



TOPHIC MAY

Business without borders: Italy-India corridor



Contents

Overview

The new Free Trade Agreement between Italy and India

Expert's opinion

Navigating the Italy-India Corridor among strategy and financial opportunities

Focus on

India-Italy corridor: exchanges, investment and development trajectories

Contacts

Overview

India is establishing itself as one of the main drivers of global economic growth, offering new strategic opportunities for international businesses. In this scenario, the new free trade agreement between the European Union and India represents a crucial step set to redefine the commercial, industrial and competitive balance between the two markets. The significant reduction in customs barriers, combined with greater regulatory stability and the simplification of trade, paves the way for new opportunities for investment, industrial development and integration into global supply chains. The latest issue of TopHic examines in depth the practical implications of the FTA for Italian businesses, analysing opportunities in key strategic industries, the role of financial instruments in supporting internationalization and the value of an integrated approach to managing the operational and regulatory complexities between Italy and India.

“The significant reduction in customs barriers, combined with greater regulatory stability and the simplification of trade, paves the way for new opportunities for investment, industrial development and integration into global supply chains.”

Expert's opinion

Sante Maiolica

Advisory Partner, Head of M&A



India is not only a promise any more, but a strongly expanding economic reality. The new free trade agreement between EU and India represents a strategic shift for Italian businesses.

**NAVIGATING THE ITALY-INDIA
CORRIDOR AMONG STRATEGY AND
FINANCIAL OPPORTUNITIES**

WHY DOES INDIA REPRESENT A CRUCIAL FRONTIER FOR ITALIAN BUSINESSES TODAY? AND WHAT REAL IMPACT WILL THE NEW FTA HAVE?

India is not only just a promise any more, but a reality worth 3.9 trillion Dollars, which grows at 7.2% per year, thus confirming itself as the largest consumer market in the world. The real “game changer” is the new Free Trade Agreement (FTA) between the EU and India, which marks a structural paradigm shift in trade relations. This is an unprecedented operating turn-around: for key industries, such as automotive and machineries, customs duties, which can currently reach prohibitive peaks of 110%, are expected to drastically decrease up to 10% or even to zero for almost all tariff plans. Sectors such as chemical, luxury, and wine will also benefit from significant reductions; wine, for example, will see duties reduced from 150% to 30%. For an Italian business, this means not only a huge increase in price competitiveness, but also a simplified access to more resilient global supply chains and the protection of key geographical indications for Italian agrifood exports. Ignoring this acceleration today means denying the opportunity to play a leading role in reshaping global manufacturing and services in the coming years.

REDUCING CUSTOMS DUTIES OFFERS AN EVIDENT ADVANTAGE, BUT HOW DOES THE NEW FTA RADICALLY CHANGE THE COMPETITIVE STRATEGY OF AN ITALIAN BUSINESS COMPARED TO INTERNATIONAL COMPETITORS?

The reduction in customs duties is only the tip of the iceberg. The real competitive advantage is the stability and certainty of the right guaranteed by the FTA, which allows Italian businesses to plan long-term investment in India at a reduced risk. Until recently, the high customs duties forced many businesses to adopt a “passive export” model, making Italian products too expensive or niche products. Now, thanks to reduced duties for machinery and components, a business can turn its presence from a mere external supplier into an integrated partner in the Indian industrial system. This allows them to compete on equal terms with local players and to outperform the competition of those countries which cannot yet benefit from preferential agreements with India. Moreover, the agreement favours the creation of local logistic and production hubs, thus optimizing the supply chain and reducing delivery terms. In such a context, our role consists in helping businesses to reposition their brand and offer, leveraging the cost differential deriving from the FTA, not only to increase margins, but also to gain a dominant market share in high-growth sectors.

HOW DOES THE STRATEGIC PARTNERSHIP WITH SIMEST INTEGRATE IN THIS PATH AND WHAT FINANCIAL INSTRUMENTS ARE CONCRETELY AVAILABLE TO BUSINESSES?

Strategy without financial supports risks remaining on paper. Our partnership with SIMEST, part of Cassa Depositi e Prestiti Group, is the financial pillar that turns the ambitions of Italian businesses into reality. SIMEST offers a range of instruments that cover the entire spectrum of expansion: from subsidised loans for internationalisation — which support digital and sustainable growth as well as the development of skills — up to “Export Credit” instruments to reduce financial costs of exports. An extraordinarily valuable opportunity is then represented by “Equity Loans”, where SIMEST can join the share capital of foreign companies or subsidiaries with an up to 49% share, acting as a long-term institutional partner. This not only provides the capital needed for acquisitions (cross-border M&A) or for the establishment of new plants but also ensures a “light governance” and a financial stability which reassures local partners. Through the Venture Capital fund, SIMEST also supports start-ups and innovative SMEs in their global expansion process. The synergy between Grant Thornton technical advisory and SIMEST financial backbone creates a complete ecosystem where businesses can find an answer to any need.

WHICH ARE THE INDUSTRIES THAT SHOULD ACT FIRST AND WHAT ARE THE IMMEDIATE PRACTICAL IMPLICATIONS FOR THOSE BUSINESSES THAT DECIDE TO UNDERTAKE THIS PATH?

The time to act is now, especially for high-impact industries identified in the 2025-2029 Italy-India Strategic Action Plan. Businesses operating in instrumental mechanics, automotive, and industry 4.0 sectors take absolute priority: the Indian transition to smart factory and industrial modernization require technologies in which Italy is a leader. The chemical and pharmaceutical industries, as well, will see their customs duties reduced from 22% to 0%, paving the way for manufacturers of specialty chemicals and medical equipment. In practice, those businesses deciding to start need to begin with a “Market Readiness Assessment” to track product compatibility and regulatory barriers. Then, it is crucial to structure the correct entry model: a subsidiary, a representative office or a joint venture? Each option has implications on transfer pricing and currency compliance, which need to be planned in advance. Lastly, sustainability cannot be forgotten: with the introduction of regulations such as the CBAM, carbon reporting and the alignment of supply chains with ESG criteria are becoming essential operational requirements for maintaining market access.

IN SUCH A COMPLEX REGULATORY CONTEXT, WHAT IS THE ADDED VALUE OF A COORDINATED APPROACH THROUGH THE GRANT THORNTON “ITALY-INDIA CORRIDOR”?

The complexity of the FTA agreement lies not only in the tariff rates, but also in the strict technical rules governing its access. The added value of our corridor lies in its ability to transform this complexity into a straightforward implementation process. Grant Thornton operates as a single integrated platform linking Italy and India, breaking down the communication and regulatory barriers that often slow down internationalization processes. Ours is an end-to-end approach: we do not just limit ourselves to theory, but support businesses at every stage of the investment lifecycle. This involves operationally managing the Product-Market Fit analysis, mapping regulatory compliance and designing the ‘Route to Market’, including the selection of local partners or distributors. Thanks to our extensive and multidisciplinary presence in both markets, we provide consultancy services that ensure every expansion strategy is bureaucratically sound and tax-optimised. In short, the Grant Thornton corridor acts as a reliable bridge, allowing companies to focus on their core businesses whilst we manage the complexities of cross-border implementation.

Focus on

Ferdinando Greco
Audit Partner

[OVERVIEW](#) | [EXPERT'S OPINION](#) | [FOCUS ON](#) | [CONTACTS](#)

India-Italy corridor: exchanges, investment and development trajectories

STRATEGIC CONTEXT

The economic relationship between India and Italy has long since gone beyond the scope of mere trade. Today, it is based on a solid interchange foundation, on a growing industrial Italian presence in India, and on a strongly evolving strategic context, also following the renewed momentum of negotiations on the Free Trade Agreement (FTA) between the European Union and India.

Against this backdrop, the India-Italy Corridor was developed jointly by Grant Thornton Italy, Grant Thornton India, and SIMEST, as a structured reference framework for businesses keen to understand and operate in the Indian market in a conscious and sustainable way.

EU-India FTA: A structural shift in trade relations



A SOLID FRAMEWORK FOR TRADE AND INVESTMENT

The bilateral exchanges between Italy and India today are approximately equal to 14-15 billion Euros, remaining stable in the period 2023-2024. This stability is an indicator of the maturity of the economic relationship, rather than a sign of stagnation.

Italian exports to India amount to approximately 5 billion Euros, thus confirming the relevance of Italian industrial, technological, and manufacturing solutions in a rapidly evolving market.

The figure for investment is even more significant: more than 800 Italian businesses operate in India today, with a stock of direct investment amounting to approximately 6.9 billion Euros and about 60.000 employees. These data reflect an already well-established industrial presence, but with a growth potential that is still largely untapped, especially in terms of production and industrial integration.

India-Italy trade & investment snapshot

Bilateral trade
~€14-15 billion (stable 2023-2024)

Italy exports to India
~€5 billion

India maintains
trade surplus with EU partners

Investment landscape

800+ Italian companies active in India

€6.9 billion Italian FDI stock in India

60.000 employees in Italian firms in India




Key sectors

Machinery & Industrial systems, chemicals, automotive components, textiles, luxury goods, alco-bev

Strategic insight

Strong base, but significant untapped growth potential

Two powerhouse - one corridor

India		
	USD 3.9 trillion	4 th largest economy
	7.2%	Real GDP growth rate
	1.45 Bn	World's largest consumer market

Italy		
	USD 2.1 trillion	8 th largest economy
	626 Bn	Merchandise exports
	15 Bn	Bilateral trade with India

TWO STRONG ECONOMIES, COMPLEMENTARY TRAJECTORIES

The strength of this relationship is also based on the structural complementarity of the two economies.

Today, India is an economic powerhouse worth 3.9 trillion Dollars, the fourth largest in the world, with a real growth of about 7.2% and a market made up of 1.45 billion consumers, the widest one worldwide.

Italy is an economy worth 2.1 trillion Dollars, the eighth largest in the world, with a manufacturing export equal to 626 billion Dollars, characterised by specialization, quality, and technological content.

Such a complementarity opens up opportunities that go beyond simple exports: Italy brings advanced industrial expertise, India offers scale, growth, and expanding production ecosystems. This integration gives rise to the most relevant value of the bilateral relationship.

THE ROLE OF EU-INDIA FTA AS A STRATEGIC SIGNAL

Although not yet concluded, the EU-India FTA represents an extremely relevant strategic signal. The resumption of negotiations contributes to improving the predictability of the regulatory and commercial environment, guiding investment and industrial location decisions.

For many European (and particularly Italian) businesses, the FTA is acting as an anticipation factor: not a destination, but a starting point for positioning in the market, especially in those sectors characterized by the highest industrial complementarity.

FROM POTENTIAL TO EXECUTION

Although the potential is evident, access to the Indian market remains complex. Regulation, compliance, taxation, distribution models and corporate structures require a coordinated and long-term approach.

In this phase, the concept of the India-Italy Corridor assumes its value: in fact, it acts not as a commercial promise, but rather as a structure to understand and implement development paths, in order to integrate a strategical vision with market knowledge and operating skills.

CONCLUSION

For those businesses interested in growing in India, the current context is favourable and full of perspectives. At the same time, success depends increasingly more on the ability to turn a macro-positive framework into structured and sustainable decisions.

The India-Italy Corridor, promoted by Grant Thornton Italy, Grant Thornton India, and SIMEST, has been created to support businesses in this path, offering a coherent understanding of and a long-term vision on the relationship between the two economies.

Contacts

Our professionals are available to answer any questions or provide further clarification.



Sante Maiolica

Advisory Partner, Head of M&A
sante.maiolica@bgt.it.gt.com



Ferdinando Greco

Audit Partner
ferdinando.greco@ria.it.gt.com



We value
different perspectives