

Investment Institute

India's great transformation: opportunities for global investors

NOVEMBER 2025

Amundi
Investment Solutions

Transforming manufacturing through Make in India



Electronics

75% to 0%

Change in mobile handset imports (from 2014 to 2024)

Production-linked incentives and global partnerships have driven local assembly and export growth



Semiconductors

\$18.2bn

Total investment in semiconductor projects underway

Aim to close the technology gap to reduce reliance on imports in this critical sector



Defence

60%

Defence procurement now sourced domestically

Policy reforms encourage private sector innovation and mandate local sourcing

Shifting consumption patterns



From basics to discretionary

Rising incomes shift spending from essentials to aspirational goods and services

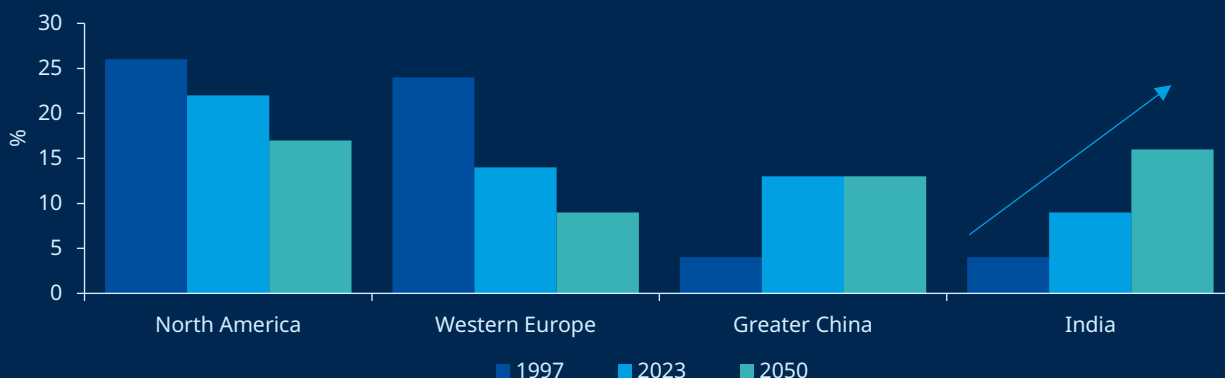


From entry-level to premium

Higher-income groups upscale consumption, favouring premium and feature-rich products



Contribution to global consumption, 1997-2050



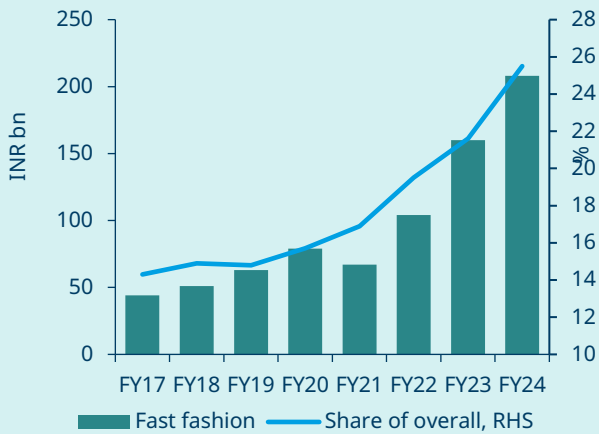
Source: Amundi Investment Institute, McKinsey. Data is as of 22 October 2025.



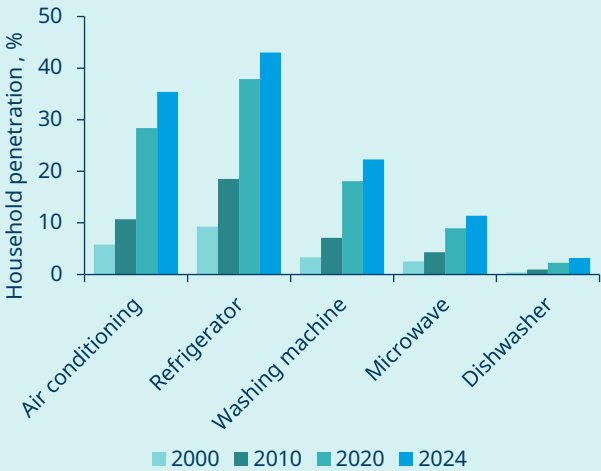
Changing consumption patterns

As incomes rise, the pattern of consumption moves away from basics towards more discretionary products.

Trends in fashion sales



Household penetration of main appliances



Source: SBI MF, CMIE, Motilal Oswal, EuroMonitor, Morgan Stanley. Data is as of 8 October 2025.

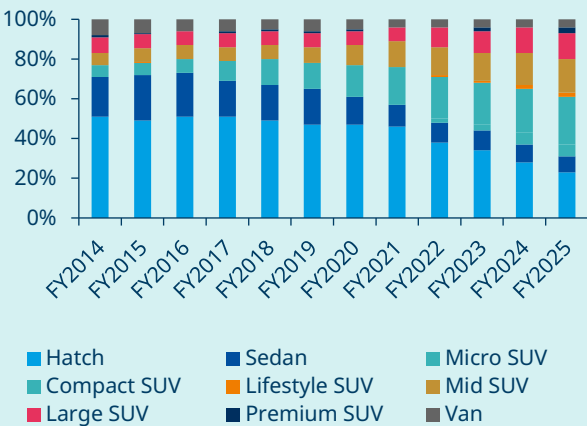
“The Indian consumption story is undergoing an interesting transformation. The journey is shaped along two main paths: India consumption moving from being basics-heavy to being more discretionary and a further move towards more premium categories of consumption, particularly within the higher-income bracket.”

High-income consumers scaling the premiumisation ladder

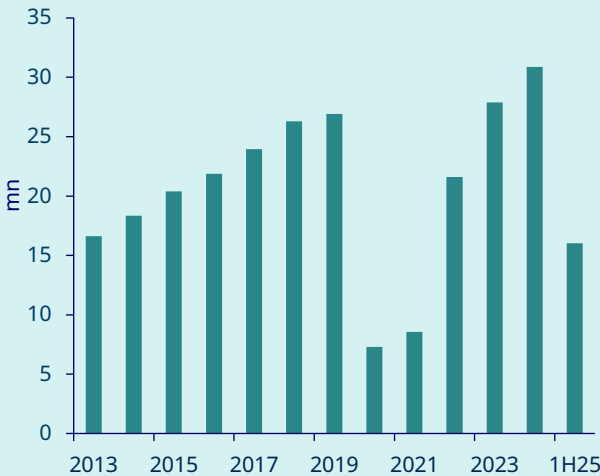


One of the most visible aspects of this shift is **the category movement in automotive vehicles**. Another example of this scaling up is the **steady rise in international tourism**.

India passenger vehicle industry segments



Indian national departures

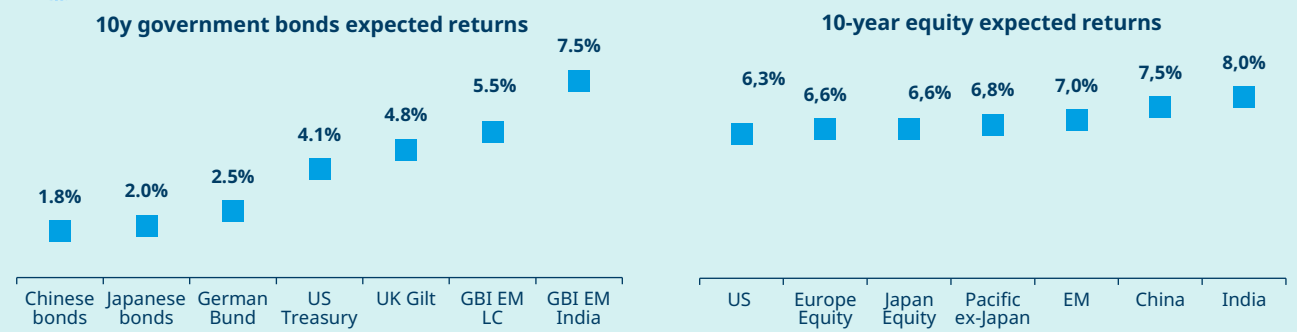


Source: SBI MF, SIAM, Company Data, Morgan Stanley, Ministry of Tourism, CLSA. Data is as of 8 October 2025.

Three reasons to allocate to India

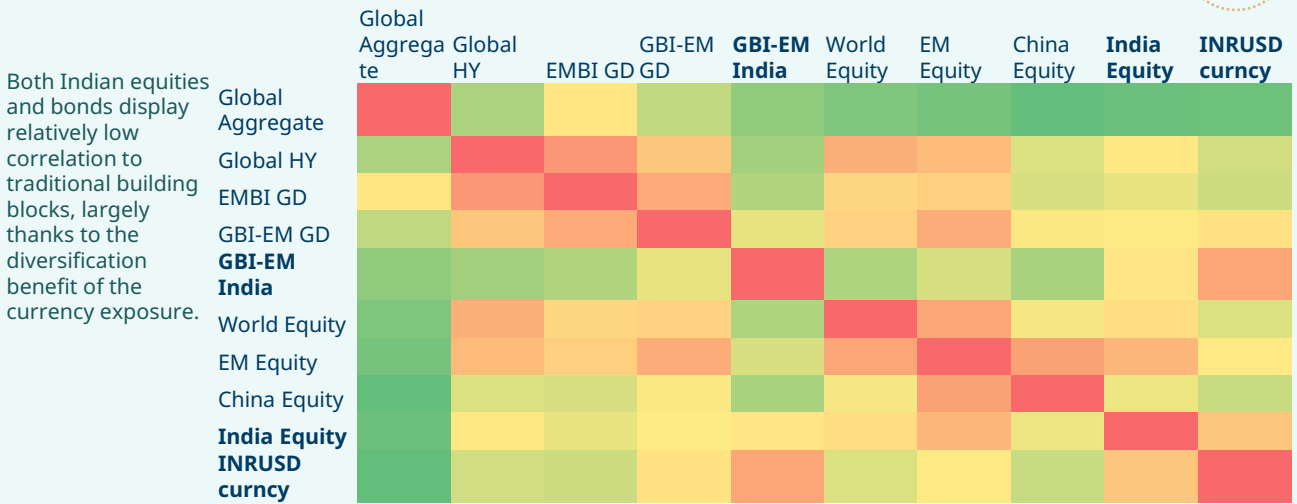


1 | Strong growth potential



Source: Amundi CASM Model, Quant Solutions and Amundi Investment Institute teams. Fixed-income assets expected return is broken down into: **Carry**: proxied by the government or credit yield; **FX**: performance associated with FX exposure against the USD; and **Others**, which include elements such as valuations, roll-down, valuation, and sovereign/currency risk). For further information see full document.

2 | Diversification benefits



Source: Amundi Quant Solutions calculations, MSCI, Bloomberg. The table shows the long-term correlation between different asset classes. Assets are expressed in USD, foreign assets are hedged to USD if fixed income. The Global aggregate and the global HY indices are hedged, otherwise unhedged to USD. Correlation between asset classes can range between -1 (perfect decorrelation, deep green) and +1 (perfect correlation, red). Data is as of 30 September 2025. Long-term sample from end-2002. EMBI GD (Global Diversified is the benchmark for the EM Local Currency Sovereign Emerging Markets Debt. GBI-EM GD (Global Diversified) refers to EM sovereign and quasi sovereign debt, Hard Currency. Correlation may vary from -1 (deep green) to +1 (red). For further information see full document.



3 | Rising and diversified investor base to make India more investable



Inclusion of Indian government bonds in the JP Morgan GBI-EM Index markedly increased passive foreign demand for local paper.



Reduction of time needed to get an Indian Foreign Portfolio Investment license



Domestic savings and institutional demand are rising, improving market depth and stability

Amundi Investment Institute

In an increasing complex and changing world, investors need to better understand their environment and the evolution of investment practices to define their asset allocation and help construct their portfolios.

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