

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCIS INDIA-MALAYSIA BILATERAL 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-Malaysia bilateral trade relations..

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. According to IMF Executive Board Consultation with Malaysia March 3, 2025 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. Labor market conditions have been strong, with the unemployment rate low at 3.2 percent in 2024Q3. Meanwhile, inflation has been stable around 2 percent, and the ringgit appreciated against the U.S. dollar by 2.6 percent in 2024.

A snapshot of Malaysia's selected economic indicators is as under.

TABLE- 1

Selected Economic and Financial Indicators, 2020–30												
						Proj.						
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
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	
Total domestic demand	-4.8	3.8	9.5	4.7	6.1	4.7	4.0	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	3.7	
Public consumption	4.1	5.8	5.1	3.3	4.3	3.5	2.7	2.4	2.3	2.3	2.3	
Private investment	-11.9	2.8	7.2	4.6	12.0	6.0	5.1	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	2.1	
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	0.7	
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	
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		2.3	2.6	2.4	2.5	...	...	...	...	...	...	...

GDP)												
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 (USD 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:</i> short-term (in percent of total, original maturity)	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, <i>Integrated Monetary Database</i> , 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 <i>Integrated Monetary Database</i> . 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 four major import partners of Malaysia are China, Singapore, 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 (iv) Palm oil (excl. crude) and liquid fractions, (v) 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 USD 2,34,050 million. It was USD 3,29,454 million in 2024. Exports from Malaysia 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 over the previous year. 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 USD 1,90,405 million and was USD 2,99,514 million 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 and that was USD 29,940 million in 2024. 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**

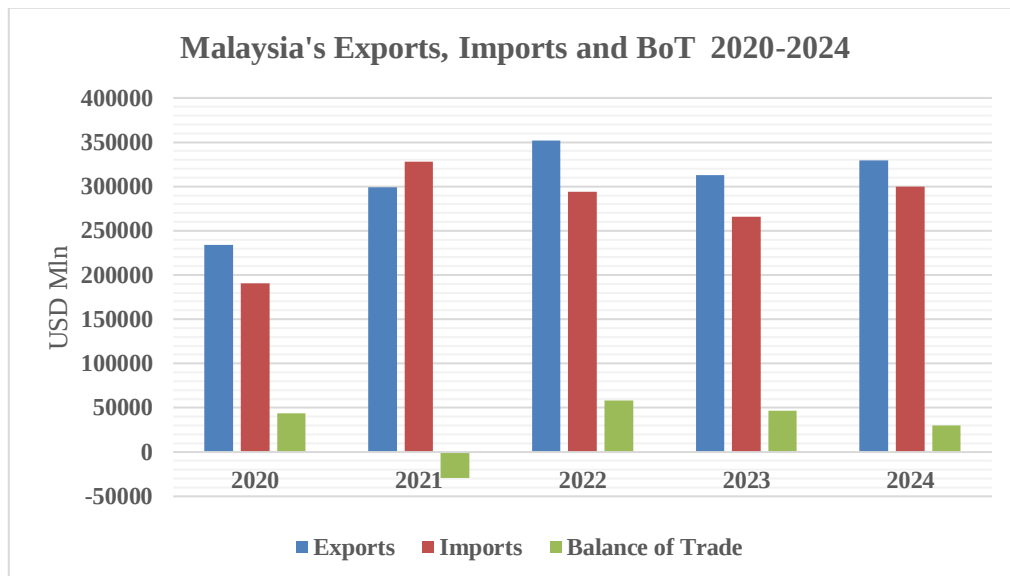
(Figures in USD Million)

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 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 2024-25. India exported to Malaysia almost 1.67% of its total export value in FY 2024-25. In the same financial year imports from Malaysia was 1.91% of India's total import value. Almost 1.91% of India's total international trade value of goods was between India and Malaysia as recorded in DGCI&S database for FY 2024-25.

8. Indo-Malaysia total volume of bilateral trade in FY 2020-21 was of the order of USD 14,430.75 million. It scaled to USD 20,983.33 million in FY 2024-25. The annual compound growth rate of total volume of trade comprising both exports and imports during the period from 2020-21 to 2024-25 had been of the order of 9.81%.

9. It is seen from the available figures that between 2020-21 and 2024-25, India had a deficit Balance of Trade with Malaysia. Exports from India to Malaysia increased by 15.47% in FY 2021-22. The annual average compound rate of growth of Exports was 4.83% 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 2020-21 to 2024-25, the annual average compound rate of growth of imports was 13.03%.

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 w.r.t. MALAYSIA

FY 2020-21 to 2024-25

(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
2020-21	6057.70		8373.05		14430.75		-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
2024-25	7316.40	0.75	13666.93	7.16	20983.33	4.83	-6350.53

Annual

Compound

Growth Rate

4.83

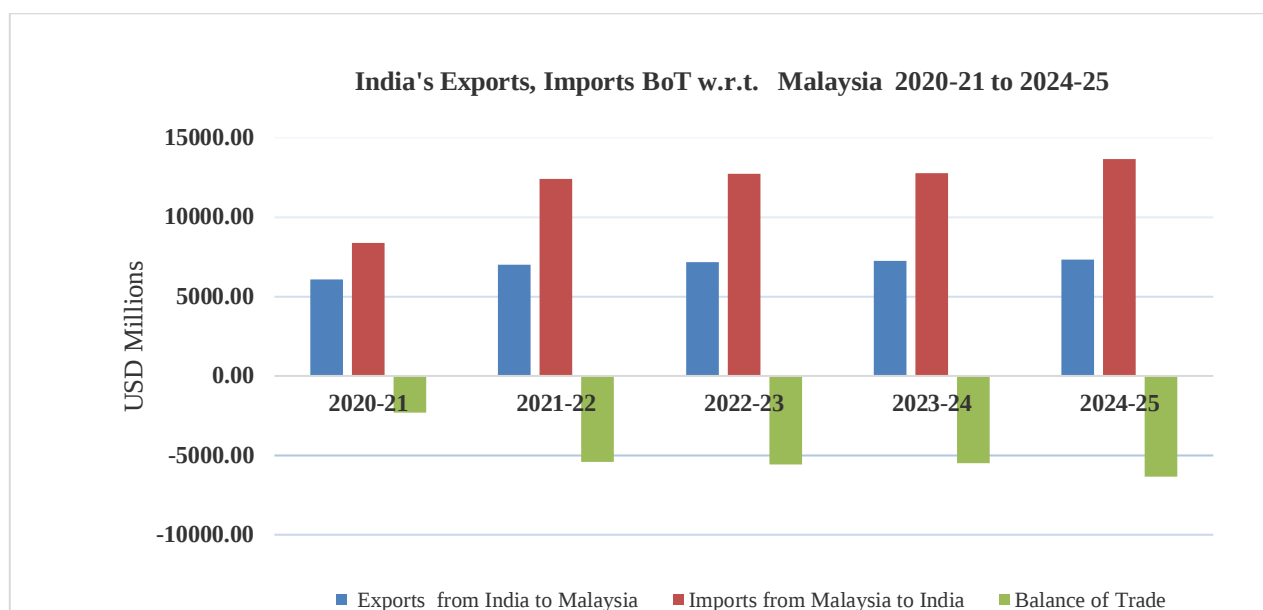
13.03

9.81

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

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

Figure -2



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

- a. (i) **Petroleum Products**, (ii) **Buffalo Meat** and (iii) **Aluminum, Products of Aluminum** occupied the top three slots in India's exports to Malaysia in FY 2024-25. **Petroleum Products** occupied 31.07% share of India's total exports to Malaysia in FY 2024-25.
- b. (i) **Vegetable Oils**, (ii) **Petroleum: Crude** and (iii) **Electronic Components** were the three major commodities in India's imports list from Malaysia in the year 2023-24, India imported a significant amount of **Vegetable Oils** from Malaysia with a share of 20.00% of total imports from Malaysia recorded in FY 2024-25.

TABLE -4

INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO MALAYSIA
From 2020-21 TO 2024-25 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	Petroleum Products	1184.08	2047.31	1401.62	1704.22	2273.43	72.90	-31.54	21.59	33.40
	Share in total export	19.55	29.27	19.59	23.47	31.07				
2	Buffalo Meat	383.07	444.73	534.03	577.35	617.50	16.10	20.08	8.11	6.95
	Share in total export	6.32	6.36	7.46	7.95	8.44				
3	Electric Machinery And Equipments	98.09	68.82	208.79	296.59	431.54	-29.84	203.39	42.05	45.50
	Share in total export	1.62	0.98	2.92	4.08	5.90				
4	Aluminium, Products Of Aluminium	1224.15	267.47	786.46	1095.14	236.21	-78.15	194.04	39.25	-78.43
	Share in total export	20.21	3.82	10.99	15.08	3.23				
5	Organic Chemicals	326.60	448.97	496.36	230.23	190.14	37.47	10.56	-53.62	-17.41
	Share in total export	5.39	6.42	6.94	3.17	2.60				
6	Gold And Other Precs. Metl. Jewellery.	49.90	105.61	173.25	136.64	178.83	111.64	64.05	-21.13	30.88
	Share in total export	0.82	1.51	2.42	1.88	2.44				
7	Spices	116.89	124.49	139.55	147.44	138.01	6.50	12.10	5.65	-6.40
	Share in total export	1.93	1.78	1.95	2.03	1.89				
8	Misc. Processed Items	47.07	95.41	112.09	121.11	134.39	102.70	17.48	8.05	10.97
	Share in total export	0.78	1.36	1.57	1.67	1.84				
9	Rice Other Than Basmati	174.37	121.84	71.58	95.36	127.19	-30.13	-41.25	33.22	33.38
	Share in total export	2.88	1.74	1.00	1.31	1.74				
10	Drugs Formulations Biologicals	66.06	70.88	95.86	94.28	110.21	7.30	35.24	-1.65	16.90
	Share in total export	1.09	1.01	1.34	1.30	1.51				
	Total export to MALAYSIA	6057.70	6995.06	7156.21	7262.17	7316.40	15.47	2.30	1.48	0.75

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

SOURCE : DGCIS, M/o C&I

TABLE -5

INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM MALAYSIA
From 2020-2021 TO 2024-2025 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth			
		2020-21	2021-22	2022-23	2023-24	2024-25	Rates	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Vegetable Oils	2281.86	4420.79	3608.05	2443.68	2734.04	93.74	-18.38	-32.27	11.88
	Share in total imports	27.25	35.58	28.33	19.16	20.00				
2	Petroleum: Crude	897.79	1099.87	1240.29	2717.37	1288.48	22.51	12.77	119.09	-52.58
	Share in total imports	10.72	8.85	9.74	21.31	9.43				
3	Computer Hardware, Peripherals	414.22	633.22	640.64	676.55	1227.64	52.87	1.17	5.61	81.46
	Share in total imports.	4.95	5.10	5.03	5.30	8.98				
4	Petroleum Products	176.53	369.56	433.40	177.05	683.65	109.35	17.27	-59.15	286.13
	Share in total import	2.11	2.97	3.40	1.39	5.00				
5	Aluminium, Products Of Aluminium	263.12	214.61	240.95	346.84	515.41	-18.44	12.27	43.95	48.60
	Share in total import	3.14	1.73	1.89	2.72	3.77				
6	Organic Chemicals	360.96	771.46	604.39	381.22	457.44	113.72	-21.66	-36.92	19.99
	Share in total import	4.31	6.21	4.75	2.99	3.35				
7	Copper And Products Made Of Copper	206.11	397.21	360.99	433.12	447.98	92.72	-9.12	19.98	3.43
	Share in total import	2.46	3.20	2.83	3.40	3.28				
8	Electronic Components	140.98	239.27	361.05	770.53	429.44	69.72	50.90	113.41	-44.27
	Share in total import	1.68	1.93	2.84	6.04	3.14				
9	Iron And Steel	279.19	284.49	375.05	322.97	413.18	1.90	31.83	-13.89	27.93
	Share in total import	3.33	2.29	2.95	2.53	3.02				
10	Electric Machinery And Equipments	44.22	64.84	139.56	126.07	382.85	46.63	115.24	-9.67	203.68
	Share in total import	0.53	0.52	1.10	0.99	2.80				
	Total import from MALAYSIA	8373.05	12424.20	12734.94	12754.11	13666.93	48.38	2.50	0.15	7.16

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

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

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