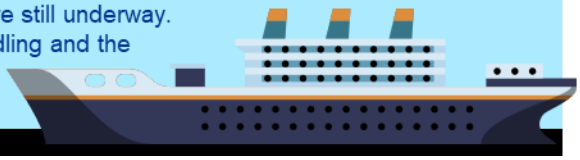
Airports Authority of India (AAI) manages a total of 133 airports. India's domestic air passenger traffic is projected to reach 300.0 million by 2030. Additionally, the Indian Aviation market is expected to receive investments worth USD25.0 billion by 2027.

India is projected to be the fastest-growing aviation market globally. Further, the number of airplanes is expected to reach 1,100 planes by 2027, reflecting an overwhelming confidence in the strength of the aviation sector in India.

Ports and cargo handling

India's major ports have seen a steady increase in cargo handling over the past decade, reflecting the growth in both domestic and international trade. India has 12 major ports and approximately 200 non-major ports administered by Central and State Governments, respectively.

Under the 'Sagarmala' initiative, significant focus has been placed on the modernisation of Indian ports with an investment of USD67.8 billion allotted for 839 projects. Of these, 272 projects worth USD16.5 billion have been completed by March 2025 while other projects are still underway. Further, the simplification and automation of port cargo handling and the issuance of national permits are steps towards streamlining logistics, reducing costs and speeding up deliveries.



Strategic corridors integrate infrastructure with industrial growth

India is strategically developing several industrial corridors envisioned as specialised industrial nodes or regions that facilitate efficient and seamless business operations.

Currently, there are 11 such corridors across the country, as mentioned below:

- The Delhi-Mumbai Industrial Corridor is one of the most ambitious infrastructure programmes aiming to develop new industrial cities and converge next-generation technologies across sectors.
- The Amritsar-Kolkata Industrial Corridor aims to leverage the existing line capacity of the Eastern Dedicated Freight Corridor, enhancing manufacturing and investment opportunities.
- The Chennai-Bengaluru Industrial Corridor aims to stimulate regional development by integrating industry clusters with other infrastructure.

These corridors are expected to spur a new wave of industrialisation and job creation in the country.

Other industrial corridors include:

East Coast Industrial Corridor (ECIC) with Vizag Chennai Industrial Corridor (VCIC)	Bengaluru-Mumbai Industrial Corridor (BMIC)
Extension of CBIC to Kochi via Coimbatore	Hyderabad-Nagpur Industrial Corridor (HNIC)
Hyderabad-Warangal Industrial Corridor (HWIC)	Hyderabad-Bengaluru Industrial Corridor (HBIC)
Odisha Economic Corridor (OEC)	Delhi-Nagpur Industrial Corridor (DNIC)

For more details, please visit this website (Link)

Developing sector-specific parks to strengthen industrial value chains

These parks are intended to encompass the entire value chains of specific sectors, thereby facilitating comprehensive sectoral development.

- Bulk Drug Parks are focused on bolstering the **pharmaceutical industry** by providing state-of-the-art infrastructure.
- The PM MITRA Textile Parks aims to revitalise the **textile sector** by offering an integrated ecosystem for various processes.
- Plastic Parks have been instituted to enhance the **plastic industry's** growth and sustainability.
- Medical Devices Parks cater to the burgeoning demand in the **healthcare sector**, providing a conducive environment for manufacturers.
- Mega Food Parks scheme is designed to offer a mechanism to link **agricultural** production to the market by bringing together farmers, processors and retailers and ensuring maximum value addition, minimal wastage, increased farmers' income and employment opportunities.

India's Special Economic Zones (SEZ) framework offers a model for global collaboration

To address challenges related to controls, clearances, infrastructure and fiscal stability, the SEZ Policy was announced in April 2000. The goal was to create an environment conducive to economic growth, supported by quality infrastructure and attractive fiscal incentives. SEZs operated from 2000 to 2006 under the Foreign Trade Policy. In 2005, the Special Economic Zones Act was passed, providing a stable policy framework.

Currently, there are 276 operational SEZs in India, attracting a total investment of USD83.0 billion. These SEZs have created employment for 3.2 million individuals and have contributed significantly to the economy with exports worth USD163.7 billion in FY24[37].

India's focus on infrastructure advancement and beneficiation aligns with South Africa's efforts to enhance its infrastructure and beneficiating raw materials. Given India's proven capability in managing complex infrastructure projects and policy advancements coupled with incentives offered by the South African government create a fertile ground for collaboration and investment, thereby presenting Indian companies with a unique opportunity to contribute significantly to South Africa's development.

Technology agreements form another cornerstone of this partnership

Led by the Department of Science and Technology (DST), Department of Biotechnology (DBT) and Council of Scientific and Industrial Research (CSIR), India has several scientific and technological (S&T) partnerships with South Africa. In 2019, the National Research Foundation (NRF) partnered with DST to announce a bilateral call, resulting in the selection and funding of 10 joint research projects[38,39] involving South African and Indian researchers over three years.

The intersection of technology and international relations presents a vast potential for collaboration between India and South Africa, leveraging each nation's strengths in the tech sector. India, recognised globally for its prowess in information technology (IT) and software services, offers a wealth of expertise that can be mutually beneficial. The adoption of digital technologies in both countries, such as the 'Digital India' initiative in India, which aims to ensure that government services are available to citizens electronically, can serve as a model for South Africa to emulate.

This collaboration further extends to the development and implementation of the Unified Payments Interface (UPI), a real-time payment system developed by the National Payments Corporation of India (NPCI), which has revolutionised financial transactions in India. Sharing knowledge and best practices in these areas could lead to significant advancements in financial inclusion and public service delivery across both nations.

Furthermore, the exchange of talent and innovation through joint ventures, research collaborations and educational programmes in emerging technologies such as AI, IoT and blockchain could foster economic growth and technological advancement in both countries. Such collaborations not only strengthen bilateral ties but also contribute to the global tech ecosystem, highlighting the immense potential for cooperation in the tech and IT sectors between India and South Africa.

[37] 'Factsheet of SEZ', SEZ India website, accessed on 5 May 2025

[38] 'Result India South Africa call for proposal', Department of Science and Technology Africa / India joint science and technology research collaboration', Department of Science and Technology, 30 September 2019

[39] 'Result India South Africa call for proposal', Department of Science and Technology

Emergence of 'Digital India' and appeal of India stack initiative to other countries

India has achieved notable progress in developing digital infrastructure through the 'Digital India' initiative which aims to ensure that government services are available to citizens electronically:

- A significant advancement is the 'India Stack', comprising open APIs that enable governments, businesses, startups and developers to utilise a unique digital infrastructure for seamless, paperless and cashless service delivery.
- The global recognition of India Stack is evident as countries such as Sri Lanka, Morocco, Philippines, Guinea, Ethiopia and the Togolese Republic have already adopted its technologies, while other nations including Tunisia, Samoa, Uganda and Nigeria have shown interest in leveraging it.
- This can be another avenue for potential partnerships/collaborations between South Africa and India for driving innovative solutions and enhancing service delivery.

Leveraging India's renewable energy transition for South Africa's energy ecosystem

India's commitment to renewable energy is exemplified by its target of achieving 500 GW by 2030[40]. The country's current installed capacity stands at 220.1 GW (as of March 2025)[41]. This aggressive stance has been backed by robust regulatory frameworks and sector-specific incentive programmes designed to encourage investment in renewable energy projects. The Indian government has also focused on creating a conducive environment for domestic manufacturing of solar panels and wind turbines, thereby reducing dependency on imports and fostering local industry growth.

Additionally, initiatives such as the National Solar Mission and the Green Energy Corridor project have played pivotal roles in integrating renewable energy into the national grid, showcasing India's comprehensive approach to renewable energy integration.

For South Africa, emulating India's strategy involves setting clear, ambitious renewable energy targets and aligning national policies to support these goals. This includes streamlining regulations to facilitate easier access to land for renewable energy projects, providing tax incentives for investments in green technologies and establishing a robust framework for managing the intermittency of renewable energy sources.

Moreover, South Africa could benefit from India's experience in balancing the grid with renewable energy, particularly during peak demand periods. Collaborative efforts, such as joint research and development projects, knowledge sharing and capacity building, could further expedite South Africa's energy transition journey.

40 '500GW Nonfossil Fuel Target', Ministry of Power, accessed in August 2024

41 'India's Renewable Energy Capacity Achieves Historic Growth in FY 2024-25', PIB, 10 April 2025

Sustainability goals paving way for enhanced collaboration

South Africa and India are strongly committed to sustainable development, with a focus on clean water, climate change and fostering sustainable practices. India has set an ambitious goal to achieve net-zero emissions by 2070, aiming to meet half of its electricity needs from renewable sources by 2030, marking a significant step towards mitigating climate change despite being the third-largest carbon dioxide emitter globally. South Africa, while not having a stated net-zero target, supports global efforts to phase out fossil fuels and boost renewable energy adoption, calling for developed nations to halt new fossil fuel projects by 2030 and start carbon extraction by 2050[42].

They have embarked on joint initiatives, such as the India and Africa Partnership for Sustainability (IAPS) platform and the India-UN Development Partnership Fund. Under the G20 2023 India Presidency, the International Solar Alliance (ISA) announced virtual Green Hydrogen Innovation Centre (GHIC) providing a one-stop gateway for GH knowledge and GH value chain insights for South Africa and other African countries[43].

Moving forward, both countries can continue to collaborate on innovative projects and initiatives to further advance their sustainable development goals.

Harnessing the potential of Indian capital markets

India's capital markets landscape is both diverse and large — including the 2 principal stock exchanges of the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), multi-commodity exchanges, over-the-counter markets, currency exchanges and numerous brokering and trading platforms. The stock markets in India have experienced significant growth in recent years, becoming one of the largest in the world. In May 2025, the market capitalisation of BSE listed companies had reached USD5 trillion[44].

On the other hand, the financial markets of South Africa are the most advanced and liquid in Africa, demonstrating a diversified economy, robust financial institutions and trustworthy and independent policymaking. The size of the domestic stock market is over 300 per cent of GDP, whereas the size of the bond market is approximately 85.0 per cent of GDP[45]. The infrastructure supporting the financial markets is sufficient given the volume and scale of the markets but there is always room for enhancement by adopting innovative technologies.

Cross-listing in India enables South African firms to expand

India also possesses a secondary capital market where South African financial service firms have the opportunity to list. This provides an avenue for these firms to secure additional capital, which can subsequently be used to fund their operations in India and across the South-East Asia region. This creates fertile ground for the mutually beneficial collaboration of both countries in terms of trade and investment, including but not limited to:

- **Collaboration in the bullion market:** South Africa is a major gold producer, while India as the second largest consumer of gold jewellery in the world[46], has a very high demand for gold. Given South Africa's prominence in gold exports and India's significant demand for gold, collaboration in the bullion market through GIFT City's International Bullion Exchange (IIBX) can facilitate efficient trade mechanisms, enhance transparency and strengthen bilateral trade relations.
- **Exploring commodity exchanges:** India's vibrant commodity exchanges, including Multi Commodity Exchange (MCX) and National Commodity and Derivatives Exchange (NCDEX), offer a broad spectrum of commodities for trade. Collaboration between Indian commodity exchanges and South African financial

[42] 'Africa and India push rich nations to phase out fossil fuels faster', Climate home news, 16 October 2023
[43] Green Hydrogen Innovation Centre (GHIC) website, accessed on 12 May 2025
[44] 'All India Market Capitalization', BSE website, accessed on 5 May 2025
[45] 'South Africa: Financial Sector Assessment Program-Technical Note on Systemic Liquidity Management', IMF, 17 June 2022
[46] 'World Gold Council: Indian gold market evolving, demand for lightweight, jewellery grows', India Times, 5 February 2023

institutions can lead to increased participation, improved price discovery and risk management for commodities such as agricultural products, metals and energy.

By harnessing the strengths of their respective capital markets and leveraging the strategic advantages of GIFT City, India and South Africa can pave the way for a mutually beneficial partnership. This collaboration not only promises economic growth and development but also positions both nations as key players in shaping the future of global finance.

Exploring new frontiers in South Africa-India trade dynamics

The trade landscape of South Africa and India encompasses a broader spectrum of sectors that contribute significantly to their respective economies vis a vis the trade between the two nations that is characterised by a focus on a narrow set of commodities. Hence, there exists a significant potential for diversification in bilateral trade as opportunities for expansion into various sectors remain largely untapped.

> There has always been an ambition to export more South African goods to India and change the trade basket as currently South Africa primarily exports minerals, mainly coal, to India
>
> **- Mankaleme Letswalo,**
> **Department of Trade, Industry and Competition**

Identifying new horizons to enrich South Africa's export portfolio to India

- India was globally the seventh-largest export destination for products from South Africa as of 2024[47] and hence, continues to remain a lucrative market for South African exports.
- South Africa's exports to India showcased its rich natural resources and strategic position in global commodity markets — precious metals, coal briquettes, raw copper, manganese ore and chemical wood pulp were among the key commodities exported from South Africa to India.

Notably, most of South Africa’s exports consist of raw materials, with a minimal presence of manufactured goods that add value. This presents a significant opportunity for enhancing value derived from South Africa’s exports.

It is, therefore, imperative to reassess the country’s export strategy, emphasising the need to move away from the primary export of raw materials towards the promotion of value-added manufactured products.

- While coal and gold dominate South Africa's export basket, its exports to the rest of the world are not limited to precious metals or coal briquettes. The country is also a major exporter of agricultural products, wine, fruit and machinery, reflecting its diverse economic base.

Thus, South Africa can leverage its expertise in agriculture, agro-processing, mining, mineral processing, aerospace and defence and electrochemical sectors to further expand its export portfolio to India.

[47] ‘Trade-statistics reports’, SARS, as accessed on 5 May 2025

India to diversify exports further leveraging its prowess in services and manufacturing

Similarly, for India, while exports to South Africa have been witnessing a steady rise, there remains significant potential to diversify India's export portfolio:

- The primary exports from India to South Africa, included refined petroleum products, automotive components, packaged medicaments, various machines and equipment and metals.
- While these exports highlight India's strength in manufacturing and its capacity to produce essential goods that are in demand globally, India's exports to the global market go beyond refined petroleum or automotive components — it has emerged as a leading exporter of software services, textiles, gems, jewellery and agricultural products, showcasing its strengths in both manufacturing and services sectors.

Thus, South Africa-India bilateral trade has vast scope for expansion to reach its full potential:

Enhancing India's potential in South Africa by using its manufacturing prowess

- Through initiatives such as 'Make in India' and 'Atmanirbhar Bharat', which focus on bolstering manufacturing and export capabilities, India possesses considerable potential for exporting a broad array of goods, including medicaments, pharmaceuticals, milled rice, diamonds, insecticides, aluminium oxide, vehicle parts, automobiles, machinery, disposable plastics, textiles and chemicals.
- Furthermore, by establishing joint ventures and other collaborative mechanisms in South Africa and Africa, India can directly contribute to enhancing manufacturing presence in these regions. This strategic involvement aims to address the current gap in South Africa and Africa's industrial sector, potentially increasing their export value to both India and the global market.

Using India's indigenous manufacturing strengths

India's journey towards becoming a self-reliant nation has been underscored by its robust indigenous manufacturing sector, which serves as the backbone of its economy. The government's ambitious initiatives, such as 'Atmanirbhar Bharat' and 'Make in India' have played pivotal roles in catalysing this transformation.

The Aatmanirbhar Bharat initiative encapsulates a wide array of measures aimed at boosting domestic production, reducing dependency on imports and fostering innovation across various sectors. By incentivising local manufacturing and promoting indigenous technologies, Atmanirbhar Bharat seeks to transform India into a global manufacturing hub. Through targeted interventions, such as financial support for startups, ease of doing business reforms and infrastructure development, Atmanirbhar Bharat is laying the groundwork for India's emergence as a formidable economic power on the world stage.

> There is immense potential for South African companies in India's Small and Medium-sized Enterprises (SME)-centric economy. What many people do not realise is that India is a SME-friendly and SME-driven economy, which presents a lot of potential for our small and medium-sized businesses.
>
> **- Muziwethu Mathema,**
> **Gauteng Growth and Development Agency**

The Production Linked Incentive (PLI) scheme links incentives to domestic production growth

Building upon the foundation laid by Atmanirbhar Bharat, the PLI scheme offers financial incentives to companies across several key sectors, based on incremental sales from products manufactured domestically. This strategic move not only encourages domestic firms to scale up production but also attracts foreign investments by providing a conducive environment for manufacturing in India.

By linking incentives with production output, the PLI scheme aims to create a virtuous cycle of growth, innovation and job creation. It underscores India's commitment to becoming a pivotal part of global supply chains, leveraging its vast market potential and skilled workforce to drive economic growth.

Sectors under the PLI Scheme are:

Mobile manufacturing and specified electronic components	Drug intermediaries & Active Pharmaceutical ingredients	Manufacturing of medical devices	Automobiles and auto components
Pharmaceuticals drugs	Specialty steel	Telecom and networking products	Electronic/Technology products
White goods (ACs and LEDs)	Food products	Textile products	High-efficiency solar PV modules
Advanced Chemistry Cell (ACC) battery	Drones and drone components		

The PLI schemes witnessed over USD18.7 billion of investments up to November 2024, which has led to a production value of USD162.8 billion and employment generation (direct & indirect) of over 1.1 million. PLI schemes have also witnessed exports surpassing USD61.8 billion[48].

> South African companies looking to set up offices in India, can benefit from the incentives under the PLI scheme and other export promotion schemes if they plan on exporting from India.
>
> **- Invest India**

[48] 'PLI scheme incentivizes domestic manufacturing, increases production, creates new jobs and boosts exports', PIB, 22 March 2025

Essentials for foreign investors venturing into India and South Africa

As India and South Africa solidify their positions as premier destinations for foreign investments, addressing critical factors is crucial to bolster the investment climate. Regulatory adjustments, streamlined tariffs, improved infrastructure and logistics, simplified policy landscapes, reduced bureaucratic barriers and enhanced mechanisms for contract enforcement are key elements that, when effectively addressed, can significantly enhance the investment environment. It is imperative that investors thoroughly evaluate and integrate these factors into their investment strategies to maximise growth potential from these global investment hubs. Careful assessment of various elements is necessary to avoid prolonged approval processes and ensure seamless implementation of investments.

Exploring horizons for South African investments in India

In terms of bilateral trade with emerging economies such as India, Gauteng Growth and Development Agency (GGDA's) role is particularly critical. Established in 2012, the GGDA is instrumental in propelling economic advancement in the Gauteng province of South Africa. It identifies investment opportunities in India for South African companies, strengthening economic ties between the two countries and contributing to the diversification of South Africa's export markets.

Bridging the knowledge gap

Through initiatives that improve access to information about investment prospects in India, GGDA equips South African businesses to venture with confidence into India.

It essentially acts as a bridge between South African businesses and global opportunities, shaping Gauteng's economic landscape and enhancing its international standing.

The GGDA underscored the potential for South African companies to delve deeper into Indian investment opportunities, given improved access to necessary information about these prospects and the respective business environment. This could encourage them to venture into India with more confidence.

.

> From the India perspective, the key challenge for the South African players is the lack of information on the Indian market which is the role that either the Indian foreign ministry, Indian trade ministry or Invest India might need to prioritise for South Africa as a market to ensure that there is sufficient information to understand the opportunities which the India market presents. The Indian market is a complex plural market with 1.4 billion people such that experiences in different parts of the country are totally different, as are the opportunities, hence there is a need to provide more information pertaining to the Indian sub-continent and what it has to offer.
>
> **— Muziwethu Mathema, Gauteng Growth and Development Agency**

The GGDA also suggested that this could be facilitated through India's investment promotion agencies based in South Africa, as they could make relevant information more easily accessible to South African companies.

Below are some key investment promotion agencies in India that could potentially assist South African companies:

Invest India: This is India's national investment promotion agency, established by the Government of India to attract and retain investments. It provides information on investment opportunities across various sectors and offers support to foreign investors.

State Investment Promotion Agencies: Each Indian state has its investment promotion agency, such as Gujarat Industrial Development Corporation (GIDC) for Gujarat, Maharashtra Industrial Development Corporation (MIDC) for Maharashtra, among others. These agencies provide information on investment opportunities in their respective states.

Sector-specific agencies: There are specialised agencies for different sectors like electronics (Electronics Development Council of India), pharmaceuticals (Pharmaceutical Export Promotion Council of India), textiles (Textiles Committee), etc.

Industry associations: Many industry associations in India offer investment promotion services, such as the Federation of Indian Chambers of Commerce and Industry (FICCI) and Confederation of Indian Industry (CII).

To bridge this information gap, a couple of key steps have also been undertaken by the GoI:

Invest India

Attractive investment promotion and facilitation agency of India, tasked with promoting India as a national investment destination globally. It acts as a first point of contact for potential investors, providing comprehensive support services including market entry strategies, sector-specific insights and assistance in navigating regulatory environments. It further manages some of the following portals:

- India Investment Grid (IIG) offers a comprehensive database of investment opportunities across sectors and states in India. It connects investors with project promoters, facilitating easier access to investment projects and enhancing transparency in the investment process.
- India Industrial Land Bank provides real-time information about industrial land and resources across India. It aims to simplify the process of identifying suitable locations for setting up manufacturing units, thereby reducing the time taken for investment decisions.

Startup India Hub

Part of the Startup India initiative, the Startup India Hub provides a platform for startups to exchange knowledge and forge partnerships with VCs, angel investors, incubators, mentors, among others. It supports entrepreneurs throughout their startup lifecycle and fosters innovation and entrepreneurship in India.

Further, recent initiatives in South Africa to increase awareness amongst South African entrepreneurs include:

India Entrepreneurs' Forum (IEF)

Launched on 15 November 2023, the IEF was conceived to assist South African small and mid-sized businesses with capacity building. The IEF currently consists of small-to-medium sized India-facing businesses from sectors such as Food and Beverages; Construction and Design; Manufacturing; Legal; Accounting and Tax; Medical; Retail; Consulting; Engineering; Cosmetics; IT, tourism, auto parts and more[49].

India-South Africa Investment Network (ISAIN)

The India-South Africa Investment Network (ISAIN) was launched on 6 August 2024 to bring the India-South Africa bilateral investment ecosystem closer. The Network aims to facilitate connections between Indian and South African businesses, investors, corporate law firms, pension and other such sectoral funds, private equity (PE) and venture capital (VC) funds, family offices etc. The initiative is expected to foster mutual investment opportunities; facilitate business matchmaking and partnerships; share knowledge and expertise and enhancing overall economic cooperation and collaboration.

South African insurance firm, Sanlam, has achieved notable success in its foray into the Indian market. The organisation attributed this accomplishment largely to their strategic alliance with a fitting local counterpart, the Shriram Group. This collaboration resulted in the establishment of two joint ventures: Shriram Life Insurance Corporation (SLIC) and Shriram General Insurance Corporation (SGIC). Furthermore, Sanlam maintains a minority shareholding in the lending and life insurance enterprise, Shriram Finance Limited (SFL)[50].

> India can prioritise organising investment awareness events to inform South African companies about the existing schemes and polices available for specific focus sectors.
>
> **- Invest India**

[49] 'India Entrepreneurs' Forum', Consulate General of India, accessed in August 2024

[50] 'Media Releases', Sanlam company website, accessed in May 2025

Simplifying the investment process:

The Indian government has made considerable advancements in cultivating a more welcoming investment environment through policy enhancements, digital transformation and targeted initiatives.

In order to simplify the investment process, the Government of India has undertaken several initiatives such as the 'Business Reform Action Plan' which aims to streamline processes across states. Additionally, the government has launched the National Single Window Portal, an integrated platform designed to provide information on all regulatory requirements and facilitate clearances from all connected agencies without the investor needing to physically interface with these agencies[51].

India's National Single Window System portal (NSWS), designed to simplify the investment process, serves as a unified platform for investors to apply for various permissions needed to operate a business in India. The system's growth epitomises the government's dedication to improving the ease of doing business in the country.

The impact of the NSWS is demonstrated by the number of approved projects and the increase in facilitated investments. Currently, the ministries under the Central government approved **670** projects, with the Ministry of Commerce and Industry facilitating the highest number of approvals at **160**.

As of May 2025, the state governments in India approved a total of 6,880 approvals through the NSWS portal.

Capitalising on India's liberalised FDI regime:

In recent years, India has emerged as a significant global player, attracting substantial foreign investments through its liberalised FDI policies. By easing restrictions and simplifying procedures for foreign investors, India has not only boosted its own economic growth but also fostered stronger bilateral ties with countries such as South Africa.

India's strategic approach to attracting FDI encompasses a broad spectrum of sectors. Some of the key sectors and their permitted FDI allocation[52]:

For more information on FDI approval requirements for all sectors, please visit the website (Link).

[51] NSWS Website, accessed on 12 May 2025

[52] 'Foreign Direct Investment (FDI) in India: Inflows in 2023 and last 10 years', Forbes India, 9 November 2023

Automatic approvals

Sector	Per cent of FDI permitted	Sector	Per cent of FDI permitted
Insurance[53]	100%	Power exchanges	49%
Agriculture & animal husbandry	100%	Construction development	100%
Plantation sector	100%	Industrial parks	100%
Mining	100%	E-commerce activities	100%
Petroleum & natural gas refining	100%	Biotechnology	100%
Broadcasting teleports	100%	Food processing	100%
Civil aviation- Airports	100%	Ports and shipping	100%
Railways	100%	Textiles and garments	100%
Financial services' activities are regulated by RBI, SEBI, IRDAI, other regulator	100%	Tourism and hospitality	100%
Pharmaceuticals (Greenfield)	100%	Telecom	100%
Single brand retail trading[54]	100%		

Government approvals

Sector	Per cent of FDI permitted	Sector	Per cent of FDI permitted
Banking- Public	20%	Pharmaceuticals (Brownfield)	100%
Banking- Private	74%	Satellites	100%
Defence manufacturing	100%	Private security agencies	74%
Broadcasting content services[55]	74%	Multi-brand retail trading	51%
Print media, dealing with news	26%		
Civil aviation- Air transport services	100%		

[53] 'FDI limit for insurance sector raised from 74 to 100 per cent', PIB, 1 February 2025
[54] 'Guidelines for Single Brand Retail Trade', PIB, 24 July 2019
[55] 'Revised recommendations of TRAI to the MIB', TRAI, as accessed on 30 April 2025

Automatic till a limit and then government approvals

Sector	Per cent of FDI permitted	Approval requirement
Banking- Private	74%	Automatic up to 49%, above 49–74% under the government route
Defence manufacturing[56]	100%	Automatic up to 74%, above 74% under the government route
Civil aviation- Air transport services	100%	Automatic up to 49%, above 49% under government route
Pharmaceuticals (Brownfield)	100%	Automatic up to 74%, above 74% under government
Private security agencies[57]	74%	Automatic up to 49%, above 49%–74% under government
Satellites[58]	100%	Automatic up to 74%, above 74% under government
Broadcasting content services	74%	Automatic up to 49%, above 49%–74% under government

[56] 'India offers a transparent, predictable and comprehensive FDI Policy Framework for investments', PIB, 11 February 2025
[57] 'Data of FDI proposals in the Sector of Private Security Agencies', Ministry of Home Affairs, 01 November 2017
[58] 'Parliament Question: Foreign Direct Investment in the Space Sector', PIB, 12 March 2025

Investment summits/Events

Moreover, state-level investment summits in India have become significant platforms for attracting both domestic and international investments. These summits showcase the unique opportunities, policies and incentives individual states offer to boost their economies and create employment opportunities. Some notable summits are as follows[59,60]:

Vibrant Gujarat Global Summit

The Vibrant Gujarat Global Summit is a biennial investors' summit organised by the Government of Gujarat since 2003. It aims to promote Gujarat as an attractive investment destination and facilitate partnerships across sectors.

Uttar Pradesh Global Investors Summit

The Uttar Pradesh Global Investors Summit (UPGIS) is the flagship investment summit of the Government of Uttar Pradesh. The 2023 edition attracted preliminary investment commitments of over USD117.4 billion through 14,000 projects.

Bengal Global Business Summit

The Bengal Global Business Summit (BGBS) 2025 yielded investment proposals totaling to an aggregate of USD51.7 billion.

Key sectors in which MoU's have been signed, with investment proposals received, include advanced manufacturing and industries, health infrastructure, fisheries and blue economy, defence, tourism, among others.

Navigating India's regulatory landscape

South African companies exploring investment opportunities in India must understand India's diverse regulatory landscape.

India's regulatory landscape exhibits a three-tiered hierarchical structure, comprising central, state and local governance levels, complemented by sector-specific regulations. This multifaceted framework presents both challenges and opportunities for foreign investors, allowing them to adapt their entry strategies to suit specific regional markets or adopt a country-wide approach. The considerable variability across states and sectors necessitates a strategic and meticulous investment strategy, demanding a profound comprehension of local regulations.

This complexity encourages investors to engage proactively with local stakeholders and policymakers, potentially yielding customised solutions and partnerships. Such interactions can significantly enhance operational efficiency and market penetration, ultimately contributing to the success of foreign entities operating in India's diverse regulatory environment.

[59] 'UP Global Investors Summit 2023', About the event, Government of Uttar Pradesh, accessed on 13 May 2025

[60] 'Bengal Global Business Summit 2025 overview', Bengal Global Business Summit, accessed on 13 May 2025

Some of the key indicative Indian regulations*

- **The Trade Unions Act, 1926:** The Act regulates trade unions, granting workers the right to form and join them. It outlines the protections and privileges of registered unions. The 2001 amendment requires a minimum of 10.0 per cent or 100 members (whichever is lower) for a union's registration and maintenance[61].
- **The Industrial Disputes Act, 1947**: This Act settles industrial disputes and regulates layoffs and retrenchment procedures. It also introduced a worker grievance mechanism in 2010[62].
- **The Employees' State Insurance Act, 1948**: This Act aims to provide financial and medical benefits to employees during sickness and maternity and monthly payments in case of death or disablement[63].
- **The Factories Act, 1948**: The Act regulates factory working conditions and worker welfare and controls the employment of women and children, working hours and leave policies[64].
- **The Minimum Wages Act, 1948**: The Act sets minimum wages for various industries and occupations, regulates wage payment and permits states to determine sector-specific minimum wages[65].
- **The Employees' Provident Fund and Miscellaneous Provisions Act, 1952**: It provides for the establishment of a provident fund, a pension fund and an insurance scheme for workers. Employers and employees are mandated to contribute towards this scheme[66].
- **The Maternity Benefit Act, 2017**: The Act governs maternity benefits such as paid leave, healthcare and nursing breaks for pregnant and lactating workers. In 2017, it was amended to extend paid maternity leave from 12 to 26 weeks[67].
- **The Income Tax Act 1961:** The Income Tax Act 1961 is India's primary legislation governing personal and corporate income tax. The Act applies to income earned in the previous year, with progressive tax rates based on income slabs. It allows for various deductions and exemptions to reduce tax liabilities. The Central Government oversees tax administration and collection through the Income Tax Department. Effective from April 2026, the Income Tax Bill 2025 will be introduced, aiming to make tax rules simpler and remove redundant laws. It expands definitions (for instance, covers digital assets), consolidates deductions and focuses on digital compliance[68].
- **The Equal Remuneration Act, 1976**: It provides for the payment of equal remuneration to men and women workers for the same work or work of a similar nature[69].
- **The Child Labour (Prohibition and Regulation) Act, 2016**: The Act as amended in 2016, prohibits the employment of children less than 14 years of age across all types of employment and the employment of adolescents in hazardous occupations and processes[70].
- **The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2024:** It prohibits sexual harassment of women at the workplace and provides a mechanism for redressal of such complaints.
- **The Companies Act 2013:** The Companies Act 2013 is India's primary legislation governing companies, replacing the earlier Act of 1956. It introduced new company forms, enhanced flexibility in shareholding structures and mandated appointments of independent directors for public companies. The act also introduced corporate social responsibility obligations for certain companies and established the National Company Law Tribunal (NCLT). It simplified merger and acquisition procedures and enhanced disclosure requirements. These reforms aimed to modernise corporate governance, enhance accountability and promote sustainable business practices in India's corporate sector[71].

*Note: This list of regulations is an indicative list and not exhaustive. Please take professional advice in evaluating legal landscape and its implications

[61] 'Acts administered by the IR/PL Section 186', Ministry of Labour and Employment

[62] 'The Industrial Disputes (AMENDMENT) Bill, 2010 passed by the Rajya Sabha', Ministry of Labour and Employment

[63] 'General Overview', Ministry of Labour and Employment

[64] 'The Factories Act, 1948', Ministry of Labour and Employment

[65] 'The Minimum Wages Act, (15 Mar 1948)', Ministry of Labour and Employment, 17 March 2023

[66] 'The Employees' Provident Fund and Miscellaneous Provisions Act, 1952', Ministry of Labour and Employment

[67] 'Maternity Benefit (Amendment) Act, 2017', PIB, 13 February 2023

[68] 'Income-tax Bill, 2025, tabled in Parliament today towards achieving comprehensive simplification of the Income-tax Act, 1961', PiB, 13 February 2025

[69] 'The Equal Remuneration Act, 1976', Ministry of Labour and Employment

[70] 'About Child Labour', Ministry of Labour and Employment

[71] 'The Companies Act 2013', Ministry of Corporate Affairs

To further facilitate the ease of doing business and streamline the various labour regulations across the country, the Indian government has consolidated 29 central labour laws (out of the 44 existing central laws) into four labour codes.

These codes, collectively known as the 'Labour Codes,' include the Code on Wages, 2019; Code on Social Security, 2020; Industrial Relations Code, 2020 and Occupational Safety, Health and Working Conditions Code, 2020.

India's diverse markets: Tackling diversity to unlock regional strengths

The expansive Indian market comprising 28 states, with their unique characteristics, offers a tremendous potential for business growth juxtaposed with intricate diversities in size, culture, talent and infrastructure.

Cultural nuances, while adding to the complexity of the proposition, add depth and richness to the Indian market – six major religions, 22 official languages and hundreds of dialects[72].

The diversified Indian market offers opportunities for businesses willing to embrace these cultural and regional variabilities to provide a unique advantage for businesses to connect more deeply with consumers, tailoring their products and services to resonate with local values and lifestyles. This cultural sensitivity not only enhances customer satisfaction but also builds stronger, more enduring relationships with customers.

This, therefore, also necessitates that any international investor wanting to meaningfully capture the growth opportunity must diligently evaluate and execute their national, regional or local entry strategy and investment proposition, given the myriads of operating landscapes.

Exploring South Africa's investment frontiers to unleash potential for Indian investors

South Africa provides an exciting destination for Indian investors and businesses. With focused development of advanced Information and Communications Technology (ICT) and financial services sectors, a strong capital market, high-quality tertiary education, abundant natural resources, an accessible legal framework and targeted programmes aimed at boosting investment, it is solidifying its position as the top destination for investments in sub–Saharan Africa.

Even with these achievements, some areas can be further enhanced to unlock the full potential of South Africa as a leading investment destination. Initiatives to streamline bureaucracy, boost economic growth, tackle infrastructure and logistics challenges and guarantee a dependable electricity supply are currently in progress, offering promising opportunities for potential investors.

Below are some key investment promotion agencies in South Africa that could potentially assist Indian companies. These agencies' primary aim is to improve South Africa's business environment:

Invest South Africa (InvestSA): This is the country's primary investment promotion agency which operates under the Department of Trade Industry and Competition (dtic). InvestSA provides information, facilitates business establishment in South Africa and advocates for creating an attractive investment destination for investors looking to operate within the country. Staffed with a team of dedicated professionals, InvestSA plays a vital role in attracting investment into, as well as retaining investment in South Africa[73].

The Department of Trade Industry and Competition (dtic): The dtic plays a vital role in the promotion of economic development and participation in global economic activity and trade. To accomplish this, the dtic is working to build an equitable multilateral trading system which facilitates development and strengthens trade and investment links with key economies. The dtic also engages the international community to support Africa's regional integration and development cooperation. It

[72] 'Indian languages', Ministry of Education, accessed in August 2024

[73] 'About InvestSA', InvestSA website

also collaborates with the provincial investment promotion agencies to attract foreign direct investment and export support[74].

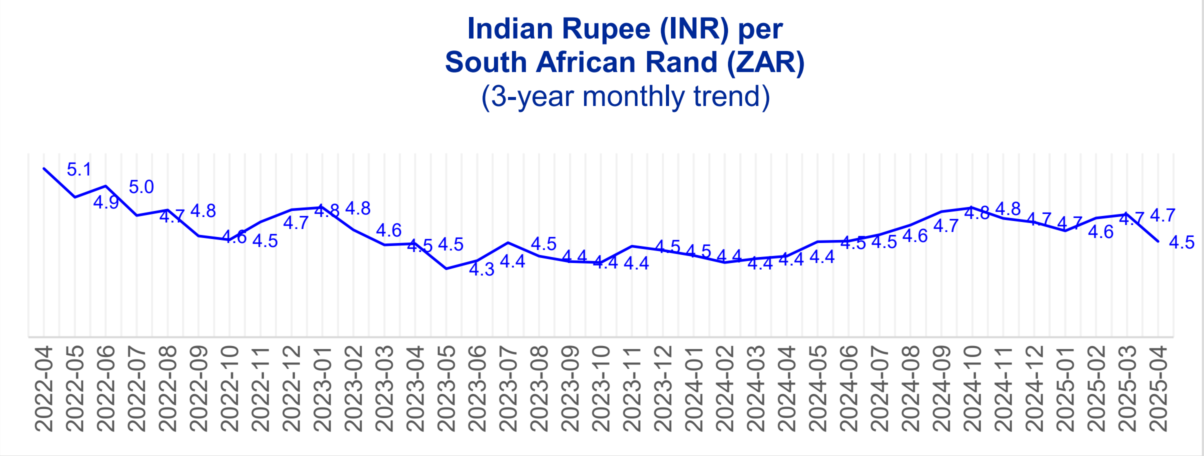
Provincial Investment Promotion Agencies (PIPAs): Each of South Africa's nine provinces has its own investment promotion agency (IPA). This includes the GGDA which was also engaged during this market study. These PIPAs work in close collaboration with the InvestSA and the dtic to promote investment opportunities across different sectors[75].

Investment and Infrastructure Office (IIO): The IIO is located within the Presidency and was established to facilitate investment inflows and oversee infrastructure development which is critical for South Africa's economic growth. The IIO works in close collaboration with the InvestSA to devise and improve strategies to attract and coordinate investment inflows into the country[76].

Opportunities and advantages of investing in South Africa

1. Transforming exchange rate risks into opportunities

The South African Rand's high sensitivity to global economic shifts, commodity prices, particularly gold and platinum and investor sentiment towards emerging markets has translated to exchange volatility not only against the U.S. Dollar but also the Indian Rupee as illustrated in the chart below[77].



The depreciation of the South African Rand against the Indian Rupee presents an advantageous scenario for Indian investors looking to diversify their portfolios internationally. This situation not only increases the purchasing power of Indian investors but also opens up avenues for potentially higher returns on investments. As the cost of entry decreases due to currency fluctuations, Indian investors can allocate more capital towards South African investments, thereby potentially benefiting from economic growth or recovery in South Africa.

Moreover, if the Rand appreciates against the Indian Rupee in the future, Indian investors could see significant gains not just from the performance of their investments but also from favourable currency exchange rates upon repatriation of profits.

Importers and exporters can look to refine their approaches to managing exchange rate fluctuations, thereby improving their operational efficiency and financial stability.

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[74] 'Sectors and Service', Investment Promotion, dtic website
[75] 'Sectors and Service', Investment Promotion, dtic website
[76] 'About InvestSA, Investment and Infrastructure Office', InvestSA website
[77] 'Selected Historic Rates, India: Rupee per Rand', South African Reserve Bank website accessed 12 May 2025

> The rand is a volatile currency; it is highly volatile compared to the dollar (used to pay for imports) so one has to then hedge in dollars to protect against rand fluctuation.
>
> **- Rajesh Gupta,**
> **CEO Mahindra South Africa**

2. Economic transformation: Building the MSME sector

South Africa's economy is facing hurdles such as high unemployment rates, sluggish GDP growth, heavy dependence on commodity exports, low investment volumes, inconsistent electricity supply and policy unpredictability, to transform and grow. To mitigate this, establishing a consistent and stable policy environment is essential to encourage increased investment from the private sector.

The current situation in South Africa highlights the need for an economic structure that fosters the growth of SMEs, recognising their vital role in job creation, akin to the situation in India.

> The Government of India is now encouraging MSMEs, so there is an MSME policy and we also have companies which we apprise on all the incentives available and if it is an investment which falls under MSME, then we also guide them on all the incentives available under the MSME and their benefits. There are also several supporting schemes such as the Raising and Accelerating MSME Performance (RAMP) programme.
>
> **- Invest India**

The establishment of the Ministry of Small Business Development in 2014 signalled a turning point in the history of Small, Medium and Micro Enterprises (SMMEs) and cooperatives development in South Africa reflecting the government's commitment to putting these organisations at the forefront of job creation and economic growth. The President's May 2014 announcement regarding the reorganisation of certain national departments led to the subsequent establishment of the Department of Small Business Development (DSBD) as a stand-alone national department.

The DSBD also initiated the South African SMMEs and co-operatives Funding Policy with a focus on unserved and underserved areas such as townships and rural areas. Additionally, the policy seeks to address the challenges of financial literacy among small businesses in both the formal and informal sectors by promoting financial education and advocating for a compliance-light environment for small enterprises[78].

The South African government also has other specialised organisations and agencies to support small businesses, of which the key entities include[79]:

Industrial Development Corporation (IDC): Established through the Industrial Development Corporation Act, 22 of 1940, the IDC is a key implementing agency of South Africa's industrial policy. The IDC seeks out sector development opportunities that are aligned with industrial policy objectives[80]. By providing credit lines to Non-Bank Intermediaries (NBIs), the IDC aims to increase the amount of funding available to Black-owned SMMEs. It intends to help them overcome their funding challenges and support economic growth by creating jobs through industrialisation. The IDC provided credit lines to qualifying NBIs for a total of

[78] Department of Small Business Development website
[79] 'Small Business Development', South African government website
[80] Industrial Development Corporation website

USD161.7 million (ZAR3.0 billion) during the fiscal year that ended in March 2024[81].

Small Enterprise Development and Finance Agency (SEDFA): A merger between the Small Enterprise Finance Agency (Sefa), Small Enterprise Development Agency (Seda) and Co-operative Banks Development Agency (CBDA). SEDFA was formally launched on 1 October 2024 as a developmental finance institution under the Department of Small Business Development (DSBD) to support the growth of small businesses.

National Empowerment Fund (NEF): The NEF is a driving force and thought leader in advancing and facilitating black economic involvement through supporting black-owned and operated businesses financially and non-financially and by encouraging black individuals to save and invest. Both financial and non-financial support are provided by the NEF to fulfil its mandate. The five funds that compose financial support are the uMnotho, iMbewu, Rural and Community Development, Strategic Projects and Women Empowerment Funds. These funds are used to provide creative financing products to black-empowered firms. The services included in the non-financial support offered are asset management, turnaround, workouts and restructures; pre- and post-investment support; and socioeconomic development[82].

National Youth Services Programme: The National Youth Service Programme engages South African young in community service activities to increase service delivery, build patriotism, promote nation-building, foster social cohesion and to allow the youth to gain occupational skills necessary to obtain sustainable economic prospects. The National Youth Service, the biggest service programme for youth in the nation, receives secretarial support from the National Youth Development Agency (NYDA). The Flemish Government and the NYDA have a long-standing cooperation in the area of youth development. Launched in 2012, the collaboration between the NYDA and the Flemish Government aims to increase and promote youth volunteering in civil society organisations. A five-year framework for the years 2015–20 was developed, with a focus on building capacity, generating knowledge, marketing and communication, lobbying and advocacy[83].

South African Women in Construction (SAWIC): The SAWIC initiative, affiliated with the International Professional Association for women in Construction National Association of Women in Construction (NAWIC), was established to help women in the construction industry gain access to contracts, training, finance and business networks[84].

3. Navigating the regulatory landscape

South Africa has a multi-tiered regulatory landscape encompassing a wide array of laws governing labour, taxation, environmental protection, health & safety and industry-specific regulations complemented by regulations for black empowerment and employment equity.

For global corporations, adhering to these regulations not only facilitates a smoother market entry but also sets a foundation for sustainable operations. This necessitates a careful examination of what and how to comply with the several labour market regulations and employment practices that include*:

Note: *(Disclaimer: Please note that this report is for general informational purposes only and should not be considered as professional advice or a substitute for thorough legal diligence. Readers are strongly advised to conduct their comprehensive research regarding any matters discussed in this report. Readers assume full responsibility for any actions taken based on this content)

[81] 'IDC credit line offering to non-bank intermediaries', IDC, accessed on 12 May 2025

[82] 'National Empowerment Fund (NEF)', National Government of South Africa website

[83] 'National Youth Service Programme', National Youth Development Agency website

[84] 'About Us', South African Women in Construction and Built Environment website

The Immigration Act: This legislation outlines the process for obtaining a work visa, which includes an undertaking by the employer, a police clearance certificate and a letter from the Department of Labour confirming that the job offer meets the relevant criteria.

Employment Equity Act (EEA) of 1998: The EEA mandates workplace equality, prohibits discrimination and encourages diversity through affirmative measures. It permits union activities and strikes for employees and supports employers' organisations as well. Indian firms must adhere to this act for fair and inclusive employment.

The amendment to the EEA, came into effect on 01 January 2025. These amendments aimed at eliminating the annual turnover/income threshold requirement for 'designated employers. The revised definition of designated employer will only require employing 50 or more staff, regardless of annual turnover.

Occupational Health and Safety Act 85 of 1993 (OHSA): The OHSA establishes health and safety standards for workplaces to protect employees, particularly in relation to the safe use of equipment. It also permits an advisory council for occupational health and safety.

Basic Conditions of Employment Act of 1997 (BCEA): The BCEA outlines basic employment standards such as work hours, leave, minimum pay and termination processes. It was updated in 2018 to remove sector-specific rules and offer daily wages to specific workers.

Labour Relations Act (LRA): The South African LRA regulates employer-employee relations, which include union activities, collective bargaining, dispute resolution and unfair labour practice prevention. Its 2018 amendment enhanced fair labour practices, dispute resolution and employee rights.

Minimum Wage Act: On 1 March 2024, South Africa raised its national minimum wage by about 8.5 per cent, from USD1.4 (ZAR25.4) to USD1.5 (ZAR27.6) per hour worked.
This increased wage is applicable to vulnerable sectors such as farm and domestic workers.

B-BBEE Regulation: Broad-Based Black Economic Empowerment Regulations (B-BBEE) in South Africa, are designed to empower historically disadvantaged individuals by requiring companies to meet certain thresholds of black ownership and management control. This supports the broader economic objectives of South Africa and provides a clear framework for foreign companies to navigate and succeed in the market.

While initially B-BBEE regulations were seen as cumbersome, they serve as a catalyst for foreign investors to engage more deeply with the South African economy.

As part of the Government of South Africa's endeavour to bring greater clarity, the Department of Trade, Industry and Competition introduced the Equity Equivalence Investment Programme (EEIP), which represents a significant step forward in addressing the concerns encountered by foreign enterprises in adhering to the rigorous B-BBEE standards. This programme allows multinational or foreign-owned companies to demonstrate alternative methods of achieving B-BBEE ownership and management requirements, facilitating their participation in the South African economy.

To further streamline the regulatory landscape and enhance investment attractiveness, a Red Tape Reduction (RTR) task team[85] has been established in the Presidency. The team aims to simplify overly complex rules, regulations, procedures and processes. Collaborating with government departments, the private sector and community organisations, the RTR endeavours to create a more conducive environment for foreign investments to flourish in South Africa.

[85] 'Red Tape Reduction Task Team in the Presidency', Parliamentary Monitoring Group, 16 November 2022

4. Leveraging labour relations: Broadening foreign investments in South Africa

Labour relations issues in South Africa have traditionally been viewed as challenges. Cognizant of the same, the government, through the DTIC, actively supports foreign investors by assisting through the Trade Investment South Africa (TISA)[86] division.

This support includes:

- Publishing the Investor's Handbook and offering investment support through One Stop Shops across the country, highlighting the government's commitment to facilitating foreign investment.
- Moreover, progressive government procurement policies are being enforced, offering opportunities for historically disadvantaged South Africans.

Foreign investors can leverage these resources to better understand and navigate the labour landscape, identifying opportunities for collaboration with local labour unions and the application of fair labour practices.

5. Streamlining immigration: South Africa's trusted employer scheme revolutionises work permit processing

Through the innovative Trusted Employer Scheme, launched in October 2023, South Africa is revolutionising work permit processing. This pilot programme reduces processing times from 22 weeks to just 20 days, significantly streamlining the immigration process for foreign investors and talent. This initiative reflects the South African government's recognition of the importance of foreign investment in boosting the economy and creating jobs.

The planned reduction in work permit processing times for larger companies, as reported by Bloomberg[87], indicates a positive move towards streamlining the immigration process.

6. Driving infrastructure and logistics growth: Enhancing the country's global impact

South Africa is experiencing significant growth in its infrastructure and technology sectors, attracting foreign investors. The government is focusing on developing critical areas such as power, water, transport and digital infrastructure. Initiatives include smart city development, addressing transportation bottlenecks and modernising telecommunications networks. While challenges persist, the country is making progress in implementing innovative solutions, positioning itself as a hub for infrastructure development and economic growth. The South African government has taken a slew of measures to remedy these infrastructure issues:

[86] '2023 Investment Climate Statements: South Africa', U.S. Department of State, 26 July 2023
[87] 'South Africa Plans to Slash Time Taken to Issue Work Permits', Bloomberg, 27 February 2024

In March 2023, the Minister of Electricity was assigned with the responsibility of leading the National Energy Crisis Committee. This committee's mandate includes:

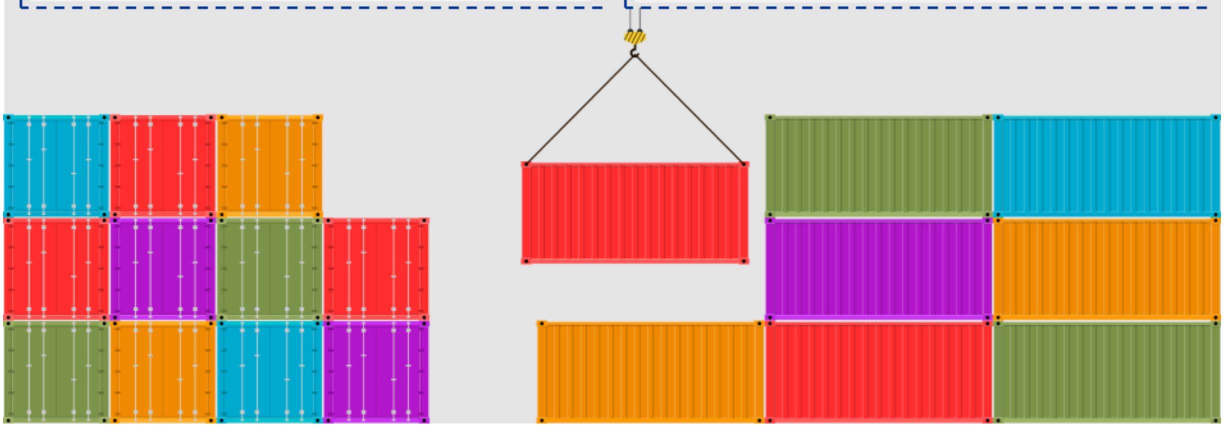
- Addressing Eskom's issues, along with exploring a more comprehensive spectrum of solutions to tackle the country's power supply difficulties.
- These initiatives encompass the Just Energy Transition Programme (JETP) which is intended to augment the contribution of renewable energy to the country's energy mix, amongst other objectives.

Additionally, there has been an enhancement in the reliability of certain generation units, which have been synchronised to the grid in the greenfield coal-fired power plants of Medupi situated in the Limpopo Province and Kusile situated in the Mpumalanga Province.

The country's utility, Eskom, also won an appeal to the National Energy Regulator of South Africa (NERSA) to keep its five oldest power plants Hendrina, Grootvlei, Arnot, Camden and Kriel, which account for a quarter of the country's coal generation capacity, open until 2030.

The government is working on reducing waiting times for water-use licences, simplifying the process for businesses needing access to essential resources.

Improvements in port and rail infrastructure efficiency are also underway, indicating streamlined supply chain management and transportation, thus positioning South Africa as a more efficient logistics hub.



The auction of broadband spectrum, aimed at upgrading the country's digital connectivity was also completed in 2022.

The South African government intends to link 1.7 million homes to high-speed internet. This initiative will necessitate infrastructural enhancement for associated Internet Service Providers (ISPs) to provide chargeable internet services. This aligns with the 2020 job creation initiative, wherein the primary phase of the scheme had set aside USD18.2 million to expand high-speed connectivity, especially in low-income neighbourhoods.

These developments underscore South Africa's strategic efforts to modernise its infrastructure and logistics capabilities, making it a more competitive destination for FDI thereby leading to accelerated manufacturing growth.

7. South Africa addresses labour gaps through targeted upskilling

South Africa is addressing its labour shortage to attract more foreign investors through initiatives such as the Youth Employment Service (YES)[88]. This collaborative effort between the private sector and the government aims to tackle the high youth unemployment rate.

One of the key initiatives, the National Skills Fund (NSF), led by South Africa's Department of Higher Education and Training, aims to develop skills for priority occupations. With a target of training 35,000 learners annually over five years, the fund focuses on rural skills development, SMMEs, community-based training, worker education and expanding the Further Education and Training (FET) system. It targets beneficiaries primarily through the public further education and training system. The NSF expects to improve employment prospects, expand the Post-School Education and Training (PSET) system and address poverty, inequality and unemployment.

With a focus on priority occupations identified based on national development strategies, the fund aims to build linkages and address skill shortages. Annual reporting provides detailed breakdowns of funded learners and occupations, which supports learning programmes that respond to the needs of specific sectors or sub-sectors identified in the Sector Skills Plans, developed by Sector Education and Training Authorities (SETAs). The NSF allocates funds to various skills development projects, including learnerships, internships and bursaries for students studying critical skills areas.

8. Securing the future: Measures to combat crime and corruption to boost businesses and attract investors

South Africa is actively working to reduce the current crime rate to attract more foreign investors. A major part of this effort is the implementation of the National Anti-Corruption Strategy[89], which aims to strengthen institutions and systems against corruption, a major underlying factor in crime rates. This strategy involves enhancing transparency, accountability and integrity across public institutions, which is crucial to establish a secure business environment.

Specialised Commercial Crime Courts in South Africa are integral to the country’s efforts to combat financial crimes, including fraud and money laundering, by expediting the prosecution process. These courts are specifically designed to handle complex cases related to commercial crimes, aiming to deter potential criminals from targeting businesses and investors.

Furthermore, the government focuses on community-based policing and crime prevention initiatives, such as the National Safer City Programme. This programme emphasises collaboration between law enforcement agencies and communities to identify and address crime hotspots, thereby enhancing safety and security. The programme has achieved significant milestones, including the establishment of a Safer Cities coordinating unit, conducting a local security diagnosis and developing a safety and crime prevention strategy.

Key components of the Safer Cities Programme include effective policing, targeted social crime prevention and crime prevention through environmental design (CPTED). A Safer Cities steering committee, composed of city councillors, public officials, representatives from the South African Police Services and Business Against Crime members, guides the project development.

[88] ‘Enabling Quality Work Experiences For YOU(Th)’, Youth Employment Service

[89] ‘Format of The National Anti-Corruption Strategy’, National Anti-Corruption Strategy

South Africa, despite facing economic challenges such as high unemployment and sluggish GDP growth, offers a unique investment proposition for Indian investors. The country's efforts to establish a consistent policy environment and address infrastructure bottlenecks indicate a proactive approach towards creating a conducive investment climate.

The Broad-Based Black Economic Empowerment Regulations, far from being a hurdle, offer a structured framework for foreign companies to contribute meaningfully to South Africa's economic transformation while ensuring compliance with local empowerment objectives.

Furthermore, initiatives including the Youth Employment Service and the National Anti-Corruption Strategy reflect South Africa's commitment to addressing critical issues such as youth unemployment and corruption, thereby enhancing the country's appeal as a secure and attractive destination for foreign investment. For Indian investors, South Africa represents a promising frontier with significant potential for mutually beneficial partnerships and growth opportunities.

On the other hand, India's emergence as a significant global player presents a compelling case for South African investors looking to diversify their portfolios and tap into one of the fastest-growing major economies worldwide. India's liberalised FDI policies, coupled with initiatives such as "Atmanirbhar Bharat," underscore a commitment to fostering a business-friendly environment that encourages innovation and self-reliance. The country's robust manufacturing sector and ongoing improvements in transport infrastructure highlight India's readiness to facilitate seamless trade and investment flows.

> In the future, areas such as food processing (including cereals, spices and food products), pharmaceuticals, healthcare and auto components are emerging as attractive areas for expanding exports from India to South Africa.
>
> Key factors that are enabling the growth include,
>
> - Need for food security in Africa is driving the reliance on import of food products.
> - Increasing spread of diseases is creating a pressing need for pharmaceutical formulations.
> - Established market for second-hand vehicles is encouraging the demand for automotive components from India
>
> **- Invest India**

Moreover, India's focus on skill development through the Ministry of Skill Development and Entrepreneurship signals a strategic push towards creating a skilled workforce that can meet the demands of a rapidly evolving global market. These factors collectively present Indian opportunities as ripe for South African investors seeking growth and diversification in a dynamic economic landscape.

Appendix

State level business summits in India:

State	Summit	Periodicity	Key highlight
Assam	Advantage Assam - Global Investors' Summit	No specific periodicity	The summit highlights investment opportunities in the state, focusing on power, agriculture and food processing, IT & ITeS, river transport and port townships
Bihar	Bihar Business Connect	Held in 2024	The summit highlighted the state's strategic advantage across key sectors such as IT & ITES, Tourism, Energy, MSME & Startups, Labour Resources
Goa	Invest Goa 2024	Started in 2024	Aimed at fostering industrial development and collaboration, this flagship initiative by the state government is set to explore key government policies shaping Goa’s economic landscape
Gujarat	Vibrant Gujarat Global Summit	Biennial	One of the largest business summits in India, focusing on investment opportunities, partnerships and sustainable development
Haryana	Happening Haryana Global Investors Summit	Held in 2016	Showcased Haryana's manufacturing prowess, infrastructure and ease of doing business
Himachal Pradesh	Himachal Pradesh Global Investors' Meet	Held in 2019	Promotes the state's potential in sectors such as tourism, horticulture and renewable energy
Jharkhand	Momentum Jharkhand Global Investors' Summit	Held in 2017	Focuses on the state's mineral resources, manufacturing capabilities and infrastructure development
Karnataka	Invest Karnataka	Biennial	Highlights Karnataka's strengths in IT, biotechnology, aerospace and automotive sectors
Madhya Pradesh	Madhya Pradesh Global Investors Summit	Biennial	It provides investors with a holistic overview of the top sectors of Madhya Pradesh, including investible projects and opportunity landscape
Maharashtra	Magnetic Maharashtra	Was held annually till 2021	Focuses on investment opportunities, infrastructure development and ease of doing business in the state
Odisha	Make in Odisha/Utkala Invest Summit	Bi-annually	Highlights the state's strengths in sectors such as metals, minerals and downstream industries
Punjab	Progressive Punjab Investors Summit	Annual	Focuses on investment opportunities, infrastructure development and ease of doing business in the state
Rajasthan	Rising Rajasthan Global Investment Summit	Premier event in December 2024	Aims to showcase the state's potential in sectors such as tourism, textiles and renewable energy
Tamil Nadu	Tamil Nadu Global Investors Meet	No specific periodicity	Focuses on investment opportunities, infrastructure development and ease of doing business in the state
Telangana	Telangana Global Investors Summit	Premier event in December 2024	Aims to highlight the state's strengths in sectors such as IT, life sciences and aerospace
Uttar Pradesh	UP Investors Summit	Premier event held in 2023	Showcased the state's potential in sectors such as manufacturing, tourism and infrastructure
Uttarakhand	Uttarakhand Investors Summit	Premier event held in 2023	Provides opportunities for exhibitors and private and public organisations to collaborate and showcase cutting-edge technologies, innovations and future trends
West Bengal	Bengal Global Business Summit	Biennial	Highlights West Bengal's strengths in sectors such as IT, manufacturing and tourism

02

Sectors in focus

A view of sector trends and collaboration opportunities

Sector view

Automotive and auto components

India at a glance

India's automotive and auto components sector stands as a vital pillar of the nation's industrial landscape, driving innovation, export growth and employment. With a strong manufacturing base, competitive cost advantages and a rapidly growing domestic market, the sector is poised to become a global leader in both traditional and emerging technologies, including electric vehicles and sustainable mobility solutions.

Sector snapshot — India

2.3 per cent

contribution to India's GDP by the auto component sector in FY24

USD74.1 billion

current market size of the Indian auto component sector in FY24

3rd largest market

of auto components globally

USD37.5 billion

FDI equity inflow in the automobile sector between April 2000 and December 2024

USD22.0 billion

projected market size of the tyre sector by FY32

6.0-8.0 per cent

demand growth of domestic tyre industry

Source(s): 'Revolutionizing Mobility', PiB, 25 March 2025; 'Auto Components Industry in India', IBEF, February 2025; 'India's Automobile Industry: Growth & Trends', IBEF, as accessed on 5 November 2024; 'Tyre industry on a roll, driving towards doubling in size', CRISIL, 3 July 2023; 'India tyre industry', ICRA, December 2024

Overview of the Indian automotive and auto components market

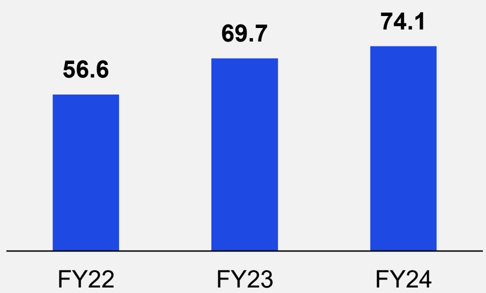
The rise of India as the fourth-largest vehicle producing market globally is driving the growth of the auto components industry, contributing 7.1 per cent to India's GDP, underscoring its increasing significance in the global automotive sector[1]. The auto components sector plays a vital role in the country's macroeconomic growth, contributing 2.3 per cent to India's GDP. It also contributes a substantial share of domestic manufacturing jobs, providing direct employment to over 1.5 million people[2]. The sector spans a diverse range of products, including engine parts, electrical components, drive transmission, steering parts, suspension and braking systems, amongst others.

Similarly, India exports tyres to **more than 170 countries**[3]. Tyre exports volumes continue to grow steadily, amid improvement in demand from key export markets such as the U.S. and Europe[4]. The tyre sector in India offers conventional radial and bias tyres, along with advanced smart, noise-reduction, puncture-proof and electric vehicle versions of tyres. The sector experiences intense competition between domestic players and Chinese tyre manufacturers. However, government's imposition of anti-dumping duty on Chinese tyre imports has helped domestic players stay competitive.

The Indian auto components market witnessed a **6.3 per cent y-o-y increase** from FY23 to FY24[5] and is expected to contribute 5.0-7.0 per cent to India's GDP by 2026[6]. Factors driving the market growth include the following:

- Sales of components to Original Equipment Manufacturers (OEMs) in the domestic market increased by 8.9 per cent y-o-y, amounting to USD62.4 billion[7].
- Growing adoption of electric vehicles (components supplied to electric vehicle manufacturing sector accounted for **6.0 per cent** of the total component production in FY24)[8].
- Government's focus on investments and policies to promote domestic production, such as production-linked incentive schemes, is anticipated to further propel the growth of the auto components sector.

India's auto components market size, FY22–24 (USD billion)



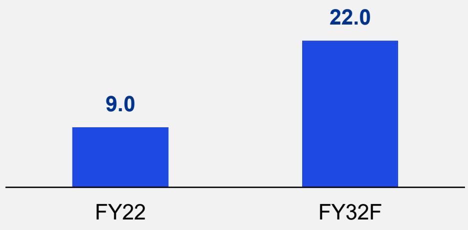
Source: 'Auto Components Industry's Performance Review', ACMA, 25 July 2024

[1] 'Automotive Industry: Powering India's Participation in Global Value Chains (GVCs)', PiB, 15 April 2025
[2] 'Revolutionizing Mobility', PiB, 25 March 2025
[3] 'Tyre industry on a roll, driving towards doubling in size', CRISIL, 3 July 2023
[4] 'India tyre industry', ICRA, December 2024
[5] 'Auto Components Industry's Performance Review', ACMA, 25 July 2024
[6] 'Auto Components Industry in India', IBEF, February 2025
[7] 'Auto Components Industry in India', IBEF, February 2025
[8] 'Indian Auto Component Industry clocks Rs. 6.14 lakh crore (USD 74.1 billion) in turnover, grows 9.8% in FY 2023-24', ACMA, 25 July 2024

Alongside, the **Indian tyres market** is poised to grow at a **CAGR of over 9.0 per cent** from FY22–32. Factors contributing to the sector growth include:

- Growing automobile demand, which also supports the demand for tyres in the replacement sector.
  - Tyre demand is also expected to rise due to increasing demand for logistics and transportation services, driven by e-commerce, infrastructure development and growing industrial activities.
- Government initiatives such as import duties on tyres, Bharat New Car Assessment Programme and Rubber Skill Development Programme, are encouraging domestic production for new tyres and reducing reliance on imported goods.
- Government's fuel efficiency standards are constantly influencing tyre market players to innovate and provide fuel-efficient tyres for Original Equipment Manufacturers (OEMs).

India's tyres market size, FY22–32 (USD billion)



Source: 'Indian tyre Industry revenue to soar to USD 22 bn by fiscal 2032: ATMA report', ATMA, 3 July 2023

Key industry clusters

India's automotive and auto components sector is characterised by a network of key clusters that drive production, innovation and exports. These clusters have developed into hubs of manufacturing excellence due to factors such as proximity to raw materials, access to skilled labour and supportive infrastructure.

India is recognised worldwide for its economical and scalable engineering. The automotive sectors in the West (Mumbai-Pune-Nasik-Aurangabad), South (Chennai-Bangalore-Hosur) and North (Delhi-Gurgaon-Faridabad), along with emerging ones in Sri City, Anantapur and Sanand, are projected to propel India's automotive and auto components industry[9].

Furthermore, with enhanced manufacturing capabilities, government initiatives such as Make in India, FAME, PLI scheme, PM E-Drive and a growing emphasis on quality and cost competitiveness, India has a great potential to increase its current stake in the global auto components value chain.

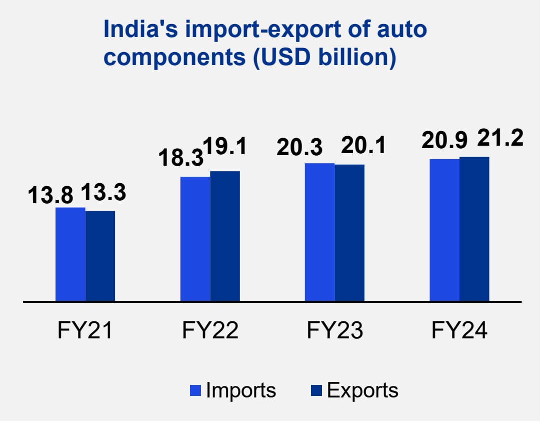
[9] 'Automotive industry: Powering India's participation in Global Value Chains', NITI Aayog, April 2025

Trade overview — import and export landscape

India has transitioned from being an **import-driven** country until FY21 to a **net exporter** of auto components in FY24. The auto component exports from India grew by **5.4 per cent y-o-y** in FY24, as a result of expansion in production capacity by several players and positive exports outlook stemming from schemes such as Production Linked Incentive (PLI) and Foreign Trade Policy (FTP). Furthermore, Europe was the major export partner of India in FY24, accounting for 33.0 per cent of exports, followed by North America and Asia, which accounted for 32.0 per cent and 24.0 per cent respectively[10].

The country's auto component imports grew by **3.0 per cent y-o-y in FY24,** with Asia accounting for 66.0 per cent, followed by Europe and North America at 26.0 per cent and 8.0 per cent respectively.

For the tyres sector, India remains a **net exporter** attributed to its robust manufacturing capacity. Indian tyre exports witnessed a surplus in exports generating USD2.7 billion in FY25[11] with the U.S. emerging as the largest market accounting for 16.1 per cent of share. Other large export destinations included Germany, Brazil, the UAE and France.



Investments within the sector

The Indian auto components sector has experienced significant growth and transformation due to strategic joint ventures with leading global companies. Some of the recent notable JVs include:

- JRG Automotive Industries and Japan's Takagi Seiko Corporation entered into a JV to manufacture automotive parts for both two-wheelers and four-wheelers in India. This collaboration includes a USD15.0 million investment and is designed to augment the quality of components through the use of cutting-edge technologies[12].
- Minda Corporation Limited entered a 50:50 JV with HSIN Chong Machinery Works Co. Ltd. (HCMF), a Taiwanese manufacturer of automotive sunroof and closure systems. The JV aims to provide cutting edge technology backed by state-of-the-art manufacturing of sunroof and closure technology products for passenger cars by localisation in India[13].
- Panasonic Group announced to form a JV with Indian Oil Corporation Ltd (IOCL) to manufacture automotive cylindrical lithium-ion batteries in India[14].

[10] 'Auto Components Industry Review', ACMA, 30 July 2024

[11] 'Monitoring Dashboard', Ministry of Commerce, as accessed on 5 November 2024

[12] 'JRG India website', as accessed on 15 May 2025

[13] 'Minda Corporation press release', 14 June 2024

[14] 'Panasonic Energy Enters Discussions with IndianOil Over Framework for Formation of Joint Venture to Manufacture Cylindrical Lithium-ion Batteries in India', Panasonic website, 01 April 2024

The auto component sector aims to invest approximately **USD6.5–7.0 billion by FY28,** a significant increase from USD3.5 billion spent in the span of FY18 to FY23[15]. The sector aims to utilise this investment for capacity expansion, technological upgrades and localisation initiatives. Some of the notable investments made by key domestic and foreign players include the following:

- In 2025, Craftsman Automation Ltd. plans to build an advanced manufacturing facility in the SIPCOT Industrial Park in Shoolagiri, Hosur. The company will invest around USD17.3 million in this expansion[16].
- In March 2024, Tata Motors Group signed a facilitation Memorandum of Understanding (MoU) with the Government of Tamil Nadu to explore setting-up of a vehicle manufacturing facility in the state. The MoU envisages an investment of USD1.1 billion over five-years[17].
- Auto components maker Sona BLW plans to spend USD123.3 million during FY24–26 towards capacity expansion, especially in the electric vehicles business thus, increasing its share in the rapidly growing electric vehicles market[18].

Key developments by Indian firms in South Africa:

- Mahindra's South African subsidiary, Mahindra South Africa achieved the milestone of producing 20,000 Pik Up vehicles at its vehicle assembly facility in the coastal city of Durban.
  - Following this achievement, Mahindra South Africa announced to build another assembly facility in South Africa in partnership with Auto Investment Holdings Group (AIH), which is expected to be completed by June 2025[19].
- Tata Motors along with its authorised distributor, Tata Africa Holdings Limited, announced the commercial launch of its successful range of multipurpose heavy-duty trucks – Ultra T.9 and Ultra T.14, in South Africa[20].

Additionally, between April 2000 and December 2024, FDI equity inflow in the automobile sector stood at USD37.5 billion, accounting for 5.2 per cent[21] of the total FDI inflows in the country in the same timeframe. The allowance of **100.0 per cent FDI** through the automatic route for the sector will continue to provide impetus to the growth of the sector[22].

Lastly, the automotive industry, along with significant JVs and investments, has witnessed a remarkable transformation with mega **initial public offerings (IPOs)** from leading automotive giants such as Maruti Suzuki in 2003 and Hyundai Motor India in 2024. Following along the similar lines, several key players in the auto components sector have pursued IPOs, further highlighting the value and potential of the industry. Companies such as Bosch India, Motherson Sumi Systems and Bharat Forge have made significant contributions to the market cap of BSE and NSE.

[15] 'Auto component industry to invest US$ 7 billion over next five years', Ministry of External Affairs, 21 December 2023

[16] 'Craftsman Automation Ltd', press releases, as accessed on 15 May 2025

[17] 'Tata Motors Group signs MoU with Government of Tamil Nadu to set-up vehicle manufacturing facility', Tata Motors press releases, 13 March 2024

[18] 'Sona BLW plans to spend 1.1k cr to 1.2k cr capex in next 3 years', ET Auto, 1 August 2023

[19] 'Mahindra to begin new vehicle production line in South Africa', AIH Group press releases, as accessed on 15 May 2025

[20] 'Tata Motors launches its Ultra range of new-generation, smart trucks in South Africa', Tata Motors press releases, 16 February 2024

[21] 'Quarterly fact sheet', DPIIT, as accessed on 16 May 2025

[22] 'Auto Components Industry Report', IBEF, August 2024

Government initiatives and policies favouring the sector

To drive the expansion of the auto components sector, the Indian government has implemented a series of targeted initiatives and regulations. Some of these initiatives include[23,24,25]:

Promoting domestic manufacturing

The Indian government is focusing on promoting localisation in the automotive sector by addressing cost barriers, fostering economies of scale, creating employment opportunities and strengthening the supply chain for advanced automotive technology products.

In line with this strategy, the GoI launched the **Production Linked Incentive (PLI) Auto Scheme**. The scheme is designed to encourage the domestic production of advanced automotive technology products and incentivise investments within the automotive manufacturing sector. The scheme has a total budget of over **USD3.0 billion of incentives**, with a maximum cap of USD760.0 million per group company. The incentives are available upto FY28.

Developing hybrid and electric vehicle manufacturing capability

To develop electric vehicle manufacturing capabilities, the government launched the **Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) II** initiative. Under this intiative, the government has earmarked **USD1.2 billion** for the advancement of electric mobility, which also opens new growth opportunities for auto component manufacturers.

Additionally, the PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) scheme, sanctioned by the government with a budget of USD1.3 billion, came into effect from October 2024 and will continue until March 2026. Its main goal is to expedite the uptake of electric vehicles (EVs), develop charging infrastructure and foster a strong EV manufacturing ecosystem in the nation.

[23] 'India Auto Component Industry', Care Edge, March 2024

[24] 'PLI Scheme for Automobile and Auto Component Industry', Ministry of Heavy Industries, 6 July 2021

[25] 'PM E-DRIVE Scheme: Driving Towards a Greener Future', PiB, 9 October 2023

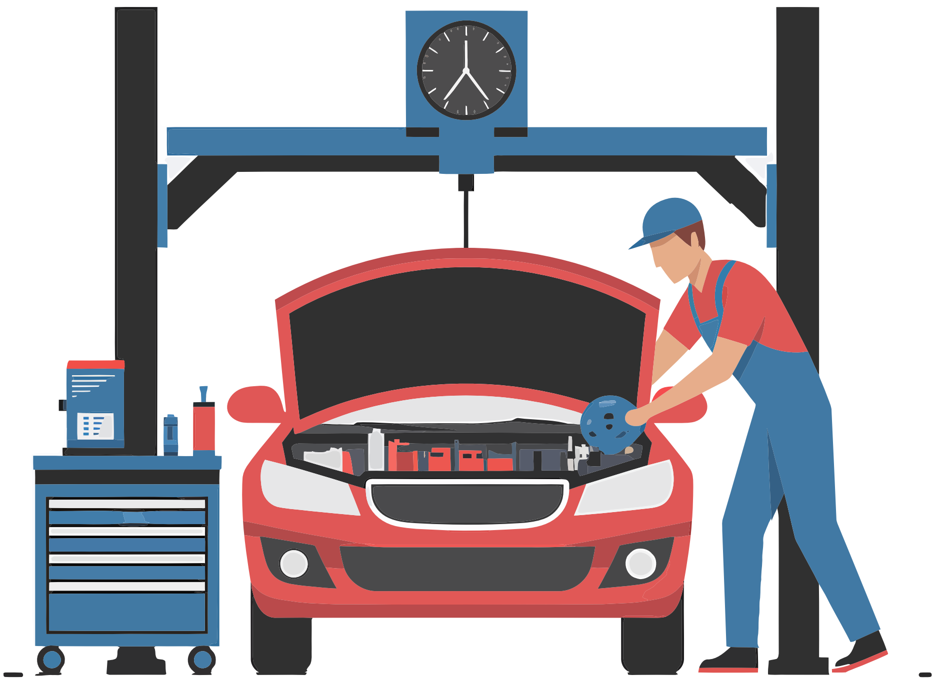
Enhancing fuel efficiency for reduction of emissions

To create demand for new vehicles, curb pollution and enhance fuel efficiency, the government initated the **Voluntary Vehicle Fleet Modernisation Programme (V-VMP).** The initiative promotes the scrappage and replacement of outdated vehicles with newer, more efficient models. The initative also aims to stimulate the market demand for auto components, especially those aimed at enhancing **engine efficiency and reducing emissions**.

To encourage the adoption of the initiative, several commercial and passenger vehicle manufacturers have consented to provide limited-time discounts against a Certificate of Deposit (Scrappage Certificate). These discounts will further motivate the scrapping of End-of-Life Vehicles, which will in turn ensure that safer, cleaner and more efficient vehicles are used on the roads.

Conclusion

Going forward, the auto components sector in India is poised for significant long-term growth, driven by the advancements in technology, premiumisation of vehicles and India's competitive cost advantages. With strong government support through initiatives such as the PLI scheme and 'Make in India' initiative, India will continue to solidify its position as a key player in the global auto components market.



South Africa at a glance

The automotive and auto components sector in South Africa is anticipated to witness considerable growth over the next few years. This growth is attributed to the rapidly growing automotive sector, government initiatives and policies supporting local manufacturing of parts and planned infrastructure development to enhance economies of scale for manufacturers. South Africa provides growth opportunity for market players and investors looking to expand their presence in Africa, enabling the country to further strengthen its position across the automotive value chain.

Sector snapshot — South Africa

Largest

producer and consumer of tyres in Africa in FY24

32.9 per cent

share of India's import of light vehicles

Germany, Japan & China

prominent countries from which vehicles and auto components imported into South Africa in 2024

USD14.8 billion

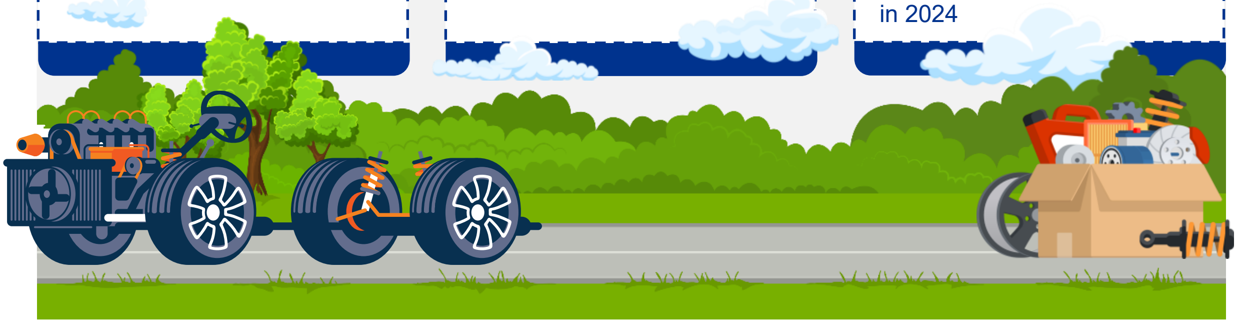
generated from vehicle and component exports in 2024

USD211.0 million

value of South African rubber tyres exports in 2024

30.4 per cent

share of catalytic converters of total auto components exported from South Africa in 2024



Source(s): '2023 Sees Growth In South Africa's Auto Exports', NEDLAC, 21 June 2024; 'Cars in South Africa', OEC, accessed on 15 May 2025; 'Automotive trade manual 2025', NAAMSA, accessed on 14 May 2025

Overview of the South African automotive and auto components market

The automotive sector represents one of the major economic sectors in the country, contributing to 4.3 per cent of the country's GDP. It also stands as the fifth largest export sector of the country, comprising 18.1 per cent of all exports. Additionally, it provides employment to more than 110,000 individuals[26]. In terms of product offerings, the auto components sector in South Africa comprises **catalytic converters, engine parts, tyres, transmission shafts, radiators, axles, engines, gauges and clutches/shaft couplings**, with catalytic converters having the largest share.

While the sector is growing, challenges such as power shortages may affect the ability of manufacturers to expand within the country. Moreover, South Africa's battery subsector, still in its early stages of development with limited local production capabilities, could impact the transition to electric vehicles.

South Africa's auto component industry, with a high employment multiplier, had 81,860 employees in 2024, compared to 33,154 in vehicle manufacturing. The domestic sector includes various tier-level suppliers, with 75.0 per cent of the 198 first-tier suppliers being foreign multinationals.

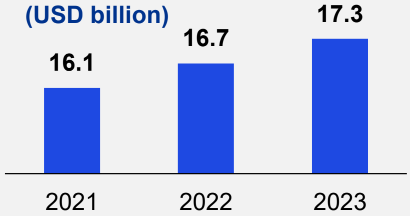
In 2024, original equipment manufacturers invested over USD402.0 million and the component sector received USD162.0 million[27].

The tyre market in South Africa is anticipated to increase at a **CAGR of 6.5 per cent** over the period **2022–30**. The strong growth potential of the tyre market is attributed to South Africa's rapidly developing automotive sector, increasing demand for replacement tyres, growing foreign investment and rising innovations in smart tyre technologies.

Other conducive factors supporting local growth in the sector include:

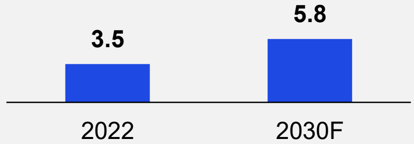
- Promotion of localisation of components and materials through government initiatives.
- An increase in vehicle ownership rates and growth in the middle-class population.
- Increase in demand for new energy vehicles (NEVs), will bolster the demand for auto components sector.

South African vehicles and engines components market revenue, 2021–23 (USD billion)



Source: 'Industry revenue of manufacture of parts and accessories for motor vehicles and their engines in South Africa from 2011 to 2023', Statista, 21 Dec 2023

South African tyre market revenue, 2022–30F (USD billion)



Source: 'South Africa Tyre Market Assessment', Markets & Data, January 2024

[26] 'SA automotive sector', Government of South Africa, 21 February 2024
[27] 'Automotive trade manual 2025', NAAMSA, accessed on 14 May 2025

Key industry clusters

Majority of the manufacturing of automotive and components in South Africa is located in KwaZulu-Natal (Durban), Gauteng (Silverton and Rosslyn) and the Eastern Cape (Uitenhage, Port Elizabeth and East London)[28].

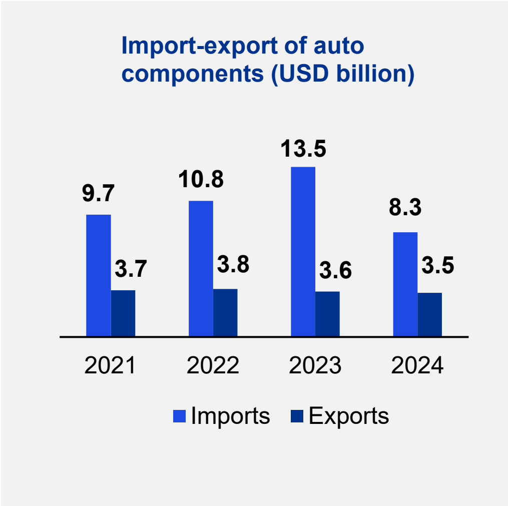
Within these clusters, original equipment manufacturers (OEMs) and supplier firms are catered to by the Coega IDZ in Gqeberha formerly known as Port Elizabeth, the East London IDZ in the Eastern Cape, the Dube TradeZone in Durban and the Automotive Supplier Park in Rosslyn, north of Pretoria.

Trade overview —import and export landscape

The country manufactures and exports a diversified range of original equipment components and aftermarket parts. Its auto component export for 2024 amounted to USD3.5 billion, of which catalytic converters made up **30.4 per cent**, with Germany accounting for the highest exports from South Africa in 2024[29].

However, the country is also heavily dependent on imports for original equipment components, with **Germany, Thailand, Japan, China and the U.S.**, making up approximately **60.0 per cent** of total auto component imports in the country in 2024[30]. Southern Africa and SADC countries account for most of the intra-African trade in auto components. The smaller SACU countries rely heavily on South Africa for their imports of auto components, which contributes to the sector’s growth within South Africa[31].

In terms of tyre trade, South Africa’s import of tyres reached USD481.0 million in 2024, a y-o-y increase of 8.0 per cent, while the exports stood at **USD211.0 million** in 2024[32]. Furthermore, Netherlands and the U.S. continued their prominence for the import of tyres. Factors such as increased investments and government initiatives to promote local production are expected to provide an impetus to South Africa’s tyres export.



Source(s): 'Automotive trade manual 2025', NAAMSA, 13 April 2024

Note: Import-export value includes automotive components and tyres

[28] ‘Investing in South Africa’s Automotive, Components, Yellow Metals and Heavy Vehicles Industry – South Africa Factsheet’, InvestSA, accessed on 14 May 2025

[29] 'Automotive trade manual 2025', NAAMSA, accessed on 14 May 2025

[30] 'Automotive trade manual 2025', NAAMSA, accessed on 14 May 2025

[31] ‘South Africa’s Role in the Automotive Components Trade in Africa’, TRALAC, 21 January 2020

[32] 'Automotive trade manual', NAAMSA 2025, accessed on 14 May 2025

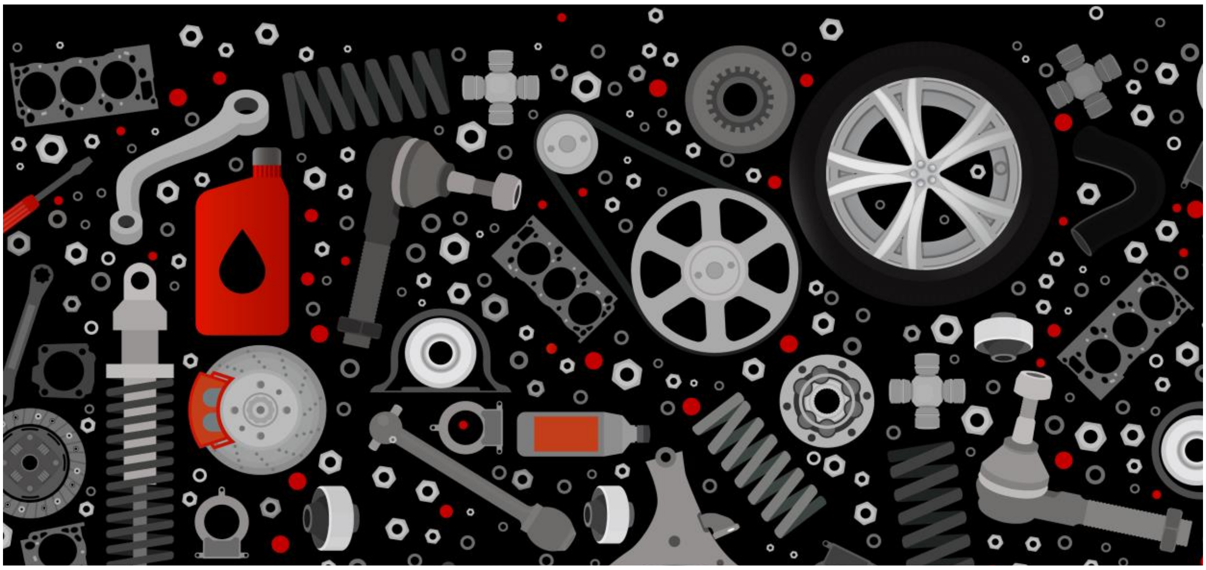
Investments within the sector

Investments for components alone totalled **USD248.0 million** in 2023 made by automotive manufacturers[33]. Majority of these investments are targeted towards establishing a local manufacturing base in the country to reduce dependency on imports. For instance:

- In August 2024, Yanfeng Plastic Omnium South Africa (**YFPO**) inaugurated a **manufacturing plant in South Africa**, representing an investment of around USD53.9 million and generating potential for 325 new jobs. The facility is designed to provide components for the most recent model of the locally produced BMW South Africa X3 (G45 platform)[34].
- In August 2024, **CFAO South Africa**, in collaboration with its subsidiaries Toyota Tsusho Africa and Ogihara Thailand, announced plans to construct a **new component manufacturing plant** located at the Dube Tradeport in Durban to supply products to Toyota South Africa. The plan comprises a strategic investment of USD64.7 million. The joint venture is anticipated to create employment opportunities and promote the localisation of economy in line with the South African Automotive Master Plan 2035[35].
- In 2023, **Sumitomo Rubber South Africa (SRSA) invested USD91.7 million** in Dunlop's tyre manufacturing facilities in South Africa. Supported by Sumitomo Rubber Industries (SRI), the parent firm based in Japan, this investment is expected to enhance the brand's capacity to produce tyres locally as more original equipment manufacturers (OEMs) turn to local tyre manufacturers to meet **vehicle specification requirements**[36].

While the country is witnessing an influx of investments for auto components (fuel-based) production from multiple market players, the government is also focusing on **seeking targeted investments into specific components of NEVs**, particularly in the battery and other high-value power electronics systems. This presents an untapped opportunity for players to leverage the country's initiatives for NEVs, its manufacturing expertise and the local availability of required materials to develop a strong domestic value chain production of NEVs.

Additionally, the investments and increasing presence of Indian automotive players in South Africa will likely strengthen the country's automotive market by expanding production capacity and improving competitiveness, ultimately benefiting local consumers and supporting economic growth.



[33] 'R4.6 Billion Investment Pledge by Automotive Manufacturers: A Strong Vote of Confidence in SA Economy – Minister Patel', dtic, 1 September 2023

[34] InvestSA Celebrates YFPO's New R1 Billion Plant in Rosslyn: A Major Milestone for Local Economy, BMW X3 Production, and SA Automotive Masterplan 2035, Invest SA, 22 August 2024

[35] 'CFAO South Africa announce a new automotive body parts manufacturing plant joint venture' CFAO, 22 August 2024

[36] 'Minister Patel Welcomes R1.7 Billion Tyre Factory Investment and Celebrates 50 Years of Production in Emnambithi', dtic, 2 October 2023

Government initiatives and policies favouring the industry

The Government of South Africa has undertaken several initiatives to boost local manufacturing of automotives and components, increase measures curtailing illicit trade of tyres and second hand tyres and advance regional trade in the sector. Some of these include the following[37,38,39,40,41,42,43,44]:

Auto component localisation platform

In September 2023, the International Finance Corporation (IFC), in partnership with National Association of Automotive Component and Allied Manufacturers (NAACAM), launched the **Localisation Optimisation Opportunity Platform (LOOP)**, an online platform designed to address the procurement requirements of original equipment manufacturers (OEMs) and tier-one component suppliers.

The platform matches OEMs and tier-one suppliers with the capabilities of lower-tier and emerging suppliers, with **the aim to drive localisation**. Additionally, to increase localisation across lower-tier suppliers, LOOP's goal is to create an automobile database that would meet the procurement requirements of tier-one component makers and lower-tier local suppliers.

Promoting the use of locally manufactured auto components

To facilitate the domestic manufacturing of automotives and components, the South African government has developed the **South African Automotive Masterplan (SAAM) 2035**. Through this initiative, the government plans to produce 1.4 million automobiles annually or one per cent of the world's total vehicle production, with **60.0 per cent use of local content** and components.

Additionally, in 2013, the Council for Scientific and Industrial Research (CSIR) and the Automotive Industry Development Centre (AIDC), a wholly owned subsidiary of the Gauteng Growth and Development Agency signed a memorandum of understanding (MoU) to boost the international competitiveness of the domestic automotive industry. Fostering the growth and development of small, medium and micro-sized enterprises (SMMEs) within South Africa's automotive industry is one of the key areas of focus of the MoU.

[37] 'IFC and NAACAM Partner to Support South Africa's Automotive Industry Manufacturers', International Finance Corporation, 5 June 2022
[38] 'APDP and the SA Automotive Masterplan', NAACAM
[39] 'Automotive Investment Scheme', dtic
[40] 'Curtailing Illicit Tyre Trade Will Help Improve SA's Road Safety', SATMC,
[41] 'Tyre stakeholders team up against illicit tyre trade', Creamer Media, 25 January 2024,
[42] 'The African Continental Free Trade Area and the Automotive Value Chain', ODI, July 2022
[43] 'CSIR signs deal to drive growth, innovation in local automotive industry', SA news, 3 July 2023
[44] 'South Africa to incentivise local EV production', Reuters, 12 March 2025

Increasing investments in replacement models and components

In 2021, South Africa revised the **Automotive Investment Scheme (AIS)**, a financial incentive to expand and improve the automotive industry by investing in **new and/or replacement models and parts**. The new guidelines include the following amendments:

- OEM minimum qualifying investment threshold has increased from USD1.5 million to USD2.5 million and for component manufacturers has increased from USD50,000 to USD100,000.
- Component manufacturers with a turnover of at least USD2.5 million have been awarded contracts worth more than USD100,000 each to produce components for an automotive investment project, both locally and globally.
- The amended AIS guidelines no longer provide an additional 5.0 per cent or 10.0 per cent grant for strategic projects or those meeting specific economic requirements. Applicants can now only receive the base cash grant (as stated above).

Measures against illicit trade of tyres

South Africa's tyre sector is witnessing an increase in illegal import activities, which inhibits the sector's growth. Therefore, to minimise illicit trade activities, the South African government has introduced the **Tyre Silo Forum** in 2024, in collaboration with the South African Freight Forwarders Association (SAAFF), the Tyre Importers Association of South Africa (TIASA) and the Tyres, Equipment, Parts Association (TEPA). The forum aims at increasing measures to stop the misreporting of tyre consignment and the **rerouting of imports** through nearby nations to avoid paying permits, environmental levies and tyre tariffs. The Tyre Forum is exploring initiaitives to **oppose undervaluing, smuggling and the use of unregistered freight** forwarders to import illegally traded tyres into the nation, thereby reducing the country's risk of losing revenue to illicit traders.

Creating component manufacturing base and linkages across Africa

To faciliate intra-Africa trade, African countries formed the **African Continental Free Trade Area** (AfCFTA) in 2018, focused on developing a strong **component manufacturing base** and creating linkages and partnerships across and external to Africa. As South Africa is one of the top producers of automotives and auto components in Africa, this trade agreement is helping the country to further strengthen its positioning in the automotive and components market.

Furthermore, **African Association of Automotive Manufacturers** (AAAM), which includes automove manufacturers, component companies and automotive federations, in collaboration with governments including in Egypt, Ghana and South Africa as well as the AfCFTA, developed a **pan-African Auto Pact Vision.** The pact aims to manufacture and sell 5.0 million vehicles in Africa by 2035. This would promote the trading of vehicles and components across Africa, providing growth opportunities for South Africa's auto component market.

South Africa to incentivise local EV production

South Africa intends to **invest USD54.27 million in the domestic production of new energy vehicles, batteries and related manufacturing projects**. The investment for NEV and battery production is a crucial element of the Industrial Development Support Programme. This initiative is designed to augment local production and assembly, focusing not only on vehicle manufacturing but also on establishing a strong supply chain for batteries and other key components.

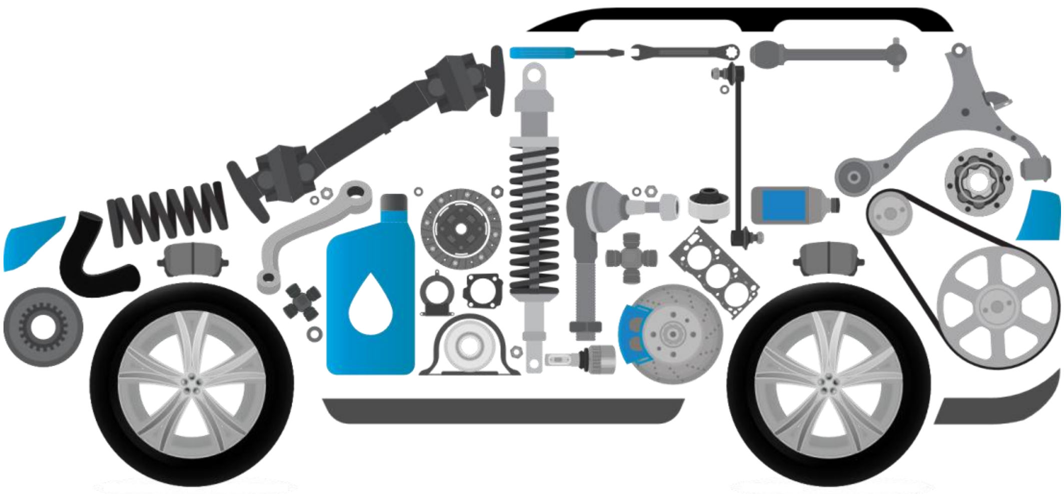
The National Treasury anticipates that these incentives could attract up to over USD1.0 billion in private capital, paving the way for a significant infusion of funds into the local domestic automotive sector. These investments are projected to stimulate innovation, increase production capabilities and offer new prospects for businesses, from established automotive entities to emerging startups focused on electric mobility solutions.

Conclusion

In a nutshell, South Africa has a well developed automotive market, which combined with its manufacturing expertise and leading position in Africa's export market, can be leveraged to further expand its market presence globally. Additionally, the growing NEV market provides significant growth potential and the country can capitalise on it by investing in NEV component technology and expanding the electric vehicle supply chain.

The South African Automotive Master Plan 2035 is an ambitious programme to increase the industry's contribution to the economy. The aim to increase vehicle production from 0.68 per cent to 1.0 per cent of global production presents investment opportunities.

However, the industry currently faces some challenges such as illicit trade and regulation of the second-hand tyre market and to combat these challenges, the government is implementing various initiatives aimed at fostering long-term growth.



Potential investment and collaboration opportunities

The growing automotive and auto components sector in India and South Africa offers multiple collaboration opportunities for both nations' component manufacturers, automotive companies, governments and other entities of the supply chain to expand electric mobility, advance aftermarket sales and boost trade.

Facilitating trade agreements for electric mobility

South Africa's Just Energy Transition (JET) plan supports electric mobility, aligning with India's EV adoption efforts. With plans to launch its first EV in 2026, South Africa offers a 150 per cent investment claim for electric and hydrogen-powered vehicles. This presents an opportunity for Indian EV component manufacturers to expand their footprint in South Africa.

Additionally, South Africa has abundant reserves of iridium, platinum and other essential metals for green hydrogen production. India can leverage these resources to efficiently produce hydrogen fuel cells for electric vehicles. Through various incentives to boost investment such as grants, subsidies and tax breaks, the collaboration between the two governments can be enhanced and trade agreements could be used to entrench mutual beneficial partnerships between the two countries.

Leveraging the growing aftermarket sector in South Africa

South Africa's automotive aftermarket sector is experiencing a rapid growth driven by the ageing vehicle fleet and drivers' preference for improved vehicle performance and aesthetics. India can utilise its strong portfolio of aftermarket components and tyres to tap the growing aftermarket sector in South Africa. Indian firms can explore partnership opportunities or may establish joint ventures with South African companies to collectively cater to the increasing demand for aftermarket products.

Leveraging India's strong presence across the auto component supply chain

India has a well-developed auto component supply chain, with strong forward and backward linkages across the automobile and allied sector's value chain. With the changing market trend and growing demand for advanced technology and components, India has increased its technology investments and expanded R&D hub to create advanced products and further strengthen its supply chain. South African firms can consider establishing partnerships and trade agreements with Indian companies to utilise their supply chain, including raw materials, advanced end-products and technical expertise, thereby enhancing their own manufacturing capabilities.

Note: Currency is converted as per the rate of ZAR1 = USD0.05, USD1 = INR85.2, ZAR1 = INR4.6 as on 30 April 2025

Sector view

Cereals, fruits and vegetables

India at a glance

India, a significant contributor to agricultural production and a major supplier of cereals, fruits and vegetables, plays a vital role in the global agricultural landscape. Fuelled by government initiatives aimed at modernising agricultural practices, improving supply chain efficiencies and enhancing food processing capabilities, the sector is creating an environment conducive to further investments and innovation.

Sector snapshot — India

2nd rank
in global production of fruits and vegetables in 2023

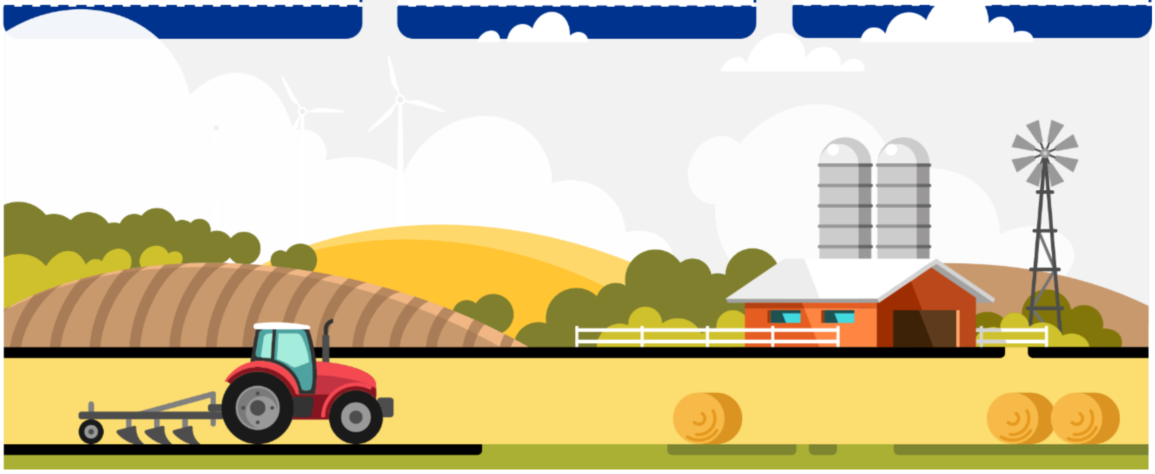
628.2 million MT
production of cereals, fruits and vegetables in FY24

USD12.8 billion
of cereals, fresh fruits and vegetables exports in FY24

USD13.0 billion
FDI equity inflow in the food processing sector from April 2000–December 2024

2.9 per cent
share of cereals, fruits and vegetables in India's total exports in FY24

Bangladesh, the UAE and Netherlands
were the largest importers of fresh fruits and vegetables from India in FY24



Source(s): 'Horticulture Production', PIB, 12 December 2023; 'Fresh Fruits & Vegetables', APEDA website, as accessed on 15 May 2025; 'Cereals', APEDA website; as accessed on 15 May 2025; 'Import/Export Statistics', APEDA database, as accessed on 15 May 2025; 'Quarterly fact sheet from April 2000 to December 2024', DPIIT, as accessed on 15 May 2025

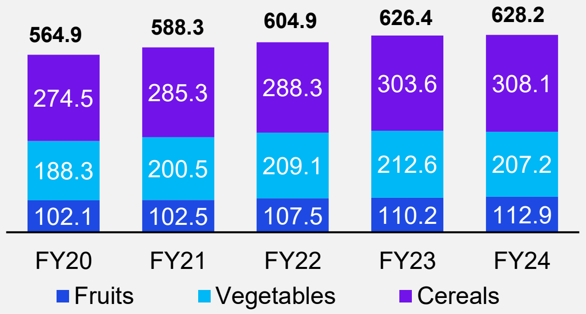
Overview of the Indian cereals, fruits and vegetables market

Cereals, fruits and vegetables constitute the backbone of India's agricultural sector, accounting for approximately **55.6 per cent** (28.3 per cent fruits and vegetables and 27.3 per cent cereals) **of the total output of crop sub-sector** in FY23[1]. Moreover, India was the **largest producer of cereals[2]** and the **second-largest producer of fruits and vegetables** globally in 2023[3]. Within the fruits category, India is the **largest producer of bananas, mangoes and papayas,** while in the vegetable segment, it is the largest producer of **onions, ginger and okra.** The country's diverse topography and climate, abundant availability of resources and supportive government policies have contributed significantly to the expansion of the cereals, fruits and vegetables sector[4].

The Indian cereals, fruits and vegetables sector witnessed a steady increase in its production over the years, with the sector growing at a CAGR **of 2.7 per cent** between FY20 and FY24. Factors driving the growth of the sector include the following:

- India's diverse climatic conditions, rich agricultural heritage and availability of affordable labour have provided a conducive environment for low-cost production.
- Increasing government initiatives to enhance the agricultural infrastructure is helping advance agricultural productivity. Increasing focus on cold chain infrastructure has significant potential to boost production and reduce post-harvest losses of cereals, fruits and vegetables in India.

Cereals, fruits and vegetables production (million MT)



Source: 'First Advance Estimate of Production of Food Grains', Ministry of Agriculture & Farmers Welfare, 5 November 2024; 'Area and production of Horticulture crops for 2024-25 (1st advance estimates)', Ministry of Agriculture, as accessed on 22 May 2025

Furthermore, the rising demand for healthy alternatives, driven by lifestyle changes and an increasing focus on organic farming, is expected to propel the growth of the sector.

Key industry clusters

India's cereals, fruits and vegetables sector is integral to its agrarian economy, contributing significantly to both domestic consumption and export markets. India's strong agrarian base has led to the emergence of several specialised industry clusters across different regions. These clusters not only support large-scale production but also enable value addition through processing, storage and distribution networks, driving the sector's overall growth.

Major fruit-producing states in India include **Andhra Pradesh, Maharashtra, Madhya Pradesh, Uttar Pradesh, Gujarat, Tamil Nadu and Karnataka**, while the key vegetable-producing states include **Uttar Pradesh, Madhya Pradesh, West Bengal, Bihar, Gujarat, Odisha and Maharashtra**. For the cereals category, majority of food grain production takes place in **Uttar Pradesh, Madhya Pradesh, Punjab and Rajasthan.**

[1] 'Statistical Report on Value of Output from Agriculture and Allied Sectors 2024', PIB, 21 June 2024
[2] 'Cereals', APEDA website, as accessed on 15 May 2025
[3] 'Horticulture Production', PIB, December 2023
[4] 'Fresh fruits and vegetables', APEDA, as accessed on 15 May 2025

To further modernise food processing infrastructure, the Indian government has established **Mega Food Park Scheme (MFPS)**, which includes a 'cluster' approach, with the major focus on establishing **state-of-the-art infrastructure within designated agri/horticultural zones**. These zones offer industrial plots tailored for modern food processing units, supported by a robust supply chain. As of February 2025, **41 mega food parks have been approved, with 24 currently operational and 17 under implementation**[5].

States in India with the highest number of MFPs[6]	
Punjab	3 projects*: Fazilka, Kapurthala and Ludhiana
Maharashtra	3 projects*: Aurangabad, Satara and Wardha
Andhra Pradesh	3 projects*: Chittoor, West Godavari and Krishna

Note: * Indicates the status of the total number of projects in a state that are operational, under implementation and complete

Trade overview — import and export landscape

In FY24, India maintained its position as one of the leading global exporters of cereals, achieving a total export value of **USD10.9 billion**[7] that was **85.8 per cent** of the total export value of cereals, fruits and vegetables from India.

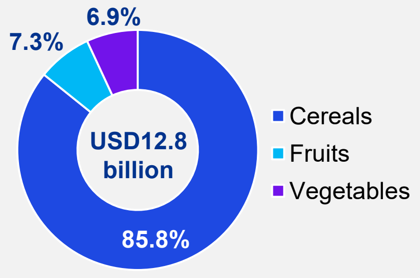
Rice (both basmati and non-basmati) and maize constituted the top cereal exports, representing **99.0 per cent** of the total export value for cereals in FY24. In terms of its trading partners, **Saudi Arabia, Iraq, Iran, the Republic of Benin and the UAE** were the top export destinations for cereals.

In the fruits and vegetables category, **grapes and onions** stood out as the primary export products and reached a value of **USD0.4 billion and USD0.5 billion,** respectively. Countries such as **Bangladesh, the UAE, Netherlands, Nepal and Malaysia** emerged as the top export destinations for Indian fresh fruits and vegetables.

In terms of cereal imports, the country's imports reached **USD0.1 billion** in FY24, with **Australia, Ukraine and France**[8,9] as key import partners.

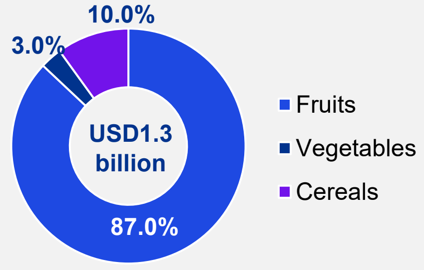
For fruits and vegetables, **Afghanistan, the UAE and Iran** are India's major import partners[10].

India's category-wise export share by value (FY24)



Source: 'APEDA AgriXchange', as accessed on 15 May 2025

India's category-wise import share by value (FY24)



Source: 'Three Years Import Statement of APEDA Products', APEDA, as accessed on 15 May 2025

[5] 'Status of food parks established under mega food park scheme', Digital Sansad, Ministry of Food Processing Industries website, 27 March 2025
[6] 'Status of food parks established under mega food park scheme', Digital Sansad, Ministry of Food Processing Industries website, 27 March 2025
[7] 'Import/Export Statistics,' Agricultural and Processed Food Products Export Development Authority (APEDA) database, as accessed on 6 September 2024
[8] 'Three Years Import Statement of APEDA Products', APEDA, as accessed on 15 May 2025
[9] 'Share of Top 5 Import Destination of APEDA Products (2023-24)', APEDA, as accessed on 22 May 2025
[10] 'Share of Top 5 Import Destination of APEDA Products (2023-24)', APEDA, as accessed on 22 May 2025

Investments within the sector

India's cereals, fruits and vegetables sector has emerged as a vital area of investment, driven by the rising need for food security, export growth and sustainable agricultural practices. Government initiatives paired with increasing public-private partnerships have spurred investments across supply chains, from modernising farm infrastructure to enhancing cold storage and processing capabilities. Additionally, the sector has seen growing interest from both domestic and international investors seeking to capitalise on India's vast production base and expanding export opportunities. This investment momentum is transforming the sector into a more competitive and efficient player in global markets**.** Cumulative FDI equity inflow in the food processing sector was **USD13.0 billion**[11] from April 2000 to December 2024, comprising 1.8 per cent of the total FDI equity inflow. The government has introduced a policy allowing 100.0 per cent FDI through the automatic route in the food processing sector. This move aims to streamline the FDI framework, making it more attractive to investors and removing obstacles that previously hindered investment flows into the industry and the broader economy. The government has also established a policy permitting 100.0 per cent FDI through the government approval route for retail trading, including e-commerce, in relation to food products manufactured or produced in India. This policy extends to both traditional retail trading and digital platforms, offering foreign entities the opportunity to engage in the domestic food trade market.

[11] 'Quarterly fact sheet', DPIIT, as accessed on 30 April 2025

Government initiatives and policies favouring the industry

The Indian government has implemented a range of initiatives and policies aimed at bolstering the cereals, fruits and vegetables sector, with a focus on improving production, enhancing infrastructure and promoting exports. A few of these initiatives are as follows[12,13,14,15,16]:

Enhancing agricultural infrastructure and productivity

Infrastructure is crucial for agricultural development and enhancement of production capabilities. To improve the agricultural infrastructure ecosystem in India, the government launched the **Agricultural Infrastructure Fund (AIF)**, worth **USD11.7 billion**, in 2020. The key objective of the fund is to provide a medium- to long-term **debt financing facility** for investing in viable post-harvest management infrastructure and community farming assets. The fund is set to be disbursed from FY21 to FY26 and as of August 2024, **USD5.6 billion** has been sanctioned for **74,508 projects**.

Furthermore, in 2024, the government expanded the scope of AIF to include the following:

- Extend financial support for Farmers' Producers Organisations (FPOs) to enhance their financial security and creditworthiness.
- Create infrastructure for viable projects for building community farming assets.
- Converge Component-A of the PM-KUSUM (Kisan Urja Suraksha evam Utthaan Mahabhiyan Yojana) scheme (promote the use of solar energy in agriculture) and AIF to advance clean energy solutions in agriculture.

To improve agricultural infrastructure, the government also launched initiatives such as the:

- **PM Rashtriya Krishi Vikas Yojana**: It aims to develop pre- and post-harvest infrastructure in agriculture and related sectors, ensuring farmers have access to quality inputs and market facilities.
- **Pradhan Mantri Krishi Sinchayee Yojana:** It was launched in 2015 to improve farm productivity and ensure better utilisation of water resources in agriculture. The scheme was extended from **FY22 to FY26,** with the aim to enhance irrigation coverage, improve water-use efficiency and promote sustainable agricultural practices.

[12] 'Agriculture Infrastructure Fund', Onmanorama, 30 August 2024; Currency conversion rate used: 1INR = 0.01169USD as of 30 March 2025
[13] 'Schemes of Welfare of Farmers', Ministry of Agriculture & Farmers Welfare, 2 February 2024
[14] 'Farmer Connect', APEDA, as accessed on 15 May 2024
[15] 'Kisan Rail Yojana', Ministry of Railways, 3 February 2021
[16] 'Kisan Rail Facilitates Swift Transport of Perishables from Surplus Regions to Markets Across the Country', PIB, 2 April 2025

Promoting export ecosystem

With the aim to boost the export ecosystem of cereals, fruits and vegetables, the **Agricultural and Processed Food Products Export Development Authority (APEDA)** has launched the following initiative:

- **Farmer Connect Portal:** It is an online digital portal (also available as a mobile application) that aims to bridge the gap between farmers and exporters, allowing FPOs, Farmer Producer Companies (FPCs) and cooperatives to directly communicate with exporters. The platform also helps streamline business processes and promote transparency.

Furthermore, the government launched **Agricultural Export Policy,** which aims to enhance export-driven production, increase farmer earnings and engage farmers in exporting their produce, aligning with various government initiatives. Notable progress has been achieved under this policy, which includes the empowerment of FPOs and farmers in export activities.

Providing transport and logistics support

The Indian Railways has initiated the Kisan Rail train services to assist farmers in transporting their agricultural products to urban areas. With 2,364 operated services as of April 2025, this service facilitates efficient transportation.

Tax rebates

In India, a significant portion of food products are categorised under the lowest tax brackets, either at **0 per cent or 5.0 per cent**. Additionally, food processing facilities benefit from a 100.0 per cent tax exemption on profits during their first five years of operation, followed by a 25.0 per cent tax rate for the subsequent five years. Furthermore, there is a provision that allows for a full deduction of capital expenses incurred for establishing cold chains or warehouses.

Providing financial assistance to farmers

To ensure economic security and assurance to farmers, the Government of India has launched various initiatives, which include the following:

- **Pradhan Mantri Kisan Samman Nidhi:** It supplements financial needs of land holding farmers by transferring **USD72.0** per year in three equal four-monthly instalments into the bank accounts of farmers' families across the country.
- **Pradhan Mantri Kisan MaanDhan Yojana:** It allows small and marginal farmers to join the scheme by paying a monthly subscription to the Pension Fund, where the central government also contributes an equivalent amount. Upon reaching 60 years of age, farmers receive a monthly pension of **USD36.0** from the government.
- **Pradhan Mantri Fasal Bima Yojana** (extended till FY26)**:** It provides crop insurance against all non-preventable natural risks, from pre-sowing to post-harvest, such that farmers are covered for any potential losses.

Conclusion

In a nutshell, India's cereals, fruits and vegetables category is solidifying its position as a promising sector in the global agricultural landscape. The country's robust production capabilities, favourable weather conditions, rapidly growing domestic market driven by increasing health consciousness and emergence of advanced farming techniques highlight the sector's potential to emerge as a key player in the global food supply chain. Furthermore, the implementation of supportive government policies is driving improvements in infrastructure and value addition, paving the way for significant collaboration opportunities with international stakeholders.

South Africa at a glance

The cereals, fruits and vegetables sector in South Africa is projected for significant growth in the coming years. Driven by the country's unique climate conditions, supportive government policies and planned infrastructural developments, South Africa offers a lucrative opportunity for investment, innovation and collaboration. Given the sector's status as a prominent exporter, there are opportunities to establish incubators, innovation centres and local manufacturing facilities within the country.

Sector snapshot — South Africa

USD2.2 billion

revenue of South Africa's fruits market in 2024

USD2.9 billion

revenue of South Africa's vegetables market in 2024

17.0 million MT

production volume of maize in FY25

USD1.5 billion

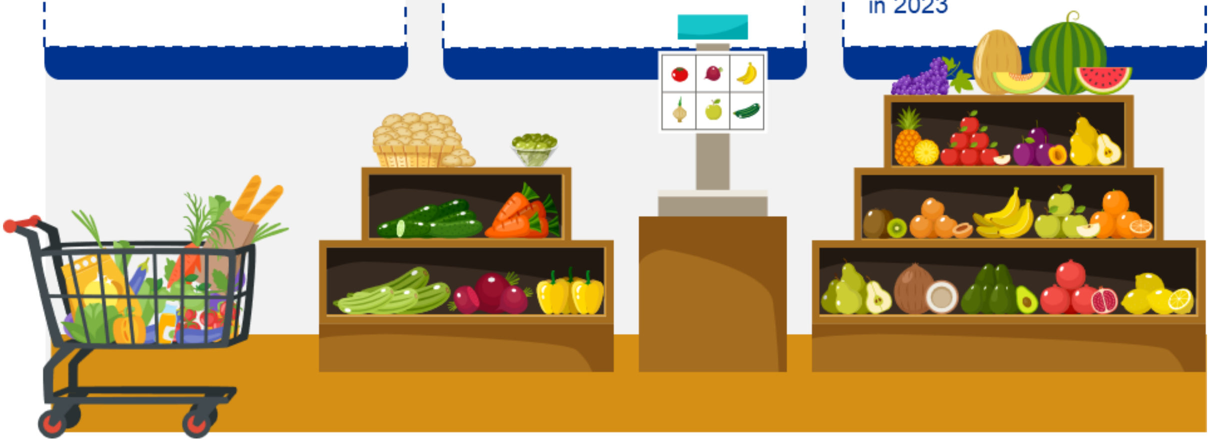
total export value of South Africa's cereals in 2023

Netherlands

top importer of South Africa's fresh fruits in 2024

USD4.5 billion

total export value of South Africa's fruits and vegetables in 2023



Source(s): 'Fresh Fruits - South Africa', Statista, as accessed on 20 May 2025; 'Vegetables - South Africa', Statista, as accessed on 20 May 2025; 'Country Briefs Food Security Snapshot', FAO, as accessed on 20 May 2025; 'South African Fruits Trade Flow', NAMC, March 2025; 'Trade Map', ITC database, as accessed on 20 May 2025

Overview of the South African cereals, fruits and vegetables market

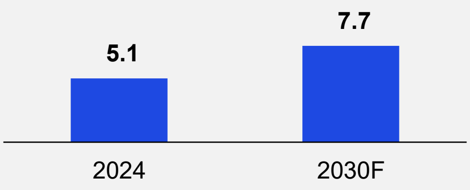
South Africa, ranking sixth[17] among the world's 17 mega biodiverse countries, has a highly varied agricultural sector. The country's unique climate and weather patterns enable the cultivation and production of a wide range of fruits and vegetables for both local and international markets. Its key agricultural products include maize, wheat, potatoes, barley and fruits. Additionally, South Africa produces all major cereals, except for rice.

Globally, South Africa is ranked third in the production of grapefruit, seventh in the production of oranges and eighth in the production of apples, with production volumes of 0.4 million MT, 1.7 million MT and 1.3 million MT, respectively, in FY25[18].

In terms of cereals, South Africa was ranked the ninth-largest producer of maize, with a production volume of 17.0 million MT, in FY25[19]. In terms of vegetables, the most-produced vegetables in South Africa are potatoes, onions and tomatoes, with production volumes of 2.3 million MT, 0.7 million MT and 0.5 million MT, respectively, in FY23[20].

- The fruits and vegetables revenue in South Africa is expected to increase at a CAGR of 7.1 per cent[21] between 2024 and 2030. In 2023, the country was one of the leading producers and exporters of citrus, deciduous and subtropical fruits, globally. This can be attributed to its diverse climatic conditions and advanced agricultural practices.
- Moreover, the increasing demand for healthy alternatives, spurred by lifestyle changes and the growing popularity of derived products such as fruit juices and jams, along with supportive government initiatives in establishing free trade agreements with countries such as the U.S., China and Japan, are expected to further boost the revenue generated by the sector.

South African fruits and vegetables revenue market, 2024 and 2030 (USD billion)



Source(s): 'Fresh Fruits - South Africa', Statista; 'Vegetables - South Africa', Statista; 'Trade Map', ITC database, all accessed on 20 May 2025

Key industry clusters

The South African Agri-parks model, initiated by the government in 2015, aims to create farmer-centric agricultural hubs within 44 district municipalities[22]. This initiative seeks to revitalise agriculture, stimulate rural industrialisation and support emerging farmers. However, due to limited funding, the Department of Rural Development and Land Reform has shifted its focus to implementing the Farmer Production Support Unit (FPSU), a crucial component of the Agri-parks. The department has established **27 FPSUs**[23], ensuring that each province has at least two or three of these units. The FPSU model focuses on household mobilisation, profiling, participatory planning services, business planning services for rural farmers and enterprises and production plans for farmers.

Note: Currency conversion rate used is 1ZAR = 0.0539USD, as of 30 April 2025

[17] 'South Africa', PGRFA Hub, Crop Trust, as accessed on 20 May 2025

[18] 'Top Producing Countries', FAS, USDA database, as accessed on 22 May 2025

[19] 'Global corn production in 2024/2025, by country', Statista, as accessed on 22 May 2025

[20] 'The South African Food Cost Review 2023', NAMC, as accessed on 20 May 2025

[21] 'Fresh Fruits - South Africa', Statista; 'Vegetables - South Africa', Statista; 'Trade Map', ITC database, all accessed on 20 May 2025

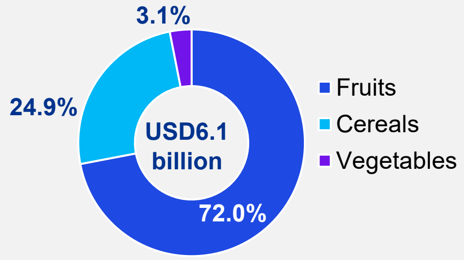
[22] 'Agri-Parks progress report', PMG, 22 October 2019

[23] 'Agri-Parks progress report', PMG, 22 October 2019

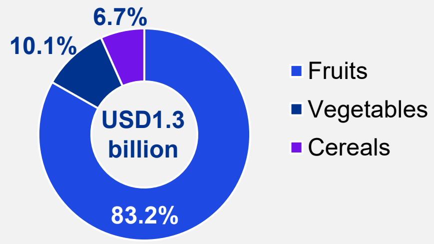
Trade overview — import and export landscape

Since South Africa joined the World Trade Organisation (WTO) in 1994, the country has significantly expanded its presence in the global market through exports. This growth is largely driven by strategic trade partnerships and numerous trade/preferential agreements the country has negotiated with the rest of the world over the years. The African continent is South Africa's primary export destination, accounting for 44.0 per cent[24] of its agricultural exports in 2024. Asia follows with 21.0 per cent, the European Union (EU) with 19.0 per cent and the Americas with 6.0 per cent. Fruits are among the most exported agricultural products from South Africa. In terms of foreign investments, South Africa generally welcomes these investments, however, there are some limitations and restrictions on foreign ownership in certain sectors, including agriculture.

South Africa's category-wise export share by value (2023)



South Africa's category-wise import share by value (2023)



In 2023, South Africa maintained its position as one of the leading global exporters of fresh fruits, achieving a total export value of **USD4.3 billion**[25]. Citrus fruits, pome fruit (apples and pears) and grapes and berries are South Africa's top fruit exports, representing **74.9 per cent**[26] of the total fruits export in 2023. The Netherlands, the U.K. and China emerged as the top three export destinations for South African fruits in 2023[27].

In 2023, maize was the most exported cereal, accounting for 80.0 per cent[28] of the total cereal exports (USD1.5 billion). China, Zimbabwe and South Korea emerged as the top three export destinations for South African cereals.

South Africa imports cereals, especially rice and wheat, from Thailand, Poland and India, accounting for **62.5 per cent**[29] of the total import value for cereals in 2023. In terms of fruits, bananas, coconuts and dried nuts accounted for 66.0 per cent[30] of the total fruit imports in 2023, with Mozambique, the U.S. and Spain being the top three import partners.

[24] 'South Africa's agricultural exports reach a fresh high in 2024', Agbiz, 3 March 2025
[25] 'Trade Map', ITC database; Currency conversion rate used is 1ZAR = 0.0539USD, as of 30 April 2025
[26] 'Trade Map', ITC database, as accessed on 20 May 2025
[27] 'Trade Map', ITC database, as accessed on 20 May 2025
[28] 'Trade Map', ITC database, as accessed on 20 May 2025
[29] 'Trade Map', ITC database, as accessed on 20 May 2025
[30] 'Trade Map', ITC database, as accessed on 20 May 2025

Investments within the sector

The Government of South Africa has implemented substantial measures to facilitate FDI in the cereals, fruits and vegetables sector. One of the key measures implemented is the enactment of the Special Economic Zones (SEZs) Act of 2014, with an aim to encourage the growth of regional industries by offering incentives to both domestic and foreign investors who choose to operate within the country's SEZs. Within the agricultural sector, investment in machinery, implements and vehicles increased by **19.2 per cent**[31] y-o-y to **USD1.0 billion,** for the period ended June 2023.

Government initiatives and policies favouring the industry

The Government of South Africa has taken several initiatives to drive revenue growth, investments, transformation and market development in the cereals, fruits and vegetables sector. Some of these include the following[32,33]:

Financial support for farmers

In South Africa, several key institutions provide essential financial support to farmers, aiding in the expansion of their operations, investment in modern technology and enhancement of the nation's food security:

- **Department of Land Reform and Rural Development (DLRRD)** offers grants, loans and subsidies for skills development, infrastructure and mechanisation.
- **The Land and Agricultural Development Bank of South Africa (Land Bank)** provides various financing options, which include loans and working capital credit facilities.
- **The Agricultural Development Agency (AGDA)** promotes sustainable farming through grants, loans and equity investments.
- **The Small Enterprise Development Agency (SEDA)** supports emerging farmers with mentorship, business development services and funding access. In 2024, SEDA was merged into Small Enterprise Finance Agency (SEFA) and the Cooperative Banks Development Agency (CBDA) to form the Small Enterprise Development and Finance Agency (SEDFA).
- **The Development Bank of Southern Africa (DBSA)** funds agro-processing infrastructure, irrigation systems and renewable energy solutions.
- **The Industrial Development Corporation (IDC)** funds projects and businesses that either create new or expand local manufacturing capacity.
- **The South African Farmers Development Association (SAFDA)** supports rural and smallholder farming enterprises with financing options, capacity-building programmes and market access assistance.

[31] 'Trends in the agricultural sector', DALRRD, 18 October 2023; Currency conversion at 1ZAR = 0.0539USD as of 30 April 2025
[32] 'Agriculture, Land Reform and Rural Development', South Africa Yearbook 2021/22, 30 January 2023; Currency conversion at 1ZAR = 0.0539USD as of 30 April 2025
[33] 'Preservation and Development of Agricultural Land Act 2024', LawLibrary.org.za, 29 January 2025

Tax reliefs for agri-businesses

Agri-businesses can qualify for research and development (R&D) tax deductions as defined by Section 11D of the Income Tax Act. The R&D Tax Incentive translates to less corporate tax for the agri-business and is assessed by the South African Revenue Service. There are various areas of agricultural R&D that can qualify for tax deductions, including, but not limited to:

- R&D on fertilisers including organic
- R&D on crop disease protection
- Innovative farming and the development of cultivation techniques
- Adoption of new irrigation systems
- Evaluation and adoption of novel techniques to increase crop yields

Ensuring food security through effective land reforms

Ensuring food security is a key priority for the Department of Agriculture, Land Reform and Rural Development. During 2019–24, the department acquired 130,687 hectares of productive land at a projected cost of about **USD0.2 billion** (ZAR3.0 billion), with the aim to address social injustice and inequality.

- This initiative is part of the Food Security, Land Reform and Restitution programme. The funding model includes both grants and loans, with the department allocating **USD64.9 million** (ZAR1.2 billion) over the medium term to cover the grant component, while applicants finance the loan portion.
- Additionally, the Agri-Industrial Fund, launched on 18 March 2021, supports the agricultural sector by assisting manufacturers and entrepreneurs in developing, expanding, acquiring and integrating operations in the agriculture value chain, thereby accelerating land redistribution and increasing exports.

Furthermore, in 2024, the government has assented to the Preservation and Development of Agricultural Land Act, which aims to preserve and sustainably manage agricultural land, prevent its fragmentation, promote efficient land use and viable farming and ensure long-term food security and environmental protection for current and future generations.

Enhancing agricultural production and revitalising infrastructure

Extension officers, appointed by the DALRRD, play a pivotal role in the improvement of agricultural production by providing farmers with up-to-date information on sustainable farming practices and linking them to new markets.

- Recognising their importance, the department planned to employ 10,000 extension officers from 2019 to 2024, significantly improving the support ratio for farmers. This initiative, funded with **USD50.5 million** (ZAR936.0 million), is part of the Comprehensive Agricultural Support Programme Grant.
- Additionally, the department is expected to further invest USD0.1 billion (ZAR2.1 billion) in upgrading 21 fresh produce markets and revitalising five irrigation schemes, ensuring the functionality of production schemes.

Funding research and development capacities

To improve agricultural outputs, the DALRRD plans to enhance research and development capacity, focusing on logistics, market access and product safety and quality. This includes streamlining policies related to quarantine and plant pest surveillance to boost market access through better surveillance and export certification.

- With an allocation of USD122.6 million (~ZAR2,275.0 million) in 2024, the Agricultural Production, Biosecurity and Resources Management programme aims to strengthen biosecurity and sanitary standards, protecting existing markets and opening new ones.
- Additionally, USD2.5 million (~ZAR46.0 million) is expected to be allocated to commission studies on pest and disease management to make informed biosecurity-based decisions.

Programmes to enhance trade and marketing in agriculture

The Economic Development, Trade and Marketing programme launched by the South African government aims to boost economic growth and market access for agricultural products while fostering international relations.

- Over the medium term, the programme is expected to upskill agro-processing entrepreneurs in food manufacturing norms and standards, certify and accredit fresh produce exporters and enhance national skills in international market research.
- It will also provide technical leadership in trade negotiations and implement trade agreements to link producers to high-value markets. Additionally, the programme focuses on developing the agricultural value chain to ensure shared growth and improved market access.

Conclusion

Looking ahead, the cereals, fruits and vegetables sector in South Africa presents substantial opportunities for long-term growth. The sector study highlights that the country can capitalise on its diverse agricultural landscape and strategic agricultural hubs to drive the sector forward. By strengthening its export capabilities and enhancing sectoral competitiveness through favourable government policies and initiatives, South Africa is well-positioned to further solidify its role as a key player in the global agricultural market.

Potential investment and collaboration opportunities

India's and South Africa's fruits, vegetables and cereals sectors stand at a crossroads, presenting immense opportunities. Leveraging the production strengths of both countries will be crucial for sustained growth within the sector. Expansive arable land and diverse agro-climatic zones in both countries provide fertile ground to cultivate a wide variety of produce. Moreover, effective collaboration between the public and private sectors, coupled with initiatives to enhance the capabilities of farmers, processors and exporters, will be instrumental in unlocking the full potential of both countries in the fruits, vegetables and cereals sector[34].

Increase exports of citrus fruits into India

South Africa's production of citrus fruits contributes significantly to its economy, with most of it exported due to strong global demand. In India, there is a high demand for citrus fruits and the export of citrus fruits from South Africa to India could be increased by reducing import duties and implementing in-transit cold chain facilities.

Leveraging millet exports — A collaborative opportunity for India and South Africa

India is one of the largest producers of millet and exported millet worth USD70.9 million in FY24. India aims to become the global hub for millet, with the government promoting exports of millet-based products. Various global multinationals are seeking to align with this agenda.

For instance, Lenovo, a Chinese technology company, has set up a digital centre in Kerala to facilitate the revival of six millet varieties as part of its collaboration with Samudra Network and Agri App to digitise the agricultural value chain for millet in the area, which includes tracking crop details, digitising processing operations and creating a market catalogue for millet products.

India is one of South Africa's top sources for cereal imports. The export of millets or millet products from India to South Africa could be further increased by leveraging the various export initiatives introduced by the Indian government and fostering synergies between the Indian government and South African companies.

Cold chain and storage infrastructure

Both India and South Africa experience post-harvest losses attributed to insufficient cold storage facilities. Collaborative efforts to establish effective cold chain logistics and storage infrastructure could enhance shelf life, minimise waste and enhance the overall supply chain for perishable produce.

[34] 'Value of millets exported from India between financial years 2020 and 2024', Statista, June 2024

Sector view

Other agricultural goods and food products

India at a glance

India's other agricultural goods and food products sector holds immense potential for growth, given the country's positioning as one of the leading producers of milk, tea, tobacco, spices and marine products. The country plays a critical role in meeting global demands for various essential commodities, which are driven by increasing health consciousness, changing dietary preferences and favourable government policies, thereby enhancing the sector's investment attractiveness.

Sector snapshot — India[1]

USD1,274.0 billion
projected market size of the Indian food processing sector in 2027

23.4 per cent
share of processed food exports within agri-food exports in FY24

5th
rank globally in meat production in FY24

239.3 million tonnes
of milk produced in FY24, making India the largest producer

2nd largest
producer of tobacco and tea in FY24

2nd largest
globally in fish production, which was about 8.0 per cent of global fish production in FY24

Source(s): 'Food Processing', Invest India, 04 March 2024; 'Animal Husbandry and Dairying Snapshot', Invest India, 26 February 2024; 'Spices Industry and Export in India'; IBEF; 'Panoramic view of Indian Tobacco', ICAR, 8 December 2023; 'India stands third in fish production', PIB, 24 March 2023; 'Fishing Industry by Country 2024', World Population Review; 'Animal Husbandry Statistics 2024', DAHD, November 2024; 'India's agriculture sector demonstrates resilience', PIB, January 2025; 'Casting Nets, Catching Success', PIB, February 2025; 'Tobacco Board focuses on sustainability and growth of the industry', PIB, January 2025; 'Food Processing', IBEF, February 2025

[1] Note: All policies and planned investments mentioned for India are of 2024 and revisions may occur in future.

Overview of the Indian other agricultural goods and food products market

India's other agricultural goods and food products sector is one of the largest in the world, spanning a variety of products, which include tea, coffee, tobacco, dairy, meat, spices and fisheries.

With the food processing sector projected to reach USD1,274.0 billion[2] by 2027, India stands as the largest global producer of milk and spices, with production of 239.3 million tonnes of milk and 12.0 million tonnes[3] of spices in FY24.

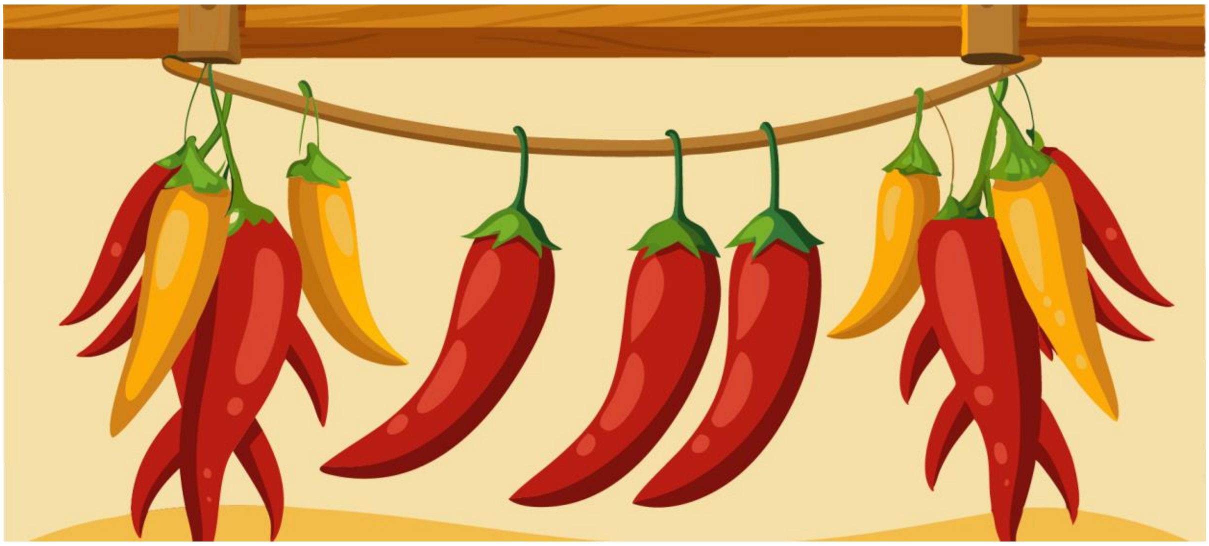
The country is also a producer of cashews, oilseeds and fish products with a production of 0.8 million tonnes (FY24), 39.7 million tonnes (FY24) and 18.4 million tonnes (FY 24), respectively[4,5,6].

Milk:
Milk production increased by nearly 3.8 per cent from FY23 to FY24 as a result of increased demand, driven by health-conscious consumers who prefer dairy products for essential nutrient requirements.

Poultry:
The growth of the poultry market is being propelled by a shift away from traditional diets, which were largely plant-based, towards protein-rich food products. Additionally, the use of advanced technologies and automation, including automated feeding systems and data-driven tools for monitoring disease management in birds, has improved production efficiency, resulting in higher output.

Spices:
The demand for spices in India is driven by increasing awareness of the health benefits of spices, such as their anti-inflammatory and antioxidant properties and their widespread use in daily cooking.

In addition to the aforementioned drivers, technological advancements, which include the use of Artificial Intelligence (AI) and automation across multiple areas such as farm management, processing, packaging and supply chain logistics, have led to increased efficiency and enhanced product quality and safety, thus driving growth of the agricultural goods and food products sector[7].



[2] 'Food Processing', IBEF, February 2025
[3] 'Spices Industry and Export in India', IBEF, April 2025
[4] 'Area and Production 2023-2024', DCDD
[5] 'Casting Nets, Catching Success', PIB, February 2025
[6] 'Oilseeds', IBEF
[7] 'India's Dairy Market: A Rich Harvest of Potential', Indus Food, September 2024

Key industry clusters

The Indian government has established clusters for various agricultural goods and food products in different states of the country. The top three production states for the key agricultural food products produced in the country are as follows:

- **Milk:** India contributes 25.0 per cent of global milk production. Its top three milk-producing states are Uttar Pradesh (16.2 per cent), Rajasthan (14.5 per cent) and Madhya Pradesh (8.9 per cent)[8].
- **Egg:** India was the second-largest egg-producer globally in FY24, recording a 3.2 per cent y-o-y growth. Leading states involved in the production of eggs comprise Andhra Pradesh (17.9 per cent), Tamil Nadu (15.6 per cent) and Telangana (12.9 per cent)[9].
- **Meat:** India produced 10.3 million tonnes of meat during FY24. The top three meat-producing states in the country include West Bengal (12.6 per cent), Uttar Pradesh (12.3 per cent) and Maharashtra (11.3 per cent)[9].
- **Coffee:** India ranks seventh in global coffee production. The top three coffee-producing states in 2024 include Karnataka (71.3 per cent), Kerala (19.5 per cent) and Tamil Nadu (4.9 per cent)[9,10].
- **Tea:** India ranks second globally among the leading tea-producing countries[11], with Assam (50.6 per cent), West Bengal (29.1 per cent) and Tamil Nadu (12.8 per cent)[12] among the leading producing states in 2024.
- **Cashew nut:** India ranks second in cashew nut production globally, with more than 15.0 per cent share in global exports[13,14]. During FY24, the leading three producing states were Maharashtra (24.8 per cent), Andhra Pradesh (16.8 per cent) and Odisha (15.9 per cent)[4].
- **Tobacco:** India contributes nearly 13.4 per cent of worldwide tobacco production and ranks second globally[15,16]. During FY24, the top states in terms of production were Gujarat (48.6 per cent), Andhra Pradesh (23.1 per cent) and Uttar Pradesh (14.8 per cent)[17].
- **Spices:** India is the largest producer of spices globally[18]. In FY24, the top spice-producing states were Madhya Pradesh (30.1 per cent), Gujarat (11.6 per cent), Andhra Pradesh (10.5 per cent) and Rajasthan (8.1 per cent)[18].
- **Fish (marine):** India was the second-largest fish-producing country in the world during FY24[5], with Andhra Pradesh (34.4 per cent), West Bengal (14.2 per cent) and Uttar Pradesh (7.0 per cent) as the top fish-producing states during FY23[19].
- **Oilseeds:** The country is also the fourth-largest oilseeds producer in the world[20], with Rajasthan (23.0 per cent), Madhya Pradesh (21 per cent) and Gujarat (18.0 per cent) being the top three producer states[6].

[8] 'Animal Husbandry Statistics 2024', DAHD, November 2024
[9] 'Statistics on Coffee', Coffee Board, as accessed in May 2025
[10] 'Indian Coffee Brews Global Demand', PIB, January 2025
[11] 'Several steps taken to boost the Indian tea industry', PIB, March 2023
[12] 'State/Region wise and Month wise Tea Production data for the year 2024 (Final)', Tea Board, as accessed in May 2025
[13] 'Agricultural and Processed Food Products Development Authority (APEDA) facilitates Cashew Exports on National Cashew Day to Bangladesh, Qatar, Malaysia and USA', PIB, November 2023
[14] 'APEDA facilitates Cashew Exports on National Cashew Day to Bangladesh, Qatar, Malaysia and USA', PIB, 24 November 2023
[15] 'Tobacco industry and exports India', Indian Trade Portal,
[16] 'State of Smoking and Health in India', Global action to end smoking, 12 August 2024
[17] 'India production state wise', Agriexchange
[18] 'Spices Industry and Export in India', IBEF, April 2024
[19] 'State-wise and Year-wise details of inland fish production', Sansad, December 2023
[20] 'Oilseeds', Indian Trade Portal

Trade overview — import and export landscape

According to the Indian government's statistics for FY24, India's export landscape was led by marine products, with frozen shrimp being the leading export commodity under that category, accounting for nearly 40.2 per cent[21] of the total quantity of exported marine products and 66.1 per cent of the total earnings of exported marine items. The U.S., was the largest importer of Indian seafood during FY24, valued at USD2.5 billion. Interestingly, tea emerged as one of the top export commodities in terms of volume, with India exporting 254.7 million kilograms of tea in 2024[22], owing to India's favourable geographical conditions for tea cultivation and an increasing demand for healthier beverages. The country's processed food exports have witnessed a remarkable increase, growing to USD10.9 billion during FY24[23].

In terms of imports, cashew nuts (raw) and spices are among the top imported agricultural food items in the country, driven by their large-scale consumption during festivities. India's reliance on the import of cashew nuts has increased in recent years due to high local demands and processing costs within the country.

Import and export value for other agricultural products for 2024[24]

Sub-sector	Export (USD million)	Imports (USD million)
Marine products	7,198	293
Spices	4,384	1,436
Meat	3,997	8
Oil seeds*	2,144	1,260
Tobacco	1,870	122
Coffee	1,656	253
Tea	907	96
Dairy	637	59
Cashew	344	1,653
Poultry	174	6

According to the monitoring dashboard of Department of Commerce, during 2024, some of the key commodities exported to South Africa from India in the other agricultural goods and food products category includes spices (USD50.0 million), marine products (USD19.0 million) and tobacco (USD13.0 million). While the major imported commodities from South Africa in 2024 included spices (USD1.0 million) and oil seeds (USD1.8 million)[25].

[21] 'India's seafood exports touch all-time high by volume in FY 2023-24', PIB, June 2025
[22] 'India rises to the third position in world tea exports in 2024', Tea Board
[23] 'India's agriculture sector demonstrates resilience', PIB, January 2025
Note(s): *Export and import values for oilseeds includes oil seeds and oleaginous fruits; miscellaneous grains, seeds, and fruit; industrial or medicinal plants; straw and fodder and represents value for fiscal year 2024
[24] Commerce Dashboard', Ministry of Commerce
[25] 'Commerce Dashboard', Ministry of Commerce

Investments within the sector

India's food ecosystem presents significant investment prospects, supported by economic policies, government incentives and a sustainability approach. The Indian food processing sector attracted **USD12.6 billion**[26] in FDI from April 2000 to December 2024[27]. The Ministry of Agriculture has been granted **USD16.2 billion** (INR137,756.5 crore) in the FY26[28], representing 2.7 per cent of the central government's total budgeted expenditure while marking a 4.0 per cent increase from the previous year's budget.

In addition, the GoI extended the Animal Husbandry Infrastructure Development Fund (AHIDF) to FY26, totaling USD3.5 billion, to boost investments in dairy and meat processing services.

Further, it is bolstered by the increase in expenditure (nearly 4.8 per cent) to USD38.1 million (INR324.9 crore) in FY26 on the Ministry of Animal Husbandry and Dairying[29] and the establishment of 10,000 need-based bio-input resource centres to strengthen the production, storage and marketing of oilseeds.

In the FY26 budget, the government allocated **USD317.4 million** (INR2703.6 crore) to the Department of Fisheries[30]. Further, it also includes funding for various agricultural initiatives, such as the National Programme for Dairy Development (NPDD) with an allocation of **USD117.4 million** (INR1000 crore), Atmanirbhar Oilseeds Abhiyan and the development of five integrated aquaparks.

Furthermore, the **Union Cabinet approved the Pradhan Mantri Matsya Kisan Samridhi Sah-Yojana (PM-MKSSY) in 2024** with a budget of **USD704.4 million** (INR6,000 crore) to support the transformation of the fisheries sector in the long-term[31].

Government initiatives and policies favouring the industry

To further strengthen the country's position in the other agricultural and food products industry globally, the government has implemented several policies aimed at boosting India's production capacity and international trade. Some of these initiatives are as follows[32,33,34,35,36]:

Boosting spice exports

- In 2022, HDFC Bank and the Spices Board India launched **Spice Xchange India**, a digital platform aimed at enhancing spice exports for Indian businesses by facilitating international trade between Indian exporters and importers, supporting all B2B transactions.

[26] 'A Taste of Progress: Mapping the Rapid Expansion of India's Food Processing Sector', IBEF, 02 August 2024

[27] 'Quarterly fact sheet', DPIIT

[28] 'Budget allocation', PIB, 25 March 2025

[29] 'Department of Animal Husbandry and Dairying, India Budget 2025-26, 30 January 2025

[30] 'Expenditure Budget 2025-2026, GoI, February 2025

[31] 'Pradhan Mantri Matsya Kisan Samridhi Sah-Yojana', Department of Fisheries, as accessed on 2 June 2025

[32] 'Financial assistance under 'Tea Development & Promotion Scheme' increases by 82% from Rs. 290.81 crores to Rs.528.97 crore for 2024-25 and 2025-26', PIB, March 2024

[33] 'Cabinet approves extension of Animal Husbandry Infrastructure Development Fund', PIB, February 2024

[34] 'Scheme Introduction', PMMSY website

[35] 'Incentives/Benefits available for export of Tobacco and Tobacco products from India', Tobacco Board

[36] Cashew Industry, PIB, June 2019

Boosting the beverage industry

- In 2024, the Ministry of Commerce and Industry announced plans to set up **800 self-help groups** (SHGs) and **330 farmer producer organisations** (FPOs), with total assistance of **USD12.6 million** for the tea industry. This represents a significant increase from the 40 SHGs and eight FPOs supported with USD0.3 million previously.
- In 2022, the Coffee Board of India introduced the Export Incentive Scheme to boost the coffee industry by providing financial incentives to exporters, aiming to reduce transaction costs and expand India's export market.
- In July 2021, the Department of Animal Husbandry & Dairying (DAHD) restructured the National Programme for Dairy Development (NPDD) to enhance the infrastructure for quality milk testing equipment, aiming for its implementation by FY26.
  - The aim is to boost milk and dairy product sales by expanding farmers' access to organised markets, upgrading dairy processing and marketing facilities and strengthening producer-owned institutions.

Boosting oil palm cultivation

In October 2024, the government approved the National Mission on Edible Oils – Oilseeds (NMEO-Oilseeds) to boost domestic oil seed production, aiming to achieve self-sufficiency in edible oils. With a budget of USD1.2 billion (INR10,103 crore), the seven-year mission (FY25 to FY31) aims to raise oilseed output from 39.0 million tonnes (FY23) to 69.7 million tonnes by FY31.

Development of animal husbandry and marine industry

To boost competitiveness and development of animal husbandry, the government has announced several initiatives. For instance:

- In 2024, the **Union Cabinet approved** the **extension of the Animal Husbandry Infrastructure Development Fund** (AHIDF) under the Infrastructure Development Fund (IDF) for three more years, with a **budget of USD3.5 billion**, until FY26.
- Launched in 2020, the **Pradhan Mantri Matsya Sampada Yojana** (PMMSY) **aimed to boost productivity and production capacity,** with a **USD2.4 billion investment**. The PMMSY sought to enhance India's marine product exports, contributing to the country's economic growth.

Decreasing cashew rates to benefit trade

- The Cashew Export Promotion Council of India (CEPCI) and Indian government have introduced measures to boost the cashew industry, including provision of financial support for new processing units.
- Additionally, the GoI allows duty-free import of raw cashew nuts from Least Developed Countries (LDCs) under the Duty-Free Tariff Preference (DFTP) Scheme.
- In 2023, the Goan cashew kernels received the geographical indication (GI) tag, which aids in distinguishing them from non-Goan cashews, benefitting both domestic and export markets.

Conclusion

India’s agricultural and food products sector is rapidly gaining prominence as a high-potential industry. The availability of abundant raw materials for various agricultural commodities, coupled with favourable climates for cultivating crops such as tea, coffee and spices, significantly contributes to the sector’s success. Moreover, supportive government policies and financial assistance/investments are enhancing production capabilities by focusing on initiatives such as ‘Make in India’ and promoting international trade, opening opportunities for collaboration with global players. Together, these combined factors are propelling the sector’s growth, positioning India as a key player in the global agricultural and food products market.

South Africa at a glance

South Africa's other agricultural goods and food products sector holds notable economic importance, contributing 2.8 per cent to the country's GDP, with gross agricultural production for FY23 at USD23.0 billion (ZAR426.4 billion). As a middle-income emerging market, the country possesses strong expertise in agro processing. It is further supported by government backed initiatives aimed at positioning South Africa as a key destination for global agricultural growth and investment.

Sector snapshot — South Africa[37]

32,000

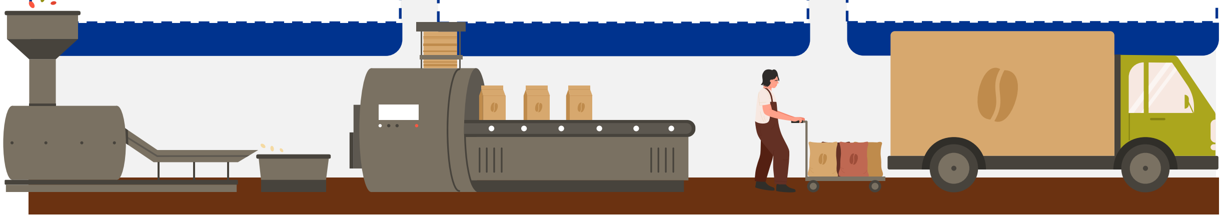
commercial farmers producing 80.0 per cent of South Africa's agricultural value

1,800

firms in the food processing sector

USD13.7 billion

South Africa's total agricultural exports in 2024



Source(s): 'New Zealand Foreign Affairs and Trade December 2023', MFAT Govt, as accessed on 15 May 2025; 'South Africa Country Profile', Food export, 15 July 2024; 'New record for SA agricultural exports', African Farming, 9 March 2025

Overview of the South African agricultural goods and food products market

South Africa has the most developed, productive and diverse agricultural sector in Africa, encompassing a wide range of farming products, including tea, coffee, tobacco, spices, oilseeds, meat and poultry[38]. In 2024, the sector contributed about 2.8 per cent to the country's GDP, reflecting an absolute increase of 1.0 per cent point from 2013[39].

Some of the key agricultural products contributing to the sector's growth include:

Poultry: The production of poultry is expected to increase by 3.0 per cent by the end of 2025 to 1.7 million tonnes, driven by reduced feed costs and growing demand for quality meat products alongside a rising consumer preference for consumption of animal protein[40].

Fisheries: South Africa has an emerging aquaculture industry with production expected to increase from around 10,900 metric tonnes in 2023 to about 11,700 metric tons by 2028. In terms of fish output, South Africa ranked 77th globally in 2023, with South Sudan coming ahead with about 10,900 metric tons[41].

Additionally, the country is one of the largest producers and exporters of abalone (a type of mollusc), with production amounting to 1,700 tonnes per year.

Tobacco: In 2025, South Africa's tobacco products market is expected to generate a revenue of USD15.7 billion, with cigarettes being the market's largest segment at an estimated market value of USD14.8 billion[42].

South Africa produced about 10,000 tons of unmanufactured tobacco, accounting for approximately **0.2 per cent** of the global production of 5.8 million tons[43]. This positioned South Africa as the **38th largest tobacco producer** in the world.

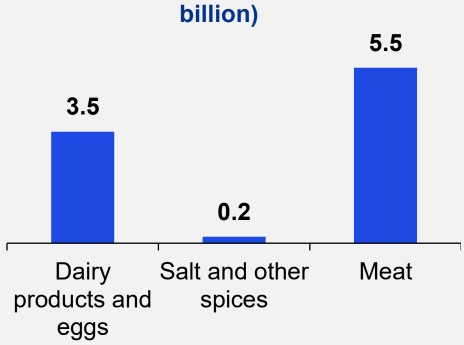
Dairy: It is the fourth-largest agricultural industry in South Africa, with turnover increasing by **32.0 per cent to USD2.9 billion (ZAR54.3 billion)** in FY23[44]. South Africa's unprocessed milk production is expected to grow to 3.4 million tonnes by the end of 2025[45].

Oilseeds: South Africa's oilseeds market is mature and finely balanced, with production projected to reach 3.5 million metric tonnes in FY26, 5.0 per cent smaller than the 3.7 million metric tonnes of oilseeds produced in FY23[46].

The other agricultural goods and food products sector is anticipated to grow at a CAGR of **7.6 per cent** from 2023 to 2028, reaching USD21.6 billion[47]. The growth of agricultural produce in South Africa, which primarily includes tea, coffee, tobacco, spices, cashew, oilseeds, poultry and marine products, is driven by several key factors:

- The country's diverse climate and agro-ecological zones support production of various crops.
- Technological advancements in farming practices such as AI-assisted detection of pests and diseases using drone imagery services[48] and significant investments in agricultural infrastructure enhancing productivity and efficiency.
- Additionally, low barriers to importing modern equipment and the presence of established brands create an attractive environment for growth[49].

Market size, South African agricultural goods and food products, 2025E (USD billion)



[38] 'South Africa: agriculture opportunities', New Zealand Foreign Affairs and Trade, December 2023

[39] 'Economic review of the South African Agriculture 2024', DALRRD

[40] 'South Africa: Poultry and Products Annual', USDA, 4 September 2024

[41] 'South Africa Aquaculture Industry Outlook 2024 – 2028', Report Linker Consulting, as accessed on 15 May 2025

[42] 'Tobacco Products - South Africa', Statista, as accessed on 15 May 2025

[43] 'State of Smoking and Health in South Africa', Global Action to end smoking, as accessed on 15 May 2025

[44] 'World Milk Day 1 June 2024: Western Cape milk products to the rescue', Western Cape Government, 31 May 2024

[45] 'The South African Dairy Industry', USDA, 27 February 2025

[46] 'Oilseeds and Products Annual', USDA, 3 April 2025

[47] 'South Africa: agriculture opportunities', New Zealand Foreign Affairs and Trade, December 2023

[48] 'South Africa Agribusiness Newest Agri-tech trends', ITA, 25 January 2024

[49] 'Dairy products and eggs', Statista; 'Salt & Other Spices', Statista; 'Meat', Statista, all accessed on 15 May 2025

Key industry clusters

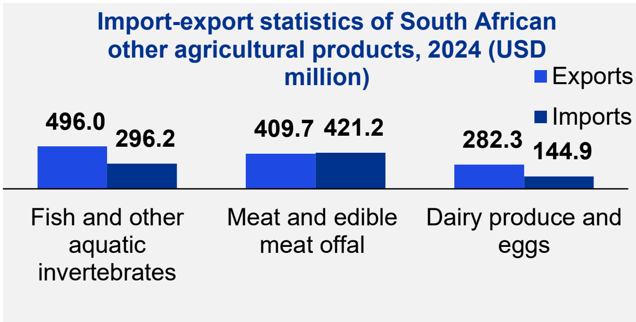
From tea and coffee plantations in the eastern provinces to thriving marine industries along the coastlines, South Africa's agricultural landscape is characterised by numerous clusters and production hubs.

- Notable clusters include that of **coffee**, which is primarily grown in **Mpumalanga, KwaZulu-Natal** and the **Northern province of Limpopo**[50].
- The **Western Cape** is home to 33.0 per cent[51] of the **milk producers** in South Africa, followed closely by the **Eastern Cape** and **KwaZulu-Natal**.
- Major cultivators of tea include the **KwaZulu-Natal provinces** and the **Eastern Cape.**
- **Broiler meat production** is widespread across South Africa, with the **Northwest, Western Cape, Northern Cape, Mpumalanga and Free State provinces** being the largest contributors, accounting for approximately **75.0 per cent**[52] of total production in 2021. The **Free State province** also accounts for nearly **15.0 per cent** of the country's egg production.
- Owing to its closeness to the Indian Ocean, the **Eastern Cape** is a major contributor to the fishing industry and other marine products, such as squid[53].
- **Oilseeds** are primarily grown in **Mpumalanga**[54], with soybeans being the dominant crop.

Lastly, the **tobacco** industry primarily operates in **Northwest and Gauteng provinces**[55], employing most workers in the sector.

Trade overview — import and export landscape

South Africa's other agricultural goods and food products sector is largely export-driven, as South Africa has consistently been the driver of trade among African countries. South Africa's total agricultural exports reached **USD13.7 billion**[56] in 2024, reflecting a 3.0 per cent increase from 2023. The African continent remains the primary market for these exports, accounting for about 44.0 per cent of export value in 2024.



- Meat exports grew by 32.8 per cent in 2024 to reach USD409.7 million in 2024. The exports accounted for 0.2 per cent of world trade with the country ranked 36th internationally, while imports declined by 12.1 per cent over the same period.
- Tobacco exports at USD144.8 million in 2024 increased by 15.1 per cent and represented 0.3 per cent of global exports of tobacco ranking 51st globally. However, imports grew by 9.6 per cent, with 8.6 million South Africans aged 15 and above using tobacco, placing the country 23rd globally and first in the WHO African Region for tobacco users.[57]
- Commodities such as oilseeds and oleaginous fruits (cashews, peanuts, almonds, hazelnuts and walnuts) fell by 49.7 per cent, whereas dairy products and eggs performed well, with growth rate

[50] 'South Africa Production Guide', Omwani Coffee Company, 29 November 2022
[51] 'Western Cape celebrates World Milk Day 2022', South African Government, 31 May 2022
[52] 'A profile of the South African broiler market value Chain 2022, Department of Agriculture, Land Reform and Rural Development, as accessed on 30 April 2025
[53] 'Agriculture in the Provinces', Agribook.digital, 15 September 2023
[54] 'Oilseeds and Products Annual', USDA, 1 April 2024
[55] 'Tobacco Sub-Sector Skills Plan 2023-2024', AgriSETA, 14 September 2023
[56] 'New record for SA agricultural exports', African Farming, 9 March 2025
[57] 'State of Smoking and Health in South Africa', Global Action to End Smoking, August 2024

of 8.3 per cent for 2024. Additionally, exports of coffee witnessed a 4.1 per cent y-o-y growth, reaching USD22.4 million in 2024 while tea witnessed a reduction of 7.6 per cent in the export value reaching USD25.8 million in 2024[58].

The country is a significant importer of a variety of agricultural products, with total imports reaching USD1.6 billion in 2024, compared to total exports of USD1.9 billion.

Overall, the country is in trade surplus for goods such as fish and other aquatic invertebrates, oilseeds and dairy and eggs, while it is in trade deficit in terms of meat and edible meat offal, tobacco, coffee, tea and spices.

Investments within the sector

In 2024, the South African government allocated a budget of USD1.5 billion (ZAR27.7 billion) for agricultural and rural development and USD7.9 billion (ZAR146.1 billion) for economic regulations and infrastructure, which would include investments in the agriculture sector's infrastructure to attract foreign investments in the sector[59]. In addition to the government's focus on the sector, several other bodies, both public and private, are collaborating for the development of the sector as listed below:

- African Development Bank, Afreximbank, ARISE Integrated Industrial Platforms (ARISE IIP), Islamic Development Bank and UNIDO launched an alliance at the 2023 Africa Investment Forum to address agriculture funding gaps. The founding members announced USD3.0 billion in investments to transform rural areas into prosperous agro-industrial zones. The African Development Bank has committed USD853.0 million to develop more than two dozen Special Agro-Industrial Processing Zones (SAPZs) across 11 countries, attracting USD661.0 million in co-financing[60].
- In 2023, the South African Poultry Association (SAPA) announced an investment of nearly USD97.0 million (ZAR1.8 billion) to expand production facilities in the poultry industry[61].

Government initiatives and policies favouring the industry

Given the promising prospects of the South African agriculture and agro-processing sector, the government has undertaken initiatives to boost trade and make the sector lucrative for the investors. Some of these include the following[62,63,64,65,66]:

SEZ programmes to attract investments

The South African government initially set up the Industrial Development Zone programme for the agro-processing sector but later replaced it with the SEZ programme to encourage investment and exports of value-added products.

The SEZ Act provides various financial and tax benefits to companies operating in SEZs to support their development, boost income generation, attract investments and improve global competitiveness. These benefits consist of a **15.0 per cent** corporate tax preference, an agro-processing support programme and an export marketing help.

[58] 'Trade Map Statistics for South Africa', Trade Map

Please note that agriculture budget consists of livestock, grains and rural development and as the country has not provided a division of individual allocations, hence the total number has been provided

[59] '2024/25 highlights', Department of National Treasury, February 2024

[60] 'New Alliance for Special Agro-Industrial Processing Zones commits $3 bn investment to boost African agriculture and food production', AFDB, November 2023

[61] 'Poultry and Products Annual', USDA, September 2023

[62] 'South Africa's PPP reforms provide an investor-friendly platform for global infrastructure capital', CNBC Africa, July 2024

[63] 'Investment Incentives and Support', MMSEZ, July 2022

[64] 'Agro Processing Support Scheme', DTIC, July 2024

[65] 'Strategic Plan 2020 – 2025', DALRRD, September 2020

[66] 'South Africa: Launch of the Agriculture and Agro-processing Master Plan (AAMP)', Global Trade Alert, as accessed on 10 May 2025

Strategic plan to boost the sector output

The Department of Agriculture, Land Reform and Rural Development (DALRRD) formulated the Strategic Plan 2020–2025. It encompasses all relevant policies, legislation and mandates under DALRRD's responsibility, accurately detailing the impact, outcomes and outputs to be achieved from FY21 to FY25.

Agro-Processing Support Scheme (APSS)

The main goal of APSS is to encourage investment within the agro-processing sector of South Africa. The investment needs to show that it will reach some of the following goals:

- Capacity enhancement, job growth, updated technology, enhanced competitiveness, productivity and increased inclusivity.
- The programme provides a cost-sharing grant of **20.0–30.0 per cent** up to USD1.1 million (ZAR20.0 million) for a two-year investment period, with the final claim due within six months of the last approved milestone.

Agriculture and Agro-Processing Master Plan to get financing

The Agriculture and Agro-Processing Master Plan (AAMP) was published by the Department of Agriculture, Land Reform and Rural Development of South Africa with the goal of unlocking USD377.3 million (ZAR7.0 billion) in agricultural financing. One of the aspects of the plan is offering loans to farmers, which will continue to be distributed until 2030.

- The AAMP aims to develop a thriving, eco-friendly agricultural sector by 2030 through collaborative efforts between governments, financial institutions and organisations. This initiative will implement various programmes across farms and businesses, promoting worker, employer and community engagement in sustainable growth and competitiveness.

Conclusion

The South African other agricultural goods and food products sector is poised for significant progress in the coming years, driven by advancements in technology, increased investment through public-private partnerships and a growing emphasis on sustainable practices. As consumer preferences shift towards quality and sustainable food options, South Africa's agro-processing sector is also likely to adapt and innovate, paving the way for robust growth and a stronger presence in global markets.

Potential investment and collaboration opportunities

There exist opportunities for collaboration and investment for both India and South Africa in the other agricultural goods and food products sector. Some of them are as follows[67,68]:

Attracting Indian investors to South Africa's growing agro-processing sector

The South African agro-processing sector output is estimated at USD12.9 billion (ZAR240.0 billion) annually, accounting for 18.0 per cent of the country's manufacturing output, making it the second most important manufacturing sector by gross value added (GVA). This presents an opportunity for Indian investors and enterprises, given their access to capital and expertise, to invest in the South African agro-processing sector.

Moreover, South Africa's strong focus on public-private partnerships can serve as a model for India to attract investment and build a robust agri-processing framework.

Jointly investing in advanced technologies to further boost agriculture

There is potential for greater integration of agri-tech across South Africa's agricultural goods and food products sector. Application of digital technologies for skill enhancement, service delivery and connectivity will enhance access to agricultural resources throughout the process. Investing in joint production research and technology can address both India and South Africa's crop and livestock vulnerabilities.

Workshops and trainings on advanced agricultural techniques

Both countries can jointly organise workshops with their respective government bodies, such as DALRRD and Indian Council of Agricultural Research (ICAR), to exchange knowledge on farming techniques, production techniques and technologies used to achieve better outputs.

Strengthen aquaculture relations to enhance the fisheries sector

India and South Africa can collaborate on aquaculture practices by focusing on species selection, stocking techniques and fish-processing techniques and leveraging integrated fish farming (IFF) systems, which involve sequential linkages between two or more farming activities.

[67] 'Agriculture and Agro-processing', Tshwane Economic Development Agency, as accessed on 10 May 2025
[68] 'South Africa - Country Commercial Guide', International Trade Administration, January 2024

Sector view

Chemicals

India at a glance

The chemicals sector in India, one of the pivotal pillars of the nation's economy, is projected to reach USD1.0 trillion by 2040. Supported by a robust infrastructure, a skilled workforce and abundant raw materials, it has emerged as a formidable player in the global arena. As the sector continues to innovate and respond to evolving market needs, there exists promising avenues for expansion, investment and collaboration, reinforcing India's stature as one of the leading chemicals producers and consumers globally.

Sector snapshot — India

USD278.1 billion
market size of the Indian chemicals sector in 2024

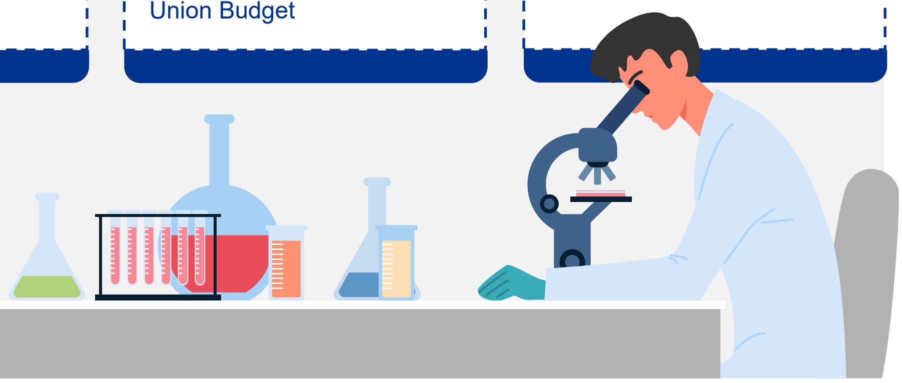
USD1.0 trillion
projected market size of the Indian chemicals sector by 2040

7.0 per cent
contribution to India's GDP in 2023

3.4 per cent
of the global chemicals sector

USD19.0 billion
budget allocated to the chemicals sector in FY26 Union Budget

6th largest
producer of chemicals in the world and 3rd in Asia



Source(s): 'Chemicals Industry Report', IBEF, February 2025; 'Union Budget 2025-26 Analysis', PRSIndia, February 2024; 'Chemical industry: Growth drivers and investment opportunities in India', Invest India, 20 March 2025; 'India chemical industry', India Briefing, 8 August 2023

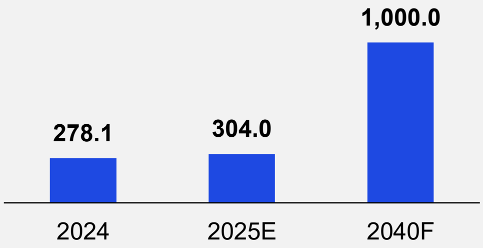
Overview of the Indian chemicals market

The chemicals industry in India covers a diverse range of over 80,000[1] commercial products, including bulk chemicals, specialty chemicals, agrochemicals, petrochemicals, polymers and fertilisers. The sector plays a pivotal role in the economy's growth contributing about 7.0 per cent[2] to India's GDP in 2023. India is also ranked as the third-largest chemical producer in Asia, employing more than two million[3] individuals.

Anticipated to witness a significant growth going forward with a CAGR of 8.3 per cent by 2040[4], the Indian chemicals sector's growth is bolstered by several factors, such as:

- Increasing domestic consumption and demand for chemical products.
- Favourable government policies, which include the PLI scheme and Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR) and growing demand from end-use industries such as food processing, personal care and home care.
- Rising demand for specialty chemicals and petrochemicals in end user segments.

Indian chemicals market size (USD billion)



Source(s): 'Chemicals Industry Report', IBEF, February 2025; 'Chemical industry: Growth drivers and investment opportunities in India', Invest India, 20 March 2025

India is the fourth largest manufacturer of agrochemicals globally and accounts for 16.0–18.0 per cent of the world's dyestuff exports. Further, India is a global frontrunner in the production of generics and biosimilars and major Indian vaccine manufacturers contribute more than 50 per cent of the global vaccine supply.

Key industry clusters

Indian chemicals sector's growth and development are attributed to key industry clusters that foster innovation, collaboration and economies of scale. These clusters offer favourable business environments, robust infrastructure and access to skilled labour and resources. They also attract domestic and foreign investments and are organised to enhance productivity and contribute to the sector's competitiveness and global positioning. The production of chemicals in India is led by few top producing states:

- According to the Annual Survey of Industries (factory sector) for FY23, Gujarat led with 30.6 per cent, followed by Maharashtra at 17.8 per cent, Andhra Pradesh at 5.4 per cent, Tamil Nadu at 4.7 per cent, Uttar Pradesh at 4.2 per cent and Rajasthan at 3.7 per cent. These top six states in India accounted for nearly 66.4 per cent of the gross value added (GVA) during FY23[5].

[1] 'Indian Chemicals Industry Analysis', IBEF, February 2025
[2] 'Chemicals Industry Report', August 2024, IBEF, as accessed on 30 April 2025
[3] 'Indian Chemicals Industry Analysis', IBEF, February 2025
[4] 'Chemical industry: Growth drivers and investment opportunities in India', Invest India, 20 March 2025
[5] 'Annual Survey of Industries (factory sector) for 2022–23', Ministry of Statistics and Programme Implementation, as accessed on 30 April 2025

Trade overview: India's import and export landscape

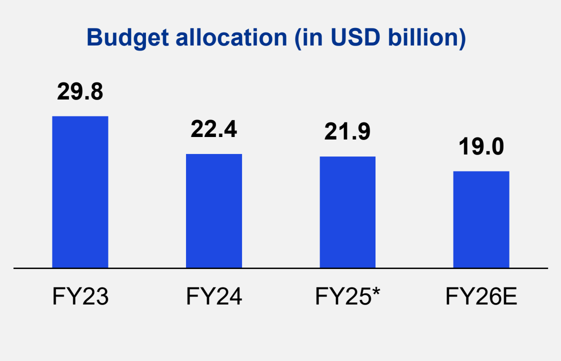
India stands as the ninth major exporter and sixth largest importer of chemicals globally (excluding pharmaceuticals)[6]. During FY24, the country's chemical imports and exports stood at USD43.3 billion and USD30.1 billion respectively[7]. The country exports inorganic and organic chemicals, tanning and dyes, agrochemicals, plastics and synthetic rubber among others. During FY24, the country exported a range of chemical products to multiple countries, with the U.S., Singapore, Brazil, China, the UAE and the Netherlands being the top six major export destinations.

Organic chemicals and petrochemical intermediates make a larger proportion of chemical imports in India. With the country's reliance on imports of certain chemicals, the Indian government under the 2034 Vision for chemicals and petrochemicals, is focusing on reducing imports and attracting investments in the sector[8].

Investments within the sector

With a focus on attracting FDI and promoting domestic growth, India has witnessed a steady inflow of capital into the chemicals and petrochemicals industry. The government's commitment to fostering innovation, increasing production efficiency and facilitating R&D activities has positioned India as an attractive destination for investments in this sector.

- FDI equity inflows in the Indian chemicals sector (excluding fertilisers) reached USD22.9[9] billion between April 2000 and December 2024.
- Investments worth USD94.0 billion (INR8.0 lakh crore)[10] are estimated to be attracted by the sector by 2025.
- In the FY26 Union Budget, USD19.0 billion[11] was allocated to the chemicals industry, signalling the government's commitment to support research, development and production efficiency.
- In August 2024, Bharat Petroleum Corporation Limited announced a USD20.0 billion (INR1.7 lakh crore)[12] investment over the next five years to invest in new petrochemicals projects and enhance its refining efficiency, grow its core oil refining and fuel marketing business and expand into newer energy areas.



Source(s): 'Union Budget 2025–26 Analysis', PRS India; 'Union Budget 2024–25 Analysis', PRS India, as accessed on 25 April 2025; currency conversion at INR1 = USD0.01174 as on 30 April 2025

*: Revised estimates for FY25

With substantial investments and government support, the Indian chemicals sector is poised for impressive growth and is increasingly seen as an attractive destination for global investors. The inflow of FDI, ambitious investment targets, government budget allocations and significant investments by key industry players all contribute to the sector's promising future prospects.

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[6] 'Chemical Industry in India', IBEF, April 2025

[7] 'Commerce Dashboard', Ministry of Commerce, as accessed on 30 April 2025

[8] 'Chemical and petrochemical statistics at a glance-2024', Chemicals.gov, as accessed on 25 April 2025

[9] 'Quarterly fact sheet', DPIIT, as accessed on 30 April 2025

[10] 'Indian Chemicals Industry Analysis', IBEF, April 2025

[11] 'Union Budget 2025-26 Analysis', PRS India, 1 February 2025;

[12] 'Bharat Petroleum Corporation Limited Q4 FY '24 Earnings Conference Call', BPCL, 18 August 2024;

Government initiatives and policies favouring the industry

The Indian chemicals sector benefits from various government initiatives. The PLI scheme incentivises domestic manufacturing, the PCPIR policy attracts investments and the Chemical Promotion Development Scheme (CPDS) supports knowledge creation and research. These initiatives aim to enhance the sector's growth and competitiveness[13,14,15,16,17,18].

Vision 2034 for chemicals sector and the way forward

The government unveiled a Vision 2034 blueprint aimed at exploring avenues to enhance domestic production, decrease imports and attract investments in the sector.

- To support this vision, the government intends to introduce a Production-Linked Incentive (PLI) system, offering 10.0–20.0 per cent output incentives for the agrochemical sector, as well as fostering the growth of clusters to establish a comprehensive manufacturing ecosystem.
- Furthermore, the government proposed several incentives, such as PLIs, PCPIRs for setting up a sourcing or manufacturing platform within an Indian SEZ.

Production Linked Incentives (PLI)

The objective of GoI's PLI scheme, which provides companies with incentives based on increased sales from domestically manufactured products, aims to enhance the nation's manufacturing capabilities and reducing its dependence on imports.

- Under the Budget FY26, the Indian government allocated USD22.8 million (INR194.1 crore) to the Department of Chemicals and Petrochemicals.
- The Department of Chemicals and Petrochemicals intends to bring PLI in the chemicals and petrochemicals sector and will redraft the Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) guidelines.
- PLI schemes have been introduced to promote Bulk Drug Parks, with a budget of USD191.2 million (INR1,629.0 crore).
- The GoI is considering launching a PLI scheme in the chemicals sector to boost domestic manufacturing and exports.

[13] 'Chemical Industry India', IBEF, April 2025
[14] 'Specialty chemicals industry in India', KPMG, November 2022
[15] 'Govt. Schemes for India's Chemical Industry', India Law Offices LLP, 4 September 2023
[16] 'Department of Chemicals and Petrochemicals', India Budget
[17] 'Paving the Path to a VIKSIT BHARAT', Assocham, September 2024
[18] 'Government Of India Ministry of Chemicals & Fertilizers Department of Fertilizers Lok Sabha Question, Sansad, as accessed on 14 May 2025

Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs)

In India, the concept PCPIRs, formerly known as Mega-Chemical Industrial Estates (MCIES) or chemical hubs, were established as special economic zones aimed at promoting the production of petroleum and petrochemical products.

- The government aims to attract investments and promote industrial development in the petroleum chemicals and petrochemical sectors through PCPIRs, to provide co-siting advantages, networking opportunities and shared infrastructure.
- The PCPIR set up at Paradip has attracted investments worth USD8.6 billion (INR73,518.0 crores) as of 2024, resulting in the employment of about 40,000 people, whereas the PCPIR set up at Bharuch has attracted investments worth USD15.1 billion (INR128,509.0 crores), with employing around 2.5 lakh people.
- Under the new PCPIR Policy FY35, a combined investment of USD142.0 billion is targeted by 2025, USD213.0 billion by 2030 and USD284.0 billion by 2035 in all PCPIRs across the country.

Chemicals Promotion and Development Scheme (CPDS)

Implemented under the chemicals division, the CPDS scheme, launched in 1997 but revised in 2019, strives to provide support in the form of grant aids for organising workshops and seminars.

- The objective of this initiative is to facilitate the growth and advancement of the chemicals and petrochemicals industry through the creation of knowledge products such as studies, surveys, data banks and promotional material.
- The scheme aims to disseminate this knowledge through the organisation of seminars, conferences, exhibitions and other events, to support the development of these sectors.
- Additionally, the scheme encourages research and innovation by recognising and rewarding exceptional contributions made in the field of chemicals and petrochemicals.
- Under the CPDS, mega events, specialised programmes and small events are organised to promote trade, attract investment, encourage R&D, support technology indigenisation and contribute to the development of the Indian chemicals and petrochemicals industry.

Conclusion

India's chemicals sector is a prominent force in both domestic and global markets benefiting from favourable government policies, growing domestic consumption and increasing demand from various industries. Key industry clusters enhance productivity, attract investments and drive competitiveness. The sector, already a major player in Asia, offers room for expansion, investment and collaboration, solidifying its position as a top global chemicals producer. The government's focus on attracting investments and promoting domestic growth, alongside significant investments from international and domestic players, underscores the sector's potential and future prospects. Initiatives such as the PLI scheme and PCPIRs further support manufacturing capabilities and industrial development. With the aim of boosting domestic production, reducing imports and attracting investments, the Indian chemical sector is prepared for sustained growth in the years ahead.

South Africa at a glance

The chemicals sector in South Africa is on track for significant expansion, with the sector's growth intricately linked to manufacturing and chemicals manufacturing revenue expected to account for 6.9 per cent of total manufacturing value-added by 2026. The rising demand for chemicals in industries such as construction, agriculture and textiles is fuelling this market growth. With dynamic government initiatives such as financial incentives, skills development programmes, research initiatives and support for start-ups, the South African chemicals market is set to become a beacon for attracting increased investments and a growth outlook.

Sector snapshot — South Africa

4.5 per cent

expected CAGR of the South African chemicals sector during 2025–31

Largest

chemical producer in Africa

6.9 per cent

expected chemical manufacturing revenue share of total South African manufacturing value-added by 2026

0.5 per cent

of global chemical production capacity

55.0 per cent

of all chemicals produced locally are petrochemicals

171,376 jobs

total employment provided by the sector

Source(s): 'South Africa Chemicals Market (2025–2031)', 6W Research, April 2025; 'South Africa Chemical Industry Outlook 2022–2026', Report Linker, as accessed on 30 April 2025; 'Chemicals', Invest SA, as accessed on 30 April 2025

Overview of the South African chemicals market

South Africa possesses the largest and most advanced chemicals sector in Africa. The industry is highly diverse, encompassing fuel, plastics fabrication and other sectors. It plays a significant role in South Africa's economy, contributing to a substantial portion of the country's manufacturing gross value. The sector is recognised for its trading capacity, primarily dealing in products such as plastics, inorganic and organic chemicals. A few major integrated local and international manufacturing companies dominate the sector, of which the 20 largest companies account for about 90.0 per cent[19] of the sector's revenue.

Furthermore, a well-connected value chain in the chemical sector ensures efficient operations and enhanced productivity. Expertise in manufacturing emerging materials allows chemical companies to meet the demand for innovative, high-performance materials. The expected growth in African agricultural output is likely to drive demand for agrochemical products, presenting new opportunities for the chemical industry. Meanwhile, the increasing demand for biodegradable materials represents a shift towards sustainable practices in the sector, opening new avenues for growth and innovation.

Looking ahead, the 2035 Vision aims for substantial growth in chemical manufacturing, employment, local content, industry competitiveness, transformation in the chemical value chain and R&D support for sustainable competitive advancement.

As a part of the Vision 2035, the government outlined key interventions for the chemical sector such as regulatory and legislative clarity, supportive incentive framework, economic growth, market promotion and alignment, reduce non-tariff barriers, tariff review and collaborative institutional platform. The government plans to strategise these interventions as a guide to address the challenges faced by the sector, to scope out opportunities by developing key action programmes, to grow and develop the sector and implement the recommendations in partnership with stakeholders.

[19] 'Investing in South Africa's Chemicals and Advanced Materials Industry – South Africa Factsheet 2020, InvestSA, April 2024

South Africa's chemicals sector is expected to grow at a CAGR of 4.5 per cent between 2025–31[20], driven by:

- A seamlessly integrated value chain entailing the entire chemical production process, from manufacturing raw materials to intermediate products and final chemical products.
- Advanced expertise in manufacturing emerging materials, such as the advanced carbon materials, with demand anticipated to grow at 7.5 per cent[21] over 2024–30 globally.
- Growth in African agricultural output, with Africa's agribusiness sector predicted to reach USD1.0 trillion by 2030, driven by population growth, creating more demand for agrochemicals[22].

Key industry clusters

The South African chemicals market thrives in the Vaal Triangle region, near Johannesburg, where a significant concentration of chemical companies and related manufacturing activities, including explosives and fertilisers, can be found in cities such as Vereeniging, Vanderbijlpark and Sasolburg.

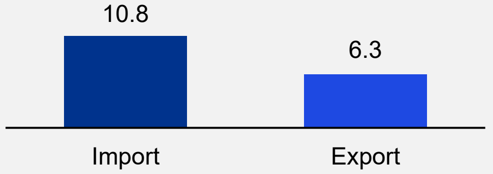
- The coal-rich Vaal River valley, stretching from the Northern Free State to Southern Gauteng and Western Mpumalanga, also serves as a prominent area for chemicals operations.
- Furthermore, additional manufacturing hubs are strategically located in regions where the products are consumed, such as mining and farming areas, as well as urban centres like Johannesburg, Durban and Cape Town, which boast thriving manufacturing and consumer industries.
- Notably, the chemicals sector is supported by specialised clusters such as the Durban Chemicals Cluster, a collaborative effort between the local chemical manufacturing sector and the eThekwini Municipality and the Mandela Bay Composite Cluster, an industry-driven advanced manufacturing cluster that focuses on composites for various sectors.

Trade overview —import and export landscape

The chemical and allied industry products in South Africa remained in trade deficit with the country importing items in comparison to the exports in 2024.

While imports were recorded at USD10.8 billion for 2024, compared to USD10.5 billion for 2023, exports were recorded at USD6.3 billion, representing a **trade deficit of USD4.5 billion.**

South African chemical and allied industry products, exports and imports, 2024 (USD billion)*



Source(s): 'Trade Statistics'. SARS, as accessed on 10 May 2025

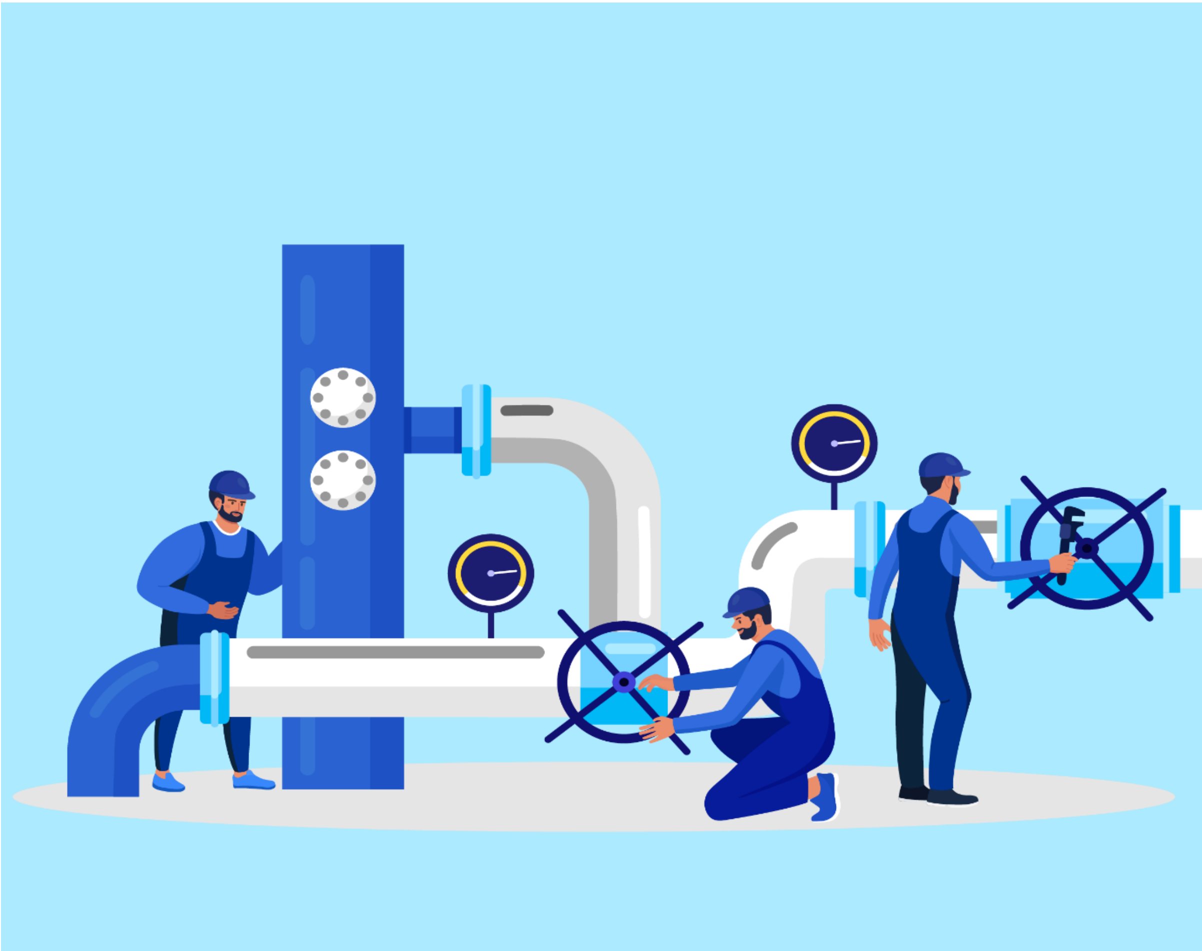
[20] 'South Africa Chemicals Market (2025–2031)', 6W Research, April 2025
[21] 'Advanced Carbon Materials Market Report 2024-2030', Global Newswire, 13 February 2025
[22] 'Unlocking Africa's $1 trillion food economy', WEF, 24 April 2024

Investments within the sector

Investments in the South African chemicals sector are fuelling growth, driven by rising demand in sectors like agriculture, construction and textiles. Notable investments include:

- Potential investment from Saudi Aramco: Saudi Aramco may invest USD10.0 billion[23] in the country's petrochemical sector.
- Establishment of green ammonia plant: Hive Hydrogen and Linde are investing USD4.6 billion[24] to establish a green ammonia plant in the Coega Special Economic Zone. This plant aims to meet the requirements of agriculture, chemical and mining industries while promoting a future switch to green ammonia as a primary fuel.
- Enterprise and supplier development funding agreement: SASOL and Nduna Maritime's USD27.1 million[25] funding agreement supports South Africa's first locally owned maritime vessel, the chemical tanker Bow Cecil, contributing to international market transportation capabilities.

These investments reflect the sector's potential for expansion and innovation, enhancing South Africa's economic development. The future of the South African chemicals sector holds optimistic opportunities to meet evolving market demands.



[23] 'South African Minister of Electricity: Imminent Investments with Aramco, ACWA Power', Asharq Al-Awsat, 3 May 2024

[24] 'Hive Hydrogen and Linde announce green hydrogen and ammonia project in South Africa', Indian Chemical News, 17 December 2021

[25] 'Sasol Invests in 1st South African-Owned Chemical Tanker', Offshore Energy, October 2019

Government initiatives and policies favouring the industry

The South African government has introduced a range of initiatives to promote growth and innovation in the chemicals sector. These include the financial incentives, skills development programmes, research initiatives and support for start-ups, fostering a favourable environment for the industry's development[26,27].

Financial support and incentives:

The 12i Tax Incentive has been developed to provide support for both greenfield investments, which refer to new industrial projects utilising new and unused manufacturing assets and brownfield investments, which involve expansions or upgrades of existing industrial projects. The minimum investment in qualifying assets required is USD2.7 million (ZAR50.0 million) for a greenfield project and an additional investment of USD1.6 million (ZAR30.0 million) for a brownfield project. This incentive offers assistance for both capital investment and training initiatives.

Skill development and research programmes

The Chemical Industries Education & Training Authority (CHIETA) takes an active role in promoting skills development within the chemicals sector. Various universities provide industry-oriented bachelor's and master's programmes to nurture talent in this field. Additionally, the Council for Scientific and Industrial Research (CSIR) boasts a robust research focus on areas such as nanostructured and advanced materials, bio-manufacturing and metal processing.

Chemical incubation

Chemical incubators play a vital role in offering comprehensive backing to start-up companies, encompassing support services, aid in developing business plans, provision of physical infrastructure, coaching and access to technical expertise. These incubators have been established across various locations including Port Elizabeth, East London, Durban, Krugersdorp and Thembisa.

Industrial financing

The Industrial Development Corporation (IDC) supports the sector through the provision of loan- and equity-based financial assistance to new and existing businesses, attraction of foreign direct investment, search for strategic, technical and marketing alliances, both locally and internationally. Funding is available for upstream and downstream chemicals, plastic products including plastics recycling, medicinal chemicals and botanical products, man-made fibre, recycling and rubber products.

[26] 'Investing in South Africa's Chemicals and Advanced Materials Industry – South African Factsheet 2020, InvestSA, as accessed on 30 April 2025

[27] 'Section 12I Tax Allowance Incentive (12I TA), thedtic, as accessed on 30 April 2025

Conclusion

The South African chemicals sector is set to experience significant growth, driven by various factors such as the establishment of a well-connected value chain, expertise in manufacturing emerging materials, expected growth in African agricultural output and the increasing demand for biodegradable materials. Government initiatives and investments from both local and international companies are driving this growth. The sector also benefits from specialised clusters, skills development programmes, financial support, research institutions and chemical incubators, creating opportunities for innovation and technological advancement across different industries. Overall, the future looks promising for the South African chemicals sector as it continues to adapt and meet the evolving market demands.

Potential investment and collaboration opportunities

India and South Africa have thriving chemical sectors that offer promising opportunities for investment and collaboration. Leveraging their strengths, both countries can enhance their competitiveness, foster innovation and achieve sustainable growth in the industry.

Joint ventures and strategic alliances

Technology transfer: Collaborating with South African firms to transfer advanced chemical manufacturing technologies, enhance production efficiency and product quality.

Research and development: Establishing joint R&D centres to innovate new chemical products and processes, focusing on eco-friendly solutions.

Market expansion

Access to new markets: Leveraging India's vast market to expand South Africa's product reach, while Indian firms can use South Africa as a gateway to the African continent.

Product diversification: Collaborating to develop and market a diverse range of chemical products tailored to the needs of both regions.

Sustainable practices

Green chemistry initiatives: Joint sustainability efforts between India and South Africa may reduce trade barriers by streamlining regulatory compliance. This could lower costs and facilitate smoother trade processes. Additionally, such initiatives might open access to new markets prioritising eco-friendly products, potentially expanding the range of goods and services exchanged between the two nations.

Waste management solutions: Developing waste management and recycling technologies to address environmental concerns in both countries.

Investment opportunities

Training programmes: Skilled workers trained in advanced chemical manufacturing techniques can develop innovative products and processes. This innovation opens up new market opportunities, allowing companies from both countries to explore previously untapped sectors in their bilateral trade relationship.

Knowledge exchange: Facilitating knowledge exchange through workshops, seminars and conferences to share best practices and industry insights.

Investment in infrastructure

- Pharmaceutical products and specialty chemicals (for instance, biochemicals)
- Fluorspar beneficiation and other chemicals value chain development opportunities
- Invest in advanced manufacturing opportunities

Regulatory harmonisation

Standardisation of regulations: Coordinating chemical industry regulations to facilitate smoother trade and investment flows between the two countries.

Compliance and safety standards: Collaborating to establish high safety and compliance standards, ensuring the well-being of workers and the environment.

Sector view

Drugs and pharmaceuticals

India at a glance

The drugs and pharmaceuticals sector in India is a major pillar of the nation's economy, ranking third globally in production volume and 14th in value in FY24. By 2030, the sector is anticipated to reach a market size of USD130.0 billion, fuelled by India's strong domestic manufacturing capabilities and its essential contribution to the supply of affordable generic drugs globally. Ongoing advancements in research and development, supportive government policies and increased foreign investments will continue to propel the sector's growth, solidifying India's position in the global pharmaceuticals value chain.

Sector snapshot — India

USD130.0 billion

projected market size of the Indian pharmaceuticals sector by 2030

60.0 per cent

of the total global vaccine production annually is attributed to India

20.0 per cent

of global exports of generic medicines is met by India

USD30.5 billion

value of exports of Indian drugs and pharmaceuticals in FY25

USD23.3 billion

of FDI inflows to the pharmaceutical sector during April 2000—December 2024

The U.S., U.K. and South Africa

are the largest importers of drugs and pharmaceuticals from India during FY24

Source(s): 'Indian Pharmaceuticals Industry Analysis', IBEF, February 2025; 'The cumulative exports (merchandise & services) during FY 2024-25 (April-March) is estimated to grow by 5.50% at US$ 820.93 Billion, as compared to US$ 778.13 Billion in FY 2023-24 (April-March)', PIB, 16 April 2025; 'Country wise exports 2023-24', Pharmexcil, 14 May 2024

Note: All policies and planned investments mentioned for India are of 2024 and revisions may occur in future.

Overview of the Indian drugs and pharmaceuticals market

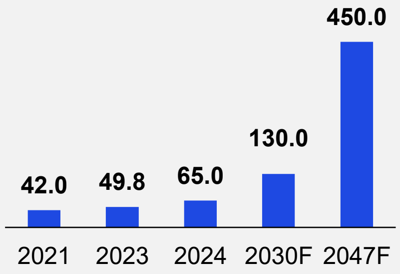
The Indian pharmaceuticals sector is ranked third globally[1] in terms of production volume of pharmaceutical products, with Indian drugs exported to more than 200 countries. The Indian drugs and pharmaceuticals sector encompasses several key segments including **generic drugs, bulk drugs, over the counter (OTC) medicines, contract research and manufacturing, vaccines, biosimilars and biologics**. The country houses **118 pharmaceutical clusters[2]** that span over 19 states and union territories; with majority of the clusters concentrated in the western and southern regions of the country. The clusters refer to specific regions or areas within the country that have a high concentration of pharmaceutical companies, research institutions and related businesses. These clusters are characterised by a strong presence of manufacturing units, R&D centres, academic institutions and supportive infrastructure that foster innovation, knowledge exchange and industry growth. The country is recognised as one of the world's largest suppliers of affordable vaccines, contributing to **60.0 per cent[3] of the total global vaccine production** yearly. Notably, India stands as a leading global provider of vaccines such as diphtheria-pertussis-tetanus (DPT), Bacillus Calmette-Guérin (BCG) and measles, contributing up to **70.0 per cent** of the World Health Organisation (WHO) demand for DPT and BCG vaccines and **90.0 per cent** of the WHO's demand for measles vaccine in 2023[4].

The Union Budget 2025–26 underscores a strong commitment to the healthcare sector, with a **10.8 per cent increase** in allocation compared with last year, totalling **USD11.3 billion** (INR 95,957.9 crores[5]). The budget demonstrates a strong commitment to the sector's growth and development, aligning with the vision of 'Viksit Bharat'. The key initiatives include long-term R&D financing in pharma, recognising the sector as a sunrise industry and introducing the bio-manufacturing scheme. The exemption of customs duties on three additional cancer medications is another significant step towards easing financial burden on patients.

The Indian drugs and pharmaceuticals sector is forecasted to increase at a CAGR of **14.7 per cent[6]** from 2023 to 2030 and **7.6 per cent from 2030 to 2047[7]**. The sector's sustained growth in the country is driven by the increasing prevalence of lifestyle diseases, such as diabetes and heart conditions, establishment of cost-efficient manufacturing capabilities and government support through initiatives such as the 'Make in India' and 'Pradhan Mantri Bhartiya Janaushadhi Pariyojana (PMBJP)' scheme.

Technological advancements in pharmaceutical manufacturing, along with the growing prevalence of online pharmacies, are poised to further drive the sector's development, solidifying India's position as a global leader in affordable healthcare.

Indian pharmaceutical market size (USD billion)



In terms of the trade relationship between India and South Africa, **drugs and pharmaceuticals rank third** among the major exported items from India. From April to October 2024-25, India exported **USD377.4 million[8]** worth of drugs and pharmaceuticals to South Africa.

[1] 'Pharma industry', Department of pharmaceuticals, accessed on 26 May 2025

[2] 'Survey of Pharma Clusters', Department of Pharmaceuticals, February 2024

[3] 'Leapfrogging as Pharma Leader of the World', Press Information Bureau Blogs, 25 October 2023

[4] 'Assessment of India's Pharmaceutical Market 2024', Smart Research Insights, EMIS database, January 2024

[5] 'Expenditure profile', Indian Budget

[6] 'Indian Pharmaceutical Industry', IBEF, February 2025

[7] 'Indian Pharmaceutical Industry', IBEF, February 2025

[8] 'India South Africa Trade', IBEF, February 2025

Key industry clusters in India

The Indian government strategically supports the pharmaceutical sector through the establishment of dedicated clusters and zones, which further enables economies of scale. Of the **118 clusters** across the country, **Maharashtra leads with 40 clusters**, followed by **Gujarat with 13**, **Andhra Pradesh with 8** and **7 each in both Himachal Pradesh and Rajasthan**. These clusters collectively support **7,673 pharmaceutical enterprises**, averaging **65 units per cluster**[9].

- The combined annual production of the 118 pharmaceutical clusters amounts to a substantial **11.9 million MT** of pharmaceutical products[6].

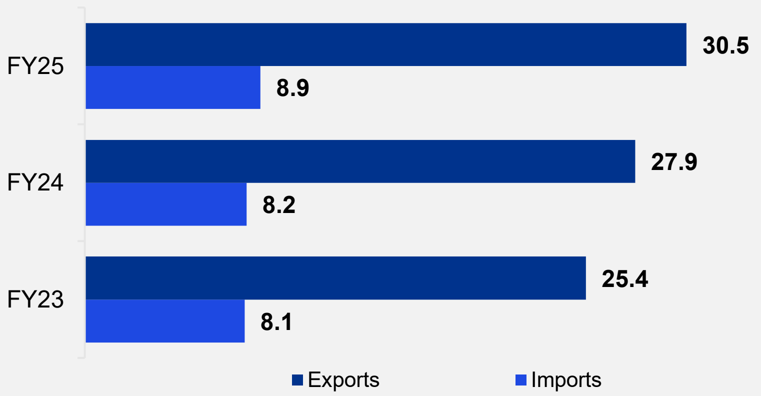
To strengthen domestic manufacturing of bulk drugs and reduce reliance on imported Active Pharmaceutical Ingredients (APIs), the Indian government, under the 'Promotion of Bulk Drug Parks' scheme, has granted 'in-principle' approval for **three bulk drug parks** in **Bharuch, Gujarat, East Godavari district, Andhra Pradesh and Una, Himachal Pradesh**[10]**.** The scheme aims to establish integrated manufacturing clusters that offer pharmaceutical companies a conducive environment with infrastructure, common facilities and shared resources.

Trade overview: India's import and export landscape

India continues to maintain its position as one of the leading suppliers of generic drugs, fulfilling more than **20.0 per cent**[11] **of global generic drug exports**, **50.0 per cent of Africa's generic drug needs** and contributing to **25.0 per cent** of all medicine supplies in the UK in 2023[12].

The drugs and pharmaceuticals exports reached USD30.5 billion in FY25[13], reflecting a **9.4 per cent increase from the previous year**. **The U.S., the U.K. and South Africa are the largest export destinations** for Indian drugs and pharmaceutical products, accounting for **31.3 per cent, 2.8 per cent and 2.6 per cent of exports, respectively in FY24**[14]**.** Additionally, India expanded its market reach into new territories such as Montenegro, South Sudan, Comoros, Brunei, Chad, Ireland, Sweden, Latvia, Haiti and Ethiopia, showcasing the sector's growing global presence.

Import-export statistics of the Indian pharmaceuticals sector (USD billion)



[9] 'Survey of Pharma Clusters', Department of Pharmaceuticals, February 2024

[10] 'Development of Bulk Drug Park at Bharuch', Pharmaceuticals Government of Gujarat, 6 January 2024

[11] 'India's Pharma Exports grow over 125% in last 9 years', Ministry of Health and Family Welfare, 13 June 2023

[12] 'Leapfrogging as Pharma Leader of the World', Press Information Bureau Blogs, 25 October 2023

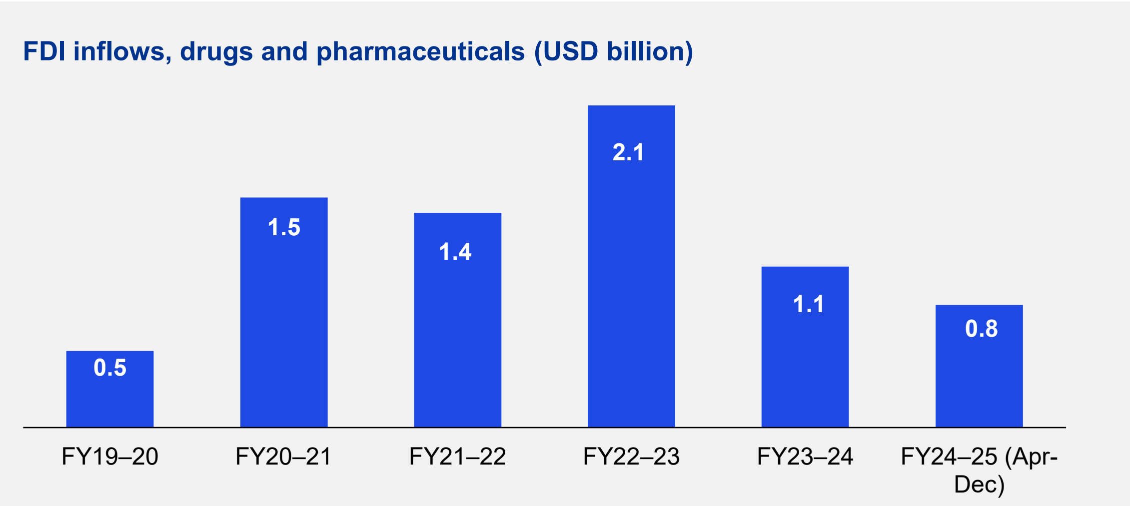
[13] 'The cumulative exports (merchandise & services) during FY 2024-25', PIB, April 2025

[14] 'Country wise exports 2023-24', Pharmexcil, 14 May 2024

Although India is enhancing its domestic production capabilities and strategic efforts to reduce dependency on China, India's pharmaceutical imports **increased by 8.5 per cent in FY25 compared to FY24**[15]. However, government initiatives, adaptation of supply chains and a strong focus on self-reliance are aiming for a shift towards reducing import dependency[16].

The sector's robust domestic demand, coupled with India's global reputation as the '**pharmacy of the world**' makes the pharmaceutical industry an attractive investment opportunity. The sector has become one of the preferred destinations for foreign investors, attracting **cumulative FDI inflows of USD23.3 billion from April 2000 to December 2024** and accounting for **3.0 per cent of India's total FDI equity inflows**[17]. Despite a 48.3 per cent decline in FY24 due to a global FDI slowdown, the sector recorded USD0.8 billion in FDI equity inflows in the first three quarters of FY25, indicating stagnant growth momentum[18].

The Government of India (GoI) has further permitted a maximum of **100.0 per cent FDI in greenfield projects** and up to **74.0 per cent FDI in brownfield projects** through an automatic route (i.e., no approvals are required from the Reserve Bank of India (RBI) or the GoI) to promote more investment in the sector.



Source: 'Fact Sheet on Foreign Direct Investment (FDI) Inflow', DPIIT, accessed on 22 May 2025

[15] "Pharmaceuticals exports grow 9.4 per cent in FY25', PharmaBiz

[16] 'India takes tiny steps back from its China dependency', The Economic Times, September 2024

*All these policies and planned investments are as at a date and revisions may take place that may be significant

[17] 'Quarterly fact sheet', DPIIT

[18] 'Quarterly fact sheet', DPIIT

Government initiatives and policies favouring the industry

With the objective of further strengthening the country's positioning in the global pharmaceutical industry, the government has implemented several policies which aim to boost India's domestic manufacturing capabilities and international trade. Some of these initiatives include the following:[19,20,21,22,23,2425,26,27, 28]

Enhancing domestic manufacturing capabilities

India introduced **Production-Linked Incentive (PLI)** schemes across multiple sectors, including pharmaceuticals, to enhance domestic manufacturing by leveraging advanced technologies and core competencies.

- Through the PLI scheme for pharmaceuticals (also called PLI 2.0), the government aims to enhance India's manufacturing capabilities by diversifying into higher-value drugs like complex generics, biologicals and biosimilars.
- The scheme, with a financial outlay of **USD1.8 billion for the period FY23–28**, saw 55 successful participants commit to an investment of **USD2.0 billion**. By December 2023, these commitments resulted in an actual investment of **USD3.0 billion**. A few key categories of the scheme include:
  - **Promotion of domestic manufacturing of critical Key Starting Materials (KSMs)/Drug Intermediates (DIs)/APIs)** with an outlay of **USD814.7 million** (during FY21–30) for 41 eligible bulk drugs. These consist of fermentation-based bulk drugs with an incentive rate of 20.0 per cent for the first four years, 15.0 per cent for the fifth year and 5.0 per cent for the sixth year (2023–24 to 2028–29) and chemical synthesis-based bulk drugs with an incentive rate of 10.0 per cent for six years viz., 2022–23 to 2027–28
  - The '**Promotion of Bulk Drug Parks**' scheme was launched in 2020 (from FY21–26) with a financial outlay of **USD352.2** million. It intends to provide common infrastructure facilities at one place thereby creating a robust ecosystem for bulk drug manufacturing in the country and also significantly reducing the manufacturing cost. As of December 2024, **48 projects have been selected**, of which 34 projects have been commissioned for 25 bulk drugs.

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[19] 'PLI scheme for pharmaceutical industry, Department of Pharmaceuticals, 19 December 2023, currency conversion rate used is 1INR = 0.01174USD, as on 30 April 2025

[20] 'A Dose of Atmanirbhar Bharat', PIB, 13 April 2025; currency conversion rate used is 1INR = 0.01174USD, as on 30 April 2025

[21] 'Approvals accorded under Production Linked Incentive (PLI) Scheme for Promotion of Domestic Manufacturing of critical Key Starting Materials (KSMs)/ Drug Intermediates and Active Pharmaceutical Ingredients (APIs) in the country', PIB, 09 December 2021; currency conversion rate used is 1INR = 0.01174USD, as on 30 April 2025

[22] 'Import of bulk drugs grows around 2 per cent in FY25', Pharmabiz, 17 March 2025

[23] 'Guidelines of the Scheme Promotion of Bulk Drug Parks', Ministry of Chemicals and Fertilizers, 27 July 2020; currency conversion rate used is 1INR = 0.01174USD, as on 30 April 2025

[24] 'Customs duty full exemption for all imported drugs&Food for Special Medical Purposes for personal use for treatment of all Rare Diseases', PIB 30 March 2023

[25] 'Dr Mansukh Mandaviya launches National Policy on Research and Development and Innovation in Pharma-MedTech Sector in India and Scheme for promotion of Research and Innovation in Pharma MedTech Sector (PRIP)', Press Information Bureau, September 2023

[26] 'Union Budget 2024-25', Press Information Bureau, July 2024

[27] 'Comprehensive Economic Partnership Agreement (CEPA) between the Government of the Republic of India and the Government of the United Arab Emirates (UAE)', Ministry of Commerce and Industry, April 2022

[28] 'Australia-India Economic Cooperation and Trade Agreement (ECTA)', Australian Government: Department of Foreign Affairs and Trade, accessed on 23 May 2025

Reducing the custom duties for certain drugs

Indian government announced the **exemption of three cancer medicines—Trastuzumab Deruxtecan, Osimertinib and Durvalumab from customs duty** in July 2024.

- By exempting these high-cost cancer drugs from customs duties, the government aims to reduce their overall cost, making them more affordable for patients. This can significantly improve access to these essential medications, especially for those who require long-term treatment.

In March 2023, the Central Government provided a **complete exemption from basic customs duty on all drugs and food for special medical purposes imported for personal use in the treatment of rare diseases** listed under the **National Policy for rare diseases 2021**.

- To qualify for this exemption, the individual importer must present a certificate from the Central or State Director of Health Services or the District Medical Officer/Civil Surgeon.
- Typically, drugs and medicines are subject to a basic customs duty of **10.0 per cent**, while certain lifesaving drugs and vaccines may have a reduced rate of **5.0 per cent** or be exempt from duty altogether.

Investments in R&D and innovation

In September 2023, the Indian government introduced the **National Policy on Research and Development (R&D) and Innovation in the pharma and medtech sectors**. This policy is designed to promote innovation and research in the fields of pharmaceuticals and medical technology, facilitating collaboration between industry and academia to advance drug development and healthcare solutions. A few key attributes of the policy include the following:

- Creating a **regulatory environment** that facilitates **innovation and research** in product development, expanding the traditional regulatory objectives of safety and quality.
- Incentivising private and public investment in innovation through a mix of fiscal and non-fiscal measures.
- Building an enabling ecosystem designed to support innovation and **cross-sectoral research** as a strong institutional foundation for sustainable growth in the sector.

It is also proposed to set up an **Indian Council of Pharmaceuticals and Medtech Research and Development** to facilitate and promote collaboration among industry, academia and research institutions across departments, promoting domestic and international collaboration in R&D in pharma and medtech sectors.

New trade deals to support the pharma industry

The **Comprehensive Economic Partnership Agreement (CEPA) between India and the United Arab Emirates (UAE)**, signed in February 2022, marks a significant milestone in enhancing bilateral trade and economic cooperation between the two nations. This agreement is expected to have a substantial impact on various sectors, including the **pharmaceutical industry**.

- CEPA is likely to improve market access for Indian pharmaceutical products in the UAE. By reducing or eliminating tariffs and easing regulatory barriers, Indian pharma companies can export their products more competitively and reach a larger customer base in the UAE.

India and Australia signed the **Economic Cooperation and Trade Agreement (ECTA)** in December 2022 to enhance trade between the two nations as the deal covers nearly all tariff lines associated with both countries. Under this agreement, Australia grants India zero-duty access for 96.4 per cent of its exports (by value) from the start date.

- Both countries also agreed to a **separate annex on pharmaceutical products** under this agreement, which will enable fast-track approval for patented and generic medicines and biosimilars.

Conclusion

India's pharmaceutical sector stands as a cornerstone of the country's economic growth and a vital player on the global stage. Renowned for its robust production capabilities and cost-efficient manufacturing, the sector has experienced remarkable growth over the past few decades. The sector's growth has been underpinned by a combination of entrepreneurial spirit and supportive government policies such as PLI and Promotion of Bulk Drug Parks and Medical Device Parks schemes. Moreover, India’s regulatory framework has seen continuous improvements, aimed at ensuring the timely approval of drugs without compromising on safety and efficacy standards. The combination of dynamic industry growth and proactive government policies underscores a bright future for India’s pharmaceutical sector. As it continues to innovate and expand, the sector is poised to play an even more critical role in global healthcare, contributing to both economic advancement and improved health outcomes worldwide.

South Africa at a glance

The drugs and pharmaceuticals sector in South Africa is projected to witness a promising growth, increasing from USD3.1 billion in 2023 to USD4.1 billion by 2029. Driven by the country's regulatory framework, its large and diverse population and the rising incidence of lifestyle diseases, the sector offers significant opportunities for investment, innovation and collaboration. Given the sector's status as a net importer, there are opportunities to establish innovation centres and local manufacturing facilities within the country.

Sector snapshot — South Africa

USD3.3 billion

revenue of South Africa's pharmaceuticals market in 2024

60.0 per cent

share of generics in the country's pharmaceutical market

Largest antiretroviral (ARV)

programme in the world is in South Africa

USD2.4 billion

value of pharmaceutical imports into South Africa in 2024

USD0.5 billion

value of pharmaceutical exports from South Africa in 2024

India, Germany, France and the U.S.

most innovator drugs* are imported with primary supply from these countries

*An innovator drug is the first drug of its kind to contain a specific active ingredient that has not been used in any other drug, making it a new chemical entity (NCE).

Source(s): 'Pharmaceuticals - South Africa', Statista, June 2024; Exploring the Role of South Africa in the Global Pharmaceutical Landscape, Drug patent watch, 17 March 2025; 'World's largest HIV treatment programme could shift almost entirely to WHO-preferred first line regimen', Aidsmap, 7 June 2022; South Africa trade data, UN Comtrade database; 'Healthcare: Medical Devices and Pharmaceuticals', International Trade Administration, 30 January 2024.
Note: South Africa elected a new federal government in June 2024 and there may be changes, which may be significant in nature, in terms of planned expenditures, outlays and programmes.

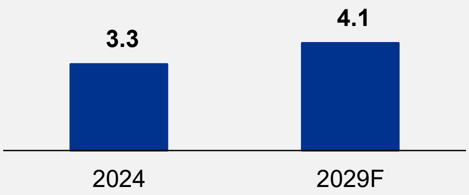
Overview of the South African drugs and pharmaceuticals market

South Africa is amongst the **21 global pharmerging markets**[29] (small market, high growth), employing more than 14,000 people[30] directly and indirectly in the pharmaceutical sector, driven by a combination of factors, including a large and diverse population, a well-established regulatory framework and a strategic location for exporting to the rest of Africa. The industry is characterised by a mix of multinational corporations, local manufacturers and generic players, producing a range of medicines, from vaccines and antiretrovirals to oncology treatment and over-the-counter medications.

Perceived as one of the pharmaceutical leaders in the African continent, South Africa plays a critical role in meeting the healthcare needs of its population while also serving as a key hub for pharmaceutical innovation, manufacturing and distribution across the continent.

The South African pharmaceuticals industry was valued at **USD3.1 billion**[31] in 2023, with revenues projected to increase at an annual growth rate of **4.4 per cent** from 2024–29. Factors such as ageing and growing population, increase in lifestyle diseases including hypertension, diabetes and obesity and the government's continued efforts to provide access to affordable medicines through the development of local pharmaceutical manufacturing are expected to drive the growth of the sector.

South African pharmaceutical revenue market, 2024 and 2029 (USD billion)



The major contributors to the pharmaceuticals market in 2024 include **oncology drugs** (**USD573.8 million**), **anti-diabetes drugs** (**USD302.1 million**), **vaccines** (**USD213.1 million**), **antiviral drugs** (**USD128.7 million**) and **immunosuppressants** (**USD111.7 million**), which together account for nearly **40.2 per cent** of overall revenue generated by the industry in 2024[32].

More than 80.0 per cent[33] of the overall revenue in pharmaceutical manufacturing and distribution is dominated by the private sector. South Africa has a well-developed pharmaceutical formulating and packaging industry, catering to more than **60.0 per cent**[34] of the domestic demand. The country also has one of the largest Antiretroviral Therapy (ART) programmes globally, serving more than 3.4 million[35] HIV-infected individuals.

[29] 'Pharma in South Africa', European Medical Journal, accessed on 23 May 2025

[30] 'Exploring the pharmaceutical industry's footprint in South Africa', Innovative Pharmaceutical Association South Africa (IPASA), 27 January 2024

[31] 'Pharmaceuticals - South Africa', Statista, June 2024

[32] 'Pharmaceuticals - South Africa', Statista, June 2024

[33] 'Exploring the Role of South Africa in the Global Pharmaceutical Landscape', Drug patent watch, 17 March 2025

[34] 'Opinion Piece API Development and Manufacturing', DTIC, 29 June 2022

[35] 'Third-Line Antiretroviral Therapy Program in the South African Public Sector: Cohort Description and Virological Outcomes', National Library of Medicine, 1 January 2019

Key industry clusters in South Africa

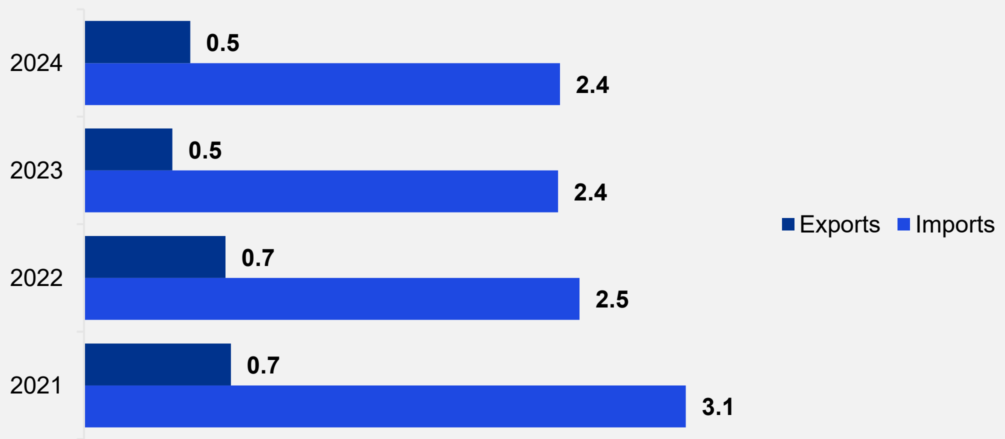
The pharmaceutical industry in South Africa consists of both local and multinational companies[36]. Over the years, multinational pharmaceutical companies have set up operations in South Africa and have established subsidiaries or partnered with local companies. As a result, there are more than **200 pharmaceutical companies**[37] in South Africa involved in production, marketing and distribution of pharmaceutical products.

The **Western Cape, KwaZulu-Natal and Gauteng** are home to most of the leading pharmaceutical companies, with gradual diversification to the Eastern Cape. These provinces comprise manufacturing facilities, pharmaceutical administration and R&D centres[38]. Additionally, Gauteng is the regional headquarters of some of the leading international pharmaceutical companies while majority of the homegrown pharmaceutical companies are based in Gauteng and the Western Cape.

To further drive technology development and commercialisation of API manufacturing, the Technology Innovation Agency (TIA), in collaboration with the Department of Science and Innovation (DSI) and North-West University (NWU), in 2020, established the **Local Manufacturing Active Pharmaceutical Ingredient (API) Technology Innovation Cluster[39],** located at the North-West University. This development has subsequently led to the establishment of the API Cluster Technology Development Laboratory facility launched in March 2022[40]. It aims to leverage the country's research capabilities and infrastructure to foster innovation and development in API manufacturing. This initiative is part of broader efforts to enhance self-reliance in pharmaceutical manufacturing and reduce dependency on imported APIs.

Trade overview: South Africa's import and export landscape

Import-export statistics of South African pharmaceutical products (USD billion)



[36] 'Exploring Pharmaceutical Companies in South Africa', Who Owns Whom, 22 December 2023

[37] 'Healthcare: South Africa', EIU database, 29 May 2024

[38] 'Investing in South Africa's Pharmaceutical and Medical Devices Sector', Invest SA, 21 January 2020

[39] 'TICP API Cluster Media Release', Technology Innovation Agency, May 2020

[40] 'Unveiling of world-class laboratory to boost South Africa's pharmaceutical manufacturing capability', Department of Science, Technology, and Innovation, Republic of South Africa, March 2022

South Africa is a net importer of pharmaceutical products, despite the development of local manufacturing in the country. In 2024, the value of pharmaceutical **imports totalled USD2.4 billion**[41] (vis-à-vis USD 0.5 billion of exports), primarily from India, the U.S., Germany and France. Imports saw a **4 per cent** decrease in 2023 compared to 2022, mainly because of the reduced demand for COVID-19 vaccines as the pandemic subsided.

While more than **60.0 per cent** of locally sold pharmaceutical products are formulated domestically, approximately **98.0 per cent** of the APIs (the foundation of many effective and innovative treatments) used in these formulations are imported[42].

Through government initiatives such as **Re-Imagined Industrial Strategy (2019)** and the **South African Economic Reconstruction and Recovery Plan 2020 (ERRP)**, there is an increased focus on import replacement measures for critical health stocks and APIs[43].

> ARVs and oncology drugs are currently manufactured solely for the local market as the domestic demand for these drugs is substantial.
>
> **- Discussions with a leading Indian pharmaceutical company with a presence in South Africa**

Potential for investments in the sector

Being one of the leading pharmaceuticals markets in the African continent, South Africa makes a preferred destination for investors with its advantageous location on the southern tip and eight commercial seaports acting as a gateway to Africa. Furthermore, the country's reliance on imported drugs combined with strong market growth, present an attractive opportunity for investors to manufacture pharmaceuticals domestically.

To decrease its dependency on imports, South Africa has increased focus on expanding its local manufacturing of pharmaceuticals ingredients. For instance:

[41] 'Pharmaceutical products in South Africa', OEC, accessed in 26 May 2025
[42] 'Opinion Piece API Development and Manufacturing', DTIC, 29 June 2022
[43] 'Opinion Piece API Development and Manufacturing', DTIC, 29 June 2022

- In December 2023, the African Development Bank (AfDB) committed to investing **USD3.0 billion[44] over the next decade to advance the development of pharmaceutical products**. This initiative aims to drive industrialisation in the country and reduce the continent's reliance on imports. This pledge could provide South Africa an opportunity to enhance its pharmaceutical production capacity.
- In April 2023, the University of Cape Town's (UCT) Holistic Drug Discovery and Development Centre (H3D) extended funding to support cost-effective and decentralised manufacturing of medicines throughout South Africa. The collaboration between the H3D Foundation, Oak Crest Institute of Science and KinetiChem in the U.S. and Chemical Process Technologies Pharma (CPT Pharma) in South Africa aims to promote skill development and technology transfer, which are expected to ultimately reduce reliance on high-income countries that dominate pharmaceutical manufacturing[45].
- In 2022, African Development Bank (AfDB) invested USD6.6 million[46] in the Common Market for Eastern and Southern Africa (COMESCA) to build the capacity of pharmaceutical regulatory bodies, product quality control and management systems and research and development institutions. The investment, which is planned to be implemented during 2023–25, is expected to ensure that locally produced APIs and pharmaceutical products meet global quality standards. This will further build trust and reliability in locally manufactured ingredients, making them competitive in international markets.
- In March 2022, the Department of Science and Innovation (DSI) invested USD0.8 million[47] (ZAR15.0 million) to establish the API Plus technology innovation facility, which will support analytical testing during the synthetic process of API molecule development.

[44] 'Africa gets shot in the arm as African Pharmaceutical Technology Foundation gets underway', African Development Bank, 18 December 2023
[45] 'UCT funding to support cost-effective manufacturing of pharmaceuticals in South Africa', University of Cape Town News, 12 April 2023
[46] 'African Development Fund invests over $6 million to develop the pharmaceutical sector in Southern and Eastern Africa', African Development Bank Group, 11 November 2022
[47] 'R15m investment to boost South Africa's pharmaceutical manufacturing capacity', Technology Innovation Agency (TIA), 16 March 2022

Government initiatives and policies favouring the industry*#

With the objective of further strengthening the country's positioning in global drugs and pharmaceuticals industry, the South African government has implemented several policies aimed at boosting its domestic pharmaceutical market. Some of these initiatives include the following[48,49,50]:

Strengthening of regulatory mechanism

In January 2022, the South African Health Products Regulatory Authority (SAHPRA) partnered with the U.S. Pharmacopeia (USP) through a Memorandum of Understanding (MOU) to enhance the availability of safe and effective health products, including medical devices. This collaboration aims to bolster SAHPRA's focus on safety, quality and efficacy while working towards achieving the World Health Organisation's Maturity Level 4, which signifies advanced regulatory performance.

- The initiative is expected to improve access to essential health products and strengthen oversight of South Africa's growing pharmaceutical manufacturing sector.
- Furthermore, this move will give a push to the local manufacturing capabilities in South Africa with the improved regulatory infrastructure for drugs and pharmaceuticals.

Strong focus on the local pharmaceutical industry

The South African government has played a crucial role in facilitating the growth of the domestic biopharmaceutical sector through strategic initiatives, supportive policies and investment in infrastructure. These are now yielding significant benefits for the country's drugs and pharmaceuticals industry.

- For instance, Aspen Pharmacare Holdings' revenue increased by 5.0 per cent in 2023, which reflects the financial gains from local production.
- In 2021, Biovac collaborated with the U.S.-based ImmunityBio to produce APIs for a COVID-19 vaccine. Such strategic collaborations have started showing positive outlook for the future.

* All these policies and planned investments are as at a date and revisions may take place that may be significant

South Africa elected a new federal government in June 2024, and there may be changes, which may be significant in nature, in planned expenditures, outlays and programs

[48] 'SAHPRA and USP Announce MOU to Advance Regulatory Oversight for Medical Products in South Africa', SAHPRA, January 2022

[49] 'As Its Domestic Market Grows, South Africa Moves Toward Greater Local Biopharmaceutical Production', BioSpace, December 2023

[50] 'In Africa's free trade area, investment in pharmaceuticals means impact and profit', World Economic Forum, May 2023

Plans to enhance the African Continental Free Trade Area (AfCFTA)

According to a 2023 World Economic Forum report, the pharmaceutical sector in South Africa is set to benefit significantly from the implementation of frictionless trade across the continent. Given the complexity of pharmaceutical products, there are substantial opportunities to invest in local value chains for items such as medicines, vaccines, medical instruments and bandages.

- The AfCFTA will facilitate local production to meet domestic demand and help address production challenges more swiftly.
- This will also help in bridging the gap between the local production and local demand of Africa amid the transformed business and regulatory environment.
- AfCFTA will also help overcome the challenge of small fragmented markets to create a positive cycle of increased regional manufacturing, research and local talent.

Conclusion

Fuelled by the government's commitment to improve access to the healthcare needs, South Africa's drugs and pharmaceuticals sector is poised for growth. Increase in investments for vaccine manufacturing, along with continued efforts to increase the local production of pharma products through the establishment of direct manufacturing facilities, will continue to provide opportunities for investments to propel the sector's growth in the country.

Way forward: Potential investment and collaboration opportunities

The development of the drugs and pharmaceuticals sector in both India and South Africa offers numerous growth opportunities for manufacturers and governments from both countries to collaborate. Recognising the importance of collaboration and innovation in the pharmaceuticals sector, both nations must develop mutually cohesive strategies to boost investments, strengthen manufacturing capabilities, enhance skill development and eventually boost trade[51,52].

Joint R&D initiatives

India and South Africa have the potential to jointly explore R&D opportunities to innovate new treatments, particularly targeting diseases that significantly impact both regions, such as tuberculosis, HIV/AIDS and non-communicable diseases (NCDs). Collaborative efforts in clinical trials and biopharmaceutical development could yield significant benefits.

- South Africa-based Aspen Pharmacare, in 2022, signed a deal with the Serum Institute of India to manufacture and sell four Aspen-branded vaccines for Africa, as it seeks to utilise its near-idle COVID-19 vaccine production lines in South Africa.

API manufacturing and supply chain integration

There is considerable scope for collaboration in enhancing API manufacturing capabilities. By establishing joint API production hubs and optimising supply chains, both countries could reduce dependency on external imports and strengthen their pharmaceutical industries. Efforts in regulatory harmonisation could further facilitate this integration.

- The partnership between Indian pharmaceutical firms and South African companies to establish API manufacturing plants in South Africa can build local capacity. These partnerships are essential for both the countries in terms of seizing opportunities throughout the pharmaceutical value chain.

Investment and joint ventures

Encouraging investments and forming joint ventures could catalyse growth in the pharmaceutical sectors of both countries. Potential areas include creating dedicated investment funds, establishing joint manufacturing ventures and promoting public-private partnerships to finance large-scale pharmaceutical projects.

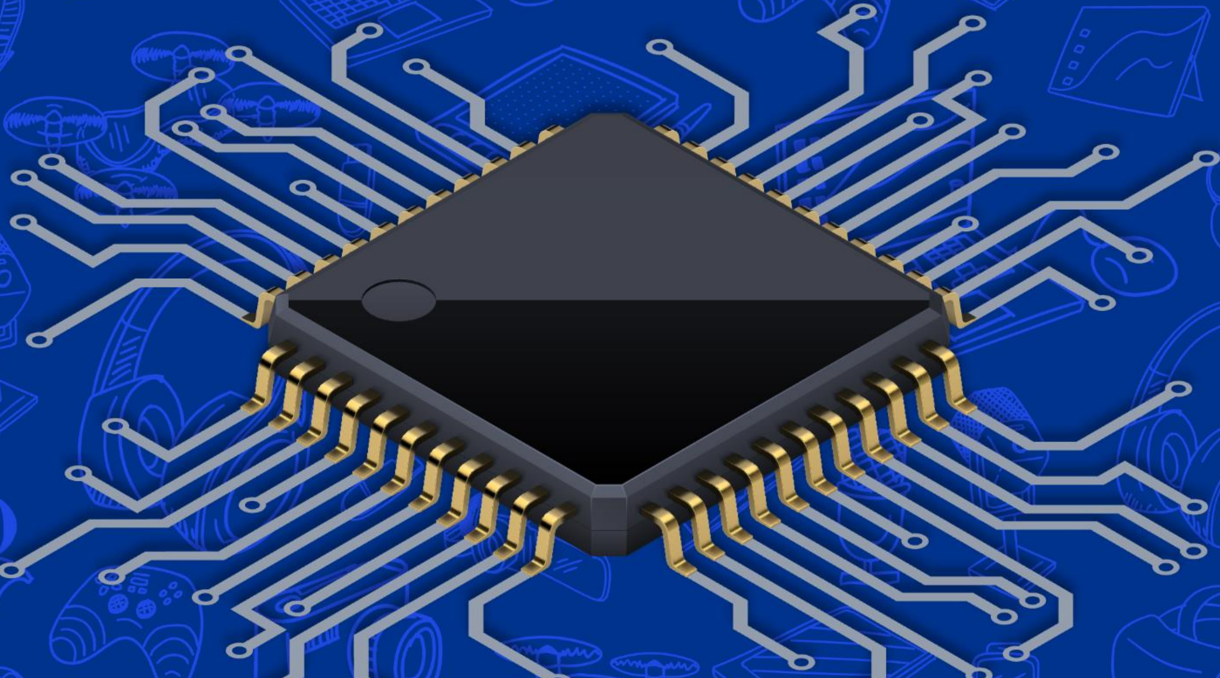
- The Industrial Development Corporation (IDC) of South Africa and Invest India could create a joint fund to support pharmaceutical startups and SMEs, leveraging Indian expertise in generics and South African investment frameworks to foster innovation and entrepreneurship.

Note: Currency is converted as per the rate of 1 ZAR = 0.05 USD, 1 USD = 85.2 INR, 1 ZAR = 4.6 INR as on 30 April 2025

[51] 'S.Africa's Aspen, India's Serum Institute sign vaccines deal for Africa', Reuters, August 2022
[52] 'Reddy's sets up South African beachhead', Business Standard, February 2013

Sector view

Engineering and electronic goods



India at a glance

The engineering and electronic goods sector is showing promising potential, underpinned by strategic policy support and liberalised FDI regulations, a skilled workforce and a burgeoning domestic market. However, strengthening the integration of this sector with global value chains and fostering innovation will be crucial in realising its full potential and driving India's economic ascendancy in the coming decade.

Sector snapshot — India

USD300 billion
Projected electronics production target by 2026

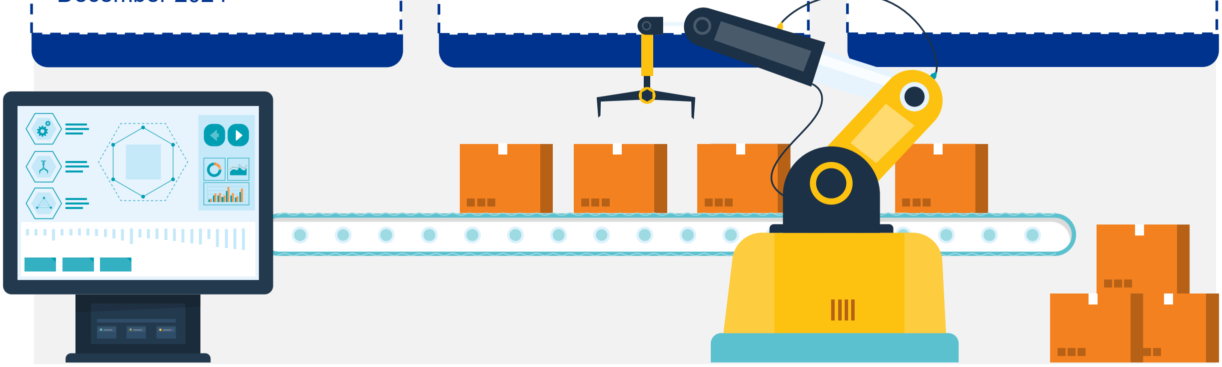
USD1.0 billion
PLI for electronics manufacturing and IT hardware for FY26

26.7 per cent
share of engineering exports in India's merchandise exports in FY25

99 per cent
of mobile phones sold in India are locally made, as of December 2024

USD116.7 billion
value of engineering goods exports in India in FY25

USD14.1 billion
of locally produced mobile phone exports in FY24



Source(s): 'Make in India's Leap in Electronics Manufacturing & Exports', PIB, 26 March 2025; 'Government Scales Up PLI Budget to Accelerate Manufacturing', PIB, 3 March 2025; 'Engineering goods exports hit record high in FY25 despite global challenges', Ministry of External Affairs, 28 April 2025

Overview of the Indian engineering and electronic goods market

Engineering goods: The engineering and capital goods sector in India is a critical aspect of the country's manufacturing and industrial landscape engagement involved across key sub-sectors of heavy engineering, industrial machinery, electrical equipment and transport machinery, all of which play a vital role in supporting India's infrastructure development. It accounts for **27.0 per cent**[1] of the total factories in the industrial sector and **63.0 per cent**[2] of the overall foreign collaborations as of 2024. As one of the largest segments in Indian manufacturing, engineering goods not only enhance the country's industrial capability but also strengthen its global trade presence.

Electronic goods[3]**:** India's electronics sector is witnessing robust domestic expansion and gaining international recognition for its substantial consumption potential. With the ambitious goal of manufacturing output of **USD500.0 billion** by 2030, India is strategically focusing on the manufacturing and assembly of key products such as mobile phones and consumer electronics components. This growth is also expected to create 12 million jobs by 2027[4].

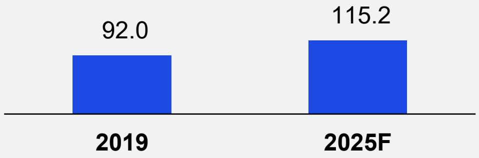
Growth in India's engineering goods sector is driven by factors such as:

- Capacity expansion in key sectors such as mining, oil and gas, steel, power, general manufacturing and process industries.
- Large-scale infrastructure projects such as smart cities, railways, roads and ports require extensive engineering equipment and machinery, boosting demand within the sector.

Witnessing a growth at a **CAGR of 16.6 per cent** from FY19 to FY25, India's electronic goods production is poised for significant expansion, driven by the government's ambition to establish the country as a global manufacturing powerhouse. Key factors contributing to the sector's growth include the following:

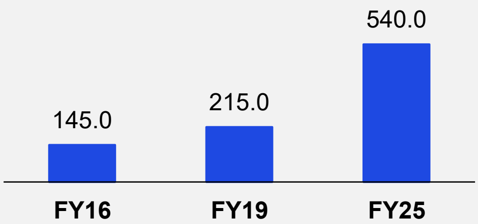
- Increasing use of smartphones, consumer electronics and household appliances by a large consumer base.
- Initiatives such as 'Digital India', the growth of e-commerce sector and government incentives such as the PLI scheme and the 'Electronics Manufacturing Clusters' (EMC 2.0) scheme.

Indian engineering and capital goods market size (USD billion)



Source: 'Revenue of capital goods and engineering sector in India', Statista, 23 November 2023

Indian electronic market size (USD billion)



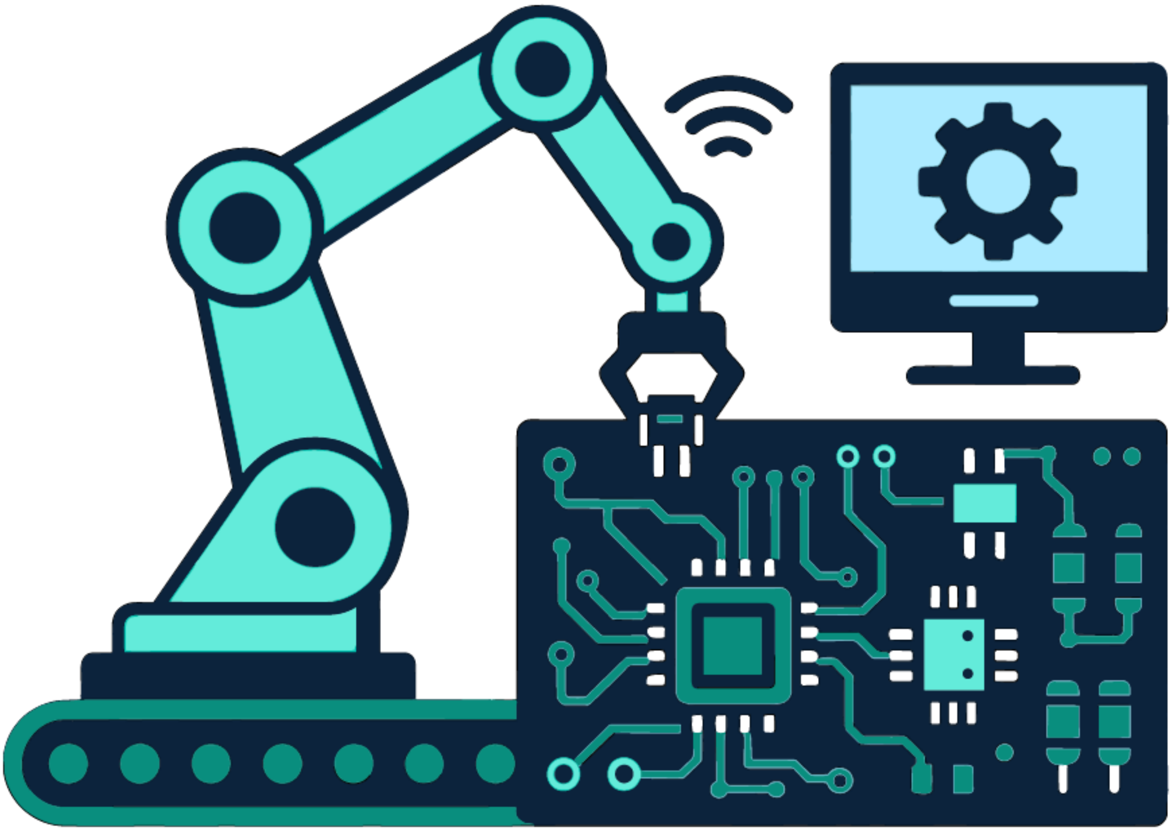
Source: 'Electronics System Design & Manufacturing', IBEF, April 2025

[1] 'Engineering Industry in India', IBEF, September 2024
[2] 'Engineering Industry in India', IBEF, September 2024
[3] 'Electronic Systems', Invest India, 9 September 2024
[4] 'Electronics System Design & Manufacturing (ESDM) Industry in India', IBEF, October 2024

Key industry clusters

Engineering goods[5,6]: The Indian government has set up engineering clusters in **Tamil Nadu, Maharashtra, Chhattisgarh and Punjab** under the Industrial Infrastructure Upgradation Scheme (IIUS), launched by the Ministry of Industries and Commerce. The objective of the scheme is to enhance the competitiveness of industries by facilitating the development of high-quality infrastructure in selected functional clusters through a public-private partnership approach.

Electronic goods[7]: The electronic clusters in India operate under Modified Electronics Manufacturing Clusters (EMC 2.0) scheme. The scheme aims to address infrastructure challenges, establish a strong manufacturing ecosystem and position India as a prominent electronics hub by providing financial assistance for both Electronics Manufacturing Clusters (EMC) and Common Facility Centres (CFC) projects. The EMC applications approved under the scheme are concentrated in **Andhra Pradesh** (four electronics manufacturing clusters, including two in Tirupati, one in Sri City and another in Kopparthy)**, Haryana, Maharashtra, Karnataka and Uttarakhand,** while the CFC projects are concentrated in **Tamil Nadu.**

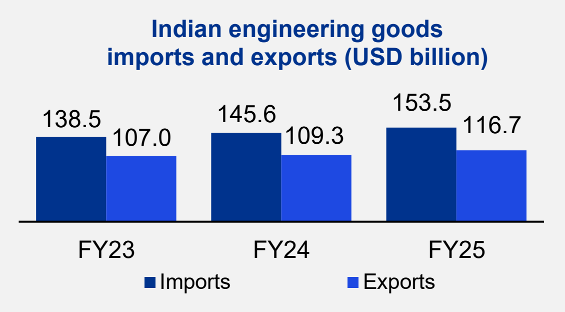


[5] 'Engineering Clusters', PIB Press Release, 9 February 2022
[6] 'Industrial Infrastructure Upgradation Scheme (IIUS)', Directorate of Industries, Government of Maharashtra, as accessed on 10 May 2025
[7] 'Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme', Ministry of Electronics and Information Technology, as accessed on 10 May 2025

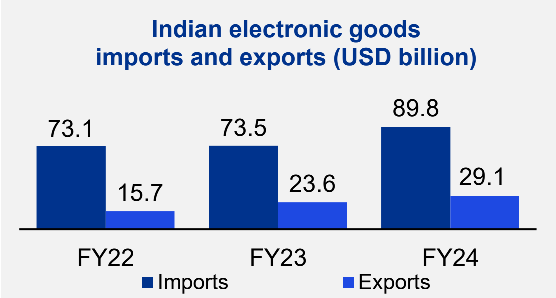
Trade overview — import and export landscape

Engineering goods[8]**:** Driven by strong domestic manufacturing capabilities and government initiatives to boost trade, the engineering goods exports grew by **6.7 per cent y-o-y** in FY25. The engineering exports accounted for **26.7 per cent** of India's total merchandise exports in FY25[9], marking an increase compared to the previous fiscal year.

- In FY25, exports were led by ferrous metals (16.6 per cent) and electric machinery and equipment (12.0 per cent).
- In terms of its trading partners, the U.S., the UAE., Saudi Arabia, Singapore and Germany remained the prominent destinations for Indian engineering exports in FY25. Maharashtra's engineering sector recorded exports worth USD22.5 billion during this period, accounting for approximately 18.1 per cent of India's total engineering exports, followed by Tamil Nadu (16.6 per cent), Gujarat (7.5 per cent), Telangana (7.3 per cent)[10].
- Furthermore, with respect to South Africa, engineering goods is one of the key traded items. For instance, engineering goods worth USD2.5 billion were exported from India to South Africa in FY25[11], witnessing a 14.8 per cent y-o-y growth. This highlights the continuing significance of engineering goods in the bilateral trade relationship.
- To further reduce reliance on imports, the Indian government has set a goal to grow engineering goods exports to USD300.0 billion[12] by 2030.



Source(s): 'Export-import monitor', EEPC, March 2025



Source(s): 'Electronics System Design & Manufacturing', IBEF, August 2024

Electronic goods[13]**:** Indian electronic goods exports and imports grew by 23.3 per cent and 22.2 per cent y-o-y, respectively, in FY24.

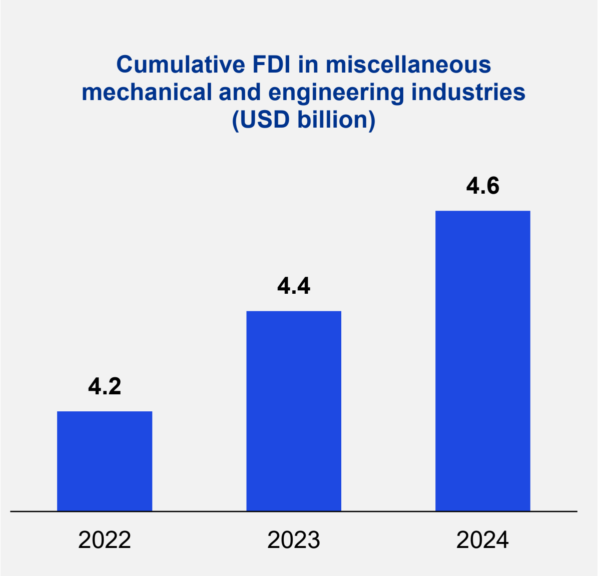
- The U.S., the UAE, Netherlands, the U.K. and Italy emerged as the top five export markets[14] for Indian electronics goods in FY24, indicating diverse global demand for India's electronic products.
- Additionally, with India exporting electronic goods worth USD264.0 million in FY24 to South Africa, the latter is emerging as an attractive market for Indian electronic goods[15].

[8] 'Engineering Export-Import Monitor', EEPC India, March 2025
[9] 'The cumulative exports (merchandise & services) during FY 2024-25', PIB, 16 April 2025
[10] 'Engineering Export-Import Monitor', EEPC India, March 2025
[11] 'Engineering Export-Import Monitor', EEPC India, March 2025
[12] 'India is aiming for $ 300 bn in engineering goods exports by 2030', Industrial Products Finder, 15 April 2024
[13] 'India's Electronics Manufacturing and Export Market', IBEF, January 2023
[14] 'Indian Economy News', IBEF, 16 April 2024
[15] 'India South Africa Trade', IBEF, August 2024

Investments within the sector

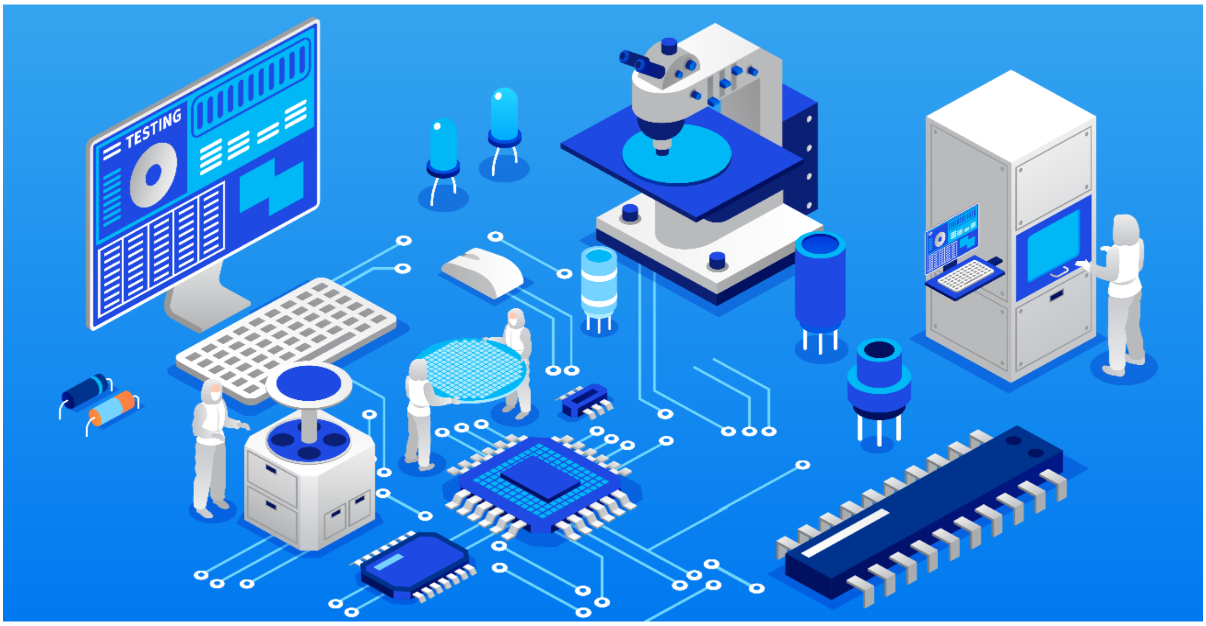
Investments in India's engineering and electronics goods sectors are gaining strong momentum, positioning the country as a key global manufacturing hub[16].

- In the engineering sector, significant investments are flowing into areas such as heavy machinery and industrial automation, supported by government initiatives such as the National Infrastructure Pipeline (NIP). In the Union Budget 2025–26, the GoI allocated **USD131.5 billion**[17] of capital investment in infrastructure, reflecting 11.0 per cent increase over last year's budget.
- The electronics sector, especially under the Electronics System Design and Manufacturing (ESDM) framework, is allowed 100.0 per cent FDI[18, 19] for the production of mobile phones, consumer electronics and semiconductors. An investment of **USD1.1 billion[20]** has been made by the GoI for promotion of manufacturing of electronic components and semiconductors. The Cabinet has also approved USD15.2 billion of investment in three semiconductor plants in March 2024. Currently, there has been approval for six semiconductor plants in India, with five semiconductor units already in advanced stages of construction and one announced in Uttar Pradesh in May 2025[21].



Source(s): 'Quarterly fact sheet', DPIIT, accessed on 20 May 2025; Value is cumulative FDI from April 2000 till December of mentioned year

Major global corporations are increasingly setting up production units in India, leveraging the skilled workforce, competitive labour costs and favourable policy environment. With sustained policy support and a growing market, the investment landscape in these sectors is expected to expand further, driving India's industrial growth and export potential.



[16] 'Quarterly fact sheet', DPIIT, as accessed on 10 May 2025
[17] 'Union Budget 2025-2026', India Gov, as accessed on 10 May 2025
[18] 'Electronic Systems', Invest India, 09 September 2024
[19] 'India's Electronics Manufacturing and Export Market', IBEF, January 2023
[20] 'Electronics System Design & Manufacturing (ESDM)', IBEF, August 2024
[21] 'Cabinet approves semiconductor unit in Uttar Pradesh', PIB, 14 May 2025

Government initiatives and policies favouring the industry

The Indian government has implemented various initiatives to support the engineering and electronics goods sector in India. These measures aim to enhance manufacturing competitiveness, recognise production and export excellence, develop infrastructure, provide financial assistance and encourage domestic value addition.

Engineering goods[22]:

To promote exports and ease raw material imports

- The GoI has introduced several export promotion schemes, including the Zero-Duty Export Promotion Capital Goods (EPCG) scheme, Towns of Export Excellence (TEE) and the Market Access Initiative (MAI). These initiatives are designed to support exporters and enhance revenue from global markets.
- In November 2022, the Engineering Export Promotion Council of India (EEPC) stated that the government's decision to remove **15.0 per cent** export duty on iron ore and steel products would provide a significant boost to the export of engineering goods from the country.

Establishment of interministerial committee

- To strengthen the capital goods (CG) sector, the Indian government, in November 2020, set up a 22-member interministerial committee with initiatives aimed at helping the sector effectively contribute to the national target of achieving a USD5.0 trillion economy and a USD1.0 trillion manufacturing sector.

Establishment of Special Economic Zones (SEZs)

- The GoI has approved 15 SEZs for the engineering sector, which includes electrical machinery.
- Additionally, the development of the Delhi-Mumbai Industrial Corridor (DMIC) is anticipated to further boost the growth of the engineering sector.

De-licensing

- The electrical machinery industry in India has been de-licensed by the GoI and **100.0 per cent FDI** is permitted in the sector. This has enabled the entry of leading international companies into the Indian electrical machinery market.

New Engineering Research and Development Policy

- In March 2021, the Karnataka government introduced the 'Karnataka Engineering Research and Development (Engineering R&D) Policy 2021' to harness the sector's potential by generating 50,000 new jobs and raising the state's contribution to the sector to 45.0 per cent.

[22] 'Engineering Goods Exports from India', IBEF, April 2024

Electronic goods[23, 24, 25]:

Initiatives undertaken to position India as a global electronics hub

- **Modified Electronic Manufacturing Clusters (EMC 2.0):** This scheme aims to develop state-of-the-art infrastructure and a robust electronics manufacturing ecosystem, with common facilities including Ready Built Factory (RBF) sheds/ Plug and Play facilities, to attract global electronics manufacturers. The EMC 2.0 scheme aims to strengthen the connection between domestic and international markets by enhancing supply chain responsiveness, consolidating suppliers, reducing time to market and lowering logistics costs.
- **Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS):** SPECS provides a **25.0 per cent** financial incentive on capital expenditure for electronic goods, including electronic components, semiconductors, display fabrication units and specialised sub-assemblies. This initiative aligns with India's Atmanirbhar Bharat policy, positioning the country as a key player in the global electronics value chain.

Production Linked Incentive (PLI) and Design Linked Incentive (DLI) scheme

- PLI scheme was introduced with an aim to boost domestic manufacturing and attract large-scale investments in mobile phone manufacturing and specified electronic components, which include Assembly, Testing, Marking and Packaging (ATMP) units. The scheme provides incentive of 4.0–6.0 per cent on incremental sales of goods manufactured in India, with incentives up to USD5.0 billion over a period of five years.
- DLI scheme offers financial incentives and design infrastructure support across various stages of development of semiconductor design, covering Integrated Circuits (ICs), chipsets, System on Chips (SoCs) and related systems. The scheme also provides a 'Product Design Linked Incentive' of up to 50.0 per cent of eligible expenditure, capped at USD1.8 million, per application.

Fostering growth through the Modified Special Incentive Package Scheme (M-SIPS)

- M-SIPS introduced in 2012, provides a capital subsidy of 20.0 per cent for electronic industries within SEZs and 25.0 per cent for those outside SEZs.
- As of November 2019, a total of 407 applications with a proposed investment of USD13.3 billion were under review. Of these:
  - 235 applications, totalling USD8.1 billion have been approved.
  - 31 applications, worth USD1.6 billion have been recommended for approval.
  - 141 applications, valued USD3.7 billion, are under appraisal.

[23] 'Electronic and Computer Software Industry and Exports', IBEF, April 2024
[24] 'Schemes for Electronics Manufacturing', Invest India, 21 March 2023
[25] 'India's Electronics Manufacturing and Export Market', IBEF, January 2023

Conclusion

Driven by the government’s focus on boosting domestic manufacturing (via ‘Make in India’ initiative) and positioning India as a global hub, the country’s engineering and electronic goods sector is set for significant growth. Increased investments, supported by targeted incentives such as the PLI and DLI schemes, along with infrastructure development through EMC 2.0, will continue to enhance India’s global competitiveness. With ongoing efforts to strengthen the supply chain and focus on domestic value addition and innovation, the sector's future prospects are even more promising.

South Africa at a glance

South Africa's engineering goods sector plays a vital role in its industrial economy, supporting industries such as mining, automotive and construction. The country's established manufacturing base, combined with growing export markets, drives expansion. The electronic goods sector in the country is also witnessing growing demand, as a result of rising disposable incomes and improved living standards. Furthermore, technological advancements and R&D investments will continue to enhance the sector's development.

Sector snapshot — South Africa[26]

USD2.3 billion

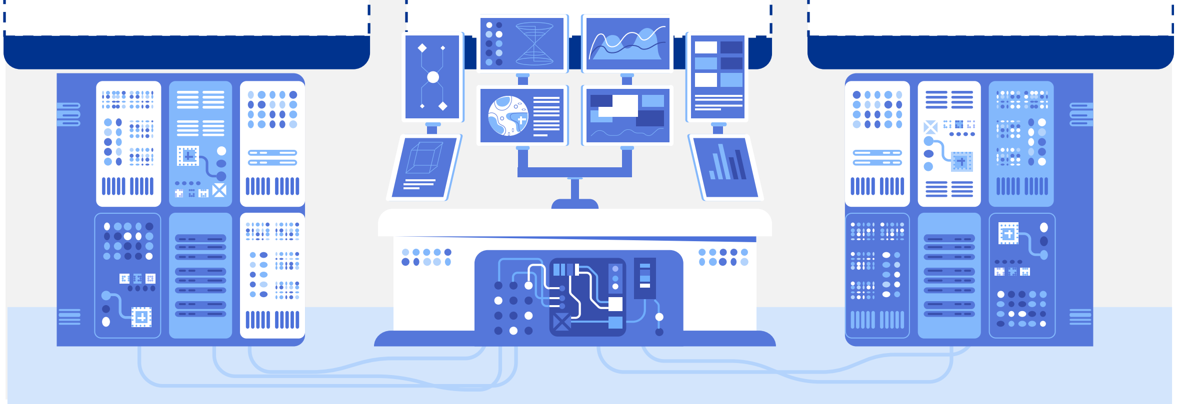
South Africa's electronics market revenue in 2024

10.8 per cent

projected annual growth of South Africa's consumer electronics market from 2025 to 2029

26.2 per cent

share of manufacturing output of metal and engineering sector in South Africa in 2023



Source(s): 'Electronics – South Africa', Statista; as accessed on 30 April 2025; 'South Africa Imports of Electrical, electronic equipment', United Nations COMTRADE database, as accessed on 30 April 2025

[26] Note: South Africa elected a new federal government in June 2024 and there may be changes, which may be significant in nature, in terms of planned expenditures, outlays and programmes.

Overview of the South African engineering and electronic goods market

Engineering goods: The South African engineering goods market plays a critical role in the country's industrial development. Beyond the typical advantages of a strong manufacturing sector, it enables South Africa to leverage its abundant mineral resources, converting them into high value engineered products, thus retaining more value domestically. Additionally, this sector is a critical supplier of inputs to key industries, including mining, automotive, construction and the electrical supply chain. The sector comprises a broad range of sub-sectors, including electrical machinery, heavy and light engineering, industrial automation, precision instruments and metal fabrication, amongst others.

Electronic goods[27]: The electronic goods sector in South Africa spans a diverse range of products, including consumer electronics, telecommunications equipment and industrial electronics with activities comprising design, manufacturing, testing, implementation and maintenance. Furthermore, the country is renowned for its expertise in manufacturing smart and pre-paid meters. It is also involved in producing electrotechnical equipment and has capabilities in both industrial and consumer electronics, contributing (4.0 per cent in 2020) to the country's manufacturing output.

[27] 'Investing in South Africa's Electronics Sector – South African Factsheet 2020', InvestSA, as accessed on 30 April 2025

The metal and engineering sector in South Africa accounts for 26.2 per cent[28] of the country's manufacturing output. Factors that will help the country drive its engineering market growth, include:

- Ongoing government support for capital goods, encompassing localisation efforts, preferential procurement policies and financing from the Industrial Development Corporation (IDC).
- A growing regional market for capital goods along with considerable share of export market of capital goods in Africa.
- Strong established markets in sectors such as mining, construction and wider manufacturing, both within South Africa and across the African region.

The South African electronics market is poised to witness growth, attributed to:

- Increased wireless connectivity and growing popularity of wearable electronics.
- Increasing R&D investments in consumer electronics, leading to technological advancements.
- Changing lifestyle preferences, a growing middle-class population and a preference for smart devices.
- Higher disposable incomes and more internet users boosting demand for electronics.
- Government initiatives such as the 12i Tax Incentive promoting digitisation and attracting investments.

Key industry clusters

Engineering goods: The South African capital goods market exhibits a concentration of production in **Gauteng**, as observed in other manufactured goods sectors.

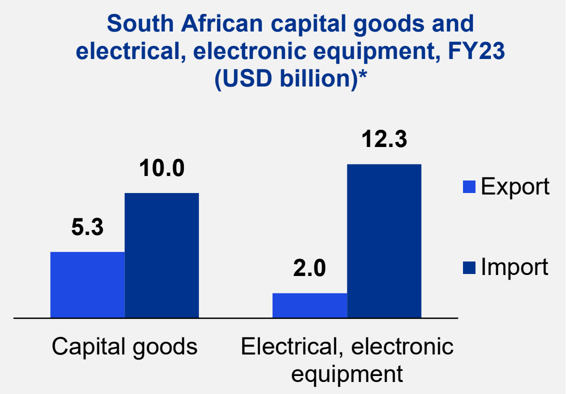
- In 2022, **Gauteng** contributed **54.0 per cent** of the total value added, followed by **Kwa-Zulu Natal** at **17.0 per cent** and the **Western Cape** at **13.0 per cent.**
- **Mpumalanga** accounted for **6.0 per cent** of value added, while **Eastern Cape** held **4.0 per cent.**
- The provinces of **North-West, Free State, Northern Cape and Limpopo** together represented **6.0 per cent** of value added[29].

Electronic goods: Within the South African electronic goods market, key industry clusters are primarily concentrated in **Gauteng, KwaZulu-Natal and the Western Cape,** with emerging activities observed in the **Eastern Cape region**.

- As part of efforts to facilitate growth and collaboration within the sector, the Department of Trade, Industry and Competition (dtic), in partnership with the South African Electrotechnical Export Council and leading white goods original equipment manufacturers (OEMs) such as Defy SA, Hisense, Whirlpool and Zero Appliances, is establishing a **White Goods Manufacturers Cluster**.
- This cluster aims to bring together relevant stakeholders to promote innovation and the development of the white goods manufacturing sector within the country.

[28] 'State of South Africa's Metals and Engineering Sector in 2024', NJR Steel, May 2024
[29] 'Industry study: Capital goods in South Africa 2024', TIPS, as accessed on 30 April 2025

Trade overview—import and export landscape



Engineering goods (capital goods)[30]:

- The steel and engineering sector is export-heavy, with 40.0 per cent of overall production manufactured for the export markets, which is expected to add USD20.0 billion to South Africa's annual foreign exchange earnings in 2024[31].
- In 2023, the South African capital goods sector primarily exported other general-purpose machinery, accounting for the largest share (35.0 per cent of total exports), followed by machinery for mining, quarrying and construction (25.0 per cent), pumps, compressors, taps and valves (14.0 per cent), bearings, gears, gearing and driving elements (5.0 per cent) and lifting and handling equipment (4.0 per cent).
- The goods were largely exported to Africa (55 per cent of total exports), followed by the European Union (EU) (22.0 per cent) and the U.S. (8.0. per cent).
- The EU-SADC EPA, signed in June 2016, which eliminated customs duties on 98.7 per cent of South African exports to the EU and duty-free access to over 1,800 products through the African Growth and Opportunity Act (AGOA) for trade with the U.S., enabled the country to export products to these sizeable markets.
- In 2023, the South African capital goods sector primarily imported machinery for mining, quarrying and construction, constituting the largest proportion (21 per cent of total imports), followed by other general-purpose machinery (15 per cent), pumps, compressors, taps and valves (13.0 per cent), agricultural and forestry machinery (11.0 per cent) and other special-purpose machinery (9.0 per cent).
- The major import partners were the EU (36.0 per cent of total imports), followed by China (25.0 per cent), the U.S. (13.0 per cent), the U.K., Japan and Korea Republic (9.0 per cent), Brazil, Russia and India (7.0 per cent) and Africa (0.3 per cent).

Electrical, electronic equipment[32,33]: In 2023, electrical and electronic equipment imports in South Africa exceeded exports by more than six times. In reference to import of electrical equipment, countries such as China, the EU, the U.K., the U.S., Japan and South Korea continued to remain some of its prominent partners. Whereas its electrical equipment is largely exported to African countries (particularly Southern African Customs Union).

[30] 'Industry study: International Trends in the Capital Goods Industry', TIPS, as accessed on 30 April 2025
[31] 'Industry Study – Capital Goods in South Africa', TIPS, March 2024
[32] 'South Africa Imports of Electrical, electronic equipment', United Nations COMTRADE database, as accessed on 30 April 2025
[33] 'South Africa Exports of Electrical, electronic equipment', United Nations COMTRADE database, as accessed on 30 April 2025

Investments within the sector

The South African engineering and electronic goods sector is witnessing investments, driven by programmes aimed at enhancing manufacturing competitiveness. These programmes are managed by IDC on behalf of dtic, reflecting the commitment to promote the growth in the industry[34].

- IDC's substantial investment pledge: At the fifth South African Investment Conference (SAIC) held in April 2023, the IDC pledged **USD0.6 billion** (ZAR11.0 billion) specifically dedicated to new capital goods projects in the country. This substantial investment commitment showcases the IDC's dedication to fostering growth and development in the industry.
- Manufacturing Competitiveness Enhancement Programme (MCEP)'s job-creation impact: The MCEP's main fund has been instrumental in supporting 10 approved projects valued at **USD21.6 million** (ZAR400.8 million) that have generated positive employment opportunities.
- Driving industry growth and export competitiveness: The IDC's investment strategy focuses on reducing reliance on imports and promoting export competitiveness in the South African capital goods sector. By directing financial resources towards new capital goods projects, the programme aims to bolster the local industry, enhance its manufacturing capabilities and position it for increased success in international markets.

The investment programmes designed for the sector aim to enhance the industry's manufacturing capabilities, reduce import reliance and increase export competitiveness, contributing to the expansion and success of the South African engineering (capital goods) and electronic goods industry.

[34] 'Industry study: International Trends in the Capital Goods Industry', TIPS, as accessed on 30 April 2025, currency conversion at 1ZAR = 0.0539 USD as on 30 April 2025

Government initiatives and policies favouring the industry

The South African engineering and electronic goods sector benefits from diverse government initiatives. These include the 12i Tax Incentive for new and upgraded projects, the White Goods Supplier Development Programme, skills development initiatives and innovation support, contributing to the growth, development and competitiveness in the sector[35].

Financial support and incentives

The12i Tax Incentive aims to assist greenfield investments, involving the establishment of new industrial projects utilising new and previously unused manufacturing assets. Additionally, it supports brownfield investments that involve expansions or upgrades of existing industrial projects. This incentive encompasses support for both capital investment and training initiatives.

Supplier development programme

The dtic in collaboration with the South African Electrotechnical Export Council and the South African Domestic Appliance Association, assists through the White Goods Supplier Development Programme. This program aims to support and promote the development of suppliers involved in the production of white goods in South Africa.

Skills development assistance

The Manufacturing, Engineering and Related Services Sector Education and Training Authority (Merseta) provides a range of skills development initiatives and grants for training courses facilitated by external organisations, such as tertiary education institutions.

Innovation aid

Innovation assistance is accessible through various programs, including the Support Programme for Industrial Innovation (SPII), the Technology and Human Resources for Industry Programme (THRIP) and the SEDA Technology Programme (STP).

Conclusion

The electronic goods sector in South Africa is positioned for steady growth driven by factors such as increasing incomes, improved living standards and growing consumer confidence. This growth is particularly evident in the consumer electronics market, with a focus on portable devices such as TWS earbuds and wearable technology. Alongside providing strong export support to the country, the steel and engineering sector is emerging as a pivotal and lucrative sector for future growth.

[35] 'Investing in South Africa's Electronics Sector', South Africa Factsheet 2020, InvestSA, as accessed on 30 April 2025

Potential investment and collaboration opportunities

India and South Africa have significant potential for investment and collaboration. Both countries possess unique strengths that can be leveraged to drive growth and innovation in the engineering and electronic goods sector. By capitalising on these strengths and establishing strategic partnerships, India and South Africa can create mutually beneficial outcomes and strengthen their positions in the global market.

Establishing joint ventures in electronic manufacturing

- Establishing joint ventures to produce electronic components such as semiconductors, printed circuit boards (PCBs) and consumer electronics can leverage India's manufacturing capabilities and South Africa's strategic location for distribution across Africa.

Transferring technology for engineering goods

- Transferring cost-effective manufacturing technologies for heavy machinery and industrial equipment from Indian companies to South African firms can help enhance their production efficiency and reduce costs.

Developing infrastructure for electronics hubs

- Developing electronics manufacturing hubs and industrial parks in both countries can provide a conducive environment for the growth of the electronics sector. These hubs can focus on producing high-demand products such as smartphones, laptops and other consumer electronics.

Collaborating on R&D in advanced engineering technologies and driving joint entrepreneurship

- Collaborating on establishing joint R&D centres focused on advanced engineering technologies such as robotics, automation and Internet of Things (IoT) can drive innovation. These centres can develop new products and solutions tailored to the needs of both markets.
- The two countries can leverage the India Entrepreneurs' Forum (IEF) to drive entrepreneurship, innovation and business collaboration for expediting development of engineering goods.

Initiating skills development programmes in the sector

- Initiating joint initiatives for skills development can focus on training workers in advanced manufacturing techniques, quality control and emerging technologies specific to the engineering and electronic goods. This can ensure a skilled workforce ready to meet industry demands.

Collaborating on sustainable technologies in electronics

- Collaborating on developing and deploying sustainable technologies in the electronics sector, such as energy-efficient devices and renewable energy-powered electronics, can contribute to global sustainability goals. Both countries can work together on eco-friendly product innovations.

Sector view

Gems & jewellery

India at a glance

With a contribution of about **7.0 per cent to the Indian GDP**, the gems and jewellery industry in India is poised to be one of the world's largest markets. Driven by the country's position as a robust consumer market for gold, the government's efforts to boost domestic manufacturing through favourable regulatory policies, reduced customs duties and increased foreign investments are enhancing the sector's attractiveness for international capital and further growth.

Sector snapshot — India

USD127.0 billion
projected market size of the Indian gems and jewellery sector by 2027

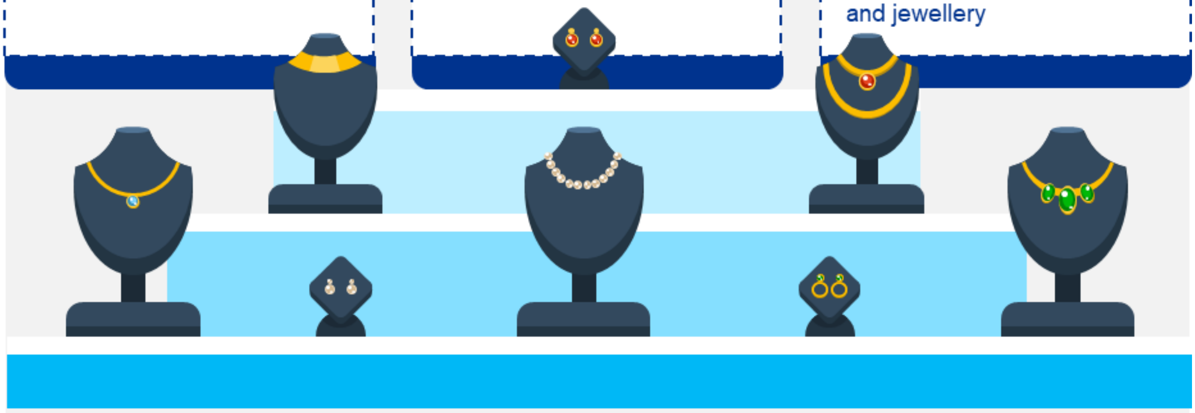
6.5 per cent
share of gems and jewellery in India's merchandise exports in FY25

46.6 per cent
share of cut and polished diamonds in gems and jewellery's exports in FY25

2nd largest
consumer of gold globally

90.0 per cent
of world's diamonds are processed in India

U.S., UAE and Hong Kong
prominent export destinations for Indian gems and jewellery



Source(s): 'India Gems and Jewellery Sector', Ministry of External Affairs, March 2024; 'Market size of gems and jewellery in India from 2021 and 2022, with estimates until 2027', Statista database, 27 June 2023; 'Gem and Jewellery Exports-Imports', GJPEC, March 2025; 'Gems and Jewellery Industry Analysis', IBEF, April 2025; Gujarat: A Land of Opportunities', The Southern Gujarat Chamber of Commerce & Industry; 15 November 2024, 'Monitoring Dashboard', Ministry of Commerce and Industry; 'India's gems, jewellery exports dip by 11.72% at $28.5 bn in FY25: GJEPC, April 2025; as accessed on 20 May 2025.

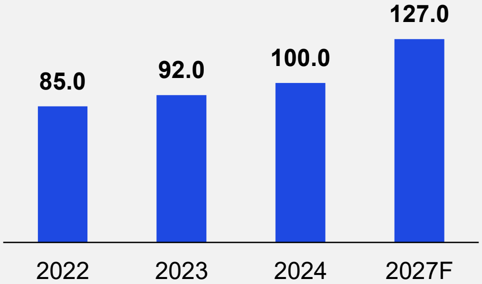
Overview of the Indian gems and jewellery market

India's gems and jewellery sector is involved in diverse business segments, which include cut and polished diamonds, rough diamonds, gold medallions and coins, silver jewellery and coloured gemstones. The country plays a pivotal role in the global processing of rough diamonds, handling nearly **90.0 per cent**[1] of the world's rough diamonds and is, therefore, a crucial hub globally for their polishing and refining. Furthermore, driven by the cultural significance of gold, India ranks as the **second-largest consumer of gold globally**, after China. This places the country as a prominent market for essential jewellery, underscoring the sector's substantial contribution to the national economy.

Anticipated to witness growth at a **CAGR of 8.4 per cent** during 2023 to 2027[2], the demand for Indian gems and jewellery is being significantly propelled by the robust market for gold metal and jewellery. Factors such as:

- Gold's strong positioning in the country's cultural and religious beliefs
- Its association with affluence and prestige leading to its conspicuous consumption
- The reliance of the country's rural population on the metal for savings due to limited access to formal financial services, have bolstered its demand and helped it emerge as one of the major segments in the overall gems and jewellery market.

Indian gems and jewellery market size, 2022–27F (USD billion)



Source: 'Market size of gems and jewelry in India from 2021 to 2023', Statista, 4 February 2025

Furthermore, increased inclination of young urban consumers towards different types of jewellery (such as **platinum and silver**), **antimicrobial jewellery** and growing preference for enhanced shopping experiences (such as increased penetration of **omnichannel-based shopping** and usage of **virtual reality tools** to improvise user experience) are driving growth in the overall gems and jewellery market.

[1] 'Gujarat: A Land of Opportunities', The Southern Gujarat Chamber of Commerce & Industry, 15 November 2024

[2] 'Market size of gems and jewellery in India from 2021 to 2023, with estimates until 2027', Statista, as accessed on 20 May 2025

Key industry clusters

The Indian government has established manufacturing and trade clusters across India to attract foreign investment and boost the growth of the gems and jewellery sector. There are **390 districts[3] in India** that are **recognised as gems and jewellery clusters**, which house more than 1 million gems and jewellery manufacturing units. The western region[4] serves as a key export hub for the gems and jewellery industry. Notably, **Gujarat** accounts for about 72.0 per cent of the world's share of processed diamonds, with about 90.0 per cent of these being processed by about 10,000 diamond units in and around Surat[5]. The state has the highest labour productivity in the jewellery sector, with major clusters in Ahmedabad, Surat and Rajkot. Besides Gujarat, **Kolkata, Jaipur and Mumbai** are emerging as prominent jewellery manufacturing clusters in India[6]. To further bolster local manufacturing and promote handmade jewellery, a new project named **India Jewellery Park Mumbai** (IJPM)[7] was announced, which is anticipated to be completed within the coming years.

[3] 'Cluster Mapping Study of the Gems & Jewellery Sector in India', GJEPC report, October 2020

[4] 'Gem and Jewellery Industry and Exports', Indian Trade Portal as accessed on 20 May 2025

[5] 'Skill Development Centre for Gems & Jewellery', Government of Gujarat, INDEXTb, 2024 as accessed on 20 May 2025

[6] 'CFC facility at India's biggest jewellery cluster', Financial Express, 14 May 2022

[7] 'India Jewellery Park Mumbai (IJPM) is a Special Purpose Vehicle (SPV) and wholly owned subsidiary of GJEPC', India Jewellery Park, as accessed on 20 May 2025

Trade overview — import and export landscape

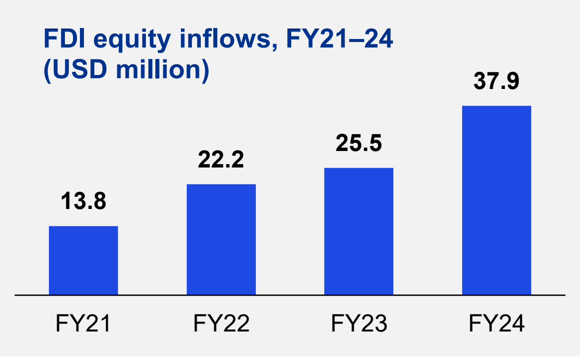
Accounting for about **USD28.5 billion** worth **of exports in FY25**[8], the gems and jewellery sector plays a crucial role in defining the country's trade positioning. Of the different jewellery types, **cut and polished diamonds** held the largest share in the country's total exports. **Gold and silver jewellery and polished lab-grown diamonds** were the other attractive categories in export. In terms of its trading partners, the U.S., the UAE and Hong Kong remained as the prominent export destinations for Indian gems and jewellery[9].

In terms of imports, the country's overall gross gems and jewellery imports reached **USD19.6 billion in FY25,** primarily comprising **rough diamonds, coloured gemstones and gold bars**[10]**.** Furthermore, countries such as the UAE and Hong Kong continued to remain its prominent import regions.[11]

While the country's exports fell by 11.7 per cent in FY25, a significant increase in trade is expected over the next few years, driven by a duty-free access to the UAE market as a consequence of the recently signed **Comprehensive Economic Partnership Agreement (CEPA) with the Middle Eastern country.**

Investments within the sector

FDI inflow in India's gems and jewellery sector saw a **significant increase of 14.9 per cent y-o-y in FY23, followed by a 48.6 per cent y-o-y increase in FY24**[12]. Increase in consumer demand for enhanced designs and varieties has attracted the interest of international and renowned jewellery brands, who have better access to such intricate designs compared with local unorganised players, in the country. Furthermore, the allowance of **100 per cent FDI** in the market via the automatic route has further incentivised investments in the sector.



Source: 'FDI Inflows in India's Gems & Jewellery Sector Sees 84.39% Growth', GJEPC India, 3 February 2025

[8] 'Gem and Jewellery Exports-Imports', GJEPC, April 2025

[9] 'Monitoring Dashboard', Ministry of Commerce and Industry, as accessed on 20 May 2025

[10] 'Gem and Jewellery Exports-Imports', GJEPC, April 2025

[11] 'Monitoring Dashboard', Ministry of Commerce and Industry, as accessed on 20 May 2025

[12] 'FDI Inflows in India's Gems & Jewellery Sector Sees 84.39% Growth', GJEPC India, 3 February 2025

Government initiatives and policies favouring the industry

With the objective of further strengthening the country's positioning in global gems and jewellery industry, the government has implemented several policies which aim to boost India's domestic manufacturing capabilities and international trade. Some of these initiatives include the following[13,14,15]:

Encouraging cross-border trade

Recognising the industry's contribution to India's trade landscape, the government, in 2024, awarded the industry with an **Authorised Economic Operator (AEO)** status. This certification ensures several benefits to the gems and jewellery businesses, some of which include the following:

- It serves as a testament to the jeweller's adherence to quality and safety standards, thereby fostering trust among international buyers.
- It aids in facilitating and expediting cross-border trade of gems and jewellery by providing shorter cargo release time, reducing bank guarantee by 50.0 per cent over non-AEO firms and expediting the process of customs clearance.

Furthermore, in 2024, the government enacted **an amendment to the SEZ Act,** to further provide an impetus to the international trade of gems and jewellery.

- This act allows for the **free supply** of gold from foreign buyers and its subsequent export back to the same foreign buyer. This essentially highlights that foreign buyers are now permitted to provide gold to SEZs free of charge, thereby paving the way for increased trade opportunities.

Custom duty rebates

To boost competitiveness of domestic jewellery production and limit the smuggling of precious metals and jewellery, the government has announced several reductions in import duties. For instance:

- The government in its 2024–25 Budget announced a reduction in overall **custom duties** from **15.0 per cent to 6.0 per cent** on gold and from **14.4 per cent to 5.4 per cent** on gold dore.
- It proposed to reduce custom duties on precious metals such as silver and platinum. Duties on silver bars are slashed to **6.0 per cent from 14.4 per cent** and the ones on platinum to be cut from **15.4 per cent to 6.4 per cent**.
- In the 2023–24 Budget, the Indian government **eliminated** customs duties on the import of seeds used in the production of lab-created diamonds.
- Furthermore, customs duty on cut and polished diamonds was reduced from **7.5 per cent to 5.0 per cent** and on coloured gemstones from **7.5 per cent to zero**.

[13] 'Unlocking Global Trade Potential: The AEO Advantage for Gems and Jewellery', GJEPC, 9 September 2024
[14] 'Indian Govt. To Grant ₹242 Cr to IIT Madras for LGD Research', GJEPC, 9 September 2024
[15] 'Indian gold import duties reduced to the lowest level in over a decade', World Gold Council, 26 July 2024

Incentivising international diamond players

As part of the Union Budget 2024, the government has proposed to introduce safe harbour rates for foreign mining companies which are involved in selling raw diamonds in the country.

- These rates refer to predetermined and fixed tax rates that aid in providing a degree of certainty for the foreign businesses and as a result, helps in creating a simplified tax environment and in attracting foreign investments.

Limiting dependency on gold imports

To decrease India's reliance on imported gold, the government has introduced two initiatives, the **Gold Monetisation Scheme (GMS)** and the **Sovereign Gold Bond Scheme (SGBS)**.

- **GMS**: Introduced in 2015, this scheme allows individuals to deposit their gold, in various forms, with participating banks. The gold is tested for purity, melted down and transformed into gold coins or bullion by the bank. The interest rates vary based on the duration of the deposit and the gold or its monetary equivalent is returned at the end of the term.
- **SGBS**: Also introduced in 2015, it offers investors a gold-backed financial product to eliminate the need for physical gold ownership. This scheme aims to reduce India's dependency on imports by curtailing the demand for physical gold. It encourages consumers to shift their preferences from acquiring physical gold bars and coins to investing in gold bonds.

Boosting domestic manufacturing of lab-grown diamonds

In 2023, the Indian government announced a five-year research grant of **USD28.4 million** to Indian Institute of Technology (IIT) Madras to conduct research on lab-grown diamonds. Through this initiative, the government aims to boost the indigenous manufacturing of lab-grown diamonds.

Conclusion

India's gems and jewellery sector is solidifying its position as a promising industry. Its thriving manufacturing base, a robust and burgeoning domestic market for precious metals such as gold, cut and polished diamonds, lab-grown diamonds and a unique blend of traditional craftsmanship and modern technology underscores its potential to become a leading player in the global jewellery market. Furthermore, introduction of favourable government policies are providing a strong impetus to the country's capabilities in domestic manufacturing and international trade. Thus, paving the way for significant collaboration opportunities with international players and other countries.

South Africa at a glance

The gems and jewellery industry in South Africa is expected to demonstrate substantial growth over the coming few years. Fuelled by its significant diamond and platinum reserves, supportive government policies, burgeoning consumer market and planned infrastructural development, South Africa presents a lucrative opportunity for international investors for increasing their presence in South Africa by leading the transformation into the prime jewellery manufacturing hub on the African continent.

Sector snapshot — South Africa

USD0.9 billion

projected revenue from jewellery market by 2027

World's largest

producer of platinum as of 2024 with more than four times the production capacity of next competitor Russia

The U.K., the U.S. & Japan

largest export partners for precious metals from South Africa as of 2024

Source(s): 'Jewellery - South Africa', Statista; 'Trade statistics' SARS, 'Platinum Production by Country 2025', World Population Review website as accessed on 13 May 2025

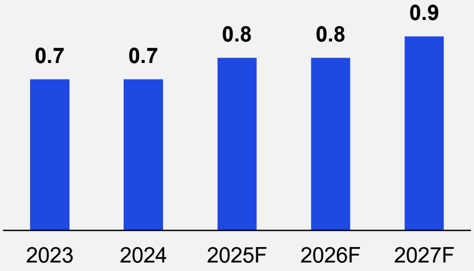
Overview of the South African gems and jewellery market

South Africa has long been renowned for its rich mineral resources and the gems and jewellery sector has become a cornerstone of its economy. Since the discovery of **one of the world's largest diamond mines in Kimberley** (a South African city) in the late 19th century and the availability of abundant platinum reserves, the country has become synonymous with precious stones and metals, particularly diamonds and platinum. However, its gems and jewellery sector extend far beyond diamonds and platinum, encompassing a diverse range of precious and semi-precious stones, which include, **emerald, sapphire, ruby, aquamarine, garnet, topaz, tourmaline, amethyst and agate, pearl and metals such as silver and gold**. This natural abundance, coupled with a strong tradition of craftsmanship, has propelled South Africa to the forefront of the global gems and jewellery industry.

With the jewellery sector's revenue contribution poised to increase at a **CAGR of 6.5 per cent** during **2023–27,** the sector is demonstrating strong potential for future development. Factors such as:

- Growth in middle-class population
- Shift in consumer preferences towards minimalist designs over traditional jewellery pieces
- Surge in e-commerce shopping leading to increased accessibility of international retailers
- Perception of gold as a safe investment unit, especially in the prevailing times of economic instability, are fostering a thriving environment for the gems and jewellery sector in the country.

South African jewellery market revenue, 2023–27F (USD billion)



Source: 'Jewelry - South Africa', Statista, September 2024

In terms of sub-segments, shifts in consumer preference for **ethically sourced gold and diamond and non-luxury jewellery items** are providing a strong impetus to the demand for the overall precious metals market in the country. Furthermore, considering South Africa accounts for considerable amount of **world's platinum supplies**, the market for platinum jewellery underscores a significant opportunity for expansion.

Key industry clusters

A significant portion of the industry is based in **the Western Cape and Gauteng** provinces; however, some manufacturing sites are also located in **KwaZulu-Natal and Free State provinces**[16]. Furthermore, the government is focusing on establishing dedicated manufacturing clusters for the jewellery industry to attract foreign investment and boost the growth of the sector. For instance:

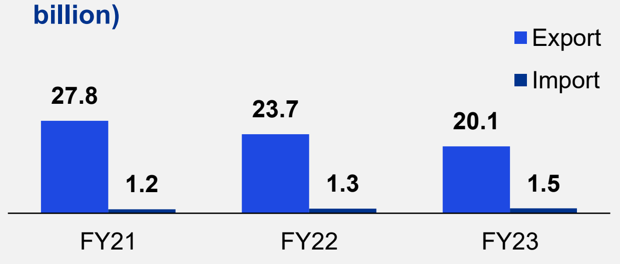
- The **Jewellery Manufacturing Precinct (JMP):** In March 2024, the government inaugurated a 40,000 square metres jewellery and diamond manufacturing cluster at the OR Tambo SEZ Precinct 1 (ORTIA Precinct 1) in the country. The cluster houses about 19 jewellery-related companies[17] including a precious metal refinery, diamond cutting and polishing companies, jewellery manufacturers, diamond trading entities, a skills hub and regulatory agencies that support the industry.
- The **OR Tambo SEZ Precinct 2 (ORTIA Precinct 2):** A 29-hectare (ha) land parcel, is forecasted to have 250,000 square metres of developable space, located in close proximity to ORTIA Precinct 1 and OR Tambo International Air Cargo. This positions it optimally for the manufacture of mineral-beneficiated products.[18]
- The **Springs Precinct:** Approximately, 45,000 square metres of developable space on a 13-ha land parcel, is being planned out. This precinct, located in close proximation to a platinum refinery, is expected to house platinum-related product manufacturing companies.[19]

Trade overview —import and export landscape

South Africa is a net exporter of precious metals, with platinum and diamonds being some of its top exported commodities and the U.S., Japan, the U.K., Germany and India being its key export partners.

In terms of imports, the country primarily imports semi-manufactured and unwrought precious metals and jewellery and countries such as Namibia, Botswana, China, the U.S., Belgium and India serve as its key import partners.

Gold, platinum, diamond jewellery and precious metals, FY21–23 (USD billion)



> SA could consider expanding its exports of precious stones as jewellery is emerging as one of the largest opportunities.
>
> **- Muziwethu Mathema, Gauteng Growth and Development Agency**

[16] 'South African gold and diamond jewellery: a sparkling industry', South African Tourism, as accessed on 20 May 2025

[17] 'The Jewellery Manufacturing Precinct', GIDZ, 21 August 2024

[18] 'ORTIA Precinct 2', GIDZ, as accessed on 20 May 2025

[19] 'Southern Africa's first Jewellery Manufacturing Precinct fully open for business', Global Africa Network, 21 August 2024

Investments within the sector

South Africa houses some of the world's prominent precious stones' (particularly diamond) manufacturers and miners, attracting substantial investments from them. For instance:

- One of the globally leading diamond companies announced an investment of **USD2.3 billion** in 2012 to develop a technologically advanced underground mine in Limpopo, South Africa. While the facility commenced operations in 2023, a sizeable portion of it is still under construction, which is expected to be completed over the next few years. Furthermore, the project, which currently employs about 4,300 people, introduced a **USD10.5 million training centre** in 2021 to develop skills required for underground mining[20].

While the abundance of precious metals has undeniably helped South Africa attract significant domestic and international investments, they have been largely concentrated in the mining-related activities of the jewellery industry. This presents a substantial untapped opportunity for international players to leverage the country's strength in mineral resources and its expertise in design capabilities to develop it into a jewellery manufacturing hub on the African continent.

[20] 'De Beers delivers first production from underground operations at its world class Venetia mine', De Beers Group, 24 August 2024

Government initiatives and policies favouring the industry

Given the promising prospects of the South African gems and jewellery market, the government has undertaken several initiatives to boost trade and minimise illegal activities in the sector. Some of which include the following[21,22]:

Regulated diamonds trade

To facilitate the buying, selling, exporting and importing of diamonds, the South African government has established a dedicated **Diamond Exchange and Export Centre (DEEC)**. This unit acts as a controlled environment where diamonds are provided on a tender-based model to the diamond licence holders. This body also plays a pivotal role in ensuring that the diamonds are fairly traded in the market.

Measures against money-laundering and malpractices

South Africa's gems and jewellery sector is exposed to illegal activities which inhibit the sector's growth. Therefore, to minimise money laundering activities, the South African government has introduced an amendment to the **Financial Intelligence Centre Act** (FICA, effective since 2022).

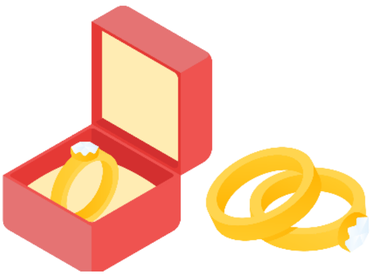
- According to the new guidelines, suppliers of high-value goods (all goods priced at about USD54,000 or above) are considered as accountable institutions and are required to comply with regulations relating to customer due diligence, record keeping, reporting and documentation. Thereby, helping the government in early detection of any money laundering activity.

Furthermore, to curtail illegally saving of VAT on precious metals, in 2022, a VAT **Domestic Reverse Charge** (DRC) on valuable metals was introduced as an anti-avoidance measure to identify prevailing malpractices in this domain.

- Based on the amendments, a purchaser (instead of a seller) is now required to account and pay for the VAT charged by the supplier on transactions involving valuable metals. Thereby, reducing the scope for suppliers for evading tax by not reporting or underreporting their sales.

Conclusion

Looking ahead, the South African gems and jewellery sector presents significant opportunities for long-term growth. The study highlights that the country can focus on leveraging its natural resources and unique craftsmanship to propel growth in the gems and jewellery industry. However, it is also worthwhile noting that the industry currently faces a few challenges related to illicit trade and inadequate infrastructure. However, government is undertaking several initiatives to address these impediments, fostering a positive outlook.



[21] DEEC website, accessed on 25 May 2025
[22] FICA website, accessed on 25 May 2025

Potential investment and collaboration opportunities

The growing gems and jewellery landscape in both India and South Africa presents a plethora of opportunities for both Indian and South African jewellery manufacturers, knowledge institutions and governments to collaborate and develop joint capabilities to foster trade, ensure skill development and strengthen manufacturing capabilities.

Forming partnerships to foster skills development

The Indian government has placed a strong emphasis on enhancing the skills of artisans in the sector, implementing various initiatives to accomplish this goal. The Gem and Jewellery Skill Council of India (GJSCI) has established three Academies of Excellence to conduct workshops in the country. Additionally, the Minerals Council of South Africa has expressed that South Africa can partner with India to bridge the skills gap for the production of cut and polished diamonds. Consequently, the South African government may explore collaboration opportunities with Indian training institutes to implement similar programmes in South Africa to strengthen its domestic manufacturing capabilities. Furthermore, South African students could leverage the student exchange schemes to participate in essential trainings in India.

Attracting Indian manufacturers in South Africa

As South Africa has a rich deposit of diamond and platinum reserves, Indian companies have an opportunity to expand their presence in South Africa to cost-efficiently manufacture jewellery by leveraging the former's rich deposits. The governments of the two nations can also introduce free trade agreements/taxation incentives to facilitate collaboration between the two nations.

- South African companies can also aim at forming joint ventures with Indian companies to leverage the technical know-how from the latter to advance its skills and efficiency in jewellery manufacturing.
- It can further look at introducing taxation benefits and providing added subsidies to attract foreign capital and players in the country.

Expanding into the Indian market by introducing innovative products and providing enhanced user experiences

Several international brands are considering the Indian jewellery market for expansion because of the increasing demand for antimicrobial jewellery and growing preference for virtual reality-led jewellery shopping experience and omnichannel-based marketing strategies. South African companies can leverage the opportunity by expanding their presence in the Indian market by introducing products tailored to rising demand.

Sector view

Minerals and ores

India at a glance

With India's expansive energy and infrastructure development, demand for minerals and metal ores such as iron ore and aluminium, continues to exhibit momentum. To lessen dependence and achieve self-sufficiency in the production, government is taking several initiatives, such as, explored mineral assets abroad, provided financial support to advance mining capabilities and incentivised foreign investments to enhance sector's appeal to global investors.

Sector snapshot — India

USD15.8 billion

value of mineral production in India during FY25 (April-February)

3.2 per cent

increase in average monthly mineral production index during FY25 (April-February)

USD25.1 billion

of export of minerals during FY24

2nd and 4th largest producer

of aluminium and iron ore, respectively as of 2024

100.0 per cent

FDI allowed through automatic route in the mining sector

USD356.6 million

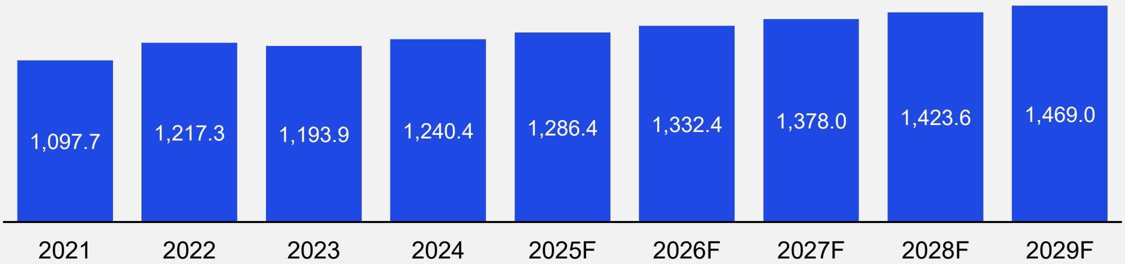
of budget allocated to the Ministry of Mines for FY26

Note: *Production of minerals in India comprises coal, crude petroleum, metal ores, natural gas and non-metallic ores; **MCDR is Mineral Conservation and Development Rules (MCDR).
Source(s): 'Monthly Statistics of Mineral Production', Ministry of Mines, February 2025; 'Mineral and non-ferrous metal production on growth track in FY 2024-25', PIB, 30 March 2025; 'India is the 2nd Largest Aluminium Producer in the World', PIB, 01 Aug 2024; 'Import of critical minerals for EV's', PIB, 18 Mar 2025; 'Expenditure Profile 2025-2026', India Budget, as accessed on 20 May 2025

Overview of the Indian minerals and ores market

India is endowed with vast resources of numerous metallic and non-metallic minerals. As of January 2025, India has 1,206 working mines and 1,789 non-working mines[1], with an impressive 95 different minerals unearthed over the years, fuelling its industries and driving economic growth. The country also boasts large reserves of iron ore, bauxite, chromium, manganese ore, baryte and other rare earth elements and mineral salts. Leading this mining prowess is Odisha, a state which contributed around 44.9 per cent of India's mineral production in FY24[2].
India holds a prominent global position as the second-largest producer of aluminium, the third-largest producer of lime and the fourth-largest producer of iron ore[3].

India's minerals production volume in billion kilograms (2021–29F*)



*Includes crude petroleum, rare earths, non-metallic ores, metal ores, coal, natural gas.

The mineral production volume is expected to grow at a CAGR of 3.4 per cent during 2024–29F[4]. Iron ore and limestone accounted for about 77.9 per cent of the total mineral production by value during FY25 (April-February)[5], witnessing significant year-on-year growth. This growth reflects strong demand from industries such as steel and cement. Other factors likely to impact production include[6,7]:

- The demand for aluminium in sectors like energy, infrastructure, construction, automotive and machinery.
- As the world's third-largest energy consumer[8], India's high-power demand will drive a surge in coal consumption, which is expected to reach 1.3–1.5 billion tonnes by 2030[9], while the production in FY25 stands at 1,047.6 million tonnes[10].
- Government-led infrastructure development is also projected to boost the steel demand by 10.0 per cent and double the zinc demand in the next 5–10 years.

India's expertise in iron ore and limestone production, coupled with increasing demand for aluminium, coal, steel and zinc, underscores the sector's critical role in supporting India's infrastructure and industrial development, as well as its importance in meeting the country's expanding energy needs.

[1] 'Overview of Mining Sector in India', Mines Gov, 20 January 2025
[2] 'Production statistics', Ministry of Mines, as accessed on 22 May 2025
[3] 'India is the 2nd Largest Aluminium Producer in the World', PIB, 1 Aug 2024
[4] 'Mining – India', Statista, March 2025
[5] 'Monthly Statistics of Mineral Production', Ministry of Mines, February 2025
[6] 'Mining Sector Registers Record Production in FY 2023-24', PIB, May 2024
[7] 'Metals and mining', Invest India, as accessed on 20 May 2025
[8] 'India has been ranked third largest primary energy consumer in the world', PIB, 24 March 2022
[9] 'India Needs 1.3 to 1.5 billion Tonnes of Coal by 2030', Ministry of Coal, 16 March 2022
[10] 'India's Coal Boom', PIB, 4 April 2025

Key industry clusters

India produces a total of **95 distinct types of minerals**[11], which include three atomic, four fuel, 10 metallic, 23 non-metallic and 55 minor minerals.

Some key facts about India's mineral clusters:

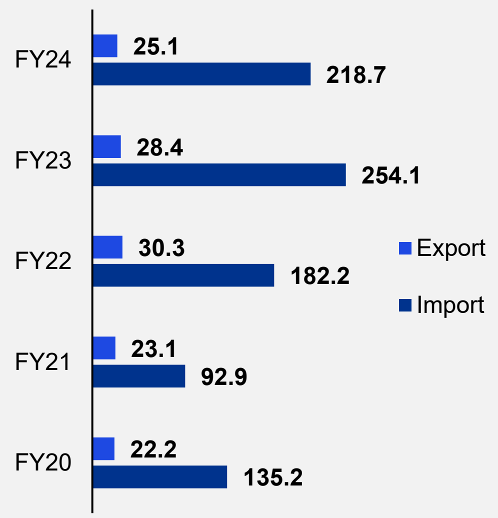
- During FY25 (April–February), mineral production from top five states (Chhattisgarh, Karnataka, Odisha, Rajasthan and Maharashtra) contributed to approximately **90.6 per cent** of the total mineral production in India[12].
- **Odisha emerged as a significant contributor**, accounting for **44.9 per cent**[13] of the mineral production value in FY25, followed by **Chhattisgarh, Rajasthan**, **Karnataka** contributing with about 15.3 per cent,14.7 per cent and 12.8 per cent of India's total mineral production, respectively[14].

Trade overview — import and export landscape

During FY20–24, India's export of minerals witnessed a mild growth of 3.1 per cent CAGR and is primarily dominated by the export of diamonds which constitute about more than 65.3 per cent of export of minerals[15]. Furthermore, iron ore and granite are among the commonly exported minerals, with India's abundant reserves of high-grade iron ore providing a competitive advantage in both production and export.

With mineral imports nearing nine times of its exports, India continues to be a major importer of minerals. Over the period of four years ending FY24, the country's imports observed a significant rise at a CAGR of 12.8 per cent. Crude petroleum, coal and diamonds remain the predominant contributors to the country's mineral import portfolio. However, with the country pushing towards self-reliance and strengthening domestic production capabilities, a marginal slowdown is expected over the coming few years.

Import-export (including re-import and re-export) data of minerals (USD billion)

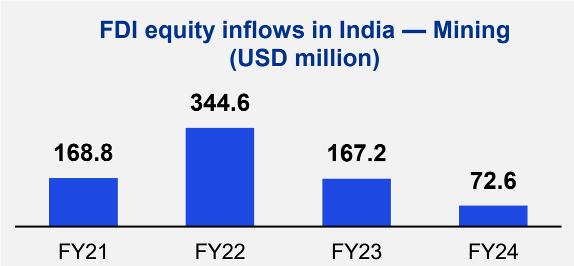


Source: 'Annual Report 2024–25', Ministry of Mines, as accessed on 20 May 2025

[11] 'National mineral scenario', Ministry of mines, as accessed on 20 May 2025
[12] 'Monthly Statistics of Mineral Production', Ministry of Mines, February 2025
[13] 'Production statistics', Ministry of Mines, as accessed on 22 May 2025
[14] 'Monthly Statistics of Mineral Production', Ministry of Mines, February 2025
[15] 'Annual Report 2024-25', Ministry of Mines, as accessed on 20 May 2025

Investments within the sector

During April 2000–December 2024, FDI inflows in mining stood at USD3.5 billion[16]. Currently, the government allows up to 100.0 per cent FDI in the mining sector for non-atomic and non-fuel minerals through an automatic route. Additionally, 100.0 per cent FDI is permitted in mineral separation of titanium bearing minerals and ores, their value addition and integrated activities, subject to approval through the government route[17].



Source: 'FDI inflow in the country', Sansad, as accessed on 20 May 2025

Government initiatives and policies favouring the industry*

With the objective of further strengthening the country's positioning in minerals and ores, the government has implemented several policies which aim to boost India's domestic manufacturing capabilities and international trade. Some of these initiatives include the following[18,1920,21,22,23,24,25,26,27,28]:

Mines and Minerals Development & Regulation Act 2021 (MMDR)

This act is a significant legislative update to the original MMDR Act of 1957. This revised Act was introduced to enhance the efficiency and transparency of the mining sector in India. Key provisions include the removal of end-use restrictions on minerals, allowing captive mines to sell up to 50.0 per cent of their production in the open market and enabling the central government to conduct auctions if state governments fail to do so in a timely manner.

Post the enactment of this Act, certain amendments were further made:

- Mines and Minerals (Development and Regulation) Amendment Bill, 2023, which focuses on the exploration and mining of critical minerals, encourages private sector participation and ensures revenue for state governments through exclusive central government auctions.
- Furthermore, in December 2023, the Ministry of Mines proposed capping performance security and upfront amounts for mining critical minerals to reduce barriers to participation in auctions and expedite the mining lease process.
- In February 2024, the Union Cabinet approved amendments to streamline the mining sector and auction processes by specifying royalty rates for 12 critical minerals, thereby completing the rationalisation process for all 24 strategic minerals.

[16] 'Metals and mining', Invest India, as accessed on 23 May 2025
[17] 'Private and Foreign Players in Mining Sector', PIB, 7August 2024
[18] 'Parliament passes the Offshore Areas Mineral (Development and Regulation) Amendment Bill, 2023', PIB, August 2023
[19] 'Cabinet approves royalty rates for mining of 12 critical and strategic minerals - Beryllium, Cadmium, Cobalt, Gallium, Indium, Rhenium, Selenium, Tantalum, Tellurium, Titanium, Tungsten, and Vanadium', PIB, 29 February 2024
[20] 'Budget 2024: FinMin announces Critical Mineral Mission; what we know so far', Business Standard, July 2024
[21] 'Budget 2024-25 waives import duties on lithium and other critical minerals', Economic Times, July 2024
[22] 'Reforms in customs duties will support domestic manufacturing and promote export competitiveness; finance minister', PIB, 23 July 2024
[23] 'Highlights of the union budget 2024-25', PIB, 23 July 2024
[24] 'State Bank of India plans coal-loan policy before key auctions, could put 41 mines in private hands', Economic Times, August 2020
[25] 'Cabinet Approves 'National Critical Mineral Mission' to build a resilient Value Chain for critical mineral resources vital to Green Technologies, with an outlay of Rs.34,300 crore over seven years', PIB, 29 January 2025
[26] 'Parliament passes the Offshore Areas Mineral (Development and Regulation) Amendment Bill, 2023', PIB, 3 August 2023
[27] 'Mines Minister Shri Pralhad Joshi hands over letters of Financial Grants to Five Start-ups for Funding Innovations in Mining and Mineral sector', PIB, 1 March 2024
[28] 'PLI scheme to boost steel', Ministry of Steel, 2 February 2022
* All these policies and planned investments are as at a date and revisions may take place that may be significant

Custom/import duty rebates

To boost the competitiveness of minerals in the international market the government offers several reductions on import duties. Key measures include:

- Elimination of custom duties on 25 critical minerals such as lithium, copper, cobalt and rare earth elements (REE).
- Reduction in basic custom duties (BCD) on silicon quartz, silicon dioxide and graphite from 5.0–7.5 per cent to 2.5 per cent.
- Exemption from BCD on ferro-nickel and blister copper to reduce the production cost of steel and copper.
- A concessional BCD of 2.5 per cent on copper scrap.

These measures are designed to support sectors such as nuclear energy, renewable energy, space, defence, telecommunications and high-tech electronics by ensuring the availability of essential minerals.

Financing support

In 2020, State Bank of India (SBI) announced a credit policy for the establishment of coal mines in India. The policy offered syndicated credit financing option to private players to purchase 41 coal mines, with collective production capacity of 225 million tonnes. This initiative complements the broader effort to enhance private sector participation in the coal industry.

National Critical Mineral Mission to reduce import dependence

As part of the Union Budget of 2024–25, National Critical Mineral Mission was announced to strengthen the domestic production and recycling of critical minerals like copper, lithium, nickel, cobalt and rare earth elements and build a resilient value chain for critical mineral resources vital to green technologies.

This mission is also crucial for supporting India's energy transition, technological advancement and economic growth. Other key elements of this mission are:

- Facilitate the acquisition of critical mineral assets abroad to secure long-term supply chains.
- Promote research in critical mineral technologies and proposes setting up Centre of Excellence on critical minerals.

This shift is expected to not only reduce the trade deficit but also position India as a key player in the global supply chain for critical minerals. Additionally, an allocation of USD4.0 billion over seven years has been made by PSUs and other key players.

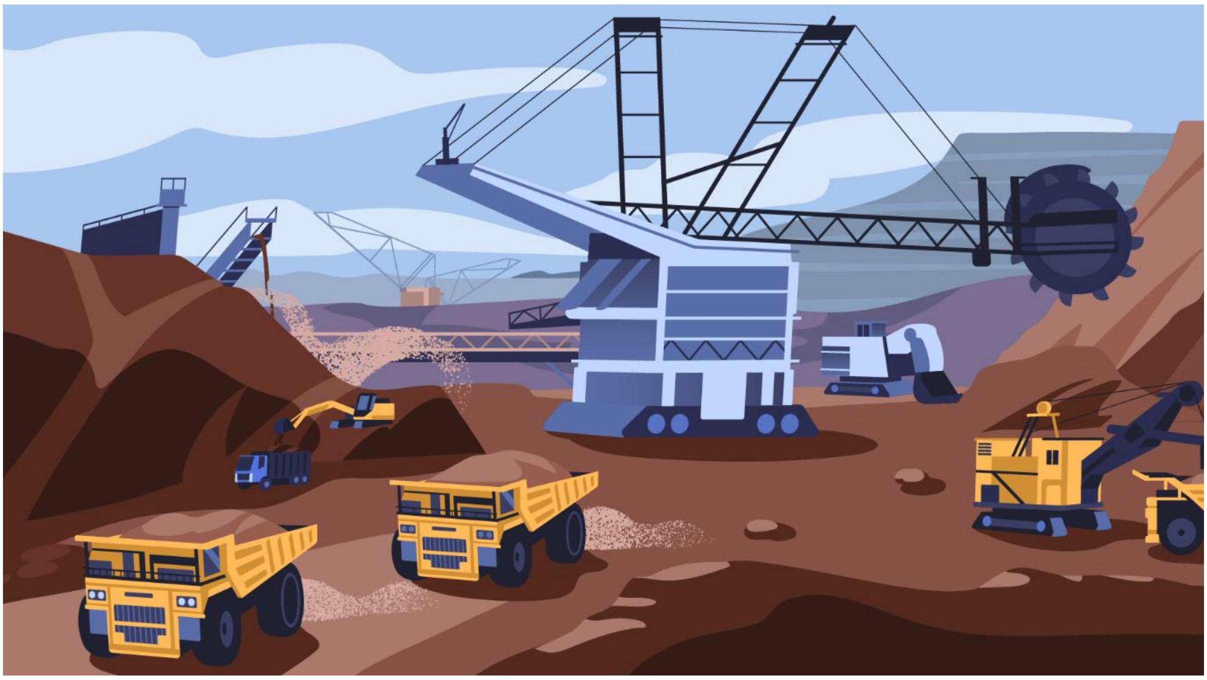
Other mineral-related policies

India has been actively implementing various mineral-related policies to boost trade, ensure sustainable development and attract investment. Some of these are:

- In August 2023, the Rajya Sabha passed the **Offshore Areas Mineral (Development and Regulation) Amendment Bill, 2023** to modify the existing Offshore Areas Mineral (Development and Regulation) Act, 2002. The act aims to promote trade by introducing auction-based allocation of mining rights, ensuring transparency and attracting investments.
- The **National Mineral Policy 2019** promotes trade by ensuring a fair and transparent allocation of mineral resources, reducing import dependency and supporting domestic industry. It also focuses on sustainable mining practices and the development of infrastructure for efficient mineral transportation.
- The **S&T-PRISM initiative** promotes trade by funding research and innovation in start-ups and micro, small and medium enterprises (MSMEs) within the mining, mineral processing, metallurgy and recycling sectors. This support helps bridge the gap between research and development and commercialisation, fostering a robust ecosystem for technological advancements and economic growth.
- Till October 2022, **Product Linked Incentive (PLI) Scheme** for specialty steel attracted USD2.1 billion.

Conclusion

Key minerals such as iron ore, aluminium, coal and critical minerals like lithium and rare earth elements remain central to India's mining activities. The sector's growth is supported by government policies aimed at reducing import dependency, enhancing domestic production (such as via 'The Make in India' initiative) and securing critical minerals for future technological advancements. Overall, the Indian minerals sector is on a positive path, driven by strategic government interventions and a focus on sustainable development.



South Africa at a glance

With a well-integrated mining value chain, South Africa supplies essential inputs to various manufacturing sectors. The government's ongoing efforts to enhance infrastructure, such as partnerships to improve rail networks and port operations, further bolster the country's mineral trade potential. South Africa presents lucrative opportunities for foreign investors.

Sector snapshot — South Africa[29]

USD53.0 billion

mining industry turnover in 2024

248 tonnes

of production of platinum, palladium, rhodium, ruthenium, osmium and iridium in 2024

Largest producer

of platinum group metals in 2024

USD41.7 billion*

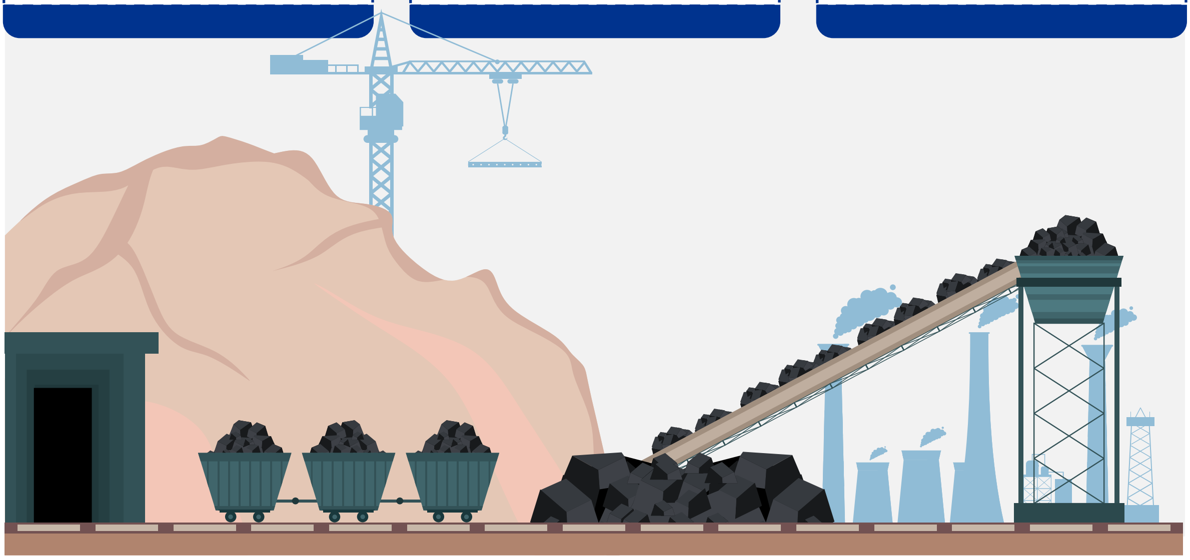
total exports value of South African minerals in 2024

6.0 per cent

contribution of the mining sector to South African GDP in 2024

USD23.3 billion

direct GDP contribution in 2024



Note: * Exports include coal, iron ore, gold, chrome, manganese, industrial minerals, platinum group metals and diamond, Currency conversion at 1ZAR equals 0.05USD as of 30 April 2025
Source(s): 'Facts and figures pocketbook 2024', Minerals Council South Africa, as accessed on 30 April 2025

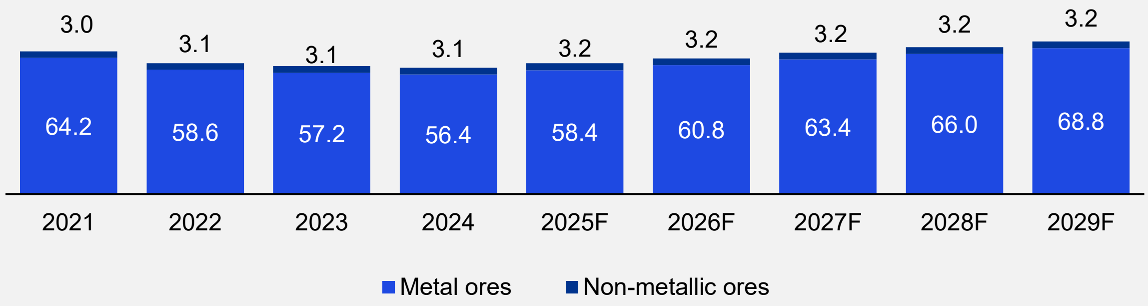
[29] Note: South Africa elected a new federal government in June 2024 and there may be changes, which may be significant in nature, in terms of planned expenditures, outlays and programmes

Overview of the South African minerals and ores market

The minerals and ores sector is a crucial driver of South Africa's economy, contributing 6.0 per cent to the GDP in 2024[30]. South Africa is globally recognised for having the world's largest reserves of platinum group metals (PGMs) and manganese, along with substantial deposits of gold, chromite ore and vanadium. Coal was the most significant mining commodity in South Africa by production volume, reaching 235 million tonnes per annum[31] in 2024. Notably, the country holds around 80.0 per cent[32] of the world's identified manganese resources.

South Africa's mineral wealth is not only abundant but also diverse, contributing between 20.0–30.0 per cent of the regional GDP of the four main mining provinces such as North West Province, Limpopo, Mpumalanga and the Northern Cape[33].

South Africa's production volume in billion kilograms (2021–29F)



South Africa's production of metal and non-metallic ores is anticipated to grow at a CAGR of 4.0 per cent during 2024–29F[34]. The key factors responsible for this increase in production are:

- The shift towards hydrogen fuel cells in transportation and power generation, with PGMs such as platinum, palladium, ruthenium and iridium playing key roles.
- Increase in demand for stainless steel in construction, infrastructure and transportation.
- Increase in demand for electric vehicles driving the need for manganese in lithium-ion batteries[35].

These factors collectively indicate a robust growth trajectory for South Africa's metal and non-metallic ores sector, fostering innovation and sustainability.

[30] 'Facts and figures pocketbook 2024', Minerals Council South Africa, as accessed on 30 April 2025
[31] 'Facts and figures pocketbook 2024', Minerals Council South Africa, as accessed on 30 April 2025
[32] 'Facts and figures pocketbook 2024', Minerals Council South Africa, as accessed on 30 April 2025
[33] 'A breakdown of mining in South Africa', Mining review Africa, 17 April 2024
[34] 'Statista market insights', Statista, as accessed on 30 April 2025
[35] 'SA is ready to answer the global call for manganese', African mining, November 2023

Key industry clusters

Some of the key industry clusters and mining areas in South Africa are[36]:

- **Witwatersrand Basin:** It is in Gauteng, Free State, Mpumalanga and North West. It contains deposits of gold, uranium, silver, pyrite and osmium.
- **Bushveld Complex:** It spans across the North West, Mpumalanga and Limpopo provinces. It is also the world's largest known layered intrusion and comprises PGMs, copper, nickel, cobalt, chromium, vanadium-bearing titanium ore, fluorspar and andalusite.
- **Karoo Basin:** It covers Mpumalanga, KwaZulu Natal, Free State and Limpopo and is a major source of bituminous coal, anthracite and shale gas.
- **Phalaborwa Igneous Complex:** The area is located in Limpopo and is rich in copper, phosphate, titanium, vermiculite, feldspar and zirconium ores.
- **Kimberlite Pipes:** It spans North West and Northern Cape and is famous for diamonds.

Additionally, the beneficiation of precious metals takes place in Gauteng. Steel mills that process iron ore are located in Gauteng, Mpumalanga, KwaZulu-Natal and the Western Cape[37].

[36] 'Mining & Mineral Processing', Invest SA, as accessed on 23 May 2025
[37] 'Investing in South Africa's Mining and Mineral Beneficiation Sector', Invest SA, as accessed on 30 April 2025

Trade overview — import and export landscape

In 2024, around 76.3 per cent of South Africa's exports to the U.S. came from the PGMs. These PGMs were excluded from the import tariffs announced by the U.S. government on 2 April 2025[38]. However, minerals exports witnessed a y-o-y decline of 0.7 per cent to USD41.7 billion in 2024 due to failing Transnet rail infrastructure, though there was an improvement in rail performance in the second half of 2024[39].

Key highlights of South Africa's minerals exports in 2024 were[40]:

- Coal is South Africa's most significant mining commodity. In 2024, Asia was the largest export destination, accounting for 83.0 per cent of total exports. India stood out as Asia's top importer, purchasing around 44.0 per cent of South Africa's coal exports.
- South Africa is the leading global producer of manganese ore, contributing approximately 40.0 per cent to the global export market. 24 million tonnes of manganese ore was exported in 2024 and this was mainly driven by demand for steel. Asia dominated these exports with 94.0 per cent (64.0 per cent to China, 15.7 per cent to India, 3.5 per cent to Singapore, 3.5 per cent to Malaysia and 2.4 per cent to Japan) and the European Union (EU) accounted for 5.5 per cent.

In terms of imports, the country's mineral products imports reached USD19.6 billion in 2024*. The leading sources of these imports were Oman, Nigeria, the UAE, India and Saudi Arabia[41].

Furthermore, in context of trade with India, South Africa is a net exporter of mineral products to India however, its imports have witnessed a sharp rise over the last few years. For instance, South Africa exported mineral products worth USD3.4 billion in CY24 to India as against USD2.3 billion in CY21 (CAGR of 13.9 per cent during CY21–24). Whereas South Africa imported mineral products worth USD2.3 billion in CY24 as against USD1.0 billion in CY21, marking a significant jump of CAGR 32.0 per cent during CY21–24[42].

[38] 'Mbalo brief', Republic of South Africa, May 2025
[39] 'Facts and figures pocketbook 2024', Minerals Council South Africa, 2024, as accessed on 23 May 2025
[40] 'Facts and figures pocketbook 2024', Minerals Council South Africa, as accessed on 23 May 2025
[41] 'Trade Statistics 2024', SARS, as accessed on 23 May 2025
[42] 'Bilateral trade reports', Soth African Revenue Service, 2021, 2024, as accessed on 23 May 2025
*Mineral products only include Mineral fuels, mineral oils and products of their distillation, Ores, slag and ash, and salt, sulphur, cement, lime, stone, & plaster, whereas minerals include the overall ecosystem.

Investments within the sector

South Africa's mining sector remains an attractive destination for foreign direct investment (FDI) due to its rich mineral resources and significant economic contribution. In 2023, the overall FDI inflow stood at USD5.2 billion* (ZAR96.5 billion)[43]. Some other investments include:

- Notable increase in merger and acquisition (M&A) activity within the mining sector. Between July 2023 and June 2024, the sector witnessed 32 significant M&A deals, amounting to approximately USD10.0 billion, primarily driven by investments in copper[44].
- The Department of Mineral Resources and Energy (DMRE) supported the sector as evidenced by the processing and finalising of substantial number of rights and permits. From April 2023 to March 2024, the DMRE finalised 127 mining rights, 1,527 prospecting rights and 2,313 mining permits[45].
- Establishment by the DMRE of an artisanal mining fund to support small-scale miners[46].

These concerted efforts showcase South Africa's commitment to fostering a robust and investor-friendly mining environment.

[43] 'South Africa is an increasingly attractive investment destination', Republic of South Africa, May 2024
[44] 'SA's mining M&A activity reaches USD10 billion amid operational hurdles', Independent Online, October 2024
[45] 'Remarks by the Honourable Minister of mineral resources and energy Mr. Gwede Mantashe at Joburg Indaba, the Inanda Club, Sandton, Johannesburg', DMRE, 4 October 2024
[46] 'Invitation to apply for artisanal and small-scale mining funding', Sowetan life, 22 February 2024
*All these policies and planned investments are as at a date and revisions may take place that may be significant

Government initiatives and policies favouring the industry

South Africa has implemented several policies to enhance the international trade of its mineral resources, fostering an environment conducive to investment, streamlining regulatory processes and ensuring sustainable development [47,48, 49, 50, 51, 52, 53]:

Measures to increase mineral exploration

The South African government is actively encouraging increased mineral exploration to boost minerals production. Some measures include:

- **Critical Minerals and Metals Strategy for South Africa and Draft Mineral Resources Development Bill:** In 2025, South Africa launched its Critical Minerals and Metals Strategy and introduced the Mineral Resources Development Bill to drive investment in exploration, strengthen local value chains and ensure regulatory certainty.
- **Exploration Implementation Plan:** In April 2022, the Department of Mineral Resources and Energy (DMRE) launched this plan with an aim to increase exploration activity to at least 5.0 per cent of global exploration expenditure over the five years.
- **ZAR500.0 million (USD27.0 million) exploration fund:** The DMRE, Industrial Development Corporation and the Council for Geosciences launched a USD27.0 million fund to support black-led and local junior mining projects, boosting small-scale mining output.
- By discovering new mineral deposits and expanding existing ones, South Africa can increase its export capacity and attract foreign investment.

Building sustainable mineral trade

In April 2024, the Department of Science and Innovation (DSI) launched the South African Circular Minerals and Metals Initiative (SACMMI). Hosted by the Mandela Mining Precinct, the initiative aims to embed circular economy principles in the mining sector by promoting sustainable resource use, fostering local and international research partnerships.

The initiative is expected to improve South Africa's global reputation for eco-friendly mining practices, attract foreign investment and create new business opportunities.

[47] 'Minister Gwede Mantashe: Approval of Critical Minerals and Metals Strategy for South Africa and Draft Mineral Resources Development Bill | South African Government', Republic of South Africa, 20 May 2025
[48] 'South Africa's five-year exploration strategy', Fasken, May 2023
[49] 'DMRE names preferred bidder to design, implement mining cadastre', Mining weekly, January 2024
[50] 'Government to launch the South African Circular Minerals and Metals Initiative', Department of Science and Innovation South Africa, April 2024
[51] 'Media statement: DMRE announces the preferred bidder for the mining licensing system', Republic of South Africa, 31 January 2024
[52] 'Mandela Mining Precinct', Mandela Mining Projects, as accessed on 23 May 2025
[53] 'Transnet, Minerals Council join forces to tackle port and rail bottlenecks', Money Web, December 2022

Modernising mining licence system

The DMRE has been working on simplifying and expediting the licencing process to reduce bureaucratic delays and attract more FDI.

In 2024, the DMRE appointed PMG Consortium as the preferred bidder to design, implement, maintain and support the new mining licencing system. It aims to heighten the transparency in the application and processing of mining rights, permits and licenses.

Modernising mineral extraction through research and development

The Mandela Mining Precinct (MMP), in collaboration with the Department of Science and Innovation and the Minerals Council South Africa, is leading initiatives to revitalise the mining industry. MMP was established to assist with and coordinate the implementation of the South African Mining Extraction Research, Development and Innovation (SAMERDI) strategy.

Some of the initiatives include establishment of an industry test mine, a collision prevention systems project, the mining R&D capacity and capability study. The MMP is partnering with the Canada Trade Commission and other entities to advance digitalisation in mining and manage supply chain disruptions.

Revitalising transportation industry and infrastructure

South Africa's mining sector has faced significant challenges due to issues with the rail network. To address this, in 2022, Minerals Council South Africa, which includes Anglo American, De Beers, Gold Fields and Harmony Gold, partnered with Transnet, the state-owned rail and ports operator aiming to ensure operational improvements across the freight system by reducing logistical bottlenecks.

Conclusion

With extensive mineral reserves, sustainable practices and proactive government initiatives, South Africa is poised to enhance its global trade position. The sector's potential for growth and investment makes it a crucial player in South Africa's economic development with government policies promoting sustainable practices.

Potential investment and collaboration opportunities

The rich mineral landscapes of India and South Africa provide a vast array of opportunities for increased bilateral trade. Collaborative efforts in critical minerals mining, infrastructure development and sustainable practices strengthen economic ties and foster mutual growth.

Strategic alliance to boost critical minerals

Establishing a robust supply chain for critical minerals, such as lithium, cobalt and rare earth elements, is essential for India's energy transition and technology advancement. Their extraction and processing come with environmental, geopolitical and ethical challenges.

Given South Africa’s rich deposits of these critical minerals, collaborative efforts with India could foster sustainable mining practices, ensuring economic benefits while minimising environmental impact. This diversification will reduce India’s reliance on dominant suppliers such as China.

The two countries can also leverage their existing trade agreements such as SACU and established ties with SADC members to bolster trade of prominent minerals such as iron ore, copper, manganese ore among others.

Collaborate to develop robust infrastructure

Enhancing the infrastructure between India and South Africa, including transport systems, ports and storage facilities, will improve the efficiency of mineral transport. Collaboration can focus on upgrading railways and roadways, modernising port facilities and creating advanced storage spaces. This collaboration will also help to streamline customs procedures, reduce administrative burdens and facilitate smoother trade flows. Hence, enhancing logistical capabilities and infrastructure will not only boost the mineral sector’s efficiency and competitiveness but also foster economic growth and strengthen the trade relationship between the two nations.

Promote sustainable mining practices

As global demand for ethically sourced minerals continues to rise, India and South Africa have an opportunity to boost their sustainable minerals trade through strategic collaboration and joint initiatives. By leveraging South Africa's rich mineral reserves and India's technological expertise, both countries can develop advanced mining technologies and sustainable practices. For instance, they can invest in renewable energy projects to power mining operations, adopt green mining practices to minimise environmental impact and establish joint ventures for mineral processing and value addition.

Sector view

Textiles

India at a glance

The Indian textile sector stands on the cusp of significant growth, poised to emerge as one of the leaders in the global marketplace. This industry projects a market size of USD350.0 billion by 2030 and is forecasted to play a central role in India's economic fabric. As a leading global producer of cotton and jute and the world's second-largest silk producer, India holds a significant stake in the international textiles and apparel market. As we delve into the intricacies of this dynamic market, it becomes clear that the future of Indian textiles is not just promising, but potentially transformative for both the nation and the global industry at large.

Sector snapshot — India

3.9 per cent

share of the global trade in textiles and apparel in FY24

USD350.0 billion

projected market size of Indian textile and apparel sector in 2030

6th largest

global exporter of textiles and apparel as of 2023

USD37.9 billion

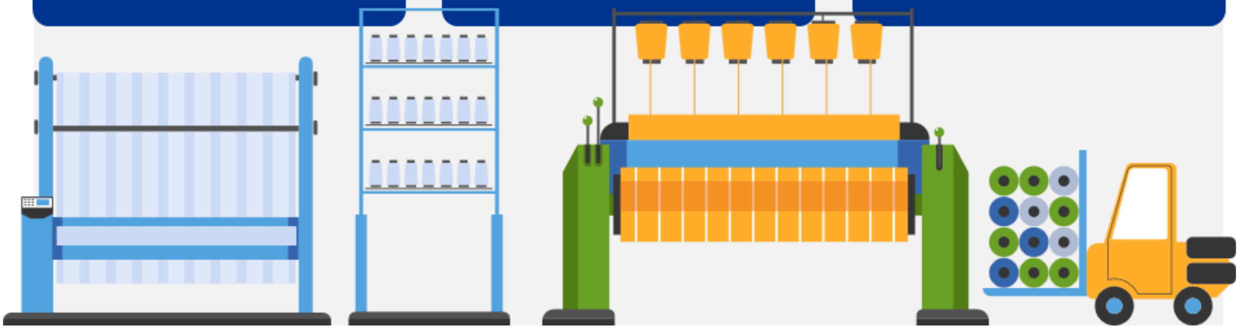
of textile and apparel exports in FY24

2.3 per cent

contribution to the country's GDP by domestic apparel and textile sector in 2024

2nd largest

producer of silk in the world



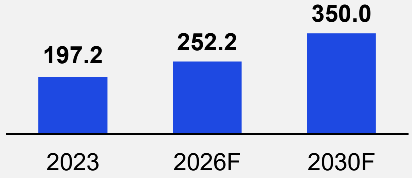
Source(s): 'How Make in India is Shaping the Future of Textiles and Apparel Industry', IBEF, April 2025; 'Commerce Dashboard', Ministry of Commerce, accessed on 22 May 2025

Overview of the Indian textiles market

The Indian textiles sector is characterised by its vastness, diversity and traditional craftsmanship. It encompasses a wide range of products, which include cotton, silk, wool and synthetic fabrics as well as apparel, home textiles and technical textiles.

Accounting for **2.3 per cent**[1] of the country's GDP, **13.0 per cent** of industrial production and providing direct employment to over **45 million people**[2], the textiles sector is a strong pillar of the Indian economy. India holds a strong position in the global textiles and apparel market as one of the **world's largest producers of cotton and jute**, the **second-largest producer of silk,** producing 38,913 MT of silk[3]. This unique positioning and a vast domestic sector, has the sector poised to witness a **CAGR of 8.5 per cent** during **2023–30.**

India's textile market size, 2023–30F (USD billion)



Source: 'Threads of Progress', PIB, 1 April 2025; 'Textiles and Apparel report', IBEF, February 2025

Factors such as the country's strength in production of fibres/yarns from natural fibres comprising cotton, jute, silk and wool; of synthetic/man-made fibres such as polyester, viscose, nylon and acrylic, its expertise in hosiery and knitting, the burgeoning demand for technical textiles and industrial textiles and the adoption of sustainability practices and advanced technology during the production processes are further bolstering the textile market in India.

Key industry clusters

In India, the textile sector is marked by a cluster-based organisational structure. While National Capital Region (NCR), Maharashtra, Gujarat, Uttar Pradesh, West Bengal, Tamil Nadu, Madhya Pradesh and Rajasthan are renowned textile hubs in the country, there are some regions that have developed expertise in manufacturing niche and particular categories of textiles. For instance:

- In the North, **Kashmir, Ludhiana and Panipat** account for **significant volume of woolen manufacturing** in India.
- In the West, **Ahmedabad, Mumbai, Surat, Rajkot, Indore and Vadodara** are prominent cities for **cotton production.**
- In the East, **Bihar** is renowned for **jute manufacturing**, while **West Bengal** is popular for both cotton and jute production.
- In the Southern belt of India, **Tirupur, Coimbatore and Madurai** have an established **hosiery sector**, while **Bengaluru, Mysuru and Chennai** are known for **silk production**.

To further bolster the country's manufacturing capabilities, the Government of India initiated the **Pradhan Mantri Mega Integrated Textile Region and Apparel (PM-MITRA) Parks Scheme**, under which it approved the development of **seven mega textile parks** in greenfield and brownfield sites. These parks will feature robust infrastructure, including a plug-and-play facility with a total outlay of **USD522.0 million**[4]**,** for the period FY22 to FY28**,** under the scheme. Gujarat, Maharashtra, Telangana, Madhya Pradesh, Karnataka, Uttar Pradesh and Tamil Nadu are the approved regions for the upcoming mega textile parks.

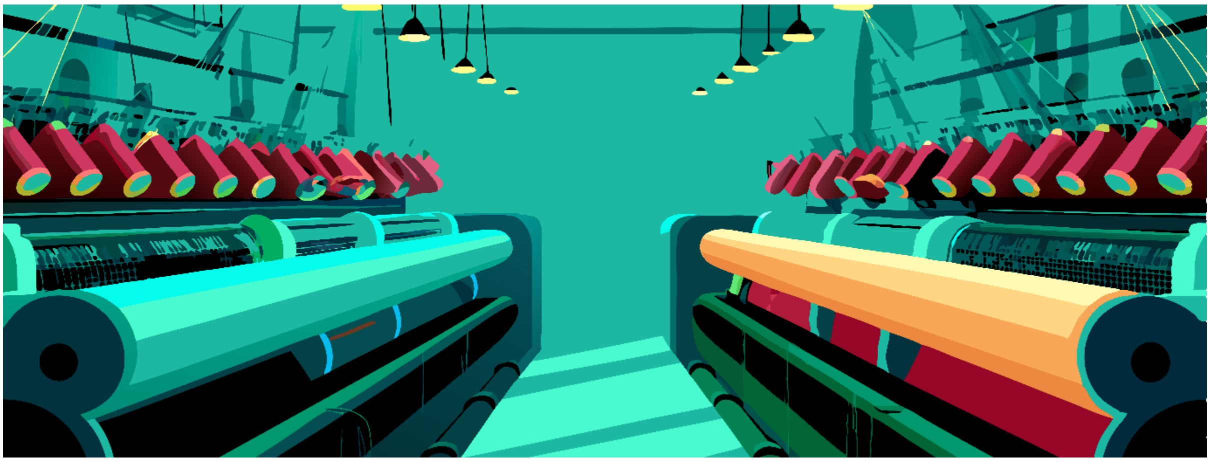
[1] 'Threads of Progress', PIB, 1 April 2025
[2] 'Textile Industry and Market Growth in India', IBEF, April 2025
[3] 'Threads of Progress', PIB, 1 April 2025
[4] 'Parliament Question: Setting Up of PM Mitra Parks', PIB, 24 March 2025
Note: Currency conversion at INR1 = USD0.01174 as on 30 April 2025

Trade overview— import and export landscape

Banking on its manufacturing strength and standing as the **sixth-largest exporter of textiles[5] in the world**, India has established robust trade relationships with **multiple countries** worldwide, **with the U.S., Bangladesh and the U.K., standing out as the primary export destination** with around 43.3 per cent share in total textile products from India in FY25[6]. In terms of key commodities, ready-made garments (41.5 per cent of total exports) and cotton textiles (30.3 per cent) are the top products exported from India.

Driven by a robust international demand for Indian textiles and garments and significant push from the government to strengthen India's positioning as a strong textile hub on a global pedestal, the country's textile and apparel exports from India are expected to reach **USD65.0 billion by FY26 from USD37.9 billion in FY24** and further elevate to **USD100.0 billion by 2030[7].**

Furthermore, while India is a net exporter of textiles, the country imports goods for re-export or some raw materials such as cloth for military uniforms. However, the sector is focusing on producing the yarns it currently imports from other countries to further minimise its imports.



Investments within the sector

Cumulative FDI equity inflows in the sector amounted to **USD4.6 billion[8]** between April 2000–December 2024. This growth was largely attributed to governmental initiatives comprising the launch of the National Technical Textiles Mission (NTTM), PM MITRA parks and the Samarth scheme, launched for periods ending in 2026, 2028 and 2026 respectively, aimed at modernising the sector, enhancing exports and upskilling the workforce[9].

The consistent influx of FDI highlights the attractiveness of India's textile sector to foreign investors with Japan, Mauritius, Singapore, the Netherlands and Cyprus being the top FDI investors. Furthermore, the Indian government's stance towards foreign investments has been instrumental, permitting **100.0 per cent FDI** under the automatic route. Another major government initiative includes the **Market Access Initiative scheme**, which provides financial support to export promotion councils and trade bodies to promote textile and garment exports, making the sector more attractive to investors.

[5] 'Threads of Progress', PIB, 1 April 2025

[6] 'Commerce Dashboard', Ministry of Commerce, accessed on 22 May 2025

[7] 'Textiles and Apparel', IBEF, February 2025

[8] 'Quarterly fact sheet', DPIIT, December 2024

[9] 'Textiles and Apparel', IBEF, February 2025

Government initiatives and policies favouring the industry

The Indian government has significantly focused on boosting the growth of the textiles sector, by increasing trade and providing support in terms of financing, infrastructure and talent development. It has introduced several policy measures, some of which include[10,11,12,13,14,15,16]:

Overarching sector development policy

In 2000, the textile sector introduced the **National Textile Policy 2000** to create new growth opportunities, increase market accessibility for trade and drive modernisation and overall development of the sector. India launched its new '**Textile Policy 2024**' to further strengthen its textile sector by offering a range of financial incentives to businesses, including capital subsidies ranging from 10.0 per cent to 35.0 per cent of eligible fixed capital investments, credit-linked interest subsidies, wage assistance and other incentives. The policy places a strong emphasis on labour-intensive units, self-help groups (SHGs) to strengthen India's textile industry, promote employment especially among women and enhance competitiveness through various financial aids and technological support.

Trade agreements

While the country has already established **13 Free Trade Agreements (FTAs)** and **six Preferential Trade Agreements (PTAs)**, it is actively negotiating FTAs with prominent trading partners including the U.K., the European Union (EU), Oman and Canada, to secure enhanced market access for Indian products, particularly in the textile sector. Notably, India and the U.K., announced their agreement on an FTA on 6 May 2025, which is yet to come into effect, while India and the EU have expressed plans to conclude their FTA negotiations by the end of 2025.

Additionally, the country has signed individual MoUs with the Government of Japan, Uzbekistan, Australia and Sri Lanka to promote collaboration and trade in the textile sector.

Technology development measures

The Amended Technology Upgradation Fund Scheme (A-TUFS) was launched in India in 2016 to catalyse capital investments for technology upgradation and modernisation of the textile sector. Although the budget outlay of the scheme fell from **USD105.7 million** for FY24 to **USD76.3 million** for FY26, the scheme continues to prioritise ease of doing business, generate employment and promote exports.

Manufacturing incentives

Production Linked Incentive (PLI) aims to promote the production of MMF apparel, fabrics and technical textiles. To support the textile industry, the sector received one of the major increases in budget allocation for PLI schemes in 2025, from USD5.3 million in FY25 to USD134.8 million in FY26.

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10 'India launches textile policy 2024 to boost growth, employment', Economic Times, 16 October 2024

11 'Textiles and Apparel', IBEF, May 2024

12 'Annual Report 2022-23, Ministry of Textiles, GoI, 27 February 2023

13 'Centre increases the budget outlay of Amended Technology Upgradation Fund', Ministry of Textiles, 15 March 2023

14 'Ministry of Textiles empowers Ginners to produce Kasturi Cotton Bharat brand', Ministry of Textiles, 6 August 2024

15 'Parliament Question: New Initiatives for Skill Development, PIB, 11 March 2025

16 'Government Scales Up PLI Budget to Accelerate Manufacturing', PIB, 3 March 2025

Skill development support

The **Textile Workers' Rehabilitation Fund Scheme (TWRFS)** is a programme dedicated to textile workers which aims to provide adequate support and retraining opportunities for displaced textile workers, especially in the wake of ongoing modernisation and technological advancements in the sector.

- **Scheme for capacity building in the textile sector (SAMARTH)** synergises with the 'Skill India' initiative and targets skill enhancement in the traditional textile sector to minimise skilled labour shortages and foster sustainable livelihood opportunities. In this programme, the GoI has also introduced **six additional skill development courses** for technical textiles.

Enhancing traceability in cotton manufacturing supply chain

The **Kasturi Cotton Bharat programme,** running from 2022–25, is a collaborative initiative by the Ministry of Textiles, the Cotton Corporation of India (CCI), textile trade bodies and the industry backed with a budget of **USD3.5 million.**

The initiative aims to leverage advanced technology, such as blockchain, to enhance the traceability of cotton for stakeholders across the entire manufacturing value chain.

Conclusion

India's textiles sector continues to solidify its status as a promising textile hub globally, driven by the country's position as one of the largest producers and a leading consumer of textiles. The abundant availability of raw materials such as cotton, jute, wool and silk, along with a large, skilled workforce and growing awareness of sustainable and specialised textiles, will continue to fuel the sector's growth. Moreover, proactive government initiatives aimed at boosting domestic manufacturing, investments and exports, coupled with advancements in technology and innovation, will further provide impetus to the growth of the sector.

South Africa at a glance

The textiles sector in South Africa is poised for growth in the coming years as the country's reliance on imports of finished goods presents significant opportunities to enhance local manufacturing capacity. Government-backed initiatives and investments from the private sector will continue to drive the textile sector's competitiveness on a global scale.

Sector snapshot — South Africa

11th largest

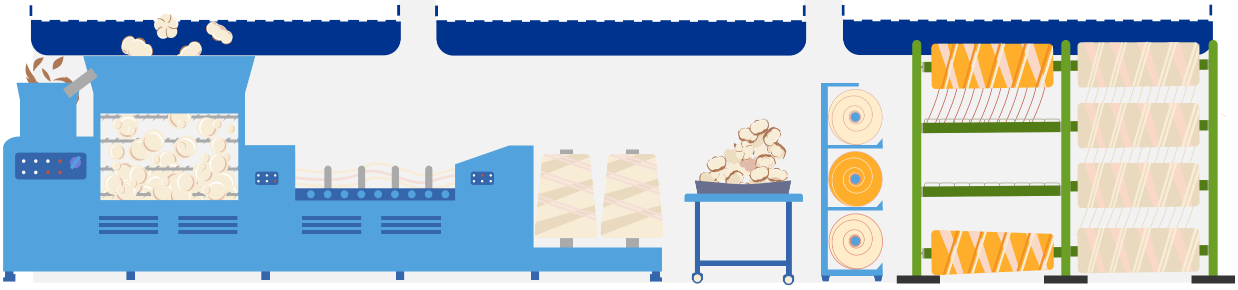
category of exports from South Africa is textiles

USD6.0 billion

projected market revenue of South Africa's apparel in 2025

USD3.5 billion

South African textile imports in 2024



Source(s): 'Trade and Industrial Statistics', TIPS, 1 September 2024; The Textile Industry in South Africa, SME South Africa, 'Apparel - South Africa', Statista, May 2025

Overview of the South African textiles market

The broader clothing and textiles industry employed about **71,000 formal employees and 15,000 informal employees** (as of 2022)[17] which is a vital source of economic activity in South Africa. The sector encompasses several activities including production of clothing, home textiles and non-woven fabrics with the country also focusing on developing expertise towards production of higher value-added products, such as technical textiles, which are extensively used in automotive, medical and construction industries.

Furthermore, increased knowledge of environmental and social issues and government initiatives are propelling the demand for sustainable and ethically manufactured clothing. Several manufacturers have started prioritising the adoption of ethical and sustainable sourcing practices in the sector and as a result, a shift towards organic cotton is witnessed, increasing recycled content and increasing the adoption of measures to limit the usage of hazardous chemicals.

[17] 'Trade and Industrial Statistics', TIPS, 1 September 2024

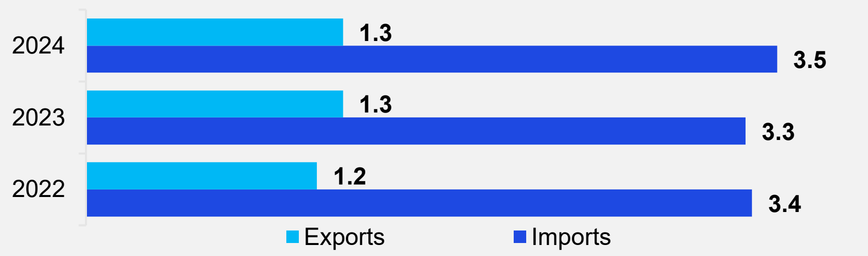
Key textile clusters

The clothing and textile manufacturing industries are predominantly located across three provinces in South Africa namely, Gauteng, the Western Cape and KwaZulu-Natal. The Gauteng province, which accounts for the highest value addition, specialises in corporate wear and general clothing while the Western Cape and KwaZulu-Natal have a strong manufacturing base for high fashion wear/high value adding garments and mass-market apparel and textiles, respectively.

Trade overview: South Africa's import and export landscape

In South Africa, the local textile manufacturers mainly produce for domestic use. Consequently, the country relies heavily on imported textiles. In terms of its reliance on imported products, it imports textiles such as **synthetic filament yarn woven fabric** (a type of MMF) and **light rubberised fabric**. However, as the country focuses on increasing its manufacturing capabilities, promoting local procurement and improving technology and skills, a gradual reduction in its imports is expected.
Furthermore, the introduction of favourable government measures, such as the target to locally manufacture nearly **60.0 per cent[18] of clothing sold in South Africa by 2030** to boost domestic manufacturing and increase in import duty on clothing products to **45.0 per cent**[19] (from 20.0 per cent) to limit imports, is providing strong momentum to the local textile market.

Import-export statistics of South African textile industry, USD billion, 2022–24



Source(s): 'Trade and Industrial Statistics', TIPS, 1 September 2024; 'Trade Statistics', SARS, as accessed on 19 May 2025

In terms of exports, while the country occupies a small share in the global textile market, its exports increased by **8.4 per cent** in 2023 as compared to 2022, while the exports remained almost the same in 2024, comprising mainly raw materials such as wool yarn and unprocessed synthetic stable fibres, for export to countries including **China, Lesotho and Germany**. The country is also recognised as a producer of high-quality wool, cotton and mohair, exported mainly for processing. With only a few countries, including Lesotho, China, Eswatini, Namibia and Botswana, constituting majority (57.0 per cent) of textile exports from South Africa in 2024[20], this implies that there is significant opportunity for expanding its export markets. As the country is part of several initiatives such as African Growth and Opportunity Act and African Continental Free-Trade Area (AfCFTA), which allow duty-free exports to the U.S., and neighbouring African countries, respectively, it is well-positioned to increase its exports.

[18] '2022 Investment Climate Statements: South Africa', U.S. Department of State, 7 December 2023

[19] 'Clothing and Textile Competitiveness Programme (CTCP)', South African Government

[20] 'Trade Statistics', SARS, as accessed on 19 May 2025

Investments within the sector

Backed by government programmes such as the Clothing and Textiles Competitiveness Programme (which provides production-linked incentives and cost-sharing grants) and the industrial master plan of increasing domestic production by 2030, South Africa's textile industry is poised to be an attractive destination for global investors, with several investors allocating funds in the manufacturing segment. For instance:

- In October 2023, Alitheia Capital through its IDF Fund, a Nigerian private equity company, invested **USD5.0 million**[21] in Ivili Group, a South African manufacturer of textile and garments. Ivili Group's value proposition lies in its business model as it operates across the value chain, from local harvesting and production of raw materials to processing textile products and producing final apparel and other products. It established a large-scale manufacturing plant in Cape Town, focusing on catering to the local market. The investment exemplifies a positive foreign outlook for South African textile manufacturing.
- In 2019, Africa Bespoke Apparel (ABA) was launched by the South Africa government[22]. The company is situated in Verulam, KwaZulu-Natal and was approved for USD1.9 million in grant funding from the Department of Trade, Industry and Competition (dtic) Black Industrialists Scheme (BIS) and the KwaZulu-Natal government's Growth Fund. ABA stands out as the top performer among the recipients of the Black Industrialists program, having generated around 450 job opportunities within just four months of commencing its operations.
- In 2017, a textile company from the Czech Republic invested USD70.1 million to develop a cutting-edge manufacturing facility in Atlantis, Western Cape[23]. The investment was targeted at creating hundreds of jobs for local citizens.

Government initiatives and policies favouring the industry

South Africa has various government initiatives and regulatory policies to boost the sector's growth and competitiveness. Some of these include the following[24,25]:

Sector charter

The 2030 Master Plan for South African Retail, Clothing, Textiles, Leather and Footwear Value Chain (R-CTFL Master Plan), finalised in 2019, aims to create a competitive, sustainable and R-CTFL value chain to produce superior quality and cost-competitive goods and increase employment in the sector. It also intends to:

- Increase the number of jobs to 330,000 by increasing the sales of local retail goods to **USD13.5 billion (ZAR250.0 billion)**, expanding the procurement of local CTFL products from **45.0 per cent** to **65.0 per cent** and upgrading the equipment and technology used in the sector.
- Limit illegal imports and encourage consumption of indigenously manufactured textiles and clothing.

[21] "Alitheia IDF Invests $5m in IVILI Group", Africa Global Funds, 13 October 2023

[22] 'R35.5m textile factory to be launched in KZN', South Africa's Freight News, 18 January 2019

[23] 'R1.3bn Atlantis fabrics manufacturing facility to create 200 jobs', Engineering News, 1 March 2017

[24] 'South Africa textile and clothing sector guideline development', NCPC, 16 November 2023

[25] 'Clothing and Textiles Competitiveness Programme (CTCP)', the dtic, 21 September 2021

Sector growth plan

Textiles, Footwear and Leather Growth Programme (CTFLGP) is a programme of the Department of Trade, Industry and Competition (DTIC) aimed at increasing employment, competitiveness and bolster the textile manufacturing businesses.

> There are a number of investment opportunities for India based companies in South Africa. Some of the sectors include the pharmaceuticals, agri, energy, clothing and textiles and automotive.
>
> \- **Rashmee Ragaven, Invest SA**

Funding support

The Clothing and Textiles Competitiveness Programme (CTCP) is a customised sector programme for the clothing and textiles industry that aims to provide grant funding support to enhance the industry's competitiveness by upgrading equipment, processes and products and fostering skill development.

Industrial Development Corporation provides funding aimed at supporting existing enterprises to expand operations and new enterprises to the sector.

Boosting domestic manufacturing

The country has established local content requirements on the government's procurement of textiles and clothing to ensure that a certain number of products purchased by the government are locally manufactured.

Conclusion

South Africa's textile sector holds significant growth potential and is recognised as a key driver of large-scale employment, making it a strategic priority for the country's industrial and employment growth. With an effort to reduce South Africa's reliance on textile imports, the government has undertaken initiatives such as the South African R-CTFL 2030 Master Plan. With sustained efforts, the plan is expected to increase investment, boost exports, create employment, promote localisation and enhance economic transformation.

Potential investment and collaboration opportunities

India and South Africa share considerable potential for investment and collaboration in the textiles sector. With India's strong manufacturing base and expertise in raw materials, coupled with South Africa's growing demand for textiles and focus on industrial diversification, both nations can benefit from enhanced trade and partnership[26,27,28,29].

Technical textiles sector — a budding sector for growth

The technical textiles sector in India, regarded as a sunrise sector, is expected to reach a market value of USD40.0 billion by 2030. Although still in its early stages, the segment holds significant potential, driven by growing awareness of the benefits of technical textiles. These advantages extend beyond industrial applications to households, spanning industries such as healthcare, automotive and construction. Supported by government initiatives aimed at positioning India as a global technical textile hub, there is considerable untapped potential in both export markets and domestic demand.

As global demand for innovative technical textile material rises, South Africa stands to gain from partnering with India's expertise in this area. Joint ventures focused on producing and exporting advanced textile technologies, such as smart fabrics and performance materials, offer substantial growth opportunities for both countries.

Exploring untapped markets and FTAs

To strengthen investment and collaboration in the textile industry between India and South Africa, a shift from raw material exports to value-added production is essential. South Africa's reliance on raw material exports, such as cotton and wool, limits its economic benefits due to unprocessed goods' lower value and logistical challenges, such as infrastructure issues and supply chain disruptions. India can contribute by investing in local manufacturing facilities, fostering job creation and skill development. Technology transfer from India can enhance production efficiency, while effective use of free trade agreements can boost high-value textile exports. Joint ventures for high-end and technical textiles could also expand market reach by combining India's manufacturing expertise with South Africa's resources.

Developing capacities in man-made fibres (MMF)

Man-made fibres account for **72.0 per cent** of global textile fibre consumption and this proportion is expected to grow further in the coming years as synthetic fibre may become a preferred alternative to cotton and other natural fibres with changing fashion trends. India has the potential to be a major exporter of MMF, with greater focus on R&D, quality control systems and collaboration with South Africa to develop new fibres, fabrics and efficient manufacturing processes. Both countries also aim to increase their manufacturing capacities to produce innovative synthetic fibres, to achieve a competitive advantage over the existing market offerings in terms of cost and quality.

[26] 'India Poised to Lead Global Technical Textile Market: Giriraj Singh', FICCI, 6 September 2024
[27] 'New India - Becoming a Next-Gen Global Textiles Manufacturing and Sourcing Hub', Invest India, 14 March 2023
[28] 'Textiles & Apparel', Invest India, 30 August 2024
[29] 'India aims for 75% surge in manmade fibre textile exports by 2030', Fibre2Fashion, 6 December 2023

Sector view

Miscellaneous

Handicrafts, carpets, leather and ceramic market

India at a glance

In India, the handicrafts, carpets, leather and ceramic sectors are projected to witness significant growth, driven by cluster development and increase in export volumes. With advanced infrastructure, specialised manufacturing clusters, favourable government policies and research and development centres, India stands as a competitive player in the global market. Furthermore, collaboration with international distributors, retailers and designers can expand market reach and build mutually beneficial relationships for these industries.

Sector snapshot — India

USD7.8 billion

projected market size of the Indian handicrafts sector by 2032

Over 35,000

handicraft products offered by 744 handicraft clusters in India

4th largest

exporter of leather goods in the world in FY24

100.0 per cent

FDI allowed through automatic route in the handicrafts and leather sector

USD3.2 billion

total export value of ceramic and allied products in FY24

USD1.9 billion

total export value of carpets and other textile floor coverings in FY24

Source(s): 'Indian Handicrafts Industry & Exports', IBEF, April 2025; 'Overview Indian leather industry 2024', Leather India, as accessed on 10 May 2025; 'Carpet Industry and Exports', IBEF, April 2025; 'Commerce Dashboard', Ministry of Commerce, as accessed on 10 May 2025; 'Trade Statistics-Exports commodity wise', Ministry of Commerce, as accessed on 10 May 2025

Overview of the Indian handicrafts, carpets, leather and ceramic market

The Indian handicrafts industry reflects the country's vibrant and diverse culture, which draws global interest for its artistic legacy. This sector encompasses a variety of segments which includes woodware, art metal wares, embroidered goods, zari goods, sculptures and pottery.

Along with handicrafts, the carpet industry in India has gained significant demand in international markets due to the country's fine craftsmanship and intricate patterns. With a rich heritage in carpet weaving, India employs more than two million artisans and holds a leading position in handmade carpet production, offering a diverse range which includes silk, wool, hand-tufted, Ziegler and Kilim varieties.

The leather industry also plays a significant role in India's economy and accounts for about 13.0 per cent[1] of global leather production, which includes hides and skins and their derivatives. The key areas within this sector comprise tanning, footwear, leather garments and accessories.

Meanwhile, India's ceramic industry is undergoing modernisation with innovations in product profile, quality and design. It is evolving into a modern, world-class industry capable of global competition, which offers products such as sanitary ware, tiles, pottery and ceramic ware. Collectively referred to as '**miscellaneous'** in the report, these four sectors — ceramic, leather, handicrafts and carpets — showcase India's diverse economic landscape and market appeal.

Handicrafts sector

India's handicrafts sector, renowned for its low capital investment, high-value addition ratio and considerable export potential, is a pivotal sector with significant growth potential. Projected to reach USD7.8 billion by 2032, this sector is anticipated to grow at a CAGR of 6.9 per cent during FY23–32[2]. The increasing demand for handmade decor accessories, along with a growing interest in artisanal products for gifting purposes, is driving this growth.

Carpets sector

In the global carpets and rugs sector, India stands as one of the leading countries in both production volume and value, holding third position globally in terms of exports. India's cultural heritage and exceptional handmade carpet production capabilities makes it a prime destination for exquisite, handcrafted carpets and rugs.

Driven by increased consumer spending on home and furnishing items, the carpets and rugs industry in India is estimated to grow at a CAGR of 6.7 per cent from 2025–33, reaching USD5.5 billion by 2033 from USD2.9 billion in 2024[3].

[1] 'Overview Indian leather industry 2024', Leather India, as accessed on 10 May 2025

[2] 'Indian Handicrafts Industry & Exports', IBEF, April 2025

[3] 'India Carpet Market Size', IMARC, as accessed on 10 May 2025; 'Shipments on hold, industry in wait-and-watch mode — India's carpet industry reels under impact of US tariffs', TOI, 22 April 2025

Leather sector

The total exports of leather and related products amounted to USD4.3 billion during FY24. The overall leather and footwear industry is expected to grow to USD47.0 billion by 2030, which indicates a large headroom for growth for Indian leather products[4]. The growth of India's leather sector can be attributed to the availability of abundant raw materials and cost-effective skilled labour, with the sector employing more than four million people[5]. Additionally, robust government schemes, such as the Indian Footwear and Leather Development Programme (IFLDP), have played a significant role by facilitating investments, increasing production and developing infrastructure for the leather industry.

Ceramic sector

India's ceramic industry was valued at USD10.5 billion in FY24 and is projected to increase at a CAGR of 13.5 per cent during 2025–30 to reach USD19.7 billion in 2030[6]. Government programmes such as Smart City, Pradhan Mantri Awas Yojana and Swachh Bharat Mission (SBM) in urban and rural areas have increased the demand for small-sized tiles and thereby enhancing the sector's growth.

Key industry clusters

India has a rich, long-standing history of traditional industries, many of which have developed into thriving clusters that contribute significantly to the nation's economy. Among these, the leather industry has some of the oldest industrial hubs, with **Tamil Nadu** standing out as a major centre that hosts approximately **53.0 per cent of leather** units in India, with Vellore as the major hotspot of leather industry[7]. Other significant leather production centres are situated in **West Bengal, Uttar Pradesh, Maharashtra and Haryana.**

In addition, India is home to **744 handicraft clusters** that offer more than 35,000 products, with major clusters located in **Surat, Varanasi, Bareilly, Agra, Lucknow, Chennai, Hyderabad and Mumbai[8].**

The major carpet-producing centres in India are in **Bhadohi, Mirzapur, Agra and Varanasi in Uttar Pradesh, Srinagar, Pulwama, Baramulla and Anantnag in Jammu and Kashmir and Jaipur in Rajasthan[9]**.

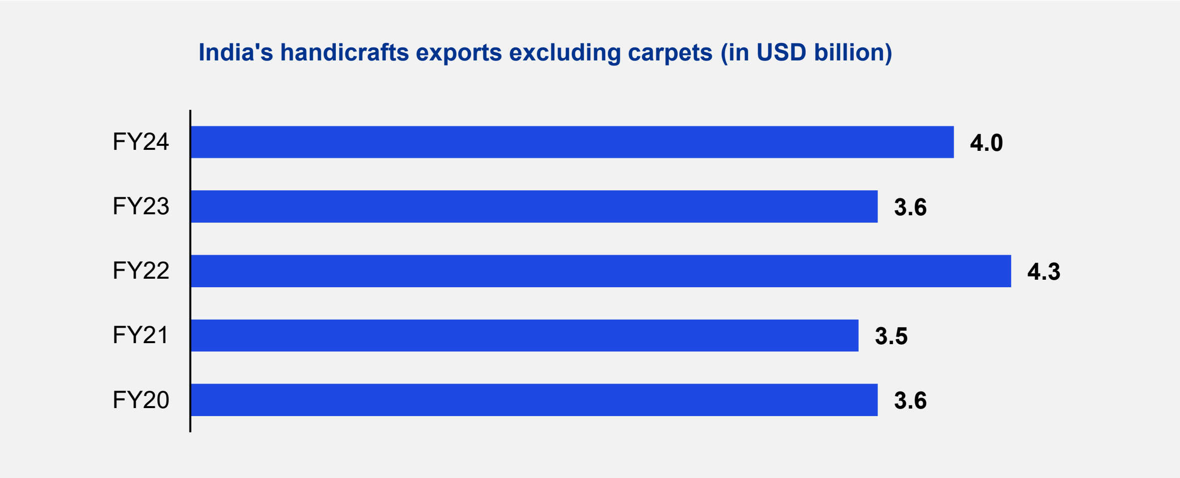
The ceramic industry is another area where India has made significant strides, with key clusters such as **Morbi in Gujarat** contributing nearly **90.0 per cent[10]** of market share of ceramics produced in the country. Other production centres are present in **Khurja, Uttar Pradesh, Thangadh, Gujarat and Virudhachalam, Tamil Nadu.**

[4] 'India's leather and footwear industry to hit 47 billion by 2030', TOI, January 2024
[5] 'Leather Industry and Exports', IBEF, April 2025
[6] 'Ceramic Industry in India Size - Growth Trends & Forecasts (2025–2030)', Mordor Intelligence, as accessed on 30 April 2025
[7] 'Impact Of Leather Industries in Undivided Vellore District: A Brief Study', JETIR, April 2020
[8] 'Indian Handicrafts Industry & Exports', IBEF, April 2025
[9] 'Indian Handmade Carpets', Carpet Export Promotion Council, 12 September 2023
[10] 'Development of Ceramic Park at Morbi', Industrial Parks and Infrastructure, Government of Gujarat, as accessed on 30 April 2025

Trade overview — import and export landscape

India's standing in the trade of products falling under the miscellaneous sector varies for different commodities. A broad overview can be understood by analysing the trade landscape for the key categories:

Handicrafts: The demand for Indian handicraft products continues to increase in the international markets driven by their unique charm and exquisite craftsmanship. Its key export destinations include the U.S., the UAE, the U.K., Germany, the Netherlands and France, with the U.S., leading as the top importer, accounting for **41.0 per cent** of the total exports during FY24[11].



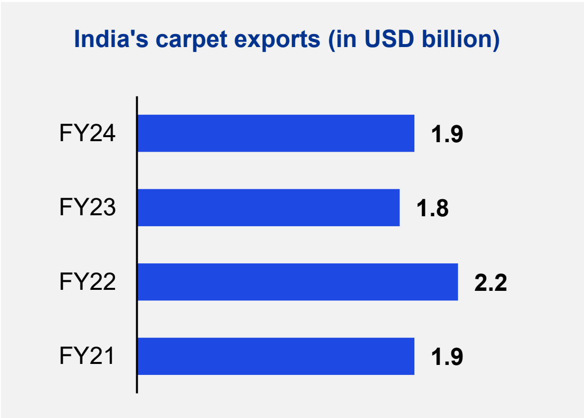
Source: 'Indian Handicrafts Industry & Exports', IBEF, April 2025

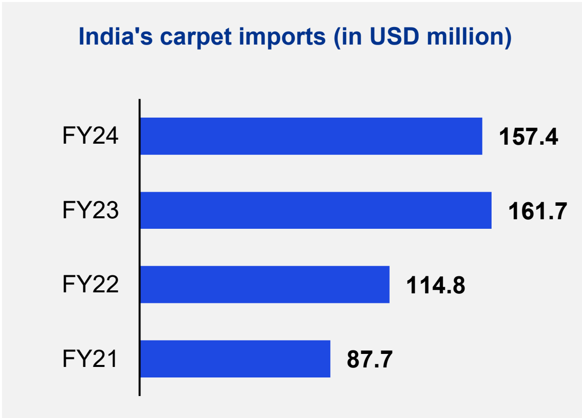
[11] 'Indian Handicrafts Industry & Exports', IBEF, April 2025

Carpets: India has established its presence in the global carpet export market, shipping its products to more than 100 countries[12] globally. The largest export destination of carpets from India is the U.S., which accounted for 58.0 per cent of India's carpet exports during FY24. Germany and the U.K. are the other prominent countries where India exports its carpets, with both countries together accounting for about 10.6 per cent of India's carpet exports during FY24.

India is a major exporter of silk, coir, jute and handloom carpets along with floor coverings, shipping approximately 85.0–90.0 per cent of its total carpet production, accounting for about 40.0 per cent of handmade carpet exports worldwide[13].

During FY24, India's carpets worldwide exports reached USD1.9 billion[14], witnessing an increase of 2.3 per cent from the previous year's value of USD1.8 billion. Handmade carpets, which include woollen rugs, druggets, durries and cotton carpets, make up the majority of India's carpet exports. The country's exports of carpets to South Africa stood at USD11.4 million during FY24.



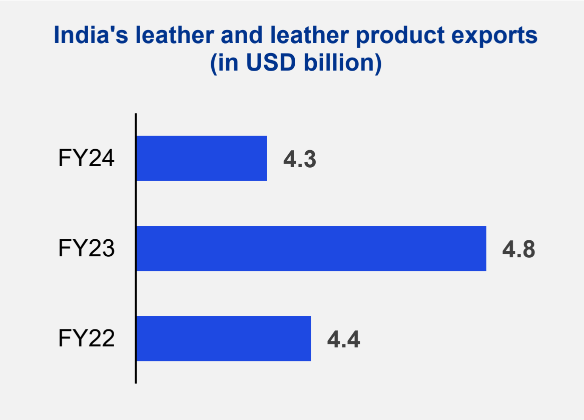


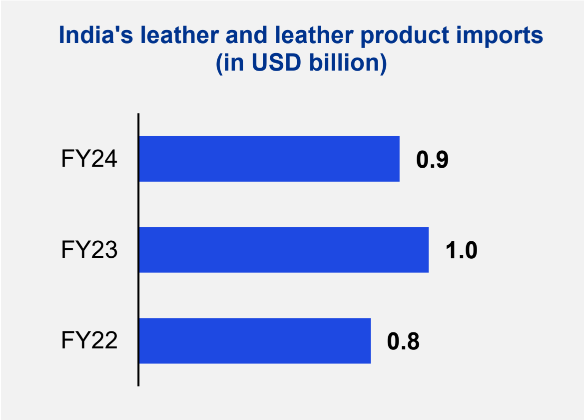
Source: 'Trade Statistics-Exports commodity wise', Ministry of Commerce, as accessed on 10 May 2025

In terms of imports, India imported carpets from China, with a value of approximately USD49.1 million in FY24. Vietnam followed closely behind, with total imports amounting to USD38.2 million.

[12] 'Carpet Industry and Exports', IBEF, April 2025
[13] 'Carpet Industry and Exports', IBEF, April 2025
[14] 'Trade Statistics-Exports commodity wise', Ministry of Commerce, as accessed on 10 May 2025

Leather: India is the **second-largest exporter of leather garments, third-largest exporter of saddlery and harness and fourth-largest exporter of leather goods in the world[15]**. India's leather and leather product exports fell by 9.9 per cent to USD4.3 billion[16] in FY24 due to poor demand from the EU and the U.S. The industry is expected to record significant growth in coming years, driven by growth in demand for leather footwear. The leather industry in India benefits from ample raw materials, as the country is home to **20.0 per cent** of the world's cattle and buffalo population and **11.0 per cent** of the world's goat and sheep population.





Source: 'Commerce Dashboard', Ministry of Commerce, as accessed on 10 May 2025

The industry exports leather to more than 50 countries, with the top 10 destinations accounting for approximately **70.6 per cent** of total exports. In FY24, the key export destinations were the U.S. (19.5 per cent share of total exports), Germany (11.2 per cent), the U.K. (8.6 per cent), Italy (7.3 per cent), France (5.5 per cent) and Spain (5.4 per cent)[17]. The country also exported leather articles to South Africa, worth USD32.0 million during FY24. India also imported finished leather worth **USD380.0 million in FY24** to meet the increasing demand for the footwear category, which serves both domestic and international markets.

Ceramic: India is the fifth largest exporter of ceramic products globally, with exports worth USD3.2 billion during FY24, compared to USD2.7 billion in FY23[17].

The country exports ceramic products to multiple countries, with the U.S., Saudi Arabia, Mexico, Kuwait, the UAE, Iraq, Oman, Indonesia and the U.K., being major export markets. India also exported USD69.0 million worth of ceramic products to South Africa during FY24. India's key exported ceramic items include ceramic tiles, refractory ceramic constructional goods, sanitary ware, refractory goods and other ceramic articles.

Source: 'Commerce Dashboard', Ministry of Commerce, as accessed on 10 May 2025

[15] 'Overview Indian leather industry 2024', Leather India, as accessed on 10 May 2025
[16] 'Commerce Dashboard', Ministry of Commerce, as accessed on 10 May 2025
[17] 'Commerce Dashboard', Ministry of Commerce, as accessed on 10 May 2025

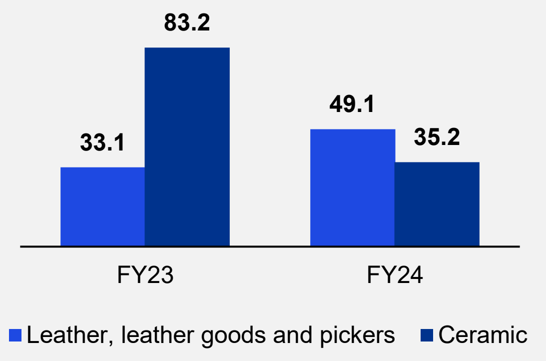
Investments within the sector

India offers tremendous opportunities for foreign investors in the handicraft and leather industries, with up to **100.0 per cent** FDI permitted through an automatic route. The textile sector attracted **USD4.6 billion** in FDI **between April 2000 and December 2024**[18].

During the same period, the ceramic sector received **USD1.1 billion** and the leather sector received **USD330.3 million** in cumulative FDI inflows. To further stimulate foreign investment, the government is focusing on setting up dedicated leather parks across India. In 2025, two dedicated parks were established in Kanpur and Prakasam[19].

The carpet industry in India presents a considerable investment opportunity, considering the current volume of imported carpets and floor coverings. By encouraging investments in this sector and further strengthening the establishment of local production facilities, India can effectively cater to the demand for carpets.

FDI in Indian leather and ceramic industry, (USD million)



Source: 'Quarterly Factsheet', DPIIT, as accessed on 10 May 2025

[18] 'Quarterly Factsheet', DPIIT, as accessed on 10 May 2025

[19] 'Minister lays stone for Rs 5.75-crore leather park in Prakasam, launches road works worth Rs 70 lakh', The Indian Express, 2 February 2025; 'India's UP state to set up 1st dedicated footwear park In Kanpur', Fibre2Fashion, 20 May 2025

Government initiatives and policies favouring the industry

With the objective of further strengthening the country's positioning in the handicrafts, ceramic, leather and carpet industry globally, the government has implemented several policies which aim to boost India's production capability, skill development and international trade. Some of these initiatives are:[20,21,22,23,24,25,26]

Boosting artisan income and global trade: Ceramic industry initiatives

- The **Gramodyog Vikas Yojana (GVY),** launched in 2020 for the period ending in FY26, aims to boost pottery artisans' income through increased production and improved skills. It provides training and modern equipment while reducing costs. The scheme also fosters market connections with exporters and large buyers, enhancing overall economic prospects for artisans.
- **CAPEXIL**, a Premier Export Promotion Council set up by the Ministry of Commerce, utilises **Grant-in-Aid under the Market Access Initiative Scheme to enhance exports.** They organise B2B exhibitions globally, explore new markets through targeted campaigns and collaborate closely with Indian Embassies. These efforts aim to expand the product reach and strengthen international trade relationships.

Promoting sustainable growth and transformation within the leather industry

- The **Indian Footwear and Leather Development Programme (IFLDP**), launched in 2022 and approved for continuation until 2026, aims to enhance infrastructure, address environmental issues unique to the industry, stimulate investment, create employment opportunities and promote the growth of leather production.
- Its sub-schemes such as **Sustainable Technology and Environmental Promotion (STEP)** promote eco-friendly practices, while the **Integrated Development of Leather Sector (IDLS)** supports diversification and new ventures to boost productivity. The **Mega Leather Footwear and Accessories Cluster Development (MLFACD)** focuses on improving infrastructure and integrating the production chain to meet the business requirements of the leather and footwear industry, for both domestic and export markets.

[20] 'Textile and Handicraft Policy', PIB, 12 July 2019
[21] 'Schemes', Indian Handicrafts, as accessed on 30 April 2025
[22] 'Guidelines for national handicrafts development programme', Indian Handicrafts, 20 September 2022
[23] 'PM Vishwakarma Scheme: Empowering Artisans', Invest India, 29 December 2023
[24] 'Pottery Activity under Gramodyog Vikas Yojana (GVY) scheme', Invest India, 6 September 2023
[25] 'Exports of Indian Ceramics and Glassware Products register growth of 168% in 2021-22 over 2013-14', PIB, 24 April 2022
[26] 'Enabling livelihoods through skill development in handicrafts and carpet sector', National Skills Network, 6 July 2022

Developing the handicraft industry by boosting infrastructure

- The government has been rolling out different policy initiatives and programmes to promote the advancement of textiles and handicrafts, focusing on improving technology, building infrastructure and enhancing skills. These consist of **Amended Technology Upgradation Funds Scheme (ATUFS), PowerTex India Scheme**, **National handloom Development Programme**, **Scheme for Integrated Textile Parks**, the **National Handicraft Development Programme (NHDP)** and the **Comprehensive Handicrafts Cluster Development Scheme (CHCDS).**
- The **CHCDS** has **supported** over **450 handicraft clusters** across India. This initiative organises artisans into self-help groups, promotes thrift and credit systems and trains them in community-based business management.
- The government implemented the **NHDP and CHCDS schemes to provide support in design, technology, infrastructure, research and market assistance** to handicraft clusters nationwide.
- The **Ambedkar Hastshilp Vikas Yojana** is a cluster-specific initiative **focusing on sustainable artisan development through need-based approaches** within defined areas, aiming for long-term benefits for local craftspeople.
- The **PM Vishwakarma scheme**, launched in September 2023 and running until FY28, **aims to enhance the socio-economic status and quality of life for Vishwakarmas** (artisans) by improving their trades and occupational practices. This initiative is designed to benefit these skilled workers over a five-year period.

Fostering skill development within the handicrafts sector

- The Handicrafts and Carpet Sector Skill Council (HCSSC) provided training to around **2,200 artisans in Kashmir** on the traditional Namda dyeing craft to revitalise this heritage skill and prepare it for export.
- Similarly, approximately **2,500 artisans in Nagaland** have received upskilling on traditional bamboo crafts. Both initiatives are part of Pradhan Mantri Kaushal Vikas Yojana (PMKVY) 3.0, focusing on industry-based skill development for artisans and weavers in Nagaland and Kashmir.

Custom, export and import duty rebates

The Indian government continues to implement strategic measures to enhance the competitiveness and growth of its leather industry. The sector has received significant attention in the Union Budget 2025 and 2024:

- The Union Budget 2025 announced the removal of export duty on crust leather (20.0 per cent) and import duty on wet blue leather (10.0 per cent).
- The Union Budget 2024 reduced the Basic Customs Duty (BCD) on methylene diphenyl diisocyanate (MDI), a raw material used in the production of synthetic leather and other products for the leather industry, from 7.5 per cent to 5.0 per cent. This addresses duty inversion and reduces input costs for manufacturers.

Conclusion

India's miscellaneous sector comprising ceramic, leather, handicrafts and carpets hold potential for both domestic growth and international expansion. With strong cultural heritage, skilled craftsmanship and rising global demand, these sectors are well-positioned to capitalise on export opportunities. Government initiatives promoting cluster development and infrastructure enhancement and schemes such as Make in India further strengthening the production capabilities are enhancing the competitiveness of these sectors. As sustainability and eco-friendly practices gain importance, these industries must innovate to meet evolving market expectations. With continued investment and focus on quality, India can solidify its position as a global leader in these artisanal and traditional sectors.

[27] 'Customs Duty in India: Rate Changes Under Union Budget 2024', India Briefing, 31 January 2024

[28] 'India Budget 2025-26: Duty adjustments set to boost leather industry', Fibre2Fashion, 5 February 2025

South Africa at a glance

South Africa's miscellaneous sector, encompassing ceramics, carpets, handicrafts and leather, reflects the country's rich cultural diversity and craftsmanship. These sectors play a vital role in the local economy, offering employment to artisans and contributing to exports. Known for their distinctive designs and high-quality materials, South Africa's creative industry is well-positioned to expand its global footprint. Notably, in the Middle East and Africa regions, South Africa's handicrafts market is projected to be the revenue leader by 2030, highlighting its status as the fastest-growing market in the area.

Sector snapshot — South Africa

USD131.8 million

export of ceramic products in 2024

USD29.7 million

export of carpets and other textile floor coverings in 2024

USD169.5 million

exports of raw hides, skins and leather in 2024

Source(s): 'Trade Map, ITC, as accessed on 23 May 2025

Overview of the South African handicrafts, carpets, leather and ceramic market

South Africa possesses a diverse cultural background and creative industry, spanning from artisanal pottery to modern ceramics used for making tiles. According to the Economic Mapping of the Cultural and Creative Industries in South Africa 2022, the cultural and creative sectors collectively contribute approximately 3.0 per cent to the nation's overall economic output[29]. Within this realm, various domains contribute differently to the gross domestic product (GDP).

Under the umbrella of visual arts and crafts, lies the crafts sector of South Africa. This multifaceted field encompasses a wide range of skills, including handicrafts, ceramic product creation, leather craftsmanship and carpet weaving. Each of these disciplines requires specialised expertise and contributes uniquely to the country's cultural and artistic landscape.

Handicrafts sector

In 2023, the South African handicrafts market generated nearly USD9.8 billion in revenue and is projected to reach USD14.5 billion by 2030, representing a CAGR of 5.8 per cent. The growth can be attributed to rising interests in unique handmade products that are representative of the country's culture. Globally, South Africa accounted for 1.4 per cent of the global handicrafts market revenue in 2023[30].

Carpets sector

South Africa's carpets and rugs market is expected to generate USD72.4 million in revenue by end of 2025 and is predicted to have an annual growth rate of 1.3 per cent from 2025 to 2029. The market is experiencing increased interest in locally made, ethically sourced products, reflecting consumers' growing preference for sustainable and socially responsible options[31].

Leather sector

South Africa produces approximately 24.0 million square meters of leather annually. Majority of it is utilised for shoe manufacturing and leather goods. As Africa's largest exporter of leather and leather products, South Africa's main export items include finished leather, shoes and various leather goods. The production and export of leather goods contributes substantially to the country's economy[32,33].

Ceramic sector

South Africa's ceramic sector has experienced significant growth, with a yearly production of nearly 350,000 metric tonnes of ceramics. The sector plays a crucial role in meeting the domestic demand and supporting export markets. This expansion is attributed to the increasing demand for ceramic products across the construction, manufacturing and home decor industries. As of 2020, the South African ceramic industry was valued at approximately **USD431.2 million**, reflecting its substantial economic impact and potential for continued development[34].

[29] 'Explore the Economic Mapping of the Cultural and Creative Industries in South Africa 2022 Capstone Report', South African Cultural Observatory, as accessed on 10 May 2025

[30] 'South Africa Handicrafts Market Size & Outlook, 2023-2030', Grand View Research, 18 September 2024

[31] 'Carpets & Rugs - South Africa', Statista, as accessed on 23 May 2025

[32] 'Luxury Leather Goods - South Africa', Statista, September 2024

[33] 'Leather Industry Statistics in Africa', SME Blue Pages, 28 February 2023

[34] 'Why South Africa? Ceramic sector in South Africa', Ceramics Africa, as accessed on 10 May 2025

Key industry clusters

South Africa's ceramic industry is concentrated in key clusters, notably **Johannesburg**, a hub for ceramic arts, **Cape Town[35]**, known for innovative designs and **Durban**, which blends traditional and contemporary practices.

South Africa's key handicraft clusters include the **Ezulwini and Malkerns Valleys**, renowned for their rich Swazi art and cultural traditions. Further, regions including **Western Cape, KwaZulu-Natal and Northern Cape** are known for their traditional crafts including pottery, beadwork and Namaqualand crafts.

The leather industry in South Africa appears to be concentrated in several key regions, primarily focusing on exotic leather production. These hubs include areas known for crocodile and ostrich farming, such as **Northern Cape, Free State and North-West provinces**. Major cities such as Johannesburg and Durban, along with the Cape Town region[36], play significant roles in processing and manufacturing leather products in South Africa.

Additionally, the leather industry consists of five sector clusters, namely National Footwear and Leather Cluster (NFLC) through Vaal University of Technology (VUT), Exotic Leather Cluster through the University of Pretoria (UP) and three Retail Collaborative Vertical Footwear Sub-national clusters. In order to address the needs of Africa and beyond, the eThekwini Leather and Footwear Industry Cluster aspires to become a top-tier manufacturing business cluster by 2035.

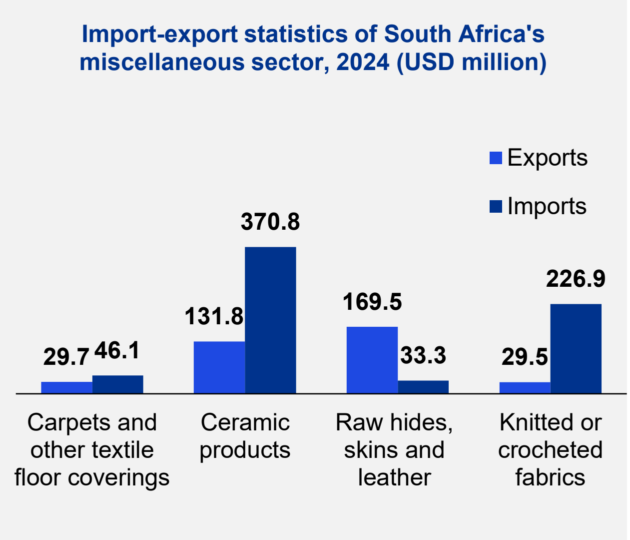
[35] "Leather industry statistics in Africa" SME Blue Pages, 28 February 2023
[36] 'Leather Industry Statistics in Africa", SME Blue Pages, 28 February 2023

Trade overview — import and export landscape

In the handicraft sector, the exports of knitted or crocheted fabrics saw a significant growth in the recent years, reaching USD29.5 million in 2024 from USD11.4 million in 2020[37]. These exports made up 0.1 per cent of global trade and are ranked 52nd worldwide.

In 2024, exports of ceramic products declined by 10.6 per cent compared to 2023, amounting to USD131.8 million. This represented 0.2 per cent of global ceramic exports, placing the country 37th in the world rankings.

Similarly, exports of carpets and other textile floor coverings grew 21.6 per cent in 2024 to USD29.7 million, making up 0.2 per cent of global exports and ranking 41st globally.



In 2024, exports of articles of leather or of composition leather (also known as bonded leather or reconstituted leather) from South Africa were mainly concentrated in Hungary, followed by the U.S., Namibia, Morocco and Botswana[38]. Exports of raw hides and skins (other than fur skins) and leather increased by 16.3 per cent from 2020 to 2024, amounting to USD169.5 million in 2024, accounting for 1.1 per cent of global exports and ranking 22nd worldwide.

Imports of composition leather in South Africa mainly came from Namibia, Mauritius, Nigeria, Botswana and Malawi in 2024. Imports of raw hides and skins (other than fur skins) and leather saw a 5.2 per cent increase to USD33.3 million in 2024, accounting for 0.2 per cent of global imports and ranking 52nd worldwide.

Imports of carpets saw a 7.1 per cent rise to USD46.1 million in 2024, accounting for 0.3 per cent of global imports and ranking 51st worldwide. Ceramic products imports declined by 5.0 per cent to USD370.8 million in the same period.

[37] 'Trade Map', ITC, as accessed on 23 May 2025

[38] 'South Africa Articles of leather or of composition leather, exports by country in 2023', World Integrated Trade Solution, as accessed on 15 May 2024

Investments within the sector

While the South African government has not directly allocated budget to the handicraft, ceramic and carpet industries, it has allocated funds for skills development institutions (USD1.5 billion), job creation (USD1.2 billion) and infrastructure (USD7.9 billion) for the period of 2024/25 Union Budget, to attract foreign investments[39]. Besides the Government's attention to the sector, various other organisations, both public and private, are collaborating for the sector's advancement as outlined below:

- South Africa, through its Cultural and Creative Industries (CCI) Masterplan, also plans to incentivise the funding of creative businesses and projects through partnerships with investors.

A collaborative effort among the Department of Small Business Development (DSBD), Department of Trade, Industry and Competition (the dtic) and the Industrial Development Corporation of South Africa (IDC) is needed to create an investment proposal and an action plan. An estimated amount of USD1.8 million per year should be dedicated to back the execution of this program via the scheme listed below[40].

- **The Retail-Clothing Textile Footwear Leather (R-CTFL) Masterplan:** The R-CTFL Masterplan 2030 focuses on growing the domestic market, enhancing competitiveness and promoting transformation in the industry. More than USD0.1 billion (ZAR1.9 billion) had been approved for 154 businesses employing almost 24,000 people and USD75.5 million (ZAR1.4 billion) were disbursed by July 2024[41].

[39] 'Budget 2024 Highlights', Department of National Treasury, as accessed on 23 May 2025
[40] 'Cultural and Creative Industries (CCI) Masterplan', DTIC, May 2022
[41] 'Sector master plans critical to investment, boosting exports, creating jobs', SA News, 12 September 2024

Government initiatives and policies favouring the industry

Given the promising prospects of the South African cultural and creative industry, the government has undertaken the following initiatives to boost trade and make the sector attractive for investors[30,42]:

Boost innovation and sustainability in the creative industry

- Cultural and Creative Industries (CCI) Masterplan 2022: The primary goal of the plan was to foster a progressive and enduring creative industry, with a focus on inclusive key interventions to promote meaningful employment opportunities in the South African economy.
- The Mzansi Golden Economy strategy positions the arts, culture and heritage sectors as key drivers of economic growth. By investing in creative industries, the government aims to boost employment, productivity and global competitiveness within these sectors. This approach recognises the immense potential of cultural assets in reshaping South Africa's economic landscape.

Clothing and Textiles Competitiveness Programme (CTCP)

- The CTCP is a key initiative of the dtic that supports the implementation of the Customised Sector Programme (CSP) for the clothing, textile, footwear, leather and leather goods industries.
- The primary goal of the CTCP is to facilitate the industry in enhancing equipment, processes, products and human resources, strengthening South Africa's competitiveness in comparison to other low-cost manufacturing nations.

Support to Industrialisation and Productive Sectors (SIPS)

- The SIPS programme is a five-year initiative managed by the SADC Secretariat and implemented by GIZ and the SADC Secretariat.
- The programme aims to develop and sustain the leather value chain, improve the business environment and increase private sector participation in the regional leather market, contributing to SADC's industrialisation and regional integration agenda.

Conclusion

South Africa's miscellaneous sector comprising handicrafts, carpets, leather and ceramic industries shows promise for long-term growth, supported by the government CCI Masterplan 2022 and Mzansi Golden Economy strategy to boost the development of various sub-sectors comprising leather, handicrafts, ceramic and carpets growth. However, challenges such as access to finance, logistics issues due to lack of proper infrastructure in remote areas remain and ongoing efforts to improve infrastructure are crucial. With limited information available on the supply networks for the craft, ceramics and carpets industries in South Africa, it would be advantageous if the South African government, possibly through (the dtic), gathers industry data, so that the associated value chains can be better understood and supported by targeted government initiatives.

[42] 'DSAC announces the opening of Mzansi Golden Economy (MGE) Open Call Grant Funding Applications to the Cultural and Creative Industries', DSAC, 04 October 2023

Potential investment and collaboration opportunities

The handicrafts, carpets, leather and ceramic sectors are gaining popularity in both India and South Africa owing to rising cultural sentiments among people to preserve the ancient and unique crafts. These sectors offer the following potential collaboration opportunities between the two countries:

Collaborating in terms of knowledge exchange, cultural fairs and seminars to enhance competitiveness of the sectors

An opportunity exists for India and South Africa to collaborate in the artistic and creative industry space, particularly in carpets, handicrafts, ceramic and leather, through knowledge exchange and cultural initiatives.

By fostering joint seminars, workshops and industry forums, both nations can share best practices, innovative techniques and design trends that celebrate their rich artistic traditions. This collaboration can help artisans from both countries enhance their craftsmanship, improve production efficiency and adopt sustainable practices.

Additionally, cultural exchange programmes can deepen mutual understanding and inspire new creative expressions, strengthening the global competitiveness of these sectors in both domestic and international markets.

Investing in retail channels to reach a wider audience

India's handicraft sector offers a vast array of products, which range from home decor items to fashion accessories. South African investors can explore opportunities to invest in retail outlets and e-commerce platforms to promote Indian handicrafts in domestic and international markets. For instance, partnerships with Indian e-commerce firms can provide access to a wider customer base.

Leveraging South Africa's rich resource heritage to procure raw materials

South Africa possesses significant resources of hides and skins, which can be exported to India for processing and manufacturing. Collaborative agreements between the two countries can be established to ensure sustainable and ethical sourcing practices.

Although India ranks third globally in terms of sheep population, the country's wool production is insufficient to meet the demands of the handmade carpet industry. The country is able to cater to only 8.0–9.0 per cent of the raw wool requirements of the handmade carpet sector, indicating a significant shortfall. South Africa, being a major exporter of wool, can explore opportunities to increase its wool exports to India, resulting in increased trade between the two countries.

Jointly leading R&D initiatives in the ceramics sector

Indian research institutions and industry associations can partner with South Africa's research institutions and academic bodies for joint research, technology development and innovation in the ceramic sector. Collaboration areas may include new ceramic materials, surface finishes and digital printing technologies.

03

Looking forward

Aligning efforts towards shared outcomes

An initial exploration of the trade partnership between India and South Africa highlights substantial underutilised opportunities. South Africa's role as a gateway to the resource-rich African continent and India's established manufacturing base, large market and expanding technological expertise underscore significant trade potential. However, realising the full mutual benefits of this partnership requires coordinated efforts and enhanced strategic collaboration. Prioritising specific areas is likely to serve as the initial steps toward achieving this goal.

Leveraging Preferential Trade Agreement (PTAs): India's economic outreach to South Africa

The ongoing negotiations between the Government of India and SACU to finalise a PTA present an opportunity to deepen engagement with the governments of South Africa, Namibia, Botswana, Lesotho and Eswatini. This collaboration could help ensure the effective implementation of PTAs while fostering stronger economic ties across the Southern African region.

The recent meeting of the India-South Africa joint working group on trade and investment in April 2025 epitomised the strong relationship between the two countries. Discussions were centred on:

- Collaboration in key sectors such as pharmaceuticals, healthcare, agriculture, MSMEs and jewellery manufacturing
- Revitalising the CEO Forum
- Enhancing investment cooperation, addressing market access barriers for agricultural products and recognising the Indian Pharmacopoeia
- Establishing a local currency settlement system, implementing fast payment systems and advancing the India-SACU PTA to boost trade relation[1].

Building well-integrated inter-regional supply chains

To realise the vision of well-integrated inter-regional supply chains between India and South Africa, several strategic steps are essential. These include supporting the public-private dialogue and coordination across regional supply chains to streamline operations, reduce bottlenecks and ensure the efficient movement of goods and services.

Some specific areas that could see substantial gains from well-integrated inter-regional supply chains between India and South Africa are:

Agriculture and agro-processing

India can benefit significantly from reducing its annual agricultural wastage by collaborating with South Africa to establish a robust cold chain infrastructure. The digitalisation of value chain operations also presents a promising opportunity for cooperation. South African companies could further consider establishing large-scale food parks in India's SEZs.

[1] 'Indian Delegation visits Pretoria, South Africa for the second session of the India-South Africa JWGTI', PIB, 24 April 2025

Manufacturing

Manufacturing sectors, especially those involved in automotive components, textiles and electronics, could greatly benefit from streamlined supply chains. Efficient logistics and reduced tariffs under integrated supply chains would lower production costs and enhance competitiveness.

Pharmaceuticals and healthcare

This integration could enhance the local production of essential drugs and medical supplies, reducing dependence on imports and improving health outcomes. Moreover, joint ventures in pharmaceutical research and development could lead to breakthroughs in addressing regional health challenges.

Renewable energy

Integrated supply chains are likely to enhance the development and deployment of solar, wind and other renewable energy technologies across the region.

Leveraging transportation corridors for mutual trade gains

The ongoing investments in upgrading port infrastructure in Durban and Mumbai are critical enablers of enhanced trade flows between India and South Africa. Both ports are strategic trade gateways, with Durban for the southern African region and Mumbai for India's western trade corridor.

For Indian companies exporting to the European Union (EU), the Cape route remains a vital maritime corridor, especially as the Red Sea route faces increasing geopolitical volatility. Enhancing the transport infrastructure, particularly focusing on the role of the Cape route, can significantly benefit Indian companies by providing a strategic and efficient gateway to the EU market, thereby enabling streamlined trade and commerce activities.

Exploring the potential for data centres and Global Capability Centres (GCCs)

Exploring the potential for data centres and GCCs in both India and South Africa represents a shared area of interest between the two countries. These centres can act as hubs for various industries, including technology, finance and research, providing opportunities for collaboration and knowledge exchange. By leveraging the skilled workforce and favourable business environments in both India and South Africa, the expansion of GCCs and data centres can drive innovation, improve operational efficiency and attract foreign investment.

Investment promotion through Invest India and Invest SA

To drive investment promotion, Invest India and Invest SA are expected to continue to play a crucial role in creating an enabling environment for businesses to flourish.

The focus of investment from India to South Africa lies on targeted sectors/sub-sectors such as pharmaceuticals, agro-processing, textiles, mining, mineral beneficiation and electrotechnical, among others. Through collaborative agreements with Invest India, Invest SA is likely to identify and support companies interested in investing in its markets, paving the way for a substantial increase in bilateral investments over the next two to three years.

To incentivise investors, Invest SA offers facilitative services, guiding companies through their investment life cycle and providing support through initiatives such as the Export Marketing Investment Assistance (EMIA). Furthermore, South Africa provides a variety of investment incentives and industrial financing interventions aimed at promoting commercial activity, along with trade regulations that support further growth in the country's increasing international trade.

With several Indian companies already established in South Africa, Invest SA aims to attract more investments, establishing their manufacturing facilities in the country and exporting to the rest of Africa. Similarly, there is significant potential for South African companies to enter the Indian market, particularly in sectors such as defence, aerospace and IT.

Through collaborative agreements with Invest India, Invest SA is likely to identify and support companies interested in investing in its markets, paving the way for a substantial increase in bilateral investments over the next two to three years.

Pathways for sector investments

Partnering to grow the Business Process Services (BPS) in South Africa

To nurture the growth of the BPS in South Africa, one potential avenue can be to explore strategic partnerships. South Africa has shown a keen interest in expanding its BPS sector and India, renowned for its expertise in BPS, could partner with South Africa to collaboratively develop a strong and interconnected BPS industry.

Fostering mutual growth in agro-processing and food retail

India's rapidly expanding food processing sector and its vast consumer base present a strong avenue for mutually beneficial collaboration between Indian and South African firms. While South African businesses can gain access to India's large-scale distribution networks, established supply chains and nuanced consumer insights, Indian firms can benefit from South Africa's agri-expertise, unique product offerings and focus on quality assurance, enhancing product diversity and value across both markets.

The India-South Africa Chamber of Commerce (ISACC) plays a pivotal role in enabling this synergy by offering market intelligence, regulatory guidance and strategic matchmaking. These services support companies from both nations in identifying optimal partners, understanding legal frameworks and accelerating market entry.

Additionally, joint participation in trade missions, business to business (B2B) expos and industry-specific seminars allow Indian and South African stakeholders to co-develop opportunities in agro-processing, food retail innovation and value-added exports, creating a robust, collaborative ecosystem for long-term sectoral growth.

Enhancing ICT collaboration to power digital transformation in India and South Africa

The India-South Africa partnership in IT and digital services is rapidly evolving, with both countries recognising the transformative potential of digital technologies for economic growth and inclusion. Indian technology firms have established a significant presence in South Africa, delivering solutions in various sectors. These companies are well-positioned to support South Africa's digital transformation by sharing expertise in scalable digital public infrastructure.

On the other side, South African technology and e-commerce investors have made several investments in India, particularly in online platforms across travel, retail and fintech sectors. This cross-investment not only brings capital but also fosters innovation and knowledge exchange.

By leveraging open-source, adaptable digital public goods and facilitating regulatory cooperation, India and South Africa can jointly drive digital inclusion, enhance cybersecurity and unlock new markets across Africa and Asia.

Exploring South Africa's potential through strategic Indo-African hospitality partnerships

India's expanding middle class and rising interest in international travel present a valuable opportunity for South African hospitality brands and tourism operators. By forming strategic alliances with Indian travel agencies and hospitality chains, South African destinations can be more effectively promoted to Indian travellers.

The introduction of India's digital entry travel agreement (ETA) system and streamlined visa procedures further simplifies travel, enhancing the ease of tourism collaboration. Joint marketing campaigns and participation in government-backed initiatives aimed at revitalising tourism links can amplify visibility and drive mutual growth in the sector.

Advancing clean energy initiatives

Sustainable partnerships: India and South Africa's commitment to a low-carbon future

Promoting green investments is a crucial step for India and South Africa as they seek to create opportunities within the green economy. Given their mutual goals of energy security and transition towards renewables, both countries have a significant need for green infrastructure development. For instance, India's ambitious goal of achieving 500 GW of non-fossil energy capacity by 2030 (220.1 GW installed capacity achieved as of March 2025) stands to gain significant momentum through strategic collaboration with South Africa, leveraging shared expertise and sustainable innovation.

India's leadership in the International Solar Alliance (ISA), which aims to fund solar projects across Africa, coupled with a project pipeline exceeding USD240.0 billion, positions it as a key player in supporting South Africa scale its renewable energy initiatives and potentially leading to South Africa's participation in the ISA.

As South Africa explores diversification in its energy mix, cooperation on hydropower projects and related technology sharing could provide sustainable solutions.

Additionally, the development of sustainable mining practices, green steel and advancements in battery storage are some of the emerging areas that are capturing the interest of both governments. The two nations can establish a new framework and mobilise funding for energy transition projects to accelerate the development of clean-energy production capabilities.

To make collective advancement in clean energy, both the countries can aim to develop a strategic roadmap, involving public-private partnership and new regulatory frameworks. This is likely to deepen bilateral collaboration while also fostering a regional shift towards cleaner energy solutions.

Accelerating energy transition through e-mobility as an inter-regional objective

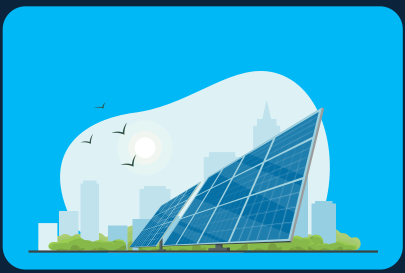
South Africa's Just Energy Transition (JET) plan[2] and the government's goal to produce its first indigenously manufactured EV in 2026 highlight the untapped opportunities for collaborative expansion of e-mobility solutions in South Africa. Notably, industry leaders who are currently dedicated to bolstering EV charging infrastructure accessibility in India, may consider extending these capabilities to South Africa.

Additionally, the South African government may consider implementing a program to support the expansion of charging infrastructure within the country, including providing subsidies to encourage the retail sale of electric vehicles (similar to the FAME II or faster adoption and manufacturing of EVs scheme introduced in India for a five-year[3] period beginning in 2019).

Both countries can also collaborate on battery recycling, second-life battery applications and fuel cell technologies using South Africa's mineral wealth and India's battery R&D ecosystem.

[2] 'Implementing South Africa's Just Energy Transition', Just Energy Transition, accessed on 26 May 2025
[3] 'Fame India Scheme', Ministry of Heavy Industries, 25 July 2023

Several key areas in which India and South Africa can collaborate to advance clean energy initiatives:



Solar power collaboration

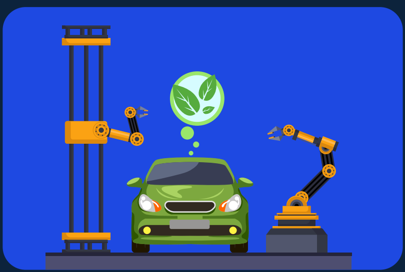
Given both countries' abundant solar resources, collaboration in research, development and deployment of advanced solar technologies can significantly boost renewable energy capacity. Joint ventures in manufacturing solar panels and components are likely to reduce costs and enhance efficiency.

Wind energy projects

India's expertise in offshore wind energy could be shared with South Africa to explore similar projects along its coastline, complementing South Africa's existing onshore wind farms.

Gas power and LNG infrastructure

South Africa's plans to reduce its reliance on coal align with India's interest in increasing natural gas usage. Collaborative efforts could focus on developing liquefied natural gas (LNG) infrastructure and promoting the use of gas power plants as a bridge to a low-carbon future.



Expanding e-mobility

India’s expertise in charging infrastructure can be leveraged by South Africa. Furthermore, joint ventures in manufacturing EV vehicles can boost manufacturing while reducing costs.

Fostering skill development

India can seek to establish training academies in South Africa to enhance employees' skills, while the latter can leverage the established institutes in India to address the skill gap. The skills gap, for instance, in gems and jewellery manufacturing and the demand for providing defence-related training to South African personnel, present an opportunity for collaboration between India and South Africa.

India has also developed model universities in sectors such as homeland security, forensic science, infrastructure and technology, including institutions such as the Rashtriya Raksha University, National Forensic Science University, PM GATI Shakti University and IIT Gandhinagar. These universities represent centres of excellence in their respective fields and can serve as valuable partners for South African universities in offering joint training programmes. India can also facilitate student and faculty exchange programmes with South Africa’s Technical Vocational Education and Training (TVET) colleges to enhance exposure to diverse technologies and teaching methodologies.

Furthermore, South African entrepreneurs are likely to benefit from the existing training programmes in India to acquire the essential skills needed to excel in a competitive market. The Government of India currently offers a portfolio of over 200 courses[4] covering multiple sectors. These courses can be marketed more effectively to raise awareness among South African entrepreneurs. South Africa could also explore the possibility of utilising Edtech as a system for schooling, which is currently in high demand in India.

Encouraging information sharing

Given that many countries view South Africa as a distinct African nation with infrastructure limitations, the challenge lies in the need to promote information about South Africa as an investment hub and showcase the opportunities it offers. Similarly, the limited global awareness of Indian opportunities presents an informational hurdle for companies considering investment in India, underscoring the importance of Invest India in amplifying its efforts to promote India as a leading investment and trade destination.

Both nations can address these challenges by initiating robust marketing strategies aimed at effectively communicating accurate market dynamics to attract greater investor interest.

[4] ‘India looking to recruit more African students’, The PIE Network, 26 March 2018

Potential impact of the U.S. reciprocal tariffs*

On 2 April 2025, the U.S. announced the imposition of its reciprocal tariffs, declaring a 10.0 percent baseline tax on imports from all countries, with higher rates for several nations running trade surpluses with the U.S., aimed at reducing the trade deficit. Notably, a 30.0 per cent tariff was imposed on goods from South Africa and a 26.0 per cent tariff on goods from India. However, the U.S. government announced a 90-day pause which concludes on 8 July 2025, while maintaining the recently imposed 10.0 percent levy on nearly all global imports[5].

Many Indian and South African exports to the U.S. are inputs into global supply chains. The U.S. tariffs may cause price volatility and logistical challenges, indirectly affecting bilateral trade flows as global demand patterns shift accordingly. This underscores the need to redirect exports to alternative markets, potentially increasing competition between Indian and South African exporters in third countries or even within each other's markets. Additionally, as both economies face reduced export revenues and possible job losses in affected sectors, there could be broader economic repercussions, including slower growth and increased pressure on local industries.

India has a vital dependency on exports to the U.S., with many sectors deriving a substantial portion of their revenue from this trade relationship. Key sectors such as auto components, steel and aluminium, gems and jewellery, textiles and electronics are expected to be directly affected by the recent tariff hikes. Meanwhile, the technology sector could experience indirect impacts, primarily due to a potential global economic slowdown and the heightened risk of a recession in the U.S.

The U.S. is also one of South Africa's largest export markets. A higher import tariff could hit two key sectors including agriculture (comprises 4.0 percent of the country's agricultural exports[6]) and vehicle exports (account for 10.0 of per cent of the country's vehicles).

However, these challenges also present new opportunities for India-South Africa bilateral trade. As the U.S. remains a key export market for India and South Africa, both nations can strengthen bilateral trade in sectors affected by the U.S. tariffs. For instance, India's expertise in food processing and South Africa's rich agricultural produce, such as citrus and wine, provide an opportunity for both countries to trade in processed food and form joint ventures in cold chain logistics. Furthermore, vast availability of diamond in South Africa and India's capability in gems beneficiation offer strong trade potential.

Moving forward, India and South Africa can diversify their export baskets and explore preferential trade agreements, including free trade agreement for sectors where both countries have well-developed, low-cost manufacturing base such as auto components, or expand existing ones under BRICS or the India-SACU.

[5] 'Trump's tariffs have launched global trade wars. Here's a timeline of how we got here', AP News, 5 May 2025
[6] 'Trump's tariff hikes and South Africa: hunt for new agricultural markets must begin now', DownToEarth, 3 April 2025
Note: *The potential impact of the U.S. tariffs is based on preliminary insights drawn from limited data available on secondary domain. This section is indicative and intended to provide directional perspectives. As the situation evolves and more comprehensive data emerges, the insights may subject to change. Readers are adviced to interpret the content in this context.

The dynamic bilateral trade relationship between India and South Africa, underscores the potential of collaborative efforts across diverse sectors such as automotive, clean energy, chemicals, among others, creating avenues for cross-leveraging skills and unlocking innovative value chains to propel economic growth.

As we look ahead, the opportunities for diversifying and expanding trade are substantial, promising to further strengthen the ties between these two vital partners. This growth, propelled by mutual interests and a steadfast commitment to achieving sustainable economic expansion, by harnessing shared expertise and exploring strategic investments will not only help deepen economic connection but foster a robust partnership that benefits both countries and sets a benchmark for international cooperation.

Note: Currency is converted as per the rate of ZAR1 = USD0.05, USD1 = INR85.2, ZAR1 = INR4.6 as on 30 April 2025

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