

Growing India- Cyprus Economic Relationship



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June 15-16, 2025, marked a historic development in the Bilateral relationship between the Republic of Cyprus and the Republic of India. The Hon'ble Prime Minister of India, Shri Narendra Modi, visited Cyprus to be hosted by the President of Cyprus, H.E. Mr. Nikos Christodoulides. This was the first visit of an Indian Prime Minister in 23 years. The presence was viewed globally as the strengthening of ties between the two countries that had been set in motion since February 10, 1962.

The uniqueness of the two-day visit, as observed by the Hon'ble Prime Minister, lay in the fact that it began with a Cyprus-India Business Roundtable discussion, **"Advancing a Strategic Economic Partnership,"** attended by select business leaders from the two fast-developing countries, conducted in the presence of the two eminent statesmen. Unique, as it preceded a political meeting- a normal diplomatic Protocol. Business and trade were accorded importance. The writer was invited to a business meeting by the President's office.

The key events included the signing of the MOU between NSE IX and the Cyprus Stock Exchange, a first for both countries. A few identified areas include trade, business, fintech, defence, transport, new technologies, and cultural exchange.

Cyprus at a glance:

Cyprus is a member of the European Union, although it is not yet a member of the Schengen Area. Cyprus has implemented all EU directives. It is also a member of the WTO, the United Nations, the Council of Europe, the Commonwealth, the World Bank, and the IMF. It's the second-fastest-growing country in the European Union, registering over 3.1% growth in 2024. Its GDP is estimated to be in the region of \$38.74 billion in 2025 and is projected to increase to \$ 42.45 billion by 2027. Its per capita income is approximately. Euro 41,132 (2025) classifies it as a high-income country in the United Nations' ratings. It's a member of MoneyVal, which is an associate of FATF.

Primarily an English-speaking country with a population of over 900,000 (excluding the illegally occupied area), Cyprus has a median age of 40.5 years. Annually, it attracts over 4 million visitors, making it amongst the top forty tourist destinations globally. Cyprus has been ranked 6th on U.S. News & World Report's "World's Best Islands

to Visit for 2025". For the uninitiated, there is no such thing as North Cyprus and South Cyprus. There is only one Cyprus with its capital at Nicosia, as recognised by the United Nations. The illegally occupied part of Cyprus is incorrectly referred to as Northern Cyprus.

Cyprus is far more than just a picturesque Mediterranean getaway. Here's a spotlight on why this island nation deserves serious attention. Very few in India are aware of Cyprus's importance, capabilities, business opportunities and a few perceptions. With a corporate tax rate of 12.5%, a time to start business of 1.3 days, and IFRS accounting standards it stands out as a tax and business-incubated country. Its key industries include tourism, food and beverage processing, cement and gypsum, ship repair and refurbishment, textiles, light chemicals, metal products, wood, paper, stone and clay products. It offers services in various spheres, including tax planning, fund management, banking, medical services, education, and wealth management, among others.

India- Cyprus relationship

In the background of the above, it's pertinent to note that the relationship between India and Cyprus has been muted in the past, except for the over \$12.5 Bn FDI from Cyprus. Cyprus ranked amongst the top ten inflow countries for over a decade.

The prospects for high growth in the years ahead remain strong, particularly with the planned implementation of the critical India-Middle East-Europe Economic Corridor (IMEC), as announced in 2023, the implementation of EFTA and UK trade agreements, as well as the ongoing trade negotiations with the EU. Proximity to the Middle East increases the attractiveness for potential investors and trading partners.

Cyprus is one of the three countries recognised for Category 1 FPI registrations under SEBI Regulations. Cyprus, besides being an important gateway to/from Europe, offers on-the-ground expertise in fund management, corporate structuring, education, medical collaborations, Tourism, and Technology parks in the Mediterranean region, while also enabling close collaborations with India-friendly countries, such as Israel, Egypt, and Greece.

Cyprus benefits from the diversity of India's manufacturing capabilities, its large investor base, a robust services sector, especially technology and the stability of its political decision-making. Trade between India and Cyprus notably includes technology and transport services, organic chemicals, electrical machinery, pharmaceutical products, and certain metal commodities

Advancing relationship

As an initial step toward improving perceptions and fostering greater engagement, the CII (an Industry body in India), guided by the Ministry of Commerce and Industry as well as the Ministry of External Affairs of India, hosted the first Mediterranean Conclave with Cyprus as a partner country. In early 2025, The Hon. Consulate of Republic

of Cyprus in Mumbai, initiated and formalised a series of Memoranda of Understanding (MoUs) between leading trade associations in India—such as the Indian Merchant Chamber, the Bombay Chamber of Commerce, the FLO of FICCI, and the Southern Gujarat Chamber of Commerce—and their counterparts in Cyprus, including the Cyprus Chamber of Commerce, and the Women’s India–Cyprus Chamber of Commerce. This in the background of an existing MOU between InvestCyprus and InvestIndia. These MOUs have enabled over 19,000 direct members across the Chamber of Commerce to establish meaningful footprints. Furthermore, the landmark MOU between the NSE IX Stock Exchange at GIFT City and the Cyprus Stock Exchange offers a range of benefits to European-based investors as well as Indian investors.

The sharp increase in participation, supported through business delegation visits, conclaves, strategic alliances, visibility, and coverage, as well as enhancements in the ease of doing business, has added momentum to the India–Cyprus partnership.

Another level of engagement involved the Marketing department of the Government of Maharashtra, Airline companies, travel aggregators, high-net-worth individuals, trading houses, educational institutions, hospitals and wellness centres, legal and audit firms, cultural event organisers, banks, and the entertainment sector. Entities have expressed significant interest, with concrete commitments emerging—including a recent investment of over INR 10,000 crores (approximately USD 1.2 billion) in the shipping industry.

Cyprus and India have a vibrant and very active venture capital space that has led to the development of startups as well as the FDI space. CIFA (Cyprus) and IVCA (India) are key associations in their respective countries. Cyprus has rapidly emerged as a prime destination for international fund promoters and investors, offering secure, flexible and advantageous fund solutions. The country’s service providers have developed a high level of expertise, positioning Cyprus as an increasingly attractive hub within the European funds ecosystem.

A product or service approved for the Cyprus market is essentially approved for all countries in the EU. The EU ensures the free movement of goods, services, capital,

and persons, allowing trade and business to be conducted freely. Furthermore, Cyprus offers a highly competitive ecosystem for mid-to-large-sized funds, with the added advantage of high-quality, skilled expertise in accounting, legal, tax, and fiduciary services. The annual investment conclaves in Cyprus attract the best talent from Europe and beyond. It serves as a good meeting point for the like-minded from India. Cyprus serves as a powerful addition to the Singapore/ Dubai/Mauritius/ GIFT City jurisdiction to promote inflows into India.

Cyprus assumes the EU Council Presidency in January 2026; this can be beneficial for the IMEC, as well as for India-Cyprus and India-EU relations. Recent political developments between India and Cyprus have catalysed growing business interest in both countries. The developments on the India-Cyprus political front of the last few years kick-started a growing business interest in both countries. India maintains its embassy in Nicosia, while Cyprus has its embassy in Delhi and two honorary consulates in Mumbai and Kolkata, respectively.

Increased interest from India has been registered in the form of MICE events at Cyprus, collaboration with real estate projects, investment and residency planning, medical tourism, educational opportunities, defence and manufacturing segments, MSME segment, agriculture and horticulture. A surge of interest from India’s leading corporate houses has significantly accelerated development. As highlighted by yours truly, the “Modi-Christodoulides effect” is set to drive a six-to eight-fold increase in trade between Cyprus and India over the coming years

<https://www.cbn.com.cy/article/2025/6/17/842990/viraj-kulkarni-i-visualise-at-least-six-to-eight-times-growth-in-the-value-of-trade-between-cyprus-and-india-in-the-next-few-years/>

India’s growing stature in global Diplomacy and Statesmanship, through its partnership with Cyprus, is leading to progress for both nations. The landmark visit of Hon’ble Prime Minister Shri Narendra Modi, upon the invitation of H.E. Mr. Nikos Christodoulides, is widely viewed as a pivotal moment—one that may drive a six- to eight-fold expansion in bilateral trade in the coming years.