



Ties with Germany to power India-EU relations

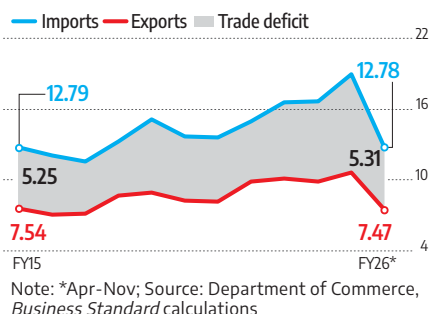
YASH KUMAR SINGHAL

On January 12, India and Germany inked 27 memoranda of understanding (MoUs) and a Joint Declaration of Intent, spanning across several sectors, during the visit of German Chancellor Friedrich Merz to India. Further, PM Narendra Modi said both India and Germany have decided to make their economic partnership 'limitless'. The visit is significant in the wake of ongoing discussions to finalise the India-European Union (EU) FTA.

India's trade deficit highest in FY25

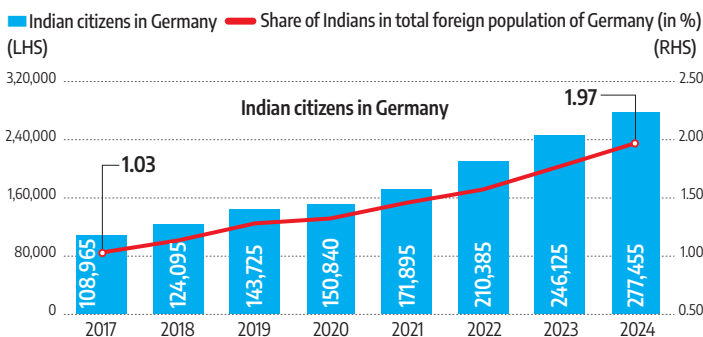
Merchandise trade between India & Germany (in \$ bn)

The merchandise trade between the two countries reached its highest in FY25. However, the trade is skewed in favour of Germany, with India's trade deficit at its peak in FY25. Germany's share in India's total exports in FY26 (Apr-Nov) was 2.56 per cent, while its share in India's imports was 2.48 per cent.



Indian citizens in Germany more than doubled in 2024

Germany announced a visa-free transit facility for Indian passport holders transiting through the country. The number of Indian citizens more than doubled during 2017-24.

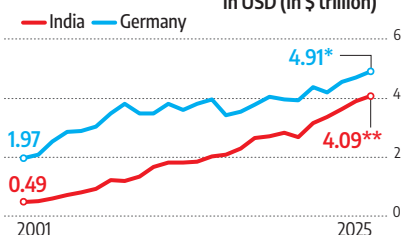


Sources: Federal Statistical Office of Germany, Business Standard calculations

India's GDP inches closer to Germany

GDP at current prices in USD (in \$ trillion)

Germany's economy (in nominal terms) has grown at a compounded annual growth rate (CAGR) of 3.72 per cent from 2001-25. Meanwhile, India's gross domestic product will be nearly \$4.1 trillion in FY26, growing at a CAGR of 8.85 per cent during the same time period, going closer to Germany.



*Extrapolated based on average quarterly nominal GDP of Germany in first 3 quarters of 2025; **based on advance estimates by MoSPI

Sources: World Bank, MoSPI, Business Standard calculations