

India-Israel trade and financial flows

Prolonged geopolitical tensions may impact global sentiment and commodity prices; Indian corporates in Israel may face commercial implications

November 2023



India is Israel's second-largest trading partner in Asia and the seventh-largest globally.

India has a considerable import dependency on Israel for fertilisers.

Moreover, Israel accounts for a significant share in exports of consumer electronics from India.

ICRA has analysed the trade, financial flows and bilateral agreements between India and Israel. In aggregate, Israel does not account for a major part of India's overall trade flows (0.3% for imports and 1.9% for exports). However, India is Israel's second-largest trading partner in Asia and the seventh-largest globally. Indian exports of consumer electronics to and imports of fertilisers from Israel are significant.

In terms of financial flows, Israel contributes marginally in the overall pie of FDI equity inflows, FPI and remittances to India. However, several Indian corporates have a significant presence in Israel and vice versa. Geopolitical tensions in Israel may lead to some commercial implications for these corporates. Moreover, India is also likely to be impacted through changes in global sentiment and commodity prices.



Merchandise trade

- Israel's share in the total Indian merchandise imports and exports (FY2023) stands at a mere 0.3% and 1.9%, respectively. However, India is dependent on imports of fertilisers from Israel. Also, Israel's share in exports of consumer electronics is significant for India.
- On the other hand, India's share stands at 3-5% in Israel's total imports and exports. Indian trade is significant for Israel for some products like textile, pearls, precious/semiprecious stone, electrical/electronic products, chemicals/metals, fertilisers, arms and ammunition, spacecraft/aircraft etc.



Services trade

- Israel's share in India's total services exports was low at ~0.3% (CY2021).

Israel contributes marginally in the overall pie of FDI equity inflows, the FPI and remittances to India.

Geopolitical tensions in Israel may lead to some commercial implications for Indian corporates with presence in that country.

Moreover, India would be impacted through changes in global sentiment and commodity prices.



FDI, FPI and remittances

- Israel is the 43rd largest country for Foreign Direct Investment (FDI) inflows into India, contributing ~0.05% to the total pie.
- Israel's share in the FPI is marginal as only one entity from Israel has invested as on Sept 2023.
- Israel accounts for ~0.1% of India's migrant stock and remittances to India.



Bilateral agreements and Memorandum of Understanding (MoU)

- There have been agreements and MoUs between the two countries to improve trade, collaboration for science, technology, innovation etc and bilateral investment.



Corporate presence

- According to the Ministry of External Affairs, there are over 300 investments from Israel in India. There is growing interest for Israeli companies in sectors such as renewable energy, water technologies, homeland security and real estate in addition to traditional areas such as agriculture, chemicals etc.
- Cumulative overseas direct investment from India during April 2000 to May 2023 was USD 383 million. Indian companies are marking their presence in Israel through mergers and acquisitions and by opening branch offices. They are also making a mark in the Israeli innovation ecosystem.



- Geopolitical tensions in Israel may lead to some commercial implications for corporates with presence in that country. Moreover, India would be impacted through changes in global sentiment and prices of commodities.



ICRA

Analytical Contact Details

Name	Designation	Email	Contact Number
Aditi Nayar	Chief Economist and Head – Research and Outreach	aditin@icraindia.com	0124 - 4545 385
Madhura Nejjur	Assistant Vice-President	madhura.nejjur@icraindia.com	022 - 6114 3417





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development - Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development - Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vipin Saboo	Head Business Development – Corporate Sector - West & East	vipin.saboo@icraindia.com	022-61693348
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Media & Communications	communications@icraindia.com	0124-4545860





© Copyright, 2023 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

Thank You!