

**Dimensions of Trade between India and Nordic countries with
special reference of Opportunities and Challenges: An
Exploratory Study**

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Abstract:

The paper discussed the dimensions of trade between India and Nordic countries. It has found that trade between India and the Nordic countries has grown, particularly in areas such as renewable energy, digital technology, and services. Both Norway and Finland are currently working on free trade agreements and investment talks with India. India is focusing on improving maritime cooperation with the Nordics, which can create opportunities for sharing knowledge and skills. The leaders agreed that a strong partnership between India and the Nordic countries can support innovation, economic development, and efforts to fight climate change. India has trade deficit with Norway, Sweden, and Finland during 2013-2024, where has trade surplus with Iceland during 2013-2024, and with Denmark during 2013-2021. Recently India has trade deficit with Denmark. Sweden is India's largest trade partner in Nordic region. Other leading partners are Norway and Finland. India has least volume of trade with Iceland in the region. India has more intense trade with Denmark and Norway, where low with Iceland and Sweden. India has a higher Trade Complementarity Index with Sweden, Denmark and Finland. Export diversification index shown India export more diversified products in Nordic countries. Trade between India and the Nordic countries is looking very promising. Several important challenges have long made it hard for India to trade with the Nordic countries. These challenges include complicated rules, non-tariff barriers, and problems with logistics.

Introduction:

India is important to the Nordic countries because they share similar democratic values, have opportunities to work together on climate and green technology, and have different but matching economic strengths. The Nordic countries are leaders in sustainability and innovation, which can help India reach its development goals. At the same time, India offers a large market and scale, which can benefit Nordic businesses and investments. Both India and the Nordic countries believe that working together is important for maintaining a fair set of international rules and solving global issues like climate change, security at sea, and digital development. The Nordic countries are ahead in green technology, and their knowledge can help India meet its climate targets, such as aiming for net-zero emissions by 2070. Their cooperation can focus on clean energy, recycling, and creating sustainable cities, which supports India's Smart Cities Program. Both India and the Nordic nations have long coastlines, so they have chances to improve cooperation at sea. This includes making the seas safer, encouraging investments in ocean-based industries, and growing trade and the economy through the blue economy. India and the Nordic countries also share values like democracy, diversity, protecting the environment, and promoting peace and security around the world. For

the Nordic countries, India is a fast-growing economy with a large market that is not yet fully developed.

India's quickly growing economy and large market offer chances for Nordic companies and investments, especially in fields such as clean energy and technology. The Nordic countries are good at innovation, technology, and creating societies that take care of people's well-being, which is helpful for India as it tries to improve in these areas. The relationship between India and the Nordic countries helps both sides trade and invest more. For example, companies like Finland's Nokia and Fortum consider India as a key market for growth, and Norway's Sovereign Wealth Fund has become a key investor. Both believe in a system of international rules and working together through groups like the United Nations. They work together on vital global issues such as climate change, achieving the Sustainable Development Goals, and keeping peace around the world. India and the Nordic countries share values like democracy, human rights, and freedom of speech. The Nordic countries support India in many ways, such as helping with India's effort to get a permanent seat on the UN Security Council and working together on trade, green technology, and innovation. This support comes from strong diplomatic connections and common goals in areas like fighting climate change, promoting sustainable development, and growing the economy. Both sides are focused on building closer ties between people through education, travel, and sharing cultures.

Literature Review

Feldbaek (1978) provided the first statistical overview of ships involved in trade between Europe and Asia from 1772 to 1807. He used these numbers to understand more about how the Danish East India trade was structured. So far, detailed research has only been done on parts of the East India trade during this time, so not have a full picture of how wide the trade was or how it spread across different regions. Kowalski and Dihel (2009) looked at the economic effects of India's trade and trade policy changes from 1990 to 2007. Their findings show that India has made progress in lowering tariffs on non-agricultural goods and some non-tariff barriers, which helped boost the economy. Similarly, Stevens and Mosco (2010) pointed out that the world's media has paid a lot of attention to India's economic growth and its growing business services industry that operates beyond national borders. However, this period is significant for organised labour in India. The system for handling labour relations in India has not changed much since independence, and the government has continued to play a key role in managing the relationship between workers and employers.

De (2011) looked into the potential for trade and connections between India and the Baltic Sea region. The research suggests the need for a strategic partnership to develop policies and an

action plan to boost regional cooperation and integration between India and the Baltic Sea Region. Both areas are rich in diversity, including geography, culture, landscapes, economies, and languages. Despite their significant accomplishments in global trade, trade between the Baltic Sea Region and India has remained relatively low and unevenly spread among the countries in the region. Barth et al. (2014) noted that small open economies in Scandinavia have historically had high work effort, small differences in wages, high productivity, and a strong welfare system. The two-tier wage bargaining system helps achieve microeconomic efficiency and reduces wage gaps. When combined with a vintage approach to creative destruction, it demonstrates wage compression encourages investment, and improves average productivity, and raises average wages by moving more workers into modern and advanced activities.

Bal et al. (2017) found that international and regional institutions are working together more closely to support global trade in the digital economy. This transformation might involve how institutions change over time, how they act as drivers of change, and how the institutions themselves can be transformed. Ronnbacka and Müller (2022) calculated the value added from the Swedish East India Company's trade. Their findings show that the company's success wasn't based on a monopolised domestic market in Sweden, which is a usual strategy for big trading companies. Instead, the most valuable part of the company's business, which involved Chinese teas, was mainly based on re-exporting goods to other European countries. Agarwal (2024) studied the link between India's trade with EFTA countries and its GDP by looking at historical data from 1995 to 2022. The study found that there is a causal relationship between exports to and imports from EFTA countries and India's GDP in the short run. However, in the long run, only exports are found to have a causal effect on India's GDP and imports.

From the analysis, it is clear that trade between India and the Nordic countries has grown a lot, especially in areas such as renewable energy, digital technology, and services. Both Norway and Finland are currently working on free trade agreements and investment talks with India. India is focusing on improving maritime cooperation with the Nordics, which can create a lot of opportunities for sharing knowledge and skills. The leaders agreed that a strong partnership between India and the Nordic countries can support innovation, economic development, and efforts to fight climate change.

Objectives

The general objective of the paper is to study the trade relation of India with Nordic countries.

The specific objectives of the paper are:

1. To examine the status of trade between India and Nordic countries.

2. To study Trade intensity index, Trade complementarity index, Export diversification index, and Logistic performance index between India and Nordic countries, and
3. To identify prospects and challenges of trade between India and Nordic countries.

Methodology

- **Study area:** The Nordic countries form a geographical and cultural area in Northern Europe, as well as parts of the Arctic and North Atlantic oceans. They include the independent nations of Denmark, Finland, Iceland, Norway, and Sweden. These countries share similar ways of life, historical backgrounds, religious traditions, and social and economic systems. Together, the Nordic countries cover an area of 3,425,804 square kilometers. Politically, they work together through official groups known as the Nordic Council and the Nordic Council of Ministers. The economies of the Nordic region are among the best-performing in the Western world over the past decade. Trade within the Nordic countries is significant, making up about a fifth of all imports and exports in the region. Trading goods and services is very important for the growth of an economy. Sweden and Denmark have the highest trade values, and trade is a big part of their economic success. In the past, the Nordic countries have been recognised for their forward-thinking and fair values, and their culture helps them work together closely.



- **Design and approach:** The study is based on secondary data. The author has used a qualitative and quantitative approach in the study. Secondary data is collected from tradingeconomics.com, World Integrated Trade Solution, research articles etc.
- **Method of analysis:** The study used several methods for qualitative analysis, such as descriptive analysis, analytical content analysis, and textual analysis. The researcher used the Trade Intensity Index, Trade Complementarity Index, Herfindahl-Hirschman

Index, and Logistic Performance Index to understand all aspects of trade between India and Nordic countries.

Results and Discussion

Trade between India and the Nordic countries is growing, with the India-Nordic EFTA trade and economic partnership agreement marking a major step, particularly with the EFTA members, including Iceland, Norway, Switzerland, and Liechtenstein. Key areas of focus are renewable energy, technology, the green transition, and shipping. India's exports to Nordic countries have been increasing, with \$5.3 billion in trade with Denmark in 2023 and \$1.4 billion in 2022. Trade in goods with Finland on the rise, up by 45.5% in 2022 compared to 2021. India's trade with the Nordic region is growing. For instance, in 2023, the India-Denmark trade volume amounted to around \$5.3 billion. EFTA countries, like Norway, are a major source of investment in India, with significant involvement from the Norwegian Sovereign Wealth Fund. During the Nordic-India Summit in Copenhagen in 2022, the Nordic nations and India decided to increase cooperation on digitalisation, renewable energy, maritime, and the circular economy.

(1) Trade between India and the Nordic countries

Finland considers India its top growth market, with a Consulate General recently opened in Mumbai, increasing the Nordic presence in India's commercial capital. Companies such as Nokia and Fortum consider India as their leading growth market. Trade with Norway has doubled over the last three years. The Norwegian Sovereign Wealth Fund is likely to become one of India's largest single foreign investors. Both Norway and Finland are involved in free trade agreement and investment negotiations (FTA) with India. As India moves towards a green, digital, and innovative future, countries like Norway and Finland are ready to share expertise and be part of India's transformation. Additionally, the Norwegian government has set up a new Climate Investment Fund for renewable energy investments abroad, and around 1,500 crores has been invested on the Indian soil so far.

Table 1: Export of India to Nordic countries

| Year | Denmark | Norway | Sweden | Finland | Iceland |
|------|---------|--------|--------|---------|---------|
| 2013 | 816.0 | 247.0 | 777.0 | 452.0 | 21.5 |
| 2014 | 748.0 | 243.0 | 767.0 | 357.0 | 20.4 |
| 2015 | 676.0 | 538.0 | 694.0 | 244.0 | 18.8 |
| 2016 | 698.0 | 233.0 | 707.0 | 263.0 | 19.8 |
| 2017 | 760.0 | 344.0 | 754.0 | 286.0 | 5.88 |
| 2018 | 744.0 | 301.0 | 786.0 | 262.0 | 19.4 |
| 2019 | 752.0 | 427.0 | 760.0 | 267.0 | 19.2 |
| 2020 | 698.0 | 310.0 | 702.0 | 267.0 | 11.8 |

| | | | | | |
|------|-------|-------|--------|-------|------|
| 2021 | 921.0 | 384.0 | 1000.0 | 341.0 | 11.3 |
| 2022 | 947.0 | 474.0 | 1010.0 | 467.0 | 10.9 |
| 2023 | 823.0 | 483.0 | 954.0 | 582.0 | 12.5 |
| 2024 | 870.0 | 424.0 | 1200.0 | 504.0 | 12.4 |

Source: <https://tradingeconomics.com/>, Note: Figure in Million USD.

Table 2 shows India's export value to Nordic countries. India sent the most products to Sweden and Denmark. Least value of sent to Iceland, preceded by Finland and Norway. India transferred \$816.0 million worth of products to Denmark in 2013, then \$698.0 million in 2020, and \$870.0 million in 2024. India exported \$247.0 million in 2013, then \$698.0 million in 2020, and \$424.0 million in 2024. India transferred the value of product worth of \$777.0 million in 2013 to Sweden, then \$702.0 million in 2020, and \$1200.0 million in 2024. India sold \$21.5 million worth of product in 2013 to Finland, \$267.0 million in 2020, and \$504.0 million in 2024. India sold \$21.5 million to Iceland in 2013, \$11.8 million in 2020, and \$12.4 million in 2024.

India mainly exports textiles, clothes, vehicles, and metal products in Denmark. Denmark, on the other hand, exports medicines, machines, and chemicals to India. Both countries are working together to strengthen their Green Strategic Partnership, especially in renewable energy. Around 200 Danish companies have invested in India, mainly in areas like renewable energy, farming, food processing, and smart city development. India and Denmark have a strong relationship, with cooperation in green energy, water management, and technology.

The trade between India and Norway is not very big but is growing. India exports agricultural products, and Norway exports seafood and dairy products. Norway also invests a lot in sectors like shipping, clean energy, and technology. Recently, India and Norway signed a Trade and Economic Partnership Agreement (TEPA) to bring them closer economically. This agreement started working on October 1, 2025. In 2023-24, the total trade between the two countries reached around \$1.2 billion, growing at a rate of 2.61% each year from 2019-20 to 2023-24. India sends agricultural products, such as sesame seeds, dairy, and seafood, to Norway. Other goods include processed foods, vegetables, and fresh fruits. Norway sends dairy and seafood products to India, along with metals, chemicals, and other materials. Norway has made significant investments in India, especially in the ocean industry like shipping and maritime activities, as well as clean energy, environment, and IT. The Norwegian Pension Fund Global is one of India's biggest foreign investors.

Trade between India and Sweden is strong and expanding. Key areas of exchange include machinery, electrical equipment, and vehicles from Sweden, while India exports

machinery, vehicles, and chemicals. Both nations have experienced increased investment, with Swedish companies becoming more active in India and over 70 Indian companies operating in Sweden. Bilateral trade has grown significantly, increasing nearly threefold 2016 to 2024. India is Sweden's third-largest trading partner in Asia. Sweden is a major investor in India, with over 280 Swedish companies now operating in the country, particularly in sectors such as IT, automotive, and engineering. India has also increased its investment in Sweden, with over 70 Indian companies present there. India's main exports to Sweden include vehicles, apparel, machinery, and electrical and electronic equipment. Sweden primarily exports iron and steel, machinery, and electrical equipment to India. Swedish companies with a strong presence in India include Ericsson, IKEA, Volvo, and H&M. Sweden expects improved trade relations with India as India progresses with its Free Trade Agreement (FTA) negotiations with the European Union.

Table 2: Import of India from Nordic countries

| Year | Denmark | Norway | Sweden | Finland | Iceland |
|------|---------|--------|--------|---------|---------|
| 2013 | 490.0 | 662.0 | 1670.0 | 961.0 | 1.64 |
| 2014 | 453.0 | 845.0 | 1740.0 | 1060.0 | 8.67 |
| 2015 | 411.0 | 825.0 | 1580.0 | 988.0 | 5.35 |
| 2016 | 477.0 | 647.0 | 1190.0 | 934.0 | 2.94 |
| 2017 | 519.0 | 726.0 | 1400.0 | 1270.0 | 7.31 |
| 2018 | 552.0 | 449.0 | 1360.0 | 1320.0 | 10.5 |
| 2019 | 620.0 | 624.0 | 1170.0 | 715.0 | 10.1 |
| 2020 | 574.0 | 498.0 | 951.0 | 681.0 | 5.35 |
| 2021 | 667.0 | 2080.0 | 1380.0 | 688.0 | 7.10 |
| 2022 | 974.0 | 1030.0 | 1690.0 | 1440.0 | 5.13 |
| 2023 | 836.0 | 820.0 | 1920.0 | 892.0 | 14.2 |
| 2024 | 829.0 | 934.0 | 2170.0 | 772.0 | 11.4 |

Source: <https://tradingeconomics.com/>, Note: Figure in Million USD.

Table 2 shows India's import value from the Nordic countries. India imported the highest value of products from Sweden, followed by Norway and Denmark, where the least value of product imported from Iceland. India imported \$490.0 million worth of products to Denmark in 2013, then \$574.0 million in 2020, and \$829.0 million in 2024. India imported \$662.0 million in 2013 from Norway, then \$498.0 million in 2020, and \$934.0 million in 2024. India imported products worth \$1670.0 million in 2013 from Sweden, then \$951.0 million in 2020, and \$2170.0 million in 2024. India imported \$961.0 million worth of product from Finland in 2013, \$681.0 million in 2020, and \$772.0 million in 2024. India imported a value of \$1.64 million from Iceland in 2013, \$5.35 million in 2020, and \$11.4 million in 2024.

Trade between India and Finland is growing, with India having a trade surplus in goods and services in 2022, even though Finland typically sees a surplus in goods. India mainly exports

medicinal and pharmaceutical products, clothing, and electrical machinery. Finland, on the other hand, exports machinery, electrical machinery, paper, and metal ores to India. Both countries are working to develop their economic ties through agreements like potential trade deals. In 2022, the total trade between India and Finland, including goods and services, reached €3 billion, with India showing a surplus. The goods trade in 2022 stood at €1.401 billion, with India exporting €765 million and importing €637 million. This shows a big increase compared to the previous year. Services trade reached €1.65 billion in 2022, up from €1.245 billion in 2021. Finland is the 40th largest investor in India when it comes to foreign direct investment (FDI), with total inflows reaching \$567 million by September 2023. Finland pushes for a free trade agreement between India and the EU, as it is important for businesses in both countries.

Trade between India and Iceland has also been supported by the recent India-EFTA Trade and Economic Partnership Agreement (TEPA), and covers a wide range of products. India's main exports to Iceland include textiles, pharmaceuticals, and organic chemicals, while Iceland's main exports to India are aluminium and fish products. Recent data shows a sharp rise in trade volume, driven by the growth in exports from both sides. Trade between the two countries has increased, with significant growth in exports and imports in recent years. The two nations have a history of collaboration in areas such as fisheries, renewable energy (including geothermal energy), science, technology, and cultural exchanges. Agreements like the Double Taxation Avoidance Agreement and the Investment Promotion and Protection Agreement are already in place, with the latter being renewed.

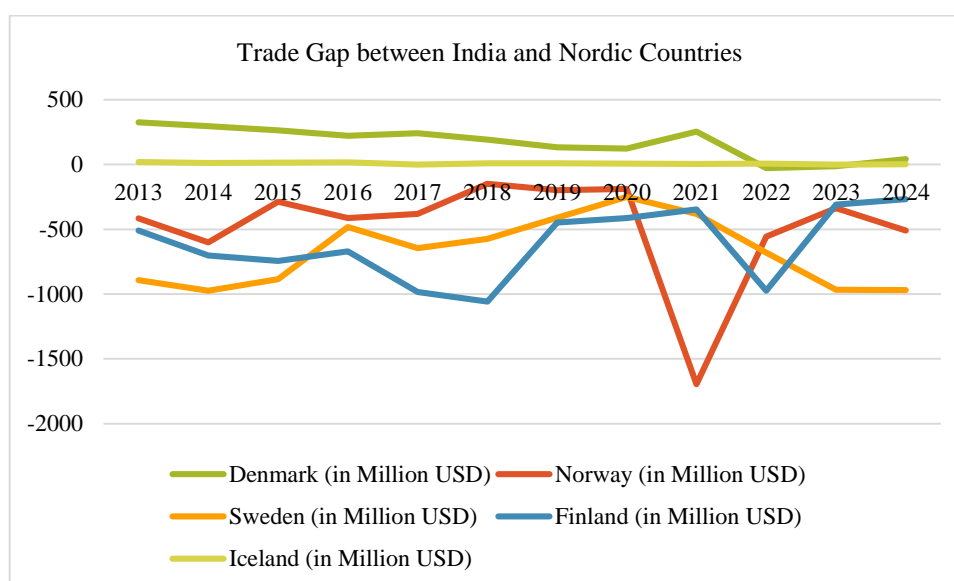
Table 3: Trade Gap (Surplus/ Deficit) of India with Nordic Countries

| Year | Denmark | Norway | Sweden | Finland | Iceland |
|------|---------|---------|--------|---------|---------|
| 2013 | +326.0 | -415.0 | -893.0 | -509.0 | +19.86 |
| 2014 | +295.0 | -602.0 | -973.0 | -703.0 | +11.73 |
| 2015 | +265.0 | -287.0 | -886.0 | -744.0 | +13.45 |
| 2016 | +221.0 | -414.0 | -483.0 | -671.0 | +16.86 |
| 2017 | +241.0 | -382.0 | -646.0 | -984.0 | -1.43 |
| 2018 | +192.0 | -148.0 | -574.0 | -1058.0 | +8.90 |
| 2019 | +132.0 | -197.0 | -410.0 | -448.0 | +9.10 |
| 2020 | +124.0 | -188.0 | -249.0 | -414.0 | +6.45 |
| 2021 | +254.0 | -1696.0 | -380.0 | -347.0 | +4.20 |
| 2022 | -27.0 | -556.0 | -680.0 | -973.0 | +5.77 |
| 2023 | -13.0 | -337.0 | -966.0 | -310.0 | -1.70 |
| 2024 | +41.0 | -510.0 | -970.0 | -268.0 | +1.00 |

Source: <https://tradingeconomics.com/>, Note: Figure in Million USD.

From Table 3, it has found that India has a trade deficit with Norway, Sweden, and Finland during 2013-2024. On the other hand, it has a trade surplus with Iceland during 2013-2024, and with Denmark during 2013-2021. Recently India has had a trade deficit with Denmark.

Sweden is India's largest trade partner in the Nordic region. Other leading partners are Norway and Finland. India has the least volume of trade with Iceland in the region. The trade gap between India and Nordic countries are shown in the below graph.



(2) The Trade Intensity Index, Export Concentration Index, Export Diversification Index, Logistics Performance Index, and Global Peace Index between India and the Nordic Countries

Let us discuss the Trade intensity index, Export concentration index, and Export diversification index of India with the Countries of Central America for measuring trade patterns. We also include the Logistics performance index and Global peace index of India with the Countries of Central America. The Trade Intensity Index measures the value of a country's exports to a partner country relative to the total world exports to that partner country. The Trade Complementarity Index assesses how well one country's exports align with another country's imports. The Export Diversification Index indicates how different a country's export structure is from the global export structure. The Logistics Performance Index is a composite score derived from weighted averages across six key dimensions.

Table 5: Trade Intensity Index of India with Nordic Countries

| Country | Trade Intensity Index | | | | | | | |
|-----------------|-----------------------|-------|-------|-------|-------|-------|-------|-------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| India - Denmark | 59.33 | 56.10 | 49.43 | 49.86 | 47.39 | 60.56 | 47.09 | 49.30 |
| India- Norway | 40.29 | 43.01 | 45.81 | 46.75 | 44.85 | 55.09 | 48.41 | 48.47 |
| India - Sweden | 34.28 | 31.10 | 29.98 | 31.48 | 31.28 | 33.46 | 32.08 | 38.49 |
| India- Finland | 38.04 | 35.73 | 33.43 | 39.31 | 33.51 | 38.26 | 43.53 | 49.05 |
| India - Iceland | 22.65 | 20.84 | 62.25 | 32.94 | 26.09 | 88.97 | 23.82 | 25.11 |

Source: Calculated by author from the World Integrated Trade Solution (WITS) Website. Note:

India - Denmark shows India as the reporter country, Denmark as the partner country.

The Trade Intensity Index is a measure that assesses whether the level of bilateral trade between two countries is higher or lower than expected based on their significance in global trade. Its value above one indicates that trade is more intense than average, while a value below one suggests it is less intense than expected. It is calculated by comparing a country's trade share with a partner to the world's trade share with that same partner. From Table 5, it has been found that India's export is more intense with Denmark and Norway than the other countries. On the other hand, India's trade is less intense with Iceland and Sweden. Therefore, India has more intense trade with Denmark and Norway, where low with Iceland and Sweden.

Table 6: Trade Complementarity Index of India with Nordic Countries

| Country | Trade Complementarity Index | | | | | | | |
|-----------------|-----------------------------|-------|-------|-------|-------|-------|-------|-------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| India - Denmark | 58.25 | 58.74 | 62.01 | 59.74 | 72.89 | 73.19 | 71.84 | 71.92 |
| India- Norway | 48.68 | 51.38 | 54.84 | 52.14 | 55.23 | 60.12 | 60.93 | 59.55 |
| India - Sweden | 56.24 | 57.57 | 59.17 | 58.96 | 60.08 | 65.53 | 66.79 | 68.13 |
| India- Finland | 56.74 | 58.22 | 60.25 | 60.12 | 60.41 | 64.66 | 66.06 | 66.87 |
| India - Iceland | 47.81 | 53.59 | 55.49 | 54.92 | 54.57 | 57.48 | 59.64 | 61.46 |

Source: Calculated by author from the World Integrated Trade Solution (WITS) Website. Note:

India - Denmark shows India as the reporter country, Denmark as the partner country.

The Trade Complementarity Index shows how well the goods one country sells match the goods another country buys, showing how likely they are to be good trading partners. A higher TCI means a country exports things that another country imports, and the other way around, which can lead to more trade between them and better economic benefits. The index goes from 0 to 100, with higher numbers showing a stronger match between their trade needs. From Table 6, it has been found that India has a higher Trade Complementarity Index with Sweden, Denmark and Finland. It means India's export profile partially matches or complements the Sweden, Denmark and Finland import profile.

Table 7: Export Diversification Index of India with Nordic Countries

| Country | Herfindahl-Hirschman Index (HHI) | | | | | | | |
|-----------------|----------------------------------|--------|--------|--------|--------|--------|--------|--------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| India - Denmark | 0.0131 | 0.0155 | 0.0122 | 0.0115 | 0.0093 | 0.0434 | 0.0221 | 0.0316 |
| India- Norway | 0.0271 | 0.0256 | 0.0303 | 0.0243 | 0.0338 | 0.0415 | 0.0336 | 0.0341 |
| India - Sweden | 0.0068 | 0.0069 | 0.0065 | 0.0074 | 0.0064 | 0.0127 | 0.0162 | 0.0499 |
| India- Finland | 0.0188 | 0.0150 | 0.0147 | 0.0224 | 0.0186 | 0.0227 | 0.0358 | 0.0426 |
| India - Iceland | 0.0425 | 0.0145 | 0.0157 | 0.0157 | 0.0101 | 0.0096 | 0.0147 | 0.0122 |

Source: Calculated by author from the World Integrated Trade Solution (WITS) Website. Note: India - Denmark shows India as the reporter country, Denmark as the partner country.

An export diversification index, or Herfindahl-Hirschman Index, measures the degree to which a country's exports are concentrated or varied in terms of products, serving as an indicator of economic resilience. The lower values indicate a more diversified export basket, and higher values suggest a high concentration in a limited number of products. From Table 7, it has found that the Herfindahl-Hirschman Index of India is highest with Finland, it means India exports less diversified products to Finland. On the other hand, the Herfindahl-Hirschman Index of India is lowest with Sweden. In overall, India export more diversified products in Nordic countries.

Table 8: Logistic Performance Index of India and Countries of Nordic Region

| Country | Rank | Score | Country | Rank | Score |
|---------|------|-------|---------|------|-------|
| India | 38 | 3.4 | Sweden | 7 | 4.0 |
| Denmark | 3 | 4.1 | Finland | 2 | 4.2 |
| Norway | 19 | 3.7 | Iceland | 26 | 3.6 |

Source: https://lpi.worldbank.org/sites/default/files/2023-4/LPI_2023_report_with_layout.pdf

The Logistics Performance Index is a report published by the World Bank that evaluates and benchmarks the trade logistics performance of 139 countries. It measures the ease and efficiency of moving goods into and within a country by assessing performance across six key areas: ease of arranging shipments, customs performance, logistics services quality, and timeliness of shipments, infrastructure quality, consignment tracking and tracing. From Table 8, it has been found that India's Logistics Performance Index is far below than the Nordic countries. Logistics Performance Index of Nordic countries lies between 2-26, where India's rank is 38. It indicates transport or logistic supply facilities of India is poorer compared the Nordic countries. The common reason of the poor logistics supply is the geographical isolation and the hilly mountains. It creates an obstacle in the logistics supply for trade.

Table 9: Global Peace Index of India and Countries of Nordic Region, 2025

| Country | Rank | Score | Country | Rank | Score |
|---------|------|-------|---------|------|-------|
| India | 115 | 2.229 | Sweden | 36 | 1.709 |
| Denmark | 8 | 1.393 | Finland | 10 | 1.420 |
| Norway | 32 | 1.644 | Iceland | 1 | 1.095 |

Source: <https://www.visionofhumanity.org/wp-content/uploads/2025/06/Global-Peace-Index-2025-web.pdf>

The Global Peace Index is the main way to measure peace around the world. It ranks 163 different countries and regions based on 23 different factors. These factors are grouped into

three areas: how safe and secure society is, whether there are ongoing conflicts, and how much militarization there is. Table 9 discusses the Global Peace Index of India and Nordic countries. It has been found that India and Nordic countries are not in a favourable position in the Global Peace Index. It means political and economic disturbances in India hampering the expansion of trade among themselves.

(3) Opportunities, Challenges and Government Initiatives

Trade between India and the Nordic countries is looking very promising. This is because their trade has been growing, and there is a new free trade agreement between India and the EFTA countries. They are also working together in areas like green technology, digital changes, and the maritime industry. Both sides are interested in innovation and being sustainable, which opens up chances for growth in fields such as renewable energy, artificial intelligence, and advanced manufacturing. The Nordic countries are leading the way in green technologies, and India is a major partner for this area. They have a lot to gain by working together on things like clean energy, green tech, and efforts to fight climate change. Both regions are also focusing on maritime cooperation, including eco-friendly shipping, ports, inland waterways, and shipping using LNG. Trade between India and Norway has grown a lot, and there is strong potential in areas like offshore energy, shipping, IT, and biotech. The two sides share many common goals, and high-level talks are helping to build stronger economic connections.

Several important challenges have long made it hard for India to trade with the Nordic countries. These challenges include complicated rules, non-tariff barriers, and problems with logistics. But the India-European Free Trade Association (EFTA) Trade and Economic Partnership Agreement (TEPA), which started on October 1, 2025, is meant to greatly reduce or eliminate many of these old obstacles. Even though there have been efforts to make rules more similar, differences in how businesses operate, product quality standards, and how governments buy goods across the Nordic countries, like Denmark, Sweden, Norway, Finland, and Iceland, can still make trade difficult. For Indian agricultural products, going through the strict and complicated testing and certification processes in Nordic countries is a big challenge. Besides health rules, other technical and environmental standards can also act as non-tariff barriers for Indian products and services. Concerns about environmental and labour standards are sometimes used to limit trade. In the past, EFTA countries, including Norway, Iceland, and Switzerland, have pushed for stronger intellectual property rights (IPR), which could be a problem for India's generic drug industry. However, TEPA's IPR chapter is expected to help Indian tech exports gain an advantage and access to top technologies.

The large distance between India and the Nordic countries makes shipping goods more expensive and harder, but efforts are being made to improve trade by sea. Poor infrastructure, like not enough good ports and roads, can cause delays and increase trade costs, making it tough for Indian products to compete. Even though the TEPA agreement includes a promise of \$100 billion in investments, getting private money and funds from rich countries to build big projects in India is still a challenge. Different views on world politics, such as India's focus on keeping its own foreign policy decisions versus the strong opinions of Nordic countries on the Russia-Ukraine war, can create problems in their relations. The main trade deal between India and the Nordic countries is the India-EFTA Trade and Economic Partnership Agreement (TEPA), which includes Norway and Iceland. This agreement helps reduce tariffs, encourages investments, and aims to increase trade between the two regions to around \$55 to \$60 billion each year. Other exceptional efforts include partnerships with Denmark (Green Strategic Partnership) and Norway (India Strategy), which focus on areas like working together on the sea, clean energy, and research and development.

Conclusion

Trade between India and the Nordic countries has increased a lot, especially in areas like renewable energy, digital technology, and services. Both Norway and Finland are currently working on free trade agreements and investment discussions with India. India is trying to improve its maritime cooperation with the Nordics, which can help share knowledge and skills. The leaders agreed that a strong partnership between India and the Nordic countries can help with innovation, economic growth, and efforts to fight climate change. India has a trade deficit with Norway, Sweden, and Finland from 2013 to 2024. On the other hand, India has a trade surplus with Iceland during the same period, and with Denmark from 2013 to 2021. Recently, India has a trade deficit with Denmark. Sweden is India's largest trade partner in the Nordic region. Other major partners are Norway and Finland. India has the least trade volume with Iceland in the region. India has more intense trade with Denmark and Norway, but less with Iceland and Sweden. India has a higher Trade Complementarity Index with Sweden, Denmark, and Finland. The Export Diversification Index shows that India exports a wider range of products to the Nordic countries.

Trade relations between India and the Nordic countries are increasing. There are many good chances for growth in areas like green energy, shipping, technology, and IT. The agreement is expected to greatly raise the amount of trade between the two sides, with Norway expecting its trade with India to more than double in the next ten years. However, there are some challenges to the trade between India and the Nordic countries. These include India's trade deficits, which

mean it spends more on imports than it earns from exports, and its protectionist policies. There are also non-tariff barriers, such as the need for import licenses, and logistical problems like a lack of good infrastructure. Global demand can also changed, as seen during the COVID-19 pandemic, which affected trade. Sweden, for example, saw its trade numbers change because of this. India has trade deficits with some Nordic countries, which can affect the balance of trade between them. Also, India's own infrastructure issues can make trade and logistics more difficult. Events like the conflict in Ukraine can also affect international trade, as shown by the Nordic countries' response to Russia's actions and their support for international cooperation.

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