

Business Sentiment Survey, 2025

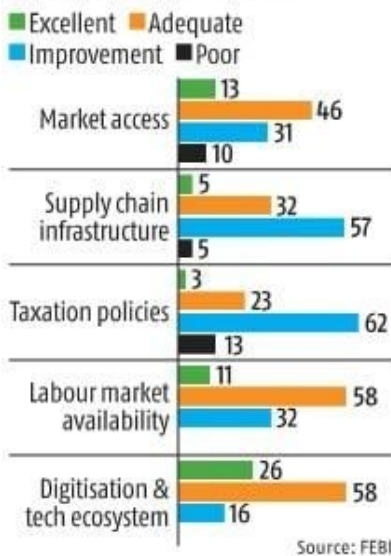
Why in News?

European Union (EU) companies operating in India want New Delhi to streamline or remove non-tariff barriers.

- The Survey provides an outlook and overview of evolving EU-India bilateral trade and investment ties as well as offers an insight into the opportunities and challenges faced by European businesses.
- The survey done ahead of resumption of negotiations for a free trade agreement (FTA) between both the sides scheduled to be concluded by year-end.
- The survey was conducted among 51 FEBI member companies across 11 sectors.
- **Conducted by** - The Federation of European Business in India (FEBI).
- **Key Findings** - The EU-India FTA is expected to create a favorable business environment with 92% of respondents anticipating a positive impact.
- Among them, 72% plan to increase their investment in India within the next 2 years, demonstrating strong confidence in the agreement's success.
- EU investors are expected to increase their presence, particularly in technology-driven and sustainable industries, as India continues to enhance its business environment and trade policies.
- While 22% EU companies plan to maintain their current investment levels, 76% of EU firms surveyed aim to increase their investments compared to pre-2025 levels.
- EU businesses increasingly see India as a key driver of overall growth, with
 - 80% viewing it as an expanding sales market,
 - 61% recognizing it as an emerging hub for production, and
 - 49% seeing it as a location to manufacture for exports.
- **Confidence creating factors** - Investment decisions are driven by India's strong political stability (66%), position amid evolving global geopolitics (60%), and the availability of a skilled workforce (60%).
- Most respondents (59%) find the *ease of doing business in India* increasingly favorable, reflecting confidence in the country's business environment.
- 83% of respondents rated India's digital and technology ecosystem as excellent or adequate, highlighting the country's advancements in digital infrastructure, e-governance, and tech-driven services.
- 69% expressed confidence in the availability of skilled labour, recognizing the country's strong talent pool, particularly in engineering, IT, and manufacturing.

HARD LOOK

Perception of EU companies on operating conditions in India



EU is India's largest trading partner, accounting for 12.2% of India's goods trade in 2023 while India is the EU's 9th -largest trading partner, accounting for 2.2% of total EU trade in goods during the same year.

- **Streamlining non-tariff barriers** - European Union (EU) companies operating in India want New Delhi to streamline or remove ***non-tariff barriers*** such as
 - Quality Control Orders (qcos),
 - Complex Customs procedures;
 - Simplify labelling, testing, and import procedures; and
 - Facilitate cross-border digital transactions without data localisation constraints.
- **Challenging areas** - Even amid favorable investment plans, EU businesses in India encounter multiple challenges, with taxes and tariffs being the most significant, affecting 51% of respondents.
- However, India's supply chain infrastructure and taxation policies remain two challenging areas for EU businesses in India.
- More than 60% of respondents expressed the need for improvements in the supply chain and around 75% in taxation.
- **Risk Factors** - Complex visa and work permit processes hinder talent mobility, affecting workforce availability.
- Weak intellectual property enforcement, the prevalence of counterfeit goods, and insufficient protection of confidential data add to the risks faced by EU businesses.

Reference

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