ALPEN CAPITAL

GCC INDIA CORRIDOR

INVESTMENT OPPORTUNITIES

22ND MAY 2024

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H.E. Fahad Al Gergawi, CEO, Dubai Investment Development Agency (Dubai FDI), answers Alpen Capital's questions on investment drivers and opportunities for FDI flow between the UAE and India

What Specific Factors Contribute to Making UAE a Leading Investment Destination for Indian-Based Investors and Companies?

There are several key factors that I would like to emphasize on:

- **Strategic Location:** The UAE's position at the crossroads of Europe, Asia, and Africa, with world-class connectivity.
- **Business-Friendly Environment:** Low taxes, streamlined regulations, and free zones offering 100% foreign ownership.
- **Economic Diversification:** Opportunities across technology, tourism, renewable energy, and logistics.
- **Quality of Life:** High living standards, safety, and a substantial Indian expatriate community.

The UAE-India Comprehensive Economic Partnership Agreement (CEPA) is particularly beneficial, enabling preferential treatment and customs benefits for traders from both countries. The agreement facilitates immediate and progressive duty reductions on various imported goods and ensures transparency in customs procedures. Key benefits and requirements of CEPA include:

- Immediate duty benefits for textiles, engineering products, gems and jewellery, pharmaceuticals, and other sectors.
- Progressive duty reductions over 5 to 10 years for electronic goods, chemicals, and - machinery items.
- Preferential treatment through third-party invoicing, direct transport conditions, and specific origin determination rules.

Can You Elaborate on the Strategic Initiatives Implemented by UAE to Facilitate and Encourage Greater FDI Flow from India?

The UAE has implemented several strategic initiatives to encourage FDI from India, significantly boosted by the UAE-India CEPA. Notably, India's share of FDI projects into the UAE doubled from 8% in 2020 to 16% in 2023. Initiatives include:

- **Dubai Investment Week and similar activities:** Highlighting investment opportunities and facilitating networking.
- **Ease of Doing Business Reforms:** Enhancing transparency and reducing administrative burdens.
- **Innovation and Entrepreneurship Support:** Various programs supporting startups and SMEs.

In Your Opinion, Which Sectors in UAE Are Particularly Attractive for Companies Based in India Seeking Investment Opportunities?

There are several attractive sectors for Indian investors in the UAE:

- Software & IT Services
- Business Services
- Consumer Products
- Pharmaceuticals
- Renewable Energy
- Healthcare
- Manufacturing
- Research & Development (R&D)

Conversely, Which Sectors and Opportunities in India Are Most Promising for UAE-Based Companies and Investors?

UAE investors have shown interest across various sectors in India. The most active sectors include:

- Financial Services
- Professional Services
- Retail Trade
- Construction
- Information and Communications Technology (ICT)
- Life Sciences
- Creative Industries

UAE and India are bound by strong economic ties and mutual opportunities exist between the two. The strategic initiatives and sector-specific opportunities make the UAE an attractive destination for Indian companies and vice versa, fostering a dynamic investment landscape. These opportunities and initiatives are expected to drive the bilateral countries relation to ever growing heights.

H. E. Sunjay Sudhir, Ambassador of India to UAE, answers Alpen Capital's questions on investment drivers and opportunities between the UAE and India

What specific factors contribute to making India a leading investment destination for GCC-based investors and companies?

- India has witnessed a large number of changes in the last decade. The Economy has climbed 5 positions since 2014 to become the 5th largest economy in the world with a GDP of US$ 3.7 trillion. We are on the trajectory to become the third largest economy by 2027 with a GDP of US$ 5 trillion. In the challenging global economic environment, India continues to shine and grow at over 7%. This has been possible through efforts to increase the ease of doing business and promote entrepreneurs.
- The Government has undertaken major reforms, especially simplification of procedures, taxation, and implementation of single window clearances. Focused intervention for promotion of startups and SMEs have been made through dedicated schemes like Startup India and Standup India. Today, India is home to the third-largest ecosystem for startups. Since 2011, when India registered its first unicorn, we are now home to 114 unicorns which are valued at over US$ 350 billion.
- The growth story of India is itself a big pull for investors. The returns from investing in India are some of the highest in the world. Further, investing in startups is creating an opportunity to be part of cutting-edge technological revolution that is creating next generation solutions for everyday problems.
- Government is focused on infrastructure creation. As per this year's budget estimates, an expenditure of INR 1.11 trillion (US$ 134 billion) on infrastructure is planned. In order to promote long term investments in infrastructure, the Government introduced a tax exemption for investments by notified Pension Funds and Sovereign Wealth funds in 10 infrastructure subsectors.

Can you elaborate on the strategic initiatives implemented by India to facilitate and encourage greater FDI flow from the GCC nations?

- Our economies are witnessing greater integration in multiple sectors. We are witnessing the move towards integration between our financial sectors through integration of our card systems and instant payment systems. India and UAE have signed agreements in this regard during the visit of Hon'ble Prime Minister in Feb 2024.
- During the same visit we also signed the Bilateral Investment Treaty (BIT) which is also an important step to encourage UAE investors to invest in India. UAE is the only country with which India has signed both the Comprehensive Economic Partnership Agreement (CEPA) and BIT.
- Further, to facilitate investments from the UAE and Saudi Arabia, special country desks have been created under Invest India. These offer complete support to incoming investors in terms of handholding, sharing investment opportunities and any other support that may be required. With the UAE we also have a formal mechanism called India-UAE High Level Task Force on Investments (HLTFI). This body is co-chaired by Minister of Commerce and Industry of India and His Highness Sheikh Hamed bin Zayed Al Nahyan, MD ADIA from the UAE side.
- The government has also demonstrated the agility and flexibility to understand the needs of the investor and act accordingly. There have been provisions which have been brought about in our laws to facilitate investments similar to the one highlighted above.
- ADIA has already announced an office in GIFT City. Similarly in Sep 2023, Saudi Arabia's Public Investment Fund has also announced the plan to set up an office in GIFT City as part of the plan to invest US$ 100 billion in India. We are confident that very soon more sovereign wealth funds, pension funds and other investors will be encouraged to open offices in India and better explore the opportunities that exist there.

In your opinion, which sectors in India are particularly attractive for companies based in the GCC seeking investment opportunities?

- The Indian economy is a vibrant and growing economy where there are opportunities across every sector for investment and growth. India is ranked sixth in the Renewable Energy Country Attractiveness index. The plan is to have 500 GW installed renewable energy capacity by 2030. The sector is witnessing a lot of investments from the UAE, Mubadala has invested US$525 million in Tata Renewable, IHC is investing US$ 2 billion in the Adani Group including Adani Green Energy and Adani Energy Solutions. There is a lot of interest in Green Hydrogen with the launch of National Green Hydrogen Mission. India has signed MOUs with UAE (Jan 2023) and Saudi Arabia (Oct 2023) in this area.
- Infrastructure like roads, highways, logistics, ports is another area which is developing at a rapid pace and is attracting a lot of interest from GCC investors. The UAE Sovereign Wealth Funds like ADIA and Mubadala have invested in highways (Cube Highway Invit), affordable housing (through HDFC), digital infrastructure (Jio Fibre). DP World is an important player in the Indian ports sector. In Jan 2024, during visit of President of the UAE HH Sheikh Mohamed bin Zayed Al Nahyan to India, DP World has announced plans to invest US$ 3 billion for developing new ports, terminals, and economic zones in India.
- Food and Agri-business is another flourishing area. There are opportunities for investment in developing food processing, post-harvest infrastructure, terminal markets and cold chains.
- Pharma is another area which is generating a lot of interest in this region. Pharma industry is expected to grow to US$ 130 billion by 2030. 100% Foreign Direct Investment (FDI) in the pharmaceutical sector is allowed under the automatic route for greenfield pharmaceuticals. 100% FDI in the pharmaceutical sector is allowed in brownfield pharmaceuticals with 74% permissible under the automatic route and thereafter through the government approval route.
- The Government has created an infrastructure investment grade over which it is possible to see the best opportunities that are available across states and sectors for investment. It also hosts the national infrastructure pipeline which is the government’s approach for creating world class infrastructure in India.

Conversely, which sectors and opportunities in the GCC are most promising for Indian companies and investors seeking to invest in the region?

- Indian engagement with the GCC countries is expanding at a rapid pace. The vision of the leadership on both sides, in India as well as in GCC countries, provides a clear roadmap for deepening cooperation across sectors. These partnerships are two-way – creating win-win solutions for all stakeholders.
- Like India, GCC countries are also growing at a rapid pace. There are plans for development which are providing numerous opportunities for Indian businesses and investors to expand in this region.
- Apart from the traditional trade relationship, there is a keen interest by Indian companies to participate in the logistics, real estate, farming, pharmaceuticals, traditional energy and renewable energy sectors in this region.

1. Executive Summary

Built on the foundation of long-standing trade and cultural ties, the engagement between the GCC nations and India is expanding, driven by a growing recognition of the strategic importance that the two regions hold for each other. Recent years have witnessed an enhanced collaboration, encompassing trade, cross-border investments, counter-terrorism, and security cooperation. Trade and investment flows between the two have steadily increased as both regions acknowledge the growth prospects and investment opportunities offered by each other. India's ongoing efforts to upgrade infrastructure, foster digital empowerment, boost local manufacturing, and enhance energy production align with the GCC nations' substantial investments in diversifying their non-oil economies. Governments in both regions are actively attracting investments across sectors by relaxing FDI limits, simplifying investment policies, and liberalizing trade norms. The GCC and India have emerged as major trading partners and hold significant potential as investment partners as well. This deepening partnership presents investors from both regions with abundant opportunities to capitalize on.

Scope of the Report

This report provides an analysis of the investment flows between the GCC and India, emphasizing the strategic government initiatives aimed at promoting foreign investment. It assesses the competitiveness of both regions and identifies key sectors for potential cooperation and investment. Additionally, the report examines the investment drivers and challenges within both regions. Furthermore, it profiles prominent Indian companies which have invested in the GCC and vice versa. The report also includes profiles of the sovereign wealth funds (SWFs) of the GCC.

1.1. GCC Investment Landscape

The GCC is increasingly attracting attention worldwide as an investment destination, aided by the efforts of the regional governments to promote foreign direct investment (FDI) through economic diversification strategies.

Investment Flows

- Amid strong economic advancements, cumulative FDI inflows in the GCC during 2018-22 reached US$ 164.4 billion, up 60.1% from the total inflow of US$ 102.7 billion during 2013-17. The UAE accounted for the highest share at 55.7% among the GCC nations during 2018-22, marking an 85.5% increase from the 2013-17 period.
- While GCC-India trade has experienced significant growth in recent years, India’s portion of total FDI into the GCC has been declining. Cumulative FDI from India to the GCC declined from US$ 9.8 billion during 2013-17 to US$ 5.4 billion during 2018-22. Consequently, India’s share of total FDI inflow into the GCC declined from 9.5% during 2013-17 to 3.4% during 2018-22.
- On the other hand, India’s total outward FDI decreased by ~19% from US$ 157.1 billion during 2013-17 to US$ 126.6 billion during 2018-22. Of this, GCC’s share dropped to 5.0% during 2018-22 from 7.4% during 2013-17.

Growth Drivers

- **Resilient Economy:** Ambitious agendas, including social and business-friendly reforms, initiatives to enhance fiscal sustainability, coupled with efforts towards upgrading infrastructure through investments have helped the region remain buoyant.
- **Diversification Strategies:** GCC countries led by UAE and Saudi Arabia are investing in giga projects, allowing 100% foreign ownership, adopting structural reforms to liberalize residencies, offering funding to attract start-ups, and boosting entrepreneurship and capital market activity to diversify their economies.
- **Encouraging Demographics:** The region’s economic growth continues to be driven by its affluent and expanding population base that largely comprises of young and

working professionals. The overall income levels in the GCC have recovered substantially due to increase in oil prices and private sector growth, recording higher per capita incomes than the average of Emerging & Developing Economies in 2022.

- **Supporting Business Environment:** The GCC offers a conducive environment for business with minimal red tape, supportive government policies, strong transport connectivity and investor-friendly free trade zones (FTZs). The nations rank amongst the most competitive economies globally with strong financial reserves, healthy international relations, and consistent spending on infrastructure, digital transformation and innovation.
- **Strategic Location & Connectivity:** The GCC has become a hub for the global trade industry due to its strategic location connecting the Middle East, Europe, and Asia. The region offers several logistics benefits such as sea access to marine's busiest routes while also enabling cargo and trade through its international airports.

Sector Opportunities

- Indian investors have a competitive edge due to its large diaspora, rich expertise and proximity to the GCC nations. Sectors offering scope for Indian investors include healthcare, education, hospitality & tourism, retail & e-commerce, industrial & manufacturing, information communication & technology (ICT), and agriculture.

1.2. Indian Investment Landscape

As world's fifth-largest economy, India is poised to maintain its status as the fastest-growing major economy in the near-term. Strategic investor-friendly reforms have simplified processes for businesses, positioning India as a major player across sectors.

Investment Flows

- Cumulative FDI inflow in India reached US$ 250.9 billion during 2018-22, up 31.2% from the total inflow of US$ 191.2 billion during the 2013-17 period.
- The GCC's share of cumulative FDI inflow into India surged from 1.8% during 2013-17 to 5.4% during the 2018-22 period. The UAE emerged as the primary source country, contributing nearly 86.4% of GCC's cumulative FDI inflows into India during the 2018-22 period.
- GCC's total outward FDI increased by ~15% from US$ 160.5 billion during 2013-17 to US$ 184.6 billion during 2018-22. Of this, India's share more than tripled to reach 7.4% in 2018-22 from 2.1% during 2013-17.

Growth Drivers

- **Robust Economic Growth:** As per IMF, India's GDP growth is expected to remain upbeat, growing at a consistent pace of 6.5% until 2028 and surpassing growth projections of global top economies.
- **Strong Demographics:** India has a large consumer market with an estimated population of more than 1.4 billion as of 2023. The country's surging middle-class and young population not only reinforces competitive advantage in the services and manufacturing sectors, but also proposes the consumption power towards discretionary expenditure.
- **Structural Reforms:** In recent years, India has introduced several noteworthy reforms including easing of FDI policies to attract foreign investments, financial inclusion, introduction of Goods and Services Tax (GST), implementation of the insolvency code, leveraging digital tools in tax assessments, IT-enablement permits and certificates, simplification of labor laws, and repealing old laws to lower the regulatory burden.

Sector Opportunities

- With several GCC investors, including SWFs, having already committed investments, the relationship bodes well for further flow of capital in the country. The sectors offering investment opportunities in India include infrastructure, ICT, renewable energy, agriculture & food processing, healthcare & pharma, oil & gas, and chemicals.

2. GCC-India Economic Ties

Commercial ties between the GCC and India have experienced further advancement amid a rise in cross-border investments, co-operation in trade, diaspora engagement, counter-terrorism, and security co-operation

The GCC nations and India have traditionally been of high significance to each other, enabling the two regions to build cordial relations and co-operation over the past few decades. The trade and investment relationship between the two regions has been built over a strong foundation, largely driven by India's historical dependence on the GCC's hydrocarbon exports and the six-nation bloc's dependence on India for human capital, food security, agricultural exports, and business services, among others. These commercial ties have experienced further advancement amid a rise in cross-border investments, co-operation in trade, diaspora engagement, counter-terrorism activities, and security co-operation. The GCC also remains strategically significant for India due to its location at the crossroads of major international trade routes through which energy and other goods flow between the Middle East, Europe, and Asia. Acknowledging the potential, the regions have held leadership level visits and talks in recent years to explore new areas of co-operation. As such, investors from both the regions stand a chance to make the most of the emerging opportunities from the deepening partnership between the GCC and India.

The GCC's 'Look East' policy has been complemented by India's 'Look West' policy over the last decade. While the GCC aims to promote trade and investment amid a rise in industry and new technologies in Asia through its policies, India primarily aims at energy security in addition to cultural, political, and economic co-operation with the region. The GCC has thus emerged as one of the most important trading partners of India, especially due to growth in oil exports. GCC's total bilateral trade with India has increased at a CAGR of 12.3% between FY 2017-18 and FY 2022-23 on account of increasing economic engagement between the two regions. Notably, the UAE and Saudi Arabia have substantially increased their trade engagements with India in recent years and have emerged as India's third and fourth largest trading partners, respectively[1]. Free trade agreement (FTA) negotiations between the two blocs, which have been ongoing since 2004, are expected to provide new impetus to multiple sectors. With India emerging as the fastest growing major economy with a 1.4 billion consumer base[2], it continues to offer a spectrum of opportunities for GCC investors. On the other hand, GCC's affluent and diverse consumer base, coupled with its economic diversification initiatives, present strong potential for Indian companies looking to establish base the region.

2.1. Co-operative Relationship & Alliances

Both India and the GCC are undergoing significant transition, with the respective governments moving ahead with their economic integration and diversification efforts. As these nations continue to grow and develop their economies, India and the GCC's foreign policy and international relations are expanding to newer avenues. In recent years, the areas of co-operation between the two regions have expanded beyond investments, and trade & commerce, to include human resource exchange and development, and security.

Diaspora Links

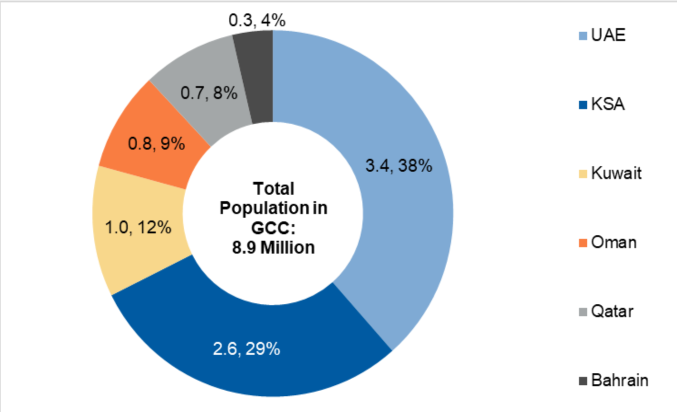
As of 2022, the GCC was home to more than 8.9 million NRIs, accounting for more than 66% of total NRIs globally

India and the GCC have substantial diaspora ties with millions of Indians living in the Gulf nations, contributing to the growth of both the regions[3]. As of 2022, the GCC was home to more than 8.9 million non-resident Indians (NRI), accounting for more than 66% of the total NRIs globally (approximately 13.6 million NRIs around the world)[4]. The UAE accounted for the highest share of NRIs in the region (~38%), followed by Saudi Arabia (~29%) and Kuwait

[1] Source: Department of Commerce - India
[2] Source: "World Economic Outlook Database", IMF, April 2024
[3] Source: "Indian Emigration to GCC Countries: Impact of remittances on the social protection of families", Routed Magazine – Migration & Mobility, July 15, 2023
[4] Source: "Population of Overseas Indians - 2022", Ministry of External Affairs (India)

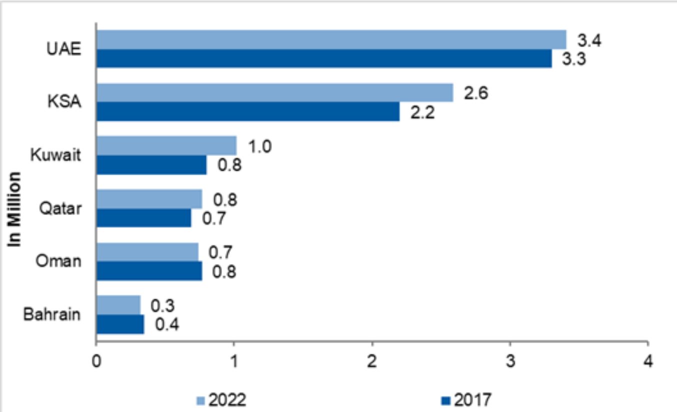
(12%) (see Exhibit 1). The concentration of NRIs in the GCC is much higher than that in the Americas and the EU regions, which accounted for 11.0% and 7.0% of the total, respectively, as of 2022. Most notably, the Indian diaspora makes up a sizeable proportion of the GCC work force, largely due to the region's proximity to homeland, better pay scale and higher standards of living. Although the UAE accounted for the highest proportion of Indians living in the GCC, Saudi Arabia recorded the fastest growth (3.4% CAGR) of Indian migrants setting base in the Kingdom between 2017 and 2022 (see Exhibit 2)[5]. Notably, Indian entrepreneurs have been setting up businesses in the GCC to capitalize on the demand for goods and services from its widespread diaspora. Some of the well-known companies established by Indians in the region include Aster DM Healthcare, GEMS Education, Landmark Group, Lulu Group, and VPS Healthcare.

Exhibit 1: NRI Population in the GCC (2022)



Source: Ministry of Statistics, Ministry of External Affairs

Exhibit 2: Growth in NRI Population in the GCC Nations



Source: Ministry of Statistics, Ministry of External Affairs

Amid a steady migration of skilled workers, the GCC nations have emerged as an important source of remittances for India. During FY 2021-22, India received foreign inward remittances of US$ 89.1 billion, the highest received in a single year. The GCC alone accounted for more than 29% of the total inward remittance for India during the year. Amongst the GCC nations, UAE accounted for 18.0% of the total, followed by Saudi Arabia (5.1%), Kuwait (2.4%), Oman (1.6%), and Qatar (1.5%)[6].

Socio-cultural Links

Strengthening bilateral ties has promoted cultural exchanges and tourism, which has helped foster mutual understanding and goodwill between the two regions

Strengthening bilateral ties has promoted cultural exchanges and tourism between the two regions, which has helped foster mutual understanding and goodwill. India has also evolved as a major source market for the Gulf countries, largely aided by its proximity, affordability and attractiveness for leisure activities. In 2022, India was the largest tourism source market for the GCC nations with more than 6.2 million tourist arrivals[7]. UAE witnessed approximately 5 million Indian tourist arrivals in 2022, the highest among all foreign nationalities. On the other hand, Saudi Arabia welcomed 1 million Indians in 2022 while Qatar witnessed 60,000 Indian visitors for the FIFA World Cup 2022. The number of tourist arrivals from India is expected to further reach 9.8 million in 2024 as the GCC nations continue their tourism promotion and marketing in the country. Moreover, the number of direct flights between India and the GCC countries have grown over the years. Emirates alone operates over 170 weekly flights while Etihad has 118 weekly flights. Among other

[5] Source: "Population of Overseas Indians - 2022", Ministry of External Affairs (India); Ministry of Statistics (India)
[6] Source: "India received highest ever foreign inward remittances in a single year of $89,127 million in FY 2021-22", Ministry of Finance, February 07, 2023
[7] Source: "Gulf Co-operation Council (GCC) Destination Tourism Market Insights, Foreign Direct Investment, Source Markets and Opportunities, 2023 Update", Global Data, October 24, 2023

carriers, Gulf Air, Qatar Airways, Oman Air, flydubai, Saudia, and Air Arabia all run regular flights. To meet the growing demand from Indian travelers, operators such as Emirates, Qatar Airways, and Jazeera Airways have all called for an increase in air traffic rights to and from India[8].

Defense & Security Co-operation

Evolving dynamics of geo-politics, especially in the regional security order has resulted in bilateral engagements between India and the GCC to increase their focus towards anti-terrorism operations

From a geopolitical standpoint, India and the GCC share a common goal for political stability and security. The evolving dynamics of geo-politics, especially in the regional security order, has resulted in bilateral engagements between the two regions to increase their focus towards anti-terrorism operations. Defense co-operation has been established with initial focus on maritime security, fighting piracy in the Western Indian Ocean, ensuring coastal security, tackling money laundering and organized crime[9].

Saudi Arabia and the UAE have established security agreements with India to cooperate and collaborate in joint defense production of spare parts for naval and land systems. The two nations have individually expanded their joint exercises with India while also expanding the exchange of visits by military officials between the nations. In addition to training of security personnel in various military institutes, they have extended ties to other areas such as intelligence sharing, counterterrorism, artificial intelligence, electronic warfare, and cybersecurity[10]. On the other hand, Oman and Bahrain have been expanding their long-standing defense partnerships with India in the fields of naval supply to counter transnational crime and terrorism. Kuwait and Qatar have also joined hands with India by signing a framework agreement on defense and security. Beyond this, India and the GCC have also engaged state-owned and private firms to promote collaborations in manufacturing advanced defense technologies[11]. The emergence of such shared security perceptions opens up new avenues for collaboration in the future.

Economic & Commercial Relationship

The GCC nations have shown strong desire to invest in India's natural gas, green hydrogen, and clean energy technologies

GCC's economic ties with India, especially in trade and investments, has grown significantly in recent years. During FY 2022-23, India's exports to the GCC stood at US$ 51.3 billion while its imports grew to US$ 133.2 billion, largely owing to energy resources (see Exhibit 3)[12]. In the first phase of India's Strategic Petroleum Reserve (SPR), Abu Dhabi National Oil Company (ADNOC) and the Indian Strategic Petroleum Reserves Ltd (ISPRL) had established a strategic crude oil storage of 5.9 million barrels in the southern Indian city of Mangalore[13]. Currently, India is executing the second phase of its SPR with several GCC countries expressing their interest in the same. The GCC nations have also shown strong desire to invest in India's natural gas, green hydrogen, and clean energy technologies. Considering Indian public sector units (PSUs) have invested in green energy technologies across the GCC, India's Standing Committee on External Affairs has recommended to incentivize Indian PSUs that invest in the GCC's renewable energy sectors. India has also been engaging with the GCC nations to set up a digital public infrastructure for bilateral trade in local currencies[14].

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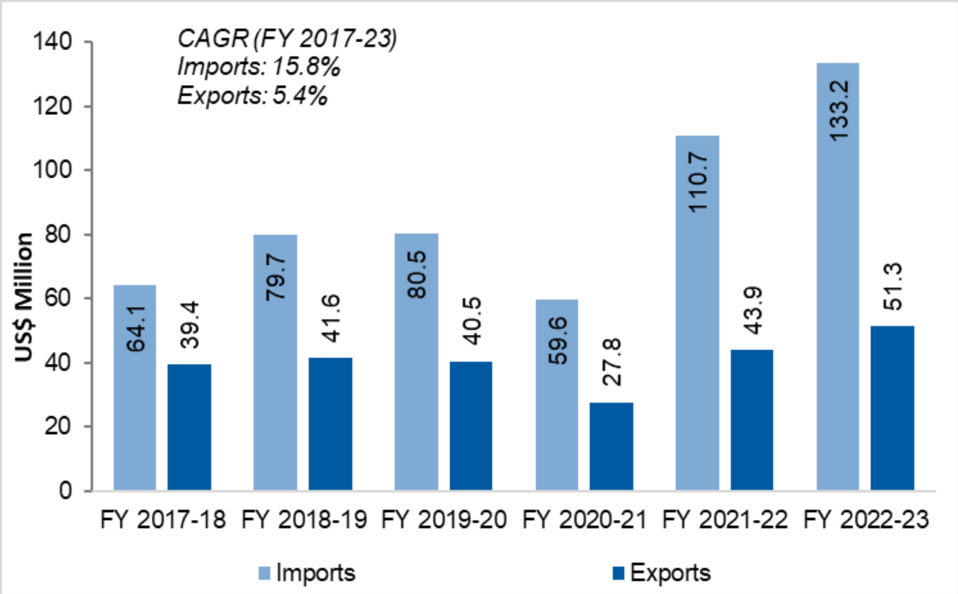
[8] Source: "India: Gulf's Tourism Goldmine", Travel Trends Today, April 18, 2023
[9] Source: "Security and Defence co-operation deepening between India and Gulf nations", Financial Express, September 21, 2022
[10] Source: "India's Defense Diplomacy in the Gulf Is Growing", The Diplomat, May 18, 2023
[11] Source: "India and the GCC: A Rising Security and Defence Partnership", Tillotoma Foundation, July 23, 2021
[12] Source: Department of Commerce - India
[13] Source: "ADNOC Signs Agreement For 5.86m Barrels Strategic Crude Oil Reserve in India", ADNOC, January 25, 2017
[14] Source: India and Gulf Co-operation Council - Standing Committee Report Summary, 2023

Exhibit 3: India-GCC Trade Statistics (FY 2017/18 – FY 22/23)



Source: Department of Commerce - India

India and the GCC have also been actively pursuing industrial developments in a bid to diversify their revenue sources

India and the GCC have also been actively pursuing industrial development in a bid to diversify their revenue sources. For instance, the India-GCC Industrial Conference has witnessed high participation by business leaders from both the regions since 2004 with the objective of identifying and showcasing specific projects for cross-border investment and partnerships[15]. Amid the sidelines of the India-GCC Industrial Conference 2022, UAE and India have agreed to set up a US$ 75 billion Infrastructure Investment Fund to support investments over a 10-year period in India[16]. Given the strong growth prospects of the Indian economy, the GCC nations have shown desire towards increased investment in sectors such as renewable energy, healthcare, education, food processing, manufacturing and services among others.

2.2. Trade Links

Between FY 2017-18 and FY 2022-23, bilateral trade between India and the GCC grew at a CAGR of 12.3% to reach US$ 184.6 billion

Due to growing economic relations between the two regions, GCC's bilateral trade with India has expanded significantly in recent years[17]. Between FY 2017-18 and FY 2022-23, bilateral trade between India and the GCC grew at a CAGR of 12.3% to reach US$ 184.6 billion. While the GCC's total exports to India has grown at a CAGR of 15.8% over the five-year period, its imports have risen at a CAGR of 5.4% (see Exhibit 4)[18]. Bilateral trade in services between GCC and India was valued at about US$ 14 billion during FY 2021-22, with GCC imports amounting to US$ 8.3 billion and exports amounting to US$ 5.5 billion[19].

The GCC nations have predominantly exported crude oil and natural gas to India and imported food/agricultural products, pearls, precious and semi-precious stones, metals, imitation jewelery, electrical machinery, iron and steel, and chemicals among other commodities. The region exported around US$ 48 billion of crude oil, accounting for almost 35% of India's oil imports during FY 2021-22, and made up approximately 70% (US$ 21

[15] Source: "5th India - GCC Industrial Conference: "Stronger Partners in the World of Opportunities", CII, December 2022
[16] Source: "UAE to invest $75bn in India, partner on clean energy: Piyush Goyal at Dubai expo", Hindustan Times, October 03, 2021
[17] Source: "India's bilateral trade with GCC witness rapid expansion", The Economic Times, June 6,2022
[18] Source: Department of Commerce - India
[19] Source: Department of Commerce - India

billion) of its gas imports[20]. High export of hydrocarbon has led to the GCC enjoy a significant trade surplus with India, which expanded to US$ 81.9 billion in FY 2022-23 from 24.7 billion in FY 2017-18 (see Exhibit 4). Amongst the GCC nations, UAE remained the highest exporter to India while also accounting for the largest share of imports from India. The main products that UAE exported to India in FY 2022-23 include crude petroleum (US$ 14.8 billion), diamonds (US$ 9.9 billion), and petroleum gas (US$ 6.6 billion). On the other hand, GCC's imports from India reached US$ 51.3 billion in FY 2022-23, an 84.5% increase from the COVID-19 induced slowdown during FY 2020-21[21]. GCC's top five imports from India during the period included mineral fuels (~25.8%), precious stones (~14.5%), electrical machinery (~7.7%), automobiles & components (~5.5%), and organic chemicals (~2.9%)[22].

Exhibit 4: GCC-India Trade Statistics (FY 2017/18 – FY 2022/23)

Country	FY 2017-18			FY 2018-19			FY 2019-20			FY 2020-21			FY 2021-22			FY 2022-23		
US$ BN	E	I	T	E	I	T	E	I	T	E	I	T	E	I	T	E	I	T
Saudi Arabia	22.1	5.4	**27.5**	28.5	5.6	**34.0**	26.9	6.2	**33.1**	16.2	5.9	**22.0**	34.1	8.8	**42.9**	42.0	10.7	**52.8**
UAE	21.7	28.1	**49.9**	29.8	30.1	**59.9**	30.3	28.9	**59.1**	26.6	16.7	**43.3**	44.8	28.0	**72.9**	53.2	31.6	**84.8**
Oman	4.3	2.4	**6.7**	2.8	2.2	**5.0**	3.7	2.3	**5.9**	3.1	2.4	**5.4**	6.8	3.1	**10.0**	7.9	4.5	**12.4**
Kuwait	7.2	1.4	**8.5**	7.4	1.3	**8.8**	9.6	1.3	**10.9**	5.2	1.1	**6.3**	11.0	1.2	**12.2**	12.2	1.6	**13.8**
Qatar	8.4	1.5	**9.9**	10.7	1.6	**12.3**	9.7	1.3	**11.0**	7.9	1.3	**9.2**	13.2	1.8	**15.0**	16.8	2.0	**18.8**
Bahrain	0.4	0.6	**1.0**	0.5	0.7	**1.3**	0.4	0.6	**1.0**	0.5	0.5	**1.1**	0.8	0.9	**1.7**	1.0	1.0	**2.0**
Total	**64.1**	**39.4**	**103.5**	**79.7**	**41.6**	**121.3**	**80.5**	**40.5**	**120.9**	**59.6**	**27.8**	**87.3**	**110.7**	**43.9**	**154.7**	**133.2**	**51.3**	**184.6**

Source: Department of Commerce – India

Note: I = Imports by GCC, E = Exports by GCC, T = Total Bilateral Trade

2.3. Recent Strategic Developments

The finalization of the long-delayed FTA between the GCC and India will help regulate the ties and further boost trade and economic co-operation between the regions

Over the last decade, India and the GCC nations have intensified efforts to strengthen their strategic relationship. The initiatives have been largely focused towards fostering bilateral relations, and initiating discussions on opportunities for co-operation and combating terrorism. At the sidelines of the G20 summit in September 2023, regional leaders announced plans for an India-Middle East-Europe Economic Corridor (IMEC). Saudi Arabia, UAE, India, the European Union and the US signed a MoU committing to work together to advance the project. While the project plan remains at a nascent stage of development, it initially proposes a ship-to-rail transit network that will supplement existing maritime and road transport routes. The project's physical infrastructure includes railway lines connecting the UAE to Israel via Saudi Arabia and Jordan, as well as electric cables to enhance digital connectivity and pipes for clean hydrogen export. While the northern corridor will connect the GCC to Europe, the eastern corridor will connect India to the Arabian Gulf region[23]. The growing synergy between the GCC and India has led to the possibility of sealing the long-delayed free trade agreement (FTA)[24]. In 2023, both the regions agreed to resume discussions on concluding the FTA with fresh negotiations. There are several focus areas which have been identified by the two regions, including food security, supply chain, healthcare and pharma, energy security, renewable energy/green hydrogen, chips and

[20] Source: "India-GCC trade hits $154bn", Arabian Business, December 28, 2022
[21] Source: Department of Commerce - India
[22] Source: OEC World – International Trade Data; Department of Commerce - India
[23] Source: "india-middle east-europe economic corridor is a strategic and economic game changer for india and others", Ministry of Finance (India), February 1, 2024
[24] Source: "Hope India-Gulf Co-operation Council FTA becomes a reality: Official", Business Standard, July 12, 2023

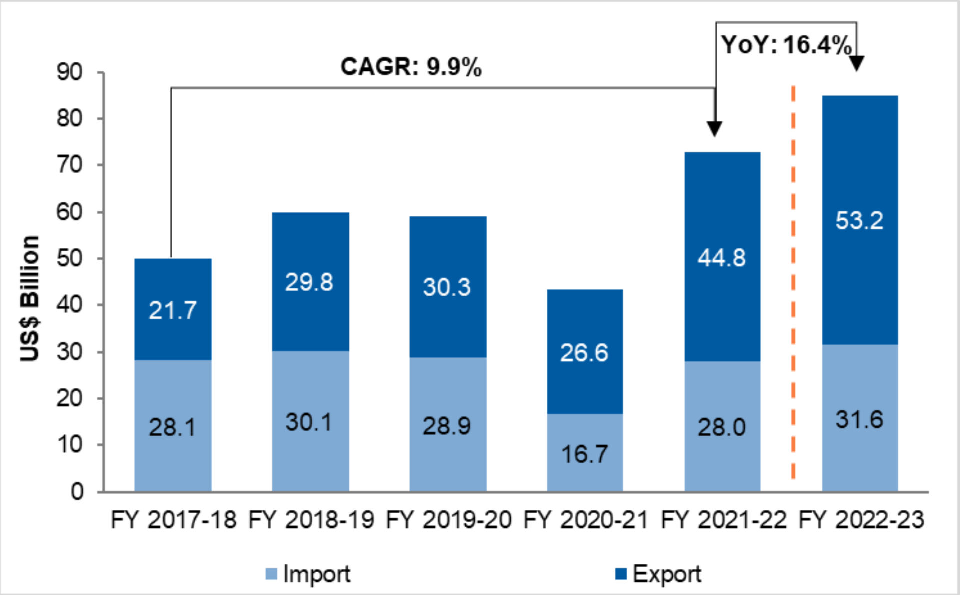
semiconductors, and technology including FinTech and EdTech. There also exists a huge potential in industries such as tourism, entertainment and culture, where most of the GCC governments are keen to build partnerships with India[25]. The finalization of the treaty is likely to help regulate the ties and further boost trade and economic co-operation between the regions. In the meanwhile, India has already signed bilateral trade agreements with some of the GCC countries and is in negotiations with others.

Areas of Co-operation and Partnership with GCC Nations

During the past one year, CEPA has made a significant impact on India's bilateral trade with the UAE and particularly India's exports to the UAE

UAE has a strong and strategic relationship with India built on cultural values and economic links that have developed over time. The signing of the Comprehensive Economic Partnership Agreement (CEPA), an FTA between India and the UAE in February 2022, marked the beginning of a deeper economic partnership that aims to increase trade and investment between the two countries by lowering trade obstacles and boosting economic co-operation[26]. As part of the agreement, UAE eliminated duties on 97.4% of its tariff lines corresponding to 99% of imports from India under the goods domain. India has obtained duty elimination on over 80% of its tariff lines corresponding to 90% of India's exports in value terms. This agreement is expected to increase the total value of bilateral trade in goods to over US$ 100 billion and trade in services to over US$ 15 billion within five-years[27]. In the services domain, broader commitments have been taken across 11 service sectors and modes of supply. Out of the 160 services sub-sectors, India has offered 100 sub-sectors to the UAE and the UAE has offered 111 sub-sectors to India[28]. The deal is expected to add US$ 9 billion to the UAE's GDP by 2030[29]. This further opens new investment opportunities as well as avenues for Indian brands to gain access to the wider GCC region.

Exhibit 5: UAE-India Bilateral Trade (Pre- and Post-CEPA)



Source: Department of Commerce - India

UAE has made significant investments in India, totaling to around US$ 36.6 billion between 2003 and 2022. Concurrently, Indian investments in the UAE reached a

[25] Source: "Hope India-Gulf Co-operation Council FTA becomes a reality: Official", Business Standard, July 12, 2023
[26] Source: "India's Trade and Investment Ties with the Gulf Co-operation Council (GCC)", India Briefing, January 31, 2023
[27] Source: "India-UAE Comprehensive Economic Partnership Agreement (CEPA) enters into force", Ministry of Commerce & Industry, May 01, 2022
[28] Source: "CEPA is the growth engine for India-UAE bilateral trade", India – Ministry of Commerce & Briefing, May 01, 2023
[29] Source: "The UAE welcomes a wider India-GCC trade agreement", Mint, March 25, 2022

significant level of around US$ 30.5 billion during the same period[30]. These investments have been made in a wide range of industries including communications, software and IT services, real estate, consumer goods, the automobile industry, renewable energy, metals, hotels, and tourism. Furthermore, India and the UAE are both prominent participants in international forums such as the G20 and the BRICS. These conferences serve as a forum for dialogue and collaboration on a variety of global issues, including economic stability and development. India and the UAE have also become a part of I2U2 (India-Israel-US-UAE) economic framework, under which UAE has announced an investment of US$ 2 billion to develop integrated food parks in India. Recently, the two countries finalized four agreements, including strategic collaboration in key sectors including food processing, renewable energy, healthcare and logistics to take forward co-operation within the I2U2 grouping[31].

Saudi Arabia has emerged as India's fourth largest trading partner globally[32]. In September 2023, the Kingdom signed a Memorandum of Understanding (MoU) with India on energy co-operation, a significant step forward in bilateral collaboration in renewable energy, hydrogen, and electricity, as well as power grid interconnection between the two countries. Under this agreement, a trilateral West Coast Refinery project involving Saudi Arabia's ARAMCO, UAE's ADNOC and Indian Oil Marketing Companies, is set to receive US$ 50 billion investment that has been already earmarked (50% of the total commitment). The facility, which will be built in Ratnagiri, Maharashtra, is estimated to have a capacity of 60 million tons per year**.** When completed, it will be one of the world's largest refineries. The project includes maritime storage and port infrastructure, crude oil terminals, storage and blending plants, desalination plants, utilities, and other vital infrastructures[33].

Commencement of full-fledged trade deals between the GCC nations and India will facilitate an open and non-discriminatory environment for cross-border trade

Qatar already has bilateral agreements on customs cooperation, and double tax and investment protection agreements with India[34]. The country ranks among the top three exporting nations for India with the latter also being one of the top three import sources for Qatar alongside China and the US. Qatar remains India's top LNG exporter, accounting for more than 48% of India's total LNG imports. In addition to LNG, Qatar exports ethylene, propylene, ammonia, urea, and polyethylene to India. Qatar's imports from India have also increased significantly in recent years, thanks to the opening of direct shipping routes connecting Indian ports with Qatar. Import of commodities such as food, vegetables, medications, metals, and construction materials from India have all witnessed a surge in recent years[35]. In 2021, Oman announced plans to pursue a FTA with India[36]. The countries are reportedly close to finalizing the proposed CEPA aimed at facilitating easier access to each other's markets. As part of the FTA, Oman aims for enhanced access to goods such as downstream petroleum products, fertilizer, and iron and steel products in the Indian market while India is seeking reduced tariffs on exports such as rice, pharmaceuticals, petroleum, and steel products[37]. The commencement of full-fledged trade deals between the GCC nations and India will not only facilitate an open and non-discriminatory environment for cross-border trade but also use international standards as a basis for technical regulations.

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[30] Source: "India & UAE have strong economic partnership says UAE Minister Al Sayegh", WION, October 7, 2023
[31] Source: "India, UAE ink key deals to strengthen I2U2 bloc", Hindustan Times, January 10, 2024
[32] Source: Department of Commerce - India
[33] Source: "India and Saudi Arabia sign Agreement on Co-operation in Energy Sector, Ministry of New & Renewable Energy India, September 11, 2023
[34] Source: Trade Agreements – Qatar Free Zones
[35] Source: "India-Qatar Bilateral Relations", Ministry of External Affairs India, 2023
[36] Source: "India's Trade and Investment Ties with the Gulf Co-operation Council (GCC)", India Briefing, January 31, 2023
[37] Source: "India and Oman Reportedly Close to Signing a Free Trade Deal", India Briefing, February 27, 2024

GCC Economic Landscape

GCC in 2023
GDP: **US$ 2.1 trillion**
Avg. GDP per Capita:
US$ 68,169

Main Industries
Oil & Gas, Construction, Retail, Tourism, and Healthcare

Real GDP Growth
FY 2023: 0.4%

Real GDP Growth Forecast
FY 2024: 2.4%

Top Importers from GCC
(2022)
China, India, Japan, South Korea, and USA

Top Exporters to GCC
(2022)
China, India, USA, UK, and Germany

GCC FDI Inflow by Country
(2023)
UK, USA, Japan, France, China

Cumulative FDI Inflow/Outflow

Top Sectors Receiving FDI
(2023)
ICT, Hydrocarbons, Financial Services, Healthcare, Real Estate

Cumulative FDI Inflow in GCC (2018-22)
US$ 155.9 billion

Cumulative FDI Outflow from GCC (2018-22)
US$ 184.6 billion

India-GCC FDI Inflow/Outflow

Cumulative FDI into GCC from India (2018-22)
US$ 5.4 billion

Cumulative FDI from GCC to India (2018-22)
US$ 13.6 billion

Demographics

Total Population: **57.4 million**
Labor Force: **~31.3 million**
Youth Population: **~11.8 million**
(10-24 year-olds)

Source: IMF (April 2024), UNCTAD, Individual countries' Ministry of Statistic

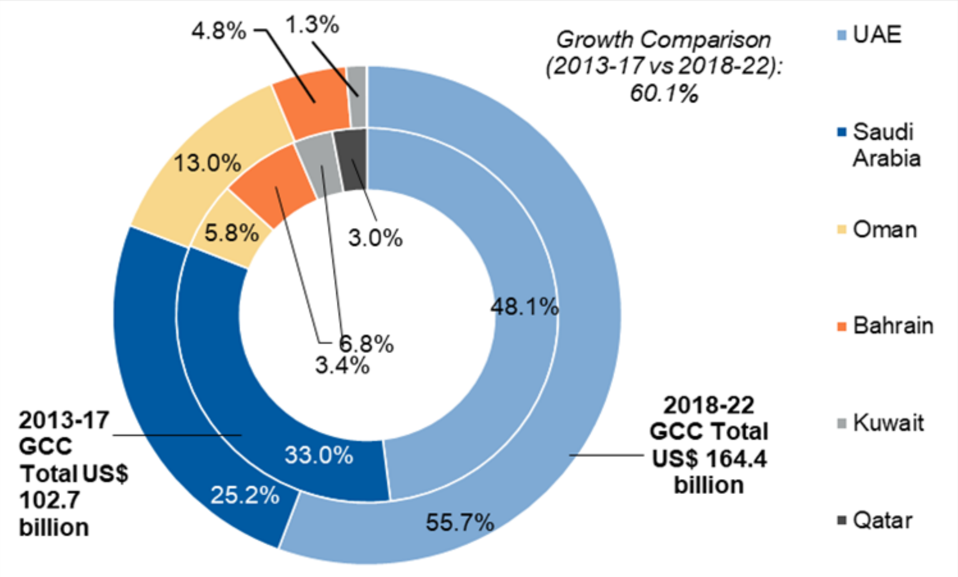
3. GCC Investment Landscape

Over the past couple of decades, the GCC has attracted increasing interest from around the world as an investment destination

Over the past couple of decades, the GCC has attracted increasing interest from around the world as an investment destination. This has been largely aided by the continuous efforts of the regional governments to encourage foreign direct investment (FDI) through their economic diversification strategies. Some of the other key factors that have contributed to the region as an attractive destination for investors include its political and economic stability, favorable government policies, low tax environment, growing number of free zones, an evolving business environment for entrepreneurship, and robust capital markets[38]. The region's strategic location also plays a vital role in connecting countries across regions, thus positioning it as a viable trading hub between the East and West. On the other hand, most of the GCC currencies' peg to the US dollar also allows investors to mitigate potential risks while securing economic interests. This, coupled with the region's strong GDP growth despite global uncertainty, has resulted in medium to long-term asset value appreciation without the risk of foreign exchange volatility[39].

3.1 Investment Flows – FDI

Exhibit 6: Cumulative FDI into GCC (2013-17 vs 2018-22)



Source: UNCTAD

Cumulative FDI inflows in the GCC during 2018-22 reached US$ 164.4 billion, up 60.1% from the total inflow of US$ 102.7 billion during 2013-17

Amid strong economic advancements, cumulative FDI inflows in the GCC during 2018-22 reached US$ 164.4 billion, up 60.1% from the total inflow of US$ 102.7 billion during the 2013-17 period[40] (see Exhibit 6). The UAE accounted for the highest share (55.7%) of cumulative FDI inflow among the GCC nations during 2018-22, marking a 85.5% increase from the 2013-17 period. Notably, the UAE ranks 1st for FDI in both West Asia and the MENA region, making up over 41% (West Asia) and 32% (MENA) of the total FDI in these two regions. In 2022, the country was ranked 16th globally for FDI inflow[41]. The UAE also

[38] Source: "How Gulf Cooperation Council Initiatives Are Shifting The Foreign Investment Landscape", Forbes, March 27, 2023
[39] Source: "Investment opportunities are shining a light on the GCC", The National News, January 12, 2023
[40] Source: World Investment Reports - UN Conference on Trade and Development (UNCTAD)
[41] Source: "As the UAE's foreign investment soars, Dubai reigns as India's prime destination for FDI", The Economic Times, October 20, 2023

attracted the fourth-highest number of greenfield projects in the world during 2022[42]. On the other hand, cumulative FDI inflow into Saudi Arabia, the region's largest economy, grew by 22.1% to reach US$ 41.4 billion during 2018-22 from US$ 33.9 billion during the 2013-17 period. However, the share of cumulative FDI inflow into the Kingdom declined from 33.0% to 25.2% between the two time periods.[43]. Among the other GCC nations, Oman and Bahrain witnessed a rise in the share of cumulative FDI inflows between the two periods while Kuwait and Qatar recorded a fall (see Exhibit 6)[44].

Investment Flows from India

Exhibit 7: Annual FDI into GCC from India (US$ million)

Country	2018	2019	2020	2021	2022	2023	Cumulative (2018-22)	Cumulative (2013-17)
UAE	998.4	373.8	796.4	917.1	835.4	2,050.3	3,921.2	8,216.4
Bahrain	1.8	1.6	5.2	121.3	10.6	8.7	140.4	32.1
Qatar	9.8	13.4	6.5	0.6	0.7	1.0	30.9	64.0
Oman	43.1	42.9	7.1	11.0	23.4	14.3	127.5	669.5
Saudi Arabia	90.2	959.9	27.6	51.7	10.3	79.7	1,139.6	768.1
Kuwait	0.3	NA	NA	NA	NA	NA	0.3	9.2
Total FDI from India	**1,143.5**	**1,391.5**	**842.8**	**1,101.6**	**880.4**	**2,153.9**	**5,359.8**	**9,759.3**
GCC's Total Inward FDI	**20,759.6**	**25,760.1**	**27,000.1**	**45,226.6**	**37,123.7**	**NA**	**155,870.1**	**102,695.5**
India's Share in Total FDI into the GCC	**5.5%**	**5.4%**	**3.1%**	**2.4%**	**2.4%**	**NA**	**3.4%**	**9.5%**
India's Total FDI Outflow	**14,556.6**	**15,985.2**	**22,994.5**	**28,651.4**	**24,439.9**	**19,969.6**	**126,597.3**	**157,123.6**
GCC's Share in Total FDI from India	**7.9%**	**8.7%**	**3.7%**	**3.8%**	**3.6%**	**10.8%**	**5.0%**	**7.4%**

Source: RBI, Department of Commerce (India), UNCTAD

Note: FDI numbers are Equity FDI as defined by the RBI and UNCTAD

The GCC offers Indian investors a strategic global foothold due to its business-friendly environment, favourable tax regime, and transparent regulations

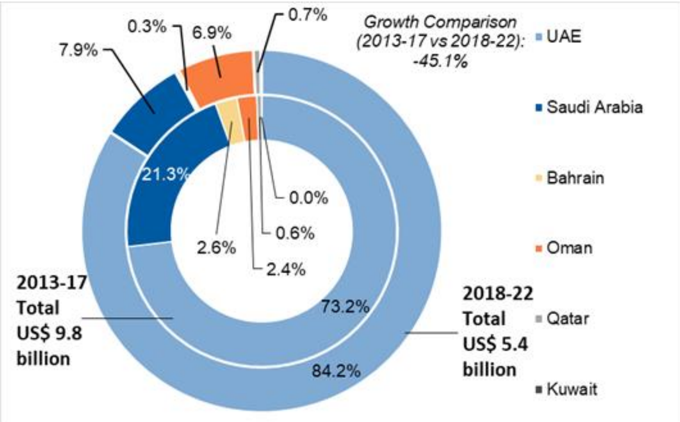
The GCC offers Indian investors a strategic global foothold due to its business-friendly environment, favourable tax regime, and transparent regulations. With the recent announcement of the India-Middle East-Europe Corridor (IMEC) during the 2023 G20 summit, the proposed transnational rail and shipping route is expected to further stimulate economic developments through enhanced connectivity between the GCC and India. Although GCC-India trade has flourished in recent years, when it comes to FDI, India's share of total FDI into the GCC has been on a decline (see Exhibit 7). Cumulative FDI from India to the GCC declined by 45.1% to reach US$ 5.4 billion during 2018-22 compared to US$ 9.8 billion garnered during the 2013-17 period (see Exhibit 8). Consequently, India's share of total FDI into the GCC declined from 9.5% during 2013-17 to 3.4% during 2018-22. In fact, India's total FDI outflow between these two five-year periods declined by 19.4% largely due to a COVID-induced slowdown in economic and business activities, especially in developed markets (see Exhibit 9). UAE has remained the largest beneficiary of Indian FDI due to factors such as political and economic stability, low taxes, free zones, government-backed business environment for entrepreneurship, and robust capital markets. Post the COVID-19 induced slowdown, Indian FDI into GCC increased 30.7% y-o-y during 2021 to reach US$ 1.1 billion with UAE accounting for approximately 95% of the funding. Although the flow of funds in the GCC from Indian investors declined during 2022 due to external geopolitical concerns, UAE has continued to witness substantial investments (see Exhibit

[42] Source: "UAE attracts record $23 billion in foreign investment in 2022, UN report says", Reuters, July 6, 2023
[43] Source: World Investment Reports - UN Conference on Trade and Development (UNCTAD)
[44] Source: World Investment Reports - UN Conference on Trade and Development (UNCTAD)

7). In 2023, FDI from India jumped 144.6% y-o-y to reach US$ 2.2 billion compared to US$ 880.4 million in 2022. Notably, GCC's share in total FDI from India, which had more than halved in 2022 compared to 2018, witnessed a strong rebound to account for 10.8% in 2023. On the other hand, GCC's share in cumulative FDI from India during 2018-22 dropped to 5.0% compared to 7.4% during the 2013-17 period[45].

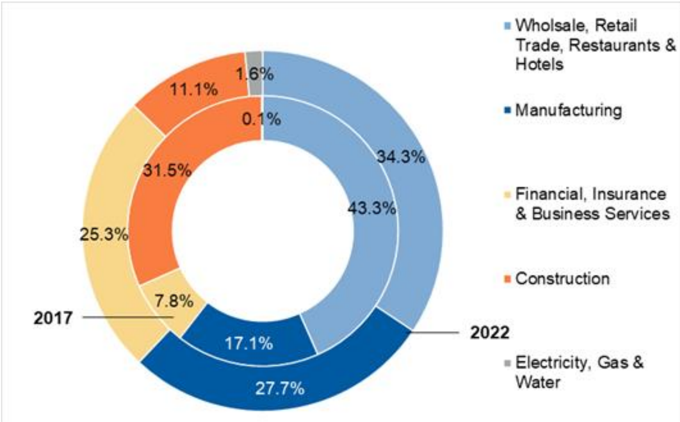
Indian FDI into the GCC manufacturing and financial & business services sectors has grown substantially since 2017, while investments in construction activities have witnessed a decline (see Exhibit 9)[46].

Exhibit 8: India Outward FDI into GCC (2013-17 vs 2018-22)



Source: Reserve Bank of India (RBI)

Exhibit 9: Top 5 Sectors with Highest FDI from India (2017 vs 2022)



Source: Reserve Bank of India (RBI)

3.2 Growth Drivers

Resilient Economy

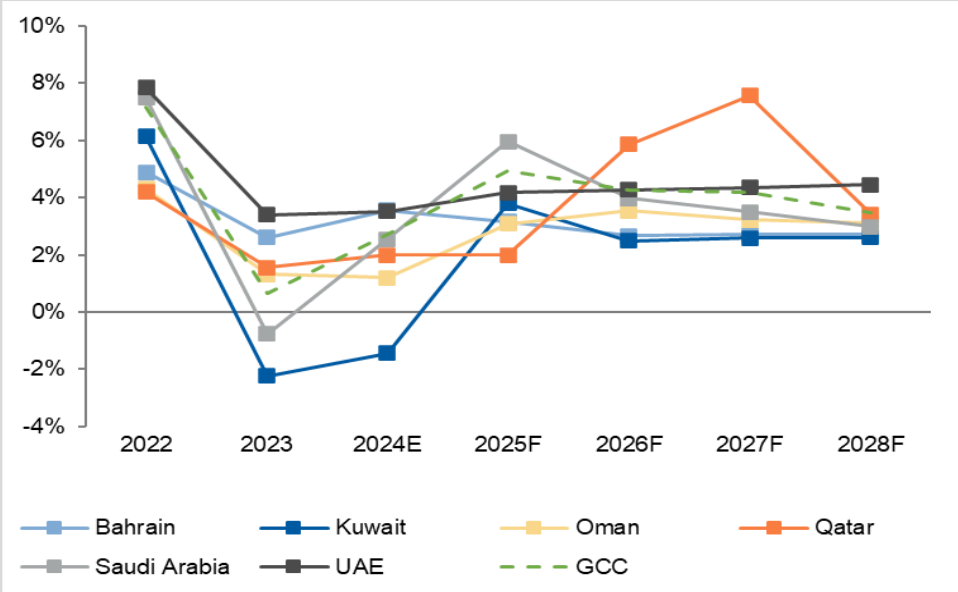
The region's strong economic growth prospects, largely centered on the region's non-oil economy, is likely to help the GCC draw significant investments in the long-run

Despite the global economic slowdown, GCC economies have exhibited strong resilience in 2022 to register a growth of 7.7% (see Exhibit 10)[47]. The region's non-hydrocarbon GDP grew by 5.3% in 2022 while hydrocarbon GDP grew by 7.8% in 2022, largely supported by global cyclical momentum. Factors such as the GCC nations' ambitious reform agendas, including social and business-friendly reforms, efforts to enhance fiscal sustainability, coupled with the governments' continuous efforts towards upgrading their infrastructure through investments in strategic sectors have helped the region remain buoyant[48]. At the same time, improvements in per capita income (21.2% growth between 2020 and 2022) due to revival in the employment levels have boosted domestic demand[49]. Although the GCC witnessed a slowdown (0.4% GDP growth) in 2023 due to OPEC+ oil production cuts[50] coupled with increasing concerns stemming from the ongoing geo-economic fragmentation, non-oil GDP is likely to continue growing at 3.8% and boost economic activity[51]. According to the IMF, GCC's GDP growth is expected to stabilize and range between 2.4% and 3.5% between 2024 and 2028, surpassing the growth projections of nations like the US, UK, Singapore, Japan, and Germany during the same period[52]. The strong economic growth

[45] Source: Source: RBI, Department of Commerce (India), UNCTAD
[46] Source: Reserve Bank of India (RBI) – Foreign Investment Statistics
[47] Source: "World Economic Outlook Database", IMF, April 2024
[48] Source: "Economic Prospects And Policy Priorities For The GCC Countries", IMF, December 2023
[49] Source: "World Economic Outlook Database", IMF, October 2023
[50] Source: "OPEC+ announces surprise oil output cuts", Reuters, April 3, 2023
[51] Source: "World Economic Outlook Database", IMF, April, 2024
[52] Source: "World Economic Outlook Database", IMF, April, 2024

prospects, largely centered on the region's non-oil economy, coupled with the substantially improved business environment is likely to help the GCC draw significant investments in the long-run.

Exhibit 10: GCC Real GDP (Growth %)



Source: IMF - April 2024

Diversification Strategies

UAE and Saudi Arabia have been leading the other GCC countries in terms of providing an enabling environment for business and entrepreneurship

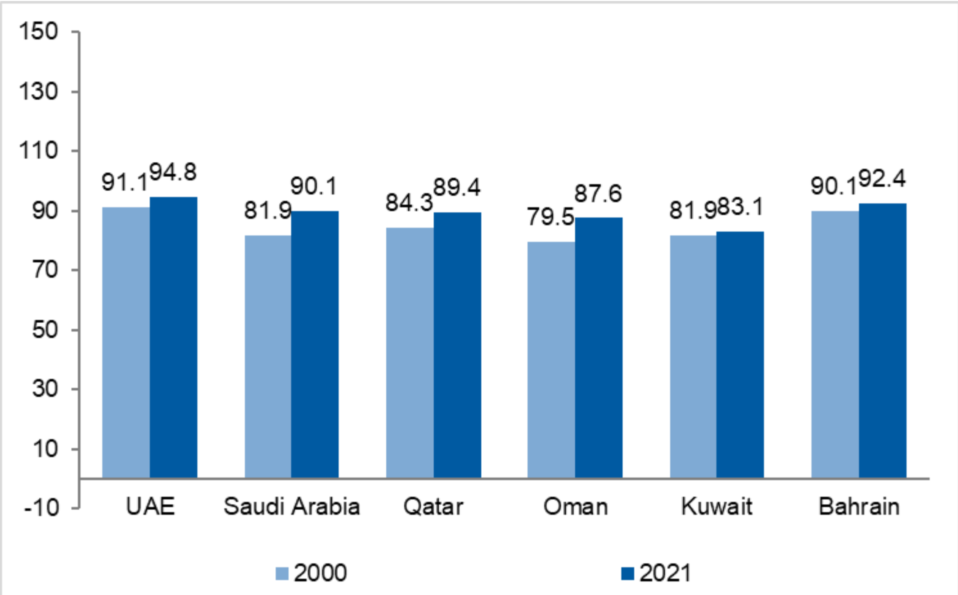
The GCC countries have been actively working towards diversifying their economies away from hydrocarbon and foster competitiveness in the non-oil economy. In order to achieve this, the regional governments have embedded economic diversification into their national visions and established commissions to better integrate the private sector into the ongoing economic activities. The UAE and Saudi Arabia have been leading the other GCC countries in terms of providing an enabling environment, especially enhancing their existing infrastructure through large scale investments, for businesses and entrepreneurship to prosper. Efforts made by the governments include several initiatives such as adopting structural reforms to liberalize residencies, offering funding to attract start-ups and boost entrepreneurship, and building international connectivity along with a robust logistics network. Most notably, Saudi Arabia has opened up its economy and seeks to transform the Kingdom into a futuristic economic zone and a destination for tourists from all over the world. In addition to investment in infrastructure and culture, the government has emphasized on social and economic development while also continuing to revamp its business laws to persuade foreigners to engage capital[53]. Milestone policy changes in the Kingdom include allowing 100% foreign ownership of companies, creating a dispute settlement and bankruptcy law, and rolling out digital licensing procedures among others. Saudi Arabia has also maintained fiscal incentives such as zero personal income tax and a 20% flat tax on corporates, to boost the private sector[54]. This has also had a positive impact on the creation of employment opportunities across multiple industries. For instance, Saudi Arabia's private

[53] Source: "7 Examples of How Saudi Arabia Is Opening Up to the World to Become a New Dubai", The Atlas Report – Geopolitical Analysis, March 21, 2023
[54] Source: "Saudi Arabia Opens Its Doors – Economic, Policy & Regulation", Global Finance Magazine, February 03, 2024

sector workforce has grown to reach 2.6 million in early 2023 with labor force participation of Saudi women more than doubling from 17.4% in 2017 to 36% in the first quarter of 2023[55].

In addition to focusing towards enhancing key economic sectors, the GCC nations have also been establishing new agendas targeting local manufacturing and exports. For instance, the UAE launched the 'We the UAE 2031' Vision in 2022 that aims to increase non-oil exports to AED 800 billion (US$ 217 billion) from current levels of approximately AED 350 billion (US$ 95.3 billion). Similarly, it launched the 'Operation 300 billion' industrial strategy that aims to more than double the industrial sector's contribution to the GDP from AED 133 billion (US$ 36.2 billion) in 2022 to AED 300 billion (US$ 81.7 billion) by 2031[56]. Consequently, the governments have been investing heavily towards capacity development to increase industrial contribution and create a robust ecosystem that can generate home-grown manpower. Largely driven by such broad initiatives, the UAE ranked top amongst the GCC nations in the 2023 Global Economic Diversification Index. The country was closely followed by Bahrain and Saudi Arabia wherein significant improvements were witnessed across multiple parameters of trade, output and revenue generated (see Exhibit 11)[57].

Exhibit 11: Economic Diversification Index (2000 vs 2021)



Source: Global Economic Diversification Index 2023

Note: The series is based on a multidimensional index which quantifies diversification across three areas - trade, output, and revenue. An increase in the index is interpreted as an increase in diversification

Giga Projects Driving Investments

Real estate and infrastructure megaprojects have been an effective tool for promoting growth and economic diversification across the GCC. As of early 2020, around 30 real estate mega-projects in pipeline were expected to become operational over the next decade, representing approximately US$ 1 trillion in investments[58]. These included urban regeneration programs across various sectors, including oil & gas expansions, residential & commercial real estate, upgrading the transportation ecosystem (particularly the railways network), in addition to water and renewable energy initiatives. Some of the flagship projects include Saudi Arabia's $500 billion NEOM high-tech city and UAE's Etihad Rail national

[55] Source: "Economic Diversification Efforts Paying Off in GCC Region but More Reforms Needed", World Bank, November 22, 2023
[56] Source: Global Economic Diversification Index 2023, World Government Summit 2023
[57] Source: "Five GCC economic themes to watch in 2023", PwC
[58] Source: "Delivering mega programs successfully", Strategy&, November 2023

network that is being designed to connect the country with the neighboring GCC nations among others. Post a slowdown in contracts awarded of around US$ 71 billion during COVID-19 impacted 2020, the market rebounded strongly to almost US$ 116 billion in 2021 and US$ 94 billion in 2022 as higher oil prices and the resumption of delayed projects helped buoy the industry[59]. As the region continues to engage in privatization of projects, regional governments are likely to leverage more on government-related entities (GREs), either directly or via joint ventures with international players, as well as private funding and capital markets to finance infrastructure.

Increased Capital Market Activity

Amid strong growth momentum in the non-oil economy, funding in formats like direct lending and loan guarantees to boost entrepreneurship alongside IPOs, private equity and venture capital have gained significant traction across the region. In 2022, GCC stock markets raised approximately US$ 22.0 billion through 45 IPOs while regional start-ups raised around US$ 3 billion – a figure that is expected to be significantly higher in 2023. Most notably, the number of IPOs almost doubled during 2022 compared to the 23 IPOs garnering 8.1 billion in 2021 and 11 IPOs raising 2.4 billion in 2020[60]. The GCC is expecting a boom in start-ups and SMEs, with 45 unicorns worth an estimated US$ 100 billion likely to emerge from the region by 2030[61]. GCC stock exchanges are also likely to witness increased liquidity and trading volumes, offering investors access to diverse investment opportunities across various sectors. The region's strong emphasis towards economic diversification, continued structural reforms and private sector participation have not only resulted in a more balanced and sustainable growth model but is also presenting investors with longer term opportunities.

Encouraging Demographics

The GCC population is expected to rise at an annualized pace of 2.0% over the next five-years to reach 63.4 million by 2028

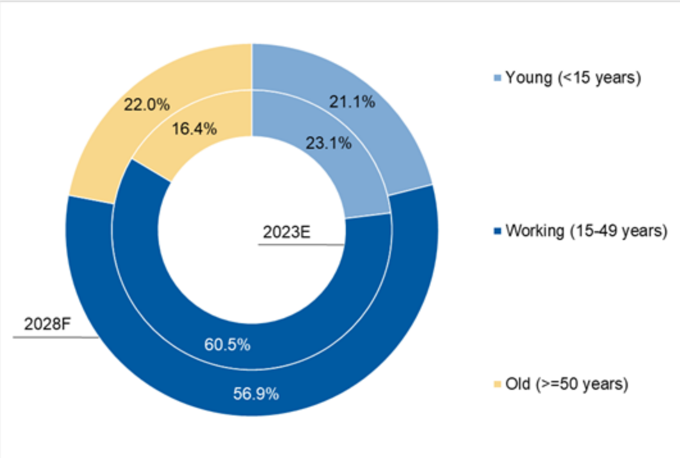
The GCC population, which grew at a modest CAGR of 1.0% between 2017 and 2022, is expected to further rise at an annualized pace of 2.0% over the next five-years to reach 63.4 million by 2028 (see Exhibit 13). This is much higher than the global average of 0.9% during the same period[62]. In addition to the high proportion of expatriates and the rising inflow of tourists, the GCC is also one of the most urbanized regions in the world with approximately 83.5% of the population living in cities[63]. At the same time, the overall income levels in the GCC region have recovered substantially due to the increase in oil prices and private sector growth, resulting in higher GDP per capita. In 2022, the average GDP per capita in the GCC is estimated to have reached US$ 68,169 compared to US$ 56,835 in 2016[64]. Qatar, with the second lowest population in the region, had the highest GDP per capita at US$ 109,160, substantially higher than the average of advanced countries (US$ 62,968) and the region's average. UAE (US$ 84,657) had the second highest GDP per capita in the region, also higher than the GCC's average while the per capita income of Saudi Arabia stood at US$ 66,836 in 2022. Overall, the GCC countries recorded higher per capita incomes than the average of Emerging & Developing Economies (US$ 14,295) in 2022[65]. These factors have been instrumental in boosting domestic consumption while also supporting demand for

[59] Source: "GCC Powers of Construction 2023 - Responsible construction ecosystem", Deloitte, November 2023
[60] Source: "Favorable market conditions support uptick of GCC IPOs in 2022", Marmore MENA, February 7, 2023
[61] Source: "Private Equity and Venture Investing Landscape in the GCC: What's Driving New Opportunities?", GFH, August 22, 2023
[62] Source: "World Economic Outlook Database", IMF, April 2024
[63] Source: United Nations Population Division", United Nations
[64] Source: "World Economic Outlook Database", IMF, October 2023
[65] Source: "World Economic Outlook Database", IMF, October 2023

services across key economic sectors such as hospitality, F&B, education, healthcare and retail among others.

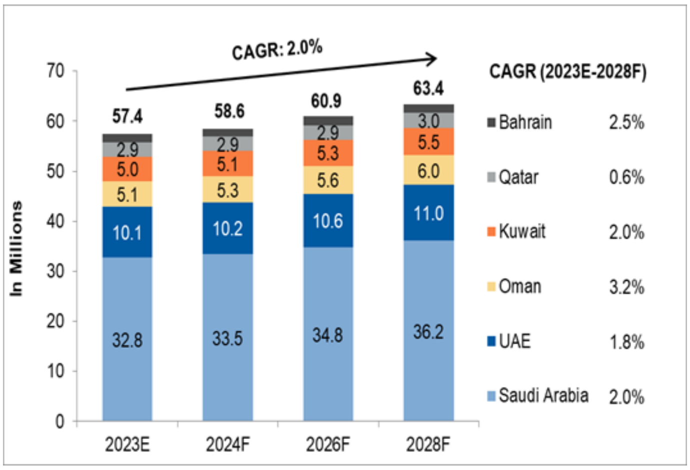
The region's economic growth continues to be significantly driven by its expanding population base that largely comprises of young and working class professionals. Approximately 60.5% of the GCC's population is aged between 15 and 49 years, a significant proportion that has positively contributed to strong demand for goods and services across multiple sectors (see Exhibit 12)[66]. The high proportion of youth and tech-savvy working population has led to significant investments by the regional governments towards building a digital infrastructure that complements the needs of the current society. This has created opportunities on several fronts, ranging from increased productivity in traditional sectors to generating new career pathways in areas such as e-commerce, digital services and technology, data science and automation[67].

Exhibit 12: GCC Population Age Distribution



Source: UNPD – November 2023
Note: E – Estimated, F – Forecasted

Exhibit 13: GCC Population Forecast (2023E-2028F)



Source: IMF – April 2024
Note: E – Estimated, F – Forecasted

Global Quality of Life

The growth in expatriate population across the GCC is testament to the global quality of life that the GCC nations have at offer

The GCC's global connectivity, thriving economy, rapid digital advancements, and burgeoning cultural diversity have enhanced the ease of living and ease of doing business, making the region one the most desired destinations for businesses and individuals to settle in. Upholding the principles of transparency and rule of law, the region offers a high sense of safety and security for its residents. A recent PwC Middle East research has shown that the GCC nations are reshaping the landscape of safety and security through the adoption of cutting-edge technology, specifically in GenAI (Generative Artificial Intelligence) and Augmented & Virtual Realities (AR/VR). The GCC nations have emphasized on safety and security as a top priority, thus exceling on global safety indices[68]. For instance, the UAE ranked 22nd globally and topped the region in the Georgetown Institute for Women, Peace and Security's 2023 WPS Index. Among the other GCC nations, Bahrain ranked 56th globally, followed by Kuwait (Rank 61), Saudi Arabia (Rank 67), Oman, (Rank 75), and Qatar (Rank 80)[69]. The UAE also ranked top in gender equality in the region, according to the World Economic Forum's 2023 Global Gender Gap Report[70]. The growth in expatriate

[66] Source: United Nations Population Division (UNPD), United Nations
[67] Source: "See how the Middle East is people-powering the digital revolution", World Economic Forum, July 18, 2023
[68] Source: "GCC nations spearhead transformation in public safety and command centres, PwC Middle East study reveals", Intersec UAE, January 18, 2024
[69] Source: WPS Index 2023, Georgetown Institute for Women, Peace and Security
[70] Source: Global Gender Gap Report 2023, World Economic Forum, June 2023

population across the GCC is also a testament to the global quality of life that the nations offer. Amongst the GCC nations, the UAE has the highest share of expatriates, accounting for approximately 88.5% of the country's total population as of 2023[71]. According to a Statista survey, UAE, Qatar, Saudi Arabia and Kuwait ranked amongst the top 25 countries in the world for expatriate quality of life[72]. The improvement is particularly seen in factors like purchasing power, safety, technological advancements, availability of world-class infrastructure (residential, commercial, and leisure & entertainment), and healthcare. In the UAE, Abu Dhabi and Abu Dhabi were ranked the top two cities for quality of life by Numbeo. The purchasing power of residents of the two Emirates improved substantially in 2022 as the cost of living dropped due to the strengthening of the UAE dirham against foreign currencies. The health sub-index remained the same in Abu Dhabi and improved in Dubai, while the safety sub-index further improved in Abu Dhabi[73]. On the other hand, Bahrain and Oman topped the GCC nations in the Ease of Settling in Index, securing 5th and 6th place globally, while the UAE's was ranked 17th[74].

Supporting Business Environment

The GCC has a favorable business climate with low taxes, minimal red tape, and supportive government policies. The nations rank amongst the most competitive economies globally with strong financial reserves, healthy international relations, and consistent government spending on infrastructure, digital transformation and innovation.

Favorable Tax Structure

The GCC, which has historically been known for its tax-friendly environment, has witnessed significant reforms in recent years

The GCC, which has historically been known for its tax-friendly environment, has witnessed significant reforms in recent years. The region's tax landscape is in a state of flux with the broadening of Value Added Tax (VAT) while the corporate tax structure has continued to evolve across all the nations. The GCC introduced the excise tax treaty in 2016 to harmonize excises on harmful products such as energy/soft drinks and tobacco among others. The 2016 VAT tax treaty set the stage for a uniform imposition of 5% tax by the GCC[75]. All the GCC nations, except Kuwait and Qatar (the latter having introduced excises), implemented both treaties at different stages, with UAE and Saudi Arabia being first movers. One of the main characteristics of tax systems in the GCC remains that there is no personal income tax. However, Saudi Arabia enforces a 2.5% Zakat on national companies and individuals alike. On the other hand, after implementation of the Common External Tariff (CET) in 2003, all non-GCC products, except for those exempted, are subject to 5% customs duty[76].

Since 2020, VAT rates in Bahrain and Saudi Arabia have been increased to 10% and 15%, respectively, and excise regimes in the UAE and Saudi Arabia were broadened. Currently, Bahrain remains the only GCC nation without any form of corporate income tax (CIT) outside the oil and gas sector while Kuwait, Qatar and Saudi Arabia tax foreign companies only. Oman has a broad CIT of 15%, which has been increased from 12% in 2017, while the UAE introduced a federal CIT in 2023 with a 9% standard rate for taxable income exceeding AED 375,000 (US$ 102,000)[77]. Although multinational corporations are subject to Corporate Tax

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[71] Source: UAE Population Statistics 2024, Global Media Insight
[72] Source: "Quality of life ranking according to expatriates living in the Gulf Cooperation Council as of February 2023, by country", Statista
[73] Source: "UAE: Residents to enjoy better quality of life in 2023", Zawya, January 9, 2023
[74] Source: "From Great to Worst, the GCC States Have It All - Expat Insider 2021", Inter Nations
[75] Source: "VAT in Gulf Cooperation Countries (GCC)", Tax Back International, March 30, 2022
[76] Source: "Taxes in the GCC", Al Tamimi & Co.
[77] Source: "The GCC's emerging tax order", International Tax Review, September 16, 2022

under the regular UAE Corporate Tax regime, significant incentives are offered for companies operating in the UAE's free zones.

According to the IMF, VAT increases has not impacted the performance of corporates, indicating a well-functioning VAT refund system across the GCC. The impact of excises has been small and insignificant at the 5% level. At the same time, changes made to the CIT levied on foreign companies have also had limited impact on company performances[78].

Exhibit 14: Tax Regime in the GCC

Country	Corporate Tax	Withholding Tax (dividends, interest and royalties)	Capital Gains Tax	Exemptions
Bahrain	Nil	Nil	Nil	• The tax rate for companies engaged in exploration, production and refining of hydrocarbons is 46%.
Kuwait	15%	Nil	15%	• Tax exemption is available for profits earned by entities from pure trading operations on the Kuwait Stock Exchange, whether directly or through portfolios of investment funds, and for profits from activities under the Foreign Direct Investment Law
Oman	15%	Dividends – Nil Interest – Nil Royalties – 10% Fees for technical services – 10%	15%	• Tax exemptions on several free zones to entities operating within the zones, including exemption from corporate tax for up to 30 years, exemption from duties imposed on goods, no minimum capital requirements, and low Omanization rates.
Qatar*	10%	Dividends – Nil Interest – 5% Royalties – 5% Payments for services – 5%	10%	• Companies may be eligible for a tax exemption or preferential tax rates for up to five years under the State of Qatar tax regime, subject to approval from the relevant departments and General Tax Authority.
Saudi Arabia	20%	Dividends – 5% Interest – 5% Royalties – 15% Fees for technical services – 5%	20%	• There is no participation exemption.
UAE	0% up to first AED 375,000, 9% on exceeding income	Nil	0% up to first AED 375,000, 9% on exceeding income	• Exemption of at least 5% to income from participating interests. • Renewable tax holiday of 15-50 years in several free zones.

Source: Deloitte International Tax Highlights 2024

Note: The data for Qatar is as of March 2023

FDI Confidence Index

Improvement in the FDI Confidence Index indicates the economic resilience and strength possessed by the GCC, as businesses adapt to evolving global challenges

FDI Confidence Index tracks the impact of probable political, economic, and regulatory changes on the intents and preferences of top executives of Global 1000 businesses with regards to FDI. The GCC countries, especially the UAE and Saudi Arabia, have performed relatively well in the AT Kearney's 2024 FDI Confidence Index rankings, surpassing several emerging and developed markets such as India, Brazil, Mexico, Poland, Turkey, Thailand, and Malaysia on multiple parameters[79]. This indicates the growing confidence among global business leaders in the countries and their appeal towards drawing foreign investments.

UAE ranked second in the Emerging Market segment of the AT Kearney's 2024 FDI Confidence Index, climbing one position from its ranking in 2023. While Saudi Arabia gained three positions to rank 3rd in the list of Emerging Markets in 2024 compared to the previous year, Qatar lost its position among the top 25 countries to make way for Oman among the other GCC nations for the first time in 2024. These GCC nations have witnessed notable improvements largely aided by the progress made towards their economic diversification goals, mega investments in infrastructure development, sound economic growth, friendly

[78] Source: "Economic Prospects And Policy Priorities For The GCC Countries", IMF, December 2023
[79] Source: "The 2024 Kearney Foreign Direct Investment Confidence Index", AT Kearney

business environment, and supporting government policies[80]. For instance, the UAE has taken a number of efforts to strengthen its FDI climate including the international Direct Investment Law, which allows foreign investors to hold 100% of enterprises in certain sectors[81]. The country has also launched the Dubai Economic Agenda (D33) - a US$ 8.7 trillion economic plan to boost trade, investment and promote its status as a global business hub[82]. Similarly, the Saudi Arabian government unveiled its National Investment Strategy in 2021 with aims to increase FDI in Saudi Arabia twenty-fold by 2030. To achieve this, the Kingdom has already taken significant steps to enhance the investment climate through transformative projects like the NEOM among others that significantly increase industrial sector product demand and the need for FDI[83]. At the same time, factors such as strong and growing technological and innovative capabilities, sustained fiscal windfall from oil revenue, and the recovery of tourism sector have aided investor confidence in the GCC nations. Such optimism mirrors the region's strong post-pandemic recovery, relatively high near-term growth prospects, and robust dynamism. These indicate the economic resilience and strength possessed by the region, as businesses adapt to evolving global challenges.

Global Competitiveness Ranking

Improvement in Global Competitiveness ranking highlight the GCC's strong economic and business confidence, a key barometer for investments

The Institute for Management Development's (IMD) World Competitiveness Ranking provides benchmarking based on 336 parameters/ criteria and ranks countries on how they manage their competencies to achieve long-term value creation. Amongst the GCC nations, UAE ranked 10th in the Global Competitiveness Ranking 2023 and first in the MENA region for the seventh consecutive year. It ranked first in international trade, fourth in economic performance, and eighth in government efficiency[84]. Qatar was ranked 12th while Saudi Arabia ranked 17th globally, higher than G20 peers including South Korea, France and India. The Kingdom also overtook Japan, Italy, Argentina, Indonesia, Brazil and Turkey. Bahrain improved five places to 25th position overall and ranked first globally in seven indicators and was among the top 10 countries worldwide in 36 indicators. Bahrain witnessed a significant 16 spot improvement in the economic performance indicator, ranking 23rd globally. The country also ranked third globally in the flexibility and adaptability of the labor force, third in technological/digital skills, fourth in labor force skills, and sixth globally in finance skills[85]. The rise in individual rankings across multiple parameters highlight the region's strong economic and business confidence, a key barometer for investments, along with political stability and infrastructure strength which are critical for ease of doing business.

Strategic Location & Connectivity

The GCC has become a hub for the global trade industry due to its strategic geographic location connecting Middle East, Europe, and Asia. The region's central location, between three continents, offers several logistics benefits such as sea access to marine's busiest routes while also enabling cargo and trade through its international airports. This has led to the regional governments further allocate large levels of expenditure on mega transport infrastructure including ports, airports, railways, and roads. To facilitate access to market, the GCC nations have also established several Free Trade Zones that provide a well-connected transportation and logistics network, making it easier to reach regional and international markets.

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[80] Source: "The 2024 Kearney Foreign Direct Investment Confidence Index", AT Kearney
[81] Source: "UAE Cabinet Adopts Economic Activities Eligible For Up To 100% Foreign Ownership", UAE Cabinet
[82] Source: "Mohammed bin Rashid launches Dubai Economic Agenda", Government of Dubai – Media Office, January 04, 2023
[83] Source: "Saudi Arabia: an emerging industrial foreign direct investment hub", Kearney, 2023
[84] Source: "World Competitiveness Ranking 2023", IMD Business School
[85] Source: "World Competitiveness Ranking 2023", IMD Business School

Free Trade Zones & Special Economic Zones

Free Zones in the GCC have now become an attractive proposition for businesses of any size across the globe

Free Zones in the GCC play a significant role in the region's economic diversification strategy to reduce its reliance on hydrocarbon revenues. These economic development areas, rolled out to boost international business profits and endorse company formation in the GCC, have evolved over the years to offer increasing advantages to the companies operating within them. These zones help attract FDI and serve as hubs for innovation while also compete against low-cost manufacturers from the neighboring Asian countries that could be absorbed over time into the national economy[86]. At the same time, these dedicated business areas have remained instrumental in boosting and diversifying exports, create jobs, and expedite the industrialization process of the GCC nations at lower costs[87]. Thus, Free Zones in the GCC have now become an attractive proposition for businesses of any size across the globe, with offerings such as 100% foreign ownership, exemptions from import or export duties, visa and financial assistance services, as well as benefits ranging from 0% corporate and personal tax to exemption from VAT. Companies established in a GCC Free Zone also has benefits like access to developed infrastructure, advanced technology-enabled facilities, ancillary services, and access to seaports and/or airports.

While there are several multi-sector focused Free Zones in the region, many of them have now started catering to specific industries or business types with specialized offerings. Planned government efforts have resulted in the development of business zones dedicated to multiple sectors such as healthcare, education, information technology, food processing, logistics, and telecommunication among others. The current GCC Free Zone landscape comprises of more than 55 special economic zones in the UAE, four in Oman, three in Bahrain, one in Kuwait, and one in Qatar. On the other hand, Saudi Arabia has set up Special Economic Zones, an Economic City, and operates three bonded areas.

3.3 Investment Challenges

Global Economic Vunerability

According to the IMF, global growth slowed down from 3.5% in 2022 to 3.2% in 2023 and is estimated to remain unchanged until 2025, well below the pre-pandemic historical (2000–19) average of 3.8%

The global economy is expected to remain weak in the short to mid-term, largely impacted by the Russia-Ukraine and Israel-Palestine conflict. Both these geopolitical issues are likely to weigh heavily on global economic activity, raise inflation, drive up supply-chain problems, and increase investor insecurity. According to the IMF, global growth slowed down from 3.5% in 2022 to 3.2% in 2023 and is further estimated to remain unchanged until 2025, well below the pre-pandemic historical (2000–19) average of 3.8%. While the advanced economies are expected to slow down from 2.6% in 2022 to 1.6% in 2023 and 1.7% in 2024, emerging markets and developing economies are projected to record a modest growth from 4.1% in 2022 to 4.3% in 2023 and 4.2% in 2024. The GCC is not immune to the global slowdown, with the IMF projecting GDP growth for the region to decline from 7.0% in 2022 to 0.4% in 2023 and stabilize at 2.4% in 2024[88].

Fluctuation in Oil Prices

Despite the significant progress made by the GCC nations in promoting private sector through diversification strategies, oil continues to account for a substantial part of their economies. The fall in oil prices since mid-2014 coupled with the slowdown caused by the COVID-19 pandemic has substantially affected the GCC economies and widened their fiscal deficits. Consequently, the member nations implemented subsidy cuts, introduced taxes

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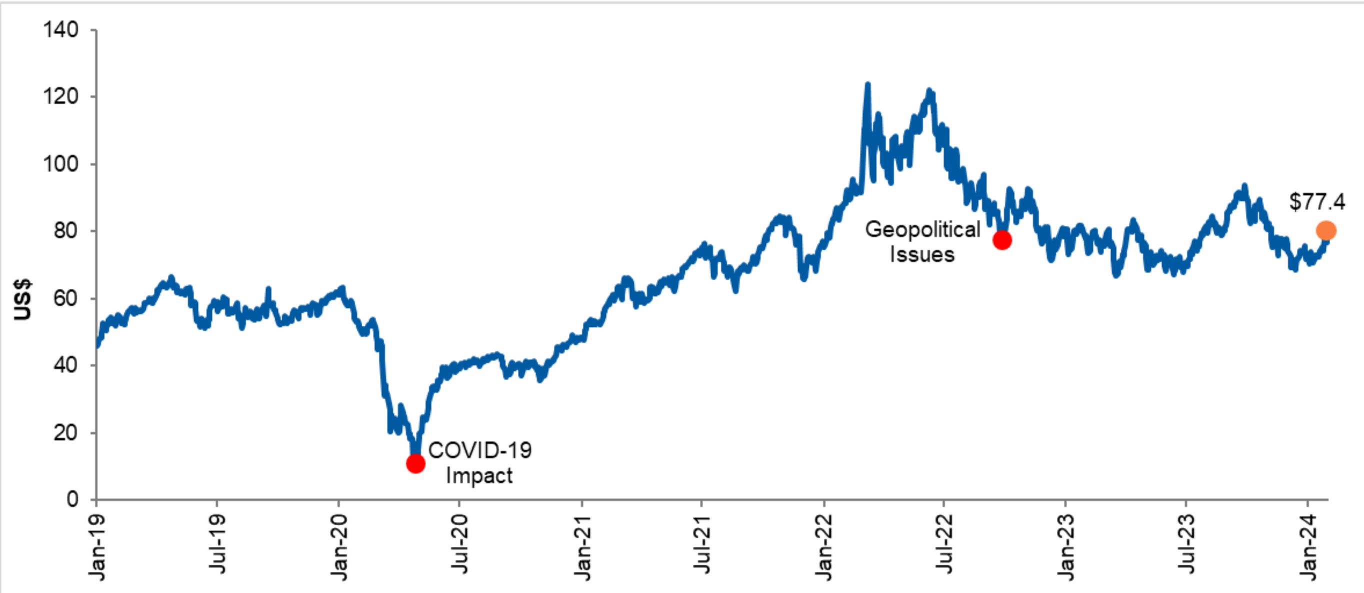
[86] Source: "Economic diversification in the Gulf: Time to redouble efforts", Brookings, January 31, 2021
[87] Source: "Re-birth of Special Economic Zones in the GCC", PwC- dates are missing in sources
[88] Source: "World Economic Outlook Database", IMF, April 2024

GCC hydrocarbon GDP is likely to register a negative growth of ~1% in 2023 amid production cuts in line with the OPEC+ agreement and further voluntary cuts by the nations

(VAT and CIT), lowered wages in the public sector, and increased fees on certain municipal services to curb expenditure. The recent global geo-political concerns stemming from the Russia-Ukraine and Israel-Palestine conflicts have further raised probabilities of oil-production cuts. While the GCC hydrocarbon GDP grew by 7.8% in 2022, it is expected to register a negative growth of around 1% in 2023 amid production cuts in line with the OPEC+ agreement and further voluntary cuts of 1 million barrel per day (bpd) by Saudi Arabia that were extended until December 2023[89]. At the same time, the UAE announced voluntarily cut by 163,000 bpd in the first quarter of 2024, while Kuwait announced plans to cut by 135,000 bpd. Among the other GCC nations, Oman too pledged additional reductions[90]. OPEC and its allies produced about 50% of the world's oil in 2022, and currently control over 70% of the world's proved reserves[91].

Although oil prices have recovered over the last five-years (see Exhibit 15), they remain vulnerable to global crises and are projected to be suppressed in the short-term. This may lead to the GCC governments scale back development projects, particularly in infrastructure development of key economic sectors. At the same time, the member nations may continue their austerity drive, largely through imposition of taxes and other levies while further cutting down subsidies to generate additional revenues.

Exhibit 15: WTI Crude Oil Prices (2019-24YTD)



Source: Thomson Reuters

Inflationary Pressure

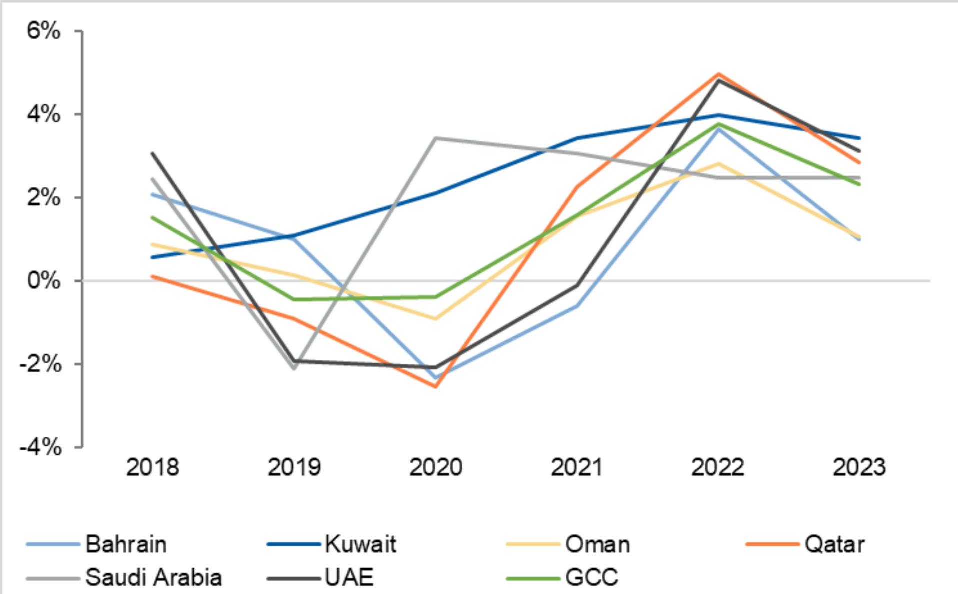
Although inflation across the GCC has been significantly lower than many global economies, the region could face challenges stemming from the ongoing geopolitical issues

Fuel and food shortages due to the geopolitical conflicts are making post-pandemic inflation worse for majority of the economies, which had already peaked in most of the world. The existing concerns could further amplify with disruptions to global trade in commodities that will affect economic activity. Although global inflation trends have shown a gradual deceleration in 2023 compared to the previous year, core inflation remains notably above the targets set by central banks. This remains a major concern for global policymakers. Average inflation in the GCC has stabilized to 2.3% in 2023 after growing to 3.8% in 2022, the highest in the last five years (see Exhibit 16)[92]. As of 2023, Kuwait (3.4%) recorded the

[89] Source: "Economic Prospects And Policy Priorities For The GCC Countries", IMF, December 2023
[90] Source: "Opec+ production cuts leave oil market sceptical", Financial Times, November 30, 2023
[91] Source: "OPEC's 2024 Crude Oil Production Cuts, Explained", Oil Price, December 20, 2023
[92] Source: IMF, Bloomberg

highest inflation in the region, followed by the UAE (3.1%), and Qatar (2.8%). Most of the inflationary pressures in the region have been from housing prices and tradeable goods, especially food and transportation, indicating that GCC has not been immune to higher global prices amid the ongoing crisis. Amongst the GCC nations, Bahrain recorded the highest y-o-y growth in Consumer Price Index (CPI) for F&B at 6.1% as of June-July 2023, followed by Kuwait (5.8%), UAE (3.2%), and Oman (2.2%). The F&B CPI grew 1.4% y-o-y during the same period in Saudi Arabia while Qatar remained relatively flat[93]. Inflation in the GCC was felt mainly in the housing sector, led by a 9.1% y-o-y growth in Saudi Arabia and a 3.2% y-o-y increase in Kuwait as of June-July 2023. Housing prices in Dubai grew by 6.1% y-o-y during the same period[94]. Inflation across the GCC has been significantly lower than in most advanced and emerging market economies amid repeated interest rate increases. However, the region could face challenges stemming from the Red Sea crisis and the Gaza conflict. Monetary policy actions by the regional governments will remain crucial at the current juncture to keep inflation expectations within the desired target.

Exhibit 16: GCC Inflation - Average Consumer Prices (2018-23)



Source: Bloomberg, IMF

Differing VAT Rates and Other Duties

Differing rates of VAT across the GCC are likely to complicate intra-regional trade and add to the costs burden for exporters and importers

Differing rates of VAT across the GCC are likely to complicate intra-regional trade and add to the costs burden for exporters and importers. With Saudi Arabia trebling its VAT rate to 15% in July 2020, followed by Bahrain doubling its levy to 10% in January 2022, the movement of goods from or to these nations from the rest of the GCC may hinder intra-regional trade. These differences can also affect demand for goods and services from different countries and boost exports for those with lower VAT rates. For instance, consumers from GCC states which have higher VAT rates may choose to purchase products from neighboring nations where the levy is lower compared to paying higher taxes at home. At the same time, the presence of customs borders and a duty rate of 5% within the region also adds to the complexity. Under the GCC Unified Economic Agreement, transfer of national goods between GCC nations are exempt from customs restrictions including

[93] Source: IMF, Bloomberg, KAMCO Invest
[94] Source: IMF, Bloomberg, KAMCO Invest

customs duties. However, as per the new national rules of origin (RoO) introduced by Saudi Arabia in July 2021, additional conditions for a GCC national good apply to benefit from the GCC preferential regime. The new RoO, which calls for a minimum of 25% constitution of local workforce and non-qualification of goods connected to any GCC free zones for the preferential treatment, may impact trade relations between the UAE and Saudi Arabia[95]. The new rules are likely to affect the UAE, especially considering that factories in the UAE rely heavily on expatriate workers and free zones are among the main drivers of the UAE's economy. UAE is also a major hub for re-exporting foreign products to Saudi Arabia. With the new RoO rules, UAE-based businesses may no longer enjoy the GCC preferential treatment of customs duty in its exports to Saudi Arabia. This additional customs duty may be an extra cost to the company[96]. Thus, the lack of policy implementation on a GCC level may deter foreign businesses to set up base in one of the member nations and carry out distribution of goods and services to the neighboring markets. This may become increasingly common for e-commerce businesses in the region. For instance, a UAE-based distributor may wrongly levy differential VAT and other duties on a sale to a buyer based in Saudi Arabia, thus impacting competitiveness of businesses operating in the region. As a result, businesses may end up bearing additional costs in deploying resources to manage the complexity of VAT regulations and compliance in the GCC[97].

3.4 Opportunities for Indian Investors in the GCC

Healthcare & Pharmaceuticals

Privatization of hospitals and allied services remains at the forefront of the GCC governments' agenda

The GCC healthcare sector is currently undergoing transformation at an unprecedented pace and scale. It has witnessed significant growth post the COVID-19 pandemic amid increased investments by industry stakeholders to strengthen the value chain. The crisis re-designed the way healthcare operators deliver care to patients as well as improved past internal inefficiencies through technology adoption and strategic partnerships. The ecosystem is not only moving from curative to preventive care but also adopting a value-based and integrated delivery model to remain at par with services provided by the developed nations. Healthcare expenditure in the GCC is projected to reach US$ 135.5 billion in 2027, growing at a CAGR of 5.4% from 2022 (see Exhibit 17). The region's expanding and ageing population base (estimated to grow at a CAGR of 1.9% between 2022 and 2027)[98], high incidence of NCDs[99], rising cost of treatment, medical inflation[100], and increasing penetration of health insurance are expected to augur growth. CHE as a proportion of GDP in the GCC is anticipated to grow from 5.0% in 2022 to 5.8% in 2027. Further supported by positive reforms by the governments, the sector remains one of the most critical avenues for the region's long-term economic diversification strategy. Privatization of hospitals and allied services remains at the forefront of the GCC governments' agenda, which will not only help reduce the cost burden but also bridge the growing demand-supply gap amid rising healthcare needs and improve the quality of care.

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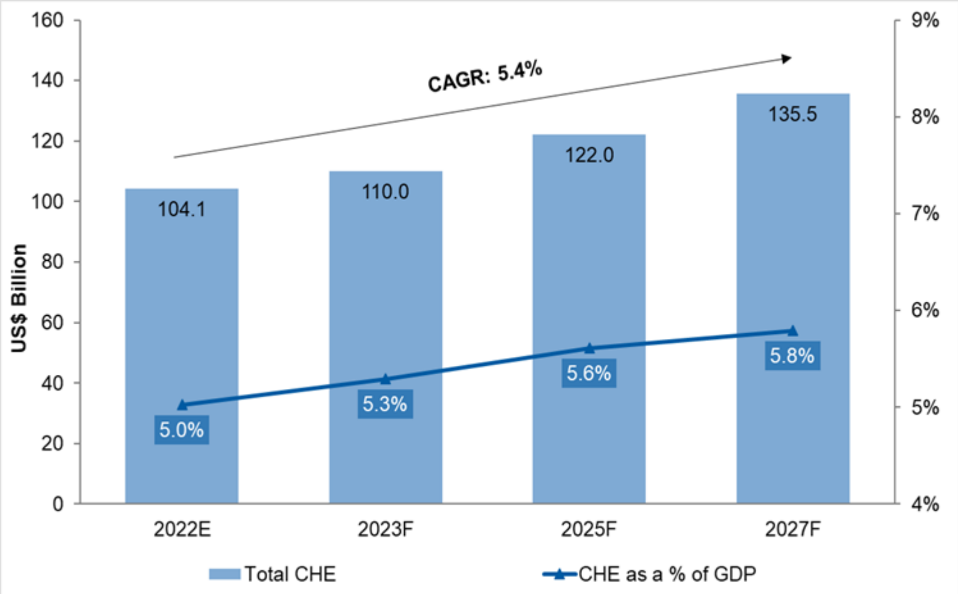
[95] Source: "Saudi Arabia amends import rules from Gulf in challenge to UAE", Reuters, July 5, 2021
[96] Source: "Import Rules in Saudi Arabia", Crowe, August 27, 2021
[97] Source: "Differing VAT rates complicate intra-GCC trade", AGBI, June 12, 2023
[98] Source: "World Economic Outlook Database", IMF, October 2023
[99] Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020
[100] Source: "2022 Global Medical Trends Rates Report", Willis Towers Watson

Exhibit 17: Forecast of CHE in the GCC (2022-2027)



Source: Alpen Capital, WHO, IMF, WTW, MOH and Statistical organizations in the GCC

*Note: E - Estimate, F – Forecast; *Total CHE for Saudi Arabia is estimated*

The region's healthcare services continue to remain of high interest to investors amid sustainable growth opportunities across the continuum of care. Despite the GCC healthcare sector witnessing growth in the number of hospitals and health centers[101], there remains a gap in the supply of highly specialized facilities for segments such as neurological disorders and cardiac surgeries, Long-Term and Post-Acute Care (LTPAC), and technologies that can aid early diagnostic tools and predictive models for health assessment and management. The healthcare undersupply of such specialized services in the region provides an opportunity for Indian operators to bridge the gap[102]. An intrinsic demand for treatment of NCDs and other ailments are likely to support the growth for such services in the long-term.

Indian companies with their low-cost manufacturing advantage, R&D capabilities and broader understanding of the healthcare services industry have ample scope to penetrate the GCC market

The rising need for healthcare is also translating into demand for medical equipment and drugs, which is largely imported by the GCC nations. The countries pay a premium for branded products due to a relatively underdeveloped domestic manufacturing sector while generic drugs and cost-effective medical devices are not widely available. For instance, both the UAE[103] and Saudi Arabia import approximately 80% of their medications from other countries. While the UAE's import of pharmaceuticals was valued at US$ 3.2 billion in 2021[104], Saudi Arabia's imports was valued at US$ 6.9 billion[105]. Nevertheless, the UAE and Saudi government have taken measures to develop the domestic pharmaceutical industry, with policies and incentives to support local manufacturing of oral solids, Active Pharmaceutical Ingredients (APIs), plasma products, vaccines, and biosimilars[106]. The regional governments have also established biotechnology parks and are providing incentives to boost local manufacturing in a bid to reduce reliance on imports. Although the domestic manufacturing landscape is currently at a nascent stage, the high prevalence of chronic diseases represents one of the key factors impelling the generic drugs market

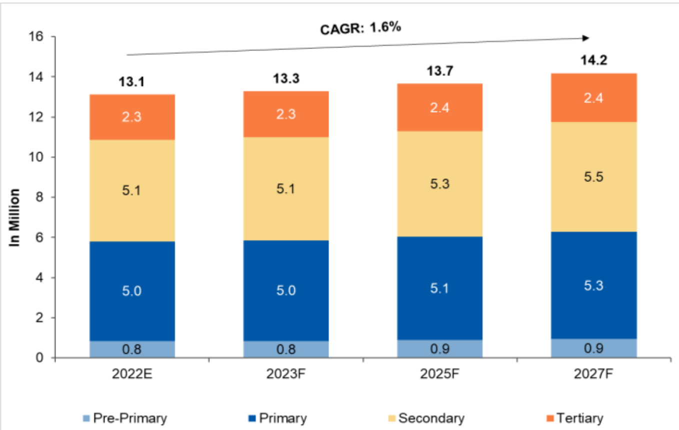
[101] Source: "Projects: Top 5 healthcare projects in GCC amount to a $2.5bln spending spree", Zawya, June 23, 2021
[102] Source: "Why healthcare is a sound investment in the GCC", Dubai World Trade Center, January 26, 2022
[103] Source: "2020 Annual Overview of Healthcare in the GCC - Growth opportunities for 2021 and beyond", Frost & Sullivan, Mashreq
[104] Source: "Saudi Arabia Imports of Pharmaceutical products", Trading Economics
[105] Source: "Saudi Arabia Imports of Pharmaceutical products", Trading Economics
[106] Source: "2020 Annual Overview of Healthcare in the GCC - Growth opportunities for 2021 and beyond", Frost & Sullivan, Mashreq

growth in the region[107]. Indian companies with their low-cost manufacturing advantage, patents for a wide range of drugs, R&D capabilities and broader understanding of the healthcare services industry have ample scope to penetrate the GCC market. In addition to capitalizing on the local demand, the companies can benefit from export opportunities to the wider Middle East region. However, Indian companies would need to establish strategic plans for value-creating opportunities while differentiate from market participants in their ability to offer services, scalability and sustainability.

Education

The GCC education sector has gained significant traction in recent years with the amalgamation of technology and substantial investments from private sector participants. Total number of students in the GCC education sector is projected to increase by 1.1 million to reach 14.2 million by 2027, growing at a CAGR of 1.6% from an estimated 13.1 million in 2022 (see Exhibit 18). On the other hand, demand for schools in the GCC is likely to increase at a CAGR of 0.7% from an estimated 34,081 schools in 2022 to 35,208 by 2027 (see Exhibit 19). This translates to an addition of an estimated 1,127 schools over the five-year period. The growing school age population, high per capita income, sizeable budgetary allocations, and favourable government initiatives are expected to aid the GCC education sector.

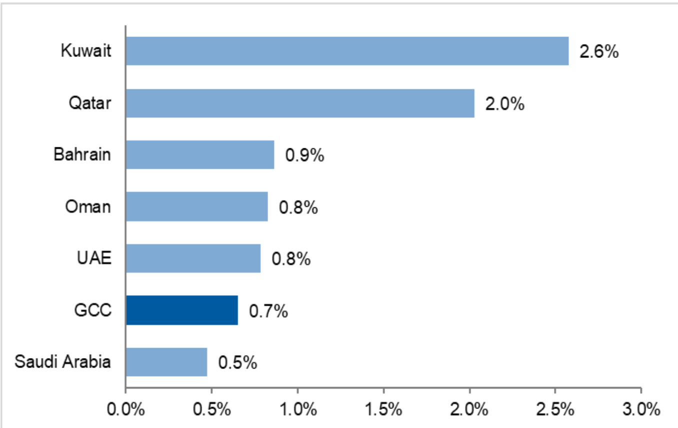
Exhibit 18: Forecast of Total No. of Students by Segments



Source: Alpen Capital

Note: E – Estimated, F – Forecasted

Exhibit 19: Forecast of Demand for Schools in the GCC (CAGR 2022-27)



Source: Alpen Capital

Note: E – Estimated, F – Forecasted

Indian operators can capitalize on the rising demand for affordable schools amid increasing cost of education in the GCC

To relieve the budgetary strain, governments across the GCC have opened up the sector for foreign ownership and adopted PPP models. This has led to several private operators, especially from India, establish their campuses on the GCC shores while also heavily investing to provide quality tertiary education[108]. Currently, there are over 217 Indian schools in the GCC with UAE accounting for the largest number of Indian schools (106), followed by Saudi Arabia (37), and Kuwait (26)[109]. India has increased its focus towards expanding its educational ties with the UAE, especially in establishing branches of higher education institutes such as Indian Information for Technology (IIT) and Indian Institute of Management (IIM). The two nations have also signed an agreement for student and faculty exchanges,

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[107] Source: "GCC Generic Drug Market: Industry Trends, Share, Size, Growth, Opportunity and Forecast 2022-2027", IMARC
[108] Source: UNESCO
[109] Source: "India to support initiatives to start schools in Gulf countries teaching the Indian curriculum", Arabian Business, August 15, 2023

joint research programmes, designing courses, and collaboration for conferences[110]. Such steps towards further strengthening linkages between the two regions in the educational sphere is expected to open up a broader range of investment opportunities for Indian operators. For instance, Indian players can capitalize on the rising demand for affordable schools across the GCC as increasing cost of education remains a major cause of concern for parents. Fees charged by Indian schools are cost effective compared to international schools offering British, American and IB curricula. Consequently, the demand for Indian curriculum, which promotes skill-based education, has been on the rise across the region[111].

Differentiated learning modules coupled with innovative approaches at affordable costs by Indian operators are creating new education avenues in the GCC

Since the pandemic, GCC educational providers have started to realign their business models while ramping up investments in digitally aided education platforms to drive future growth and improve operational efficiencies. This has created multiple opportunities for educational technology (EdTech) service providers, especially from India, to further establish their presence in the GCC. Indian EdTech companies could look to explore new competitive models that incorporate AI-based content, digital libraries, soft skill development, and real-time scenario engagements. Differentiated learning modules coupled with innovative approaches at affordable costs by Indian operators are creating new education avenues in the GCC[112]. While Indian school and higher education operators can focus on value-creating opportunities in the GCC, EdTech platforms are likely to build collaborations with traditional players while also targeting small to mid-sized players for potential acquisitions to bolster presence and expand their offerings. For instance, Indian EdTech unicorn Physics Wallah recently acquired UAE-based startup Knowledge Planet to expand its presence across the GCC and is looking for joint ventures to offer innovative solutions such as academic training and educational courses across various categories[113].

Hospitality & Tourism

The GCC has emerged as an attractive destination for global investors with the tourism and hospitality industries becoming key barometers for growth and cornerstones for the region's economic diversification strategy

The GCC has emerged as an attractive destination for global investors with the tourism and hospitality industries becoming key barometers for growth and cornerstones for the region's economic diversification strategy[114]. Post the pandemic, the region's hospitality industry has experienced a strong rebound, largely aided by the EXPO 2020 Dubai and FIFA World Cup 2022, leading to hotels and other accommodations across the GCC underpinning solid recovery. The regional governments have also taken several targeted measures and introduced reforms to revive the hospitality and tourism industries. These include the UAE's new 10-year Golden Visa, five-year Green Residence Visa programs[115], Dubai's one-year-remote work visa[116], introduction of five-year multi-entry tourist visa for business and leisure travel and long-term multiple-entry tourist visas in the UAE[117], as well as the initiation of tourist visa on arrival in Saudi Arabia for holders of Schengen, US and UK visas[118]. All such amendments have been made with a special focus towards attracting investors, tourists, and skilled workers to the Gulf shores.

The total number of international tourist arrivals in the GCC is estimated to have reached 49.1 million in 2022. This represents a significant recovery (66.6% CAGR) since the pandemic induced lockdown in 2020 when the tourist arrivals in the region dipped to 17.7

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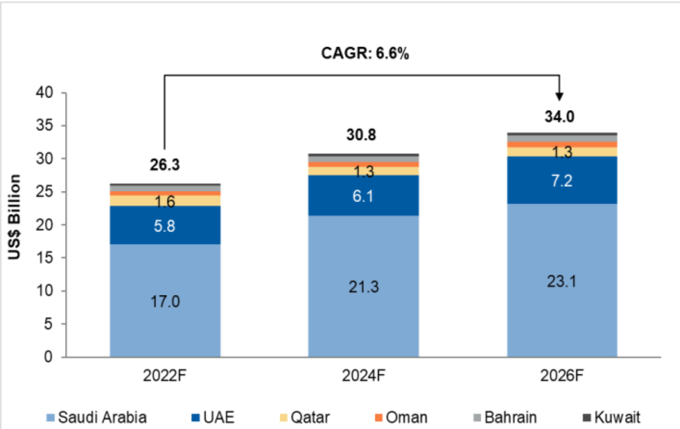
[110] Source: "Growing India-UAE Linkages in the Education Sector", The Geo Politics, November 4, 2023
[111] Source: "Three Language Formula by CBSE Worries Parents in UAE", Edarabia
[112] Source: "Brightchamps Is Tapping GCC'S Emerging Edtech Space", Your Story, February 06, 2023
[113] Source: "Physics Wallah acquires UAE's Knowledge Planet in first international move", Startup Story Media, March 20, 2023
[114] Source: "Economic diversification in the Gulf", Brookings, January 31, 2021
[115] Source: "UAE hospitality sector welcomes higher occupancy as Golden Visa rules outshine Covid gloom", Arabian Business, April 21, 2022
[116] Source: "Work remotely from Dubai", Visit Dubai
[117] Source: "Register your business for the Five-Year Multi-Entry Tourist Visa", Dubai Tourism
[118] Source: "The rise of the GCC's hospitality sector", Gulf Business, February 8, 2020

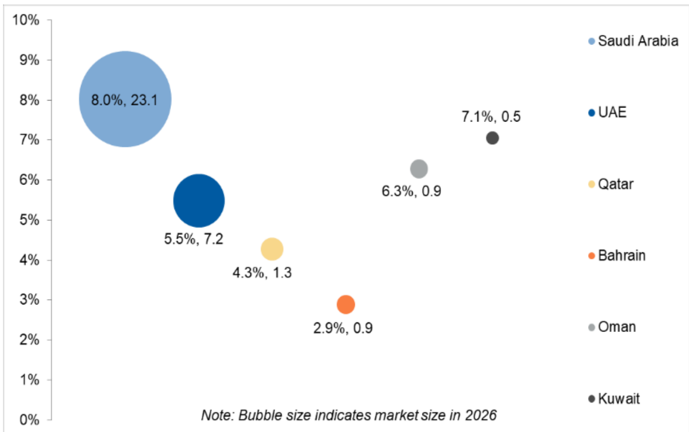
million[119]. The region's hospitality industry is forecasted to grow at a pace of 6.6% CAGR between 2022 and 2026 to reach US$ 34.0 billion (see Exhibit 20), largely aided by aggressive strategies by the regional governments to promote travel and tourism. All the GCC nations are making significant investments towards tourism and hospitality infrastructure, including airport expansions and hotel investments, as the industry is gearing up for influx of tourists[120]. The hospitality sector revenue growth for individual GCC countries is expected to range from 2.9% to 8.0% over the forecast period (see Exhibit 21).

Exhibit 20: GCC Hospitality Market Forecast 2022-2026 (US$ bn)



Source: Alpen Capital

Exhibit 21: Country-wise Hospitality Revenue Growth CAGR (2022F - 2026F)



Source: Alpen Capital

Note: CAGR for Qatar is from 2023 to 2026

Opportunity lies for operators to capture the diversity that the GCC countries offer, ranging from fine dining spots in five-star hotels to casual venues and fast-food trucks offering innovative concepts

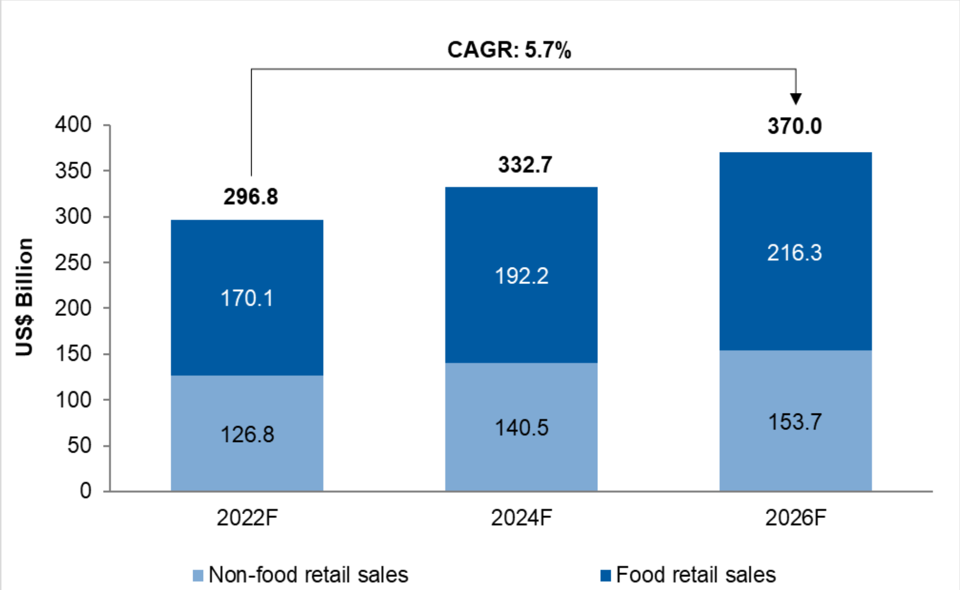
Amid such strong dynamics, the region continues to offer investors a wide scope of opportunity in related sectors of hospitality, restaurants, and tours and travel among others. The growing diaspora of Indians in the GCC, coupled with the rising demand for Indian food among expatriates and foreign visitors, have led to the rise in number of food chains from the subcontinent venturing across the region. Opportunity lies for operators to capture the diversity that the GCC countries offer, ranging from fine dining spots in five-star hotels to casual venues and fast-food trucks offering innovative concepts. At the same time, large and mid-scale Indian hotel operators have been betting on the region's strong market dynamics by expanding their presence with new ventures. For Instance, Indian Hotels Company (IHCL), a Tata Group company, plans to open a new luxury hotel in Saudi Arabia in partnership with the Diriyah Gate Development Authority (DGDA)[121]. On the other hand, Indian budget hotel operator Lemon Tree plans to expand their offerings in the GCC to capitalize on demand for three-star and four-star hotels[122]. Indian operators can seek opportunities in niche segments such as medical & wellness tourism across the GCC. UAE remains the global hub for medical & wellness tourism, with the country estimated to generate AED 19.5 billion (US$ 5.3 billion) in medical tourism proceeds during 2023[123]. Indian tours and travel operators can explore offering packaged deals for traditional practices by established centers offering ayurveda, homeopathy, and yoga among others.

[119] Source: Department of Culture and Tourism – Abu Dhabi, Department of Tourism and Commerce Marketing (Dubai Tourism), Qatar Tourism Annual Report, Oman National Centre for Statistics and Information, Bahrain Tourism and Exhibition Authority, World Travel and Tourism Council (WTTC)
[120] Source: "Middle East optimistic over prospects for Tourism", Trade Arabia, June, 2022
[121] Source: "IHCL Signs Its 250th Hotel In The Kingdom Of Saudi Arabia", IHCL Tata, December 01, 2022
[122] Source: "Lemon Tree Hotels seeks to expand into key global destinations", Hotel Management Network, November 27, 2023
[123] Source: "Investing In Medical And Wellness Tourism In The UAE", UAE Ministry of Economy

Retail & E-commerce

The GCC retail industry has historically benefitted from a steady growth in population, coupled with the high concentration of expatriates and high-net worth individuals (HNWI) in the region. Over the years, countries such as the UAE, Saudi Arabia and Qatar have established themselves as one of the most prominent retail markets globally, attracting international brands and adapting according to the dynamic market conditions with their innovative concepts and modern infrastructure. The GCC retail industry is forecasted to grow at a pace of 5.7% CAGR between 2022 and 2026 to reach US$ 370.0 billion (see Exhibit 22), largely driven by the rising adoption of digital technologies and targeted government initiatives in countries such as the UAE[124] and Saudi Arabia[125] allowing 100% foreign ownership. Non-food retail sales are forecasted to grow at a CAGR of 6.2% between 2022 and 2026, while food retail sales are anticipated to increase at an annualized rate of 4.9% during the same period.

Exhibit 22: Forecast of Retail Sales in the GCC (2021E – 2026F)



Source: IMF – October 2022, AT Kearney, WTTC, Alpen Capital

Note: E – Estimated, F – Forecasted

There remains immense scope for Indian players to adopt new business models across niche segments and help the overall retail landscape to become more competitive

The opening up of the sector for FDI coupled with the changes in consumer behavior and buying patterns post the pandemic has led the GCC retail industry undergo significant transformation. E-commerce remains at the forefront of retail strategy amid rise in digitization and operators are looking to capitalize on this trend to remain competitive. The GCC's e-commerce revenue is estimated to reach US$ 50 billion by 2025 from US$ 33 billion in 2023[126]. Amid such dynamics, several Indian retail brands have established their base in the GCC in recent years through traditional brick and mortar stores with omni-channel marketing and distribution strategies, while e-commerce platforms such as Nykaa and Myntra have collaborated with domestic partners Namshi and Noon, respectively, to cater to the rising demand for personal care, clothing and apparels[127]. With countries such as the UAE significantly streamlining the process of obtaining an e-commerce license,

[124] Source: "Full foreign ownership of commercial companies", UAE Ministry, November 22, 2023
[125] Source: "Saudi investment ministry: $8mln minimum capital to issue license for foreign companies with 100% ownership", Zawya, October 30, 2023
[126] Source: "E-commerce Fulfillment Centers: A Growing Trend in the GCC", RSA Global, November 22, 2023
[127] Source: "India's largest e-tailer is pushing into the Middle East. Can it go global?", Vogue Business, August 19, 2020

governments are actively making the sector even more efficient and attractive to entrepreneurs and investors[128]. This is likely to draw Indian companies in setting up a more comprehensive ecosystem that can help bridge the existing gaps and address consumer challenges as the sector continues to mature. For instance, e-commerce enabler companies GoKwik and ODN are expanding their services across the GCC. While GoKwik aims to help solve problems that ecommerce brands typically face such as enhancing customer experience, abandoned cart recovery, increasing conversions, boosting gross merchandise value and reducing instances of return to origin[129]; ODN aims to connect GCC brands and retailers to marketplace and online sales channels worldwide[130].Despite the rise in number of brands entering the GCC markets, there still remains a scope for Indian players to adopt new business models across niche segments and help the overall retail landscape to become more competitive.

Industrial & Manufacturing

In addition to infrastructure, investors have the opportunity to establish industrial IoT and logistics technology companies within the region

The GCC nations have emphasized strongly towards expanding the manufacturing sector as part of their economic diversification efforts. Setting a manufacturing base can not only stimulate different parts of the GCC economies, but also spur innovation and technological advances. With the adoption of advanced technologies such as AI and robotics (often referred to as Industry 4.0), the sector is becoming more automated and data-driven. In 2021, the UAE launched the 'Operation 300 bn' strategy to position the country as an industrial hub by 2031. The 10-year plan focuses on increasing the industrial sector's contribution to the country's GDP to AED 300 billion (US$ 81.7 billion) in 2031 from AED 133 billion (US$ 36.2 billion) in 2021 by promoting Industry 4.0 technologies[131]. Abu Dhabi also announced plans of investing AED 10 billion (US$ 2.7 billion) in six programmes to more than double the size of its manufacturing sector to AED 172 billion (US$ 46.8 billion). This will create 13,600 skilled jobs and increase the Emirate's non-oil exports to AED 178.8 billion (US$ 48.7 billion) by 2031[132]. Meanwhile, Saudi Arabia launched the National Industry Strategy in 2022 to triple industrial output and increase the value of the Kingdom's industrial exports to approximately US$ 149 billion by 2030[133]. The Kingdom's Advanced Manufacturing Hub Strategy has identified more than 800 investment opportunities totaling US$ 273 billion aimed at diversifying the industrial sector. By 2035, Saudi Arabia aims to increase the number of factories from around 10,000 to 36,000; 4,000 of which will be fully automated. Similarly, Bahrain's Economic Recovery Plan and Industrial Sector Strategy aims to achieve a US$ 6.6 billion GDP contribution from the industrial sector by 2026. As a result of the advancements made in the manufacturing space, the sectors' contribution across the GCC nations has expanded multifold. While Saudi Arabia's manufacturing activity increased by 18.5% in December 2022 compared to the previous year, UAE's and Bahrain's manufacturing sector expanded by 8.7% and 4.9%, respectively, during the same period[134].

The region already has a foothold on heavy, light and high-tech industries such as steel, chemicals, engineering, ship building, aerospace, plastics, electrical goods, clothing, food-processing, furniture, microprocessors, semiconductors and fibre optics among others. Leveraging this base, the region holds the potential to realize up to US$ 300 billion in FDI

[128] Source: "Explore The 5 Profitable Investment Sectors In The UAE For New Investors", RAKEZ, October 13, 2023
[129] Source: "Indian e-commerce enabler start-up GoKwik eyes global play", Business Today, March 31, 2023
[130] Source: "ODN Partners with Middle East based Channel Engine for the GCC e-commerce Market", Express Computer, December 04, 2023
[131] Source: "GCC can gain $300bn in FDI by becoming global supply chain centre", The National News, May 17, 2023
[132] Source: "Abu Dhabi investing $2.7bln to double manufacturing sector", Zawya, September 24, 2023
[133] Source: "GCC can gain $300bn in FDI by becoming global supply chain centre", The National News, May 17, 2023
[134] Source: "How Industry 4.0 is transforming the Gulf's manufacturing sector", World Economic Forum, August 23, 2023

while localizing manufacturing can enable the region to create more than 150,000 jobs and unlock a US$ 25 billion annual opportunity in non-oil exports[135]. To achieve this, the GCC nations have already started constructing industrial cities while embracing digital technologies that could fuel a manufacturing boom. Private sector participants can look to collaborate with the regional stakeholders to explore new frontiers of development in the GCC industrial sector. In addition to infrastructure, investors also have the opportunity to establish industrial IoT and logistics technology companies within the region.

Digital and Information Communication Technology (ICT)

The GCC countries are implementing new business models to accommodate digital transformation across multiple industries to meet the demand among the millennial population. Several advanced technologies including Internet of Things (IoT), cloud computing, data analytics, artificial intelligence (AI) and Machine Learning, Augmented Reality (AR) and Virtual Reality (VR) have been incorporated by players in core economic sectors such as manufacturing, defense and aviation, healthcare, finance, education, infrastructure, retail and transportation among others. 5G mobile networks are another technology that the GCC nations, especially the UAE, Saudi Arabia, Bahrain, and Qatar, have been investing heavily in recent years. By 2024, the UAE is projected to allocate an estimated US$ 23 billion for ICT spending, with Qatar's spending expected to reach around US$ 9 billion and Kuwait's spending predicted to hit US$ 10 billion during the same year[136].

Opportunities are likely to emerge in key segments with a strong value proposition in the form of a strategic product or solution that meets the specific niche requirements of an industry

The GCC governments' proactive efforts to digitize their systems across multiple sectors including complex projects like NEOM, the Red Sea Project and the Etihad Railway are setting global benchmarks. Simultaneously, private sector companies are harnessing cutting-edge technologies to enhance efficiency, productivity, and customer experience. To meet the growing demand for IT professionals, the GCC nations have laid strong emphasis on developing local talent while establishing dedicated ICT zones to build a strong ecosystem. Several Special Economic Zones (SEZ) have been established including the Dubai Internet City, Qatar Science & Technology Park, Dubai Silicon Oasis, King Abdullah bin Abdul Aziz Science Park and Knowledge Oasis Muscat to encourage the development of local ICT resources and cater to the region's emerging ICT needs. Initiatives such as specialized IT education programs, vocational training, and partnerships with international technology institutions, especially from India, are being implemented to nurture a skilled workforce. Some of the Indian technology firms who have established a presence in the region include TCS, Tech Mahindra, Wipro, HCL Technologies and Infosys among others. Moreover, Indian institutes such as NIIT and Aptech have established IT training institutes in the GCC to impart advanced IT skills to the nationals.

Countries such as the UAE are seeking to attract further investments into promising sub-sectors such as advanced technology, artificial intelligence (AI), research and development, and digital economy, which can stimulate innovation and improve the performance of the overall economy[137]. As the industry continues to mature, opportunities are likely to emerge in key segments with a strong value proposition in the form of a strategic product or solution that meets the specific niche requirements of an industry. Indian companies, with their strong knowledge-base in technology, can explore opportunities in building customized solutions, leveraging industry best practices and mature technology platforms, best suited to the requirements of the local clients. Companies which can focus on such niche AI and IoT services could see revenue growth and an increase in enterprise value. Over time, and with

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[135] Source: "Reconfiguring Global Value Chains", PwC
[136] Source: "From Deserts to Digital Dominance: Tech Transformation in the GCC", Telecom Review, October 9, 2023
[137] Source: "Promising Economic Sectors", UAE Ministry of Economy

an increasing customer base, these solutions may become more functionally rich and mature, potentially driving value and attracting potential investors. At the same time, there lies acquisition opportunities for Indian players within the GCC technology space. Several smaller firms with distinguished offerings are garnering a lot of interest by industry stakeholders. Mature IT players can look for players that complement their existing portfolio of products and services, potentially increasing the value of their offerings by making them more comprehensive to the specific requirements of a particular sector[138].

Agriculture

Environmental conditions in the GCC are not favorable for conventional agriculture, with arable land in the region accounting for ~1.4% of the total land area[139]. In a bid to overcome the challenges due to unfavorable climatic conditions for agriculture, countries such as Saudi Arabia and the UAE are investing heavily in farmlands abroad while the other GCC nations are engaging in international collaborations to ensure a steady supply of food[140]. Additionally, the governments are fast embracing AgriTech including vertical farming, aquaculture, and aquaponics to enhance supply chains and increase food production. They are also focusing on precision agriculture, harnessing data analytics, drones, AI and IoT to monitor crop health, manage irrigation, and control pests. Regulators are also advancing food security agendas through grants for start-ups and launching AgriTech initiatives.

Fostering partnerships with GCC-based AgriTech players can open new avenues for Indian startups to access advanced technologies and investment opportunities

In addition to the GCC nations offering financial assistance to bolster local AgriTech companies, they are also collaborating with foreign players for developing innovative solutions. Sovereign Wealth Funds (SWFs), local family offices, and banks are actively providing AgriTech loan programs, attracting interest from foreign players across the globe. In 2020, the Abu Dhabi Investment Office (ADIO) partnered with seven AgriTech companies to support innovative R&D projects across the Emirate. Its new Innovation Program also committed US$ 545 million to accelerate opportunities for investors in the sector[141]. Earlier it had announced more than AED 110 million (US$ 30 million) in financial incentives to AgriTech companies looking to establish or expand their presence in Abu Dhabi. The Agriculture and Food Safety Authority (ADAFSA) and ADIO, who had awarded five investment projects worth AED 75 million (US$ 20.4 million) to four local companies, also announced AED 1 billion (US$ 270 million) in investment opportunities for the AgriTech sector[142]. Dubai is also building a dedicated hub for tech-based food and agriculture products and is leading R&D initiatives of AgriTech solutions that will help produce food locally[143]. As a result, there has been a rise in the number of international and domestic players that are working towards increasing food production in the region. Several Indian companies such as FarmERP, DeHaat, AS Agri & Aqua LLP, and Advanta Limited have already expanded their services in the GCC. Fostering partnerships with GCC-based AgriTech players like Pure Harvest Smart Farms, RightFarm and Madar Farms among others can open new avenues for these Indian startups to access advanced technologies and investment opportunities[144]. Since 2020, AgriTech players in the UAE and Saudi Arabia alone have raised approximately US$ 330 million[145]. As government efforts manifest and tech enablers build scalable solutions in agriculture, the region will continue to witness investor interest in home-grown innovations.

[138] Source: “Technology in the GCC - Leading the way and driving value”, Deloitte
[139] Source: FAO, World Bank
[140] Source: “Food Security for the GCC is more a question of accessibility than affordability”, Markaz, July 31, 2023
[141] Source: “How UAE and Saudi Arabia are tackling food security issues”, Zawya, June 1, 2022
[142] Source: “Securing Supply”, MEED, March, 2021
[143] Source: “How UAE and Saudi Arabia are tackling food security issues”, Zawya, June 1, 2022
[144] Source: “India-Middle East Food Corridor: Exploring The Potential”, Invest India, July 27, 2023
[145] Source: “How UAE and Saudi Arabia are tackling food security issues”, Zawya, June 1, 2022

India Economic Landscape

Ranked 5th
in terms of GDP
in the world

India in 2023
GDP: **US$ 3.7 trillion**
GDP per capita: **US$ 9,339**

Main Industries

Automotive, Textiles, Steel, Drugs & Pharmaceutical, and Food Processing

Real GDP Growth
FY 2023: 7.8%

Real GDP Growth Forecast
FY 2024: 6.8%

Top Importers from India
(2022)
USA, UAE, Netherlands, China, and Bangladesh

Top Exporters to India
(2022)
China, USA, UAE, Saudi Arabia, and Russia

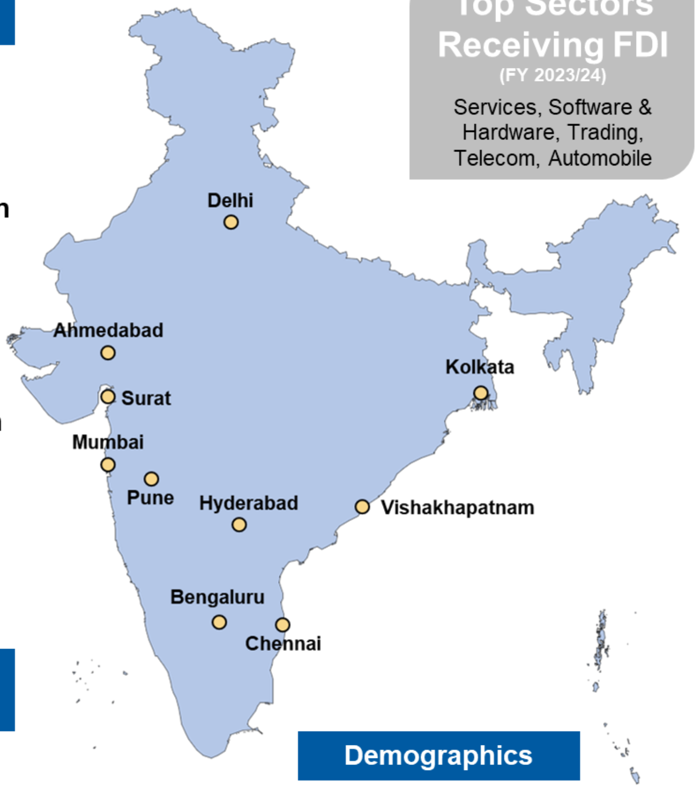
FDI Inflow by Country
(FY 2023/24)
Singapore, Mauritius, USA, Japan, UAE

Cumulative FDI Inflow/Outflow

Cumulative FDI Inflow in India (2018-22)
US$ 250.9 billion

Cumulative FDI Outflow from India (2018-22)
US$ 67.5 billion

Top Sectors Receiving FDI
(FY 2023/24)
Services, Software & Hardware, Trading, Telecom, Automobile



India-GCC FDI Inflow/Outflow

Cumulative FDI into India from GCC (2018-22)
US$ 13.6 billion

Cumulative FDI from India to GCC (2018-22)
US$ 5.4 billion

Demographics

Total Population: **1,417.2 million**
Labor Force: **~593.7 million**
Youth Population: **~379 million**
(10-24 year-olds)

Source: IMF (April 2024), UNCTAD, RBI, Department of Commerce

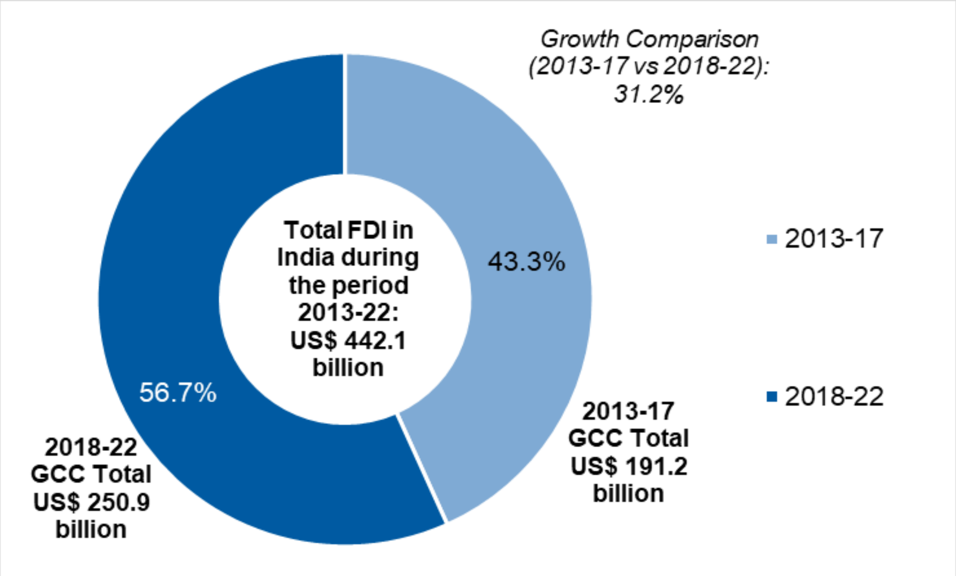
4. Indian Investment Landscape

In 2022, India ranked 10th globally in top destinations for FDI, a culmination of decades of economic and policy reforms

India is currently the world's fifth-largest economy, following the US, China, Germany, and Japan. By 2030, its GDP is projected to exceed that of Japan's, making India the second-largest economy in the Asia-Pacific region[146]. India has remained resilient despite the global headwinds in 2023 and is likely to remain the world's fastest-growing major economy on the back of growing demand, strong public infrastructure investment, moderate inflation, stable interest rate, strengthening financial sector, and robust foreign exchange reserves. India's growth rate in 2023 was the second highest among G20 countries and almost twice the average of emerging market economies[147]. The country is progressively upgrading its infrastructure, creating a digitally empowered society, increasing local manufacturing activity and enhancing energy production. As a result of this, the country continues to offer substantial investment opportunities across various economic sectors.

4.1 Investment Flows - FDI

Exhibit 23: Cumulative FDI into India (2013-22)



Source: UNCTAD

In India, FDI is allowed through the automatic route in most of the sectors while in areas such as telecom, media, pharmaceuticals and insurance, government approval is required for foreign investors. Under the government approval route, a foreign investor has to take prior nod of the ministry or department concerned whereas under the automatic route, an overseas investor is only required to inform the Reserve Bank of India (RBI) after the investment is made. Currently, there are three sectors falling under the government route that requires prior approval including satellites (establishment and operation), mining and mineral separation of titanium bearing minerals and ores, and financial services (where any part of the financial services is not regulated by a financial services regulator)[148]. At present, FDI is prohibited in certain sectors in India including lottery, gambling and betting, real estate, and manufacturing of cigars and cigarettes using tobacco[149].

146 Source: "Fitch expects India to be among fastest-growing nations in 2024-25", Live Mint, December 22, 2023
147 Source: "India's Growth to Remain Resilient Despite Global Challenges", World Bank, October 3, 2023
148 Source: "India: Overview of the Legal Framework and Treatment of FDI", Global Competition Review, December 06, 2023
149 Source: "FDI inflows likely to rise in 2024 as India remains preferred investment destination", The Hindu Business Line, December 24, 2023

Cumulative FDI inflow in India during 2018-22 has grown by 31.2% to reach US$ 250.9 billion from US$ 191.2 billion during the 2013-17 period (see Exhibit 24)[150]. In 2022, India ranked 10th globally in top destinations for FDI.

Top 5 sectors receiving highest FDI during 2022 were the services sector (finance, banking, insurance, business, outsourcing, R&D tech. & analytics, others) with 16% share, followed by computer software & hardware (15%), trading (6%), telecommunications (6%), and the automobile industry (5%)[151]. Singapore was the largest investor in India with US$ 17.2 billion investment in 2022, followed by Mauritius (US$ 6.1 billion) and the US (US$ 6 billion).

Investment Flows from GCC

Exhibit 24: Annual FDI into India from the GCC (US$ million)

Country	2018	2019	2020	2021	2022	2023	Cumulative (2018-22)	Cumulative (2013-17)
UAE	721.5	862.4	3,989.6	1,130.9	3,289.8	2,681.8	9,994.0	2,970.9
Bahrain	5.8	7.9	3.6	0.6	2.1	2.9	20.0	135.0
Qatar	4.1	59.3	159.9	199.0	49.9	1,001.0	472.1	21.5
Oman	34.7	34.9	21.2	10.7	29.8	3.6	131.2	108.2
Saudi Arabia	10.2	105.3	2,816.4	7.0	17.3	68.0	2,956.2	159.5
Kuwait	10.2	2.2	7.4	6.0	2.9	1.4	28.7	42.8
Total FDI from the GCC	**786.4**	**1,072.0**	**6,998.1**	**1,354.1**	**3,391.6**	**3,758.7**	**13,602.3**	**3,437.8**
India's Total Inward FDI	**42,156.2**	**50,558.3**	**64,072.2**	**44,762.7**	**49,354.6**	**NA**	**250,904.1**	**191,229.8**
GCC's Share in Total FDI into India	**1.9%**	**2.1%**	**10.9%**	**3.0%**	**6.9%**	**NA**	**5.4%**	**1.8%**
GCC's Total Outward FDI	**42,398.5**	**35,864.6**	**33,607.7**	**50,898.3**	**21,867.4**	**NA**	**184,636.5**	**160,534.7**
India's Share in Total Outward FDI from the GCC	**1.9%**	**3.0%**	**20.8%**	**2.7%**	**15.5%**	**NA**	**7.4%**	**2.1%**

Source: RBI, Department of Commerce (India), UNCTAD

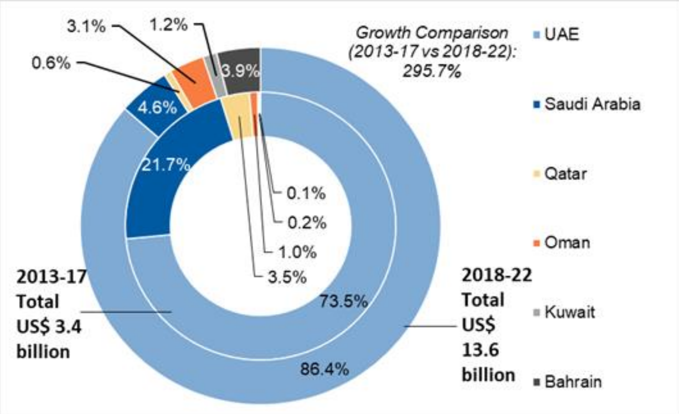
Note: Note: FDI numbers are Equity FDI as defined by the RBI and UNCTAD

With contribution of US$ 3.3 billion, UAE accounted for nearly 97% of GCC FDI inflows into the country during 2022

GCC investment flows to India have been growing at a modest pace over the years. In 2020, there was a significant rise in FDI inflows, which can be largely attributed to India implementing a 100% income tax exemption for Sovereign Wealth Funds (SWFs). The first fund to benefit from this exemption under the Indian Income Tax Act of 1961 was the Abu Dhabi Investment Authority (ADIA)[152]. Notably, UAE has been the major source country for India, accounting for nearly 86.4% of GCC's cumulative FDI inflows into India during the 2018-22 period (see Exhibits 25 and 26)[153]. With contribution of US$ 3.3 billion in total FDI during 2022, UAE was the fourth largest investor in India globally compared to the seventh position it held during 2021. The strengthening of investment cooperation between India and UAE can be largely attributed to the strong bilateral relations, growth in investment commitments and policy reforms by both the nations. The GCC's share of the cumulative FDI inflow into India has soared from 1.8% during the 2013-17 period to 5.4% during the 2018-22 period. Notably, Saudi Arabia's cumulative investment in India has grown 17.5x between the two periods, bringing the Kingdom's share of the cumulatively FDI inflow into India soar from 4.6% during 2013-17 to 21.7% during 2018-22 (see Exhibit 25)[154].

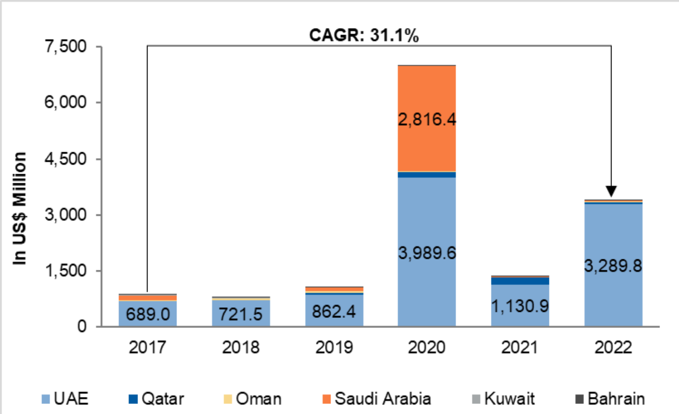
[150] Source: RBI, Department of Commerce – India, UNCTAD
[151] Source: "Investment climate in India has improved considerably since the opening up of the economy in 1991", Invest India, November 28, 2023
[152] Source: "Outlook for Sovereign Wealth Fund Investments in India", India Briefing, March 4, 2024
[153] Source: RBI, Department of Commerce - India
[154] Source: RBI, Department of Commerce - India

Exhibit 25: FDI into India from GCC Countries (2013-17 vs 2018-22)



Source: RBI, Department of Commerce (India)

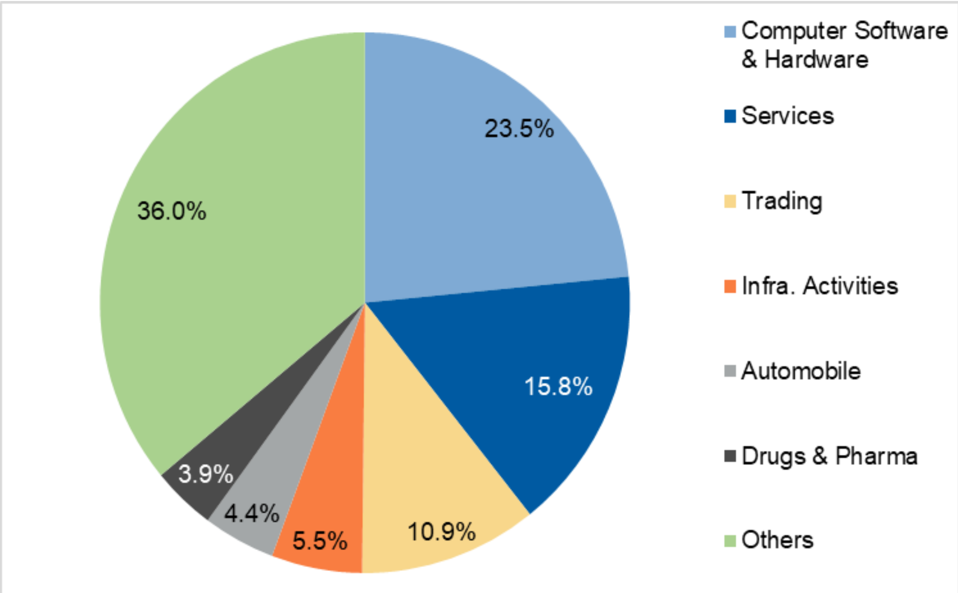
Exhibit 26: Trend in FDI into India from the GCC (2017-22)



Source: RBI, Department of Commerce (India)

Sectors such as Computer Software & Hardware (23.5%), Services (15.8%), and Trading (10.9%) attracted the highest FDI from GCC during 2022. Growth sectors such as infrastructure, automobiles, and pharmaceuticals collectively contributed 13.8% of FDI inflows into India from the GCC during the year (see Exhibit 27)[155].

Exhibit 27: Sector-wise FDI into India from the GCC (2022)



Source: RBI, Department of Commerce (India)

[155] Source: RBI, Department of Commerce - India

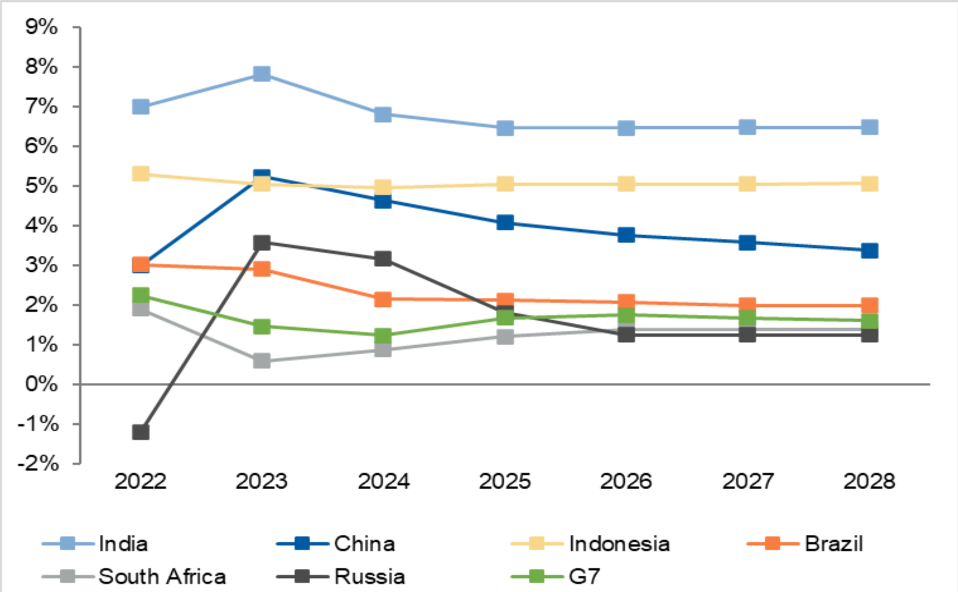
4.2 Growth Drivers

Robust Economic Growth

India remains on track to be one of the fastest growing major economies in the world and is anticipated to grow at a pace of 6.8% in 2024 and 6.5% in 2025

India's economy has exhibited robust growth since the downturn caused by the COVID-19 pandemic, largely supported by macroeconomic and financial stability. According to the IMF, India's GDP recorded a growth of 7.0% and 7.8% in 2022 and 2023, respectively, much higher than the world's top five major economies including the US, UK, Germany, China and Japan (see Exhibit 28)[156]. The country remains on track to be one of the fastest growing major economies in the world and is anticipated to grow at a pace of 6.8% in 2024 and 6.5% in 2025[157]. Although the country's headline inflation remains volatile due to food price shocks, it is expected to gradually decline over the years. India's current account deficit is expected to improve to 1.8% of GDP in FY 2023-24 as a result of resilient services exports coupled with lower oil import costs. Economic risks in India are anticipated to remain balanced albeit the country maintaining a cautious outlook amid global economic slowdown and supply chain disruptions that could cause recurrent commodity price volatility, thus increasing fiscal pressures[158]. The country's GDP growth is expected to remain upbeat, growing at a consistent pace of 6.5% until 2028 and surpassing growth projections of global top economies over the five-year period (see Exhibit 28)[159].

Exhibit 28: Top Economies vs India Real GDP (Growth %)



Source: IMF - April 2024

Strong Demographics

India has a large consumer market with an estimated population of more than 1.4 billion as of 2023. Having grown at a pace of 0.9% CAGR since 2017, the country's population is set to expand at a similar pace to reach 1.5 billion by 2028 (see Exhibit 30)[160]. Notably, the country's surging middle-class, which represents approximately 31% of India's population,

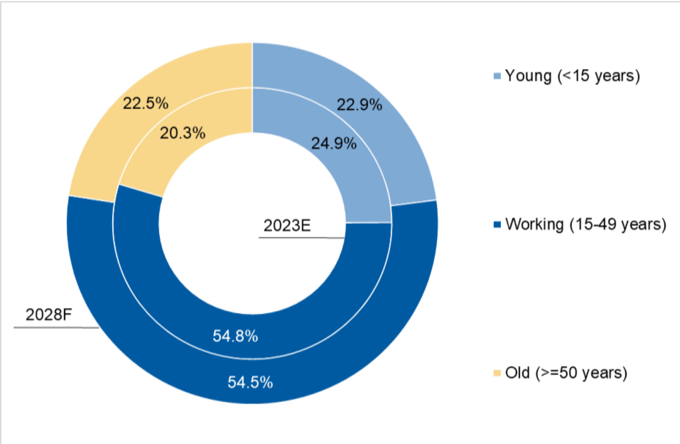
[156] Source: "World Economic Outlook Database", IMF, April 2024
[157] Source: "IMF raises India's growth forecast to 6.5% for next financial year", The Wire, December 20, 2023
[158] Source: "IMF Executive Board Concludes 2023 Article IV Consultation with India", IMF, December 18, 2023
[159] Source: "World Economic Outlook Database", IMF, April 2024
[160] Source: "World Economic Outlook Database", IMF, April 2024

India's young population not only reinforces its competitive advantage in the services and manufacturing sectors, but also proposes the consumption power of a young population towards discretionary expenditure

has become a driving force for the economy. According to the People Research on India's Consumer Economy (PRICE), this consumer segment is expected to nearly double to 61% of the total population by 2047[161]. The evolving preferences, changing habits, and increased spending power of India's middle-class is associated with more inclusive growth. They have not only become more conscious of quality of life but are also increasing their standard of living amid a rise in purchasing power[162]. Thus, this growing population base augurs well for higher demand for goods and services across all consumer sectors. At the same time, India witnessed a 6.1% y-o-y rise in High Net Worth Individuals/ Ultra High Net Worth Individuals (HNWIs/UHNWIs) population in 2023. According to Knight Frank's 'The Wealth Report 2024', the number of Indian UHNWIs is expected to increase to 19,908 by 2028 from 13,263 in 2023, equating to a 50.1% growth in their numbers[163]. Such dynamic demographics have helped the country witness a rising demand for luxury goods and services. According to Bain & Company, India's luxury market could reach US$ 200 billion by 2030, which is approximately 3.5 times its current size[164].

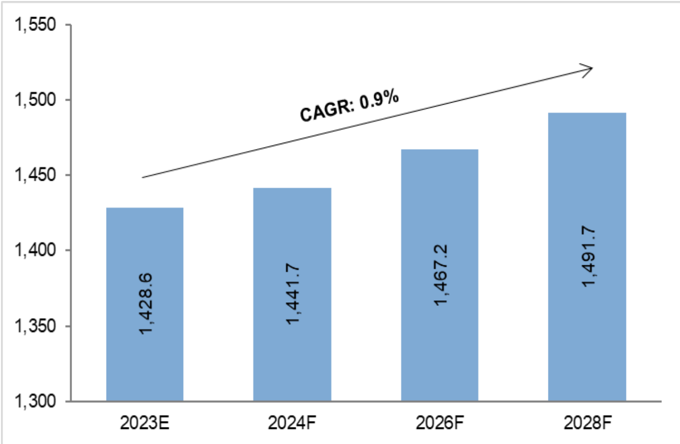
More than half of India's population is aged between 15 and 49 years (see Exhibit 29) with a median age of 28.4 years[165], giving the nation a potential advantage, especially at a time when countries around the world are facing declining birth rates and tight labor markets. This young population not only reinforces India's competitive advantage in the services and manufacturing sectors, but also proposes the consumption power of a young population towards discretionary expenditure. Moreover, the country's labor force participation rate for females is expected to grow with nearly 49% of the total enrolment in higher education during 2022 comprising of female students. With this rising trend, India is likely to expect a much larger proportion of women's participation in the workforce in the long-run[166].

Exhibit 29: India Population Age Distribution



Source: UNPD – November 2023
Note: E – Estimated, F – Forecasted

Exhibit 30: India Population Forecast (2023E-2028F)



Source: IMF – April 2024
Note: E – Estimated, F – Forecasted

According to International Labour Organization (ILO), India is currently a service-orientated economy with 30.7% of the labor force employed in the services sector[167]. The services sector contributed around 48.4% to India's GDP in 2022, up from 47.9% in 2021[168]. The

[161] Source: "Indian middle class will nearly double to 61% by 2046-47: PRICE Report", Business Standard, July 5, 2023
[162] Source: "The rise of the Indian middle class", Deccan Herald, April 9, 2024
[163] Source: "India to see highest growth in ultra-wealthy over 5 years", The Times of India, February 29, 2024
[164] Source: "Can India become the next China for the luxury market?", Forbes India, February 22, 2024
[165] Source: United Nations Population Department (UNPD), November 2023
[166] Source: "Reaping the demographic dividend", EY India, April 11, 2023
[167] Source: "International Labour Organization (ILO), 2023
[168] Source: "International Labour Organization (ILO), 2023

country's large labor force makes it well placed to achieve domestic growth goals and become a global design and manufacturing hub[169]. Share of India's working age population to total population is anticipated to reach its highest level at 68.9% by 2030, resulting in the country's dependency ratio for workforce to fall to its lowest level at 31.2%. This translates to India boasting of over 1 billion working age population by 2030, leading to the country becoming the largest provider of human resources in the world. While an estimated 24.3% of the incremental global workforce over the next decade is likely to come from India, the rise in skilled labors also bodes well for the government's emphasis on 'Make in India, Make for the World' agenda. Other sectors that are likely to benefit from this labor force population growth includes construction, public services, trade, transport and tourism, e-commerce, and other utility services in urban regions[170].

Structural Reforms

The Indian economy is currently undergoing significant transformation, largely aided by structural reforms by the government to enhance the country's global competitiveness

The Indian economy is currently undergoing significant transformation, largely aided by structural reforms by the government to enhance the country's global competitiveness. In recent years, India has scaled up its position in the domains of financial services, tax, real estate, energy, digital and physical infrastructure, social inclusion and FDI among others. Some of the noteworthy reforms include easing of FDI policies to attract foreign investments, financial inclusion, introduction of Goods and Services Tax (GST), implementation of the insolvency code, leveraging digital tools and making tax assessments faceless, IT-enablement of processes for getting permits and certificates, simplification of labor laws, and repealing several old laws to lower the regulatory burden.

The country has witnessed a strong wave of financial inclusion through the government's thrust on bank accounts and investments to build digital payments infrastructure. The formalization of the economy through digitalization of payment systems has provided an avenue for better credit assessment of citizens. As the financial services sector develops and augments these solutions, credit to households is likely to increase, further fueling the consumption story[171]. Among the most notable reforms is the Startup India program that offers incentives and tax benefits to startups. This makes the tech and innovation sector an appealing investment for foreign investors in India. At the same time, the government has introduced several initiatives such as the National Education Policy (NEP), the National Digital Health Mission (NDHM), the Hydrogen Energy Mission, the National Monetization Pipeline (NMP), and Production Linked Incentive (PLI) schemes to bring India at par with global economies. The NMP is a plan to monetize assets owned by the government and is expected to raise money for the government to invest in infrastructure and other projects. NMP estimates aggregate monetization potential of INR 6 lac crores (US$ 72.0 billion) through core assets of the Central Government, over a four-year period between FY 2022 and FY 2025[172]. On the other hand, the purpose of the PLI schemes is to attract investments in these key sectors and cutting-edge technology; ensure efficiency and bring economies of size and scale in the manufacturing sector to make Indian companies and manufacturers globally competitive[173]. Introduced at an outlay of more than INR 2.0 lac crore (US$ 24 billion) across 14 sectors to establish India's position in the global manufacturing and export space, the PLI schemes provide eligible manufacturing companies incentives ranging from 4% to 6% on incremental sales over the base year of 2019-20 for a four to six-year period.

[169] Source: "India's Demographic Dividend: The Key to Unlocking Its Global Ambitions", S&P Global, August 03, 2023
[170] Source: "Reaping the demographic dividend", EY India, April 11, 2023
[171] Source: "Reaping the demographic dividend", EY India, April 11, 2023
[172] Source: "National Monetization Pipeline (NMP)", NITI Aayog
[173] Source: "Production Linked Incentive Schemes for 14 key sectors aim to enhance India's manufacturing capabilities and exports", Ministry of Commerce & Industry - India, August 02, 2023

It incentivizes large domestic and global players to participate in production and leads to more inclusive growth across the country. India's total industrial production is expected to increase by over US$ 520 billion during the period covering PLI policy implementation[174].

The table below highlights the key sectors that will benefit from the PLI scheme:

Exhibit 31: PLI Schemes in India

Sectors	Incentives
Mobile manufacturing and specified electronic components	4% to 6% for a period of five years
Manufacturing of medical devices	5% for a period of five years
Critical key starting materials (KSM) / drug intermediaries (DI) and active pharmaceutical ingredients (API)	5% to 20% for a period of six years
White goods (ACs and LEDs)	4% to 6% for a period of five years
Telecom and networking products	4% to 7% for a period of five years
Electronic/technology products	1% to 4% for a period of four years
Pharmaceuticals drugs	3% to 10% for a period of six years
Food products	4% to 10% for a period of six years
Solar PV modules	Based on sales, performance criteria, and local value addition for a period of five years
Advanced chemistry cell (ACC) battery	Based on sales, performance criteria, and local value addition for a period of five years
Textile products	Based on sales, performance criteria, and local value addition for a period of five years
Automotive industry and drone industry	Based on sales, performance criteria, and local value addition for a period of five and three years, respectively
Specialty steel	4% to 12% for a period of five years

Source: Invest India

India has been strategic in its investor-friendly reforms and macro-fiscal response during the pandemic and the ongoing geo-political conflict. Simplified processes, like single-window clearance and the GST implementation, have eased bureaucratic burden on businesses and foreign investors in India, thereby enhancing the ease of business in the country. However, it remains important that the country continues with its prudent macro-economic management focused on stabilizing inflation while ensuring sound policies for economic development in order to attract domestic and global investors.

4.3 Investment Challenges

Underdeveloped Infrastructure

As India continues to witness an expanding population base and rapid urbanization, improvement of physical infrastructure remains vital to sustain economic progression. Significant underinvestment over the years has led to deficits in critical areas such as railways, roads, ports, airports, telecommunications and electricity generation. Growth in industries and manufacturing sector has further intensified the strain on the nation's unreliable networks for electricity and water. Inefficiencies in implementing infrastructure projects, including awarding projects as per plan, securing financial closure, and executing

[174] Source: "What are Production-Linked Incentive Schemes and How Will They Improve India's Manufacturing Capacity?", India Briefing, March 10, 2022

projects within cost and time has been the major constraints for India. The country was ranked 40th in the IMD World Competitiveness Ranking for 2023, sliding down from the 37th position in 2022. India's ranking was largely affected by performance in the business efficiency and infrastructure development indexes. Although its ranking (49th) in infrastructure remained unchanged in 2022, constraints in funding and land acquisition coupled with delays in awarding of projects and securing approvals continue to impede developments[175].

Slow Pace of Labor Reforms

India had an unemployment rate of 9.3% in 2022, surpassing the global average of 6.8%, while the country's labor force participation has been relatively low at 61.4% compared to the global average of 63.3%

According to the World Bank, India had an unemployment rate of 9.3% in 2022, surpassing the global average of 6.8%, while the country's labor force participation has been relatively low at 61.4% compared to the global average of 63.3%[176]. Although the country's overall population has surpassed China, India would need to achieve a participation rate of over 70% by 2030 to achieve the same labor force size as China (76%). Female employment in India (~25%) also continues to remain significantly lower than China (~71%). At the same time, India's workforce productivity due to lack of proper education and healthcare standards continue to remain a concern[177].

Moreover, improvements in labor laws and measures to address the skills gap have been limited in India. For instance, India's labor force in the informal sector with low wages do not have any social security or benefits such as paid holidays and healthcare. This had led to many being laid off without any compensation due to the closure of factories, building sites and other workplaces during the pandemic. Although India replaced the old labor laws with new labor codes - Industrial Relations, Social Security and Occupational Safety, Health and Working Conditions - during 2019-20, it has failed to achieve a balance between enabling ease of doing business, and strengthening labor welfare rights[178]. At the same time, measures taken by the government towards upskilling the existing workforce have been relatively muted. Although initiatives such as the Skill India Mission of training 400 million Indians in various skills by 2022 have been launched, its impact has been limited with only 13.7 million individuals receiving training since 2016[179].

Bureaucratic Hurdles

Lack of uniform policies, guidelines, procedures and close co-ordination between the central and state governments are some of the bureaucratic hurdles faced by investors

Despite the advancements made by India in establishing the groundwork for a speedier and structured framework, foreign investors continue to encounter several problems while investing in India, including bureaucratic challenges. Lack of uniform policies, guidelines, procedures and close co-ordination between the central and state governments are some of the bureaucratic hurdles faced by investors. The multi-layered government structure in India has not only made decision making complicated and time-consuming but also impede the efficacy of the efforts taken by policymakers to streamline the process. According to Moody's Investors Service, lack of certainty around the time needed for land acquisition approvals, regulatory clearances, obtaining licenses and setting up businesses can prolong project gestation period and impact investor sentiments[180]. It further stated that despite the economy's strong potential, there is a risk that the pace of investment in India's

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[175] Source: World Competitiveness Index 2022, Institute of Management Development (IMD)
[176] Source: Unemployment Rate and Labor Force Participation Database - World Bank
[177] Source: "India's population has surpassed China's, but its labor force is still lagging by a large margin", CNBC, September 28, 2023
[178] Source: "New labour laws are pro-business, anti-workers", Business Today, September 25, 2020
[179] Source: "India's Demographic Dividend: The Key to Unlocking Its Global Ambitions", S&P Global, August 3, 2023
[180] Source: "Policy barriers, bureaucracy could slow pace of investment in India - Moody's", Reuters, May 23, 2023

manufacturing and infrastructure sectors could slow due to limited economic liberalization or slower policy implementation. Although the government's efforts to reduce corruption, formalize economic activity, and bolster tax collection and administration have been encouraging, the country's limited multilateral liberalization with respect to regional trade agreements are also likely to weigh on foreign investments[181].

At the same time, delays in enforcing contracts and disposal resolution remain a major hurdle for ease of doing business in India. This can be largely attributed to the inefficiency in the country's judicial system, with both the lower and high courts accounting for several cases remain pending for years[182]. According to the World Bank, it takes around 1,445 days to resolve a commercial contract in India compared to 590 days in other OECD high-income countries[183]. The implication of this sluggish contract enforcement environment can be severe for businesses and the economy alike. Firstly, the long resolution time for disputes lowers the implied value of the contracts. This may fosters an environment of mistrust among parties while also impacting the business environment in the country. Secondly, lower contract enforceability leads to higher cost of dispute resolution. This not only makes it more expensive to do business in India but also restricts businesses from operating in a fair and just environment.

High Import Tariffs & Protectionist Policies

India's import tariffs are amongst the highest of any major economy

According to the World Trade Organization (WTO), India's import tariffs are amongst the highest of any major economy. Since 2014, there have been around 3,200 tariff increases by the government amid a call for 'atmanirbharta' or self-reliance. In other words, the Indian government has consistently raised tariff and non-tariff barriers to protect domestic suppliers across most sectors and to bolster indigenous production. For instance, in its 2021-2022 Annual Budget, the Indian government increased tariffs for 31 product categories, including cotton and denatured ethanol for select end-use, and raised duties on solar inverters and solar lanterns. In its 2022-2023 Annual Budget, India further raised tariff rates on imported headphones, loudspeakers, and smart meters used by power distribution companies. In the 2023-24 Annual Budget, India raised tariffs for private jets, helicopters, plastic goods, jewelry, high gloss paper, and vitamins[184]. This has translated to a rise of approximately 18%, affecting a sizeable segment of the country's trade basket. This is significantly higher than India's biggest competitors such as China (7.5%), Vietnam (9.6%) and Bangladesh (14.1%). The frequent and broad tariff hikes for a third straight year indicates the country's protectionist stance. The government is likely to impose more protectionist trade policies as it seeks to lower inflation and unemployment[185].

Although, India is pushing towards 'Make in India' policies, it has raised imports of at least 25 major commodities from China in the FY 2023. China's share in India's imports across key sectors such as industrial goods, electronics, plastics, chemicals & pharmaceuticals, textiles & clothing, auto components and iron & steel products have been rising over the past decade despite India's desire to replace China in the global supply chain[186]. Consequently, China has become India's largest trading partner in FY 2024 with 15.1%

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[181] Source: "India's GDP crossed $3.5 trillion in 2022;beureaucracy to impact FDI attraction: Moody's", LiveMint, May 23, 2023
[182] Source: "Economic Survey 2019: Contract enforcement biggest hurdle in improving India's ease of doing business ranking", CNBC TV18, June 13, 2022
[183] Source: "Scope for Reformative Dispute Resolution in India: Abolition of The Intellectual Property Appellate Board to Arbitration of Intellectual Property Disputes", Economic & Political Weekly, February 9, 2024
[184] Source: Import Tariffs, International Trade Administration, January 12, 2024
[185] Source: "The Implications of India's Pursuit of Protectionist Trade Policies", World View - Stratfor, September 7, 2023
[186] Source: "India raises imports of major commodities from China, reflecting economic dependence: expert", Global Times, August 11, 2023

share of total imports, surpassing the US[187]. While the Indian government and industries continue to evaluate their domestic manufacturing capabilities and potentially recalibrate their import strategies, the concern of rising import tariffs are likely to persist. High tariffs not only place manufacturers at a disadvantage but also affect export competitiveness and hurt consumer sentiment[188].

4.4 Opportunities for GCC Investors in India

Infrastructure

Investment opportunities remain strong in Indian road/highway projects, alongside railways, aviation, and ports among others

Infrastructure development remains the cornerstone for Indian economy to achieve its Vision 2047 for a US$ 30 trillion economy and be reclassified from a developing nation to a developed nation[189]. The country's National Infrastructure Pipeline (NIP) for FY 2019-25 emphasizes social and infrastructure projects including energy, roads, railways, and urban development worth INR 102 lac crores (US$ 1.4 trillion). The Centre and State governments have nearly equal contributions (39% and 40%) while the private sector has a 21% share. Approximately INR 69 lac crore (US$ 832.7 billion) worth of infrastructure projects are currently at various stages of development across India[190]. Roads & Highways account for the highest share, followed by Railways and Urban Public Transport. With approximately 2,000 PPP projects in various stages of implementation in the infrastructure sector, India's program remains one of the largest in the world. In its 2023-24 budget, the Indian government emphasized the need for increased spending in the infrastructure sector and nearly trebled its infrastructure spending to 3.3% of GDP compared to that in 2019-20. The budget has allocated INR 75,000 crores (US$ 9.0 billion) for 100 projects deemed critical to improving the overall multimodal logistics infrastructure[191]. The government has launched Gati Shakti Programme with a vision to bring all the major mobility infrastructure projects such as Bharatmala (roads & highways), Sagarmala (ports), UDAN (regional airports) under one umbrella with the participation from private players and investors[192]. Together, these initiatives aim to reduce logistics costs in India to less than 10% of GDP by 2027 from approximately 14% as of 2022[193].

As per the Confederation of Indian Industries (CII), India faces an estimated infrastructure financing gap of over 5% of its GDP. With around US$ 1.4 trillion infrastructure projects currently under construction and another US$ 1.8 billion in the conceptualization phase, the infrastructure sector in India presents significant opportunities for private participants to collaborate through PPP initiatives and provide capital[194]. Infrastructure development can not only help remove logistic inefficiencies, contributing immediately to economic expansion, but also support stronger long-term growth for investment, entrepreneurship and job creation. As such, opportunities remain strong for the GCC investors in the following infrastructure segments across India:

Roadways: To improve the road network and connectivity of the nation, the Indian government has planned to spend more than INR 2.7 lac crore (US$ 32.5 billion) as part of

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[187] Source: "China surpasses US, becomes India's top trading partner with $118.4 billion business", Live Mint, May 13, 2024
[188] Source: "The Implications of India's Pursuit of Protectionist Trade Policies", World View - Stratfor, September 7, 2023
[189] Source: "India to be a $5 trillion economy by FY28; reach $30 trillion by 2047: FM", Economic Times, January 10, 2024
[190] Source: India Investment Grid (IIG) database
[191] Source: "Infrastructure Development in India", Invest India, March 29, 2023
[192] Source: "Infrastructure Revolution: Fueling India's Economic Growth towards 2047", Business Today, August 24, 2023
[193] Source: "India's infrastructure and logistics transformation is for real", NIKKEI Asia, June 15, 2023
[194] Source: "Building the future: Infrastructure investment opportunities in India", EY, December 2023

its 2023-24 budget on roads out of which INR 1.6 lac crore (US$ 19.2 billion) is allotted to the National Highways Authority of India (NHAI), 21 % higher than the previous year. In the year 2021-22, NHAI successfully constructed 10,457 km of highways and has awarded contracts of 12,731 km to improve connectivity across states. The Ministry of Transport and Highways allocation in the 2023-24 budget increased by 36% over the previous year to develop new expressways. Around 13,800 km of highways construction is envisaged in 2023-24 alone[195]. As part of the new Road Connectivity scheme, several new high budget projects are being implemented to connect Tier 1 and Tier 2 cities across the country. At the same time, a total of 144 tunneling projects with a length of 357 km are being built at a cost of INR 2 lac crore (US$ 24.1 billion) on National Highways across India.

Railways: The government has allocated INR 2.4 lac crores (US$ 28.9 billion) in its 2023-24 budget for the development of new semi high-speed Vande Bharat trains and for the upgradation and maintenance of railway tracks. The Ministry of Railways is in the process of developing two dedicated freight corridors – Eastern Dedicated Freight Corridor (EDFC) and Western Dedicated Freight Corridor (WDFC) with over 1,724 km of track commissioned till date at an expenditure of over INR 97,000 crores (US$ 11.7 billion). These freight corridors will connect India's key manufacturing hubs like Ludhiana and Mumbai with important ports allowing freight to be transported on these dedicated lines[196]. Another key planned connectivity routes include the 52 km Bairabi-Sairang railway project which will connect the Northeast states of India with the central railways and the Capital Connectivity Project that will connect all the 8 capitals of Northeast states in one railway line by 2026[197].

Aviation: India is the third largest country in the aviation sector after the US and China. More than 131 airports are in operation across the country, of which 29 are international, 92 are domestic, and 10 custom airports. In its 2022-23 budget, the government granted approvals to 21 greenfield airports, of which 11 have been already operationalized[198]. It has also been working on various initiatives to improve regional air connectivity, such as the UDAAN scheme, which focuses on connecting Tier 2 and 3 cities. The country recently announced the building of 50 new airports, heliports, water aerodromes and advanced landing grounds as part of its 2023-24 budget that will help improve regional aerial connectivity. The government also allocated INR 4,500 crores (US$ 541.3 million) for the revival of neglected airports and airstrips of the state governments, as well as public sector undertakings, and civil groups[199]. The private sector is expected to play a vital role for construction and operations of newer airports resulting in projected total number of airports across the country to reach 200 by end of 2024.

Ports & Shipping: India has 12 major ports and over 200 non-major ports along its 7,500-km long coastline. Vadhavan Port in Maharashtra, which is currently under construction, would be the 13th major port in India. The country's ambitious SagarMala project, intended to reduce logistics cost of trade through a string of ports across the coastline, is expected to be completed before 2047[200]. As per the Standing Committee on Transport, Tourism and Culture, almost 56 port connectivity projects have been completed and 69 are under implementation along with completion of 33 port-led industrialization projects[201].

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[195] Source: "Infrastructure investment for a new era of connectivity", Invest India, February 15, 2023
[196] Source: "Infrastructure Development in India", Invest India, March 29, 2023
[197] Source: "Infrastructure investment for a new era of connectivity", Invest India, February 15, 2023
[198] Source: "Greenfield Airports in India: 21 new airports operationalised! 7 get 'In-Principle' approval", Financial Express, July 28, 2023
[199] Source: "Budget 2023: 50 new airports to connect Tier-2, 3 cities", Financial Express, February 1, 2023
[200] Source: "Infrastructure Revolution: Fueling India's Economic Growth towards 2047", Business Today, August 24, 2023
[201] Source: "Infrastructure Development in India", Invest India, March 29, 2023

UAE, Saudi Arabia and Qatar are actively scouting for investments in India's infrastructure projects

Recently, the UAE announced plans of investing up to $50 billion in India with the possibility of acquiring stakes in key Indian infrastructure projects and state-owned assets. Some of these investments could involve sovereign wealth funds such as the Abu Dhabi Investment Authority, Mubadala Investment Co., and ADQ[202]. Earlier, the UAE had committed to invest US$ 75 billion in India's infrastructure sector over a period of time[203]. Similarly, Saudi Arabia and Qatar's Sovereign Wealth Funds (PIF and QIA, respectively) coupled with private investors from these nations are looking at attractive investment options in infrastructural sectors in India, including roads/highways, airports, and ports among others. Saudi Arabia and India have already agreed to set up a joint working group to channelize $100 billion in investments across key projects (including waterways, ports, expansion of railways and freight corridors, highway infrastructure, energy, hydrogen, and gas grids) in India[204]. Some of the notable GCC-based companies operating in the Indian ports, shipping and logistics sector include Aramex, DP World, Azmar Shipping, and MSC Emirates among others.

Digital and Information Communication Technology (ICT)

Contributing approximately 7.5% to India's GDP, the country's technology industry is estimated to have generated revenues of US$ 245 billion in 2023

With India setting the pace for planning and execution of megaprojects over the last few decades, it has been aggressively implementing advanced technologies such as AI, machine learning, big data analytics, sensors, IoT, robotics, and other forms of digital technologies across multiple sectors. Contributing approximately 7.5% to India's GDP, the country's technology industry is estimated to have generated revenues of US$ 245 billion in 2023. India's technology exports, valued at US$ 194 billion, are expected to grow at 9.4% y-o-y. India ranked first globally in 'AI talent concentration' and secured 5th rank in 'FTTH/Building Internet subscriptions' and 'AI scientific publications'[205]. In order to build a 'Digital India', the government has introduced various schemes that has led to a 200% increase in rural internet subscriptions between 2015 and 2021 vis-a-vis 158% rise in urban areas[206]. As part of its Vision 2047, the government has also launched initiatives such as the Software Technology Park of India Scheme, a 100% export-oriented endeavor to foster the development and export of computer software. The country's National Policy on Software Products aims at India becoming a global leader in intellectual capital-driven software product development. It has established the Indian Software Product Registry (ISPR), serving as a trusted trade environment by pooling Indian software products and facilitating innovation. The government has established a US$ 745.8 million fund to further drive growth in the sector. Amid a strong government push, GDP contribution of India's IT sector is anticipated to reach 10% by 2025[207].

Investment opportunities lie in India's software & hardware solutions, IT & BPM, industrial parks and growing data centers

India's Information Technology and IT-Enabled Services (IT/ITES) domain provides direct employment to approximately 5.1 million individuals, with expectations of reaching 9.5 million by 2026. India is the world's largest Business Process Management (BPM) destination and has the largest number of qualified technical graduates in the world[208]. Moreover, India is one of the most preferred destinations for setting up Global Capability Centres (GCCs). There are currently more than 1,580 GCCs in India, employing a total talent pool of approximately 1.7 million people. Notably, data centers in India have attracted

[202] Source: "UAE considers $50 billion investment in India, strengthening bilateral ties: Report", Business Today, November 03, 2023
[203] Source: "UAE investors eye infra, education, food processing, fin sectors: Goyal", Business Today, October 05, 2023
[204] Source: "India, Saudi Arabia to speed up kingdom's $100-billion investment plan", Hindustan Times, September 11, 2023
[205] Source: "IT & BPM - New India: The future is Virtual", Invest India, March 29, 2023
[206] Source: "Infrastructure Development in India", Invest India, March 29, 2023
[207] Source: "Investing in India's IT Sector: Opportunities for Foreign Companies", India Briefing, June 19, 2023
[208] Source: "Invest in IT/ITES", India Investment Grid

investment of US$ 10 billion since 2020, leading to a rise in demand for expanding the infrastructure for more such facilities. With a current installed power capacity of 499 MW for data centers, it is poised to expand to 1007 MW by 2024. Over 45 new data centers are expected to come up in India by 2025, with investments estimated to reach US$ 4.6 billion per annum by 2025. India's Information Technology Ministry is also set to introduce lucrative incentives under a national policy framework for data centers, offering rewards for sourcing components from Indian manufacturing units and promoting the use of renewable energy[209]. In terms of FDI equity inflow, the computer software and hardware sub-sectors attracted the highest FDI in 2022. This sub-sector has also been the most favored among GCC investors, accounting for 23.5% of the total FDI inflow during the year[210]. For instance, DP World has expanded its offerings in the technology sphere by opening a new office in Gurugram and Hyderabad. Through its business unit in India, the company aims at building technologically advanced integrated services to help trade flow[211].

Renewable Energy

India has announced plans to achieve net zero carbon emissions by 2070 and to meet 50% of its electricity needs from renewable sources

India is the third largest energy consuming country in the world. Its energy demand in the coming decade is expected to increase more than that of any other country, largely due to its size and potential for growth and development. Amid a call for this new energy demand to be met by renewable sources, the government has announced plans to achieve net zero carbon emissions by 2070 and meet 50% of its electricity needs from renewables. According to the ‘Renewables 2022 Global Status Report’, India stands 4th globally in Renewable Energy Installed Capacity, 4th in Wind Power capacity, and 4th in Solar Power capacity[212]. India's installed renewable energy capacity is estimated to have surpassed 175 GW in 2023, accounting for about 37% of the country's total energy supply, and is further projected to reach 280 GW by 2025. The country has set an enhanced target of approximately 500 GW of non-fossil fuel-based energy by 2030, of which 280 GW (over 60%) is expected from solar, marking the world's largest expansion plan in renewable energy[213].

Recent initiatives by the government such as permitting 100% FDI under the automatic route, the policy to set up Ultra Mega Renewable Energy Parks, and Standard Bidding Guidelines for tariff based competitive bidding for grid connected projects among others continue to drive the sector forward. It has also introduced the ‘Green Hydrogen Mission’ worth US$ 2.4 billion that aims to achieve at least 5 MMT of green hydrogen production capacity per annum, and 60 GW of electrolyser capacity by 2030. Financial incentives through Strategic Interventions for Green Hydrogen Transition Programme (SIGHT) worth US$ 2.1 billion are also being offered for both, green hydrogen production and electrolyser manufacturing[214]. With the increased support of the government, the sector has become attractive for investors from across the globe. Consequently, renewable energy investments in India are estimated to jump 83% to around US$ 16.5 billion in 2024. Several domestic and foreign players from across the globe have already bid for incentives for electrolyser manufacturing and green hydrogen production under the first tranche of SIGHT Scheme[215]. Notably, the pipeline of solar PV manufacturing projects is set to draw approximately US$

[209] Source: “Invest in Data Centers”, India Investment Grid
[210] Source: RBI, Department of Commerce - India
[211] Source: “DP World expands digital focus with new India tech centres”, DP World, June 21, 2022
[212] Source: “Renewables 2022 Global Status Report”, REN 21
[213] Source: “Renewable Energy Industry in India”, IBEF, August 2023
[214] Source: “India- Favourable Investment Destination for Renewable Energy”, Invest India, July 28, 2023
[215] Source: “Renewable energy investments in India to jump 83% to $16.5 bn in 2024”, Business Standard, December 26, 2023

15.5 billion in investments while India's initiatives in advanced chemistry cell battery manufacturing are expected to generate investments totaling US$ 2.7 billion[216].

Investment opportunities lie in segments such as PV manufacturing projects, advanced chemistry cell battery manufacturing, solar energy, wind power, and green hydrogen

Indian and the UAE have already signed a MoU that encompasses collaborations to advance energy storage technologies, Smart Grid deployment, and renewable energy and energy efficiency R&D in the sector[217]. Similarly, India and Saudi Arabia have agreed to promote investments in each other's country in the renewable energy sector, including solar energy, wind power, and green hydrogen[218]. As the industry matures, there will emerge a growing need to leverage emerging technologies such as 'floatovoltaics' (floating solar), offshore wind technology and green hydrogen. The green hydrogen sector is also poised to attract substantial investments, driven by government incentive schemes. Mandates and incentive schemes for use of green hydrogen will remain important for investors, considering the cost of production of green hydrogen is twice that of fossil-based hydrogen[219]. Some of the notable GCC-based players who have investments through collaborations in the Indian renewable energy sector include ACWA Power, Alfanar, Masdar, and Yellow Door Energy among others[220].

Agriculture & Food Processing

The Indian food processing sector is one of the country's largest industries, accounting for more than 32% of the country's overall food market

With vast arable land at its disposal, the Indian food processing sector is one of the country's largest industries, accounting for more than 32% of the country's overall food market. In a bid to capitalize on the natural resources and the large labor force, the Indian government aims to turn the country into a food factory for the world. Accordingly, it has approved 100% FDI in food processing through automatic route and retail (for food produced locally). The government, in collaboration with the Ministry of Food Processing Industries (MoFPI), has also taken several initiatives while introducing encouraging policies and attractive fiscal incentives[221]. Some of the key measures include:

- **Pradhan Mantri Kisan Sampada Yojana (PMKSY):** It aims at developing a modern food processing infrastructure with efficient supply chain management from farm gate to retail outlet.
- **Pradhan Mantri Formalisation of Micro Food Processing Enterprises Scheme (PMFME):** It aims to enhance existing individual micro-enterprises in the unorganized segment of the food processing industry.
- **Production Linked Incentive Scheme for Food Processing Industry (PLISFPI):** It aims to boost domestic manufacturing, increase exports, while supporting food manufacturing entities willing to make investment for expansion of processing capacity and branding abroad.

Investors can explore opportunities in areas of technology integration, establishing mega food parks, and building integrated cold chain and value addition infrastructure

According to MoFPI, the sector has garnered FDI worth US$ 11.1 billion between April 2000 and March 2022. The GCC nations, which are highly dependent on food imports, have been actively investing in Indian food sector. For instance, India has been a partner for the UAE in food security initiatives. The UAE has already invested in food corridor projects comprising of 8 processing units in Madhya Pradesh, Maharashtra and Gujarat that is expected to triple

[216] Source: "Unleashing India's renewable energy potential: a global manufacturing hub", EY, October 19, 2023
[217] Source: "India and Saudi Arabia agree to promote investments in new and renewable energy sector", News Services Division – All India Radio, October 10, 2023
[218] Source: "India-UAE MoU on AI, space, and renewable energy", India AI, October 06, 2023
[219] Source: "India's infrastructure spending to double to Rs 143 lakh crore between fiscals 2024 and 2030, compared with 2017-2023", CRISIL, October 17, 2023
[220] Source: "India and Saudi Arabia decide to promote investment in New & Renewable Energy", Ministry of New & Renewable Energy – India, October 10, 2023
[221] Source: "India — Land of Opportunities", Ministry of Food Processing Industries

the export of agricultural and food products from India to the UAE. In terms of FoodTech initiatives, the Dubai Multi Commodities Centre (DMCC) has set up an agriculture trading platform called Agriota, which directly links farmers in India with food companies in the UAE in an effort to boost food imports from India. The platform enables India's rural farmers to connect directly with UAE importers[222]. Food trade between the two nations reached AED 10 billion (US$ 2.7 billion) in 2022, accounting for 5.3% of the total non-oil trade between the countries. In July 2022, the UAE announced a US$ 2 billion investment in the development of a series of integrated food compounds in India, which rely on advanced atmospheric technology and contribute to increasing the production of crops[223]. As the demand for Indian exports increase, there will be more opportunities for GCC investors to collaborate in areas of technology integration, establishing mega food parks, building integrated cold chain and value addition infrastructure, creation and expansion of food processing/ preservation capacities, build infrastructure for agri-processing clusters, while enhancing food safety and quality assurance infrastructure.

Healthcare & Pharmaceuticals

India has emerged as a hub for R&D activities for international players due to its relatively low cost of clinical research

The Indian healthcare ecosystem has evolved over the years amid strengthening coverage, services offered, and increasing expenditure by public as well as private players. The country is home to more than 12,500 companies in the healthcare sector alone (excluding digital platforms) and has witnessed investments of more than US$ 12 billion till date[224]. The sector is estimated to be valued at US$ 372 billion as of 2023, driven by both private sector and government entities. In light of the hurdles caused by the COVID-19 pandemic, government spending towards the sector has increased 33% since 2019 to reach 2.1% of GDP as of 2023. Growing incidence of lifestyle diseases, rising demand for affordable healthcare, increasing costs, technological advancements, health insurance penetration, and government initiatives including tax benefits and incentives are driving the sector forward. Post the pandemic, the Indian government has not only prioritized spending towards healthcare through increased budget, but also implemented several reforms through policies such as Ayushman Bharat (medical insurance for low-income population), Jan Aushadhi Centres (penetration of generic medicines), and funding medical and diagnostics R&D through the Indian Council of Medical Research. The country launched four MedTech parks at an investment of INR 400 crore, along with a PLI Scheme offering INR 3,420 crore (US$ 400 million) to boost the medical devices industry[225]. India's competitive advantage lies in its large pool of medical professionals and cost-competitive services compared to Western countries. This has led to a rise in the country's medical tourism, attracting patients from across the world. Moreover, India has emerged as a hub for R&D activities for international players due to its relatively low cost of clinical research[226].

GCC nations can take advantage of the consolidation trend in the sector while investors can bet on India's growing pharmaceutical manufacturing capabilities

Considering the Indian healthcare sector is largely fragmented with several smaller players operating across the nation, it provides ample opportunity for M&A. As such, the industry is currently going through consolidation with smaller hospitals, medical centers and labs selling out to bigger peers. On the other hand, large hospital chains that have been unable to tap the capital markets are garnering significant attention from private equity players and investment firms from across the globe. For instance, Aster DM Healthcare Ltd. is looking

[222] Source: "India poised for major investments from UAE in food, agritech", India Global Business, December 10, 2020
[223] Source: "H.E. Al Zeyoudi & Indian Minister of Food Processing Industries discuss strengthening of trade & investment cooperation", UAE Ministry of Economy, February 25, 2023
[224] Source: "Indian healthcare sector sees upswing", The Hindu Business Line, December 27, 2023
[225] Source: "An Overview of Indian Healthcare industry in 2023", Health World, December 20, 2023
[226] Source: "Healthcare Industry in India", IBEF, October 2023

to acquire private operators to fuel expansion in India after selling its Gulf business for US$ 1 billion. It plans to add an additional 1,500 beds to the current 4,800 capacity hospitals operated by Aster in India over the next three years while also scouting for companies for potential acquisition[227]. Some of the other notable GCC-based players operating in the Indian healthcare space include VPS Healthcare, Thumbay Group.

The GCC nations, which largely imports drugs to meet the domestic demand, can look to establish close collaborations through strategic investments with Indian players. Investments opportunities lie in building and scaling-up of existing manufacturing facilities, establishing cold-storage units, and setting-up manufacturing hubs that can also facilitate R&D and distribution of drugs and API. The company signed a MoU to study building district cooling infrastructure in existing and upcoming commercial districts of Cyberabad and other mixed-use developments[228].

Oil & Gas

India is ranked as Asia's second-largest refiner; Its crude oil production in FY 2023 stood at 29.2 MMT while consumption of petrol products stood at 222.3 MMT

Ranked as Asia's second-largest refiner, the oil & gas sector is among the eight core industries in India. As of Feb 2024, the country's network comprised of a 23,391 km operational natural gas pipeline with about 4,125 km currently under construction, and 8,228 km of petroleum pipeline. It is also the 3rd largest energy and oil consumer in the world and the 4th largest importer of liquefied natural gas (LNG). India's refining capacity stood at 253.9 MMT as of July 2023, comprising of 23 refineries, while refinery capacity utilization was about 96% for the year 2021-22. The country aims to further increase its refining capacity to 450 MMTPA by 2030[229]. India's crude oil production in FY 2023 stood at 29.2 MMT while consumption of petrol products stood at 222.3 MMT. On the other hand, India's LNG import stood at 20.1 MMT in FY 2023 with consumption likely to register an average annual growth of 9% until 2024[230]. Overall, India's oil demand is set to undergo exponential growth, projected to reach 11 million bpd by 2045[231]. In terms of trade, exports of petroleum products from India reached 61 MMT in FY 2023, up from US$ 44.4 billion in FY 2022. Amid growing industry dynamics and rising demand, the government has adopted several investments while introducing policies including allowing 100% FDI in segments such as natural gas, petroleum products and refineries, among others. The government has also raised the FDI limit for public sector refining projects to 49% without any disinvestment or dilution of domestic equity in existing PSUs[232].

Saudi Aramco and ADNOC are amongst the GCC players in talks with India about participation in the second phase of the SPR

India plans to invest INR 7.5 trillion (US$ 102.5 billion) on oil & gas infrastructure in the next five years[233]. It has also announced plans to invest US$ 67 billion in the next five years to boost the domestic natural gas sector. The broader objective for India is to elevate the share of natural gas from the current 6.3% to 15% by 2030[234]. The country's SPR expansion (Phase 2), with plans to commercialize 50%, is expected to see significant investments in additional storage tanks to mitigate high oil prices. India plans to build two new privately managed SPR by 2029-30, granting the operator the freedom to trade all of the stored oil. ISPRL estimates the first SPR to cost about INR 55 billion (US$ 659 million), with the federal

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[227] Source: "Hospital and pharmacy chain Aster to fuel India expansion through buyouts", Business Standard, December 07, 2023
[228] Source: "Hospital and pharmacy chain Aster to fuel India expansion through buyouts", Business Standard, December 07, 2023
[229] Source: Invest in Oil & Gas, India Investment Grid
[230] Source: Oil & Gas Industry in India, IBEF, February 2024
[231] Source: Invest in Oil & Gas, India Investment Grid
[232] Source: Oil & Gas Industry in India, IBEF, February 2024
[233] Source: Indian Oil and Gas Industry Analysis, IBEF, February 2024
[234] Source: "India outlines plans for $67 billion investments to boost domestic gas sector", Upstream, February 6, 2024

government providing up to 60% of the total[235]. Saudi Aramco and ADNOC are amongst the GCC players in talks with India about participation in the second phase of the SPR. In the first phase, ADNOC and the ISPRL had already established a strategic crude oil storage of 5.9 million barrels in the southern Indian city of Mangalore[236]. India is also reportedly scouting for land to build a 1.2 MMT refinery and petrochemical project in western India with participation of Saudi Aramco and ADNOC. Some of the other foreign players with significant interest in the second phase of SPR include Trafigura, British Petroleum, Petrochina, Hyundai, Gulf Energy, Glencore and Shell[237].

Chemicals

Investment opportunities lie in agrochemicals, fertilizers & pesticides, petrochemicals, paper products, plastic products, and development of waste recycle units

India has a highly diversified chemical industry, comprising of more than 80,000 commercial products. It can be broadly classified into bulk chemicals, specialty chemicals, agrochemicals, petrochemicals, polymers, and fertilizers. India is the 6th largest producer of chemicals in the world and 3rd in Asia, contributing 7% to the country's economy. India's chemical sector, which was estimated to be worth US$ 220 billion in 2022, is anticipated to grow to US$ 300 billion by 2025 and US$ 1 trillion by 2040[238]. India is the 14th largest chemical exported globally with its products being exported to more than 175 countries. The country holds strong export dominance in agrochemicals globally, with nearly 50% of total produce originating from India[239].

India's proximity to the GCC, the world's source of petrochemicals feedstock, enables it to benefit on economies of scale. Investment opportunities lie in fertilizers & pesticides, petrochemicals, paper & paper products, plastic & plastic products, and development of waste recycle units[240]. Among the other segments, the Specialty Chemicals category, which include unique offerings like specialty polymers, coatings, and electronic chemicals, is expected to exhibit the most accelerated growth, with projections indicating a value of approximately US$ 50 billion by 2025[241]. On the other hand, Indian agrochemical players are intensively concentrating on R&D to create environmentally friendly products that promote organic farming practices. In January 2023, Saudi Arabia's Ministry of Investment signed an agreement worth US$ 1 billion with India-based UPL Ltd. to manufacture specialized agriculture chemicals and identify crop protection solutions[242]. Investments by foreign players in such technologies that benefit the environment and human health are expected to be more profitable in the long run.

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[235] Source: "India aims for first strategic petroleum reserve with a private company by 2029/30", The Print, April 3, 2024
[236] Source: "ADNOC Signs Agreement For 5.86m Barrels Strategic Crude Oil Reserve in India", ADNOC, January 25, 2017
[237] Source: "India wants Saudi Aramco to develop strategic petroleum reserve as ties strengthen", Economic Times, October 11, 2023
[238] Source: Chemical Industry India, IBEF, February 2024
[239] Source: Invest in Chemicals, India Investment Grid
[240] Source: Invest in Chemicals, India Investment Grid
[241] Source: "Indian chemical industry: A growing force and its prospects", LiveMint, April 10, 2024
[242] Source: "Saudi Arabia signs $1bn deal with Indian firm to produce specialized agricultural chemicals", Arab News, January 22, 2023

Profiles of Indian Companies in GCC

Ashok Leyland (Publicly Listed) GCC

Company Description

Founded in 1984, Ashok Leyland (AL), the flagship company of the Hinduja group, is the second largest manufacturer of commercial vehicles in India. The company operates in the UAE through a joint venture (JV), Ashok Leyland UAE LLC, and an assembly unit. Established as a 49:51 JV with Ras Al Khaimah Investment Authority (RAKIA), it focuses on distributing AL products in the UAE and other GCC markets. The JV's facility unit currently assembles around 4,000 buses annually, with plans to increase production to 6,000 in the future. The company's GCC operations contribute around 7% to total revenue.

Business Segments/Services Portfolio

- **Buses:** AL UAE provides buses ranging from 9 to 80 seats for various commercial applications.
- **Trucks:** The company makes trucks for several industries, including long haul, mining, construction, and distribution.

Recent Developments/Future Plans

- In August 2022, AL received orders for 1,400 school buses in the UAE, marking the company's largest ever supply of school buses. Swaidan Trading and Al Naboodah Group, AL's UAE distribution partners, secured a total fleet agreement worth AED 276 million (US$ 75.2 million) for GCC-made buses.

Britannia (Publicly Listed) UAE & Oman

Company Description

Established in 1892, Britannia is part of the Wadia Group and one of India's largest food product manufacturers. Its main businesses include bakery, dairy, and adjacent snacking categories, with operations in over 80 countries worldwide. In the GCC, Britannia operates a subsidiary company, Britannia Industries Limited, located in Dubai. In FY 2023, Britannia reported revenues of US$ 2.0 billion, up by 15.3% from FY 2022.

Business Segments/Services Portfolio

- **Biscuits:** Under this segment, the company offers biscuits under various brands, such as Good Day, Marie Gold, Nutri-Choice, Milk Bikis, Tiger, 50-50, and Jim Jam among others.
- **Dairy:** The company sells a wide range of dairy products, such as cheese, paneer, yoghurt, and milk, among others.
- **Snacking:** The company also offers croissants, wafers, salted snacks, and health bars.
- **Cakes:** This segment includes a wide range of products such as gobbles, fudge, fruit cakes, nuts and raisins cakes, etc.

Recent Developments/Future Plans

- In June 2023, Britannia Bel Foods Pvt. Ltd., a JV of Britannia Industries Ltd. and French company Bel Groupe, introduced the new brand identity of their co-branded product range 'Britannia - The Laughing Cow'. The Laughing Cow cheese variants were simultaneously launched in the GCC markets.

Source: Company website, Media Reports

Dabur International (Privately Owned) GCC

Company Description

Established in 2003, Dabur International is a wholly-owned subsidiary of Dabur India, a FMCG company with an annual turnover exceeding US$ 1 billion and a market capitalization of over US$ 7 billion. Dabur's international business division, headquartered in Dubai, has recorded over 40% CAGR growth within 8 years of its inception to generate AED 1 billion (US$ 0.3 billion) in revenues. Dabur markets its extensive product line in over 100 countries through 30 manufacturing facilities, 10 of which are situated outside

Business Segments/Services Portfolio

- **Hair Care:** The company sells shampoo, oils, conditioners, creams, shampoo replacements, serums, and tonics for women, men, and children. The products are available under the brand labels Dabur Amla and Vatika.
- **Oral Care:** Under the Dabur Herbal and Dabur Miswak brands, the company offers a diverse selection of toothpastes.
- **Skin Care:** The company's skin care products include face wash, scrubs, masks, moisturizers, and body creams among others.
- **Baby Care:** The company's DermoViva Baby brand sells skin care and hair care products for babies.

Recent Developments/Future Plans

- NA

Jindal Saw Gulf (Publicly Listed) UAE

Company Description

Established in 1984, Jindal Saw Gulf LLC (JSG) is a subsidiary of Jindal Saw Ltd. (OP Jindal Group), a global manufacturer and supplier of iron and steel pipe products, fittings, and accessories with manufacturing sites in India, US, Europe, and the UAE. The company produces SAW pipes (Submerged Arc Welded pipes) and spiral pipes for the energy transportation industry; carbon, alloy, and seamless pipes and tubes for industrial uses; and ductile iron (DI) pipes and fittings for water and wastewater transportation. In FY 2023, the company reported revenues of US$ 2.2 billion, up by 34.4% from FY 2022.

Business Segments/Services Portfolio

- **Manufacturing:** Jindal SAW manufactures DI pipes from its industrial plant in Abu Dhabi, UAE. This factory can manufacture DI pipes in sizes ranging from DN 250 to DN 2200, with an established capacity of 350,000 MT per year, with specialized linings and coatings to cater to the Gulf and African markets.

Recent Developments/Future Plans

- NA

Source: Company website, Media Reports

Jindal Shadeed Iron & Steel Company (Privately Owned) — Oman

Company Description

Jindal Shadeed Iron & Steel Company (JSIS) is one of the largest privately-owned integrated steel producer in the GCC. Strategically located near the industrial port of Sohar (Oman), it is the only mill in the GCC to have Vacuum Degassing facility which enables to produce a wide range of grades. With an annual steel production capacity of 2.4 million tons, JSIS remains the preferred supplier of steel products in Oman, UAE, and Saudi Arabia. JSIS also supplies steel products to clients in Europe, China, Canada and Australia.

Business Segments/Services Portfolio

- **Direct Reduced Iron Plant:** JSIS runs a 1.8 million tons per annum (MTPA) gas-based direct reduced iron (DRI) plant that produces hot briquetted iron and hot direct reduced iron. The DRI furnace is supplied by US-based Midrex Technologies and is the first of its kind to feature hot direct charging technology via gravity feed.
- **Steel Melt Shop:** JSIS maintains a 2.4 MTPA steel melt shop facility, which principally comprise of a primary steel manufacturing unit, a rebar mill, and rolling mills.

Recent Developments/Future Plans

- In September 2023, JSIS announced plans of advancing the proposal for a large-scale green steel facility in Oman, including building activity in Duqm.

KIMS Hospital (Publicly Listed) — GCC

Company Description

Established in 2000, KIMS is a quaternary care hospital network of more than 22 centres offering end-to-end healthcare services across India and the GCC. In India, KIMS operates hospitals in the southern cities of Trivandrum, Kollam, Kottayam, and Perinthalmanna. Within GCC, KIMS operates hospitals across Bahrain, Oman, Saudi Arabia, Qatar, and the UAE. KIMS Bahrain Medical Center WLL was the organization’s first healthcare project in the GCC. In FY 2023, the group reported revenues of US$ 136.2 million.

Business Segments/Services Portfolio

- **Specialties:** KIMS offers a range of specialty services such as the Advance Comprehensive Epilepsy Center, Anesthesiology, Cancer Care, Cardiology, Clinical Hematology, and Bone Marrow Transplant, Dental, Clinical, and Oral & Maxillofacial Surgery.
- **Home Care:** Under this segment, KIMS provides nursing, laboratory, pharmacy, and ambulance services among others.

Recent Developments/Future Plans

- In February 2023, KIMS signed an agreement with Oman’s Ministry of Health to expand its existing hospital in Muscat. The expansion is expected to add 100 beds, a new emergency department, and specialized services like cardiology and oncology.
- In January 2023, KIMS Bahrain launched its new cardiac center equipped for cardiac diagnostics and interventions.

Source: Company website, Media Reports

Larsen & Toubro Middle East (Publicly Listed) GCC

Company Description

Larsen & Toubro (L&T) is engaged in engineering, procurement and construction (EPC) projects, alongside hi-tech manufacturing and services. L&T operates across several GCC countries, including Kuwait, UAE (Abu Dhabi, Sharjah, Dubai), Saudi Arabia (Jubail, Dammam, Al Khobar, Riyadh), and Oman (Muscat, Sohar). L&T's Sohar facility comprises a Modular Fabrication Yard LLC (JV between L&T and Modern Channels Services LLC) and a manufacturing complex for heavy engineering. The facility has the capability to fabricate and load a range of complex structures for Oil & Gas plants. In FY 2023, the group reported revenues of US$ 22.1 billion, up by 17.1% from FY 2022.

Business Segments/Services Portfolio

- **Engineering and Construction:** Within the GCC, L&T manages projects in various sectors like hydrocarbon (Oil & Gas), infrastructure, power, and renewables.
- **Manufacturing:** The company manufactures equipment and structures relevant to EPC projects at its facilities in the region.
- **Process Industry:** It offers custom designed equipment and systems for critical process industries such as fertilizer, chemical, refinery, petrochemical, and oil & gas, as well as to sectors such as thermal & nuclear power, aerospace and defense.

Recent Developments/Future Plans

- In December 2023, L&T received significant orders, ranging from INR 2,500 crore to INR 5,000 crore (US$ 300.8 million to US$ 601.6 million), for its electricity and distribution vertical in the Middle East.

Oman India Fertiliser Company (Privately Owned) Oman

Company Description

Oman India Fertiliser Company SAOC (OMIFCO) was founded in 1988 as a result of a joint initiative by the Government of Oman and India to build, own, and operate a modern world-scale two-train ammonia-urea fertiliser manufacturing plant at the Sur Industrial Estate in Oman. OMIFCO is 50% held by Oman Oil Company SAOC, 25% by Indian Farmers Fertiliser Cooperative Limited (IFFCO), and 25% by Krishak Bharati Cooperative Limited (KRIBHCO).

Business Segments/Services Portfolio

- **Ammonia Plants:** OMIFCO has two ammonia plants with a capacity of 1,750 MT/day, using Halder Topso Technology with licensed CO_2 removal from Giammarco Vetrocoke.
- **Urea Plants:** OMIFCO has two granulated urea plants with a combined capacity of 2,530 MT/day, using Snamprogetti Technology (urea synthesis) and Hydro Fertilizer Technology (granulation).

Recent Developments/Future Plans

- In December 2023, OMIFCO and the Ministry of Education in Oman inked an agreement to finance the project of establishing the Ibn Al Nadhar Center for Science and Innovation.
- In November 2023, OMIFCO signed two agreements with the Ministry of Agriculture, Fisheries, and Water Resources to finance the model grape farms project in North Ash Sharqiyah Governorate and the community collaboration project.

Source: Company website, Media Reports

ONGC Videsh (Publicly Listed) UAE

Company Description

Founded in 1956, ONGC operates in more than 20 countries with activities encompassing exploration, development, and production of Oil & Gas, along with a notable presence in refining, marketing, and petrochemicals. ONGC has achieved several significant discoveries, notably the Bombay High field, the largest Oil & Gas field in India. ONGC operates outside India through its foreign investment arm ONGC Videsh Ltd which has stakes in 39 Oil & Gas projects in 18 countries. In 2018, the company acquired 10% stake in Abu Dhabi National Oil Co.'s (ADNOC) offshore oil concession, with a participation fee of AED 2.2 billion (US$ 600 million).

Business Segments/Services Portfolio

- **Exploration and Production (E&P):** The company is engaged in the exploration, development, and production of Oil & Gas.
- **Marketing and Trading:** ONGC markets and trades crude oil and natural gas produced in the UAE. It has a strong presence in the region and has established relationships with key buyers and sellers.
- **Technical Services:** The company provides a range of technical services to its partners in the UAE, including reservoir engineering, drilling, and production operations.

Recent Developments/Future Plans

Currently, ONGC Videsh along with Indian Oil Corporation Ltd. and Bharat Petro Resources Ltd. are working on a project at Lower Zakum Concession that has a term of 40-years. ADNOC holds 60% stake and is operator of the project. This is the first Indian investment in upstream oil sector of the UAE, transforming the traditional buyer-seller relationship to a long-term investor relationship.

Oberoi Group (Privately Owned) Saudi Arabia & UAE

Company Description

Established in 1934, Oberoi Group is an Indian luxury hospitality company operating 32 hotels and two river cruise ships in seven countries, primarily under the Oberoi Hotels & Resorts and Trident Hotels brands. The Oberoi brand is known for its exceptional service, attention to detail, and luxurious accommodations, while the Trident brand is known for its modern design and value-for-money proposition.

Business Segments/Services Portfolio

- **UAE:** The group has one hotel, named The Oberoi, in Dubai. It has 252 rooms and suites with views of the Dubai skyline. It also has a variety of restaurants and bars, a spa, and a fitness center within the hotel.
- **Saudi Arabia:** The Oberoi Madina is situated in close proximity to the Prophet's Mosque and Madina's other sacred places. The hotel has a total of 282 rooms and features high-end accommodations, a gym, a spa, and a retail arcade of branded shops.

Recent Developments/Future Plans

- The Oberoi Group is planning to open its second hotel in Saudi Arabia, The Oberoi Riyadh, in 2025. The hotel will be located in the Diplomatic Quarter and will have 250 rooms and suites.
- The group is set to manage a second luxury resort in Ajman, having 174 guest rooms and 28 private villas by 2026.

Source: Company website, Media Reports

RPG Group (Privately Owned) — Saudi Arabia & UAE

Company Description

Established in 1979, RPG Group operates across a diversified portfolio in infrastructure, automotive, IT, pharmaceuticals, energy and plantation sectors. The group's key subsidiaries include KEC International (infrastructure/EPC), CEAT (automotive tires), Zensar (IT), RPG Life Sciences (pharmaceuticals), Raychem (energy), and HML (plantations). KEC International is engaged in powering infrastructure development projects (EPC contracts) across Saudi Arabia and the UAE.

Business Segments/Services Portfolio

- **Transmission & Distribution:** RPG is one of the world's largest Power Transmission & Distribution EPC (Engineering, Procurement, and Construction) businesses, with presence in more than 70 countries.
- **Railways:** The group is a major EPC player in railway track laying, overhead electrification (OHE), and technology-intensive sectors such as train collision avoidance systems (KAVACH), signaling and telecommunications.
- **Infrastructure:** It offers infrastructure solutions in the following segments: buildings & factories, public spaces, water pipes & treatment plants, defense, data centers, and logistics & warehouses.
- **Oil & Gas Pipelines:** The group focuses on the building of Oil & Gas cross-country pipelines, station works, and slurry pipelines.

Recent Developments/Future Plans

- NA

Shapoorji Pallonji (Privately Owned) — GCC

Company Description

Established in 1865, Shapoorji Pallonji Group (SPG) is a diversified company that provides end-to-end solutions in engineering & construction, infrastructure, real estate, water, energy, and financial services sectors. The company employs over 35,000 people in over 40 countries. Within the GCC, the company operates through its international arm, Shapoorji Pallonji International (SPINT) that has established its presence across various business segments, catering to the diverse needs of the region.

Business Segments/Services Portfolio

- **Construction:** SPINT's core business segment in the GCC, encompassing a wide range of projects across various sectors including, residential, commercial, hospitality, industrial, and infrastructure.
- **Engineering:** SPINT offers comprehensive engineering services for construction projects, including design and planning, project management, value engineering, and procurement & logistics.
- **Real Estate:** SPINT undertakes projects ranging from land acquisition and planning to construction and property management in the region. Its GCC portfolio includes the Fairmont Bab Al Bahr hotel in Abu Dhabi, the Marriott Hotel Abu Dhabi, the Sultan Qaboos Palace in Muscat, Damac's Park Towers in Dubai, and the Barwa City Amenities Zone in Doha.
- **Facilities Management:** It provides an array of services to ensure the smooth operation and maintenance of completed buildings and infrastructure projects.

Recent Developments/Future Plans

- NA

Source: Company website, Media Reports

Tata Group (Privately Owned) GCC

Company Description

Established in 1979, the Tata Group is a global conglomerate with operations in over 100 countries across six continents. It has wide presence in industries such as automobiles, financial services, information technology, power, real estate, telecommunications, chemicals, and steel among others. Over the last four decades, the group has established a strong presence in the MENA region, especially the GCC markets. Tata Sons is the primary investment holding firm and promoter of Tata Enterprises.

Business Segments/Services Portfolio

The key Tata Group companies which has operations across the GCC include Tata Motors (sells buses and trucks); Jaguar Land Rover (sells luxury cars of Jaguar and Land Rover brands); Taj Group (operates luxury hotels); TCS (offers IT services, consulting and business solutions); Tata Communications (provides high-speed connections and cloud solutions among others); Tata Technologies (offers services in engineering, R&D, and enterprise IT); Tata Interactive Systems (offers e-learning solutions across sectors); Tata Elxsi (offers product design and animation services); Tata Steel (manufactures steel products and solutions); Tata Global Beverages (sells tea & other beverages); Titan (manufactures & sells watches); Voltas (offers mechanical, electrical and air-conditioning solutions); Tata Consulting Engineers (offers engineering design, and project management services); Tata Projects (offers end-to-end turnkey solutions); and Tata Housing (real estate development services).

Recent Developments/Future Plans

- In December 2023, Tata Group entered the UAE packaged food market with millet-based snacks and breakfast products.

Tech Mahindra (Publicly Listed) GCC

Company Description

Established in 1945, Tech Mahindra is a multinational IT services and consulting company, offering a wide range of customer-centric digital experiences. Part of the Mahindra Group, the company has operations in over 90 countries with over 148,000 employees. With multiple projects underway, the company's penetration in the GCC has exceeded 100% in recent years. In FY 2023, the group/company reported revenues of US$ 6.4 billion, up by 19.4% from FY 2022.

Business Segments/Services Portfolio

- **IT Solutions & Services:** Tech Mahindra Ltd. provides a comprehensive range of IT solutions and services, including cloud, big data, corporate architecture, and infrastructure management services, among others.
- **Mobility Solutions:** Comviva Technologies FZ LLC, the company's Middle Eastern subsidiary, offers a variety of mobility solutions spanning mobile finance, content, infotainment, customer value management, messaging, mobile data and managed VAS services.
- **Telecom Consulting and Network Services:** Lightbridge Communications Corporation (LCC) Middle East FZ-LLC in the UAE, LCC Saudi Telecom Services, Ltd., LCC Muscat LLC, and LCC LLC in Qatar provide a variety of consultancy and network solutions for the telecommunications industry.

Recent Developments/Future Plans

- NA

Source: Company website, Media Reports

UltraTech Cement Co. (Publicly Listed) — UAE & Bahrain

Company Description

Established in 1983, UltraTech Cement Ltd., Aditya Birla Group's flagship cement unit, is a manufacturer of grey cement and ready-mix concrete solutions. It is the only cement company globally (outside of China) to have 100+ MTPA of cement manufacturing capacity in a single country. It has 23 integrated manufacturing units, 29 grinding units, one clinkerization unit, and eight bulk packaging terminals. The company's business operations span across India, UAE, Bahrain, and Sri Lanka. In FY 2023, the company reported revenues of US$ 7.6 billion, up 20.2% from FY 2022.

Business Segments/Services Portfolio

- **UltraTech Cement:** The unit sells grey cement products such as Ordinary Portland Cement, Portland Pozzolana Cement, UltraTech Super, UltraTech Composite Cement, UltraTech Weather Plus, and UltraTech Slag.
- **Birla White:** The unit is a leading producer of white cement and white cement-based products.
- **RMC:** The unit sells customized concrete solutions using 35 specialty concretes based on applications.

Recent Developments/Future Plans

- In April 2022, UltraTech Cement invested US$ 101.1 million for a 29.4% equity stake in the UAE-based RAK Cement Co. for White Cement and Construction Materials PSC (RAKWCT).

Source: Company website, Media Reports

Profiles of GCC Companies in India

Agility Logistics (Privately Owned) India

Company Description

Founded in 1979, Kuwait-based Agility Group companies include the world's largest aviation services provider by number of countries, and a logistics business park that is one of the largest private owners of warehousing and industrial real estate. The group's subsidiaries also provide custom digitization, remote infrastructure services, e-commerce enablement and digital logistics, commercial real estate and facilities management services.

Business Segments/Services Portfolio

- **Logistic Parks:** Agility Logistics Parks feature nearly 800,000 sqm of land, warehousing and logistics infrastructure at nine locations across India, including Goa, Gurgaon, Pune, Ahmedabad, Chennai, Bangalore, Nagpur and Mumbai. Customers include industrial manufacturers, auto & auto parts makers and distributors, telecom operators, 3PL service providers and others.
- **Customs Digitization:** Offers customs digitization services via global clearance houses and inspection control services.
- **Others:** The company's other businesses include Menzies Aviation, United Project for Aviation Services Company, Agti Defense and Government Services, Shipa Freight, Tristar, and LABCO among others.

Recent Developments/Future Plans

- In August 2023, Menzies Aviation announced a JV with Bangalore International Airport Ltd. for domestic and international cargo operations at Kempegowda International Airport. The new venture, Menzies Aviation Pvt. Ltd. (MABPL), will be the sole provider of domestic cargo operations at the airport. MABPL will also provide international cargo services for 15 years.

Apparel Group (Privately Owned) India

Company Description

Founded in 1996, Apparel Group is a UAE-based fashion and lifestyle retail corporation serving customers through its 2,100+ retail shops and 85+ brands across all channels. The company's India operations (Apparel Group India Pvt. Ltd.) was one of the first few retail organizations to focus on the retail of premier international brands through the exclusive brand outlets format.

Business Segments/Services Portfolio

- **Brands:** The group sells brands such as Aldo, Aldo Accessories, Bath & Body Works, Beverly Hills, Charles & Keith, Daiso Japan, Inglot, La Vien en Rose, R&B, Tim Hortons, Victoria's Secret, Call it Spring, and Victoria's Secret Pink.

Recent Developments/Future Plans

- In December 2023, Apparel Group collaborated with Shoppers Stop to enhance the presence of its fragrance brands, Bath & Body Works, in the Indian market.
- In October 2023, Apparel Group India announced plans to grow its brand portfolio by introducing two foreign names to the country, namely Anne Klein and Herschel Supply Co. The brand items will be only available on the digital platform Myntra.
- In October 2023, Apparel Group India announced expansion into six Indian Tier 2 cities, namely Udaipur, Ranchi, Kozhikode, Kanpur, Udupi, and Mangalore.

Source: Company website, Media Reports

Aramex (Publicly Listed) India

Company Description

Founded in 1982, Aramex is a UAE-based global logistics service provider with over 600 offices in more than 65 countries. It's subsidiary, Aramex India provides logistics services and transportation solutions, including international and domestic express delivery, freight forwarding, integrated logistics solutions, consumer retail services, and e-commerce solutions in the Indian market. In FY 2022, Aramex reported revenues of US$ 1.6 billion.

Business Segments/Services Portfolio

- **International Express:** Aramex India's parcel forwarding business offers cross-border door-to-door shipping and delivery options for time-sensitive papers and packages.
- **Domestic Express:** Under this division, the company offers nationwide door-to-door deliveries for parcels and packages, with options of same-day or next-business-day deliveries, cash-on-delivery, and package collection and return service.
- **Freight Forwarding:** Aramex freight business offers freight forwarding services by sea, air, or land to ensure seamless and simplified operations across the country.
- **Logistics & Warehousing**: Aramex India provides customized logistics services to its clients through globally standardized solutions in warehousing, distribution, and value-added services.

Recent Developments/Future Plans

- In December 2022, Aramex signed a memorandum of understanding (MoU) with DTDC Express that focuses on joint product development, synergy benefits, cross-selling and collaboration.

Aster DM (Publicly Listed) India

Company Description

Established in 1987, Aster DM is a UAE-based private healthcare service provider with operations spanning across the GCC and India. It offers primary, secondary, tertiary, and quaternary healthcare services through over 33 hospitals, 127 clinics, and 527 pharmacies (including 255 pharmacies in India run by Alfaone Retail Pharmacies Pvt. Ltd. under Aster's brand licensing). In FY 2023, the company reported revenues of US$ 1.4 billion, up by 16.4% from FY 2022.

Business Segments/Services Portfolio

- **Network:** Aster DM operates 19 hospitals and 13 clinics with a total capacity of more than 4,855 beds in 15 cities across five states in India. The organization also owns 226 pharmacies, 251 labs, and several patient experience centers.
- **Innovation:** XHealth Innovation Labs, Aster DM's healthcare incubator and accelerator, offers hospital immersion module as part of core structure. Using a 12 week virtual & on-campus cohort programme structure, the innovation labs invest in early-stage healthcare and MedTech starts-ups which are at the intersection of science, diagnostics, big data, and machine learning.

Recent Developments/Future Plans

- In December 2023, Aster DM announced plans to seek private equity investment for its Indian operations after completing the sale of its business in the GCC to a consortium led by UAE-based Fajr Capital for US$ 1 billion. It plans to allocate around INR 1,500 crore (US$ 180.5 million) from the total sale proceeds for inorganic growth over the next three to five years in India.

Source: Company website, Media Reports

DP World (Privately Owned) India

Company Description

Founded in 2005, UAE-based DP World offers end-to-end supply chain solutions. In India, the company specializes in freight logistics, port terminal operations, maritime services, and free trade zones. It has invested US$ 2.5 billion in the past 20 years in India with plans to invest more in the next 3 years. DP World's presence in the Indian technology market has also grown rapidly in recent years.

Business Segments/Services Portfolio

- **Ports & Terminal:** DP World operates five container terminals in India, strategically located in Mumbai (2), Mundra, Chennai, and Cochin. These terminals have a combined capacity of over 5 million TEUs.
- **Logistics:** DP World offers a comprehensive suite of logistics solutions in India, including inland transportation, warehousing, customs clearance, and freight forwarding. They also have a specialized focus on cold chain logistics and healthcare logistics.
- **Marine Services:** DP World provides a range of marine services in India, including ship repair, offshore support, and towage. They also operate a fleet of tugs and barges that support port operations and other maritime activities.
- **Economic Zones:** DP World is developing two industrial parks in India - Nhava Sheva (Navi Mumbai) and Visakhapatnam.

Recent Developments/Future Plans

- In January 2024, DP World inked MoUs worth INR 25,000 crore (US$ 3.0 billion) with the Government of Gujarat to construct new ports, terminals and economic zones. It has also signed a MoU with Gujarat Maritime Board to jointly identify opportunities to develop additional ports along the western coast.

Emaar Properties (Publicly Listed) India

Company Description

Established in 1997, UAE-based Emaar Properties operates business in real estate, retail, hospitality, and leisure sectors. It is a US$ 6.5 billion corporation, servicing more than 1,250 global customers, including Fortune 500 companies. In India, Emaar started its operations in 2005 under Emaar India Ltd. It is principally engaged in promotion, construction, development and sale of integrated townships, residential and commercial multi storied buildings, houses, flats, shopping malls, hotels, and other developments. The company develops residential and commercial projects in different parts of India, including Gurugram, Delhi/NCR, Mohali, Lucknow, Indore, among others. In FY 2022, the company reported revenues of US$ 6.8 billion.

Business Segments/Services Portfolio

- **Luxury Apartments & Villas:** Emaar India has developed high-end residential projects known for their premium amenities and modern design including Emaar Digi Homes in Gurgaon, Emaar Marbella in Chennai, and Emaar Palm Drive in Jaipur.
- **Gated Communities:** Emaar has developed self-contained communities with amenities like landscaped gardens, clubhouses, and swimming pools. Projects include Emaar Emerald Hills in Chennai and Emaar MGF Palm Springs in Gurgaon.
- **Retail:** Emaar has developed and manages high-end retail destinations like shopping malls and mixed-use projects including Emaar Town Centre in Noida and Emaar Park Square in Gurugram.

Recent Developments/Future Plans

- In December 2023, Emaar India announced plans to invest INR 900 crore (US$ 108.3 million) over four years to create luxury home developments in Gurugram, India.

Source: Company website, Media Reports

GEMS (Privately Owned) India

Company Description

Established in 1959, UAE-based GEMS Education is a private K-12 education provider, employing more than 20,000 skilled instructors and staff. It provides academic competence in seven multinational curricula, including IB, American, British, Indian, Egyptian and others across16 nations spanning the Middle East, North America, Europe, Asia, and Africa. It owns over 60 schools in the MENA region alone, which offer education services to over 130,000 students. GEMS is the education arm of Varkey Group, a UAE-based investment holding company.

Business Segments/Services Portfolio

- **Schools:** GEMS operates five schools in India including GEMS International School (Gurugram), GEMS Modern Academy (Kochi), Life Valley International School (Kottayam), Life Valley Early Years in Collaboration with Little GEMS (Puthupally), and GEMS Public School (Guntur).

Recent Developments/Future Plans

- GEMS Education is currently evaluating collaboration proposals with over 20 schools in India. It is also contemplating opportunities through traditional school and pre-school franchise and lease-rental models to expand its operations across the country in coming years.

IFFCO Allana (Privately Owned) India

Company Description

Established in 1975, UAE-based IFFCO manufactures and markets a well-integrated portfolio of mass-market food items, related derivatives, intermediates and services. Part of the Allana Group, IFFCO has 95 operations in 49 countries and employs more than 12,000 people. Its products are distributed across five continents globally. Frigorifico Allana Private Limited (FAPL) is the FMCG division of Allana Group of companies and is amongst one of the fastest growing food companies in India.

Business Segments/Services Portfolio

- **Impulse Foods:** The company's brands in this category include IGLOO, London Dairy, Quanta ice cream, Tiffany, Tom, Nabil, and San Marco among others.
- **Beauty:** The company's beauty brands include Savannah, Guardex, Royal Lather, and IFFCO IVY.
- **Oils and Fats:** The company sells oil and fat products under many different brands, including Noor, Hyat, Alfa, Sunny, Tiffany Golden Sun, Hulala, Spray Pan, Fern, Rahma, Allegro, Sanmarco, Felza, and Golden Maize.
- **Agri Business:** It sells agricultural products under many brands, including Al Baker, Al Khazna, Khaleej, A'Rayaf, Swarna, IAN, and Pristine.
- **Sales & Distribution:** It provides sales and distribution services through IFFCO consumers, IIFCO Out of Home, and IIFCO Industrial Solutions.

Recent Developments/Future Plans

- NA

Source: Company website, Media Reports

Landmark Group (Privately Owned) India

Company Description

Established in 1973, the Landmark Group is a UAE-based retail and hospitality service provider with operations across MENA, India, and Southeast Asia. The group manages over 50 brands and runs 2,200 stores across 21 countries, covering a total area of more than 30 million sq ft. Operating in India since 1999, the group operates over 900 stores across 250 cities in the country.

Business Segments/Services Portfolio

- **Retail:** The group distributes fashion, home décor, electronics, and consumer goods products under five core retail brands in India namely, Lifestyle, Max, Home Centre, Easy Buy and Spar.
- **Hospitality:** The company operates franchised restaurants for brands such as Carluccios, Nando's, Zafran, and All About Chicken. The company also runs fitness clubs and provides salon and spa services.
- **Landmark Leisure:** It operates family entertainment centers under three brands, namely Fun City, and Fun Ville.
- **Others:** The group also caters to a wide range of customer needs through their brands, covering various product categories, including fashion, beauty and cosmetics, homeware and furniture, electronics and appliances, etc.

Recent Developments/Future Plans

- NA

Lulu Group (Privately Owned) India

Company Description

Established in 2000, UAE-based Lulu Group is a multi-faceted company with business operations in retail, trading, manufacturing & processing, imports & exports, education, real estate, shipping, travel & tourism, and hospitality. In the retail sector, the group owns and operates 235 hypermarkets, supermarkets and department stores, encompassing an area of over 1.1 million sq. ft. across 23 countries in the Middle East, Asia, US, and Europe.

Business Segments/Services Portfolio

- **Retail:** Currently, Lulu Group operates 260 stores and 25 retail complexes (14 in the UAE, five in India, two each in Saudi Arabia and Qatar, and one each in Oman and Bahrain) alongside offering online shopping for all food and non-food consumer goods.
- **Manufacturing:** Lulu Group oversees two of India's largest food manufacturing facilities, located in Uttar Pradesh and Mumbai.
- **Distribution:** Lulu Group operates a large-scale import and wholesale distribution network for fast-moving consumer goods.
- **Hospitality:** The group currently owns five-star luxury hotels, large convention centers, and travel consulting organizations.
- **Real Estate:** Lulu Group has explored a flagship project for residential and commercial properties with Y TOWER and Y VILLAS.

Recent Developments/Future Plans

- In January 2024, Lulu Group announced plans to build India's largest shopping mall in Ahmedabad (Gujarat) for around INR 4,000 crore (US$ 481.3 million).

Source: Company website, Media Reports

RAK Ceramics (Publicly Listed) India

Company Description

Founded in 1989, UAE-based RAK Ceramics specializes in ceramic, porcelain wall and floor tiles, dinnerware, sanitaryware, and faucets. The company serves clients in more than 150 countries through a network of operational hubs in Europe, Middle East and North Africa, Asia, North and South America and Australia. It produces 118 million sqm of tiles and 5 million pieces of sanitary ware per year at 21 plants across the UAE, India and Bangladesh. In India, RAK Ceramics has a modern vitrified tile manufacturing plant in Samalkot (Andhra Pradesh) with a manufacturing capacity of 30,000 sqm. of vitrified tiles and 3,000 sanitary ware pieces per day. In FY 2022, the company reported revenues of US$ 957.6 million, up by 22.9% from FY 2021.

Business Segments/Services Portfolio

- **Tiles:** It offers a wide range of tiles for both residential and commercial applications, including floor tiles, wall tiles, and mosaics. The company also manufactures large format tiles and slabs under its Gryphon brand.
- **Bathroom & Kitchen:** RAK Ceramics provides a variety of bathroom and kitchen goods, including water closets, wash basins, faucets, urinals and partitions, accessories, furnishings, flushing systems, and kitchen sinks.

Recent Developments/Future Plans

- In November 2023, RAK Ceramics announced plans of developing a production plant in Saudi Arabia and is also considering updating its facilities in the UAE and India in order to increase production efficiencies and capacity.

Saudi Aramco (Publicly Listed) India

Company Description

Established in 1933, Saudi Arabian Oil Company (Saudi Aramco) is a state-owned energy and chemicals company headquartered in Dhahran, Saudi Arabia. It is the world's largest oil producer by crude oil production and the most profitable company in the world. Saudi Aramco operates in over 40 countries and has a workforce of over 300,000 employees. Saudi Aramco's fully owned subsidiary Aramco Asia India is responsible for operations in India, Bangladesh, Pakistan, Sri Lanka, Nepal, Bhutan and Maldives.

Business Segments/Services Portfolio

- **Crude Oil**: Aramco is a major supplier of crude oil to India, meeting a significant portion of the country's energy needs.
- **Downstream Operations**: Aramco has partnered with Indian companies to establish JVs in downstream operations, such as refining and petrochemicals.
- **Technology and Innovation**: Aramco collaborates with Indian partners on research and development in areas such as clean energy technologies.
- **Skills Promotion**: Aramco is also working with Indian educational institutions to provide training and skills development programs for the energy sector.

Recent Developments/Future Plans

- In Jan 2024, Aramco Asia India opened a new office in New Delhi to strengthen its presence and explore business opportunities in the country.

Source: Company website, Media Reports

Saudi Basic Industries Corporation (Publicly Listed) India

Company Description

Founded in 1976, Saudi Basic Industries Corporation (SABIC) is a Saudi chemical manufacturing company headquartered in Riyadh. The company manufactures a wide range of chemicals, plastics, fertilizers, and metals. It has operations in over 50 countries across the world. In India, SABIC has a significant presence with two main subsidiaries, namely SABIC Innovative Plastics India Pvt. Ltd. and SABIC Research and Technology Pvt. Ltd.

Business Segments/Services Portfolio

- **SABIC Innovative Plastics India Pvt. Ltd.: I**t manufactures and sells engineering thermoplastics, such as polycarbonate, ABS, and PP. The company has two manufacturing plants in India, one located in Vadodara and other in Chennai.
- **SABIC Research and Technology Pvt. Ltd.:** It conducts research and development on new and innovative chemical technologies. The company has a research center in Bangalore, one of the largest investments in India by a Saudi company.

Recent Developments/Future Plans

- In May 2023, SABIC's Agri-Nutrients Company, a public joint-stock company owned 50.1% by SABIC, sent 5,000 metric tons (MT) of first commercial shipment of low carbon Ammonia to Indian Farmers Fertilizer Cooperative Limited (IFFCO). This makes SABIC Agri-Nutrients the first company to introduce Low Carbon Ammonia to the Indian fertilizer sector. IFFCO, which will receive the shipment, becomes the first Indian company to use low carbon Ammonia for fertilizer production in line with India's vision to be net-zero by 2070.

Sharaf Group (Privately Owned) India

Company Description

Established in 1968, UAE-based Sharaf Group is involved in services across shipping, logistics, supply chain, retail, travel and tourism, IT, financial services, hospitality, real estate, education, and manufacturing sectors. The Group operates in 59 countries in the Middle East, Africa, the Indian subcontinent, and Asia.

Business Segments/Services Portfolio

- **Shipping & Logistics:** Shipping and Logistics was Sharaf Group's first business activity. This company represents many large liners, bulk carriers, tanker owners, and airlines around the world and offers agency services.
- **Retail:** The group is a leader with its own power brands in a variety of categories, including outdoor adventure gear (Adventure HQ) and consumer electronics (Sharaf DG).
- **Travel & Tourism:** This division operates Sharaf Holidays, Sharaf Travels, and Sharaf Tours.
- **Information Technology:** The group's Information Dynamics division offers IT solutions for the shipping, retail, and travel industries, as well as financial application skills.

Recent Developments/Future Plans

- In March 2023, Sharaf Group signed a memorandum of understanding (MoU) with Indian jewellery brand Tanishq to help accelerate the latter's growth in the Middle East and Africa region.

Source: Company website, Media Reports

Zamil Steel Buildings (Publicly Listed) India

Company Description

Established in 1977, Saudi Arabia-based Zamil Steel Buildings specializes in the design, construction, and delivery of pre-engineered steel buildings. The company has a monthly output capacity of 9,500 metric tonnes. Its India division, Zamil Steel Buildings India Pvt. Ltd. started commercial production in 2008, from its manufacturing base in Pune (Maharashtra). Spanning over a total area of 87,000 sqm, the facility is capable of producing complete pre-engineered buildings with the production capacity of 100,000 MT per annum. Since inception, Zamil Steel India has supplied more than 2,000 projects, including 15,000 buildings with an approximate area of 8 million sqm of complete PEB building and related accessories.

Business Segments/Services Portfolio

- **Zamil Steel Holding Co.:** Provides design, engineering, and construction for industrial, commercial, and recreational projects.
- **Zamil Structural Steel Co. Ltd:** Established in 1983, it offers expertise in the fabrication and installation of structural steel and plate works for various industrial and commercial applications.
- **Zamil Process Equipment Co:** Established in 2003, owns a wide range of process plants, including petrochemical plants, refineries, steel factories, fertilizer plants, and others.

Recent Developments/Future Plans

- In February 2022, Zamil Steel announced the adoption of Tekla PowerFab software solutions to transform steel fabrication in its factories in India, Saudi Arabia, Egypt, and Vietnam. In India, the company has deployed Tekla PowerFab to streamline its fabrication workflows using the advanced communication and collaboration features built into the software solution.

Source: Company website, Media Reports

Profiles of Sovereign Wealth Funds (SWFs)

Public Investment Fund — Saudi Arabia

Company Description

Established in 1971, Saudi Arabia's Public Investment Fund (PIF) ranks among the world's largest sovereign funds, with more than US$ 700 billion in asset under management (AUM) as of 2023. PIF's primary objective is to diversify Saudi Arabia's economy to reduce its dependence on oil while generating sustainable long-term returns for the government. As of 2023, the PIF made significant investments in numerous local and international companies, with its most notable investments including ventures such as Uber, the SoftBank Vision Fund, and Saudi Aramco.

Key Investments in India

- **Retail:** In 2020, the PIF invested US$ 1.3 billion in Reliance Retail Ventures Ltd. for a 2.04% stake. Reliance Retail Ltd., a subsidiary of Reliance Retail Ventures Limited (RRVL), operates more than 12,000 stores across India.
- **Telecom:** In 2020, the PIF invested US$ 1.5 billion in Jio Platforms for a 2.32% stake.
- **Renewable Energy:** Saudi Arabia and India have an agreement to promote investments in renewable energy, with PIF potentially investing in areas like solar and wind power, and green hydrogen.
- **Others:** Saudi Arabia is planning to set up an office of PIF India to facilitate investments in the country. Moreover, the Kingdom also plans on investing in Indian start-ups through venture capital.

Abu Dhabi Investment Authority — UAE

Company Description

Established in 1976, the Abu Dhabi Investment Authority (ADIA) had an estimated US$ 984 billion in AUM as of 2023. The fund invests in various asset classes and geographies, including equities, fixed income, real estate, private equity, and infrastructure among others. ADIA aims to strategically invest to create a steady flow of income that can be used to support Abu Dhabi's future generations and its development goals. Additionally, ADIA manages the emirate's excess oil revenue while ensuring its long-term financial well-being.

Key Investments in India

- **Retail:** ADIA invested approximately US$ 750 million in RRVL in 2020 for a 1.2% stake. The investment will help RRVL to further expand its presence in the Indian retail sector.
- **Renewable Energy:** In 2023, Greenko Energy Holdings raised US$ 155 million from ADIA and Gulf Investment Corporation (GIC). Greenko will deploy the funds to expand its clean energy portfolio to 3GW from 2GW. Greenko also signed a definitive agreement that will see ADIA invest an additional US$ 31.1 million. Greenko will use the money to develop new renewable energy projects, including acquired solar projects and low risk expansions of existing wind farms.
- **Infrastructure:** In 2024, ADIA announced plans to invest around US$ 4-5 billion in India's Gujarat International Finance Tec-City (GIFT City) to support infrastructural developments.

Source: Company website, Media Reports

Mubadala Investment Company UAE

Company Description

Established in 2017, Mubadala Investment Company (Mubadala) is an Abu Dhabi-based SWF with assets worth US$ 276 billion as of 2023. The fund was established through the merger of two previous entities, namely Mubadala Development Company and the International Petroleum Investment Company (IPIC). It invests in wide range of sectors including technology, aerospace, industry, healthcare, real estate, and financial services. Mubadala aims to both diversify Abu Dhabi's economy beyond Oil & Gas and generate financial returns that contribute to the emirate's long-term sustainability and prosperity.

Key Investments in India

- **Telecom:** In 2020, Mubadala invested $1.2 billion in Jio Platforms, acquiring a 1.85% stake. Through this investment Mubadala aims to double exposure to Asia by end of the decade.
- **Renewable Energy:** In 2022, Mubadala along with BlackRock Real Assets invested US$ 525 million in Tata Power's subsidiary to create the India's most comprehensive renewable energy platform.
- **Retail:** In 2020, Mubadala invested US$ 844 million into RRVL. Mubadala's investment will translate into a 1.4% equity stake in RRVL on a fully diluted basis.
- **Healthcare:** In 2024, Mubadala invested in Manipal Health Enterprises as part of its continued expansion in India. The group employs more than 5,000 doctors and is India's second-largest hospital chain by number of beds.

Kuwait Investment Authority Kuwait

Company Description

Established in 1953, the Kuwait Investment Authority (KIA) had assets worth US$ 803 billion as of 2023. KIA manages two main funds - the General Reserve Fund (GRF), which is used for immediate government spending needs; and the Future Generations Fund (FGF), which is used in long-term investments. Additionally, KIA invests in diversified portfolio across asset classes and geographies, including equities, fixed income, real estate, and alternative investments among others. The KIA aims to generate sustainable and positive returns on its investments and help reduce reliance on oil revenue and promote the development of other sectors, fostering a more diversified and resilient economy for the country.

Key Investments in India

- **Service Sector:** In 2023, KIA bought 88 million shares in Zomato, an online food delivery app, and later added an additional 6.7 million shares to its stake in the application. As of 2024, KIA holds 1.1% stake in Zomato.
- **Infrastructure:** Kuwait has signed a MoU with India concerning cooperation in the infrastructure sector. This suggests KIA's potential to be involved in India's National Infrastructure Pipeline (NIP) projects.

Source: Company website, Media Reports

Investment Corporation of Dubai (SWF) UAE

Company Description

Established in 2006, Investment Corporation of Dubai (ICD) had assets under management valued at US$ 341.2 billion as of 2023. ICD strategically allocates capital across a diverse range of sectors, including energy, transportation, and finance, to fuel Dubai's economic growth and create long-term wealth for the Emirate. ICD also holds stakes in several prominent Dubai-based companies such as Emirates NBD, Dubai Islamic Bank, Emirates, FlyDubai, ENOC, and Emaar amongst others.

Key Investments in India

- **F&B:** In October 2020, ICD partnered with Bahrain-based InvestCorp and other investors to invest US$ 121 million in India-based FreshToHome, an online retailer of seafood and poultry.
- **AgriTech:** In February 2022, ICD joined forces with India's Fireside Ventures to invest US$ 7 million in Slurrp Farm, a company that produces and distributes plant-based meat alternatives.
- **Other:** In 2020, ICD Brookfield Place (ICDBP), a JV between ICD and Brookfield Properties, selected India-based Facilio to optimize building performance and deliver real-time operational intelligence.

Mumtalakat Holding Company (SWF) Bahrain

Company Description

Established in 2006, Mumtalakat Holding Company (Mumtalakat) had approximately US$ 18.3 billion in assets under management as of 2023. Mumtalakat manages funds primarily derived from Bahrain's oil and gas surpluses. Its portfolio includes investments in various sectors including education, aviation, healthcare, and real estate among others. It also has a presence in local, regional, and international markets. Mumtalakat primarily aims to fuel Bahrain's economic diversification agenda and secure the nation's long-term financial well-being.

Key Investments in India

- NA

Qatar Investment Authority (SWF) Qatar

Company Description

Established in 2005, Qatar Investment Authority (QIA) is estimated to possess assets worth US$ 475 billion as of 2023. The fund meticulously invests in areas that promise to bolster Qatar's economic resilience, focusing on sectors that are critical for its future growth such as advanced technology, green energy, real estate, and global infrastructure, among others. QIA's diversified portfolio of investments aims at diminishing the nation's dependency on fossil fuels and paving the way for a prosperous and diversified economic landscape.

Key Investments in India

- **Retail:** In 2023, QIA invested US$ 1 billion in RRVL for the acquisition of approximately 1% stake. This investment is the addition to US$ 600 million invested in 2020.
- **Telecom:** In 2022, QIA invested US$ 150 million in a subsidiary of Bharti Airtel for a 2.75% stake.
- **Hospitality:** QIA holds stakes in several luxury hotels in India, including a significant stake in luxury hotel operator - The Leela Palaces.
- **Renewable Energy:** In 2023, QIA bought 2.7% stake for US$ 474 million in Adani Green Energy.

Oman Investment Authority (SWF) Oman

Company Description

Established in 2020, Oman Investment Authority (OIA) is the investment arm of the Sultanate with approximately US$ 47 billion in AUM as of 2023. It was established through a royal decree merging several existing investment entities in Oman, including the State General Reserve Fund (SGRF) and the Oman Investment Fund (OIF). The primary objective of the OIA is to manage and grow the Sultanate's wealth through strategic investments both domestically and internationally. The authority focuses on a diverse range of sectors including finance, energy, infrastructure, and technology among others, to contribute to the economic development and diversification of Oman.

Key Investments in India

- **Renewable Energy:** Oman is actively pursuing renewable energy projects, and India is a key market for this sector. In 2021, OIA signed a MoU with Indian Renewable Energy Development Agency Ltd. (IREDA), indicating interest in green energy investments.
- **Oman-India Joint Investment Fund:** In Dec 2023, OIA and State Bank of India (SBI) jointly formed the third Oman-India Joint Investment Fund. This fund aims to bolster economic ties by directing investments into the fastest-growing sectors of the Indian economy. The new fund boasts a volume of US$ 300 million investment in a variety of sectors, most notably technology, health and pharmacy, banks and banking services, industries and consumer services. Previously, the OIA along with SBI established the first Omani-Indian Joint Investment Fund, with a value of US$ 100 million, and the second portfolio with a USD 230 million fund that focused on medium-sized companies in the Indian market.

Source: Company website, Media Reports

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to

Savola Group

Financial Advisor

RBL BANK LIMITED

US$ 100,000,000

Unsecured Tier 2 Sub-ordinated Loan

Investor

Financial Advisor

Gobind Sugar Mills Limited

USD 16,000,000

Structured Long Term Foreign Currency Facility

Investor

Financial Advisor

Cholamandalam Investment and Finance Company Limited

INR 10,570,000,000

(~US$150 million)

Non Convertible Debentures

Investor

Asian Development Bank

Financial Advisor

SAHYADRI FARMS POST HARVEST CARE LTD.

INR 3,10,00,00,000

(~EUR 40 million)

Equity Capital

Investors

Financial Advisor

Shriram Transport Finance Company Limited (India)

US$ 40,000,000

Fixed Rate Senior Secured International Bond

Joint Lead Manager

Emirates NBD Capital

Financial Advisor

US$ 75,000,000

Long Term Debt

Investor

Financial Advisor

Britannia and Associates Dubai Pvt Co Ltd. (BADCO)

acquires the brand and business assets of

(from Catalyst Capital) (from Kenafric Industries)

to form

Kenafric Biscuits Limited

(a JV Company)

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