



UGANDA-INDIA BILATERAL RELATIONS:

OPPORTUNITIES FOR TRADE, INVESTMENT AND COLLABORATION UNDER THE FOURTH NATIONAL DEVELOPMENT PLAN



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Any enquiries can be addressed in writing to the Executive Director on the following address:

Economic Policy Research Centre
Plot 51, Pool Road, Makerere University Campus
P.O. Box 7841, Kampala, Uganda
Tel: +256-414-541023/4
Fax: +256-414-541022
Email: eprc@eprc.or.ug
Web: www.eprcug.org

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ABSTRACT

This study assesses opportunities for deepening Uganda–India bilateral relations under the Fourth National Development Plan (NDP IV) agenda. Using both quantitative and qualitative approaches, the analysis covers trade flows, export potential and diversification, trade in services, foreign direct investment, business challenges and opportunities and, lessons from India’s experiences in Business Process Outsourcing (BPO) and health service exports. The findings show that while India is a key trading partner for Uganda, the relationship remains imbalanced, with Uganda largely exporting primary commodities such as gold and coffee while importing manufactured goods including pharmaceuticals, vehicles, and machinery. Uganda has untapped export potential to India mainly in gold, agricultural products, and emerging crops such as cashew. India’s export potential to Uganda is also substantial, particularly in pharmaceuticals, motorcycles, and agro-industrial inputs. In services, Uganda’s exports remain modest and concentrated in travel and consultancy, while India supplies high-value business and ICT services. Case studies of India’s BPO and medical tourism sectors provide useful lessons for Uganda’s diversification and service export strategies. Overall, aligning India’s investments with Uganda’s development priorities presents opportunities for mutual benefit and inclusive growth.

1.0 INTRODUCTION

Uganda and India share a longstanding relationship rooted in historical ties dating back to the early 1900s (MEA, 2018; HCI, 2025). Diplomatic engagement was formalised in 1965 with the establishment of India's High Commission in Uganda. However, the relationship suffered a major disruption in the 1970s following the expulsion of Indians, which significantly curtailed India's economic presence. Since 1986, renewed cooperation has revitalised bilateral relations, expanding collaboration across sectors such as trade, education, health, and cultural exchange through the implementation of various bilateral agreements. (ibid).

Indian multinational and indigenously grown enterprises are active across several sectors in Uganda. In education, institutions like APTECH and ISBAT University have improved access to quality learning (HCI, 2022). Bharti Airtel operates in telecommunications, while the Bank of Baroda represents Indian presence in finance. In manufacturing and industry, key players include CiplaQCIL, Ashok Leyland, Mahindra & Mahindra, and Jindal Steel & Power. Indian firms are also engaged in automotive (Tata Group), agro-processing, and services such as hospitality, healthcare, ICT, and retail sectors. Additionally, International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) partnered with local bodies to establish agribusiness incubation centres in Uganda and four other African countries (Chakrabarty, 2016).

Bilateral cooperation has grown to include development assistance, capacity building, concessional credit lines, and increased trade (HCI, 2025; Biswas, 2016). In 2024, Uganda imported goods worth USD 1.3 billion from India, primarily mineral fuels and oils (USD 230 million), nuclear reactors, boilers, machinery and mechanical appliances (USD 205 million) pharmaceuticals (USD 181 million), vehicles (USD 179 million) (Trademap, 2025). In addition, India ranked as Uganda's fourth-largest import source after China, Tanzania and the UAE as of 2024. On the export side, Uganda supplied goods worth USD 459 million to India, largely gold (USD 353 million), followed by coffee (USD 78.5 million), and dried leguminous vegetables (USD 13 million) (ibid). India is Uganda's sixth largest market for her exports (ibid). In contrast, Uganda ranked as the 79th import supply market for India globally in 2024. This reflects a trade imbalance, where India primarily exports high-value manufactured

goods to Uganda, while Uganda's exports to India consist mainly of unprocessed primary commodities.

Notwithstanding the trade imbalance, India's foreign direct investment (FDI) in Uganda has had a considerable impact on employment and tax revenue. Between 2016 and 2020, Indian FDI stock grew from USD 157 million to USD 297 million (UIA, 2022). This increase reflects India's expanding involvement, particularly in sectors such as agro-processing, manufacturing, pharmaceuticals, Information Communication and Technology (ICT). India is one of Uganda's top ten FDI sources by stock value, and third foreign tax paying manufacturing establishments, reflecting a growing and diversified economic partnership (ibid).

Therefore, Uganda's Ten-fold Growth Strategy¹ and the Agro-industrialisation, Tourism, Mineral beneficiation, Science, Technology and Innovation (ATMs) agenda premised on the Fourth National Development Plan (NDP IV) and the current structure of Uganda-India bilateral relations, provides multiple synergies where Uganda and India can collaborate to advance Uganda's development goals. Most especially in trade, health, science and innovation, creative industries and education sectors. This is because, aligning FDI with the host country's development priorities enhances its policy relevance and public interest, which is essential for unlocking the full potential of the partnership (Olabisi and Wei 2024).

1.1 Context

Uganda's NDP IV, together with the ATMS agenda, provides a clear strategic framework for advancing sustainable development (NPA, 2024, MOFPED, 2024). India's existing and expanding economic footprint in Uganda presents strong potential for deeper collaboration that can accelerate the realisation of Uganda's national priorities. With growing bilateral relations spanning trade, investment, education, health, science, and cultural exchange, there is a timely opportunity to assess and align these relations more deliberately with Uganda's development goals. India is a member of BRICS, while Uganda is a partner state, this multilateral platform reinforces their strategic partnership and creates new opportunities for enhanced cooperation across different development priorities (WBJ, 2024). As such,

¹ Uganda's Ten-fold growth strategy aims to expand the size of the economy from about USD 50 billion in FY2022/23 to USD 500 billion in the next 15 Years.

India's investments can partially reduce Uganda's deficit of private sector funding toward economic development.

Indian investment in Uganda's agro-processing, manufacturing, and pharmaceuticals (HCI, 2025; 2022) already supports critical areas of value addition and industrialisation, key pillars within the NDP IV. Companies such as Mehta Group, Madhvani Group, CiplaQCIL, and Jindal Steel & Power, among others, reflect the possibility of further strengthening bilateral industrial value chains. Similarly, India's contribution to ICT training and digital infrastructure through institutions like ISBAT, align directly with Uganda's goals of digital transformation and skills development.

In the services sector, India's experience and capacity offer valuable models for Uganda to develop its exports in education, health, creative industries, and science and technology. Uganda's creative sector, for instance, can benefit from capacity building from Bollywood in film and content development, given that the Ugandan film industry is growing fast. Under the NDP IV's global and regional context, the creative sector is identified as having potential to drive tourism (NPA, 2024), which can benefit both countries. Tourism is identified under the Ten-fold growth strategy as a sector that can increase Uganda's foreign exchange (MoFPED, 2024) and create jobs for the youth (NPA, 2024). On the other hand, education partnerships and scholarship programs support Uganda's human capital development objectives (MEA, 2018). For example, through the Indian Technical and Economic Cooperation (ITEC) program and Indian Council for Cultural Relations (ICCR) scholarships, Ugandan students access Indian universities (WBJ, 2025; HCI, 2025; 2022). Additionally, India's role as a major supplier of affordable pharmaceuticals and leading destination for medical tourism presents Uganda with opportunities to enhance its health system resilience and access. To note, India was ranked 10th among 46 global destinations in the 2020–21 Medical Tourism Index by the Medical Tourism Association (Taneja et al., 2024).

This research is therefore motivated by the need to identify and assess investment and capacity building opportunities in service trade, analyse current and potential trade flows, options for value addition, and pathways to strengthen Uganda–India cooperation. By doing so, it aims to provide actionable insights that contribute to deepening mutual benefits, while ensuring alignment with Uganda's long-term

development vision under NDP IV and the ATMS agenda to drive sustainable, inclusive growth.

1.2 Study objectives

The primary objective of this study is to assess opportunities for deeper bilateral collaboration and mutual benefit between Uganda and India, in alignment with Uganda's growth strategy enshrined within the NDP IV. Specifically:

1. To analyse the trade performance in relation to bilateral agreements and investment flows, to identify untapped potential and areas for diversification;
2. To examine challenges and identify strategies for strengthening bilateral relations to deepen mutual benefits;
3. To discuss deeper collaboration and investment opportunities for India in the development of Uganda; and
4. To examine key best practices and lessons from India's experience in boosting health service exports and Business Process Outsourcing (BPO).

The rest of the paper is organised as follows. Section 2 reviews relevant literature, outlining the theoretical frameworks that underpin contemporary Uganda–India bilateral relations. Section 3 presents the methodology and data sources used in the analysis, including both quantitative and qualitative approaches. Section 4 discusses the key findings, covering the historical trade relationship, trade potential and diversification opportunities, trade in services, and foreign direct investment trends, and finally the case studies. Section 5 draws conclusions and offers policy recommendations aimed at enhancing bilateral cooperation in line with Uganda's development priorities.

2.0 LITERATURE REVIEW

This study draws on theoretical foundations that explain the principles, mechanisms, and actors shaping contemporary international partnerships between India and African states. Firstly, the South-South Cooperation (SSC) frames India–Africa ties as exchanges among peers built on shared developing country identities, appropriate development expertise, non-interference/sovereignty, and win-win mutual benefit (Banik and Mawdsley, 2023). These four aspects shape how India narrates its cooperation and why African

partners often read it differently from traditional aid.

This ideology emphasises reciprocity, whereby recipients are expected and empowered to counter-gift in aspects such as market access, resources, votes in International Organisations, which affirms dignity and status rather than dependency (Benabdallah, 2022). For Uganda-India bilateral relations, SSC theory implies structuring projects as co-created ventures with clear reciprocal payoffs, for instance technology and finance from India matched by Ugandan market access, regulatory facilitation, and regional gateways.

Secondly, the Gift theory, rooted in the work of Mauss (1925) and later expanded by scholars like Bourdieu (2020) and Sahlins (2014), focuses on how acts of giving create and reinforce social, political, and economic relationships. In the context of international relations, development aid, technical assistance, or concessional loans can be interpreted as gifts that bind states together. Such gifts serve diplomatic, economic, and strategic purposes for the giver, while providing material and symbolic value to the receiver. Importantly, gift theory highlights that acceptance of a gift may also mean accepting certain obligations, whether in trade preferences, political alignment, or granting access to markets and resources. Applied to India's engagement abroad, gift theory can help unpack how certain concessional credit lines, training programmes, or grants deepen bilateral ties while embedding reciprocal expectations. For example, on a 2018 state visit to Uganda, Indian Prime Minister announced gifts to Uganda, including a cancer therapy machine, 100,000 schoolbooks, and 100 solar-powered irrigation pumps to support health, education, and agriculture initiatives respectively (MEA, 2018). To note, this framework often carries an expectation of reciprocity, whether immediate or deferred.

Additionally, Diaspora Diplomacy views overseas Indians as non-state actors who bridge home-host politics, lobby, invest, transfer skills, and shape the image of India (Ashok and Veerababu, 2025). The diaspora diffuses culture and knowledge in the host country, and operates as an interest group (ibid). Furthermore, this makes them potent soft-power players in sectoral diplomacy (education, health, tech and culture) (ibid). For Uganda-India, the long historical presence of Indians in East Africa provides opportunities that can accelerate NDP IV priorities such as co-financing

Special Economic Zones/industrial-park upgrades, setting up BPO/health-tech partnerships, and de-risking trade through diaspora-led assurance.

Furthermore, diaspora communities are playing a key role in strengthening India–Africa economic ties, but fully leveraging their potential requires targeted policies and tailored support mechanisms (Chakrabarty, 2016). India–Africa relations are becoming increasingly significant within a broader context of global political, economic, and social interdependence (Biswas, 2015). As international and regional organisations, multinational corporations, and NGOs gain influence, India must expand its engagement beyond traditional bilateral ties to remain effective in this evolving landscape (ibid). Hence approaches to knowledge sharing in implementing forward-thinking policy reforms targeting services can drive trade diversification and economic upgrading (Dihel and Goswami, 2016). This draws attention to underexplored but high-value segments like professional services, education, healthcare, and mining-related services, sectors not typically associated with Africa's services trade (ibid).

Regarding commodity trade, export diversification and value addition; a limited level of export diversification reduces a country's ability to anticipate market risks and respond effectively to trade downturns (Nugroho et al., 2021). FDI has been shown to enhance export diversification and consequently stimulate domestic economic growth and boost employment (ibid). Furthermore, FDI inflows contribute to the development of infrastructure, facilitates the transfer of technology, and supports industrialisation in the agricultural sector of developing nations (Kim, 2021; Nugroho, 2021). It can also boost competition within agricultural markets, promoting the production of higher-value and better-quality goods (Nugroho, 2021). FDI also plays a critical role in natural resource extraction by supplying credit and financial support to resource-dependent sectors, thereby advancing economic growth (Sun and Hasi, 2024, Cai and Lee, 2023). It also stimulates domestic investment by reallocating excess capital to areas with higher return potential. Therefore, in developing economies, reinforcing business environments that foster a supportive investment climate is advantageous for sustainable growth (Sun and Hasi, 2024).

Overall, theoretical ideas behind South–South Cooperation, Gift theory, and Diaspora Diplomacy highlight ways of understanding how Uganda and India work together. These

theories demonstrate how shared development goals, mutual exchanges, gifting, and the role of diaspora communities all shape this partnership. Furthermore, discussing these ideas alongside diversifying exports, value addition, high-value services and FDI attraction, confirms that Uganda can draw on India's experience, resources, and networks to move its own development goals forward. This can position both India and Uganda to deepen economic ties in an increasingly interconnected global economy.

3.0 METHODOLOGY AND DATA SOURCES

This section presents the approaches used in drafting this paper to examine the opportunities for deepening bilateral relations between India and Uganda. Basically, it highlights the historical and critical role of India in Uganda's development; and presents pathways to deepen the relationship and collaboration. In summary, it employs a mixed method approach; quantitative, qualitative and desk review to address the four specific objectives.

3.1 Conceptual framework

The study adopts Spohr and Silva's (2017) framework on foreign policy's role in a country's development (Figure 1). This framework categorises foreign policy actions into economic and political dimensions, with six lines of action that are central to Uganda-India relations and also align with the South-South Cooperation, Gift Theory, and Diaspora Diplomacy concepts.

The economic dimension includes trade promotion, investment policy, and economic, financial, and commercial negotiations aligned with development strategy. It is noted that exports drive economic growth beyond their GDP share. The active trade focus of governments reflects the priority given to expanding global trade with its partners. Trade promotion involves not only increasing export volumes but also improving their quality by fostering higher value-addition. This includes targeting new markets and promoting such goods to traditional partners. Furthermore, Spohr and Silva (2017) assert that it is commonly used to display foreign policy outcomes to the public and often serves as a 'proxy' for foreign policy success or the closeness between

states.

The investment policy is double-pronged. A country's investment policy covers attracting FDI which is crucial in early industrial diversification, in addition to expanding its investments abroad (ibid). While FDI can benefit both sides, recipients must ensure it includes technology transfer, essential for development. Outward investment broadens national business opportunities in other regions. Similarly, under the NDP IV, Uganda aims to diversify its exports and expand market access, and promote value addition, particularly through value-addition supporting infrastructure such as industrial parks and special export processing zones among others (NPA, 2025). Hence, deeper ties with India are a potential catalyst for Uganda adding value to its exports and market expansion, through attracting Indian FDI targeting value-addition infrastructure.

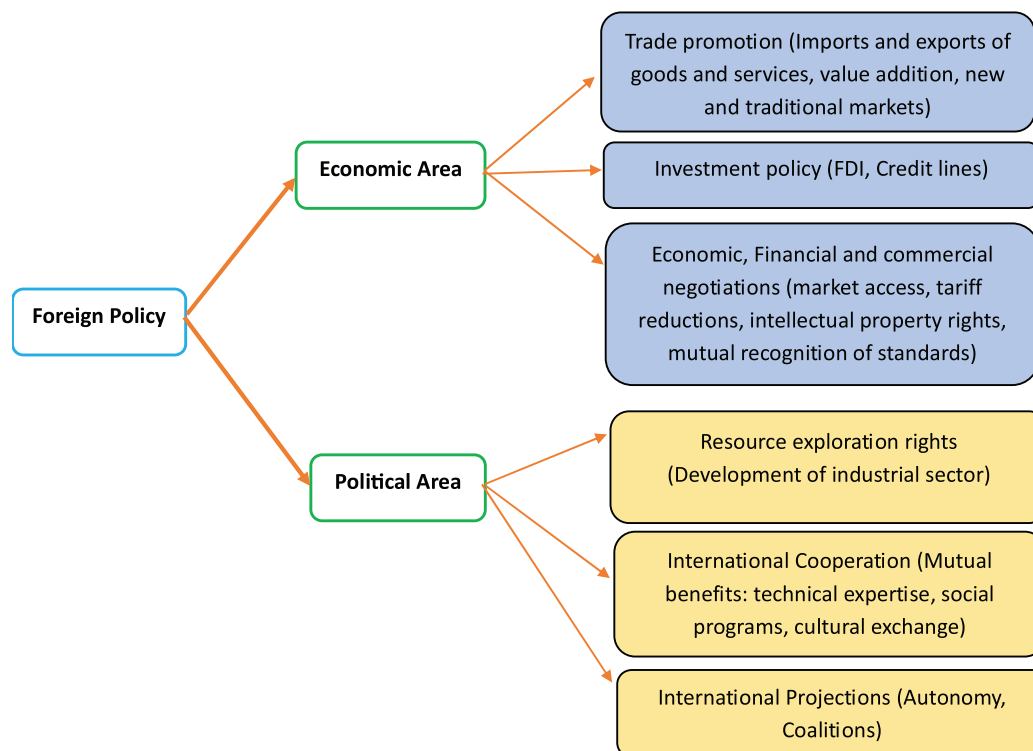
The Economic, Financial and Commercial Negotiations line of action focuses on creating 'systemic conditions' necessary for national development, through the recognition of development gaps, and negotiating for fair opportunities such as fairer trade regimes among others. The NDP IV notes that although recent negotiations on political, economic, and social fronts have opened opportunities for trade, FDI, and tourism, these opportunities remain under exploited (NPA, 2025). Nonetheless, India has committed to being a key partner in advancing Uganda's economic growth and national development (MEA, 2018).

The political area/dimension covers resource exploration rights, international cooperation, and international projection; unlike the economic, it may not yield immediate results but creates a conducive environment for economic success of the foreign policy (ibid). The Resource Exploration Rights ensure a country controls her natural resources and emphasises developing countries' right to industrialise. The International Cooperation line of action provides mutual benefits such as technology and joint projects, with developing countries using it to boost trade and investments. Lastly, International Projection centres on autonomy and 'coalition-building' for example through regional or trade blocs, though coalitions face fragility under changing global power structures.

Therefore, Spohr and Silva (2017) stress that building on the established six lines of action through which foreign policy supports a developing country's development strategy/

agenda, requires coordinated decision making across all six, and must be and shaped by both domestic and international factors.

Figure 1: Bilateral relations conceptual framework



Source: Modified from Spohr and Silva (2017).

3.2 Quantitative approach

To undertake descriptive analysis and respond to Objective 1, this study employs two approaches. Firstly, the study adopts a trend and comparative analysis to explore the bilateral trade flows between Uganda and India. The major data sources include International Trade Centre (ITC) Trademap, International Monetary Fund (IMF) Direct Investment Positions by Counterpart Economy, and WTO-OECD Balanced Trade in Services databases. Secondly, the study utilises export potential and diversification assessments methodologies, which provide a basis for identifying products with high export potential and diversification opportunities within a destination market (Decreux and Spies, 2016). The Export Potential Indicator (EPI) and the Product Diversification Indicator (PDI), use secondary data from ITC's Trade Map and Export Potential Map (*see Appendix for a detailed methodology*). The EPI identifies products with strong prospects in target markets, while the PDI highlights opportunities for diversification based on unmet demand and existing export capabilities (Shinyekwa et. al., 2025).

Together, these methods ensure a data-driven, actionable assessment of India and Uganda's trade prospects while identifying potential products for diversification.

3.3 Qualitative approach

Under this approach, the study leverages on key informant interviews (KII), to respond to both Objective 2 and 3, with Private Sector: Uganda Manufacturers Association, KACITA, Indian Business Forum, Indian owned/founded companies (Tata Uganda Limited, ISBAT University, Halcons Limited, and Madhvani Group of Companies) and The High Commission of India.

Lastly, all objectives benefit from a desk review of policy documents and existing literature of FDI, bilateral relations and trade, and to inform the development of the KII guide/questionnaire and stakeholder mapping. Objective 4, focusing on case studies of India's BPOs and health service exports, is approached through an in-depth review of literature and India's policy documents for the two sectors.

4.0 PRELIMINARY FINDINGS

This section presents the research findings. It begins with a summary of the standing agreements between India and Uganda, followed by an overview of the historical trade relationship between the two countries particularly in commodity trade as influenced by the bilateral agreements signed. The discussion then explores trade potential and opportunities for diversification, followed by an analysis of bilateral trade in services, and finally, an examination of foreign direct investment flows between India and Uganda.

4.1 Uganda-India Bilateral agreements

Since the formalisation of diplomatic relations between India and Uganda, marked by the establishment of the Indian High Commission in Kampala in 1965, several agreements and Memoranda of Understanding have been signed to strengthen cooperation, diplomacy, and trade relations. These instruments have shaped and guided the foreign

policy agenda between the two countries, spanning both economic and political areas as outlined above by Spohr and Silva (2017).

In the economic area, the agreements have played a central role in promoting trade, attracting foreign direct investment from India and vice versa, and advancing economic and commercial negotiations. Under the political sphere, they have fostered international cooperation built on the principle of mutual benefit. These agreements are further reinforced by the dynamics of diaspora diplomacy, through which the Indian community in Uganda acts as a non-state actor bridging the two countries' political and economic spheres. The diaspora actively engages in lobbying, investment and image building, thereby strengthening India's presence and influence in Uganda (Ashok and Veerababu, 2025). Commendable efforts have been made by the Indian Association of Uganda and the Indian Business Forum in advancing this form of diplomacy.

Table 1: Bilateral agreements between India and Uganda

Year	Agreement / Instrument	Main Focus and Provisions
1965	Agreement on Friendship and Technical, Economic and Scientific Cooperation	Established collaboration in science, technology, and industry. Covered exchange of experts, scholarships, and training in technical and research institutions, with periodic joint reviews in Kampala or New Delhi.
1981	Trade Agreement	Aimed to expand trade and joint ventures on a basis of equality and mutual advantage. Granted Most-Favoured-Nation (MFN) treatment, eased customs procedures, and encouraged trade fairs and exhibitions (Ministry of Commerce, 2020).
2004	Income Tax Treaty (Avoidance of Double Taxation)	Created a framework to prevent double taxation and fiscal evasion, promoted fair tax treatment for nationals, and included provisions for information exchange and tax credits on income earned in either country (URA, 2004).
2007	Farm Trade Agreement	Strengthened agricultural cooperation through joint research, training, and exchange of expertise in animal husbandry, fisheries, horticulture, and agribusiness development (Domain, 2007).
2008	India's Duty-Free Tariff Preference (DFTP) Scheme for LDCs	Granted Uganda preferential duty-free access to the Indian market for a wide range of products, aimed at boosting exports and promoting trade diversification. These include agricultural products, leather goods, textiles and minerals/metals (Taxtmi, 2025).
2018	Indian Prime Minister's State Visit: MoUs on Defence, Agriculture, Visa Exemption, Cultural Exchange, and Material Testing Laboratory	Broadened cooperation in defence, agriculture, and culture; introduced concessional credit lines for power, dairy, and agriculture; and included donations such as cancer therapy equipment and solar irrigation pumps (MEA, n.d).

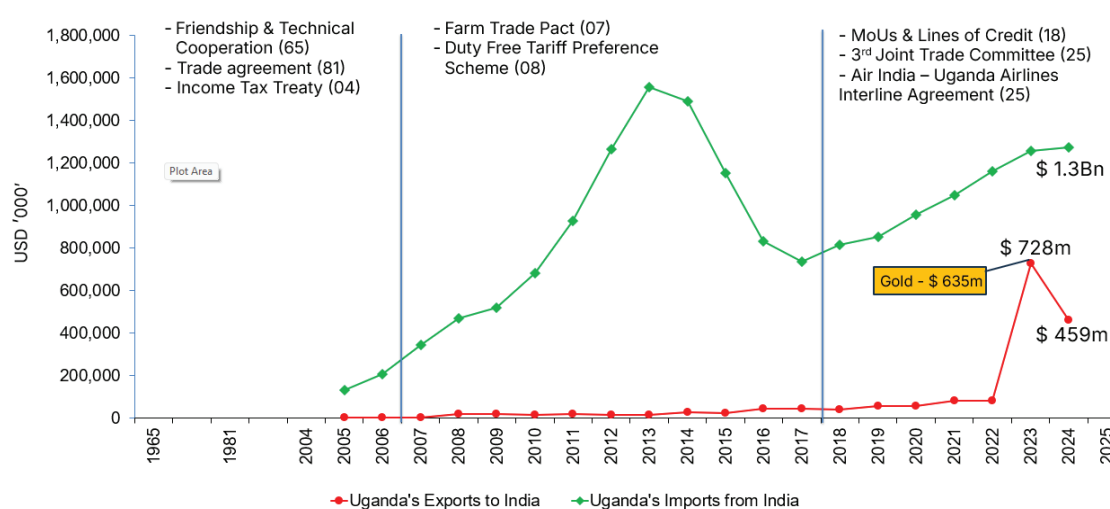
Year	Agreement / Instrument	Main Focus and Provisions
2025	3rd India–Uganda Joint Trade Committee (JTC) Session	Reviewed bilateral trade and investments, discussed cooperation in mining, MSMEs, health, standards, and digital finance (UPI), and agreed to form a Joint Business Forum (Ministry of Commerce, 2025).
2025	Interline Agreement between Uganda Airlines and Air India	Enhanced air connectivity between Entebbe and major Indian cities through joint ticketing and shared networks, facilitating trade, tourism, and business travel (UBC, 2025).

4.2 Uganda-India trade landscape

The trade relationship between India and Uganda has shown patterns of growth and emerging opportunity despite fluctuations. Uganda's exports to India rose from 2005 to 2022, before skyrocketing to over USD 728 million in 2023, and eventually falling to USD 459 million in 2024 (Figure 2). This sharp increase was largely driven by precious stones mainly gold exports (including gold plated with platinum, whether unwrought or semi-manufactured) as detailed in Table A.1 of the appendix. The strong growth in gold exports to India is likely driven by the temporary suspension of gold export tariff and gaps in the Mining and Minerals Act implementation, which encouraged traders to capitalise on the window, alongside the establishment of new processing facilities that enhanced export capacity (Reuters, 2024). The sharp decline in gold exports observed in 2024 is largely attributed to the reinstatement of gold export tariffs that year, set at USD 200 per kilogram (Wanyenya, 2025).

When trade performance is mapped to the bilateral agreements, it shows that Uganda's exports to India grew, albeit gradually. Earlier frameworks such as the 1965 Agreement on Friendship and Technical, Economic and Scientific Cooperation and the 1981 Trade Agreement had already laid the institutional foundation for exchange of expertise, training, and mutual most-favoured-nation treatment, building mechanisms that later enabled smoother trade and investment flows. Uganda's trade performance after 2008 coincides with the launch of India's Duty-Free Tariff Preference (DFTP) Scheme for Least Developed Countries, which granted duty-free or preferential access for Ugandan exports to the Indian market (Figure 2). The DFTP policy significantly improved Uganda's market access, reducing tariffs on key commodities and stimulating the surge in exports observed after 2008. The ten-year period after the signing the DFTP shows a growth of exports from USD 18.7 million in 2008 to USD 44 million in 2017, largely driven by coffee, legumes, cocoa and raw hides (Appendix B, Figure A.1; Table A.1).

Figure 2: Uganda's export to India between 2005 and 2024 (USD '000)¹



¹ This study uses Uganda's trade data from Trademap which is sourced from the Uganda Bureau of Statistics (UBOS). This data varies from that reported by India sourced from the Directorate of Commercial Intelligence and Statistics under the Ministry of Commerce and Industry. The trade values may differ due to differences in data collection, administration and reporting methods.

Source: Authors' construction using ITC Trademap (2025)

Subsequent bilateral frameworks such as the 2018 memoranda on defence, agriculture, and development cooperation, together with India's lines of credit and capacity-building support, helped Uganda increase its export particularly in agriculture. Indeed, between 2018 and 2022, Uganda's exports grew from USD 41 million to USD 80 million, later jump to USD 728 million in 2023 (Appendix B, Figure A.1). Despite these gains, however, Figure 2 and Appendix Table A.1 show that Uganda's export basket remains dominated by unprocessed commodities such as gold and coffee, indicating limited value addition. In addition, given the slow rise in exports between 2007 and 2022, it is likely that Uganda has not fully capitalised on these trade agreements and continues to face challenges arising from non-tariff barriers and intense competition in the Indian market.

In contrast, India has effectively capitalised on its bilateral relationship with Uganda to expand its trade. India's exports to Uganda peaked in 2014 at over USD 1.5 billion, representing more than 0.4 percent of India's global exports, before declining until 2017. This growth was driven by increased exports of pharmaceuticals, mineral fuels, and machinery to Uganda. The subsequent decline between 2015 and 2017 was likely due to Uganda's growing reliance on imports from alternative markets, particularly China. Since then, India recovered gradually but not to their earlier peak. Between 2015 and 2024, India's leading exports to

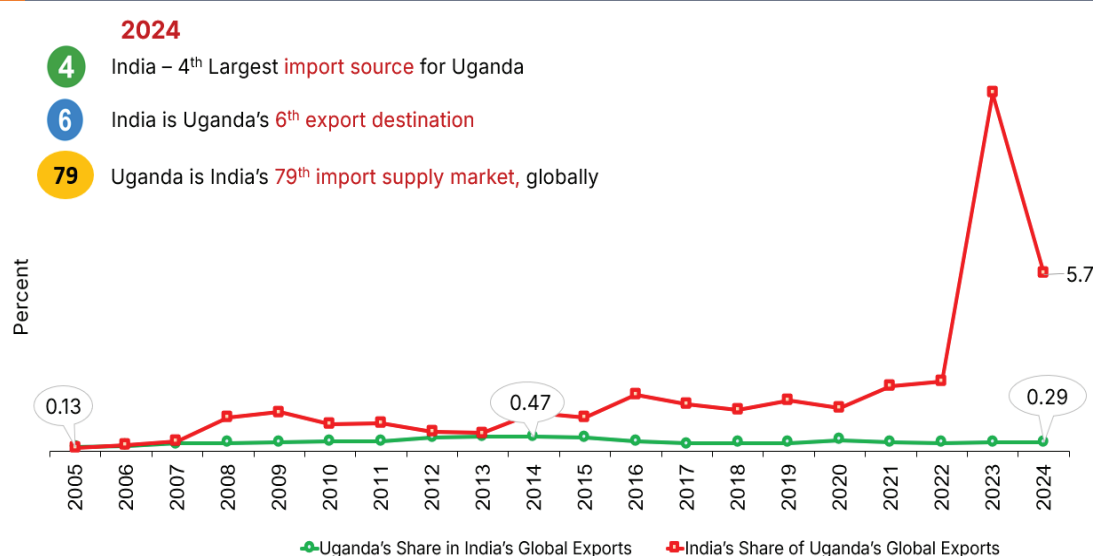
Uganda included pharmaceutical products, mineral fuels and oils, and vehicles (other than railway or tramway rolling stock). Exporters of vehicles to Uganda include Bajaj Auto Ltd, supplying motorbikes and three wheelers, as well as Tata, among others that supplies commercial vehicles such as pickups, light and heavy trucks (Bajaj Auto Ltd, 2025; Tata Uganda Limited, 2025).

Overall, the agreements between India and Uganda have facilitated steady growth in trade volumes and investment flows, but India has benefited more in relative terms due to its higher-value manufactured exports and diversified industrial base. For Uganda, the gains have come through improved market access, increased foreign direct investment, and its industrialisation agenda. Thus, while India captures greater value from the trade structure, the agreements collectively deepened Uganda's integration into bilateral trade and laid the groundwork for future diversification and mutual growth that can support the achievement of the NDP IV and Tenfold Growth Strategy goals.

4.2.1 Uganda's market share in India's Global trade

Uganda's market position in India's global trade remains relatively minor. As shown in the graph, Uganda's share in India's global exports has stayed below 0.5 percent throughout the 2005-2024 period, peaking at 0.47 percent in 2014 and standing at 0.29 percent in 2024 (Figure 3). Consequently, Uganda ranked as India's 79th import

Figure 3: India's market share in Uganda's global trade



Source: Authors' construction using ITC Trademap (2025)

supply market globally in 2024, underscoring its limited role in India's import market despite longstanding bilateral relations. By contrast, India ranks among Uganda's top trading partners, highlighting a significant imbalance in their trade relationship.

Conversely, India holds a far more prominent position in Uganda's trade landscape. India's share of Uganda's total exports surged from 2.2 percent in 2022 to nearly 11 percent in 2023, before declining to 5.7 percent in 2024. In the same year, India ranked as Uganda's 6th largest export destination and 4th largest import source, reflecting strong trade linkages and Uganda's increasing reliance on Indian goods and markets. Therefore, Uganda's position as a marginal player in India's global trade underscores the need for her to explore her untapped potential to strengthen her export performance in the Indian market, even as India continues to deepen its commercial and investment footprint in the country.

4.3 Trade potential and diversification opportunities for Uganda and India

This sub-section explores the untapped trade opportunities between Uganda and India, focusing on areas both countries

can exploit beyond the existing products. It seeks to highlight areas for strategic diversification to lessen over-reliance on a narrow range of exports and create new opportunities for sustainable economic growth.

4.3.1 Uganda's export potential and diversification opportunities to India

Uganda's trade with India is currently concentrated in a few primary commodities, yet significant potential exists to diversify exports into higher-value agricultural products and manufactured goods. Identifying and leveraging these opportunities can help Uganda increase its export earnings, enhance competitiveness, and build stronger trade resilience in the Indian market. According to ITC (2025), Uganda has an export potential of USD 903 million to India, with USD 506 million of this potential currently untapped.

More specifically, Table 2 reveals that gold (unwrought and for non-monetary purposes) presents the largest opportunity, with an export potential of USD 825 million compared to current exports of USD 373 million, leaving a gap of USD 452 million. This is expected given that India has traditionally been among the top global gold consumers, accounting for about 20 percent of world demand while producing very little domestically; its gold imports rank second only to petroleum

Table 2: Top 15 Ugandan products with export potential in India (USD million)

Rank	Code	Product	Export potential	Actual exports	Unrealised potential
1	710812	Gold, unwrought, for non-monetary purposes	825	373	452
2	151211	Sunflower-seed/safflower oil, crude	19	-	19
3	90111	Coffee, not roasted, not decaffeinated	13	15	-
4	4408XX	Sheets for veneering, of wood, < =6mm,	5.3	0.0	5.3
5	0713Xb	Legumes, dried & shelled,	5.2	2.1	3
6	120740	Sesamum seeds	4.5	0.0	4.5
7	1207Xa	Oil seeds & oleaginous fruits,	4	0.1	3.9
8	071333	Kidney beans "Phaseolus vulgaris", dried & shelled	3.6	2.1	1.5
9	350300	Gelatin, derivatives & glues of animal origin	2.6	0.7	1.9
10	180100	Cocoa beans	1.8	14	-
11	4403Xc	Wood in the rough,	1.3	0.1	1.2
12	410621	Hides & skins of goats/kids, wet state, hairless, tanned	1.2	0.0	1.2
13	520100	Cotton, not carded/combed	1.1	0.6	0.6
14	410510	Skins of sheep/lambs, wet state, hairless, tanned	0.9	0.1	0.9
15	130190	Lac; natural gums & resins,	0.8	0.8	0.1

Source: Author's construction using ITC Export Potential Map (2025).

(Sahoo et al., 2025). Gold demand in India is shaped by economic, financial, and cultural factors, with gold long regarded as a symbol of wealth and security, closely tied to weddings and festivals (ibid).

Beyond gold, agricultural products like crude sunflower-seed oil, sesamum seeds and oil seeds; present untapped potential of USD 19 million, USD 4.5 million and USD 3.9 million respectively. Veneer sheets, a timber product accounted for the second highest unrealised potential of USD 5.3 million. Notably, the export of raw coffee beans (neither roasted nor decaffeinated) and cocoa beans have surpassed their estimated potential, indicating the need for Uganda to prioritise value addition before exporting coffee and cocoa to India. This will unlock further economic value from the coffee. Currently, Tata Uganda Limited directly exports coffee to India, for processing by Tata Coffee.

ITC's product diversification ranking reveals that Uganda has emerging opportunities to export palm oil, cashew nuts, and cloves to India, which will help diversify its exports (Figure 4). Also, Uganda would have higher capacity to supply cashews, while palm oil has the strongest demand potential in India. According to NDP IV, it is suggested that beyond the ten NDP III priority crops identified for agro-processing, new

areas such as cashew nut, alongside macadamia, shea nut, and avocado, have also emerged (NPA, 2025). There is an initiative in Karamoja aiming to distribute 200,000 cashew seedlings in the region, creating potential for Uganda to expand exports (SAA, 2025). Karamoja's semi-arid climate is well suited for this crop's cultivation. It is estimated that Africa exports 98 percent of its cashew unprocessed, therefore domestic processing could offer Uganda a chance to add value and diversify her exports (SAA, 2025).

Table 3 compares Uganda's position with major global exporters across five key commodities gold, sunflower, coffee, palm oil, and cashew nuts. It highlights both Uganda's areas of competitiveness and sectors where it faces strong global competitors.

Uganda remains marginal in gold and sunflower oil exports to India, where markets are dominated by Switzerland, the United Arab Emirates, Russia, and Ukraine. This reflects Uganda's limited refining capacity and low-scale industrial processing. In contrast, coffee emerges as Uganda's strongest prospect. Uganda's coffee exports, valued at USD 28 million, rank close to Kenya and Vietnam. Cashew exports face competition from African exporters such as Tanzania, Togo and Guinea-Bissau. These products

Figure 4: Top 20 diversification products for Uganda's exports to India

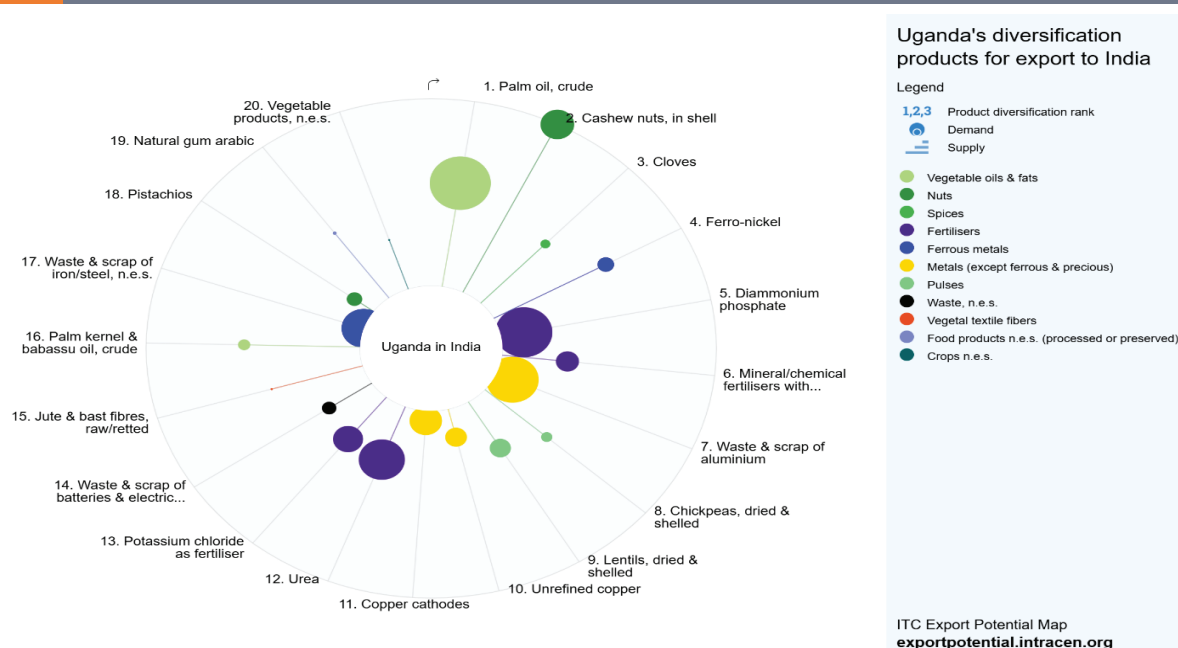


Table 3: Uganda's top competitors in the products with export potential to India, 2024 (USD million)

Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes		Sunflower-seed or safflower oil, Crude		Coffee (not roasted, not decaffeinated)		Palm oil, Crude		Cashew nuts, in shell	
Exporters		Exporters		Exporters		Exporters		Exporters	
World	51,522	World	3,674	World	235	World	6,564	World	1,621
Switzerland	18,275	Russia	1,894	Kenya	67	Indonesia	2,624	Tanzania	329
United Arab Emirates	12,735	Ukraine	829	Viet Nam	47	Malaysia	2,421	Togo	225
South Africa	4,647	Romania	390	Brazil	39	Thailand	713	Guinea-Bissau	194
Peru	4,379	Argentina	367	Uganda	28	Singapore	524	Ghana	190
Australia	2,401	Finland	52	Indonesia	28	Papua New Guinea	183	Côte d'Ivoire	177

Note: This table presents data from India's Directorate General of Commercial Intelligence and Statistics (DGCI&S), which differs from Uganda Bureau of Statistics (UBOS) figures. For the purpose of market comparison, this table relies on data reported by India to identify Uganda's key competitors in the Indian market.

Source: Authors' computation using *using ITC Trademap (2025)*.

align well with India's import demand for agro-based goods and offer realistic opportunities for expansion through value addition and quality improvement. Uganda has comparative advantage in agricultural exports, and therefore strengthening agro-processing and leveraging trade preferences such as India's DFTP Scheme could help Uganda enhance its competitiveness and capture a greater share of India's import market.

4.3.2 India's export potential and diversification opportunities to Uganda

India's exports to Uganda are dominated by pharmaceuticals, machinery, and manufactured goods, but there is room to expand into new sectors. Overall, the total export potential from India to Uganda is USD 1.6 billion (ITC, 2025). In terms of untapped potential, the largest opportunity lies in

insecticides, rodenticides, fungicides, and herbicides, where current exports of USD 24 million fall short of the USD 112 million potential, leaving an export potential gap of USD 88 million (Table 4). Other products with significant export potential from India to Uganda are *medicaments for retail sale, n.e.s.; motorcycles; piston engine [50-250cm³]; and wheat & meslin*. These insights indicate an opportunity for India to strengthen its trade presence by enhancing distribution networks, providing after-sales services for industrial goods like motorcycles, and offering tailored product packages suited to Ugandan market needs.

Furthermore, rather than merely assessing export opportunities in these commodities, India can explore localisation of production in Uganda to reduce trade costs, leverage local raw materials and labour, and gain access

Table 4: Top 18 Indian products with export potential in Uganda (USD million)

Rank	Code	Product	Export potential	Actual exports	Unrealised potential
1	30XXXX	Medicaments for retail sales,	229	156	72
2	871120	Motorcycles, piston engine [50-250cm ³]	146	103	43
3	3808	Insecticides, rodenticides, fungicides, herbicides	109	24	85
4	1001Xb	Wheat & meslin	52	0.1	52
5	720839	Flat-rolled iron/steel, hot-rolled, in coils	37	0.1	37
6	230990	Preparations used in animal feeding,	33	0.6	32
7	100630	Semi-milled or wholly milled rice	28	0.9	27
8	8703XX	Motor vehicles for the transport of < 10 persons	25	1.3	24
9	170199	Cane/beet sugar & chemically pure sucrose	23	6.5	17
10	3907Xb	Polyethylene terephthalate, in primary forms	18	1.3	17
11	6907	Ceramic flags & paving, hearth/wall tiles	18	3.1	15

Rank	Code	Product	Export potential	Actual exports	Unrealised potential
12	3002XX	Human & animal blood, blood fractions & immunological products	18	15	2.7
13	300420	Medicaments containing antibiotics, for retail sale	18	9.9	8
14	8704XX	Motor vehicles for the transport of goods	17	17	0.3
15	382211	Malaria diagnostic test kits	15	4.6	10
16	8517XX	Mobile phones	15	0.6	14
17	842959	Self-propelled excavators,	11	2.7	8.7
18	843830	Machinery for sugar manufacture	10	7.2	3.1

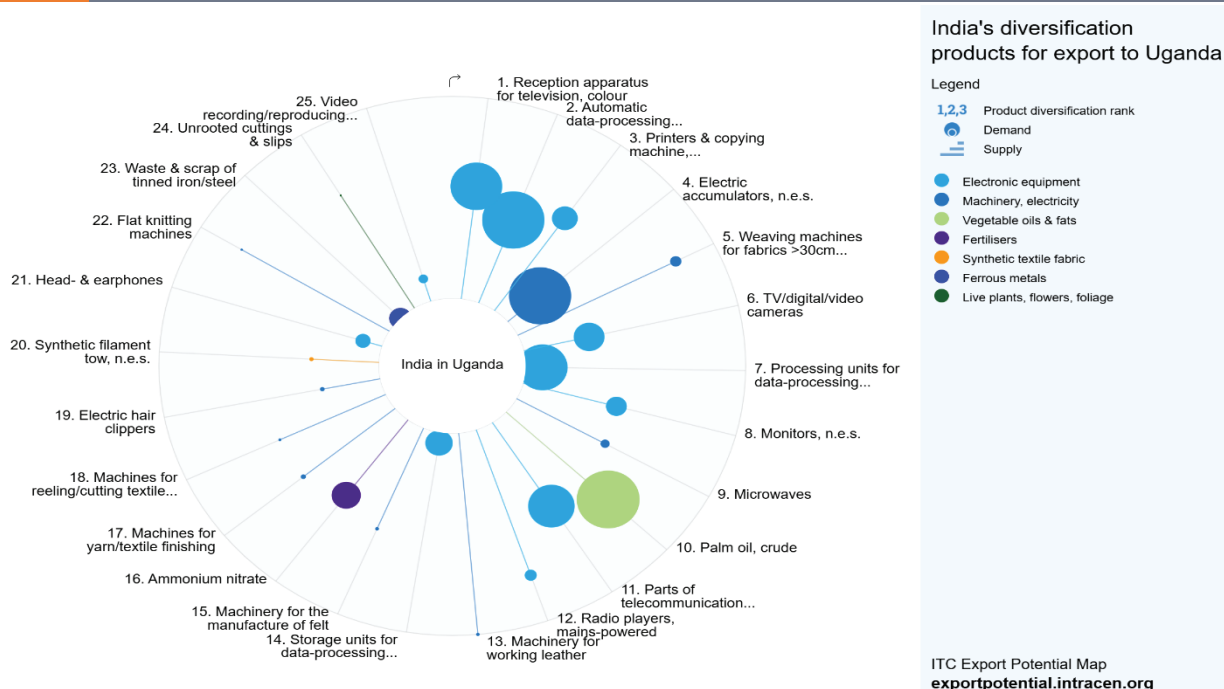
Source: Author's construction using ITC Export Potential Map (2025)

to both the domestic and wider East African Community markets. For instance, only about 20 percent of medicines consumed in Uganda are manufactured locally (NPA, 2025), indicating substantial scope for FDI in local pharmaceutical production. Such investments would not only strengthen Uganda's industrial base but also create jobs.

Based on the ITC product diversification ranking, India's best options for export diversification in Uganda include *reception apparatus for television, colour; automatic data-*

processing machines, portable, less than or equal to 1kg; and multi-function printers and copying machines (Figure 5). While these products represent key opportunities for India, the strongest demand potential in the Ugandan market is for palm oil. Furthermore, from a supply perspective, India would have higher advantage in supplying *machinery for working leather* to Uganda.

Figure 5: Top 20 diversification products for India's exports to Uganda



4.4 Overview of trade in services between Uganda and India

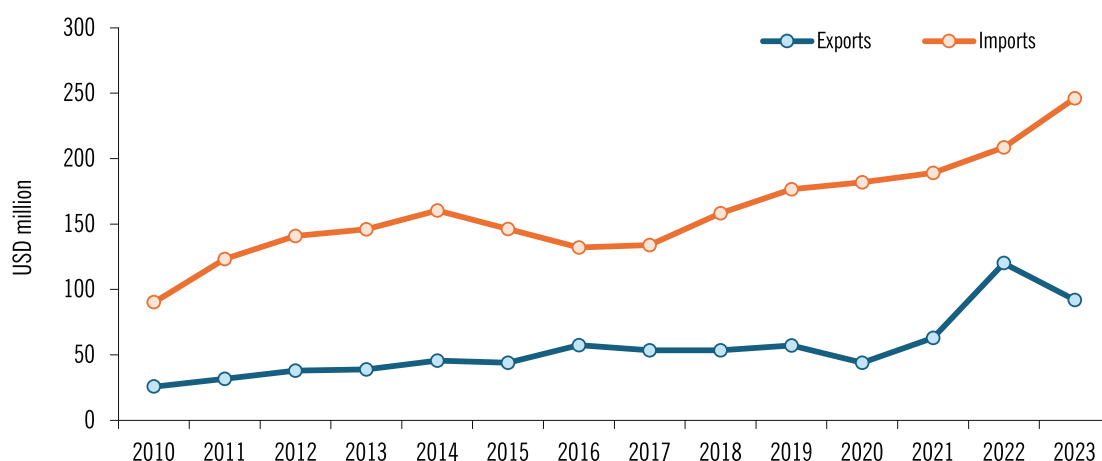
Globally, trade in services²³ has consistently grown faster than trade in goods over the past 30 years, presenting considerable growth prospects for developing economies (WTO, 2019). This trend is further supported by the United Nations Conference on Trade and Development (UNCTAD), which notes that services now comprise more than half of global trade and continue to expand at a quicker pace than goods trade (2021). This growth is mainly attributed to the exponential growth of the internet and digital tools that increase access to intangible services (ibid), such as telemedicine and e-education, emphasising the role of digital transformation. Moreover, a notable characteristic of services trade is its greater resilience and stability over time, as it tends to be less affected by global economic fluctuations compared to trade in goods (Gouvea and Vora, 2016). This sector offers a valuable model for Uganda to emulate, drawing on India's advanced capabilities in exporting medical, digital, banking and education services among others.

4.4.1 Uganda-India trade in services general outlook

The services trade relationship between India and Uganda portrays both steady growth and a persistent imbalance. As illustrated in Figure 6, Uganda's imports of services from India rose consistently from 2010, reaching nearly USD 246.2 million by 2023. This sustained increase was largely driven by rising demand for specialised Indian services, particularly in health care, education, ICT, and technical consultancy.

However, Uganda's exports of services to India remained relatively modest, increasing gradually from about USD 25.9 million in 2010 to approximately USD 57.1 million by 2019, before temporarily surging to over USD 120.2 million in 2022. This spike likely reflected short-term gains in travel-related services (such as tourism and business travel), as well as professional services and niche consultancy. However, exports declined to USD 92.0 million in 2023. This highlighted the volatility and structural constraints of Uganda's service export capacity. Nonetheless, with Uganda Airlines launch of direct flights to Mumbai-India in September 2023 (GCIC, 2023), Uganda's transport service exports to India are anticipated to rise.

Figure 6: Uganda's trade in services with India between 2010 and 2023 (USD million)



Source: Author's construction using WTO-OECD Balanced Trade in Services dataset (2025)

² Extended Balance of Payments Services Classification (EBOPS) classifies trade in services into 12 categories: Manufacturing services on physical inputs owned by others; Maintenance and repair services; Transport; Travel; Construction; Insurance and pension services; Financial services; Charges for the use of intellectual property (IP); Telecommunications, computer, and information services; Other business services; Personal, cultural, and recreational services; and Government goods and services n.i.e. (not included elsewhere).

³ WTO's General Agreement on Trade in Services (GATS) classifies services exports into four modes of delivery: Mode 1: Cross-border supply, Mode 2: Consumption abroad, Mode 3: Commercial presence and Mode 4: Presence of natural persons.

The persistent trade deficit underscores Uganda's dependence on Indian expertise and its limited competitive edge in higher-value service sectors. This trend signals a need for Uganda to strengthen its domestic service sector through targeted investments in skills development, digital infrastructure, and policy support to encourage diversification and higher-value service exports.

4.4.2 Composition of Uganda's export services to India

Uganda's service exports to India between 2012 and 2023 reveal growth trends across key subsectors, with notable fluctuations and emerging opportunities. Between 2012 and 2023 as shown in Figure 7, Uganda's exports of services to India were dominated by travel-related services, which averaged approximately USD 20.3 million over the period. This category experienced significant fluctuations, with a notable surge in 2022 to USD 46.1 million, before falling to USD 30.7 million in 2023. The spike in 2022 is likely attributable to post-pandemic recovery in personal, tourism and business travel, underscoring the importance of mobility and international engagement in Uganda's service trade portfolio. Coming in second are other business services which consists of research and development services, professional and management consulting services, and technical, trade-related, and other business services.

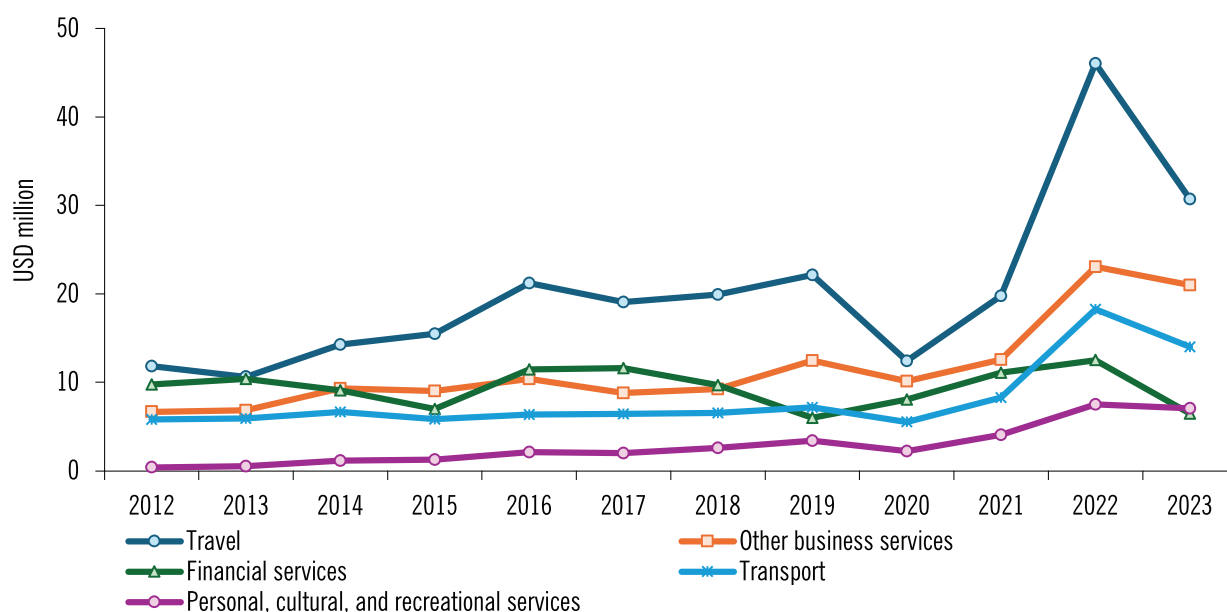
Within the travel related services, personal travel consistently accounted for the larger share of total travel services as illustrated in Figure 8 panel A. Notably, it experienced significant growth between 2014 and 2016, rising from approximately USD 11 million to over USD 16 million, likely driven by the increasing number of visitors for tourism and education services. A key informant noted that the high level

of personal travel exports is likely due to Indians visiting family in Uganda, which also presents opportunities for tourism. Business travel, in contrast, showed more volatility. Its declines were observed in both 2013 and 2019 during the COVID 19 outbreak but rose to a peak of nearly USD 14 million in 2022, potentially reflecting renewed bilateral engagements, trade, and investment-related movement.

Other business services ranked second, with an average of USD 11.6 million, reflecting growing demand for Uganda's professional, technical, and consultancy offerings. Within Uganda's exports of other business services to India, technical, trade-related, and other business services dominate this category. This is depicted in Figure 8 panel B with a rise albeit fluctuations, from approximately USD 5.7 million in 2012 to peak at USD 20.8 million in 2022 and eventually fall to USD 18.8 million in 2023. Overall, this subcategory reflects Uganda's growing engagement in trade facilitation, logistics coordination, and technical support services linked to bilateral trade flows.

Professional and management consulting services, while relatively smaller in value, show consistent performance with a notable increase after 2020, growing from around USD 1 million to over USD 2.2 million in both 2022 and 2023. This suggests a growing recognition of Uganda's human

Figure 7: Uganda's service exports to India between 2012 and 2023 (USD million)



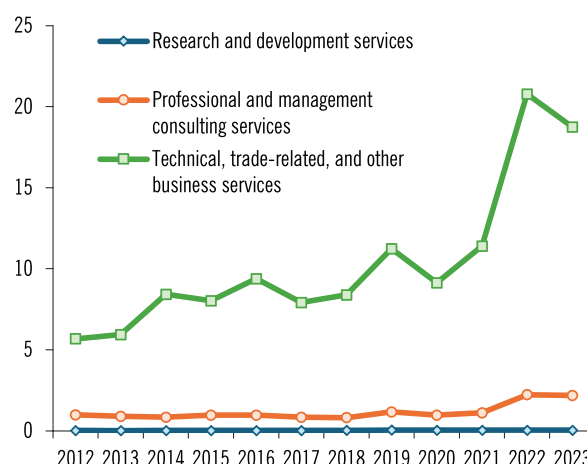
Source: Author's construction using WTO-OECD Balanced Trade in Services dataset (2025)

Figure 8: Travel and other businesses services export composition from Uganda to India

Panel A: Travel services (USD million)



Panel B: Other business services (USD million)

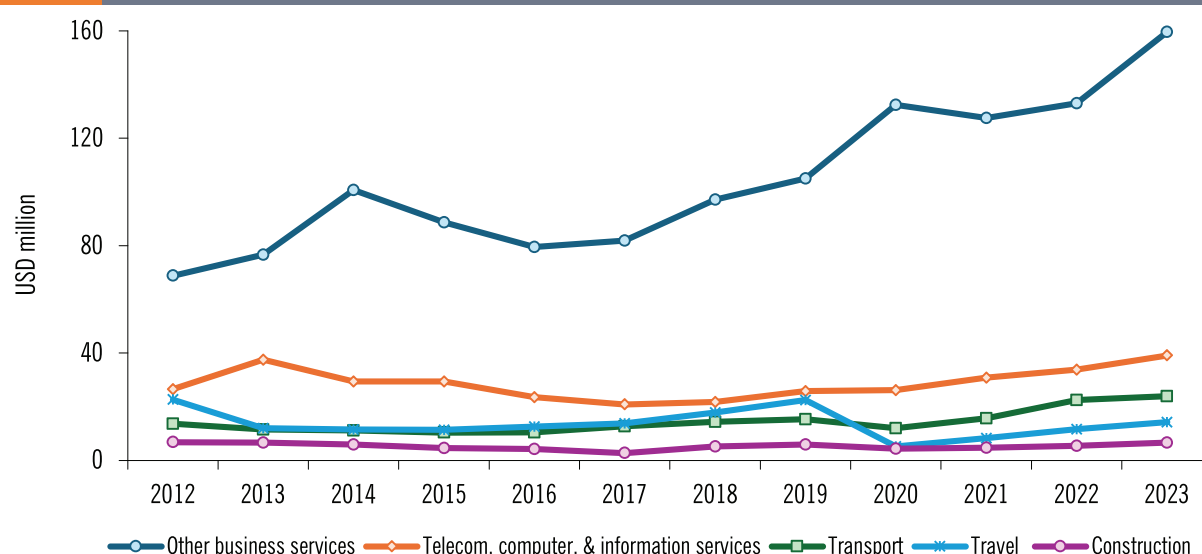


Source: Author's construction using WTO-OECD Balanced Trade in Services dataset (2025)

capital in providing niche expertise such as legal advisory, project management, and regulatory compliance support. In contrast, research and development services remained minimal and largely stagnant, fluctuating slightly between USD 0.02 million and USD 0.05 million over the entire period, indicating limited bilateral collaboration in innovation-driven or knowledge-based sectors.

4.4.3 Composition of India's service exports to Uganda

Uganda's services imports from India have grown significantly over the past decade, with the highest number of receipts recorded in 2023. As shown in Figure 9, the category of other business services has consistently dominated Uganda's import structure, rising from about USD 70 million in 2012 to over USD 160 million in 2023.

Figure 9: India's service exports to Uganda between 2012 and 2023 (USD million)


Source: Author's construction using WTO-OECD Balanced Trade in Services dataset (2025)

Insights from key informant interviews suggests that Uganda attracts many Indians expatriates working in the hospitality, insurance, and management fields, which explains why India's exports of other business services surpasses other categories. Furthermore, it is suggested that government should consider reducing the cost of work permits, especially for specialised projects requiring expertise not available locally, to attract more expatriates.

Data confirms this, the largest contributors to this category in recent years have been research and development services, and professional and management consulting services, both of which have expanded substantially since 2018 as shown in Figure 10. In contrast, technical and trade-related services, once the leading subcategory, have declined in relative importance. This reflects a shift toward more knowledge-intensive imports. This trend underscores Uganda's strong reliance on India for specialised services such as consultancy, R&D, technical services, and business support functions.

The second-largest category is telecommunications, computer, and information services, which increased from around USD 25 million in 2012 to USD 40 million by 2023. This rise reflects India's growing role in providing ICT-related services, including software development, systems integration, and digital infrastructure support. For example, Airtel Uganda is one of the top mobile service providers and is a subsidiary of Airtel Africa which is owned by Bharti Airtel,

a leading Indian multinational telecommunication company (Uganda Securities Exchange, 2025).

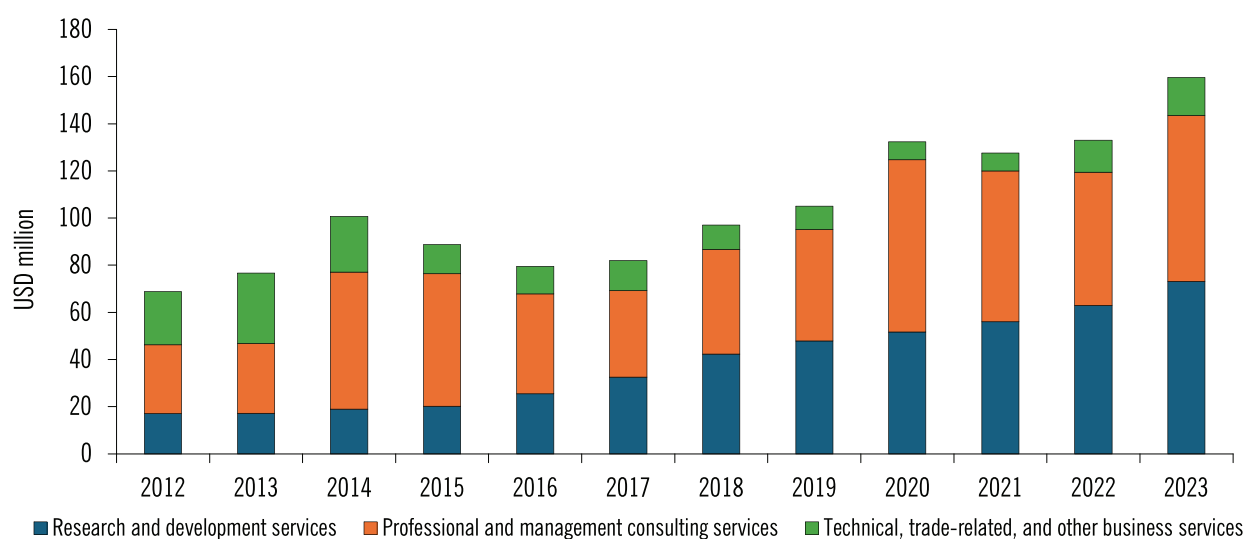
Other service categories, including transport, travel, and construction services, have remained relatively modest in comparison. However, transport services have shown gradual growth, increasing to USD 25 million in 2023, likely due to increased logistics and freight services linked to Indian trade and investment in Uganda. Travel services, which initially accounted for about USD 20 million in 2012, declined sharply during the COVID-19 pandemic (2020), and recovered to around USD 15 million by 2023. Construction services have remained the least significant but showed a steady, small, upward trend.

Overall, this highlights the structural nature of Uganda's service import relationship with India, which is increasingly concentrated in high-value-added and knowledge-intensive sectors. It also reflects domestic capacity gaps that Uganda must address through local services sector development, skills upgrading, and targeted import substitution strategies.

4.5 Foreign direct investment between Uganda and India

The NDP IV identifies Foreign Direct Investment (FDI) as an important source of long-term financing for private sector investment and resource mobilisation (NPA, 2025). The plan also outlines strategies to attract FDI to Uganda including

Figure 10: Composition other business services exports (2012 - 2023)



Source: Author's construction using WTO-OECD Balanced Trade in Services dataset (2025)

enhancing sovereign credit rating through sound fiscal policies; institutional strengthening with consistent policies; improving capacity of local firms to attract foreign partners; ensuring political stability and legal safeguards for investor rights and leveraging commercial diplomacy. Indian investors in industrial parks account for 14.9 percent, ranking behind Uganda and China, especially in key sectors such as agro-processing, ICT, and pharmaceuticals, among others (UIA, 2025). This shows that India has played a significant role in shaping Uganda's FDI landscape, and hence, deepening bilateral ties offers opportunities for mutual gains through strategic investment.

4.5.1 Overview of direct investment from India to Uganda

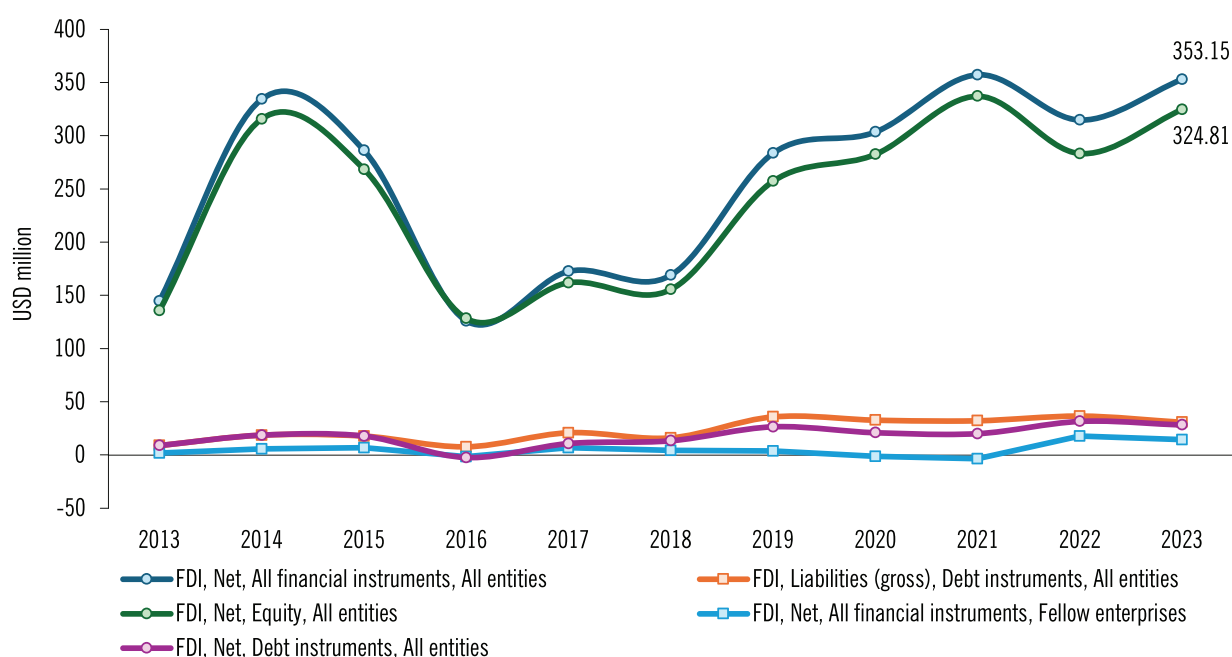
India's direct investments to Uganda has grown substantially over the past decade. As shown in Figure 11, net FDI across all financial instruments and entities rose from USD 144.6 million in 2013 to USD 353.2 million in 2023, reflecting both India's long-term investment interest in Uganda and Uganda's increasing attractiveness as a regional investment hub. Notably, the 2016 slump in direct investments to Uganda is likely attributed to both the uncertainty around Uganda's general election cycle in 2016, and the Indian

demonetisation policy adopted in November 2016, that eliminated 86 percent of the India's currency in circulation, resulting in economy uncertainty but also reluctance for outward FDI (Khan and Faisal, 2018).

The bulk of India's FDI has come in the form of equity investments, which closely mirrored overall FDI trends. In 2023, equity-based FDI amounted to USD 324.8 million, up from USD 135.6 million in 2013. This consistent upward trajectory indicates strong Indian participation in sectors such as manufacturing, pharmaceuticals, telecommunication, and financial services.

Debt instruments have remained a smaller but significant component of FDI. Net FDI through debt instruments increased from USD 9 million in 2013 to a high of USD 31.7 million in 2022, before slightly falling to USD 28.3 million in 2023. This suggests growing Indian involvement in project financing, inter-company loans, and credit backed investments in Uganda. FDI to fellow enterprises (such as subsidiaries or sister companies) has been relatively volatile and minimal, with net inflows fluctuating between negative and positive values, peaking only recently at USD 17.8 million in 2022. This implies limited intra-company reinvestments between Indian multinationals and their Ugandan affiliates.

Figure 11: Showing trends in foreign direct investments from India to Uganda (2013 - 2023)



Source: Author's construction using IMF Direct Investment Positions Database (2025)

Overall, these trends reflect a maturing and diversifying investment relationship. India has become one of Uganda's vital FDI sources, with a strong emphasis on equity and long-term business establishment. The dominance of equity flows over debt and the recent growth in fellow enterprise FDI point to deepening structural ties and the potential for more integrated industrial collaboration.

4.5.2 Direct investments from Uganda to India

In regards to Uganda, total FDI flow is reported, which is *all financial instruments and entities*, that aggregates equity, debt instruments, reinvested earnings, fellow enterprises, and direct investment enterprises. Uganda's outward direct investment to India has been modest and irregular over the last nine years. As illustrated in Figure 12, Uganda's FDI to India fluctuated between USD 0.1 million and USD 18 million over the nine-year period. The highest outflow was recorded in 2018, amounting to USD 18.0 million, followed by USD 13.9 million in 2023. This portrays increased Ugandan investor interest or partnerships with Indian firms during those years. Furthermore, the pattern indicates that while Uganda's outward investments remain limited, there is emerging engagement with India, possibly through joint ventures, acquisition of services or technology stakes, or exploratory business activities. The decline observed in 2020, is attributed to the COVID 19 pandemic and related lockdown measures that were characterised by high economic uncertainty. The consequent rebound since 2021 may reflect growing private sector confidence towards the end of the pandemic, improved capital flows, and stronger institutional partnerships between the two countries.

4.6 Challenges faced in doing business, trade and Investment between Uganda and India

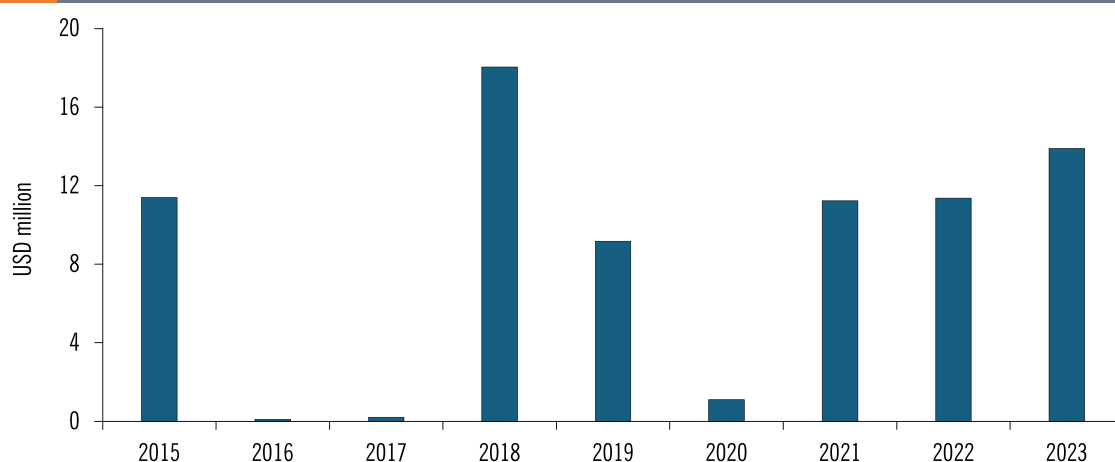
Indian businesses (both multinational and locally incorporated) operating in Uganda face several challenges that constrain their growth and limit the full realisation of their potential. It is important to note that these challenges are not peculiar to those faced by other Uganda-owned and operated businesses. Through Key informant interviews with several Indian owned and multinational businesses, challenges identified include trade and market access barriers, high costs of operation and financing, shortages of industry-ready skills, regulatory delays and inadequacies, weak coordination among key institutions, and negative perceptions of security and investment climate, as expounded below:

i. Trade and market access-related constraints

Persistent non-tariff barriers have significantly hindered export growth and limited Uganda's potential to fully benefit from regional and global trade agreements. For instance, Uganda continues to face non-tariff barriers in exporting sugar, dairy products and extra neutral alcohol among others, within the regional markets of Kenya, Rwanda, and Tanzania. A key informant noted that:

"The main challenge is that Uganda is the only country strictly following the agreed EAC trade Protocols. For instance, Kenya continuously blocks or imposes arbitrary duties on our sugar exports, which goes against the protocol of free trade within the EAC." (KII, 2025)

Figure 12: Uganda's net direct investments to India, all financial instruments and entities (2015-2023)



Source: Author's construction using IMF Direct Investment Positions Database (2025)

With regard to accessing the Indian market, Ugandan traders also encounter several market access and penetration difficulties. More specifically, the Indian market has not fully appreciated Ugandan products, with strict standards, cultural differences and acceptance issues being the major barriers. Additionally, Ugandan business travelers face mobility hurdles when dealing with India, such as the difficulty of obtaining visas and other necessary travel documents.

For importers, navigating the certification process on the Indian side is a major challenge. Issues with obtaining third-party verification, such as from Société Générale de Surveillance (SGS), create bottlenecks, increase costs, and delay shipments. Even with all the correct documentation, importers face the risk of having containers rejected and penalised, often on the grounds of an alleged mis-declaration as dangerous goods.

ii. **High costs of operation and financing**

High operational expenses, coupled with the high transportation and electricity costs, erode competitiveness and limit profitability amongst businesses. In addition, exorbitant work permit fees significantly increase operational costs and act as a deterrent to investment as noted by one key informant:

“Currently, a work permit in Uganda costs around USD 3,000 annually. The same permit costs just USD 400 in Rwanda. For large projects requiring many expatriates these fees are cumulatively high, thereby increasing project costs.” (KII, 2025)

Regarding financing, the high interest rates or cost of borrowing makes it difficult for businesses to operate profitably, slows down loan repayment, and discourages reinvestment for growth. Respondents noted:

“In Uganda, the education sector largely depends on student tuition fees and founder contributions. When it comes to financing, access to affordable credit is a huge barrier. Commercial bank rates are extremely high, making it very costly to fund new initiatives and expand.” (KII, 2025)

iii. **Policy, institutional and regulatory weaknesses**

Several governance and regulatory inefficiencies significantly

hinder business growth and profitability. Respondents noted that a key issue is the prolonged delays in import clearances. The Pre-Verification of Conformity (PVoC) process, which should be completed within 72 hours often takes several weeks, leading to unnecessary storage fees and creates more financial burdens. This weak coordination is further complicated by a lack of collaboration among key government agencies, including the MTIC, Uganda National Bureau of Standards (UNBS), the National Drug Authority (NDA), and the Uganda Revenue Authority (URA) among others. One respondent noted that:

“There are two types of imported chemicals - industrial and pharmaceutical. Unfortunately, there are no clear harmonised system codes to distinguish them. When the chemical imports arrive, UNBS may claim they fall under NDA. Then NDA may insist on additional documents, imposes penalties, and causes more delays while URA is simultaneously charging storage fees. This poor institutional coordination leaves importers trapped between agencies.” (KII, 2025)

Relatedly, despite regional agreements like COMESA, businesses importing from member countries frequently face challenges with Ugandan officials questioning the authenticity of certificates, which results in more delays and penalties.

iv. **Tax and audit-related issues**

Beyond the customs and import bottlenecks, businesses also struggle with inconsistent tax policies and aggressive audit practices. The URA, despite promises of a consolidated approach, subjects companies to a persistent cycle of domestic tax and customs audits, which disrupts operations and creates a hostile business climate. Respondents stressed that:

“An audit could drag on for seven to eight months, leaving us uncertain about outcomes. That kind of delay holds back investments and expansion.” (KII, 2025)

“We are tax-compliant, yet we undergo several audits. It feels like because we are compliant and visible, we end up being more closely scrutinised, while some players who are less transparent seem to escape that radar.” (KII, 2025)

In addition, businesses stress that there is a discrimination in how tax benefits are offered, exacerbated by the absence of a clear policy framework that assures businesses of support if they undertook certain investments.

v. **Inadequate skills and human capital**

Businesses also noted that they faced challenges in acquiring human capital with the prerequisite industry skills. More specifically, respondents noted that upon hiring graduates locally, they would require lengthy re-training and re-skilling. Similarly in the education sector, obtaining qualified lecturers with doctorates in some specialised fields (including artificial intelligence, computer programming, robotics, among others) is very difficult locally. In both cases, the businesses have been forced to rely on expensive expatriate specialists, which cuts their profit margins.

vi. **Negative perceptions and poor branding**

Generally, Uganda is not well known in India as an investment destination, with perceptions of it being a difficult place to live and undertake business. This significantly deters Indian investments to Uganda. Worse-still, the country's international promotion of tourism is weak despite its unique attractions, limiting its potential in the Indian market and beyond. One respondent stated:

"Unfortunately, the image of Uganda is mostly negative, with major concerns around security. Investors recognise the potential and see the viability, but they hesitate when it comes to the safety of their capital." (KII, 2025)

4.7 Opportunities for mutual benefit between Uganda and India

Despite the challenges, there are several opportunities for deepening business, trade and investments relations between Uganda and India, especially under various goals of the NDP IV. Key opportunity areas include:

i. **Agriculture and Agro-Industrialisation**

The NDP IV targets an increase in the export value of priority commodities and their processed products from USD 2.5 billion to USD 4.8 billion by 2029/30 under the Agro-industrialisation programme (NPA, 2025). This reflects Uganda's commitment to export diversification and value addition promotion through its wider agro-industrialisation

agenda. Uganda's fertile land and climate offer significant opportunities in agriculture, particularly to produce dairy, avocados, and various grains among others, which are in high demand India. This potential positions Uganda to become a reliable supplier to India. Furthermore, Uganda can leverage agro-processing machinery or attract FDI from India to boost its own agro-industrialisation and support the nation's Ten-fold Growth Strategy by adding value to its agricultural products.

ii. **Technology and Innovation**

Under the NDP IV Innovation, Technology Development and Transfer programme, Uganda plans to create 50 innovation-driven enterprises (IDEs), with at least 10 establishing a presence in export markets (NPA, 2025). These enterprises are envisaged to broaden Uganda's export basket beyond usual commodities. In this dimension, India's advancements in technology and innovation offer significant benefits for Uganda. For example, the adoption of India's Unified Payments Interface (UPI) could dramatically reduce transaction costs and increase financial inclusion for Ugandans. Beyond financial technology, there are also opportunities for technology transfer, more specifically in the areas of business process outsourcing, medical technology, education innovations and digital platforms for boosting services trade and production.

iii. **Education and Skills Development**

Education and skills development present a key area for collaboration between Uganda and India. Under the NDP IV human capital development programme, Uganda seeks to raise the proportion of science and technology graduates relative to arts graduates from 2:5 in FY2022/23 to 3:5 by 2029/30 (NPA, 2025). The objective is to build a strong science and technology workforce that can drive innovation, R&D and industrialisation. Institutions like ISBAT University are providing industry-aligned training in collaboration and through exchange programmes with Indian universities, by integrating digital skills, and creating job portals to ensure graduates are ready for the workforce. In addition, there is an opportunity for Uganda to leverage India's experience to boost its exports of education services, both through online learning platforms and by attracting international students. Furthermore, strengthening Uganda's workforce can be achieved through knowledge exchange, scholarships, and skills transfer programs with India, given that it is a global hub for science, technology and innovation.

iv. **Tourism and culture-related opportunities**

The NDP IV recognises tourism as Uganda's main source of foreign exchange and a major contributor to employment; however, yet has untapped potential (NPA, 2025). Under the Tourism Development programme, the goal is to increase foreign exchange to USD 10 billion by FY2029/30 from USD 1.0 billion in FY2023/24 (bid). Uganda's diverse landscape and unique wildlife, including its mountain gorilla population and a wide variety of bird species, provide a strong foundation for tourism. Uganda Airlines' direct flights to India present an opportunity to strengthen connectivity and attract more Indian tourists to Uganda. Another significant area for growth lies in leveraging Bollywood, as its films have a proven track record of successfully promoting international destinations to Indian audiences. Collaborations with the Indian film industry could help establish Uganda as a premier filming and tourism location. One respondent urged that:

"Uganda has untapped potential in tourism. Bollywood movies have made Switzerland a top Indian destination market. Therefore, creative collaborations, and film promotion could greatly expand Uganda's tourism industry." (KII, 2025)

v. **Industrial and Infrastructure Development**

The situational analysis under the Manufacturing programme states that significant investment has been made in establishing industrial parks and free zones; but many still fall short of the approved national guidelines for their development (NPA, 2025). Of the 25 industrial parks planned across the country, only six are currently operational, and none fully comply with the established guidelines. Therefore, industrial and infrastructure development represent a key area of potential collaboration between Uganda and India. For instance, TATA Uganda is preparing to assemble vehicles locally, a move that will create jobs and build local capacity. In addition, Uganda stands to gain by sourcing machinery from India to strengthen its mining and manufacturing capacity. Also, financial support/credit lines from the Exim Bank of India and FDI debt instruments from India could be leveraged to fund priority projects, such as manufacturing units, which would significantly enhance Uganda's industrial base.

4.8 Lessons for Uganda: A case study of India

4.8.1 Growth of business process outsourcing in India

The Business Process Outsourcing (BPO)⁴ sector is the fastest expanding area within India's Information Technology Enabled Services industry (ITES) (Darji, 2022). Since its exponential growth in the mid-1990s, following the privatisation and liberalisation of the telecom sector, BPO in India has witnessed remarkable expansion, fuelled by factors such as economies of scale, risk reduction, cost advantages, improved efficiency, and enhanced expertise (Sinha 2024; Darji 2022). India's BPO sector provides a wide variety of services, including call centres, round-the-clock customer support, accounting and bookkeeping, data entry and processing, IT services, online research, technical assistance, telemarketing, and document management among others (ibid). India is an attractive destination for the BPO industry, because its workforce is efficient and speaks English competently to handle global business operations, as well as cost advantages and conducive business environment for BPO start-ups (Bhattacharjee et al, 2024; Darji 2022).

BPO services accounted for USD 51 billion of USD 254.5 billion of India's total services exports in 2021–22 (EY, 2023). Direct and indirect employment in the IT and BPO sector was estimated at 5.1 million and over 12 million, respectively, in FY 2021–2022. (ibid). Cognizant of the economic contribution of BPOs, the Indian government boosted growth by establishing Export Enterprise Zones, IT Special Zones, Software Technology Parks and extending tax holiday incentives to the sector (Bhattacharjee et al, 2024).

Furthermore, targeted policies and interventions such as the India BPO Promotion Scheme (2015), launched under the Digital India Programme, aimed to support the creation of 48,300 jobs in the BPO/ ITES jobs nationwide (STPI, 2024). The scheme focuses on building infrastructure and skilling manpower in smaller cities (ibid). The National Digital Communications, 2018 policy aims to establish reliable, secure, accessible and affordable digital communications

4 Business Process Outsourcing (BPO) involves delegating specific tasks to an external organisation, helping firms cut costs, focus on core activities, and optimise resources (Darji, 2022; Bhattacharjee et al., 2024; Sinha, 2024). It can be offshore (foreign country), onshore (domestic company) or nearshore (neighbouring country) (Darji, 2022).

infrastructure and services; and to support India's transition to a digitally empowered economy and society, which tie into the BPO ecosystem (DoT, 2018).

Lessons for Uganda

The overarching objective is to position Uganda as a competitive outsourcing destination that increases its share of global BPO exports. In doing so, Uganda can generate large-scale employment for youth, especially in urban and peri-urban centres, and diversify its service exports beyond the current reliance on travel and tourism. This would directly contribute to reducing Uganda's persistent services trade deficit with India. Another key objective is to deepen bilateral cooperation with India, leveraging Indian expertise, FDI, and knowledge transfer to embed Uganda into regional and global outsourcing value chains. With the adoption of the National BPO Policy (2025), which aims to position Uganda as a regional outsourcing hub (MoICT, 2025), the country now has a well-defined framework to drive the expansion of the BPO industry, attract investment, and strengthen confidence among potential investors.

In addition, Uganda's NDP IV emphasises digital transformation, export diversification, and job creation as levers for structural transformation and inclusive growth. Service exports are underdeveloped relative to goods, with Uganda largely exporting limited travel and consultancy services. Insights from a KII highlight that Uganda's BPO promotion should be aggressive and technically driven. The respondent stated that Uganda cannot rely solely on political delegations abroad to pitch the country's outsourcing potential but must include technocrats who can demonstrate capacity to international clients. It is further suggested that Uganda should actively market itself in the US, UK, and European markets, as India and the Philippines have done, if it is to attract serious outsourcing contracts.

To achieve this, Uganda could leverage its relationship with India to connect start-ups with Indian outsourcing firms and investors. The KII also indicated that platforms such as the Indian Business Forum, could serve as important partners for BPO promotion, by linking Ugandan institutions to Indian investors.

4.8.2 Case study of India's health services exports

Over the past few years, India has witnessed a significant expansion in its health service exports. Globally, India ranks

10th in the Medical Tourism Index and 7th in wellness tourism, attracting nearly 2 million patients from over 70 countries (KPMG, 2025). The sector is estimated to be worth USD 18.2 billion in 2025 and is projected to reach USD 58.2 billion by 2035, reflecting a compound annual growth rate (CAGR) of 12.3 percent (ibid). India's healthcare infrastructure has grown rapidly through several public and private initiatives, including the construction of modern hospitals and facilities, training of more healthcare professionals, and adoption of telemedicine and digital health technologies (Mordor Intelligence, 2025).

India's medical tourism industry is undergoing a demographic shift, with patient inflows expanding beyond Africa and Asia to include a growing number from Europe and the United Kingdom (Economic Times, 2025). Geographically, major cities including Mumbai, Chennai, and New Delhi have cemented their status as prominent medical hubs, providing a wide range of treatments including dental care, cosmetic surgery, cardiac surgery, ophthalmology, cancer treatment, orthopedic and fertility treatments among others (Mordor Intelligence, 2025). To boost medical tourism, India adopted two main medical visas, including the medical visa (MED Visa), for foreigners seeking treatment in recognized hospitals and specialised centers, and the AYUSH Visa, designed for those pursuing care through traditional systems such as Ayurveda, Yoga, Unani, Siddha, and Homeopathy (KPMG, 2025).

What stands out in India's medical and wellness tourism?

India offers a wide range of treatments at a cost 90 percent lower than western countries, while integrating holistic wellness systems (Ayurveda, Yoga, Unani, and Naturopathy) into modern healthcare (KPMG, 2025). Notably, the country prioritised training a large pool of nationally accredited English-speaking doctors, nurses, and support staff working in over 1,700 accredited hospital facilities (ibid).

To boost accessibility to its health facilities, India introduced e-Medical and AYUSH visas, expanded air connectivity (establishing over 50 international terminals connecting smaller cities), and promoted post-treatment care and telemedicine (ibid). To uphold patient rights, confidentiality, and data protection, India enforces the Digital Personal Data Protection Act, 2023, along with other supporting regulations such as the Clinical Establishments Act (2010) and National

Medical Commission Act (2019). In addition, government-led initiatives including “Heal in India” campaign, establishment of the Ayushman Bharat Digital Mission, Unified Health Interface, and National Medical and Wellness Tourism Board have proven beneficial in boosting India’s health service exports.

5.0 CONCLUSION AND POLICY RECOMMENDATIONS

Uganda and India have built strong and enduring ties that have expanded across trade, investment, education, health, and cultural exchange. The analysis shows a persistent trade imbalance, with Uganda relying on primary commodity exports and India dominating in manufactured goods and services. However, the identified untapped export potential and diversification opportunities, particularly in agriculture, agro-processing, and selected manufactured products, indicate that Uganda can strengthen its position in the Indian market. Likewise, India can expand its exports into sectors with rising demand in Uganda such as medicaments for retail sale and motorcycles.

In services and foreign direct investment, India’s footprint in ICT, education, pharmaceuticals, and manufacturing demonstrates the scope for deeper collaboration. Uganda can draw lessons from India’s successful promotion of BPO and health service exports to diversify its service sector, create jobs, and reduce its services trade deficit. At the same time, addressing barriers such as high operational costs, regulatory inefficiencies, skills shortages, and negative investment perceptions will be critical for unlocking these opportunities. Strengthening coordination, improving the investment climate, and deliberately aligning bilateral cooperation with Uganda’s NDP IV priorities will enable both countries to realise mutual benefits and advance sustainable, inclusive growth.

To unlock the full potential of Uganda–India relations, deliberate policy measures are needed to address current challenges and harness emerging opportunities, as outlined in the table below:

Table 5: Actionable policy recommendations

Policy Area	Key Actions
Trade Facilitation and Diversification	• Reduce non-tariff barriers and streamline certification/clearance processes. • Promote value addition in coffee and cocoa. • Support diversification into cashew, oil seeds, veneer sheets. • Encourage India to expand distribution networks and after-sales services in Uganda for machinery and equipment.
Services Trade Development	• Invest in digital infrastructure and technical skills. • Market Uganda’s outsourcing capacity. • Partner with Indian firms to expand training and link Ugandan start-ups to global BPO markets. • Strengthen Uganda’s health and education service exports with Indian expertise.
Foreign Direct Investment (FDI)	• Improve investment climate by reducing operational costs and regulatory inefficiencies. • Lower work permit fees and streamline tax/audit processes. • Strengthen institutional coordination as well as other business and trade supporting agencies. • Promote Uganda as a competitive destination for Indian investors. • Align FDI with NDP IV and ATMS priorities in agro-processing, ICT, manufacturing, and infrastructure.

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APPENDIX

Appendix A: ITC export potential and diversification assessment methodology

Export Potential Indicator (EPI)

The EPI estimates the export potential of products that a country already exports competitively (Shinyekwa et. al., 2025). The EPI methodology is grounded on the theoretical underpinnings of the gravity model and is based on the interaction of three components, including supply, demand, and ease of trade (Decreux and Spies, 2016).

The supply side is measured by a country's projected world market share for a product, adjusted for expected GDP growth and corrected for global tariff disadvantages as shown in equation A.1 below. This provides a forward-looking measure of the exporter's capacity to supply a given product.

$$Supply_{ik}^{EPI} = Projected MS_{ik} \times GTD_{ik}, \quad (A.1)$$

Where $Projected MS_{ik}$ denotes the market share and capacity of a country to competitively export products to a given market. In addition, GTD_{ik} captures the global tariff disadvantage the country faces while exporting product k to the international market.

On the demand side, computations are made basing on the destination market's projected import values of the product, considering GDP per capita growth, population growth, expected tariff reductions, and price elasticity of demand as described in equation A.2. A market tariff advantage factor and a distance factor are incorporated to account for preferential tariffs and product-specific transport sensitivities.

$$Demand_{ijk} = Projected M_{jk} \times MTA_{ijk} \times Distance factor_{ijk}, \quad (A.2)$$

Where the projected imports are captured as:

$$Projected M_{jk} = v_{jk} \times \left(\frac{\Delta GDP_j}{\Delta Pop_j} \right) \times \Delta Pop_j \times Tariff reduction_{jk}, \quad (A.2a)$$

In addition, MTA_{ijk} denotes the market tariff advantage that a given country enjoys in the destination country and the distance factor acts a proxy for transportation costs between two trading partners.

The ease of trade, which captures the overall trade between the exporter and importer, is measured as the ratio of actual trade flows to expected flows if the country held the same market share in the destination market as in the world specified in equation A.3 below:

$$Ease_{ij} = \frac{v_{ij}}{\sum (Supply_{ik}^{EPI,Static} \times Demand_{ijk}^{static})} \quad (A.3)$$

Conclusively, the EPI captures the product of supply, demand, and ease of trade, with normalisation to ensure consistency across markets as shown below:

$$EPI_{ijk} = Supply_{ik}^{EPI} \times Ease_{ij} \times Demand_{ijk}, \quad (A.4)$$

Comparing potential exports to actual exports reveals unrealised export opportunities, highlighting areas where policy and trade support interventions can close the gap.

$$\text{Unrealized potential}_{ijk} = EPI_{ijk} - \min(v_{ijk}, EPI_{ijk}), \quad (A.5)$$

Product Diversification Indicator (PDI)

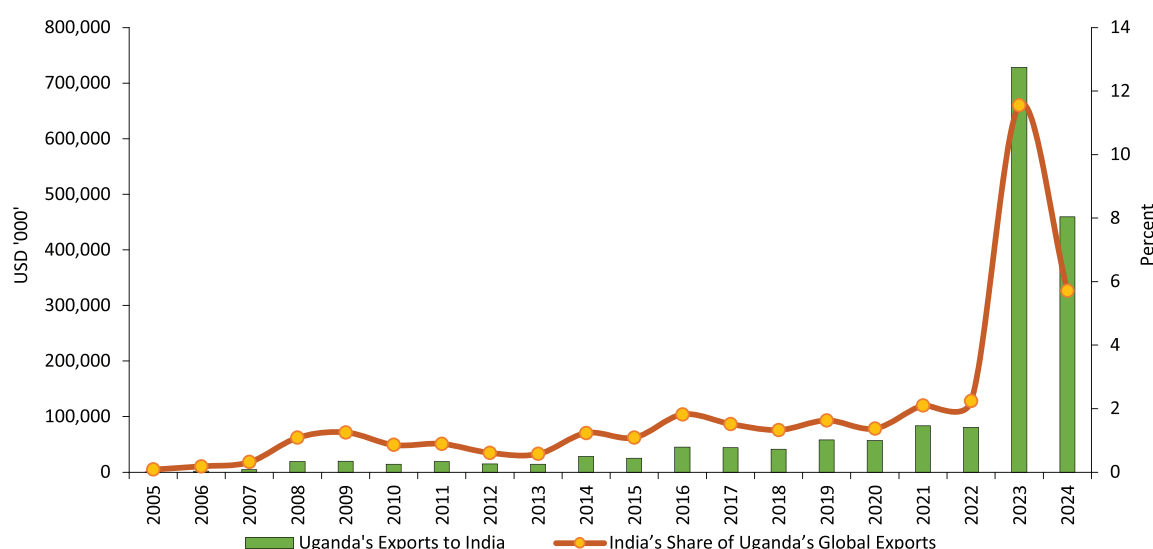
The PDI identifies opportunities for countries to diversify into new products that they do not yet export competitively but could feasibly produce (Shinyekwa et. al., 2025). The methodology is grounded on Hausmann and Hidalgo's concept of the product space, which measures relatedness between products (Decreux and Spies, 2016). The PDI is constructed by combining normalised density (proxy for supply) with demand and ease of trade factors as shown below:

$$PDI_{ijk} = \text{Supply}_{ik}^{PDI} \times \text{Ease}_{ij} \times \text{Demand}_{ijk}, \quad (A.6)$$

Through this equation, products are then ranked to identify diversification opportunities most likely to thrive in global markets. This approach integrates both supply feasibility and demand attractiveness, providing guidance for policy strategies aimed at structural transformation and export diversification.

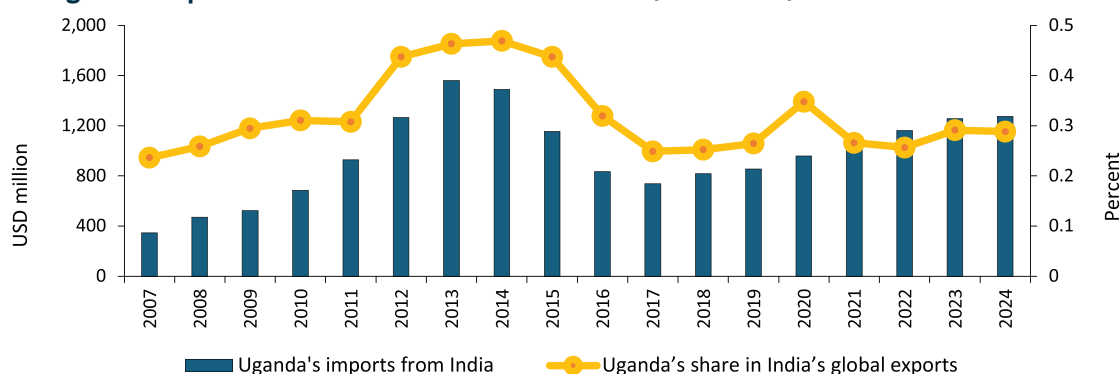
Appendix B: Export-import trends and market share

Figure A. 1: Uganda's export to India between 2005 and 2024 (USD '000')



Source: Authors' construction using ITC Trademap (2025)

Figure A. 2: Uganda's imports from India between 2005 and 2024 (USD million)



Source: Authors' construction using ITC Trademap (2025)

Appendix C: Trade performance and potential areas for diversification

Table A. 1: Top 10 bilateral export products between Uganda and India (USD '000')

Code	Product	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Average
Uganda export products to India												
'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	-	-	50	83	-	-	7	-	635,077	352,993	98,821
'09	Coffee, tea, maté and spices	14,105	20,004	25,756	20,274	25,059	31,604	49,579	49,161	69,064	78,525	38,313
'18	Cocoa and cocoa preparations	462	3,587	8,951	10,872	13,098	12,718	14,224	16,159	8,253	5,033	9,336
'07	Edible vegetables and certain roots and tubers	3,295	11,325	2,222	640	109	1,647	11,219	3,177	1,788	12,923	4,835
'52	Cotton	43	3,036	1,036	2,300	11,416	815	-	145	-	325	1,912
'35	Albuminoidal substances; modified starches; glues; enzymes	-	1,147	1,672	303	1,151	1,945	795	117	3,517	1,487	1,213
'41	Raw hides and skins (other than furskins) and leather	1,732	1,429	1,096	2,654	1,223	1,082	996	863	567	185	1,183
'12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	348	181	323	101	684	3,321	3,765	2,018	430	60	1,123
'04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...	2,816	2,718	-	48	45	326	445	1,051	519	439	841
'13	Lac; gums, resins and other vegetable saps and extracts	-	-	-	502	675	586	886	2,868	1,390	738	765
Uganda's product imports from India												
'30	Pharmaceutical products	174,401	158,702	140,736	161,059	183,842	192,611	200,605	214,399	246,234	180,818	185,341
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	493,491	246,173	138,918	116,352	100,270	152,579	89,052	79,713	171,313	230,114	181,798
'84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	94,548	69,548	83,764	91,043	121,977	126,892	146,744	159,947	176,501	205,357	127,632

Code	Product	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Average
'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	73,470	66,965	72,743	87,794	101,786	99,988	166,725	192,993	177,541	179,276	121,928
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	41,160	27,164	26,993	35,457	31,650	46,553	43,206	42,458	41,634	53,020	38,930
'39	Plastics and articles thereof	23,845	28,683	37,156	51,809	42,580	36,854	37,796	40,695	36,705	47,285	38,341
'38	Miscellaneous chemical products	25,395	21,209	30,789	30,877	31,093	39,881	47,877	61,811	47,293	41,803	37,803
'48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	21,204	20,036	20,623	31,245	30,486	19,505	23,918	50,342	35,752	42,547	29,566
'29	Organic chemicals	18,402	23,749	21,434	25,015	24,410	31,716	41,519	36,852	29,370	28,750	28,122
'17	Sugars and sugar confectionery	27,656	25,517	13,813	7,867	24,467	38,624	16,411	15,803	19,252	15,447	20,486

Source: Author's construction using ITC Trademap (2025)



Economic Policy Research Centre
Plot 51, Pool Road, Makerere University Campus
P.O. Box 7841, Kampala, Uganda
Tel: +256-414-541023/4, Fax: +256-414-541022
Email: eprc@eprcug.org, Web: www.eprcug.org