India: the future El Dorado for Western companies?

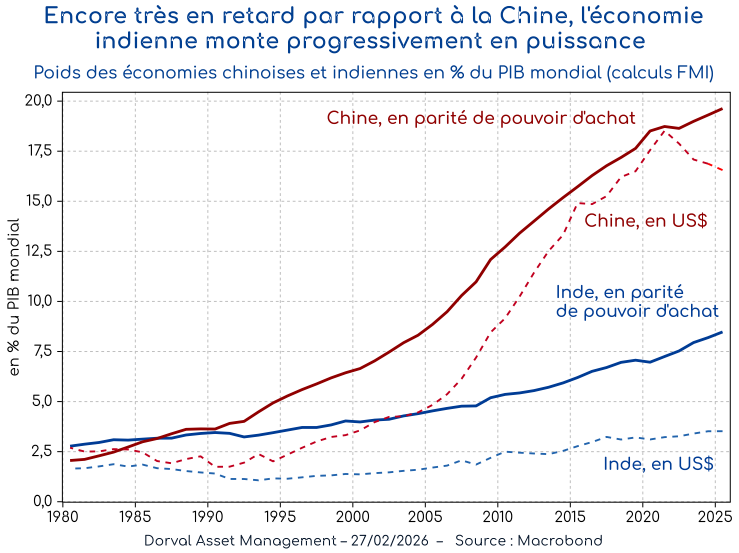
March 2, 2026

Known as one of the most protectionist economies in the world, India has signed several trade agreements that could change the game. Although still relatively unexplored, the topic of Western companies that could benefit from this is worth considering.

As the world's most populous country with nearly 1.5 billion inhabitants, India remains a relatively modest economy on a global scale (Figure 1). It accounts for 3.5% of global GDP in dollars (slightly more than France) and 8.5% of global GDP in terms of purchasing power parity, according to the IMF. However, its weight is gradually increasing, and its growth has been 6% per year for the past 10 years, slightly higher than China's growth (+5.5%).

Still lagging far behind China, the Indian economy is gradually gaining momentum

Weight of the Chinese and Indian economies as a percentage of global GDP (IMF calculations)



as a percentage of global GDP / China, in purchasing power parity / China, in US$ / India, in purchasing power parity / India, in US$

Traditionally protectionist – even more so under Narendra Modi's presidency since 2014 – India has long remained an unattractive market for Western companies. The purchasing power of the average household is still very low, and setting up factories there is complicated.

However, there have been notable breakthroughs in recent years with Apple and Foxconn, with nearly one in five iPhones now assembled in southern India. Above all, India has signed two major trade agreements this year – one with the EU and one with the United States – which undoubtedly signal a turning point. They provide for the liberalisation of the Indian industrial sector within seven to ten years and a sharp reduction in reciprocal customs duties.

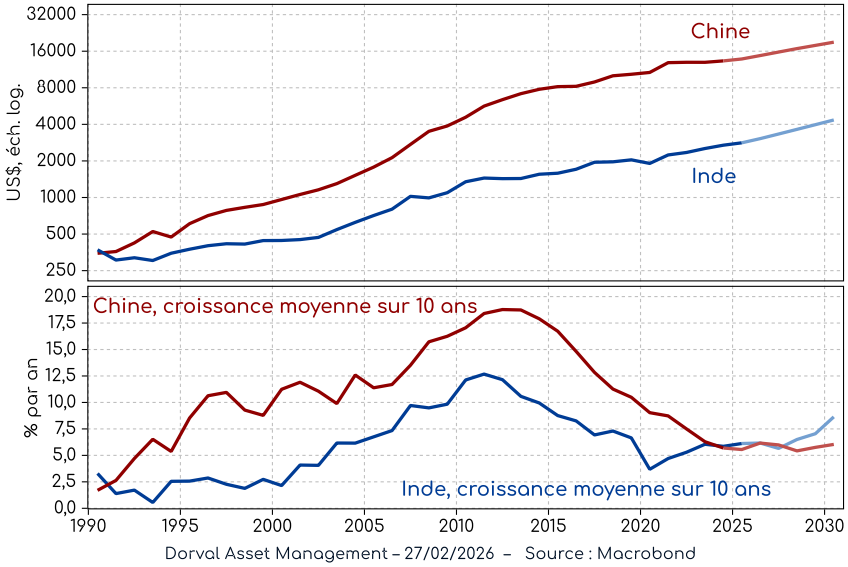
These agreements – which have not yet been ratified – are part of a changing geo-economic context, in which partners are seeking to reduce their dependence on China. According to some observers, India also seems to be using these agreements as external levers to impose internal reforms, mirroring the strategy once adopted by China when it joined the WTO.

The long-held illusion that India could eventually enjoy an economic destiny comparable to that of China is now a real possibility. For Western companies, the potential is significant on two fronts: the integration of India into their production chains and the emergence of a new large market for their products.

In 2025, India's GDP per capita is slightly less than $3,000 per year, the same level as China in 2007. According to the IMF, it could grow by nearly 50% by 2030, thus beginning a process of catching up with China after 35 years of massive underperformance (Chart 2).

India/China: the beginning of a historic catch-up?
GDP per capita in US$, with IMF forecasts to 2030

Inde/Chine : le début d'un rattrapage historique ?
PIB par habitant en US$, avec prévisions FMI d'ici 2030



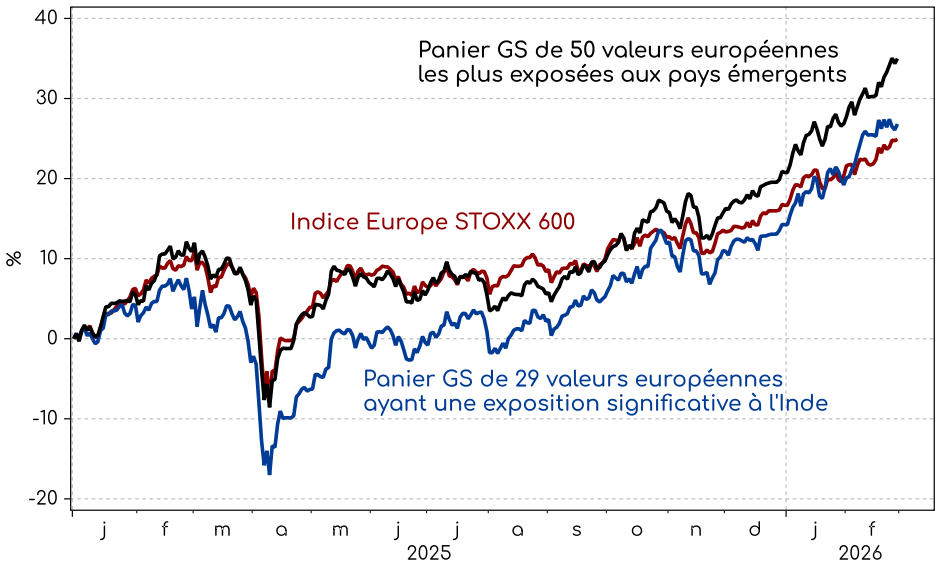
US$, log scale / China / India
% per year / China, average growth over 10 years / India, average growth over 10 years

According to some estimates, the number of affluent Indian households – those earning at least $30,000 per year – could rise from 15 million today to 40 or 50 million by 2035. The impact on the luxury, automotive, tourism and finance industries would then be significant. For example, the agreement between India and the EU provides that Indian customs duties on European cars would fall from 110% to 10%, with a maximum quota of 250,000 vehicles. In 2024, the EU exported only 7,700 vehicles to India.

For the time being, only a few listed European companies generate significant revenue in India. According to Goldman Sachs, around 30 companies are involved, including Schneider Electric, Airbus, Unilever, Prosus, Glencore, Diageo and Legrand. Their exposure to India remains modest (between 5% and 15% of revenue), but growth can sometimes be high. Since early 2025, this basket of stocks has slightly outperformed the Stoxx 600, although it still lags behind a broader basket of European companies exposed to all emerging economies (Chart 3).

Comparative performance of European stocks most sensitive to the Indian market
Performance in % since the beginning of 2025

Performance comparée des valeurs européennes les plus sensibles au marché indien
Performance en % depuis début 2025



Dorval Asset Management – 27/02/2026 – Source : Macrobond

GS basket of 50 European stocks most exposed to emerging markets / Europe Stoxx 600 Index / GS basket of 29 European stocks with significant exposure to India

If confirmed, India's gradual opening up could provide a real growth driver for certain Western companies, both as a consumer market and as an industrial platform. In any case, this is a theme to watch closely over the next few years.

Our exposure rates are as follows:

Fund	Net equity exposure	Breakdown by theme (as a percentage of total equities)	Other
Dorval Convictions	70%	- Core basket excluding themes: 56% - Financials: 27% - Reflation: 13% - Small caps.: 3%	Euro Stoxx 50 futures and options hedges

All funds presented are exposed to the following specific risks: discretionary management risk, **capital loss risk**, equity risk, market capitalisation risk, currency risk, interest rate risk, credit risk, derivative risk, sustainability risk. The capital invested is not guaranteed.

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