

# INDIA-FRANCE BILATERAL TRADE

## IMPORT & EXPORT OF LUXURY GOODS



India is the largest democracy in the world, with a population of over 1.3 billion. Recent liberalization, coupled with Government's efforts to strengthen economy, has further aided foreign investment in the country. India has always shared a friendly economic and cultural relation with France. French companies have been investing massively in India. One of the emerging sectors where French companies are investing is the luxury market. Since, Indian middle class people now prefer spending more on luxury goods, the Indian Luxury sector is expected to grow at a fast pace. Thus, luxury sector in India is becoming a key market showing signs of greater strength and accelerated economy, which is likely to attract more foreign investment in coming years.

### INDIA AND FRANCE

Diplomatic relations between India and France evolved soon after India gained independence in the year 1947. Indian territories held by France were returned to India after a treaty was signed between the two nations in the year 1956. France was among the few countries which supported India on conducting nuclear tests in the year 1998. Soon after France became one of the largest suppliers of nuclear fuel and technology to India.

### TRADE RELATIONS

France is among top ten investing countries in India. Notable sectors

where foreign investment flows from France are cement products, chemicals, power & fuel and auto sector. India and France have strong bilateral trade relations. There are over 750 big French companies present in India in the form of subsidiaries, joint ventures and liaison offices.

### A SNAPSHOT

1) Exports to France include: Vehicles & aircraft (4.9%); Footwear (4.7%); Metals & articles thereof (3.75%); Leather articles (3.5%); Gems & jewellery (2.9%).

2) Top ten French exports to India include: Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof (10.05%); Plastics, rubber and articles thereof (5.26%); Animal, Vegetable & Food products (3.1%).

3) French exports to India increased by 3.44% during the period January to March 2016.

4) Among the emerging areas of cooperation between two nations are homeland security, cyber security, special forces like the National Security Guard and its French counterpart GIGN, and intelligence sharing to tackle the common threats of terrorism and global criminal networks.

### LUXURY MARKET: EMERGING TREND

A study revealed that with increasing brand awareness and purchasing power among upper middle class Indians, the Indian luxury market is expected to cross \$18.3 billion by 2016 from the current \$14.7 billion growing at a compounded annual growth rate (CAGR) of about 25%.

India is a booming market for luxury goods. A report suggests that luxury jewellery, electronics, SUV cars and fine dining have grown beyond expectations, while apparel, accessories, wines and spirits have continued their strong growth in 2016. Some of the multinational groups which have performed well during last year are GUCCI, Christian Dior, Louis Vuitton, Canali India, LVMH India, Judith Leiber, The SPA Group, Starwood Asia Pacific Hotels & Resorts, and Reliance Brands.



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