

**COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S
INDIA-MALAYSIABILATERAL TRADE RELATIONS**

INTRODUCTION&BRIEF ECONOMIC OVERVIEW

1. The Federation of Malaysia, situated in South-East Asia, consists of 13 states. Eleven of these are in Peninsular Malaysia, in the southern part of the Kra peninsula (with Thailand to the north and the island of Singapore to the south), and two, Sabah and Sarawak, are on the north coast of the island of Borneo, two-thirds of which comprises the Indonesian territory of Kalimantan. Sarawak also borders Brunei, a coastal enclave in the north-east of the state. Malaysia is a member of the UN, WTO, BIS, the Commonwealth, Asian Development Bank, Colombo Plan, APEC, ASEAN, Mekong Group and the Organization of Islamic Conference. This report emphasises on India-Malaysiabilateral trade relations, inter-alia.

2. Malaysia is the world's 23rd-largest exporter and 25th-largest importer. However, economic inequalities exist between different ethnic groups. The Chinese make up about one-quarter of the population, but account for 70 per cent of the country's market capitalisation. Chinese businesses in Malaysia are part of the larger bamboo network, a network of overseas Chinese businesses in the Southeast Asian market sharing common family and cultural ties. IMF Executive Board Concluded on March 3, 2025 that Malaysia's economic performance has improved significantly in 2024. The economy grew by 5.2 percent (y/y) in the first three quarters of 2024, supported by strong private consumption, buoyant investment, improvements in external demand for electrical and electronic products, and a recovery in tourism. Labour market conditions have been strong, with the unemployment rate low at 3.2 percent in 2024 Q3. Meanwhile, inflation has been stable at around 2 percent, and the ringgit appreciated against the U.S. dollar by 2.6 percent in 2024.

A snapshot of Malaysia's select economic indicators is as below.

TABLE - 1

Selected Economic and Financial Indicators, 2020–30												
	2020	2021	2022	2023	2024	2025	Proj.					
					1/							
Real GDP (percent change)	-5.5	3.3	8.9	3.6	5.0	4.7	4.4	4.0	4.0	4.0	4.0	4.0
Total domestic demand	-4.8	3.8	9.5	4.7	6.1	4.7	4.0	3.6	3.6	3.6	3.6	3.4
Private consumption	-3.9	1.8	11.3	4.7	5.3	4.5	3.9	3.4	3.9	3.8	3.8	3.7
Public consumption	4.1	5.8	5.1	3.3	4.3	3.5	2.7	2.4	2.3	2.3	2.3	2.3
Private investment	-11.9	2.8	7.2	4.6	12.0	6.0	5.1	4.0	4.0	4.0	4.0	4.0
Public gross fixed capital formation	-21.2	-11.0	5.3	8.6	11.2	4.0	2.8	2.3	2.1	2.0	2.0	2.1
Net exports (contribution to growth, percentage points)	-1.0	-0.3	-0.1	-0.9	-0.8	0.2	0.5	0.6	0.5	0.6	0.6	0.7
Output gap (in percent)	-4.0	-1.1	2.5	1.3	1.1	0.7	0.4	0.0	0.0	0.0	0.0	0.0
Saving and investment (in percent of GDP)												

Gross domestic investment	19.7	22.1	23.6	22.5	22.5	22.5	22.6	22.6	22.5	22.5	22.5
Gross national saving	23.8	26.0	26.8	24.0	24.5	24.7	25.0	25.3	25.4	25.5	25.5
Fiscal sector (in percent of GDP) 2/											
Federal government overall balance	-6.2	-6.4	-5.5	-5.0	-4.3	-3.8	-3.8	-3.8	-3.8	-3.8	-3.8
Revenue	15.9	15.1	16.4	17.3	16.5	16.2	15.4	15.1	14.8	14.6	14.4
Expenditure and net lending	22.0	21.5	22.0	22.3	20.8	20.0	19.2	18.9	18.6	18.4	18.2
Federal government non-oil primary balance	-7.5	-6.7	-7.8	-6.6	-4.9	-4.1	-3.7	-3.4	-3.0	-2.8	-2.6
Consolidated public sector overall balance 3/	-7.3	-8.3	-6.0	-5.9	-8.4	-6.7	-6.8	-6.9	-6.8	-6.9	-6.9
General government debt 3/	67.7	69.2	65.5	69.7	69.6	68.9	68.7	69.1	69.3	69.6	69.8
<i>Of which: federal government debt</i>	62.0	63.3	60.2	64.3	64.4	63.7	63.5	63.8	64.1	64.3	64.5
Inflation and unemployment (in percent)											
CPI inflation, annual average	-1.2	2.5	3.4	2.5	1.8	2.6	2.3	2.0	2.0	2.0	2.0
CPI inflation, end of period	-1.4	3.2	3.8	1.5	1.7	3.8	2.0	2.0	2.0	2.0	2.0
CPI inflation (excluding food and energy), annual average	1.1	0.7	3.0	3.0	1.8	2.4	2.2	2.0	2.0	2.0	2.0
CPI inflation (excluding food and energy), end of period	0.7	1.1	4.1	1.9	1.6	3.8	2.0	2.0	2.0	2.0	2.0
Unemployment rate	4.5	4.6	3.9	3.4	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Macro financial variables (end of period)											
Broad money (percentage change) 4/	4.9	5.6	4.0	5.8	7.1	7.6	6.7	5.9	5.9	5.9	5.9
Credit to private sector (percentage change) 4/	4.0	3.8	3.0	5.2	6.2	6.1	6.0	5.9	5.9	5.9	5.9
Credit-to-GDP ratio (in percent) 5/ 6/	144.8	137.7	122.4	126.7	125.7	123.9	123.1	123.1	123.1	123.1	123.1
Overnight policy rate (in percent)	1.75	1.75	2.75	3.00	...	...	...	...	...	...	...
Three-month interbank rate (in percent)	1.9	2.0	3.6	3.7	...	...	...	...	...	...	...

Nonfinancial corporate sector debt (in percent of GDP) 7/	109.7	109.0	97.5	101.2	...	...	...	...	...	...	...
Nonfinancial corporate sector debt issuance (in percent of GDP)	2.3	2.6	2.4	2.5	...	...	...	...	...	...	...
Household debt (in percent of GDP) 7/	93.1	88.9	80.9	84.2	...	...	...	...	...	...	...
Household financial assets (in percent of GDP) 7/	204.5	191.9	167.3	174.3	...	...	...	...	...	...	...
House prices (percentage change)	1.2	1.9	3.9	3.8	...	...	...	...	...	...	...
Exchange rates (period average)											
Malaysian ringgit/U.S. dollar	4.19	4.14	4.40	4.56	...	...	...	...	...	...	...
Real effective exchange rate (percentage change)	-3.5	-1.3	-1.4	-2.5	...	...	...	...	...	...	...
Balance of payments (in billions of U.S. dollars) 5/											
Current account balance	14.1	14.5	13.0	6.2	8.7	10.2	12.0	14.3	16.1	17.6	19.4
(In percent of GDP)	4.2	3.9	3.2	1.5	2.0	2.2	2.4	2.7	2.9	3.0	3.1
Goods balance	32.7	42.9	42.6	29.9	26.3	29.3	31.8	33.9	36.5	39.2	43.7
Services balance	-11.2	-15.8	-13.2	-9.5	-4.4	-4.1	-3.1	-1.7	-1.3	-1.0	-1.5
Income balance	-7.4	-12.5	-16.3	-14.2	-13.2	-14.9	-16.7	-17.9	-19.2	-20.6	-22.8
Capital and financial account balance	-18.5	3.8	1.8	-3.4	-6.0	0.2	-3.0	-5.0	-6.2	-7.1	-8.2
<i>Of which:</i> Direct investment	0.7	7.5	2.9	0.0	-1.3	2.0	2.1	2.2	2.4	2.5	2.6
Errors and omissions	-0.1	-7.3	-2.7	-7.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-4.6	11.0	12.1	-4.5	2.7	10.4	9.0	9.3	9.9	10.6	11.2
Gross official reserves (US\$ billions) 5/	107.6	116.9	114.7	113.5	116.2	126.6	135.6	144.9	154.8	165.4	176.6
(In months of following year's imports of goods and nonfactor services)	5.5	4.9	5.4	4.6	4.4	4.6	4.7	4.8	4.9	4.9	5.0
(In percent of short-term debt by original maturity)	117.6	120.8	104.9	100.3	99.4	98.3	97.2	97.0	97.3	97.9	98.9
(In percent of short-term debt by remaining maturity)	91.9	93.5	84.6	80.7	78.7	79.4	79.0	79.2	79.7	80.5	81.5
Total external debt (in billions of U.S. dollars) 5/	238.8	258.7	259.6	270.6	284.6	305.1	324.4	342.8	361.1	379.2	397.2
(In percent of GDP)	70.8	69.3	63.8	67.8	65.1	65.3	65.1	64.9	64.4	63.8	63.0

<i>Of which: short-term (in percent of total, original maturity)</i>	38.3	37.4	42.1	41.8	41.1	42.2	43.0	43.6	44.1	44.6	44.9
short-term (in percent of total, remaining maturity)	49.1	48.3	52.2	51.9	51.9	52.3	52.9	53.4	53.8	54.2	54.5
Debt service ratio 5/ (In percent of exports of goods and services) 8/	13.6	10.5	9.7	11.8	12.1	12.1	10.1	9.8	9.7	9.6	9.5
(In percent of exports of goods and nonfactor services)	14.4	11.4	10.3	12.7	12.9	12.9	10.7	10.4	10.3	10.2	10.0
<i>Memorandum items:</i>											
Nominal GDP (in billions of ringgit)	1,418	1,549	1,794	1,823	1,952	2,099	2,241	2,373	2,512	2,660	2,817

Sources: Data provided by the authorities; CEIC Data; World Bank; UNESCO; and IMF, Integrated Monetary Database, and staff estimates.

1/ Data used in this report for staff analyses are as of January 29, 2025, unless otherwise noted.

2/ Cash basis.

3/ Consolidated public sector includes general government and nonfinancial public enterprises (NFPEs). General government includes federal government, state and local governments, and statutory bodies.

4/ Based on data provided by the authorities, but follows compilation methodology used in IMF's *Integrated Monetary Database*. Credit to private sector in 2018 onwards includes data for a newly licensed commercial bank from April 2018. The impact of this bank is excluded in the calculation of credit gap.

5/ IMF staff estimates. U.S. dollar values are estimated using official data published in national currency.

6/ Based on a broader measure of liquidity. Credit gap is estimated on quarterly data from 2000, using one-sided Hodrick-Prescott filter with a large parameter.

7/ Revisions in historical data reflect the change in base year for nominal GDP (from 2010=100 to 2015=100).

8/ Includes receipts under the primary income account.

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of Malaysia are Singapore, China, United States, Japan and Hong Kong. On the other hand five major import partners of Malaysia are China, Singapore, Other Asia Nes., United States and Japan. Major five exported goods of Malaysia are (i) Monolithic integrated circuits, digital, (ii) Petroleum oils, etc., (excl. crude); preparation, (iii) Natural gas, liquefied/Palm oil (excl. crude) and liquid fractions, (iv) Parts of electronic integrated circuits and mic. On the other hand major five imported goods of Malaysia are (i) Monolithic integrated circuits, digital, (ii) Petroleum oils, etc., (excl. crude); preparation, (iii) Petroleum oils and oils obtained from bituminous, (iv) Parts of electronic integrated circuits and mic. (v) Other coal, not agglomerated, nes.

4. Malaysia's total exports globally in 2020 were of the order of US\$ 234,050million. It had scaled up to US\$ 329,454 million in 2024. Exports from Malaysia had steeply increased by 27.85% in the year 2021 just after the initial serious impact of Covid-19 pandemic followed by another 17.70% increase in 2022. During the period from 2020 to 2024, the annual average compound rate of growth of exports was 8.92%.

5. Malaysia's total imports from the world in 2020 were of the order of US\$ 190,405million and had touched US\$ 299,514million mark in 2024. During the period from 2020 to 2024, the annual average compound rate of growth of imports was 11.99%.

6. Malaysia enjoyed an overall Balance of Trade surplus from 2020 to 2024 except the year 2021. During the period from 2020 to 2024, the annual average compound rate of growth of total volume of trade was 10.33%.

TABLE - 2

**MALAYSIA'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE
AND BALANCE OF TRADE BETWEEN 2020 TO 2024**

(Value in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2020	234050		190405		4,24,455		43645
2021	299230	27.85	328250	72.40	6,27,480	47.83	-29020
2022	352188	17.70	293941	-10.45	6,46,129	2.97	58247
2023	312605	-11.24	265638	-9.63	5,78,243	-10.51	46967
2024	329454	5.39	299514	12.75	6,28,968	8.77	29940

**Annual
Compound
Growth
Rate**

8.92

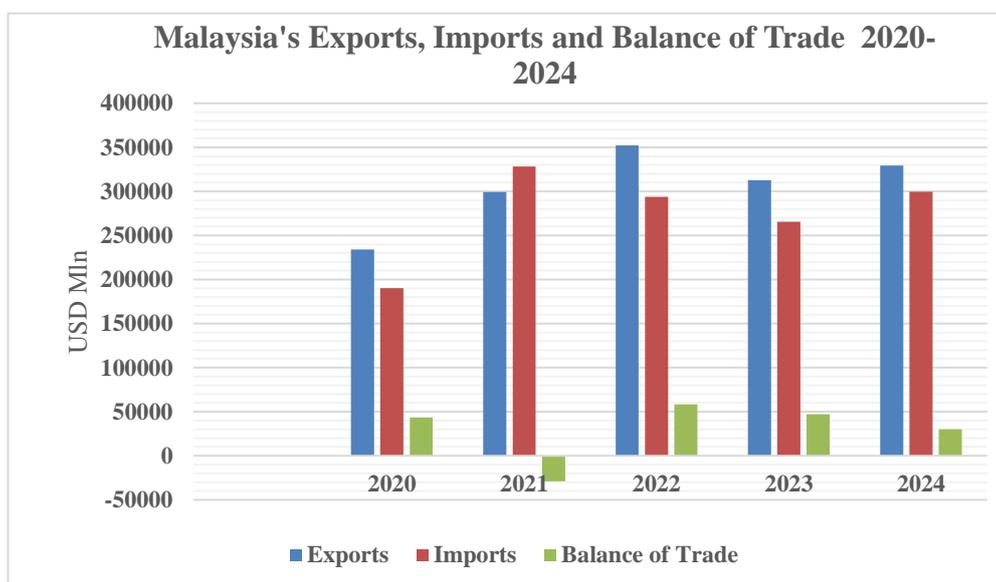
11.99

10.33

NOTE : Figures relate to calendar year (January to December)

SOURCE : UN COMTRADE PUBLICATION

Figure -1



BILATERAL TRADE WITH INDIA

Merchandise Trade

7. India and Malaysia have cultivated a dynamic and growing trade relationship, driven by strategic economic partnerships and mutual interests. India and Malaysia have had long-standing commercial links dating to the pre-Christian era. In modern times, Indian industry has been associated for three decades with the transformation of Malaysia from an exporter of primary products into an industrialized and broad-based economy. Malaysia ranked 15th as an export destination of India in FY 2023-24. India had exported to Malaysia almost 1.66% of its total export value in FY2023-24. In the same financial year imports from Malaysia was 1.89% of India's total import value. Almost 1.80% of India's total international trade value of goods was between India and Malaysia as has been recorded in DGCI&S data base for FY 2023-24.

8. Indo-Malaysia total volume of bilateral trade in FY 2019-20 was of the order of US\$ 16,146.97 million. It had scaled to US\$ 20,016.28 million in FY 2023-24. The annual compound growth rate of total volume comprising both exports and imports during the period from 2019-20 to 2023-24 had been of the order of 5.52%.

9. It is seen from the available figures that between 2019-20 and 2023-24, India has had a deficit Balance of Trade with Malaysia. It has been observed that exports from India to Malaysia increased by 15.47% in FY2021-22. The annual average compound rate of growth of Exports was 3.35% during the period under review. On the other hand, imports from Malaysia to India increased steeply by 48.38% in FY 2021-22. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of imports was 6.86%.

A snapshot of India's merchandise trade statistics with respect to Malaysia is presented in Table 3 Figure 2.

TABLE - 3
INDIA'S MERCHANDISE EXPORTS & IMPORTS WITH RESPECT
TO MALAYSIA FY 2019-2020 to 2023-2024

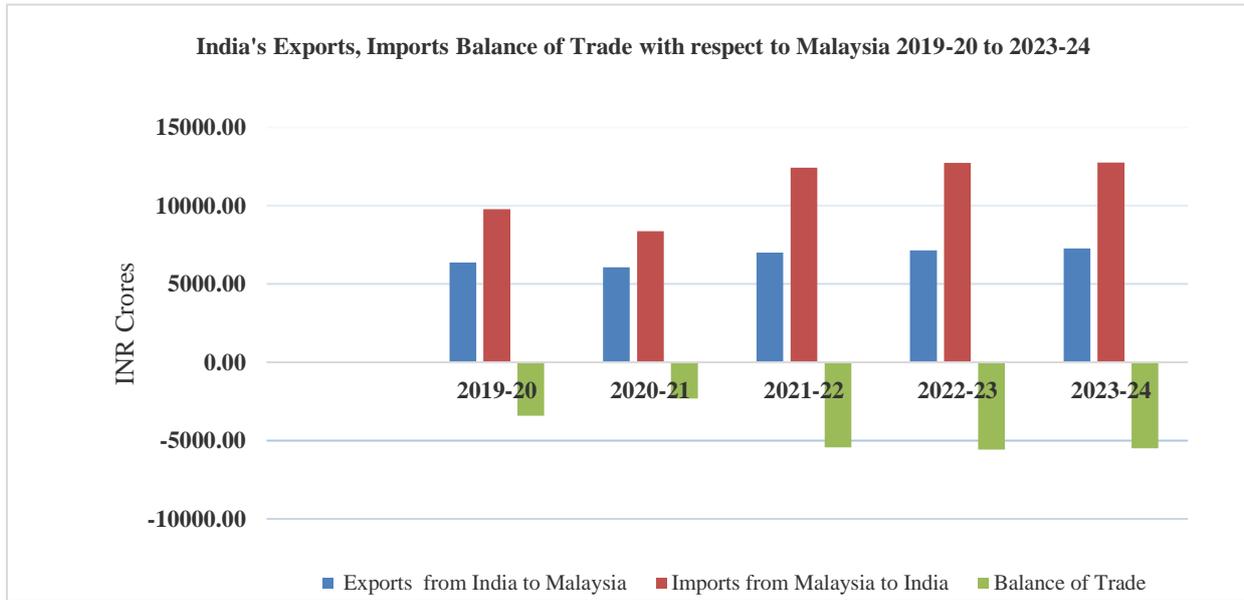
(Value in USD Million)

Year	Exports from India to Malaysia	Percentage Growth in Exports	Imports from Malaysia to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019-20	6364.69		9782.28		16146.97		-3417.59
2020-21	6057.70	-4.82	8373.05	-14.41	14430.75	-10.63	-2315.35
2021-22	6995.06	15.47	12424.2	48.38	19419.26	34.57	-5429.14
2022-23	7156.21	2.30	12734.94	2.50	19891.15	2.43	-5578.73
2023-24	7262.17	1.48	12754.11	0.15	20016.28	0.63	-5491.94
Annual Compound Growth Rate		3.35		6.86		5.52	

NOTE : Figures relate to Financial Year (April to March)

SOURCE : DGCI&S, M/oC&I

Figure - 2



10. Additionally **from Tables 4 & 5 presented** below the following are stated:

a. **(i) Petroleum Products (ii)Aluminium, Products of Aluminium** and **(iii) Buffalo Meat** had occupied the top three slots in India's exports to Malaysia in FY 2023-24.**Petroleum Products** had occupied 23.47% share of India's total exports to Malaysia in FY2023-24.

b. **(i)Petroleum: Crude (ii)Vegetable Oils** and **(iii)Electronic Components** were the three major commodities in India's imports list from Malaysia in the year 2023-24, India had imported a significant amount of **Petroleum Crude** from Malaysia with a share of 21.31% of total imports from Malaysia recorded in 2023-24.

TABLE -4

**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO MALAYSIA
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth			
		2019-20	2020-21	2021-22	2022-23	2023-24	Rates	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Petroleum Products	1286.34	1184.08	2047.31	1401.62	1704.22	-7.95	72.90	-31.54	21.59
	Share in total export	20.21	19.55	29.27	19.59	23.47				
2	Aluminium, Products of Aluminium	1272.88	1224.15	267.47	786.46	1095.14	-3.83	-78.15	194.04	39.25
	Share in total export	20.00	20.21	3.82	10.99	15.08				
3	Buffalo Meat	378.57	383.07	444.73	534.03	577.35	1.19	16.10	20.08	8.11
	Share in total export	5.95	6.32	6.36	7.46	7.95				
4	Electric Machinery and Equipments	96.30	98.09	68.82	208.79	296.59	1.86	-29.84	203.39	42.05
	Share in total export	1.51	1.62	0.98	2.92	4.08				
5	Organic Chemicals	485.41	326.60	448.97	496.36	230.23	-32.72	37.47	10.56	-53.62
	Share in total export	7.63	5.39	6.42	6.94	3.17				
6	Ship, Boat and Floating Structures	198.93	264.87	366.80	36.08	209.23	33.15	38.48	-90.16	479.91
	Share in total export	3.13	4.37	5.24	0.50	2.88				
7	Spices	106.39	116.89	124.49	139.55	147.44	9.87	6.50	12.10	5.65
	Share in total export	1.67	1.93	1.78	1.95	2.03				
8	Gold and Other Precs. Metl. Jewellery.	74.29	49.90	105.61	173.25	136.64	-32.83	111.64	64.05	-21.13
	Share in total export	1.17	0.82	1.51	2.42	1.88				
9	Misc. Processed Items	14.29	47.07	95.41	112.09	121.11	229.39	102.70	17.48	8.05
	Share in total export	0.22	0.78	1.36	1.57	1.67				
10	Zinc and Products of Zinc	25.96	212.39	45.01	153.13	116.07	718.14	-78.81	240.21	-24.20
	Share in total export	0.41	3.51	0.64	2.14	1.60				
	Total export to MALAYSIA	6364.69	6057.70	6995.06	7156.21	7262.17	-4.82	15.47	2.30	1.48

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5

**INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM MALAYSIA
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Petroleum: Crude	1651.11	897.79	1099.87	1240.29	2717.37	-45.63	22.51	12.77	119.09
	Share in total imports	16.88	10.72	8.85	9.74	21.31				
2	Vegetable Oils	1878.92	2281.86	4420.79	3608.05	2443.68	21.45	93.74	-18.38	32.27
	Share in total imports	19.21	27.25	35.58	28.33	19.16				
3	Electronic Components	114.17	140.98	239.27	361.05	770.53	23.48	69.72	50.90	113.41
	Share in total imports.	1.17	1.68	1.93	2.84	6.04				
4	Computer Hardware, Peripherals	371.60	414.22	633.22	640.64	676.55	11.47	52.87	1.17	5.61
	Share in total import	3.80	4.95	5.10	5.03	5.30				
5	Copper And Prod Made of Copper	561.94	206.11	397.21	360.99	433.12	-63.32	92.72	-9.12	19.98
	Share in total import	5.74	2.46	3.20	2.83	3.40				
6	Plastic Raw Materials	182.77	256.34	327.29	391.37	412.52	40.25	27.68	19.58	5.40
	Share in total import	1.87	3.06	2.63	3.07	3.23				
7	Organic Chemicals	362.30	360.96	771.46	604.39	381.22	-0.37	113.72	-21.66	36.92
	Share in total import	3.70	4.31	6.21	4.75	2.99				
8	Aluminium, Prods. of Aluminium	365.20	263.12	214.61	240.95	346.84	-27.95	-18.44	12.27	43.95
	Share in total import	3.73	3.14	1.73	1.89	2.72				
9	Iron and Steel	297.86	279.19	284.49	375.05	322.97	-6.27	1.90	31.83	13.89
	Share in total import	3.04	3.33	2.29	2.95	2.53				
10	Ship, Boat and Floating Structures	178.73	277.74	74.22	202.86	307.16	55.40	-73.28	173.32	51.41
	Share in total import	1.83	3.32	0.60	1.59	2.41				
	Total import from MALAYSIA	9782.28	8373.05	12424.20	12734.94	12754.11	-14.41	48.38	2.50	0.15

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

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