



Doing Business in India: 2014 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in India

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Market Overview

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The Republic of India is the 18th largest export market for U.S. goods. Two-way trade reached \$63.7 billion in 2013. U.S. companies exported \$21.9 billion worth of goods to India, dominated by civil aircraft and spare parts, machinery and electrical machinery which accounts for approximately 30 percent of the total trade. The U.S. presently has a trade deficit with India. U.S. imports comprise primarily diamonds, pharmaceuticals and petrochemical products. The stock of U.S. foreign direct investment (FDI) in India was \$29.5 billion in 2012 (latest data available).

India's sizeable and rapidly growing domestic market, growing financial markets, large English-speaking population, and stable democratic government make it an attractive destination for U.S. business. It is the 11th largest economy in the world and third largest Asian economy. However, India underperforms relative to its vast potential. Major areas of concern include corruption, caps on foreign direct investment (FDI), inadequate financing at reasonable rates, complex and lengthy investment approval and land acquisition processes, antiquated labor laws, and poor enforcement of contracts and arbitration judgments. Economic growth slowed significantly to 4.4 percent in 2013. The IMF estimates GDP growth for 2014 will increase to 5.4 percent, from 4.7 percent the year prior, reflecting optimism about a good monsoon and the ability of the new government to advance much-needed reforms.

U.S. FDI in India is largely in the professional, scientific, and technical services, finance/insurance services, and the information service sectors. Major U.S. companies include: AECOM, Bank of America, Bell Helicopter, Black and Veatch, Coca-Cola, DuPont, Dow, Federal Express, General Electric, General Motors, Jacobs Engineering, KFC, Lockheed Martin, McDonalds, Microsoft, Kimberly Clark, PepsiCo, Raytheon, United Airlines, among others. The fast growing franchising industry in the last two years attracted U.S. major food service brands such as Dunkin' Donuts, Krispy Kreme Donuts, Starbucks, and Burger King, establishing their businesses in metropolitan areas as well as Tier 1 and Tier 2 cities. India is the eighth fastest growing source of FDI into the U.S. The total stock of FDI from India into the U.S. is \$8.9 billion.

The Indian rupee suffered instability in 2013, ending the year 13 percent lower after suffering a drop of over 20 percent in the Spring. Two years of steady depreciation reflect slowing economic growth and rising macroeconomic imbalances. Key issues in 2013 were inflation, a large fiscal deficit and a widening current account deficit due largely to oil imports and fuel subsidies. Another concern for the Indian government was the sharp decline in FDI inflows. This decline was triggered by concerns about tightening global liquidity conditions and India's relative macroeconomic stability. Over the summer, the Reserve Bank of India (RBI) took a series of steps to stabilize the currency and limit capital outflows, which further damaged investor confidence. However, new leadership at the RBI in September 2013 focused on improving policy transparency and restoring market confidence.

The former UPA coalition government enacted a handful of new laws in 2013 that, if properly implemented and enforced, could improve the country's overall business climate. The Companies Act offers significant improvements to corporate governance procedures, imposing stiffer penalties for fraud, increasing protection for investors and creditors, simplifying processes for creating and closing businesses, and mandating greater transparency in financial disclosures. India held the largest elections in world history with over 600 million voters from April to May 2014. The Bharatiya Janata Party (BJP) government won a decisive majority, the first in 30 years. The economic priorities of new Prime Minister Narendra Modi include: enhancing the ease of doing business, substantially augmenting India's power generation capabilities, plus upgrading infrastructure and urbanization of Tier 2 and Tier 3 cities.

Many economists consider that the previous UPA government, partly due to the demands of a large and diverse coalition, had allowed economic policy to drift. There are expectations that the new central government with a strong majority in Parliament will better steer economic policy, improve government

transparency, and facilitate investment in manufacturing and infrastructure to stimulate growth and job creation.

Market Challenges

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Infrastructure

Problems with the country's roads, railroads, ports, airports, education, power grid, and telecommunications are significant obstacles as the nation strives to achieve its full economic potential. India's ongoing urbanization, together with rising incomes, has resulted in a heightened need for improved infrastructure, both to deliver public services and to sustain economic growth. India is seeking to invest \$1 trillion in its infrastructure during the 12th Five-Year Plan (2012-2017) and is looking for private sector participation to fund half of this massive expansion largely through its home-grown Public-Private Partnership (PPP) model. U.S. companies have been successful in certain areas of India's infrastructure development, but competition from other countries is becoming stiffer. As a result, U.S. industry's market share in India in this sector has been declining. Unfortunately, the PPP model has encountered significant barriers slowing the development of numerous metro transit, road/highways, airport, mining and energy projects.

High Tariffs and Protectionist Policies

Import duties continue to be comparatively very high. Exporters and investors are also faced with non-transparent and often unpredictable regulatory and tariff regimes. Most U.S. services are still strictly excluded from the market. According to the World Bank survey for 2014, India is ranked 134th out of 189 countries due to its difficult business climate. Moreover, it is ranked 186th in enforcing contracts.

Local Content Requirements

The Indian government is pursuing local content requirements in specific areas including information and communications technologies (ICT), electronics, and solar energy to spur an increase in the manufacturing sector's contribution to GDP. These policies negatively affect U.S. exporters.

With regard to ICT, which has been a particular area of concern this past year, India recently drafted a policy expressing preference for domestically manufactured telecommunications and ICT products in government procurement, citing security concerns. In addition, all telecom and ICT products that have security implications have to be notified to the Department of Telecommunications by all Ministries. In April 2013, the Indian government announced that all imported ICT equipment would require mandatory licensing and certification from accredited labs in India. The limited number of labs has created yet another hurdle for U.S. exporters seeking to have their products quickly certified for sale and use here. This regulation has not been fully enforced.

This preferential market access (PMA) policy could result in hindering imports of innovative technologies, forcing the government to choose from a limited pool of approved locally-manufactured products for its ICT procurement needs. Most alarmingly, procurements by private telecom companies could be affected as well. Of similar concern is a newly evolving cloud computing policy, which could mandate that all government data remain in India, effectively denying market access to any foreign cloud storage companies.

Compulsory Registration, Testing and Certification

In January 2013, new product labeling and safety testing requirements came into force for imports of electronic goods under the authority of Bureau of Indian Standards (BIS). Prior to the deadline, there were issues related to the precise requirements as well as a significant backlog for pending applications. The Government of India made some last minute adjustments to ease the impact of the new mandates, and subsequently have some willingness to engage industry to lessen the burden and streamline the registration process. While the BIS requirement and process adds to the cost of U.S. exporters, the overall impact is not material.

There is also a pending July 1 2014 deadline that requires local testing of imported telecom and information technology (IT) products by the Department of Telecommunications (DoT)-accredited labs even if the products have been tested as part of the Common Criteria Recognition Arrangement (CCRA) alliance, to which India is a signatory. However, India lacks the laboratory infrastructure to fulfil this mandate, and

similar deadlines in the past have been extended. If the deadline is not extended, this local testing requirement would have a significant impact on U.S. exports of telecom and IT products.

Food Product Approval

Importers must seek formal product approval for “proprietary foods” from the Product Approval Division of the Food Safety and Standards Authority of India (FSSAI). Every “proprietary food” for which the FSSAI has not established a standard will be tested against safety and microbiological parameters, and for heavy metals, wherever applicable, depending upon the nature of the product. Product approvals are currently in abeyance due to a lawsuit filed in Bombay High Court by Vital Nutraceuticals Pvt. Ltd. against FSSAI, as FSSAI has been ordered to suspend approvals pending final disposition of the case.

Weakening of the Patent Regime for Pharmaceutical Industry

In 2013, large pharmaceutical companies holding patents on innovative medicines were negatively affected by a ruling that weakened protection of intellectual property, with the Indian Supreme Court’s ruling in the Novartis *Glivec* patent case which interpreted Section 3(d) of the Indian Patents Act as barring the grant of patents for improved formulations and compounds that may have received patent protection in other countries. In the face of such obstacles, U.S. companies are re-evaluating their business models in India.

Powers of States

On June 2, 2014, Andhra Pradesh was officially split creating two states: Telangana and Seemandhra. Companies should be prepared to face varying business and economic conditions across India’s now 29 states and 7 union territories. Power and decision-making are decentralized in India, making differences at the state level more apparent in political leadership, quality of governance, regulations, taxation, labor relations, and education levels.

Gujarat is an example of a state with a positive business climate that has succeeded in attracting significant foreign investment. Jharkand and West Bengal are on the other side of the spectrum. Each has a much lower level of foreign owned-business activity. West Bengal’s continued efforts to make land more easily available through the government’s “Land Bank” could spark interest in small greenfield projects. However, not enough land is available in tracts for heavy industrial projects. To do business in India successfully, an investor firm should factor differences in approach by different states to its national business strategy.

Overall, many businesses find they simply cannot afford to ignore the potentially lucrative Indian market despite its well documented poor infrastructure, high tariffs, protectionist policies, corruption, bureaucratic inefficiency, and intellectual property regime which present the biggest obstacles to domestic and foreign investment and growth. Nevertheless, India’s massive infrastructure requirements present trade and investment opportunities for U.S. companies seeking to compete against foreign bidders. Similarly, while recent modifications in India’s defense procurement procedure will give priority to domestic public and private sector firms for major military procurements, thus reducing the country’s dependence on imports from foreign vendors, major U.S. defense firms continue to succeed in the Indian market. Many large U.S. multi-nationals are more optimistic about India’s long-term potential and are expanding and deepening their market penetration. American firms with advanced and niche-market products and services are entering the market for the first time, or are replacing legacy distributors appointed in the past with more capable and aggressive representatives. Logistics companies are discovering India as a base for distribution throughout Asia, Africa, and the Middle East. Finally, many smaller American firms have begun to view India as a top anchor market in the region for their products and services.

Market Opportunities

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These leading sectors present opportunities for U.S. entrants to the Indian market on the basis of estimated Indian imports and potential for growth from the U.S. for 2014:

- [Civil Aviation](#)
- [Defense](#)
- [Education Services](#)
- [Environment and Water](#)
- [Franchising](#)

- [Healthcare and Medical Equipment - Life Science, Biotechnology](#)
- [Infrastructure](#)
- [Mining and Mineral Processing Equipment](#)
- [Plastics](#)
- [Power and Renewable Energy](#)
- [Travel and Tourism](#)
- [Food Processing](#)
- [Corrosion Control](#)
- [Supply Chain Management](#)

Specific information on these sectors, as well as best prospects in agricultural sectors is listed in [Chapter 4: Leading Sectors for U.S. Export and Investment](#). In addition to these best prospect sectors there are growing opportunities in the field of homeland security equipment, oil and gas and construction equipment, solar power, and food processing and cold storage equipment.

Market Entry Strategy

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Strategic planning, due diligence, consistent follow-up, and perhaps most importantly, patience and commitment are all prerequisites to successful business. The Indian sub-continent necessitates multiple marketing efforts that address differing regional opportunities, standards, languages, cultural differences, and levels of economic development. Gaining access to India's markets requires careful analysis of consumer preferences, existing sales channels, and changes in distribution and marketing practices, all of which are continually evolving.

Finding Partners and Agents: New to market businesses must address issues of sales channels, distribution and marketing practices, pricing and labeling, and protection of intellectual property. Developing relationships and scheduling personal meetings with potential agents are extremely important. Due diligence is strongly recommended to ensure that partners are credible and reliable.

Geographic Diversity: U.S. companies, particularly small and medium-sized enterprises, should consider approaching India's markets on a local level. Good localized information is a key to success in such a large and diverse country. The U.S. Commercial Service posts in New Delhi, Mumbai, Chennai, Ahmedabad, Bangalore, Hyderabad and Kolkata provide valuable local information and advice and are well plugged in with local business and economic leaders. Multiple agents are often required to serve each geographic market in the country.

Market Entry Options: Options include using a subsidiary, a joint venture with an Indian partner, or using a liaison, distributor, project, or branch office.

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Chapter 2: Political and Economic Environment

Religion, caste, and language are major determinants of social and political organization in India today. Hindi, the national language, is the most widely spoken, although English is the common language uniting the educated population in a nation with more than 30 major regional languages.

Recognizing India as a key to strategic U.S. interests, the United States has sought to strengthen its relationship with India. The two countries are the world's largest democracies, both committed to political freedom protected by representative government. India is also moving gradually toward greater economic freedom.

To read more about the political and economic environment, please click on the link below. You will be directed to the U.S. State Department's "Background Notes on India."

<http://www.state.gov/r/pa/ei/bgn/3454.htm>

For the latest developments in India consult the U.S. Embassy in New Delhi's website:

<http://newdelhi.usembassy.gov/>

Other websites of interest include: CIA World Factbook:

<https://www.cia.gov/library/publications/the-world-factbook/index.html>

Economist Country Briefing:
<http://www.economist.com/countries/India/>

Economy Watch:
http://www.economywatch.com/world_economy/india.html?page=full

India's Ministry of Finance:
<http://finmin.nic.in/>

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Chapter 3: Selling U.S. Products and Services

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Using an Agent or Distributor

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Remember the Scale of India and Consider a Regional Approach: Creating a local presence in India is strongly advised, but if your company is not ready to establish a branch office or a subsidiary, you can get this on-the-ground presence by appointing an agent, representative, or distributor. It is vital to remember that India is a huge and diverse country, with over 30 regional languages. As such, it is strategically important to consider taking a regional approach. If your product has a wide market appeal, we advise finding regional representatives and distributors.

Defining the Terms: An agent may only procure business and will be paid through a commission. A representative normally works on a retention fee plus a commission on the sales generated. Also, a representative is similar to an indenting agent, where the foreign company deals directly with an Indian importer and then an agent consolidates all the imports, taking a commission from the foreign company. A distributor acts as an importer and typically purchases the product on his own account and stocks the products before selling it to the end user. Due to the risk of stocking the products, the distributor's compensation is higher than that of an agent or a representative.

Use Caution when Establishing Critical Relationship: The Indo-American relationship is strong, and Indian firms are eager to buy U.S. products and services. The market is opening as required by India's WTO commitments. As a result, U.S. exporters will find strong interest from potential representatives and distributors for a broad range of products. However, the enthusiasm of potential partners must be weighed against several factors before a relationship is considered. A thorough due diligence study is essential before establishing a relationship, no matter how positive initial meetings may be.

When evaluating a distributor or agent, the Indian firm's business reputation, financial resources, willingness and ability to invest, marketing strength, regional coverage, industry expertise, and credit worthiness should be considered. An ideal distributor will have an extremely good banking relationship to enable the extension of credit and also have the capacity to market a full range of products and services. It is important that the agent or distributor have modern infrastructure and facilities such as warehouses, service workshops, showrooms, and trained staff to meet and exceed the expected volume of business.

The Real Gain is in the Growth Market: U.S. companies should be careful not to be influenced by the eagerness and persistence of a distributor or his representative. Sometimes, Indian firms represent so many companies that they have little time or interest in developing new markets. The Indian firm may not have the vision to go beyond the existing list of contacts that it has nurtured over time. While in the short run, this can still provide very positive returns, the real edge will be in the areas that are currently underdeveloped. Therefore it is critical to objectively measure the ability, willingness, and aggressiveness of the firm in developing new networks, contacts, and areas of business. By checking multiple professional references, a U.S. company can gain broad insight into an Indian counterpart.

Typical Pitfalls to Expect:

The long list syndrome: U.S. companies should exercise pragmatic skepticism when the potential representative offers a long list of foreign clients. These lists may be outdated and the relationships may no longer exist. On the other hand, if all of these relationships do exist, the distributor or agent may not be able to fulfill all obligations and commitments to your product based on the time, financial, managerial, or logistical constraints of building the new relationship. U.S. companies should confirm that the distributor or agent is able to represent the product along with the products of current clients.

The no follow-through syndrome: U.S. companies should ensure that their distributor or agent is fully committed to promoting their product. Very often the distributors or the agents project a professional image backed by a qualified staff, widespread distribution network and a countrywide presence. U.S. companies should make sure that such representatives do not leave the distribution of their products or services to the network. It is imperative that U.S. companies carefully consider all factors prior to making the final selection of a distributor or agent.

Other Issues to Consider:

Advantages of a small distributor: A small distributor may be ideal for implementing a flexible distribution strategy. That India is a vast nation of diverse states poses a logistical challenge to a distributor or to an agent. A small distributor having a presence within a region of India where customers live may be more advantageous, as knowledge of the local market may be a competitive advantage. A small distributor with good product knowledge and marketing skills is often more desirable than a big distributor who leaves the marketing of the product to a section or department of their larger organization. U.S. companies should consider appointing multiple representatives for different products when this is possible.

Due diligence checks: India is a new and rapidly growing economy. As such, simple and traditional methods of validating the credentials of a potential partner are less reliable, and a thorough due diligence study is critical. Before signing a representative's agreement, a credit check of the proposed partner is imperative. The U.S. firm should check with the distributor or agent's bank to determine the potential partner's financial health, reputation and credit worthiness, and seek additional details from accountants, lawyers, industrial associations, and other sources. For technical products, U.S. companies should also ensure the technical expertise of the distributor, the condition of the facilities, and the experience of the technical staff. Due care should be taken in finalizing the contract details and/or memorandum of understanding.

To identify agents and distributors, U.S. companies can take advantage of the [International Partner Search \(IPS\)](#) and [Gold Key Service \(GKS\)](#) programs offered by the U.S. Commercial Service through its seven offices in India. To assist with due diligence background checks on local agents and distributors, U.S. companies can take advantage of the [Commercial Service's International Company Profile \(ICP\)](#) service. Please see [Chapter 10](#) for more information.

Establishing an Office

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The most important parameters in choosing a location in India are: (1) physical infrastructure; (2) state government support and flexibility; (3) cost and availability of power; and (4) the law and order situation. Other factors to take into account include labor availability and cost, labor relations and work culture, and proximity to resources and/or markets. In the area of labor law, an employer with more than 100 workers cannot fire them without permission from a government labor commissioner -- something usually impossible to obtain.

Given the shortage of good commercial office space at reasonable prices in major Indian cities, business centers are a viable option for new companies wanting to establish a physical presence. Business centers are facilities that are ready to move in, wired for communications, and air-conditioned. Billing is normally

done on a monthly basis. For long-term use, discounts are generally available. Many state governments are creating special Technology Parks for selected industry sectors like software, biotechnology, and automotive.

Type of Office: A foreign company or individual planning to set up business operations in India – but choosing not to establish a subsidiary or to form a joint venture with an Indian partner – can do so by establishing liaison, project, or branch offices in India. Approval from the Reserve Bank of India (RBI) is required, and can be obtained by submitting form “FNC” which can be downloaded [here](#). Such companies also have to register themselves with the Registrar of Companies (ROC) within 30 days of setting up a place of business in India.

Liaison or Representative Office: Many foreign companies initially establish a presence in India with a liaison or representative office that is not directly engaged in commercial transactions in India. The purpose of these offices is to oversee their networking efforts, promote awareness of products, and to explore further opportunities for business and investment. A liaison office is not allowed to undertake any commercial activity and cannot earn any revenue in India. As no revenue is generated, there are no tax implications to the office in India. Such offices are not allowed to charge any commission or receive other income from Indian customers for providing liaison services. All expenses are to be borne by inward remittances. A foreign company establishing a liaison office cannot repatriate money out of India.

Branch Office: A branch office, like a liaison office, is not an incorporated company but an extension of the foreign company in India. A branch of a foreign company is limited to the following activities by the RBI: representing the parent company and acting as its buying/selling agent; conducting research for the parent company; carrying out import and export trading activities; promoting technical and financial collaborations between Indian and foreign companies; rendering professional or consulting services; rendering services in information technology and development of software in India; and rendering technical support to the products supplied by the parent/group companies.

A branch office actually does business in India and is subject to taxation in India. The branch office is allowed to repatriate profits generated from their Indian operations to the parent company after paying taxes. However, a branch office is not allowed to carry out manufacturing and processing activities directly (though it can sub-contract such activities to an Indian manufacturer).

Project Office: Foreign companies sometimes set up a temporary project office to undertake projects in India awarded to the parent company. It is essentially a branch office set up for the limited purpose of executing a specific project. Approval for project offices is generally accorded for executing government-supported construction projects or where the projects are financed by Indian and international financial institutions and multilateral organizations. In exceptional cases, approval is also given for private projects. Upon completion of the project, project offices may remit outside India the surplus of the project, after meeting tax liabilities.

None of these entities is permitted to acquire real estate without prior RBI approval. However, they are allowed to lease property in India for a maximum period of five years.

For more information on establishing a physical presence, taxation, labor and other issues, see [Chapter 6](#).

Franchising

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Franchising a brand offers tremendous opportunities to U.S. franchisors of food and beverages, education and training, retail, health, beauty and wellness products and services. For more information, visit [Franchising](#) in Chapter 4.

Direct Marketing

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The Indian Direct Selling Association (IDSA) announced recently that the Indian direct selling market size was worth \$1.19 billion in 2012-13, up from \$1.06 billion in 2011-12. The industry is expected to reach \$1.81 billion by 2014-15 according to industry sources. The industry grew by 12 percent in 2012-13 against a rate of 22 percent in 2011-12.

Just two Indian states have detailed and focused guidelines for direct selling companies -- Kerala and Rajasthan. On a national level, the Indian government formed a committee to strengthen the regulatory and supervisory cooperation among agencies of both the state and federal governments with regards to fraudulent financial pyramid schemes. Direct sellers should have a license to do business in India and should file all

mandatory tax returns. It is mandatory to have trademarks or licenses.

According to IDSA, the direct selling industry offers alternate employment opportunities in India and has contributed significantly to self-employment generation for the country over the years. The total distributor base of the Indian direct selling industry during 2012-13 was 5.5 million up from 4.8 million in 2011-12. The growth of the total distributor network stands at 18.9 percent in 2012-13.

For more information about export opportunities in this sector contact U.S. Commercial Service Industry Specialists:

Sharu Grover at: Sharu.Grover@trade.gov

Manjushree Phookan at: Manjushree.Phookan@trade.gov

Useful Links include:

U.S. Commercial Service in India <http://export.gov/india/>
Ministry of Commerce <http://commerce.nic.in/>
Retailers Association of India <http://www.rai.net.in/>
Images Retail <http://www.imagesretail.com/>
Indian Direct Selling Association <http://www.idsa.co.in/>
India Brand Equity Foundation <http://ibef.org/home.aspx>

Joint Ventures/Licensing

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This type of arrangement is quite common because India encourages foreign collaborations to facilitate capital investments, import of capital goods, and transfer of technology. That aside, India is a market that requires a careful approach because mistakes can be quite costly. Once a decision to go with a joint venture partner is made, it is important to keep in mind the following principles: define each partner's roles and expectations because equality and trust will help keep partners together; experience is a key ingredient; there is no substitute for thorough research and due diligence; and consider the long term.

There are two channels for foreign investment: the "automatic route" and the "government route." Under the "automatic route," the foreign investor or Indian company is not required to seek approval from the relevant central government agency or department (e.g., coal and lignite mining, power, industrial parks, petroleum and gas, non-banking finance). Instead, the investor is expected to notify the [Reserve Bank of India \(RBI\)](#) of its investment via Form "FC (RBI)" within 30 days of inward receipts and the issuance of shares (www.rbi.org.in/scripts/BS_ViewForms.aspx). Investments subject to government approvals are described as taking the "government route," and approval from vested ministries and agencies is required prior to the investment transaction.

The approving entity varies depending on the applicant and the product:

- The Ministry of Commerce and Industry's (MOCI) Department of Industrial Policy and Promotion (DIPP) oversees single-brand product retailing investment proposals as well as proposals made by Non-Resident Indians (NRIs) and Overseas Corporate Bodies (OCBs). An OCB is an entity that is at least 60 percent owned by NRIs, including overseas trusts.
- The MOCI's Department of Commerce oversees proposals from export oriented units (i.e., industrial companies that intend to export their entire production of goods and services from India abroad).
- The Ministry of Finance's Foreign Investment Promotion Board (FIPB) oversees all other applications.

For Sector-Specific Guidelines for foreign direct investment, please see [Chapter 6](#).

The FIPB in the Ministry of Finance is a high-level central agency that deals with and clears proposals for investment in India. The chairman of the board is the Secretary of the Department of Economic Affairs. Other board members consist of the secretaries in the ministries of commerce and industries, and the Economic Relations Secretary in the Ministry of External Affairs. Other members such as senior government officials and professional experts can be co-opted from government agencies and industry as required.

Applications are received by the FIPB. For details on procedure, please refer to the FIPB instruction at <http://www.fipbindia.com/instructions.php>. For NRI investment and for investment in the retail sector, applications need to be submitted to Secretaries for Industrial Assistance (SIA). The SIA is within the Department of Industrial Policy and Promotion in the Ministry of Commerce and Industry. It provides a single window for entrepreneurial assistance, investor facilitation, processing of all applications that require government approval, assisting entrepreneurs and investors in setting up projects (including liaison with other organizations and state governments) and monitoring the implementation of projects. The timeline for approval of applications made to FIPB and SIA that meet all the required criteria is usually one month.

India has taken gradual steps toward FDI liberalization but the process is still quite cumbersome and allowed with many limitations. In late 2012, India started allowing FDI in multi-brand retail with foreign companies owning up to 51 percent of the entity with a few caveats. First and most importantly, each state can decide whether to allow this FDI, meaning that fewer than half the states in India have gone along with the plan. Second, the new rules require companies to invest \$100 million, of which half has to be invested in back-end infrastructure in the first three years. While some new FDI continues to flow this year, the change has not caused a significant increase in FDI, perhaps due to the strings attached to the new rules.

The November 2011 National Manufacturing Policy (NMP) calls for greater local value addition requirements in government procurement in certain sectors (e.g., solar energy equipment, electronic hardware, fuel efficient transport equipment and IT based security systems).

http://commerce.nic.in/whatsnew/WhatsNew_detail.asp?id=35 Government approval is required for any foreign investment greater than 24 percent equity when the manufacturer is not a micro, small or medium-sized enterprise (MSME) and the entity will manufacture items reserved for the MSME sector (there are 20 specific goods and services on the reserved list. The list can be found at <http://www.dcmsme.gov.in/publications/reserveditems/reserved2010.pdf>). An MSME is a company with a total investment in plant and equipment of under \$2 million. The exact definition can be found at http://www.dcmsme.gov.in/ssiindia/defination_msme.htm.

FDI policy is governed by the Foreign Exchange Management Act of 1999 and the RBI. Details on current caps and procedures are available at: http://dipp.nic.in/English/Policies/FDI_Circular_02_2011.pdf.

Investment in the Following Areas is Accorded Priority in Considering Investment Applications:

Items listed in the automatic approval list, where conditions for automatic approval are not met; infrastructure; items with export potential; projects with large employment potential, particularly in rural areas; items which have a direct or indirect linkage with the agricultural sector; socially relevant projects such as hospitals and life-saving drugs; and projects which induct new technology or infuse capital. If the U.S. investor has written a comprehensive proposal, provided details, and the FIPB is fully satisfied that the investment meets India's industrial development goals, approval can be granted in as little time as three weeks. Proposals that are badly formulated, do not meet FIPB goals, and invite objections on political, environmental, public health or welfare grounds are likely to be denied.

Investment in Existing Pharmaceutical Companies: In October 2011, FDI rules were changed for the pharmaceutical sector. For investments in new projects (green field investments), 100 percent FDI is still allowed. In case of investment in existing companies (brown field investments), FDI will be overseen by the Competition Commission of India (CCI) in accordance with India's competition laws that will ensure a balance between public health concerns and FDI. At the time of this writing, FIPB approval is still required before any existing pharmaceutical manufacturer can be acquired by a multi-national company. The new government will also have to decide whether a greater percentage of foreign funds can be invested in existing listed companies than is currently allowed. At the heart of the matter is a perception that large foreign pharmaceutical companies may try to acquire existing companies and then change the products it makes to branded or patented generics. This is viewed in socio-economic terms as a grave concern for India's poorer population which needs access to affordable medicines. See <http://www.livemint.com/Politics/7QKycBBJldoD6NEcrJLnXP/A-trail-of-loose-ends-in-FDI-policies-awaits-new-government.html>.

Industries Reserved for the Public Sector: Some industries are reserved exclusively for the public sector. The following industries are not available for private investment unless a specific approval is obtained: arms and ammunition and allied items of defense equipment, defense aircraft and warships, atomic energy, and railway transport.

For more details please refer to the GOI Ministry of Commerce and Industry's FDI policy, which can be found at: <http://dipp.nic.in/English/Policies/Policy.aspx>.

Compulsory Licensing: Six industries are subject to compulsory licensing in India. The need for licensing is attributed to safety, environmental, and defense related considerations. The licensing authority in this case is the Ministry of Industrial Development and the industries are: distillation and brewing of alcoholic drinks; cigars and cigarettes of tobacco and manufactured tobacco substitutes; electronic aerospace and defense equipment of all types; industrial explosives including detonating and safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals.

First Compulsory License to a Patented Pharmaceutical Product: In March 2012, the Controller General of Patents granted a generic drug manufacturer the right to make and sell a generic copy of a Bayer patented cancer drug, citing that Bayer not only charged a price that was unaffordable to most Indians but also did not supply enough doses of the medication to make it available to patients in India. This case was the first compulsory licensing of a patented drug in India and paves the way for a series of similar rulings in the future.

Selling to the Government

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The estimated size of the government procurement market at the central government level in India is about \$300 billion and it is expected to grow by more than 10 percent annually in the coming years. Three sectors -- health, including pharmaceuticals, railways, and information technology and IT-enabled services represent a large volume of the Indian public procurement market and are expected to grow significantly. Though public procurement accounts for 15 to 20 percent of the Indian economy, there is no central law governing the sector. The situation is similar at the state level. At present only two states -- Karnataka and Tamil Nadu -- have a law governing public procurement. Laws and regulations are implemented by multiple agencies, and Indian government procurement practices and procedures often lack transparency and standardization, which can frustrate foreign suppliers. The process is improving under the influence of fiscal reform policies such those set down in the Defense Procurement Procedure and Manual in 2009 and the revised Defense Procurement Procedure in 2011: <http://mod.nic.in/dpm/welcome.html>. Specific price and quality preferences for local suppliers were largely abolished in 1992. Recipients of preferential treatment are now supposedly limited to the small-scale industrial and handicrafts sectors, which represent a very small share of total government procurement. There are occasional reports of government-owned companies calling in the performance bonds of foreign companies, even when there was no dispute over performance. It is not unusual for negotiations to drag on for months and be held up at more than one level within the Indian bureaucracy for long periods with no discernible movement or reason given for lack of progress.

With this in mind some firms seek out local representatives who are familiar with the culture and customs of India, and are familiar with ways to expedite their product or service through the maze of bureaucracy in government ministries. When foreign financing is involved, principal government procurement agencies tend to follow multilateral development bank requirements for international tenders. However, in other purchases, current procurement practices can result in discrimination against foreign suppliers when goods or services of comparable quality and price are available locally.

The Government of India regularly advertises its requirements for the purchase of supplies and new equipment.

Defense Sales: While most of India's defense equipment was previously purchased from non-U.S. sources, India has recently expressed increased interest in U.S. technologies. The Indian defense sales market today offers great potential for defense suppliers, but U.S. businesses desiring to make defense related sales to India should be aware that the process can be a daunting one. For more information about market opportunities in this sector see the defense section in Chapter 4 and contact Commercial Specialist Nisha Wadhawan at nisha.wadhawan@trade.gov.

Local Representation is Invaluable: U.S. defense suppliers should assess the merits of having some representation in India to assist in market assessments, logistical support, and after-sales contact. This representation can either be through the supplier's own office presence in India (see above section "Establishing an Office"), or through an authorized representative. Caution must be exercised when seeking local expertise because unless strict guidelines are followed, Indian law may be broken.

In November 2001, the Government of India lifted the ban on agents in defense purchases. Regulatory provisions were announced for Indian authorized representatives and agents, where permissible, in defense purchases. Details of these provisions are posted on the web site of the Ministry of Defense at: <http://mod.nic.in/newaddition/repagent.htm>. The regulations require both the principal as well as the potential local representative to meet the provisions stipulated -- it is the foreign supplier that has to make an application to the Ministry to register the relationship reached with the agent. The regulations also call for

complete disclosure of the principal agent relationship in all its aspects.

The process for gaining clearance from the Government of India (GOI) to hire such a representative can also be very slow. These requirements have discouraged many established local representatives in the defense business from registering as agents for new defense deals. The Office of Defense Cooperation (ODC) within the U.S. Embassy in New Delhi works with the Commercial Service in New Delhi to assist U.S. firms by providing contact details of Ministry of Defense and Military Service offices that are the main purchasers of foreign defense goods for India and offer advice on strategies for defense related sales. The tender process that the GOI uses to acquire new defense equipment is relatively slow and complex, with the average time between initial release of a request for proposal and the final contract award often taking several years. The most successful firms are those with the endurance to follow the process through and the situational awareness that comes from local representation or from contact with GOI officials. Tenders are generally posted to the Internet, but most U.S. firms will want to establish MOD contacts and understand emerging opportunities and the requirements process well before tenders are publicly announced at: <http://www.tenders.gov.in/>. Many ministries announce tenders specific to their ministry on their own website.

A private portal to several Government of India websites is found at: <http://www.sarkaritel.com/ministries/>.

Distribution and Sales Channels

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There has been a significant expansion in distribution channels in India during the past few years. India's \$490 billion retail sector includes organized and unorganized retailing. For the organized retail sector, franchising is the most popular business format to attract consumers. KPMG Industry sources estimate that 43,000 franchisee establishments (valued at \$36 billion) may be required in 2017 to meet the growing demand. The Government of India's policies allowing 51 percent FDI in multi-brand retail trading (MBRT) and 100 percent in single-brand retail trading (SBRT) is expected to attract franchisors and retailers. A firm can take its products to the user through a variety of channels. It can use different types of marketing intermediaries. It can also structure its channel into a single-tier or a three-tier system.

The three-tier system: Most Indian manufacturers use a three-tier selling and distribution structure that has evolved over the years: redistribution stockists, wholesalers and retailers. As an example, a FMCG company operating on an all-India basis could have between 40 and 80 redistribution stockists (RS). The RS will sell the product to between 100 and 450 wholesalers. Finally, both the RS and wholesalers will service between 250,000-750,000 retailers throughout the country. The RS will sell to both large and small retailers in the cities as well as interior parts of India. Depending on how a company chooses to manage and supervise these relationships, its sales staff may vary from 75 to 500 employees. Wholesaling is profitable by maintaining low costs with high turnover, with typical FMCG product margins anywhere from four to five percent. Many wholesalers operate out of wholesale markets. In urban areas, the more enterprising retailers provide credit and home-delivery. With the advent of shopping malls impacting the retail sector, companies talk of direct delivery and discounts for large retail outlets.

Outsourcing logistics: In recent years, there has been increased interest from companies to improve their distribution logistics in an effort to address a fiercely competitive market. This in turn has led to the emergence of independent distribution and logistics agencies to handle this important function. Marketers are increasingly outsourcing some of the key functions in the distribution and logistics areas to courier and logistics companies and searching for more efficient ways to reach the consumer. The courier network in India now spreads to smaller Class IV towns (defined as towns with populations less than 50,000).

Clearing and Forwarding: Most FMCG and pharmaceutical companies use clearing and forwarding (C&F) agents for distribution and each C&F agent services stocks in an area, typically a state. It is also important to note that duty structures vary among states for the same product, thus creating disparate pricing. But with the introduction of VAT at every stage from producer to end consumer, retail prices are now the same throughout India. With the cost of establishing warehouses extremely high, C&F agents are fast becoming the norm. Recently companies have been utilizing the same distribution channels for products with complementary characteristics.

India has 11 major seaports and 139 minor working ports along its two coasts, but in terms of gross weight tonnage conveyed annually, Mumbai and Marmagao on the west coast, and Vishakhapatnam and Chennai along the east coast are the most important ports in India. Mumbai, the financial capital of the country, is very important for the international cargo trade.

Free Trade Warehousing Zones: In an effort to assist companies entering the Indian market and also to develop the Entrepot trade, the Government of India introduced free trade & warehousing zones (FTWZ) as a special category of special economic zones with a focus on trading and warehousing. The objective of the FTWZ is to create trade-related infrastructure to facilitate the import and export of goods and services with the freedom to carry out trade transactions in free currencies. These zones are to be established in areas close to seaports, airports or dry ports. FDI in these zones is allowed up to 100 percent in the development and establishment of the zones and in their infrastructure facilities. The system envisages duty free import of all goods for warehousing (except prohibited items such as arms and ammunition, hazardous waste and special chemicals, organisms, materials, equipment and technology items). The maximum period that goods may be warehoused within the FTWZ is two years, after which the goods have to be re-exported or sold. On expiry of the two year period, customs duties as applicable would automatically become due unless the goods are re-exported within a grace period of three months.

Selling Factors/Techniques

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At first glance, the bulk of the purchasing power in India would appear to be concentrated in its urban markets. However, a majority of the Indian population lives in rural areas distributed over some 627,000 villages. The balance lives in 3,700 towns of which approximately 300 have a population of more than 100,000 inhabitants.

It is said that the real India lives in the villages. All marketers, both Indian and foreign, have benefited by paying attention to the marketing potential of rural India.

Analysis of consumer purchase data over the last several years by various research agencies has shown that rural markets in India are growing as disposable income and literacy levels increase, and television access stimulates demand. Analysts predict that Indian rural consumers worth \$100 billion will drive consumption in the near future. Due to the influence of the media, consumption patterns in rural households have also changed significantly in recent years. Indians in rural areas are far more brand conscious, and this is generating demand for some products that were previously unfamiliar. Growing brand awareness makes it all the more important for U.S. companies entering the Indian market to register their brand name with the Indian trademark office. For more information on this visit: <http://www.ipindia.nic.in/>.

Poor infrastructure is a major problem that makes distribution difficult and reduces demand for some products in rural areas. In order for sales techniques to be successful, distribution coverage is important. Indian consumers are serviced by an efficient, but highly fragmented, trade system consisting of over 12 million retail and wholesale outlets, spread over many urban and rural population centers. India has the largest retail outlet density in the world, but the majority of these stores are very small in size and unorganized.

With more than 500 million people under the age of 25, India's rapidly growing population appears to present limitless opportunities, but many Indian and foreign companies have discovered that for many product categories, only a fraction of India's 1.2 billion population can be regarded as potential customers. Many companies have been disappointed with the response to products launched in India over the past few years. Initially, these companies grossly overestimated the depth and size of the Indian market for their products. Projections for the growing Indian middle-class range from 150-250 million but these figures have proven to be off the mark for certain products as marketed to the typical Western middle class consumer. Transposing brands and products from other markets did not work. Suitability and adaptation to Indian preferences and conditions is regarded as a significant benefit to Indian consumers and is therefore an important factor to be considered while designing a sales strategy. A final mistake is to enter India without an efficient distribution network, forgetting that India is a market with poor infrastructure and logistics.

A successful sales strategy will recognize and deal with the existence of strong local competition - this exists in many product and service categories and should not be underestimated. U.S. firms must also carefully compare customer needs and the quality of latent demand with the level of service that they want to offer in India. Even among the affluent middle class, much of their money is still spent on need-based consumption rather than on luxury goods.

While selling in the Indian market can be a complicated and difficult experience for new entrants, this can be avoided if, at the outset, the market opportunity is assessed accurately and the capabilities of local competition are not underestimated. Only in unusual circumstances should new foreign entrants create a new and independent sales infrastructure, because it is very expensive in the short run and requires sustained investment to build over the long run even if the product is successful.

Electronic Commerce

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India's e-commerce industry experienced rapid growth in 2013 with estimated sales of \$16 billion as people logged on to leading sites to upgrade their lifestyles by buying a wide range of fast moving discounted consumer goods from baby products to jewelry. Online bill pay, e-banking, and a wide range of other services are now available. E-commerce has earned its place as a viable selling method now that secure payment and delivery options have been established. According to a published source, India reportedly now has at least 150 million Internet users and this figure is expected to grow quickly. As the number of Internet users continues to increase with the reduction in cost of Internet access, the Indian e-commerce market will also expand. Service providers are upgrading their capacity, but in the short run the supply of broadband is still a cause of concern. http://articles.economictimes.indiatimes.com/2013-12-30/news/45711192_1_e-commerce-market-online-shoppers-survey.

In terms of FDI, business-to-business e-commerce can be considered under the "government approval" route. However, to date, no FDI is allowed in retail e-commerce.

Trade Promotion and Advertising

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Over the years, the Indian economy has moved from being a controlled sellers' market to a buyers' market. With the opening of the economy came increased competition and the need for increased advertising. Media availability has increased exponentially with unlimited competition. In the year 2011, the Indian advertising industry stood at \$5.1 billion, recording growth of 8 percent. According to a joint report published by FICCI and KPMG in 2013, the entire industry (consisting of print, broadcast and digital media) was estimated to be approximately \$6 billion. According to the report, newspapers and publications still held the largest share with approximately 44.7 percent, followed by television which captures 38.2 percent of all advertising expenditures. Digital media is coming on strong with 32.1 percent. Radio, outdoor advertising and the internet are all in single digits, with the latter growing fastest. The total advertising market in 2017 is projected to be valued at \$10.5 billion. By then, it is expected that print and television advertising will both be between 38 to 40 percent of the market.

The key to gaining rural market share is increased brand awareness, complemented with a wide distribution network. Rural markets are best covered by mass media - India's vast geographical expanse and poor infrastructure pose problems for other media to be really effective.

India has a diverse and growing number of daily newspapers. Print media reaches 70 percent of urban adults. Further, the number of readers in rural India is now roughly equal to that in urban India. The print media, almost completely controlled by the private sector, is well developed and advertising and promotional opportunities are available in a large number of newspapers including daily, weekly or monthly business publications, news magazines and industry-specific magazines.

U.S. companies interested in advertising in Indian media can work through the many advertising agencies in India. Many large and reputable U.S. and other international advertising agencies are present in India in collaboration with local advertising agencies. The advertising sector in India is technologically advanced.

In addition to advertising, established public relations firms are also available to U.S. companies that require such services. This segment has a few U.S. and other international companies present in collaboration with local partners. Mumbai remains the center of the advertising industry in India.

Trade fairs are also an effective means of promotion. U.S. companies can select from a number of quality international trade fairs, both industry-specific and horizontal, to display and promote their products and services. The U.S. Department of Commerce certifies a number of Indian trade shows as good venues for U.S. companies; and the U.S. Commercial Service (CS) offices in India directly organize U.S. participation in a number of selected trade shows every year.

Trade development offices of the U.S. Department of Commerce, U.S. industry associations, and individual U.S. states organize trade delegations and missions to visit India to explore prospects for doing business with local firms in the private and public sectors. Participation in such trade missions, whose programs in India are managed by the U.S. Commercial Service, will be useful for U.S. companies interested in doing business in India. You can also visit <http://export.gov/india/tradeevents/index.asp> for a list of trade events supported or organized by CS in India.

The Commercial Service in India offers several easy and inexpensive options to begin promotion in the

Indian market, which are particularly helpful to small and medium new-to-market companies:

- U.S. Exporters can arrange for customized services through our [Single Company Promotions](#).
- Firms offering services to U.S. exporters and investors interested in India can be listed in our online [Business Service Providers B2B](#) directory.

Pricing

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When formulating key strategies and making decisions about product pricing for the Indian market, it is important to remember that simple conversion of U.S. dollar prices to Indian rupees will not work in most cases. Also, the assumption that a latent niche market for premium products exists has often resulted in low sales volumes and negligible returns for some foreign companies.

If the product can be imitated easily in terms of quality and service, international pricing will not work in India. To reduce product import duties or other local costs and ensure a stable market share, several U.S. and other foreign companies have set up product assembly in India.

Pricing decisions also have some bearing on product packaging. Many consumer product suppliers have found it helpful to package smaller portions at reduced prices rather than "economy" sizes. Although some Indian consumers are aware of quality differences and insist on world-class products, many customers can sacrifice quality concerns for price reductions.

Bargaining for the best price is a routine process of the buyer and seller in India. For consumer goods, especially for durables, the sellers often give discounts on the listed prices during holiday seasons to attract more customers. Trade-ins of old products for new items are also increasingly popular among consumers. A pricing strategy must consider all of these factors.

Another key consideration in pricing is Indian import tariffs. These are high for most products, especially consumer products. There are pockets of affluent Indians who can afford to buy a variety of luxury branded goods. However, in general, consumer consumption patterns are very different from those in many other countries. The middle class is growing exponentially, providing a fertile market for moderately priced items, but the prohibitive import tariffs may serve to move some items out of the reach of the Indian middle class consumer. The 12.5 percent Value Added Tax (VAT) in effect in most states compounds this issue.

Sales Service/Customer Support

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To compete with local and foreign suppliers, it is essential that your company consider how to: establish a system for after-sales support including hiring and training maintenance teams; set up a call center in some form staffed with knowledgeable technical personnel; have people ready to go on call and have parts on hand when replacements are needed.

It is also worth noting that Indian buyers often consider low acquisition costs when making a buying decision without realizing that some products may require costly maintenance contracts and downtime due to the lack of spare parts. By comparison, U.S.-made equipment in particular enjoys a reputation in India for premium quality, durability and low maintenance costs.

Protecting Your Intellectual Property

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Gaps in the law and a weak enforcement environment create challenges for IP rights holders in India.

Regulatory Data Protection

Indian law does not provide for protection against unfair commercial use of test or other data that companies submit to the government in order to obtain marketing approval for their pharmaceutical or agricultural chemical products. Without specific protection against unfair commercial use of clinical test data, companies in India seek immediate government approval for marketing of pharmaceutical and agrochemical products based on the original developer's data.

In order to comply with its international obligations under the TRIPS Agreement, the Government of India designated the Department of Chemicals and Petrochemicals, Ministry of Chemicals and Fertilizers as the responsible ministry to suggest measures that should be adopted in context of Article 39.3 of TRIPS Agreement and to consider whether data protection can be offered under the existing legal provisions. An

Inter-ministerial Committee was constituted on February 10, 2004 under the Chairmanship of Secretary Reddy to act as a consultative group on the matter. The Committee released the Reddy Report on May 31, 2007. The Reddy Report finds that the present Indian legal provisions on data protection are not adequate to meet the spirit of Article 39.3 of TRIPS Agreement, though it concludes that existing legislation may be amended to achieve TRIPS consistency. The report further recommends that an explicit legal mechanism in the Drugs and Cosmetics Act, 1940 and the Insecticides Act, 1968, and the Rules framed under these Acts, should be provided to ensure that undisclosed test data of the originator is not put to unfair commercial use by others. In 2008, the Ministry of Agriculture drafted the Pesticides Management Bill, 2008 which included provisions for data protection for agricultural chemicals and the bill was introduced in the Parliament on October 21, 2008. The bill was then referred to the Standing Committee on Agriculture for their recommendations. The Standing Committee recommended that the term of data protection in the bill be increased from three years to five years. The Ministry of Agriculture amended the bill in accordance with the Standing Committee's recommendations but the amended bill has yet to be re-introduced in Parliament. While the Government of India has considered instituting a regulatory data protection system for agrochemicals, there has been little or no movement on providing data protection for pharmaceuticals. India also does not have a separate trade secrets law which would protect confidential business information. Trade secrets are currently only protected under contract law.

Copyrights: India's Copyright Act Amendment of 2012 brought India's copyright law into alignment with international standards by implementing key provisions of the World Intellectual Property Organization (WIPO) Copyright and Performances and Phonograms Treaties (the WCT and WPPT). Under the new law, composers and lyricists now receive a fair share of royalties for the commercial exploitation of their works. Anti-circumvention provisions permit copyright holders to protect their rights online by using encryption technology and technological protection measures (TPMs). Copyright owners have the right to ask intermediaries to take down infringing content for a minimum of 21 days, subject to intermediaries' safe harbors. While these new provisions are positive steps, the new law has several weaknesses including expanded fair dealing provisions and broad compulsory licensing provisions. The flaws in the law relating to the circumvention of TPMs and Internet service provider liability may in the long run outweigh any limited benefit arising from India implementing the WIPO treaties. Various provisions of the law are now being challenged by stakeholder groups.

Enforcement of copyright continues to be a problem in India. The Indian Constitution delegates enforcement responsibility to the state governments. The central government can pass laws but the states are responsible for implementing them. The Central Bureau of Investigation (CBI), for example, which has inter-state jurisdiction, does not pursue IPR-related cases. The state, municipal or local police forces, although untrained, are charged with enforcing IPR laws. Piracy of copyrighted materials (particularly software, films, music, popular fiction works and certain textbooks) remains a problem for both U.S. and Indian producers. India has considered introducing separate optical disc legislation and anti-camcording legislation to address widespread copyright theft but these initiatives have not been implemented. Under existing law, copyright and trademark infringement are characterized as "cognizable offenses" which means that police have expanded search and seizure authority and can make arrests without having a warrant from the court. The law provides for minimum criminal penalties, including mandatory minimum jail terms. Courts rarely impose the full range of penalties prescribed under the law. Due to backlogs in the court system and documentary and other procedural requirements, relatively few cases are prosecuted and U.S. and Indian industry report that piracy levels in all sectors remain high.

Cable television piracy also continues to be a significant problem, with estimates of tens of thousands of illegal systems in operation in India. Copyrighted U.S. content is transmitted over this medium without authorization, often using pirated videocassettes, VCDs, or DVDs as source materials. This widespread copyright infringement has a significant detrimental effect on all motion picture market segments in India: theatrical, home video and television. For instance, pirated videos are available in major cities before their local theatrical release. The proliferation of unregulated cable TV operators has led to cable piracy. The GOI, through the Ministry of Information and Broadcasting, has set up an anti-piracy taskforce which was constituted to recommend measures to combat film, video, cable and music piracy in India. Some of the taskforce's recommendations are being pursued by the industry and the government. In the film industry, for example, there has been a growing push for specific anti-piracy legislation from Hollywood, Bollywood and other Indian regional language film producers. This has resulted in the Ministry of Information and Broadcasting adding specific anti-camcording provisions into the draft Cinematographic Bill of 2013. This bill is expected to be introduced in Parliament in 2014.

The Copyright Enforcement Advisory Committee, which operates under the Ministry of Human Resources Development and includes law enforcement representatives from all 28 states, was resurrected in 2013 and has held meetings with stakeholders. Recent projects endorsed by the committee include the introduction of an anti-piracy curriculum for school children and the preparation of a standard operating procedure for local police

to use when registering criminal complaints relating to copyright infringement.

Trademarks: India's trademark legislation provides protection for trademarks and service marks. In 2012, India became a member of the Madrid Protocol and has begun accepting applications. The Intellectual Property Office has also upgraded its IT systems to allow for electronic filing of trademark applications and the Government of India is now considering making e-filing mandatory. Enforcement of trademarks in India's courts is improving and several precedential judgments recognizing the concepts of "well-known or famous marks" and "cross-border reputation" have been issued.

Enforcement: India's criminal justice system does not effectively support the protection of intellectual property. India's criminal IPR enforcement regime, including border protection against counterfeit and pirated goods, remains weak. There have been few reported convictions for copyright infringements resulting from raids, including raids against recidivists. Adjudication of cases is slow. Police action against pirates of motion pictures is slowly improving. However, obstruction of raids, leaks of confidential information, delays in criminal case preparation and the lack of adequately trained officials hamper the criminal enforcement process. The GOI has also passed the Drugs and Cosmetics (Amendment) Act, 2008 which enhances the penalties for any adulterated and spurious drugs. The Drugs and Cosmetics (Amendment) Act, 2008 created special courts to hear cases under the Act.

India was considering legislation to establish a special commercial division bench in all of its 21 high courts which would have jurisdiction over IP disputes. However, this bill was officially withdrawn during the winter 2011 Parliamentary Session due to problems with its scope and implementation. The Government of India has not introduced any other judicial reform proposals which would address the backlogs in the courts or the unique challenges posed by IP disputes.

IPR enforcement at the border in India is improving. In order to empower Customs officials to seize goods infringing intellectual property rights at the border without having to obtain an order from the court, Indian Customs authorities have promulgated the Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007. The Customs authorities have also initiated a records system that will allow rights holders to record their patent, trademark, copyright, design or GI registrations. It also allows rights holders to request the suspension of clearance of potentially infringing goods. The electronic records system is now available at all ports of entry in India and contains over 400 records.

The U.S. Patent and Trademark Office (USPTO) is part of the U.S. Commercial Service in the U.S. Embassy in New Delhi, focusing exclusively on intellectual property issues. This office is currently working with the GOI and industry to promote high standards of IP protection and enforcement.

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: 1-866-999-HALT or register at <http://www.stopfakes.gov/>.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: 1-800-786-9199.
- For more information about registering for copyright protection in the U.S., contact the U.S. Copyright Office at: 1-202-707-5959.
- For U.S. small and medium-sized companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, and Russia. For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: <http://www.stopfakes.gov/>. This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. Contact the IP attaché in New Delhi at: kalpana.reddy@trade.gov.

Due Diligence

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The U.S. Commercial Service emphasizes the need for exercising prudent procedures and practices in all international business transactions. Every U.S. exporter is advised to conduct comprehensive due diligence on potential partners in any foreign market to meet obligations under the Foreign Corrupt Practices Act of 1977.

Local Professional Services

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Please contact the CS India at office.newdelhi@trade.gov.

Web Resources

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Commercial Service: <http://export.gov/india/index.asp>
American Chamber of Commerce, India: <http://www.amchamindia.com/>
U.S. India Business Council: <http://www.usibc.com/>
Confederation of Indian Industry: <http://www.cii.in/>
Federation of Indian Chambers of Commerce and Industry: <http://www.ficci.com/>
Indo-American Chambers of Commerce: <http://www.iaccindia.com/>
The Franchising Association of India, www.fai.co.in

Reserve Bank of India: <http://www.rbi.org.in/>
Government of India Directory: <http://goidirectory.nic.in/>
Government of India Ministry of Finance: <http://finmin.nic.in/>
Government of India Ministry of Commerce and Industry: <http://commerce.nic.in/>

Foreign Exchange Management Act <http://www.rbi.org.in/scripts/fema.aspx>
CRISIL online (similar to the Better Business Bureau in U.S.): <http://crisil.com/index.jsp>

Ministry of Defense, Instruction on Agents of Foreign Sellers: <http://mod.nic.in/newaddition/repagent.htm>

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Overview of Commercial Sectors

The U.S. Commercial Service conducts an annual review of product and service sectors in India to identify those offering best prospects for U.S. exporters. The following are listed in alphabetical order. It is important to note that statistics for the services are less quantifiable but the volume of activity warrants further review. The U.S. Commercial Service is also working with a standards organization for corrosion control and a trade association focusing on supply chain management to help U.S. companies and Indian industrialists focus on key issues that will affect the safety and efficiency of local plants in a variety of industry sectors. Information on these partnerships is included below. For all sectors, industry teams of officers and specialists can work with your firm and your local U.S. Export Assistance Center Trade Specialist to utilize our services to assess the market and explore opportunities.

Civil Aviation

Overview

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The India aviation industry is currently the 9th largest in the world, handling 121 million domestic and 41 million international passengers. India has five domestic airlines - Air India is the national carrier owned by Government of India (GOI) and the rest (Indigo, Jet Airways, Spice Jet and Costa) are privately owned. More than 85 international airlines (either individually or through code-share) fly to and from India to over 40 destinations. The Indian fleet numbers are as follows:

- Air India - 103 Aircrafts (Boeing and Airbus)
- Indigo - 78 Aircrafts (Airbus)
- Jet Airways - 113 Aircrafts (Boeing, Airbus and ATR)
- Spice Jet - 58 Aircrafts (Boeing and Bombardier)
- Air Costa - 4 Aircrafts (Embraer)

All major cities in India are linked with efficient air connectivity, but it is still a challenge to fly to the smaller cities and towns. The local or regional aviation lacks funding, modern airport infrastructure and skilled workforce availability.

The Indian aviation industry accounts for only 1.5 percent of the GDP but it plays a significant role in the overall economic development of the country. The industry has undergone a new wave of expansion driven by low-cost carriers, modern airports, foreign direct investment in domestic airlines and regional connectivity. This report will provide you with a brief synopsis on the Indian aviation market, information on business opportunities and challenges for the U.S. aviation industry.

The Indian government has introduced several policies and regulatory reforms for the development of the aviation industry by inviting private sector participation and investments. According to estimates, about 236 million domestic passengers and 85 million international passengers will be handled by Indian airports by 2020, making the country the third largest aviation market in the world.

[The Ministry of Civil Aviation \(MoCA\)](#) is responsible for formulation of national policies and programs for the development and regulation of the civil aviation sector in India.

MoCA exercises administrative control over various autonomous organizations such as [Directorate General of Civil Aviation](#) (DGCA), [Bureau of Civil Aviation Security](#) (BoCAS), [Indira Gandhi Rashtriya Udan Academy](#) (IGRUA), [National Aviation Company of India Limited](#) (NACIL), [Pawan Hans Helicopters Limited](#) and [Airports Authority of India](#) (AAI).

The Ministry of Civil Aviation has approved an outlay of \$1.6 billion for FY14 for the development of airport infrastructure. Up to 49 percent FDI is allowed in India's commercial aircraft operations.

Market Size

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The size of the Indian civil aviation industry is approximately \$16 billion. India currently has 400 commercial aircrafts, and the number is projected to increase by 1000 in four to five years.

India's general aviation fleet size is currently 690 and is expected to reach 2000 by 2020.

The air freight/cargo sector in India has been growing at a compounded annual growth rate of 11.36 percent from 2006-2011, and it is expected to maintain a further growth rate of 10 percent through this year. During the last five years, the cargo handled at Indian airports recorded a Compounded Annual Growth Rate (CAGR) of 10.9 percent with international cargo accounting for two-thirds of the total cargo. Mumbai, Delhi, Hyderabad, Bangalore and Chennai process most of the international cargo. Cargo handling capacity has been rising from 500,000 tons (in 2011) to 3.3 million tons in 2013.

Opportunities in Maintenance, Repair and Overhaul (MRO) exist for servicing of up to 1,000 commercial aircraft and 690 general aviation aircraft. Both Boeing and Airbus recently invested in new India-based MRO facilities. Industry sources estimate that establishing a world class MRO will require an investment of over \$250 million, and the sector is estimated to grow at 10 percent annually, reaching \$1.3 billion by 2020.

<i>(In Millions - USD)</i>	<i>2013</i>	<i>2014</i>	<i>2015 (estimated)</i>
<i>Total Market Size</i>	<i>12400</i>	<i>16400</i>	<i>20000</i>
<i>Total Local Production</i>	<i>328</i>	<i>435</i>	<i>540</i>
<i>Total Exports</i>	<i>225</i>	<i>450</i>	<i>675</i>
<i>Total Imports</i>	<i>1000</i>	<i>1200</i>	<i>1600</i>
<i>Imports from the U.S.</i>	<i>3130</i>	<i>3208</i>	<i>3300</i>
<i>Exchange Rate: 1 USD</i>	<i>61.1325 (INR)</i>		

Airport Growth Beyond Metro Areas

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To ensure that the development of the aviation sector is not restricted to the metro cities alone, the GOI has a focus to modernize 35 non-metro airports into world-class entities at an estimated cost of \$1.2 billion. The airports to be modernized include Coimbatore, Tiruchi, Thiruvananthapuram, Visakhapatnam, Port Blair, Mangalore, Agatti, and Pune. The Ministry of Civil Aviation has also approved the construction of new airports at Navi Mumbai, Goa, Durgapur, Kannur, and Saras.

Upcoming Opportunities

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U.S. exports of civil aviation equipment and services comprise over 15 percent of total U.S. exports to India. Opportunities for U.S. aviation companies in the Indian aviation industry are abundant, and can be segmented in the following areas:

- Engineering, Procurement and Construction (EPC) for airports.
- MRO (Maintenance Repair and Overhaul) operator.
- Training Institute/University to train personnel in ground handling, inflight crew, engineering services, etc.
- Lessor for commercial and general aviation aircraft.
- Airport operator with a joint venture with private firms like GVK, GMS, Reliance), or with AAI or a state government to operate, maintain and develop the airport.
- General aviation operator to provide regional connectivity for passenger movement and also to address medical emergencies and promote tourism.
- Supplier of construction and installation tools, passenger and cargo handling, rescue and emergency systems, airfield equipment and services, disaster management and system integration.

U.S. – India Relations in Civil Aviation

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On January 31, 2014, the Federal Aviation Administration downgraded India's aviation-safety ranking, citing inadequate oversight by local regulators. Airlines from countries rated Category 2 can continue operations at current levels under "heightened FAA surveillance" but cannot expand or change services to the United States, as per rules of the FAA's International Aviation Safety Assessments program. This downgrade effectively barred India's fast-growing airline industry from increasing service to U.S. cities. The FAA's decision represents a potentially significant economic setback for the country's airline

business. Jet Airways and state-run Air India are the only two carriers that fly from India to the United States. Air India has 21 weekly flights between India and the United States, while Jet has seven.

India's downgrade coincided with a series of reforms over the past year, one of which was allowing 49 percent Foreign Direct Investment (FDI) into this sector. Other reforms included privatization and expansion of major airports, lifting the ban on Airbus A380s and duty concessions on aircraft parts. Since the downgrade, the FAA has been consulting with India's aviation authority – Directorate General of Civil Aviation (DGCA) – and offered recommendations to help India regain its Category 1 rating. Of the 31 findings by the FAA, the DGCA resolved 29 of them. Two issues remain - a lack of full-time operations inspectors and inadequate training of airworthiness officers on planes owned by non-scheduled operators such as private jets and helicopters.

The U.S. and India have regular exchanges in the framework of the U.S. and India Aviation Cooperation Program (ACP), established at the initiative of the Department of Transportation and the Ministry of Civil Aviation in 2007. The ACP is a Public Private Partnership (PPP) between the U.S. Federal Aviation Administration (FAA), the U.S. Trade and Development Agency (USTDA), U.S. Commercial Service, U.S. companies, and the Government of India. U.S. companies are encouraged to become members of ACP to better explore and exploit opportunities in the Indian civil aviation sector. In October 2013 there was a bilateral U.S.-India Aviation Summit in Washington D.C. within the framework of the ACP.

Resources

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For more information about export opportunities in this sector, contact U.S. Commercial Service Industry Specialist Nisha Wadhawan (nisha.wadhawan@trade.gov).

Trade Events

The U.S. Embassy actively supports U.S. participation in these biennial industry events. The U.S. Department of Commerce certifies the below event, which features a U.S. pavilion organized by the Federation of Indian Chambers of Commerce and Industry (FICCI) in cooperation with the Ministry of Civil Aviation (MOCA).

- **INDIA AVIATION 2016**

Location: Hyderabad International Airport, Begumpet

Date: March 16-20, 2016

Website: <http://www.india-aviation.in/>

Useful Links include:

- Ministry of Civil Aviation: <http://www.civilaviation.gov.in>
- Airports Authority of India: www.airportsindia.com
- Director General of Civil Aviation: <http://dgca.nic.in>
- Aviation Cooperation Program (ACP): www.acp-india.com

Defense

Overview

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The U.S.-India defense relationship has grown from solely military-to-military links into a mature partnership that encompasses dialogues, exercises, defense sales, professional military education exchanges, and practical cooperation. Both countries have expressed their determination to take concrete steps to deepen defense cooperation to address international political, economic, and security challenges, and have recognized the importance of maritime security, unimpeded commerce, and freedom of navigation, in accordance with relevant universally agreed principles of international law.

The Government of India is responsible for ensuring protection of India's borders through the [Ministry of Defense](#) (MoD) and to maintain internal peace and security in coordination with the Central Police Organizations under the [Ministry of Home Affairs](#). The Supreme Command of the Armed Forces is vested in the President. The responsibility for national defense rests with the Cabinet of Ministers.

The Raksha Mantri (Defense Minister) is the head of the Ministry of Defense. The principal task of the Defense Ministry is to implement policies set by the government on all defense and security related

matters and communicate these to the services headquarters, inter-services organizations, production establishments and research and development organizations.

The [Ministry of Defense](#) (MoD) is charged with coordinating and supervising all agencies and functions of the government relating directly to national security and the Indian armed forces (including Indian Army, Indian Air Force, Indian Navy) and the Indian Coast Guard (a component of the paramilitary forces of India) and has the largest budget of India's federal departments.

The Ministry of Defense is comprised of four departments, [Department of Defense Production \(DDP\)](#), [Department of Defense Research & Development Organization \(DRDO\)](#), [Department of Ex-Servicemen Welfare](#) and the [Finance Division](#).

[Ministry of Defense, Government of India – Who's Who list](#)

The Indian defense market is the largest and is one of the fastest growing markets in the world, for acquisition of military hardware and technology. India imports 70 percent of its armament needs and in 2011 overtook China as the world's leading importer of weapons. In 2013, the U.S. became the leading defense supplier to India, ahead of Russia and Israel.

India maintains the world's third largest armed force with operational commitments in its unresolved borders and internal disturbances. The country aims to create its own defense manufacturing capability in order to reduce import dependence.

India's defense spending is expected to grow 10 percent to \$36 billion in 2014/15. This will include expenditures on acquisition of all types of military hardware and technology to support modernization needs of the Army, Navy and Air Force. The Indian army is expected to continue receiving the largest share of the total defense budget followed by Air Force, Navy and R&D.

Indian Defense Budget Split (%)				
Year	Army	Air Force	Navy	Defense R&D
2011	50%	28%	15%	6%
2012	49%	27%	17%	7%
2013	49%	27%	17%	7%
2014	49%	27%	17%	7%
2015	49%	27%	17%	7%
2016	49%	27%	17%	7%

Source: Indian Ministry of Defense and ICD Research analysis © ICD Research

(In Millions Dollars)	2013	2014	2015 (estimated)
<i>Total Market Size</i>	44000	50000	55000
<i>Total Local Production</i>	13200	15000	16500
<i>Total Exports</i>	5000	7000	9000
<i>Total Imports</i>	30800	35000	38500
<i>Imports from the U.S.</i>	10000	20000	34000
<i>Exchange Rate: 1 USD</i>	61.1325 (INR)		

The Government of India, through the Ordnance Factories Board (OFB) under the Ministry of Defense, is engaged in the production of arms, ammunition and other equipment for military use. Headquartered at Ayudh Bhawan, Kolkata, OFB consists of 41 factories, nine training institutes, three regional marketing centers and four regional controllers of safety. OFB is the world's largest government operated production company and the oldest industrial organization run by the Government of India.

Foreign original equipment manufacturers (OEMs from Europe, Canada and Gulf) and the domestic private sector firms (such as Reliance, Tata, Mahindra, L&T and Punj Lloyd) are investing in the defense sector. To encourage foreign participation the Government of India (GOI) has allowed the Foreign Direct

Investment (FDI) up to 26 percent in the Indian defense sector with 100 percent private sector ownership. However, any increase in the FDI limits also depends on approval from cabinet committee for defense on case-by-case basis.

Procurement of products for defense forces is conducted according to the defense procurement procedures ([DPP 2013](#)). The DPP has been periodically reviewed resulting in the promulgation of 2003, 2005, 2006, 2008 and 2011 editions of the procedure.

Opportunities

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Business opportunities for U.S. defense companies in India are abundant, and can be segmented in the following areas:

- As a supplier of products under Direct Commercial Sale or Foreign Military Sales program.
- As a Training Institute/University to train personnel in Defense and engineering services.
- As a partner with private firms, DPU's (Defense Production Units) and Ordnance factories to manufacture (above listed products and technologies) and bid for Indian government tenders.

The business opportunities that are expected to emerge over the short to medium term include products and technologies for unmanned combat aerial vehicles (UCAVs), advanced electronic warfare systems, futuristic infantry combat vehicles (FICV), CBRNE (Chemical Biological, Radiation and Nuclear), missile systems, fighter and trainer aircraft, stealth frigates, and submarines. In addition, information technology and communication spending is expected to increase significantly, with a strong focus on enterprise applications, systems integration, and real-time mobile communications.

The Indian defense market is promising for U.S. suppliers seeking joint-venture opportunities with major Indian industrial houses such as the Tata Group, Ashok Leyland, Mahindra Group, Hindustan Aeronautics Limited, and Larsen & Toubro.

The Indian defense market has a presence from international firms from Canada, Europe (France, Italy), Japan and Israel. Historically, the majority of defense equipment has been sourced from Russia.

Obstacles:

- Lack of transparency and long time frame for Defense Procurement Process (DPP).
- Lack of clarity on how to discharge offset obligations for business deals exceeding \$70 million.
- Lack of infrastructure and shortage of a skilled workforce to discharge offsets.
- Lengthy process to acquire approvals of investment, technology sharing and manufacturing licenses.
- Excessive regulations for control of intellectual property.
- Common delays in payments as direct or third party vendor.

Resources

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For more information about export opportunities in this sector contact U.S. Commercial Service Industry Specialist Nisha Wadhawan (Nisha.wadhawan@trade.gov).

Trade Events:

The U.S. Embassy actively supports U.S. participation in these biennial industry events. The U.S. Department of Commerce certifies the fairs which feature U.S. pavilions organized by private sector companies. These fairs are managed by the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Ministry of Defense.

- **DEFEXPO 2016**

Location: Pragati Maidan, New Delhi

Date: TBC

Website: <http://www.defexpoindia.in>

- **AERO INDIA 2015**

Location: Yelahanka Air Force Station, Bangalore, Karnataka

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- [Ministry of Defense](#)
- [Indian Army](#)
- [Indian Navy](#)
- [Indian Air Force](#)
- [Institute of Defense Studies and Analyses](#)

Education Services

Overview

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India has one of the largest and oldest systems of higher education, dating back to the Vedic period from about 1500 BC to 600 BC. Most Indian education was based on the Vedic education which included proper pronunciation and recitation of the Veda, the rules of sacrifice, grammar and derivation, composition, versification and meter, understanding of secrets of nature, reasoning including logic, the sciences, and the skills necessary for an occupation.

According to statistics from University Grants Commission (UGC) for 2011-12, there are 33,023 colleges, 12,748 diploma-granting institutions and 659 universities in India. The universities include 312 state universities (established by the state governments), 129 deemed universities (a status of autonomy granted to high performing institutes and universities by the Department of Higher Education), 173 private universities, 45 central universities (established by the Department of Higher Education), and institutes of national importance, such as Indian Institute of Technology (IIT), and Indian Institute of Management (IIM). Together they offer a wide range of degree and diploma programs. (Report dated February 2014) <http://www.ugc.ac.in/oldpdf/alluniversity.pdf>

The higher education sector in India could broadly be divided into two segments - Regulated and un-Regulated. The regulated segment includes central & state universities, private universities, technical institutions, private/professional colleges and research institutions. The un-regulated segment includes vocational training, finishing schools, professional development and training and coaching classes.

Higher education in India is regulated by the University Grants Commission (UGC), which has the unique distinction of being the only grant-giving agency in the country that has been vested with two responsibilities: funding universities and coordination, determination and maintenance of standards in institutions of higher education in India. The UGC regulations apply to all universities established in India under central or state legislations. The right of conferring/granting degrees in India is solely vested with universities.

The All India Council of Technical Education (AICTE) and other councils established under applicable statutes for the regulation of education in specific fields. Some of the councils and the specific fields that they govern include Council of Architecture, Pharmacy Council of India, Indian Nursing Council, Medical Council of India, and Distance Education Council. Higher education institutions operating in India for at least 10 years can be conferred with a special status of “deemed universities” (DUs) upon satisfying prescribed criteria. DUs have degree granting powers. AICTE is also the nodal body regulating the entry and operation of foreign universities/institutions in India.

Market Data

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According to a Deloitte report, the higher education sector in India is expected to grow at a compound annual growth rate of 25 percent through 2015 and reach \$57 billion.

The number of students enrolled in higher education institutions in India in 2013 is 31 million and is projected to increase to up to 71 million by 2030 according to E&Y report. There is increasing concern that India will not have enough domestic educational institutions to meet this demand. If India is to meet its goals, an additional 1,000 universities and 50,000 colleges are needed. The United States, with over 4,000 accredited institutions of higher learning, has the capacity to offer access to high quality education to students in a broad range of fields. Community colleges could also have their own share of international students added to the undergraduate student pool.

United States - The chosen destination:

India is primarily a “graduate market” for U.S. institutions interested in attracting students. With the mushrooming of international schools in the country and the return to India of many U.S. citizen children born to Indian American parents, we anticipate an increase in interest in undergraduate study in the years to come.

In the 2012/13 academic year, 96,754 students (including both graduate and undergraduate) from India were studying in the United States. India is the second leading place of origin for students coming to the United States. Students from India make up approximately 11.8 percent of the total foreign student population in the United States. Of the 96,754 students from India, 56.4 percent graduate students, 1.6 percent opt for other programs and 28.8 percent are classified as pursuing OPT (Optional Practical Training) in the United States. The international students’ data in different fields of study shows a considerable increase not only in streams like engineering and business, but also in the health professions and life sciences fields.

Academic Level: The majority of Indian students study at the graduate level. In 2012/13, the breakdown was as follows:

Student Level	Percentage of Total Students
Undergraduate	13.2%
Graduate	56.4%
Other (Executive education)	1.6%
OPT (Optional Practical Training)	28.8%

Note: Study abroad figures from Open Doors reflect credit given by U.S. campuses during the survey year to their students who studied abroad in the academic year just completed, including the summer term. Study abroad in 2012/13 will be reported in Open Doors 2013, once credit is awarded by the home campus.

Source: Open Doors: Report on International Educational Exchange, published annually by IIE with support from the U.S. Department of State’s Bureau of Educational and Cultural Affairs. For more information, including press releases on foreign students in the U.S. and U.S. study abroad, and FAQs, including definitions of foreign students and foreign scholars, visit www.iie.org/opendoors.

Competition for U.S. schools from other countries: U.S. institutions have been losing significant market share to rivals from other countries, especially the United Kingdom and Australia. The United Kingdom, Australia, Canada and New Zealand have been aggressively promoting their programs in India. They have been actively participating in many education fairs and fully utilizing local education consultants as their marketing representatives to recruit students.

Opportunities

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U.S. educational institutions can participate in the Indian education market in two ways: by recruiting Indian students for their programs or by creating educational exchange programs through joint ventures with Indian institutions. At present, foreign schools are not permitted to set up campuses and issue degrees in India. Community colleges would also have their own share of international students added to the undergraduate student pool.

Student recruitment can be done directly by attending student fairs organized by EducationUSA and other organizations like Linden or ISN, by visiting Indian institutions, or engaging with reputable consultants or agents. U.S. universities need to be extremely cautious when engaging consultants and agents to recruit students as there are many in the market who are not reputable and mislead students and misrepresent themselves and their motives.

Services in the Education Sector:

There is a vast opportunity for provision of innovative services. Given regulatory constraints, lack of infrastructure and severe competition for quality education, there is a large and rapidly growing market for coaching and tutoring services imparted through new and innovative means, particularly via the internet. In addition, companies are increasingly outsourcing skills training activities to specialized institutions.

Sub-Sector Best Prospects [Return to top](#)

The best prospects for U.S. schools wishing to attract Indian students or partner with an Indian school are as follows:

- i. Business and management
- ii. Engineering and Applied Sciences
- iii. Computer Science and IT
- iv. Social Sciences
- v. Physical and Life Sciences
- vi. Humanities
- vi. Medicine and Healthcare

(The prospects listed above are in the area of recruitment of India students and not for establishment of programs by the U.S. schools.)

Of all these specialties, engineering and business education offer the best opportunities for U.S. schools as they provide high-quality and comprehensive programs that have global brand recognition and enable high degree of global mobility.

Regulatory Framework Foreign Institutions [Return to top](#)

Entry of Foreign Entities

While 100 percent FDI in companies engaged in higher education is allowed on the automatic approval route, regulatory issues have constrained the actual flow of FDI. The major bottle-necks have been the “not for profit principle” and lack of clarity on existing regulations. AICTE prohibits foreign investment either directly or indirectly in the sponsoring entity.

All India Council of Technical Education (AICTE) regulations for Foreign Universities

AICTE has in place regulations for foreign universities/institutes which propose to collaborate or enter into a twinning arrangement (where a student does part of the course in India and part overseas) in technical education. The broad features of these regulations are:

- Franchising is not permitted.
- Fee/seats are prescribed by AICTE.
- Degree/institution to be recognized in the home country
- Compliance with affirmative action mandatory
- For degree granting institutions, affiliation with Indian university mandatory

Foreign University Campuses – Legislation Awaited

The Foreign Educational Institutions (regulation of entry and operations) Bill has been pending in Parliament since 2010. Key features of the bill are:

- Institution should own the campus.
- Franchising is not permitted.
- Prior central government approval mandatory
- Embassy to certify antecedents of the university
- Reservation prevailing in the country should be applicable.
- Fee and admission policy will be regulated
- No profiteering/commercialization allowed
- Some relaxations for universities of excellence if they fulfill certain conditions
- Requirement of a deposit of \$10 million as corpus fund

U.S. and Indian Government Initiatives in Education Sector

Obama-Singh 21st Century Knowledge Initiative: The Obama-Singh 21st Century Knowledge Initiative, launched in 2010, creates a path for higher education partnerships between U.S. and Indian institutions. Both governments have pledged \$5 million for this endeavor, which will fund university linkages and junior faculty development. A Joint Working Group (JWG) with three members each from the United States and India has been constituted for implementation.

The program has the following broad components:

- Faculty Development
- Academic Leadership Programs
- Development of Community Colleges
- Enhancing Institutional Linkages

The Office of U.S. - India Higher Education Cooperation (USIHEC) is a recent addition to the United States – India Educational Foundation (USIEF). It has been established through an initiative of the U.S. Department of State's Bureau of Education and Cultural Affairs. USIHEC engages institutions of higher education in the United States and in India to foster and enhance linkages between them. It seeks to deepen institutional ties in numerous ways: collaborative research, study abroad programs, faculty exchanges and conferences of higher education administrators from both countries.

USIHEC administers the Obama-Singh 21st Century Knowledge Initiative Awards and maintains a database of Indo-U.S. educational collaborations. The office also provides briefings to visiting delegations of U.S. academics and administrators who are exploring India for further understanding of the Indian higher education system. Similar briefings are also provided to Indian academics and administrators seeking to strengthen academic partnerships with U.S. institutions. For more information see the following:

<http://www.usief.org.in/Institutional-Collaboration/Obama-Singh-21st-Century-Knowledge-Initiative-Awards.aspx>
<http://www.usief.org.in/Institutional-Collaboration/2013-Grant-Recipients.aspx>

Web Resources

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Useful links

Ministry of Human Resource Development (MHRD)	www.education.nic.in http://mhrd.gov.in/
University Grants Commission (UGC)	www.ugc.ac.in
National Assessment and Accreditation Council (NAAC)	www.naac-india.com
India Gandhi National Open University (IGNOU)	www.ignou.ac.in
Medical Council of India	http://mciindia.org/
Distance Education Council (DEC)	www.dec.ac.in
Association of Indian Universities (AIU)	www.aiuweb.org
All India Council of Technical Education (AICTE)	www.aicte.ernet.in
National Board of Accreditation of AICTE	www.nba-aicte.ernet.in
United States – India Educational Foundation	www.usief.org.in
National Institute of Open Schooling (NIOS)	www.nos.org
National Council of Educational Research and Training (NCERT)	www.ncert.nic.in

For more information on opportunities in this sector contact U.S. Commercial Service- Industry Specialist Sathya Prabha at Sathya.Prabha@trade.gov

Environment and Water

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It is estimated that 30-40 percent of India's industrial units produce sizeable quantities of pollutants. There are about 3 million small-scale enterprises in the country and most of these are not using any pollution control equipment. Seventy percent of India's industrial pollution load is attributed to small scale industries. The Government of India has classified 17 industrial sectors as strong pollutants. Central Pollution Control Board data reveals that only 71 percent of the total industries in these 17 categories have adequate pollution control facilities to ensure compliance with regulations. India is also one of the largest and one of the fastest growing producers of greenhouse gases.

Local production of pollution control equipment is limited to mainly standard, relatively low-tech equipment. Over thirty percent of market demand is met by imports. Germany, U.K., Japan, Canada, Australia, Netherlands, and Italy are among the major suppliers. The United States is the market leader for imports, having over 30 percent market share. Most of the leading international companies operate in India now.

Some of the important environmental sectors include: water supply & waste water treatment; solid waste management; air and noise pollution; marine pollution; environmental goods and services; renewable energy; carbon capture and storage; carbon finance and carbon abatement technologies.

India's pollution control equipment industry was growing at 10-12 percent annually in the recent years, largely because of government initiatives and a proactive judiciary. However, from 2012-2014 the Index of Industrial Production in mining and manufacturing sectors have ranged from a negative growth of 1.8 to a growth of 0.8 percent. This has resulted in stagnation of the pollution control equipment industry in 2013-2014 as well. We believe that this is a temporary phenomenon, and the market will grow again in the coming years. The total market size is estimated to be over \$8 billion, with renewable and energy efficiency sectors capturing 51 percent of the market share.

Unit: USD million

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	7390	8100	8100	8537
Total Local Production	5170	5900	5900	6219
Total Exports	780	1300	1300	1370
Total Imports	3000	3500	3500	3689
Imports from the U.S.	1270	1100	1100	1159
Exchange Rate: N/A				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports). Figures are approximate. 2015 growth has been estimated at 5.4 percent, in keeping with IMF's latest economic growth projection for India.

Many international water companies have set up offices in India or are operating through local partnerships. The companies offering water technology and services can be divided into two categories:

- Small number of large & medium sized companies- like VA Tech Wabag, Degremont, IVRCL, Paramount, Ion Exchange, Thermax, Doshion, Aquatech, Fontus Water, McNally Bharat, Subhas Projects; Ramky Enviro
- Small companies, 500 or more, most of which are system integrators, addressing local requirements

The private sector has been investing substantially in environmentally friendly production processes and accounts for nearly half of demand in this segment. Unlike other sectors, multi-lateral and bi-lateral agreements on ecology and the environment play a major role in this sector. This results in an increased demand for imported pollution control equipment, because donor-led investments normally require international quality equipment that is not manufactured in India. Multinational corporations with manufacturing facilities in India insist on global standard of equipment for pollution control. This often requires imports.

Sub-Sector Best Prospects

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The promising sub-sectors in pollution control equipment include (for the next 3-5 years):

Sub Sector Growth

Energy Efficiency and Renewable Energy	12%
Water and Wastewater Management	14%
Air Pollution Control	8%

Water and wastewater is the most promising sub-sector in India's environmental segment in the non-energy category. The sector is 26 percent of India's pollution control industry, and expected to grow at a compounded rate of 13-15 percent over the next five years, according to U.S. Commercial Service's Environment Technology Resource Guide 2013. Procurement is almost equally split between government and the private sector projects. However, sales to the industrial sector are growing at a higher rate. The government is primarily involved in treatment of raw water, water transmission and distribution and sewage treatment operations. The private sector industries in power, food and beverage, pharmaceuticals, refineries and textiles sectors are generating immense opportunities for water and wastewater treatment equipment. These industries prefer advanced treatment technological systems such as reverse osmosis (RO) membranes for treating their

wastewater. The water treatment market is gradually shifting from chemical treatment and demineralization plants to membrane technology. The concept of wastewater recycling and zero discharge systems is becoming more widely accepted as new technologies such as sequencing batch reactor (SBR) and membrane bioreactor (MBR) based treatment gain in popularity. For detailed analysis of the opportunities in India's water and wastewater sector, download the "Indian Water & Wastewater Sector – Opportunities for U.S. Companies" report in the Market Research Library.

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The report of the Working Group of India's Planning Commission on industrial pollution (Twelfth Five-Year Plan- 2012-2017) lays down the roadmap to facilitate the creation of a robust waste management and recycling sector- http://planningcommission.gov.in/aboutus/committee/wrkgrp12/wg_es0203.pdf. The report recommended establishing a \$4 billion Green Technology Fund to support environmental projects, programs and policies in the country.

According to India's Planning Commission, the total capital investment required for upgrading India's water infrastructure is \$126 billion over the next 20 years. The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) of Government of India remains the largest source of financing for water supply and sewage treatment projects. Since its inception in 2005, JNNURM has financed 166 water supply projects and 115 sewage projects for an estimated cost of \$6 billion: <http://jnnum.nic.in/wp-content/uploads/2013/11/Sectorwise1.pdf>.

Additionally, U.S. companies are advised to track the World Bank/ADB/Japan Bank websites and publications for International Cooperation (JBIC) soft loan and grant funded project announcements. These projects offer significant front-end consulting opportunities and the possibility to supply equipment during the project implementation phase.

Business opportunity lies in air pollution control lies with the 17 industry sectors identified as strong polluting category, such as cement, steel, iron and power industries. Ambient air quality monitoring for cities is also an area of major opportunity.

In the water sector, the government sector is primarily involved in raw water treatment and sewage treatment operations. On the other hand, the private industrial sector includes equipment for clarification, sludge treatment, aeration, disinfection and filtration. Conventionally, the market has used demineralizers for treatment. However, over the last few years, reverse osmosis technology has grown in the market and gradually replaced DM. Newer technologies like membrane bioreactor, ultrafiltration and electro dialysis are also entering the market now.

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For more information about export opportunities in this sector contact U.S. Commercial Service Industry Specialist Arup Kumar Mitra at arup.mitra@trade.gov and Bhavna Vishwakarma at Bhavna.vishwakarma@trade.gov.

Ministry of Environment and Forests <http://www.envfor.nic.in>
Central Pollution Control Board <http://www.cpcb.nic.in/>
The Energy and Resources Institute (TERI) <http://www.teriin.org>
Environmental Information System – ENVIS: India <http://envis.nic.in/>
Asian Development Bank <http://www.adb.org>
World Bank <http://www.worldbank.org>

Franchising

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Franchising as a concept has been prevalent in India since long time. There are numerous social, economic and technical factors which are combining to create a better business environment for international franchises. Changes in consumer trends and lifestyles, coupled with international exposure to consumer goods from other countries are creating a receptive audience among aspiring consumers for

everything from foods to apparel, children's products and more. Malls are opening with options for options for quality retail space and food courts.

According to KPMG, the franchise market in India has a potential to grow to \$20 billion by 2020. Franchising in India will grow approximately 30 percent over the next five years. Presently, there are 1,200 franchisors in India, of which 25 percent are of international origin, with U.S. companies dominant. Many international brands have already entered India and are adopting the franchise route to expand. Global brands such as Domino's, KFC, and Baskin Robbins have adopted variations of the franchise models to grow in India. Many other international brands are contemplating entry plans into India.

However, India's growing but fragmented market may be difficult to deal with especially due to the lack of transparent legal framework, resistance on fees and royalty payments and high real estate costs, the latter of which impacts the franchisee's capability to expand outlets. Despite these market impediments or constraints, U.S. franchisors thrive in India.

Sub-Sector Best Prospects

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The top prospects for franchising include: food and beverages, education and training, retail, health, beauty and wellness.

- **Food Franchising:** According to KPMG¹, the food industry in India is estimated to be \$48 billion and expected to grow at 13 percent CAGR over the next five years. Food chains such as Yum Brands (KFC and Pizza Hut), McDonalds, and Dominos have aggressive expansion plans for India.
- **Education:** Of all the types of franchises operating in India, the education sector is the most popular model. Pre-school, vocational/training and finishing schools franchisees are also the most sought-after sub-sectors by Indian franchisees. Corporate and leadership training franchisees are becoming popular as well.
- **Retail sector:** The \$490 billion retail industry in India includes organized and unorganized retailing. For the organized retail sector, franchising is the most popular business format to attract consumers. KPMG industry sources estimate that 43,000 franchisee establishments (valued at \$36 billion) may be required in 2017 to meet the growing demand. The Government of India's policies allowing 51 percent FDI in multi-brand retail trading (MBRT) and 100 percent in single-brand retail trading (SBRT) are expected to attract franchisors and retailers.
- **Health, beauty and wellness sector:** The \$4.5 billion Indian beauty and wellness market is growing 20-25 percent annually. Middle class Indians are increasingly spending their disposable income on fitness, spa treatments, and health clubs.

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India is witnessing a huge demographic transformation which is fuelled by a consumption boom. This rapidly growing economy has led to a population of over 250 million middle-income Indians with high disposable incomes. This group continues to fuel consumption demand in India. The greater demand for goods in India is in turn generating a greater demand for franchises especially U.S. franchises. As a business model, franchising is ideally suited for Indian entrepreneurs.

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Reserve bank of India: <http://www.rbi.org.in>
Franchising Association of India: <http://www.fai.co.in/>
Indian Brand Equity Foundation: <http://www.ibef.org>
Government of India Ministry of Finance: <http://finmin.nic.in/>

1

((http://www.kpmg.com/IN/en/IssuesAndInsights/ArticlesPublications/Documents/Collaborating_for_Growth.pdf))

For more information about market opportunities in this sector, contact the U.S Commercial Service Industry Specialists in the following cities:

New Delhi – Renie.Subin@trade.gov; Bangalore – Srinivasa.Murthy@trade.gov; Chennai – Mala.Venkat@trade.gov; Hyderabad – Kiran.Ganta@trade.gov; Kolkata – Arup.Mitra@trade.gov; Mumbai – Smita.Sherigar@trade.gov

Healthcare and Medical Equipment

The Indian healthcare sector is experiencing rapid change. Though this change has been under way for many years it has become significantly visible in the last decade, with a renewed thrust from both the government and a growing market for healthcare services and products.

The Indian healthcare industry will grow to \$158 billion by 2017 from \$78 billion in 2012, on the back of increasing demand for specialized and quality healthcare facilities. The market is highly fragmented and dominated by private players. The industry is rapidly developing and is being fueled by large investments from existing corporate hospital chains and new entrants backed by private equity investors. This growth will be driven by healthcare facilities, public-private projects, medical diagnostic and pathological laboratories, and the health insurance sector. In addition, changing demographics, disease profiles and the shift from chronic to lifestyle diseases in the country has led to increased spending on healthcare delivery.

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The Indian population of 1.2 billion people is growing at a rate of 1.6 percent per year. A growing old age population above 100 million, with rising incidence of lifestyle diseases, combined with rising incomes and affordability and increased penetration of health insurance are fuelling growth of the industry. However, considerable challenges exist in terms of service accessibility and patient care quality. As such, government support would inherently play a significant role in the overall development and growth of the sector.

Various innovative models are being explored to improve their performance and profitability, viz. telemedicine, specialty centers and day care centers. High upfront investments, long gestation periods, and rising real estate costs are compelling private players to innovate with business models and to expand into under penetrated tier II & III cities. As a result, these private players can capitalize on the opportunity to expand. The private sector is likely to contribute 80-85 percent of the \$86 billion healthcare investment required by 2025.

Health insurance is gaining momentum in India. Gross health insurance premiums have increased at a CAGR of 30 percent from \$733.9 million in 2006-2007 to \$2.1 billion in 2010-2011. Penetration as a percentage of GDP has risen from 0.08 percent in 2008-2007 to 0.12 percent in 2010-11. This penetration of health insurance will significantly increase the affordability of healthcare services for the population. Several private insurance companies have entered the market and have empanelled hospitals to provide cashless treatment to subscribers of insurance companies.

In India, healthcare is provided through primary care facilities and secondary and tertiary care hospitals. While the first two categories are fully managed by the government it is the tertiary care hospitals that are owned and managed either by the government or private sector. The private sector's contribution to healthcare has been growing at a faster pace than government. The medical infrastructure market is estimated to have a growth rate of 15 percent. Both the government and private sector are planning several new specialty and super-specialty hospital facilities, as well as planning to upgrade existing hospitals. India currently faces a chronic shortage of healthcare infrastructure, especially in rural areas and tier II and tier III cities, and it is expected that India will have a potential requirement of 1.75 million new beds by the end of 2025. The opportunity also exists for overseas organizations to set up hospitals in India through FDI.

The new specialty and super-specialty hospital facilities depend on the import of high-end medical equipment, accounting for over 65 percent of the entire market. There is a need for sophisticated hospital equipment, especially operation theatre products. In view of the relatively low customs duty rates (9.2 to 15 percent) combined with an increasing number of healthcare centers specializing in

advance surgery, India offers opportunities for the direct supply of high-technology, specialized medical equipment, products and systems.

The boom in medical tourism in the Indian healthcare sector is encouraging hospitals and hoteliers to strike alliances with each other. The presence of world-class hospitals and skilled medical professionals has strengthened India's position as a preferred destination for medical tourism. According to industry estimates, the medical tourism market is expected to expand at a CAGR of 27 percent to reach \$3.9 billion in 2014, up from \$1.9 billion in 2011.

E-healthcare/telemedicine, though in its infancy in India, is beginning to take root. Most public hospitals (funded by state governments) and private single and multi-specialty hospitals have purchased customized hospital management systems and other medical based IT products. Given the poor availability of quality healthcare facilities outside the large and second tier cities, telemedicine is expected to become a viable business proposition.

To ensure quality healthcare, in October 2005, the Government of India increased the list of medical devices covered under the Drugs and Cosmetics Act of 1940, bringing 14 categories of implantable devices under regulatory control. These include hypodermic syringes and needles, stents, heart valves, catheters, intra-ocular lenses, hip and knee implants, in vitro diagnostics devices, and bone cements. An approved central licensing authority must license these devices for manufacture, sale or distribution. Hospitals are also seeking quality accreditations like JCI, NABH and ISO.

Unit: USD millions

<i>Medical Devices & Equipment</i>	<i>2012</i>	<i>2013</i>	<i>2014 (estimated)</i>	<i>2015 (estimated)</i>
<i>Total Market Size</i>	5189	5812	6509	7290
<i>Total Local Production</i>	2670	2767	2800	3800
<i>Total Exports</i>	75	91	151	155
<i>Total Imports</i>	2594	3136	3860	3645
<i>Imports from the U.S.</i>	496	509	522	535

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: *Statistical data are unofficial estimates from trade sources and industry. As this industry has not been well documented in the Indian context, the estimates of industry size vary significantly across different sources.*

Imports from the U.S.: *United States Census Bureau*

Sub-Sector Best Prospects

The most promising sub-sectors in the healthcare and medical equipment sector are:

- Medical Infrastructure
- Medical and Surgical Instruments
- Medical Imaging
- Electro Medical Equipment
- Orthopedic and Prosthetic Appliances
- Cancer Diagnostics
- Ophthalmic Instruments and Appliances
- Orthodontic Equipment's and Dental Implants

Opportunities

The growing demand for quality healthcare and the absence of matching delivery mechanisms pose a challenge and certainly a great opportunity. In Infrastructure – building, equipping, managing and financing of super specialty hospitals in India via FDI is another area for future growth.

A proper supply of equipment and medical consumables will also be an area with significant opportunity for U.S. companies. Several leading U.S. purveyors of hospital equipment and supplies have opened Indian operations to cater to this growing market.

Health insurance and hospital administration is another area in which U.S. companies can make a difference. This opportunity includes introducing and maintaining industry standards, and also classifying and certifying healthcare centers.

Other growth areas include diagnostic kits, reagents and hand-held diagnostic equipment. Imports constitute 50 percent of this market. Hand-held/portable diagnostic equipment (e.g., for blood sugar and blood pressure testing) is also a fast growing segment because India has around 45 million diabetics, a figure expected to swell to 70 million by 2025.

Web Resources

For more information about export opportunities in this sector contact U.S. Commercial Service Industry Specialist Ruma Chatterjee (Ruma.Chatterjee@trade.gov) and Bhavna Vishwakarma at Bhavna.vishwakarma@trade.gov

Useful links:

Central Drug Standard Control Organization (CDSCO)
<http://www.cdsco.nic.in>

Ministry of Health and Family Welfare (MOHFW)
<http://mohfw.nic.in/>

Indian Medical Association
<http://www.ima-india.org>

The Medical Council of India (MCI)
<http://mciindia.org>

The Federation of Obstetric and Gynecological Societies of India
<http://www.fogsi.org>

The Association of Indian Medical Device Industry
<http://www.aimedindia.com/>

Infrastructure - Ports

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The Ports Infrastructure sector in India is in a capacity building mode to overcome the supply/demand shortfall challenging the growth of the economy. Ports are a key sector for India's external and internal trade. According to the Indian Ministry of Shipping, traffic at major ports is expected to grow at a Compounded Annual Growth Rate (CAGR) of 8 percent. Closing at 555 million tons (MT) in 2013, it is projected that by 2020 the figures could reach 1.2 billion tons. The minor ports are expected to close in on 300 MT and will reach a CAGR of 16 percent. In anticipation of the projected growth, the industry is planning and developing new terminals, upgrading existing berths, and modernizing operations by including state of the art cargo handling equipment, tracking systems, security systems, oil spill detection equipment, oil spill clean-up equipment, and dredging equipment.

India is a major maritime nation by virtue of its long coast line – 4,671 miles. Presently, there are 13 major ports - under the national government control and 187 minor ports - under state/private control. The maritime transport approximately moves 90 percent of the country's trade by volume and 70 percent by value. The Maritime Agenda "2010-2020" by the Ministry of Shipping has proposed to invest in many major and non-major ports. The investment proposed is approximately \$49 billion. This includes 72 ongoing projects worth \$3 billion. The sector is also opening up for Public Private Partnerships including Foreign Direct Investment (FDI). FDI up to 100 percent by foreign companies is allowed in this sector and is permitted for construction and maintenance of ports. Private-sector participation will not only increase investment in the port infrastructure, but also improve efficiencies in ports through the introduction of latest technology and better management practices.

Statistics:

Container Terminal Operators: India Major Ports:

Port (No of container berths)	Name	Operator	No of berths
Mundra (3)	Mundra International Container Terminal Private Limited	DP World	2
	Adani Mundra Container Terminal (MSC)	Adani and MSC	1
Kandla (2)	ABG Container Terminal	ABG	2
Pipavav (2)	Gujarat Pipavav Port Limited	APM and Maersk India	2
Mumbai (1)	-	Port Trust	-
JNPT (8)	JN Port Container Terminal	JN Port Trust	4
	Gateway Terminals India Private Limited	APM and CONCOR	2
	Nhava Sheva International Container Terminal Private Limited	DP World	2
Cochin (3)	International Container Transshipment Terminal	DP World	3 (Phase 1A has 1 berth)
Tuticorin (1)	Tuticorin Container Terminal	PSA	1
Chennai (7)	Chennai Container Terminal Private Limited	DP World	4
	Chennai International Terminal Private Limited	PSA	3
Vishakha Patnam (1)	Vishakha Container Terminal	DP World and United Liner Agencies	1
Kolkata (4)	ABG Kolkata Container Terminal	ABG and PSA	2
	-	Port Trust	2
Haldia (2)	-	Port Trust	-

Source: Indian Port Association and media resources

Other Major Ports with multi-purpose berths - Mormugao, New Mangalore, Ennore and Paradip

Other Non-Major Ports with multipurpose berths – Karaikal, Hazira 2 container berths – 33,000 TEUs (H1: 2013-14)

Projections and estimates based on the India's five year plan allocations:

Unit: USD millions	2013	2014 (estimated)	2015 (estimated)

Total Market Size Ports	3050	3693	4827
Total Local Production Ports	2122	3073	3441
Total Exports Ports	151	184	241
Total Imports Ports	1061	1290	1692
Imports from the U.S. Ports	454	553	725
Exchange Rate: 1 USD	61 INR	61 INR	61 INR

Total Market Size = (Total Local Production + Total Imports) – (Total Exports);

Data Sources: Total Local Production: Estimates from the Planning Commission annual reports and economic surveys: 2012 and 2013.

Sub-Sector Best Prospects

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Inland water way transport systems
 Port operators
 Intelligent Traffic Systems to monitor and guide trailers moving in and out of the port
 Warehousing and supply chain management
 Dredging
 Safety and Security – Oil spill contingency plans, coastline perimeter protection technologies and cargo trailer scanning systems
 Tourism – marina, cruise liners, sailing, surfing, and sport fishing

Opportunities

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The U.S. Department of Commerce, International Trade Administration, Global Markets, U.S. & Foreign Commercial Service, is organizing an executive-led ports and marine technology trade mission to India (Mumbai, Ahmedabad, and Kochi) February 1 – 7, 2015. The proposed goal of the mission is to enhance U.S.-India bilateral trade by initiating and engaging a U.S.-India commercial dialogue in the ports and marine technology sector. The Indian national elections in April and May 2014 and the successful formation of a new government are being termed as the defining moment for India's future economic development. The proposed trade mission is well timed to allow the newly-elected government to announce its new policies and spending in this sector. The trade mission will also introduce U.S. firms and U.S. trade associations to India's rapidly expanding ports and marine technology market and assist them in pursuing export opportunities in this sector. U.S. companies catering to the port and marine technology sector can find business opportunities in port security, maritime technology, port cleaning, refrigerated supply chain, port engineering, shipping agents, warehousing and stevedoring, port management and consulting, bulk cargo containers, railways, bridges, and distribution center construction systems for cargo and container tracking. Distance, unclear business practices, confusion over standards or consumer preferences may deter some U.S. companies intrigued by potential in the India market. The U.S. Commercial Service with its seven offices in India is here to help smooth the way for your market entry.

Web Resources

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For more information about export opportunities in this sector contact U.S. Commercial Service

Commercial Officer Martin Claessens at martin.claessens@trade.gov

Useful Links include:

Planning Commission, Government of India: <http://infrastructure.gov.in/>

Indian Ports Association: <http://ipa.nic.in/>

Indian Ministry of Shipping: <http://shipping.nic.in>

Infrastructure- Railroad

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The Indian Railway is owned and operated by Government of India through its Ministry of Railways <http://www.indianrailways.gov.in/>.

According to the official website of the Indian Railways (IR) and other published sources, it is the world's second largest passenger system and the fourth largest freight carrier. The IR also operates suburban trains and metro systems in some cities. According to the official India Railway (IR) website and other published sources, each day 19,000 trains carry an average of 2.8 million tons of freight and more than 23 million people between 7,500 stations in a network spanning 40,389 miles. Nearly two thirds, or 12,000 trains, are for passenger travel while 7,000 are dedicated freight trains. Rolling stock totals include approximately 230,000 freight and 60,000 passenger cars. There are currently 4,000 diesel and over 5,000 electric locomotives in operation plying long haul routes, of which about 32 percent are electrified. The Indian Railways also operates nine factories which manufacture about 250 electric locomotives, 250 diesel-electric locomotives and 3,000 passenger coaches each year for domestic use as well as for export. In addition, it produces "traction motors, switch gears and control gears, cast and fabricated bogies, cast steel railroad wheels and forged axles". The Indian Railways uses several gauges including 1,676 mm (5 feet 6 in) broad gauge; 1,435 mm (4 feet 8 1/2 in) standard gauge; the 1,000 mm (3 feet 3 3/8 in) meter gauge; and two narrow gauges, 762 mm (2 feet 6 in) and 610 mm (2 feet). Broad gauge accounts for nearly 85 percent of all installed track, with meter gauge comprising less than 12 percent and narrow gauges three percent, respectively.

Despite its own manufacturing capabilities, the Indian Railways annually procures equipment valued at about \$5 billion. There are major opportunities for foreign suppliers because approximately \$483 million worth of equipment is imported. All told, the Indian Railways has budgeted capital expenditure expenses of \$10 billion during FY 14 for current and ongoing projects.

<i>(In Millions)</i>	<i>2013</i>	<i>2014 (estimated)</i>	<i>2015 (estimated)</i>
<i>Total Market Size</i>	<i>5226</i>	<i>5748</i>	<i>6323</i>
<i>Total Local Production</i>	<i>4743</i>	<i>5217</i>	<i>5739</i>
<i>Total Exports</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>
<i>Total Imports</i>	<i>483</i>	<i>531</i>	<i>584</i>
<i>Imports from the U.S.</i>	<i>45.2</i>	<i>50</i>	<i>55</i>
<i>Exchange Rate: 1 US\$= INR 60</i>			

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Indian Railway Annual Report 2012 and Indian Railway Outcome and Performance Budget 2014. The figures for 2014 and 2015 are estimates looking at the market growth or reduction rate. In 2014 and 2015, the market has been projected to grow at approximately 10 percent over previous years. This assumption is based on the report of increase in earnings at 20 percent and expenditures at 13 percent during year 2013.

Imports from the U.S.: United States Census Bureau

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Planned locomotive factories; both diesel and electric

Planned coach factories

Dedicated freight corridor

Proposed high speed rail corridors

Opportunities

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Although, at present, foreign direct investment (FDI) is banned in the railways sector, in order to improve railway infrastructure, plans have been on the drawing board to allow between 74 to 100% FDI in a range of railway projects such as the building of high speed trains (infrastructure, engines and coaches), infrastructure for suburban corridors, infrastructure for dedicated freight line projects implemented in PPP mode and other projects including development of rail lines between industrial project sites (including mining areas/ports) and existing railway network. More recently, the new government which came into office in June 2014, has indicated its interest in allowing 100% FDI in many areas because the Railways Ministry requires \$83 billion for modernization. (<http://timesofindia.indiatimes.com/Business/India-Business/Govt-moves-proposal-to-allow-100-FDI-in-railways/articleshow/36786908.cms>).

For more information on opportunities, please contact Shantanu Sarkar (Shantanu.sarkar@trade.gov) in Kolkata or Renie Subin (renie.subin@trade.gov) in New Delhi.

Trade Event:

IREE 2015

Location: New Delhi

Date: September 2015 (To be announced)

Website: <http://www.ireeindia.com/>

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Indian Railways: <http://www.indianrailways.gov.in/>

Indian Railways operates e-procurement site: <https://www.ireps.gov.in/>

RITES Limited: <http://new.rites.com/>

IRCON: <http://www.ircon.org/>

Railway Budget: <http://www.indianrail.gov.in/>

Ministry of External Affairs, Investment and Trade Promotion Division: <http://indiainbusiness.nic.in>

Dedicated Freight Corridor Corporation of India Ltd.: <http://www.dfccil.org/>

RDSO: <http://www.rdsso.indianrailways.gov.in/>

Mining and Mineral Processing Equipment

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India possesses significant mineral resources and mines 87 different minerals from 3691 mines. India ranks among the top 10 global producers for minerals like mica, barites, coal & lignite, iron ore, chromite, bauxite and manganese. The proven reserves of iron ore in India is about 28.5 billion tons which is approximately 13 percent of world reserves and coal 293.5 billion tons; about 10 percent of global reserves. The value of minerals produced in India, excluding atomic minerals, was approximately \$36 billion in 2013, showing a decline of 2.58 percent over that of the previous year. The decline in the value of mineral production is due to the restriction on exports as well as temporary reduction of mining activities to adhere to strict environmental clearance norms.

Coal is the most important and abundant fossil fuel in India. Coal mining started in India in 1774. During 2013 India ranked third in the production of coal and lignite worldwide at 557 Million Metric Tons (MT). Consumption of coal and lignite stood at 697 MT in 2013. Imports accounted for an additional 140 MT to meet demand.

The estimated size of the mining equipment market in India:

Unit: USD millions

	2013	2014	2015 (estimated)
Total Market Size	3100	2200	2290
Total Local Production	2550	1850	1920
Total Exports	200	150	155
Total Imports	750	500	525
Imports from the U.S.	200	160	170

Exchange Rate: 1 USD= INR		
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Total Market Size = (Total Local Production + Total Imports) – (Total Exports) Figures are approximate; based on estimates provided in ICRA report <http://www.icra.in/Files/ticker/SH-20140Q1-1-ICRA-Constructionpercent20Equipment.pdf>. The total market size during 2013 is arrived from Infraline report of 2010 and the growth statistics http://www.infraline.com/coal/reports/Mining_Equipment_Market.pdf . The import figures from the U.S. for the year 2013 are obtained from the U.S. Bureau of Economic Census. 2014 and 2015 figures are estimates looking at the market growth or reduction rate. In 2015, the market has been projected to grow at 4 percent over 2014.

The mining sector in the last couple of years has been hit hard due to sluggish implementation of reforms and slow decision making. As a result, many mining projects across the country were stalled owing to court cases, as well as environmental, regulatory and land acquisition issues. However, with the formation of the new central government and its focus on energy reliability, mining companies might look forward to faster decision making and resolving of other issues.

Prior to 2013, the domestic mining and construction equipment industry witnessed two years of healthy growth of 21 percent and 45 percent per annum. Although it dropped off last year and is sluggish so far in 2014, the mining equipment market is expected to grow again in 2015 at about 4 percent because of the ever-increasing demand for coal from the power and steel sectors.

According to reports, the overall demand for equipment for the domestic mining and construction industry is projected to be about 15-17 percent lower than 2013. Similarly the demand for mining equipment is projected to be about 30-40 percent less.

Sub-Sector Best Prospects

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- Longwall loaders and draglines
- Excavators, shovels and coal/rock cutters
- Feeder crushers and special stage loaders
- Continuous mining technology
- Highwall mining
- Mineral screening, washing, crushing and grinding equipment
- Underground communication and safety systems
- Jumbo drills and long wall machinery
- Coal liquefaction
- Coal mine methane utilization
- Underground coal gasification
- Coal Bed Methane and coal gas projects
- Hydraulic/friction props and chocks
- Coal beneficiation, washeries and gasification plants
- Mine safety equipment

Opportunities

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The Coal Ministry estimates that an investment of \$21 billion in open cast mining and \$5 billion in underground mining will be required to attain the target production level by 2025. Opportunities exists for U.S. manufacturers of longwall/highwall miners, continuous miners, coal washing equipment, coal gasification technology, coal bed methane technology and for mine safety and communication equipment.

Currently, the market for mining and mineral processing equipment is estimated at about \$2.2 billion. Approximately 80 percent of this is estimated to be in the coal mining sector. Open cast mines contribute more than 90 percent of the total production. The mining sector in the last couple of years has been hit hard due to sluggish implementation of reforms and slow decision making. As a result many mining projects across the country are stalled owing to court cases, environmental, regulatory and land acquisition issues. The mining equipment market is expected to increase marginally at about \$2.29 billion in 2015.

CIL is the largest company in India in terms of coal production. The company offers both investment and export opportunities for U.S. companies in the mining sector. Increased mining activities at Coal India coupled with replacement demand for aging heavy engineering and mining machinery are expected to boost demand for mining equipment and services as well as project-based partnership opportunities. For

details of various CIL tenders, investment opportunities and procurement processes, please visit <http://www.coalindia.in/>.

Two other government-owned companies in South India – Singareni Collieries Ltd. in Andhra Pradesh and Neyveli Lignite Corporation in Tamil Nadu -- are important end users of coal mining equipment. In the private sector, Tata Iron & Steel Company Ltd. (TISCO) in Jamshedpur, Jharkhand, continues to be a major buyer of equipment for its captive coal mines. India's private sector power utility companies like Reliance, CESC, Jindal and Tata are also working on projects to develop, own and operate captive coal mines which will require the latest technologies and equipment. NMDC Limited is India's largest iron ore producer and exporter, mining about 30 million tons from its three fully mechanized mines. The company aims to produce 40 million tons by 2015. It is also in diversification mode, acquiring new mining leases in iron ore, coal and diamonds. Other large mining companies in India include Essel Mining, Rungta Mines, Orissa Minerals Development Company, Vedanta Resources, Hindalco, Nalco and Steel Authority of India.

Opportunity currently exists for U.S. coal exporters as India is expected to import about 155 MT of coal during 2014 to bridge the supply and demand gap. Estimated demand for coal will be around 980 MT by 2017 which will exceed the supply by 185 MT to be met by imports. Coal India is actively seeking to buy coal assets abroad, in the United States and elsewhere.

In accordance with the present mining policy, India allows 100 percent foreign direct investment (FDI) in mining and exploration of non-core minerals like gold, silver, and diamonds, as well as in sectors like oil exploration and captive mining of coal and lignite and in coal processing (washing and sizing). India also allows 50 percent FDI through joint ventures with a public-sector unit. To meet the energy demand of its billion plus population, India needs to upgrade the equipment and technologies used in many of its mines, particularly in the coal sector. There are significant opportunities for further exploration of known deposits and discoveries of new deposits as well as using state-of-the-art technology and introducing larger capacity mining machinery.

Web Resources

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For more information about export opportunities in this sector contact U.S. Commercial Service Industry Specialist Shantanu Sarkar at shantanu.sarkar@trade.gov.

Key websites:

Ministry of Coal and Mines	http://www.coal.nic.in ; http://mines.nic.in
Coal India Limited	http://www.coalindia.in
Mineral Exploration Corporation Ltd.	http://www.meclindia.com/
Central Mine Planning & Design Institute	http://www.cmpdi.co.in/
Indian Institute of Coal Management, Ranchi	http://www.iicm-india.com/
Publications of Indian Bureau of Mines	http://ibm.nic.in/publication.htm
Department of Heavy Industry	http://www.dhi.nic.in
Customs Duty	http://www.cbec.gov.in/
India	http://www.infomine.com/countries/india.asp
Indian Bureau of Mines	http://www.ibm.nic.in
Federation of Indian Mineral Industries	http://www.fedmin.com
Directorate General of Mine Safety	http://www.dgms.net
NMDC Limited	http://www.nmdc.co.in
Planning Commission of India	http://www.planningcommission.gov.in/

Plastics

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India's plastics market has the potential to grow faster than any other nation in south Asia. Industry projections forecast a 10 percent increase, which is 1.2 to 1.5 times the growth in GDP. Based on the current market rate of US \$1: Rs 61, it is estimated to be as high as \$33 billion. Per capita consumption of plastics in India is projected to grow to 20 kilograms by 2020, up from a current figure of 8 kilograms. The per capita plastic consumption is 13 times less than that of the United States (95 kilograms), nine

times less than that of Europe (65 kilograms) and nearly four times less than the world average of 26 kilograms. The tremendous rate of consumption of plastics in almost every aspect of consumers' daily lives underscores the critical importance of this industry to the economic growth of this country.

Unit: USD millions

PLASTIC INDUSTRY	April to March 2011-12	April to March 2012-13	April to March 2013-14	April to March 2014-15 (projected)
Total market Size (polymer consumption) <i>Million tons</i>	7.7	8.7	9.0	10.5
Polymer consumption	11.6	12.4	13.2	14.7
Total Local Production	9.5	9.3	10.4	11.8
Total Exports	1.8	1.6	1.9	2.1
Total Imports	3.9	4.7	4.7	5.0

During 2012-13, the amount of polymer supplied was about 1,158 million tons. India has an estimated 50,000 plastic processing units with a processing capacity of over 30 million tons per annum. More than 50 percent of the processing units are small and micro units. The estimated number of plastic processing machines currently installed is approximately 115,000. According to one industry estimate, the growth of India's plastic processing capacity over the last 5 years was 13 percent.

Despite the large number of plastics processing units, India's polymers industry is oligopolistic and dominated by four large producers. Major polymers produced in India are polythene, polypropylene and polyvinyl chloride. Current polymer capacities are mostly underutilized with operating efficiencies varying from 66 percent to 86 percent. However, despite the shortfall in production, imports of a variety of polymers are still not as high as anticipated. This is reportedly due to a slowdown in investment in the sector.

There are about 250 domestic plastic machinery manufacturing suppliers. The domestic downstream industry includes injection moulding (IM), blow moulding (BM), roto moulding (RM) and extrusion. Modified and specialized processing equipment is also available. These suppliers serve clients working in a wide array of applications such as, but not limited to, packaging, automobile, consumer durables and non-durable, healthcare, agriculture, infrastructure, and electronics.

The greatest potential exists for commodity plastics including polyethylene (PE), polypropylene (PP), polyvinylchloride (PVC) and polystyrene. Some explanations for this are current low per-capita consumption, end use industry growth, increasing urbanization and changing lifestyles which are creating a greater demand for use of plastics in a variety of products and packaging. Engineering and specialty plastics are used for specific purposes and exhibit superior mechanical and thermal properties in a wide range of conditions over and above the properties of more commonly used commodity plastics. These include styrene derivatives (PS/EPS), polycarbonate, poly methyl methacrylate, and polycarbonates.

The Government of India (GOI) plans to invest \$1 trillion on infrastructure during the 12th Five Year Plan is expected to have a significant positive impact on the demand for specialty construction chemicals. Another emerging segment for plastics applications is in agriculture. Plastics which are most widely used in agriculture, water management and related applications are PE, (LLDPE, LDPE and HDPE), PP and PVC. The long-term concerns about the polluting qualities of plastics must be weighed against the many positive uses in managing water resources. Accordingly, there are opportunities for investment by local companies in the development of more effective ways to recycle plastic waste.

The following four sub-sectors offer huge investment potential for U.S. plastic companies.

1. Construction chemicals-specialty polymers
2. PET Strap; Plates/Sheets/Film/Foil/Strip; and Resins (thermoplastic) & Additives
3. Medical Plastics
4. Plasticsulture

The Indian construction chemical market is highly competitive and with the increase in global construction companies entering into manufacturing in India, the industry is experiencing strong growth. In 2012, concrete admixtures accounted for 42 percent of the total construction chemical market, while flooring and waterproofing chemicals had a share of 14 percent each. Other segments include sealants, grouts and adhesives which together account for 18 percent of the total construction chemicals market. The share of flooring is high in India compared to more developed countries. At the same time, India has a low share of tiling, sealants and waterproofing. Companies with innovative, low cost products with wider applications are likely to capture significant share of the market. Marketing chemicals for waterproofing, concrete additives or anti-leak agents could be a potential strategy to enter this subsector.

Of note, a number of projects funded by multilateral agencies like the Asian Development Bank (ADB) and the World Bank have mandated the use of good quality construction chemicals. Current and pending regulatory guidelines incentivizing developers to build energy-efficient and green buildings will also drive the demand for suitable, innovative protective coatings and safe chemicals.

1. PET Strap; Plates/Sheets/Film/Foil/Strip; and Resins (thermoplastic) & Additives

In India, the demand for use of PET recycled products has resulted in unconventional use of PET because other plastics and glass are less cost-effective and unable to match the desired quality. PET's crystal clear transparency or glossy opaqueness have resulted in added value for India's manufacture of consumer products. In the first half of FY 14, India imported nearly half the amount of PET it acquired in 2012-13 and U.S. companies can tap this potential market to export PET strap to India.

Commodity plastics are plastics that are used in high volume and wide range of applications. The packaging industry uses the largest percentage of commodity plastics (37 percent), followed by 21 percent for the building and construction sector. The automotive sector uses eight percent and electrical and electronics manufacturers use about six percent. In addition, the medical, leisure and other sectors together account for approximately eight percent. The best prospects are for U.S. suppliers to the packaging industry and building and construction industries.

India offers a huge market for thermoplastic specialty resins, additives and compounds used in paints, printing and textiles coatings industries. India also imports standard and custom formulated high-performance plastic materials including high-temperature materials for elevated service temperature environments, high modulus structural materials for load-bearing high-strength applications and flame-retardant products used in important growth industries as diverse as automotive, electronics, transportation, building and construction and healthcare sectors.

2. Medical Plastics

Plastics have been used in medicine for over four decades now. The medical device sector is one of the most promising markets in India. Indian demand for new plastics manufacturing equipment and technology, especially in the injection molding sector, is likely to grow by at least 10 percent a year for the next five years or more. Technical developments in plastic processing, equipment manufacturing and engineering have also increased the use of plastics in the health care sector.

Due to the increasing awareness of health and hygiene and concern about the spread of drug resistant contagious diseases, the central government is determined to provide basic healthcare in rural areas. India's emergence as a medical tourism market is also expanding the need for plastics in medical products. Commodity plastics such as PVC, PE, PP, PS account for 85 percent of all medical plastics. India currently consumes 19,000 metric tons of plastics for use in the medical sector in India. This amount is expected to grow 16 percent per year in the near term. The demand for direct and contract manufacturing of plastic products and components is increasing. Besides local industrial growth, some leading foreign companies are also slowly entering the Indian market to manufacture plastic products.

Flexibility of design and manufacturing, cost advantages, and easy maintenance of plastic components will continue to support the growth of plastic goods for the next several years. U.S. firms are encouraged to work closely with qualified organizations, and/or to maintain licensing/joint venture agreements with Indian firms.

3. Plasticulture

Plasticulture, which involves the use of plastics in agriculture and horticulture, amongst other areas, is growing in popularity across India. There is scope for greater use of this technology in India. For example, micro-irrigation can reduce water requirements by up to 70 percent and will benefit farmers tremendously. For this reason, in 2005, the Indian government launched the Micro-Irrigation Scheme (MIS). As of 2010, the MIS was being used on 1.79 million hectares of land at an approximate cost of \$450 million. In addition, India's 22 Precision Farming Development Centers (PFDCs) are successfully encouraging the adoption of modern agricultural techniques involving plastics and promoting plasticulture and its uses.

Additionally, the growing awareness of the benefits of plasticulture will drive the demand for polymers over the next five years. Polymer demand in India increased by 13 percent in 2012 and, according to a major industry study, the major growth drivers by percentage were packaging - 15, plasticulture - 14, plastics in Infrastructure - 13, and plastics in consumer durables which accounted for 10.

Local manufacturers and some foreign companies are eyeing the growing potential of India's plasticulture market. Plasticulture applications in India are broadly classified in to the following categories which can help U.S. firms develop market entry strategies according to their expertise: water management; nursery management; surface cover cultivation; controlled environment agriculture, and innovative packaging.

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Overall, India is unable to produce the required volume and variety of plastic materials, such as Polyethylene (PE), Polyvinyl Chloride (PVC) and engineering plastics. These are needed to meet the rising demand by domestic and foreign companies with manufacturing operations throughout the country. As a result, most materials must be imported. India's existing plastic processing capacities offer a significant potential for upgrade through introduction of innovative technologies.

One industry forecast published by the organizer of PlastIndia 2015 states that, "India's plastics processing industry will deploy more than 180,000 machines by 2020, up from the current 110,000." Another industry source projects that purchases of manufacturing equipment and supplies could reach \$10 billion by 2020. Currently, about 50 major suppliers from China, Taiwan, the U.S., Japan and European nations account for 40 percent of all machinery imports. According to another leading trade chamber, India now has a critical need for "High production and automatic blow molding machines, multilayer blow molding, stretch blow molding machines, specific projects involving high capex like PVC calendaring, multilayer film plants for barrier films, and multilayer cast lines, BOPP and nonwoven. Also required are multilayer blown film lines (up to 9/11 layers), automatic block bottom bags production lines, higher tonnage injection molding machines >2000T and higher tonnage >500T and all electric injection molding machines."

India's plastic recycling effort is impressive. Although it is the leader, India needs newer technology to recycle PET bottles, automotive parts, e-waste and plastic waste to fuel, energy recovery from plastic waste (incineration), and use of PE & PP waste for road construction. The estimated investment in local plant and machinery for the recycling industry is about \$27 million.

Trade Event:

PlastIndia 2015

Location: New Delhi

Date: September 2015 (To be announced)

Website: <http://www.ireeindia.com/>

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Ministry of Chemicals and Fertilizers <http://chemicals.nic.in/>

Planning Commission <http://planningcommission.nic.in/>

Chemicals & Petrochemicals Manufacturers Association of India <http://cpmaindia.com/>

PlastIndia Foundation <http://www.plastindia.org>
 All India Plastic Manufacturing Association <http://www.aipma.net/>
 Federation of Indian Chamber of Commerce and Industries (FICCI) <http://www.ficci.com>

For more information about export opportunities in this sector contact U.S. Commercial Service
 Commercial Specialist Nisha Wadhawan at nisha.wadhawan@trade.gov

Power and Renewable Energy

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India is a fast growing economy with substantial energy needs to power its future industrial expansion. Today India has an installed power generation capacity of 235 GW and over 200 million consumers (almost 800 million people) across a 3.28 million square kilometer territory. Indian power generation capacity has been growing at 8-10 percent per year over the last two decades. Despite that rapid growth, India still faces huge challenges in providing access to electricity for its citizens:

- 79 million households (almost 400 million people) are still not connected to the grid.
- Most parts of the country experience power outages of several hours on a daily basis.
- Transmission & Distribution (T&D) losses are very high – 26.35 percent at distribution level and more than 8 percent at the transmission level nationally. Several large states report more than 40 percent distribution losses. These issues are seriously affecting the financial viability of not only the distribution companies, but also the entire power generation sector.
- Per capita consumption of electricity is about one-fourth of the world average.
- Although India has large coal reserves, owing to a combination of factors (geographically dispersed locations of coal reserves, relocation of villagers in coal rich regions, mining and transportation related bottlenecks, and environmental issues), power generation is increasingly dependent on imported coal which is a serious drain on the country's limited foreign exchange reserves.

More than 57 percent of India's power generation comes from coal power plants but due to the shortage of the domestic coal supplies, and serious environmental concerns, the Government of India (GOI) is increasingly looking at ways to generate more power through renewable energy resources. To achieve this goal, the GOI has designed and implemented several national policies and missions and has attempted to provide a consistent and stable regulatory environment. As a result, in the last five years, the renewable energy segment has registered a compound annual growth rate of approximately 20 percent while the conventional power generation segment grew at only 7 percent. Of the overall total 235 GW power generation base, India has approximately 30.2 GW of renewable energy installed base of which 20.2 GW is from wind, 3.7 GW from small hydro, 3.7 GW from bio energy and 2.2 GW from solar energy. Recent growth has been particularly significant in the wind and solar sectors. The number of players including developers, manufacturers, and service providers in the two renewable power segments has also seen unprecedented growth of late.

USD Billion

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	31.1	31.71	33.59	37.7
Total Local Production	20.0	20.40	21.6	24.2
Total Exports	4.60	4.69	4.97	5.5
Total Imports	15.70	16.0	16.96	19
Imports from the U.S.	942 Million	644 Million	690 Million	772 Million
Exchange Rate: \$ 1 = INR 60.00				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports). Figures are approximate.

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Renewable Energy Sector: Amidst growing global concerns over greenhouse gas emissions and in an effort to meet India's growing energy demand, the Indian government is proactively encouraging the development of renewable energy sources from a long term energy security perspective.

- **Solar Energy:** India's solar capacity has increased from less than 20 MW in 2011 to 2208 MW in January 2014. The Government of India launched the Jawaharlal Nehru National Solar Mission (JNNSM) in 2008 to promote development of solar energy projects in India. The JNNSM has set the target of deploying 20,000 MW of grid connected solar power by 2022 in three phases. The first phase, with a total of 1,759 MW connected to the grid has already exceeded the target. As part of Phase-II, Batch-I, proposals have been solicited through the issuance of a "Request for Selection" (RFS) for setting up of grid connected solar photovoltaic projects totaling 750 MW. Solar capacity addition is expected to further accelerate with new capabilities being allotted under state-level programs in Gujarat, Rajasthan, Karnataka, Tamil Nadu, Odisha, Madhya Pradesh, Andhra Pradesh, Uttar Pradesh, Chhattisgarh, Punjab, and Kerala. Over 3,000 MW of solar capacity is expected to come on line in 2014.
- **Wind Energy:** India's total wind-based installed capacity is close to 20.2 GW and accounts for 70 percent of the total renewable based installed capacity. The states with the highest concentration of installations are Tamil Nadu, Maharashtra, Gujarat, Rajasthan, and Karnataka. However, the market for new wind plants slowed down substantially in 2012-13. The subdued performance was due to several factors including the economic slowdown, the withdrawal of the accelerated depreciation scheme, and the uncertainty surrounding the generation based incentive (GBI) scheme for wind owners under the 12th Five-Year plan period. Five-Year Plans are centralized and integrated national economic program. Since Independence, the Indian economy has been carried through in a series of Five-Year Plans, developed, executed, and monitored by the Planning Commission. However, with the GBI scheme being reinstated in April 2013, wind power will continue to be the mainstay of India's renewable energy sector.
- **Biomass:** India has abundant bioenergy resources but only 10 percent of the total potential has been harnessed to date. The estimated power generation capacity from biomass, including rice husks, is 17,732 MW. In comparison, the existing capacity is just 1,785 MW. Despite proven and mature technology, the segment continues to lag behind in attracting investors' interest mainly due to concerns relating to the availability and procurement of biomass/feedstock as well as its pricing. This is expected to be corrected with the upcoming launch of the much awaited National Bio Energy Mission.
- **Small Hydro Power (SHP):** SHP is seen as one of the major energy solutions in the hilly regions of the country which have significant water resources with reasonable energy potential. India currently has an installed grid-connected SHP capacity of over 3,400 MW but the Indian government aims to develop half of the identified potential of about 19,749 MW in the next ten years and is supporting SHP deployment through capital subsidies and preferential tariffs.
- **Waste to Energy:** The GOI has developed a National Master Plan for development of waste to energy in India. The GOI estimates that the potential to generate power from municipal solid waste will more than double by 2020, while the generation potential from industrial waste is likely to increase by more than 50 percent. In a country with high population density and limited landfill capacity, waste to energy power generation is a major priority and opportunity.
- **Nuclear:** There should be opportunities in providing equipment and technology to boost India's nuclear power plants, but the process has been considerably delayed because of environmental and security issues and continued concerns over potential liability exposure for suppliers of equipment and designs.
- **Green Buildings:** India has emerged as one of the world's top destinations for green buildings and it has implemented a number of home-rating schemes and energy conservation building codes, which open up a wide range of opportunities for U.S. companies in the energy efficiency sector.
- **Transmission, Distribution and Smart Grids:** In India, the Transmission and Distribution of power is dominated by the government with the overall private sector role limited to 1 percent in transmission and 5 percent in distribution (Delhi and Odisha states; City of Mumbai, and parts of Kolkata, Ahmedabad and Surat municipalities have private companies engaged in electricity distribution). One of the biggest challenges that the Indian power sector faces is Transmission & Distribution (T&D) losses, which are very high – 26.35 percent at distribution level and more than 8 percent at transmission level nationally. Several large states report more than 40 percent

distribution losses. The Power Grid Corporation of India (PGCIL) which is the owner, operator, and developer of the national interstate power grid says it will spend \$18 billion in the next five years extending and upgrading the Indian power grid to include smart technology. Under the 12th Five Year Plan, PGCIL will extend and strengthen the grid, automate control and substations, and develop green corridors with green transmission control centers for the integration of renewable energy into the power grid. Spending on the power grid comes at a time when India's heavy power manufacturing sector is struggling, with a variety of challenges including overbuilt export capacity, Chinese import competition, and lack of fuel and transmission capacity to support newly built thermal power plants.

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The power sector has aggressive growth plans as demand by 2032 is estimated to be 900 GW. In the 12th Five Year Plan (April 2012-March 2017), the targeted investment layout for power sector is \$950 billion, with a 50 percent contribution from the private sector.

India is vigorously pursuing renewables – as is evident by the ongoing JNNSM with its ambitious target of 20 GW grid-connected solar energy by 2022. Besides the central (national) level programs, several state governments have also announced solar power generation targets for their respective states. Four ultra-mega solar power projects, each with a capacity of over 500 megawatts (MW) have been proposed in the 2014-15 budget session. In January 2014, the GOI announced the setting up of a large solar project with a total capacity of 4,000MW in Rajasthan. Six public sector units—Bharat Heavy Electricals Ltd, Solar Energy Corporation of India, Hindustan Salts Ltd, PGCIL, SJVN Ltd (Satluj Jal Vidyut Nigam) and Rajasthan Electronics and Instruments Ltd—are involved in the project. A National Wind Energy Mission with a target of increasing the present capacity of wind generation from 20 GW to 100 GW by 2022 (including off-shore wind farms) is currently under preparation. Significant investments have already been made in the wind sector by IFC, Goldman Sachs, IDFC, Morgan Stanley, among others.

The Ministry of Power issued a Smart Grid Vision and Roadmap for India last year with the vision of a nationwide smart grid that will ensure 24x7 quality electricity supply to all citizens. In order to achieve the targets envisaged in the smart grid roadmap, a National Smart Grid Mission is being proposed. PGCIL is leading the five year, nearly \$20 billion effort to modernize India's transmission infrastructure and upgrade to automated, "smart" technology presenting opportunities to U.S. smart grid technology providers.

U.S. companies are advised to monitor the World Bank/Asian Development Bank/International Finance Corporation websites and publications for International Cooperation soft loan and grant funded project announcements. These projects offer significant front-end consulting opportunities and the possibility to supply power generation equipment during the project implementation phase.

U.S. companies interested in developing new business contacts in India's rapidly expanding renewable energy sector should consider participating at the U.S. Department of Commerce certified 8th Renewable Energy India (REI) 2014 Expo being held from September 3-5, 2014 at the India Expo Centre, Greater Noida (National Capital Region of Delhi), India. For additional information about 8th REI India 2014 see <http://www.renewableenergyindiaexpo.com> or contact:

Ms. Renie Subin
Commercial Specialist
Tel: 91-11-23472155
renie.subin@trade.gov

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For more information about export opportunities in this sector contact U.S. Commercial Service Industry Specialist Renie Subin at: renie.subin@trade.gov.

Useful Links include:

Ministry of Power: www.powermin.gov.in
Ministry of New and Renewable Energy: www.mnre.gov.in
Central Electricity Authority - <http://www.cea.nic.in/>
Indian Renewable Energy Development Agency - www.ireda.gov.in
India Smart Grid Task Forum –<http://indiasmartgrid.org>
Confederation of Indian Industry: <http://www.cii.in/>

Travel and Tourism

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India is now one of the fastest growing outbound markets in the world, second only to China. The United Nations World Tourism Organization (UNTO) estimates that India will account for 50 million outbound tourists by 2020. Despite the slowdown due to rupee fluctuations, the Indian outbound numbers have been consistently growing with around 12 percent average annual growth over the last six to seven years. A strong, consumption-driven economy, a large and increasingly affluent middle class, and the on-going liberalization of air transportation have contributed significantly to this growth in international outbound travel. The top five destinations for Indian travelers are Macau, Papua New Guinea, China, Cambodia and Malaysia. For volume growth, the top five destinations are Singapore, China, Malaysia, Hong Kong and the United States.

In addition, Indians are among the highest spenders in key destinations around the world. According to a recently released Amadeus-Frost & Sullivan tourism industry report, Indians travelling to Asia-Pacific alone spent \$13.3 billion in 2011. This figure is set to reach \$91 billion by 2030, making Indians the second-biggest spenders on overseas travel after China.

Recognizing this immense potential in outbound travel from India, about 70 National Tourist Organizations (NTOs) from around the world have set up local offices in India and are aggressively marketing their destinations. France is a very good example of how a destination is planning and succeeding in their promotional efforts. A key strategy for them was the launch of the campaign "France Celebrates India," which brought Indian travelers an array of special offers on a whole range of travel services. It is not surprising that even destinations like Tobago and Ethiopia have stepped up their efforts to push Indian outbound numbers to their respective countries. One of the key factors as to why NTOs are very bullish about business from India is that the Indian economy has consistently fared better than most of the developed and developing economies.

(In US\$ billions)	2013 (estimated)	2014 (estimated)	2015 (estimated)
Total Market Size	108.5	116.94	125.53
Total domestic travel spending	77.5	83.96	89.83
Total foreign inbound visitor spending	18.50	19.06	20.39
Total outbound spending	7.11	8.00	8.8
Total travel to the U.S.*	5.39	5.92	6.51
Exchange Rate: 1 USD = Rs.60			

Data Sources: Total domestic travel + inbound travel +outbound travel

Source: http://www.wttc.org/site_media/uploads/downloads/india2014.pdf (page 10)

The United States is fast becoming a top destination for Indian travelers. In 2013, the United States welcomed over 800,000 visitors from India, a new record. At this rate, India is now very well poised to leap into the top 10 countries sending travelers to the United States and is expected to cross the 1 million visitor mark by 2014. The United States is ahead of its rivals with more than a 30 percent share of Indian outbound tourist spending. Indian tourists' spending share in the United States is nearly five times more than its closest rival, Australia. Singapore, Malaysia and the United Kingdom are holding the third, fourth and fifth spots respectively. Indians spend nearly \$4.9 billion in the United States and shopping is their top activity.

However, there is much more to be done to gain a significant market share and to become the destination of choice for Indian travelers. Competition from tourism promotion organizations of other countries is

getting intense as noted above. It is highly recommended that U.S. destinations, attractions, CVBs and service providers make it a point to include India in their marketing and outreach strategy.

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MICE (Meeting, Incentives, Conferences and Exhibitions) including small intimate corporate groups is one of the fastest growing segments of Indian outbound travel. Companies in India are realizing the benefits that accrue to their businesses from organizing MICE trips, which involve large or small groups of people from their company or industry meetings at interesting foreign destinations for conferences, trade exhibitions, focused business meetings, or just for recreation. In addition, with Indian corporate accounts expanding their footprints globally, business executives traveling overseas are incorporating work with pleasure by taking their families.

According to industry experts, between 1.2 to 1.5 million Indians will travel only for MICE purposes all over the world in the years ahead, and they will spend around \$1 billion. While this figure may sound small compared to developed markets, the Indian market for outbound MICE is growing at a very fast pace of 16 to 18 percent each year.

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Recognizing this immense potential in MICE, the U.S. Commercial Service (CS) in Mumbai created a strategy to promote the United States as a top MICE destination. It became very quickly apparent that while U.S. is a highly desirable destination for Indian corporates, very few were choosing the United States for MICE travel due to certain misperceptions about visa, costs and distance.

To counter these perceptions and to stimulate the selection of the United States as their top choice for MICE groups, CS partnered with the Visit USA Committee (VUSACOM) and the consular managers at the U.S. Consulate General in Mumbai. The strategy they developed involved a joint action plan for outreach to key corporate decision makers to highlight the comparative advantage of U.S. travel: tremendous variety of destinations and experiences, wide-range of accommodations, moderate travel expense within the U.S., and excellent shopping opportunities. After CS gauges if an individual corporation may be seriously considering the United States as a travel destination, CS asks if they would like to meet with consular management to learn more about the visa application process.

The outreach strategy has also included seminars, presentations and workshops, lunch with the Consul General, among other events, with the objective to promote the United States as a top destination, dispel visa myths, and convey that "THE U.S. IS OPEN FOR BUSINESS." CS, Consular, VUSACOM, BrandUSA, destination representatives as well as hotel and airline representatives form a strong team to convey a powerful message.

The availability of information to Indian travel agents and corporate travel planners on U.S. destinations, tourist attractions, hotels, local transportation and activities is very important as they are very interested to receive this information in order to make an informed decision.

An upcoming opportunity for U.S. destinations, convention bureaus and other service providers to access the Indian market is the MICE USA Roadshow scheduled for June 2014. This will be a very good event for U.S. participants to take advantage of the opportunity to reach out to a quality targeted audience. The MICE USA Roadshow is scheduled for June 16-20, 2014 and will visit three Indian cities -- New Delhi, Bangalore and Mumbai -- the largest MICE markets in India. Organized by the Visit USA Committee (<http://www.vusa.in/>) and a leading travel magazine Travelbizmonitor (<http://www.travelbizmonitor.com/>), the key features of this event are as follows:

- First of its kind event focused on promoting U.S. as a MICE destination
- Opportunity to showcase your U.S. MICE offerings
- Platforms for quality one-on-one meetings with key decision makers and MICE buyers
- Networking opportunities with the best in the businesses and opportunity to develop partnerships you need to succeed in India
- Inopportunity to reach three of the biggest MICE markets in India

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BrandUSA
Visit USA Committee – India Chapter
Travel Agents Association of India
Outbound Tour Operators Association of India
Travel Agents Federation of India

<http://www.thebrandusa.com/>
www.vusa.in
www.travelagentsofindia.com/
<http://www.otoai.org/>
www.tafionline.com/

Business Opportunities

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Food Processing

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- India, with agriculture as the main occupation of 70 percent of its people, is ranked second in production of food in the world.
- India is the second most populous country in the world and with its ever growing population, is viewed as an attractive destination for the food processing businesses from around the world.
- Among the most critical challenges facing India's agribusiness sector which impacts upon food processing capabilities include the need to reduce significant post-harvest wastage, greater use of higher end food processing equipment and increasing the use of cold chain equipment and logistics solutions to increase shelf life in stores of all sizes for the benefit of consumers.
- This sector is currently growing at more than 10 percent per annum and constitutes an important segment of the economy.
- The Food Safety and Standards Authority of India is mandated to develop standards to bring the food processing industry up to international standards for food hygiene and safety.

Major opportunities in the food processing sector are:

- Foreign Direct Investment (FDI) is permissible for all the processed food products up to 100 percent, except for beer/ alcoholic drinks and items reserved for Micro and Small Enterprises (MSEs).
- Demand is increasing for perishables, non-food staples, and processed foods. There are ample business opportunities for producers of fruits and vegetables, meat and poultry products, and other ready-to-eat processed foods for local consumption and for export markets.
- A strong demand for automated foreign machinery featuring state-of-the-art processing technology which can help eliminate high operating costs and spoilage while maximizing the quality of what is processed and packaged for consumption.

Government Policy:

- The food processing sector has been attracting FDI across several different categories. The entries of multinationals, aggressive rise of commodity branding and low cost of technology are changing the economics of the Indian food industry.
- Initiatives such as the "National Food Processing Policy", offered by the Ministry of Food Processing Industries and related agencies aim to increase investment in the sector and encourage purchases of more modern equipment used in food processing and improvement of cold chain infrastructure and logistics.

Barriers:

- India's inefficient supply chain, especially for food products, is linked to what had been a ban on foreign direct investment in the multi-brand retail sector. Without the resources and logistics knowledge and technology that large-scale organized international retailers could bring to India to help develop the multi-brand sector, there was no demand to develop a modern supply chain. According to the Finance Ministry's 2012-2013 Economic Survey, FDI in multi-brand retail trade could benefit stakeholders across the entire supply chain: farmers and other goods suppliers, food processing and cold chain equipment

manufacturers, and consumers. The current requirement in multi-brand retail FDI to source 30 percent of goods from small Indian companies may be difficult to achieve and be a disincentive to invest in the sector – which could affect the desired build-out of India’s supply chain and food processing industries.

Popular Trade Events:

- **Foodpro 2015**

Location: Chennai

Date: Aug. 28-30, 2015

- **AAHAR India,**

Location: New Delhi

Date: March 2015

Useful web links/ Sources

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Ministry of Food Processing Industries, Ministry of Commerce and Industry, GOI: <http://www.mofpi.nic.in/>

Indian Council of Agricultural Research, Ministry of Agriculture, GOI:
<http://www.icar.org.in/en/aboutus.htm>

Agricultural Food Products Export Development Authority, Ministry of Commerce and Industry, GOI:
<http://www.apeda.gov.in/apedawebsite/index.asp>

Food Safety and Standards Authority of India: <http://www.fssai.gov.in/>

Ministry of External Affairs, GOI, Investment & Technology Promotion Division:
<http://www.indiabusiness.nic.in/>

Food and Agricultural Organization of the United States:
<http://www.fao.org>

Department of Scientific and Industrial Research
<http://www.dsir.gov.in>

For more information, please contact Assistant Commercial Specialist Shibu Mathews at shibu.mathews@trade.gov.

Corrosion Control

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- India is 10th largest market in the world for factory output.
- The manufacturing sector, which includes mining, quarrying, electricity and gas, accounts for 27.6 percent of the Indian GDP and employs 17 percent of the total workforce. Yet growth potential is low due to corrosion, which costs India \$40 billion per year (or 4 percent of GDP).
- The significant losses caused by corrosion have prompted the industry to look for ways to minimize losses by adopting changes in material specifications and other solutions.

Government Policy:

- The issue of corrosion has still not caught the attention of the Indian policymakers despite the efforts of several national trade associations to lobby for new legislation recognizing industry for protecting India’s national interest by successfully combatting corrosion.
- The Indian chapter of the National Association of Corrosion Engineers (NACE – a U.S. anti-corrosion standards organization) is working in India to sensitize the Indian public, private and academic sectors to the importance of a mandatory “Corrosion Audit” to systematically prevent losses due to corrosion in several sectors.

Barriers:

- There are no significant policy or regulatory barriers for this sector. However other regular trade barriers such as high tariffs and customs clearance hurdles that are applicable to other industry sectors in India also apply to the corrosion control sector.

Popular Trade Events:

- CorCon 2014, November 12-15, 2014 at Mumbai, India

Contact: P.Srinivas, Sr. Commercial Specialist, Phone: 91-22-2672-4452; P.Srinivas@trade.gov

Supply Chain

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- India spends 13 percent of its GDP on logistics, third only to China and Thailand and 3 percent more than the United States.
- The size of the Indian warehousing industry is currently pegged at \$11 billion and is growing at over 10 percent annually.
- By 2015, the share of the organized sector of the warehousing industry is estimated to reach 15 percent from the current 9 percent indicating immense potential for foreign players.

Drivers:

- Favorable demographics driving demand.
- Increasing urbanization, spread of modern retail and cluster-based manufacturing.
- Rising exports and imports.
- Demand for higher end services and infrastructure driven by great presence of MNCs and maturity in end-users.
- Warehousing, cold chain and value added services are the most attractive segments across the logistics value chain in India.

FDI:

- The gradual opening of the FDI market in retail, aviation and defense should help drive the expansion and improvement in the supply chain sector in India.

Barriers:

- Industry is fragmented and disorganized.
- India has a lot of red tape at all levels of the government, which takes time to understand and to surmount.

Popular Trade Events:

- The U.S. Commercial Service, India is recruiting U.S. companies to participate in the India Warehousing Show www.indiawarehousing.com from July 8-10, 2014. This is India's largest logistics event, so it is a great place for U.S. companies to participate in the U.S. pavilion and showcase their products and services.

Contact: Sangeeta Taneja, Commercial Specialist, Email: Sangeeta.Taneja@trade.gov

Agricultural Sectors

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- [Fresh Fruits](#)
- [Snack Food](#)
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Vegetable Oil

India is the world's largest edible oil importer, followed by China and the EU-27, with MY 2013/14 (Oct-Sep) imports estimated at 11.8 million tons. While lower-priced palm oil has traditionally dominated this price-sensitive market, exporters with competitively priced supplies of other oils, (for example soybean, cottonseed, corn, or sunflower oil), often find buyers in India. On January 20, 2014, the government of India raised the import duty on refined oils from 7.5 percent to 10 percent (Customs Notification No.02/2014). The duty on crude edible vegetable oils stays at 2.5 percent (see Customs Notification No 02/2013). There has been no commercial sale of U.S. soy oil to India since MY 2010/11.

Treenuts

Dry fruits and nuts (primarily almonds) have been one of the leading U.S. agricultural exports to India in the past, with exports in CY 2013 estimated at a record \$368.5 million. The United States is the largest supplier of almonds (mostly in-shell) to India, with a market share of about 70 percent. Other suppliers include Australia, Syria, China, Iran, and Afghanistan. Afghani almonds enjoy a 100 percent concession on the basic import duty under the Indo-Afghan trade agreement. Almonds are a preferred nut in India and are gaining popularity among the growing middle-income population due to their nutritional and health benefits. India also imports small quantities of dates, pistachios, hazelnuts, prunes, and raisins, mainly from the United States, Iran, Afghanistan, Pakistan, and the Middle East.

Fresh Fruits

India provides market access for most fresh fruits, although tariffs are high. With a growing segment of consumers insisting on high standards and year-round availability, there is increasing demand for imported fresh fruits. U.S. exports of fresh fruit (mostly apples and table grapes) to India in CY 2012 were valued at \$82 million. Market sources expect imports to continue to show excellent growth over the coming years, with new products expected to enter the Indian market.

Snack Foods

Consumers' changing life styles and the increasing disposable income of the middle class have spurred rising demand for imported snack foods, despite competition from local players. CY 2012 exports of U.S. snack foods to India reached a record \$3 million.

Cotton

India is the world's second largest producer and exporter of cotton. India will be in the export market for the next few years, until domestic consumption catches up with the production surge. However, India will continue to import extra-long staple (ELS) and quality long staple cotton (28-34 mm), with occasional imports of medium staple cotton when international prices are favorable. The United States has been one of the leading suppliers of cotton to India over the past few years. U.S. cotton exports to India in CY 2013 were valued at about \$90 million. Other major suppliers include Egypt, Australia, Israel,

Commonwealth of Independent States (CIS), and West Africa. Indian mills that import US Pima and upland cotton are appreciative of its superior quality, consistency and higher ginning yield.

Wood Products

India has removed virtually all non-tariff trade barriers on wood product imports, although tariffs remain high. Dwindling domestic supplies and restrictions on tree felling due to environmental concerns are likely to result in a more liberal import regime over the coming years. The domestic market is largely unorganized and highly price sensitive, but strong demand from the housing, furniture and construction sectors has made India a major market for imported wood products, valued at \$2.7 billion market in CY2013. Despite the preferential tariff structure, logs' share of India's forest product imports has been declining over the past decade. U.S. wood and wood product exports to India in CY 2013 were valued at a record \$47 million with processed wood constituting 42 percent of the imports.

Pulses

India is the world's largest importer of pulses (peas, lentils, and beans), with annual imports ranging from 2.5-4.1 million tons. In IFY 2012/13 imports totaled 4.1million tons. India is primarily a price (rather than quality) market with imports sourced largely from Canada, Myanmar, Australia, Russia, China and the United States. Typically higher-priced U.S. green and yellow peas, lentils and garbanzo beans (chickpeas) have become more price competitive in the Indian market in recent years. As a result, imports of pulses from the U.S., mostly of dry green peas and some yellow peas, witnessed significant growth during the past 5 years, reaching a record 224 thousand tons in CY 2009, declining to 84,143 metric tons in CY 2011, and subsequently recovering to 181,221 metric tons in CY 2013. India is the second largest export market for U.S. pulses after Mexico. Pulses are currently exempted from import tariffs.

Planting Seeds

India's planting seed imports during the calendar year 2013 declined to \$4.4 million as compared to \$87.6 million in the previous year. Imports from the United States also went down to \$6.5 million in 2013 as compared to \$6.9 million in 2012. The United States is the fourth largest supplier to India with a market share of 9 percent. The Indian seed industry is undergoing a transformation, which includes an increasing role for private seed companies, the rising presence of multinational seed companies, and wide-ranging changes in the regulatory framework. All of these will likely affect seed research, marketing, and trade in coming years. With demand for high quality fruits and vegetables growing from domestic consumers and the food processing industry, India's seed imports are likely to grow.

Hides and Skins

India imported hides and skins worth \$81.2 million during CY 2013. These were primarily used by the leather goods export sector. While India has historically imported from Europe, exporters from New Zealand, the Middle East and Germany have emerged as significant competitors. Imports of hides and skins from U.S. suppliers fell from 2.3 million dollars in 2012 to 1.3 million dollars in 2013. Raw hide imports attract a zero tariff in India while wet blues attract a tariff of 14.71 percent.

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Chapter 5: Trade Regulations, Customs and Standards

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Import Tariffs

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In 1991, India began to initiate economic reforms that have made the trade regime increasingly more transparent. These reforms are complimented by a consistent decline in import tariff rates over the past 15 years – from peak rates of 350 percent in June 1991 to an average of 10 percent today. However, India's tariffs are still relatively high by international standards, and these high tariffs and import restrictions have constrained U.S. firms from selling in this market, and U.S. investors from importing competitive inputs in several industries.

India's current regulations are guided by the Export Import (EXIM) Policy of 2009-2014. Imports are permitted in most cases without a license. There are some exceptions where items are prohibited or restricted (import permitted under license) or where imports are allowed only through a state-owned enterprise.

As of April 2001, India removed quantitative restrictions (QR) on a final batch of 715 items, completing the process of phased trade policy liberalization that was started in 1991.

India has appealed to the Appellate Body of the World Trade Organization against the recommendations of a WTO panel report on its quantitative restrictions on the import of agricultural, textile, and industrial products. India has challenged the panel's authority to determine whether the balance of payments can be used to justify imposition of import restrictions and the overall compatibility of regional trade agreements with WTO norms. The removal of QRs and the prospect of further reduction in tariffs to the Asian levels are likely to lead to a high degree of import competition.

Tariff Rates: India has progressively cut duties and taxes since 1991, after it began switching from a Socialist-style system to a market economy. However, domestic industry still enjoys relatively high levels of protection in several areas. U.S. companies face tariff and non-tariff barriers that impede their exports. One such area of protection is in the agricultural sector where Indian tariffs remain high compared to international standards. For non-agricultural goods, however, India has made considerable progress in restructuring tariffs. In February 2007, the Government of India (GOI) further reduced the peak applied customs duty on non-agricultural goods from 12.5 percent to 10 percent. The Indian government plans to gradually ease currency restrictions and reduce tariffs to the low levels prevailing in other Asian countries in order to make the Indian environment more conducive to improved economic performance.

Classification: As there are thousands of goods that are imported into India, it is not possible to prescribe rates of duty for each type of merchandise. The basic applicable legislation is the Indian Customs Act of 1962, and the Customs Tariff Act of 1975. The Customs Act of 1962 was created to control imports and prevent illegal imports and exports of goods. The Customs Tariff Act specifies the tariffs rates and provides for the imposition of anti-dumping and countervailing duties.

The Indian customs classification on tariff items follows the Harmonized Commodity Description and Coding System (Harmonized System or HS).

Customs uses six-digit HS codes, the [Directorate-General of Commercial Intelligence and Statistics \(DGCI&S\)](#) uses eight-digit codes for statistical purposes, and the [Directorate General of Foreign Trade \(DGFT\)](#) has broadly extended the eight-digit DGCI&S codes up to 10 digits.

It is also worth noting that the excise authorities use HS codes for classifying goods to levy excise duty (manufacturing taxes) on goods produced in India.

How Customs Duty is calculated:

All goods imported into India are subject to duty. There are several factors that go into calculating customs duty, including:

Basic Customs Duty (BCD): This duty is levied either as 1) a specific rate based on the unit of the item (weight, number, etc.), or more commonly, 2) ad-valorem, based on the assessable value of the item. In some cases, a combination of the two is used.

Additional Customs Duty (ACD): This duty is typically referred to as Countervailing duty or (CVD) and is levied on the assessed value of goods plus basic customs duty. Goods that fall into this category are imported goods that have similar goods manufactured in India. The objective is to protect domestic industry from imports.

Special Additional Customs Duty (known as Special CVD): Earlier known as surcharge, Special CVD tax is applicable on all items. It is levied at the rate of 4 percent of the basic and the excise duty on all imports.

Anti-dumping Duty: This is levied on specified goods imported from specified countries, including the United States, to protect indigenous industry from injury.

Safeguard Duty: The Indian government may by notification impose a safeguard duty on articles after concluding that increased imported quantities and under current conditions will cause or threaten to cause serious injury to domestic industry.

Customs Education Cess: Effective July 2004, India introduced a new education cess (duty) assessment. The current rate is three percent of Basic Customs Duty (BCD) and Additional Duty of Customs (ACD). Goods bound under international commitments have been exempted from this cess.

Customs Handling Fee: The Indian government assesses a one percent customs handling fee on all imports in addition to the applied customs duty.

Total Duty: Therefore, for most goods, total duty payable = BCD + ACD + Special CVD + Education Cess + Customs Handling Fee.

Tariff rates, excise duties, regulatory duties, and countervailing duties are revised in each annual budget in February, and are published in various sources, including BIGs Easy Reference Customs Tariff edition. A copy of this book is kept at the USA Trade Information Center in Washington DC and more specific information from this guide is available to U.S. Companies by calling 800-USA-TRADE.

While the Indian government publishes customs tariffs rates there is no single official publication that has all information on tariffs and tax rates on imports. Moreover, each Indian State levies taxes on interstate trade and commerce, which adds to the confusion. Effective April 2005, the Indian government implemented a Value-Added tax (VAT) system meant to replace the inter-state taxes, but implementation is not yet universal in all the States.

Duty exemption plan: The Duty Exemption Plan enables duty free import of inputs required for export production. An advance license is issued under the duty exemption plan. The Duty Remission Plan enables post export replenishment remission of duty on inputs used in the export product. Duty Remission plan consists of (a) DFRC and (b) DEPB. DFRC permits duty free import charges on inputs used in the export product. The government has wide discretionary power to declare full or partial duty exemptions "in the public interest" and to specify conditions such as end-use provisions. Almost half of India's total inputs enter under concessional tariffs, though the use of exemptions is falling in tandem with the tariff-reduction program.

Trade Barriers

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Any restriction imposed on the free flow of trade is a trade barrier. Trade barriers can either be tariff barriers

(the levy of ordinary negotiated customs duties in accordance with Article II of the GATT) or non-tariff barriers, which are any trade barriers other than tariff barriers.

Import Licensing: One of the most common non-tariff barriers is the prohibition or restrictions on imports maintained through import licensing requirements. Though India has eliminated its import licensing requirements for most consumer goods, certain products face licensing related trade barriers. For example, the Indian government requires a special import license for motorcycles and vehicles that is very restrictive. Import licenses for motorcycles are provided to only foreign nationals permanently residing in India, working in India for foreign firms that hold greater than 30 percent equity or to foreign nations working at embassies and foreign missions. Some domestic importers are allowed to import vehicles without a license provided the imports are counterbalanced by exports attributable to the same importer.

Standards, testing, labeling & certification: The Indian government has identified 109 commodities that must be certified by its National Standards body, the Bureau of Indian Standards (BIS). The idea behind these certifications is to ensure the quality of goods seeking access into the market, but many countries use them as protectionist measures. For more on how this relates to labeling requirements, please see the section on Labeling and Marking Requirements in this chapter.

Anti-dumping and countervailing measures: Anti-dumping and countervailing measures are permitted by the WTO Agreements in specified situations to protect the domestic industry from serious injury arising from dumped or subsidized imports. India imposes these from time-to-time to protect domestic manufacturers from dumping. India's implementation of its antidumping policy has, in some cases, raised concerns regarding transparency and due process. In recent years, India seems to have aggressively increased its application of the antidumping law.

Export subsidies and domestic support: Several export subsidies and other domestic support is provided to several industries to make them competitive internationally. Export earnings are exempt from taxes and exporters are not subject to local manufacturing tax. While export subsidies tend to displace exports from other countries into third country markets, the domestic support acts as a direct barrier against access to the domestic market.

Procurement: The Indian government allows a price preference for local suppliers in government contracts and generally discriminates against foreign suppliers. In international purchases and International Competitive Bids (ICB's) domestic companies gets a price preference in government contract and purchases.

Service barriers: Services in which there are restrictions include: insurance, banking, securities, motion pictures, accounting, construction, architecture and engineering, retailing, legal services, express delivery services and telecommunication.

Other barriers: Equity restrictions and other trade-related investment measures are in place to give an unfair advantage to domestic companies. The GOI continues to limit or prohibit FDI in sensitive sectors such as retail trade and agriculture. Additionally, there is an unpublished policy that favors counter trade. Several Indian companies, both government-owned and private, conduct a small amount of counter trade.

Import Requirements and Documentation

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Import licensing requirements: In the last decade, India has steadily replaced licensing and discretionary controls over imports with deregulation and simpler import procedures. The majority of import items fall within the scope of India's EXIM Policy regulation of Open General License (OGL). This means that they are deemed to be freely importable without restrictions and without a license, except to the extent that they are regulated by the provisions of the Policy or any other law.

Imports of items not covered by OGL are regulated, and fall into three categories: banned or prohibited items, restricted items requiring an import license, and "canalized" items importable only by government trading monopolies and subject to Cabinet approval regarding timing and quantity.

The following are designated import certificate issuing authorities:

- The Department of Electronics for import of computer and computer related systems

- The Department of Industrial Policy and Promotion for organized sector firms except for import of computers and computer based systems
- The Ministry of Defense for defense related items
- The Director General of Foreign Trade for small-scale industries not covered in the foregoing.

Capital goods can be imported with a license under the Export Promotion Capital Goods plan (EPCG) at reduced rates of duty, subject to the fulfillment of a time-bound export obligation. The EPCG plan now applies to all industry sectors. It is also applicable to all capital goods without any threshold limits, on payment of a 5 percent customs duty.

A duty exemption plan is also offered under which imports of raw materials, intermediates, components, consumables, parts, accessories and packing materials required for direct use in products to be exported may be permitted free of duty under various categories of licenses. For the actual user, a non-transferable advance license is one such license. For those who do not wish to go through the advance-licensing route, a post-export duty-free replenishment certificate is available.

Advance License: An advance license is issued to allow duty free import of inputs, which are physically incorporated in the export product (making normal allowance for wastage). In addition, fuel, oil, energy, catalysts etc. that are consumed in the course of their use to obtain the export product, may also be allowed under the plan.

Duty free import of mandatory spares up to 10 percent of the CIF value of the license, which are required to be exported/ supplied with the resultant product, may also be allowed under Advance License.

Advance license can be issued for:

Physical exports: An advance license may be issued for physical exports to a manufacturer exporter or merchant exporter tied to supporting manufacturer(s) for import of inputs required for the export product.

Intermediate supplies: An advance license may be issued for intermediate supply to a manufacturer-exporter for the import of inputs required in the manufacture of goods to be supplied to the ultimate exporter/deemed exporter holding another Advance License.

Deemed exports: An advance license can be issued for deemed exports to the main contractor for import of inputs required in the manufacture of goods to be supplied to the categories mentioned in paragraph 8.2 (b), (c), (d) (e) (f), (g), (i) and (j) of the Policy. An advance license for deemed exports can also be availed by the sub-contractor of the main contractor to such project provided the name of the sub-contractor(s) appears in the main contract. Such license for deemed export can also be issued for supplies made to United Nations Organizations or under the Aid Program of the United Nations or other multilateral agencies and paid for in foreign exchange.

Import Declaration: Importers are required to furnish an import declaration in the prescribed bill of entry format, disclosing full details of the value of imported goods.

Import Licenses (if applicable): All import documents must be accompanied by any import licenses. This will enable the customs to clear the documents and allow the import without delay.

Ex-factory invoice, freight and insurance certificates: These must be attached so that the customs can verify the price and decide on the classification under which the import tariff can be calculated.

Letter of Credit (L/C): All importers must accompany a copy of the L/C to ensure that payment for the import is made. Normally this document is counter-checked with the issuing bank so that outflow of foreign exchange is checked.

Not all consignments are inspected prior to clearance, and inspection may be dispensed with for reputable importers. In the current customs set-up, an appointment with the clearing agents for clearance purposes will avoid delays. In general, documentation requirements, including ex-factory bills of sale, are extensive and delays are frequent.

These cost investors time and money, including additional detention and demurrage charges, making it more expensive to operate and invest in India. For delayed clearances, importers seek release of shipments against a performance bond; furnishing a bank guarantee for this purpose is a more expensive

proposition. Customs have recently extended operations to 24 hours a day to ensure timely clearance of export cargo.

U.S. Export Controls

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The Indian and the U.S. governments formed a High Technology Cooperation Group (HTCG) in November 2002 to facilitate and promote high technology bilateral trade. The Bureau of Industry and Security (BIS) (formerly known as the Bureau of Export Administration, BXA) is the American government agency responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of most commercial items. The BIS often refers to the items that they regulate as "dual-use" items, since these items have both commercial and military or proliferation applications, but purely commercial items without an obvious military use are also subject to the EAR. For further inquiries regarding the list of items requiring U.S. export clearance contact:

Director, Office of National Security and Technology Transfer Controls
14th Street and Constitution Avenue, NW U.S. Department of Commerce, Washington DC 20230
Telephone: 202-482-4196 Fax 202-482-4094
Website: <http://www.bis.doc.gov/>

For questions regarding end-use checks or to speak with enforcement, please contact: Director, Office of Enforcement Analysis
14th Street and Constitution Avenue, NW Room 4065
U.S. Department of Commerce, Washington DC 20230
Telephone: 202-482-4255 Fax 202-482-0971
Website: <http://www.bis.doc.gov/>

In New Delhi, please contact the Bureau of Industry and Security, Jose Rodriguez, Export Control Attaché at jose.rodriquez@trade.gov.

Temporary Entry

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The Indian Customs Act, 1962 allows import of goods on a temporary basis into India. Section 74 of the Act provides for drawback on goods that are imported for a temporary period into India and exported out of the country.

As per the Section 74, drawback is allowable on re-export of duty paid goods. When the goods are re-exported out of India, the exporter will be entitled to a drawback of a specified percentage of the duty paid at the time of import. The procedure for claiming duty drawback under Section 74 is governed by provisions of the Re-Export of Imported Goods (Drawback of Customs Duties) Rules, 1995.

The rate of drawback available depends upon the time period for which the goods are stored in India or put to use. If goods are re-exported without being put to use in India, 98 percent of the customs duty would be available as duty drawback, provided that the exports have taken place within 24 months from the date of import.

However, under section 75 of the Act, where the goods are used in India subsequent to their import, the drawback is determined on the basis of the duration of use of the goods in India (the length of period from the date of clearance for home consumption and the date goods are placed under customs control for export). The procedure for claiming duty drawback under Section 75 is governed by provisions of the Customs and Central Excise Duties Drawback Rules 1995.

In addition, General Exemption No 14 of the Customs Tariff allows the import of goods for display or use at fair, exhibition, demonstration, seminar, congress and conferences, subject to specified conditions.

ATA Carnet: An ATA Carnet is an International Uniform Customs document issued in 71 countries including India, which are parties to the Customs Convention on ATA Carnet. The ATA Carnet permits duty free temporary admission of goods into a member country without the need to raise customs bond, payment of duty and fulfillment of other customs formalities in one or a number of foreign countries. The initials "ATA" are an acronym of the French and English word "Admission Temporaire / Temporary Admission".

Within the ICC World Chambers Federation, the World ATA Carnet Council (WATAC) runs the ATA system and its international guarantee chain. The Council is made up of representatives from the countries and territories where Carnets are issued and accepted.

Each country in the system has a single guaranteeing body approved by the national customs authorities and the ICC World Chambers Federation (Until June 2001, the International Bureau of Chambers of Commerce). The WCF is sponsored by the International Chamber of Commerce (ICC) in Paris. In India, Federation of Indian Chambers of Commerce and Industry (FICCI), is appointed as National Guaranteeing & Issuing Association for ATA Carnets. <http://www.atacarnet.in/about-ata-carnet.html>

Labeling and Marking Requirements

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Labeling is an important element for products being exported to India. English is the favorable language for labeling. All packets or even containers should carry information depending upon the consignment. Indian Customs are strict and ensure that imported items have the legally required information before these enter the retail market or are sold for consumption, excluding those products that fall under the EOU segment.

As per a Notification issued by the Ministry of Commerce on November 24, 2000, all pre-packaged commodities (intended for direct retail sale only) imported into India must carry the following declarations on the label:

- Name and address of the importer;
- Generic or common name of the commodity packed;
- Net quantity in terms of standard unit of weights and measurement. All units of weight or measurements must be metric. If the net quantity of the imported package is given in any other unit, its equivalent of standard units must be declared by the importer, and
- Month and year of packing in which the commodity is manufactured, packed or imported, and the maximum retail sales price (MRP) at which the commodity in packaged form may be sold to the end consumer. The MRP includes all taxes, freight transport charges, commission payable to dealers, and all charges towards advertising, delivery, packing, forwarding and the like.

Compliance of the above-stated requirements has to be ensured before the import consignments are cleared by Customs in India. The import of pre-packaged commodities such as raw materials, components, bulk import etc., that need to undergo further processing before they are sold to end consumers are not included under this labeling requirement.

Labeling requirements for packaged food products as laid down in the Part VII of the [Prevention of Food Adulteration \(PFA\) Rules](#), 1955, and the Standards of Weights and Measures (Packaged Commodities) Rules of 1977, require that the labels contain the following information:

- Name, trade name or description
- Name of ingredients used in the product in descending order of their composition by weight or volume
- Name and complete address of manufacturer/packer, importer, country of origin of the imported food (if the food article is manufactured outside India, but packed in India)
- Net weight, number or volume of contents
- Distinctive batch, lot or code number
- Month and year of manufacture and packaging
- Month and year by which the product is best consumed
- Maximum retail price

Wherever applicable, the product label also has to contain the following:

- The purpose of irradiation and license number in case of irradiated food
- Extraneous addition of coloring material
- Non-vegetarian food – any food which contains whole or part of any animal including birds, fresh water or marine animals, eggs or product of any animal origin as an ingredient, not including milk or milk products – must have a symbol of a brown color-filled circle inside a brown square outline prominently displayed on the package, contrasting against the background on the display label in

- close proximity to the name or brand name of the food.
- Vegetarian food must have a similar symbol of green color-filled circle inside a square with a green outline prominently displayed

All declarations may be:

- Printed in English or Hindi on a label securely affixed to the package, or
- Made on an additional wrapper containing the imported package, or
- Printed on the package itself, or
- May be made on a card or tape affixed firmly to the package and bearing the required information prior to customs clearance

Products displaying only the standard U.S. label cannot enter. With regard to the shelf life of imported food items, a Notification issued by the Ministry of Commerce on July 30, 2001, states that: "Imports of all food products, domestic sale and manufacture of which are governed by the [Prevention of Food Adulteration Act \(PFA\)](#) shall also be subject to the condition that, at the time of importation, these products have a valid shelf life of not less than 60 percent of its original shelf life. The shelf life of the product is to be calculated based on the declaration given on the label of the product, regarding the date of manufacture and the due date of expiry."

Prohibited and Restricted Imports

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For the most current information on India's Prohibited Import List, please see: <http://exim.indiamart.com/freedlist/prohibited.html>.

Customs Regulations and Contact Information

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Information from the Government of India's Central Board of Excise and Customs, including FAQs for importers, is found here: <http://www.cbec.gov.in/cae1-english.htm>. Contact information and a telephone directory is included here: <http://www.cbec.gov.in/tel-dir-ason21feb12.htm>.

Standards

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Overview

India has generally made efforts to match national standards in line with international norms, and most Indian standards are harmonized with ISO standards. Nonetheless, some Indian standards are not matched with international standards, and several recent standards-related regulations have created barriers to trade and posed challenges to expanding U.S. exports in certain sectors. India has also frequently failed to notify the WTO of new standards and allow time for discussion with its trading partners prior to implementation.

Because of pressure from consumer rights groups, NGOs, and environmental activists there is a growing emphasis on product standards in India in various industry sectors. The proactive role of the judiciary in formulating legal framework and regulations for better standards and control in sectors such as the environment have also contributed to an increased awareness and emphasis on product standards in India. But, for instance, while Indian food safety laws are outdated or in some cases more stringent than international norms, enforcement is weak.

Standards Organizations

In India, voluntary standards are exclusively developed by the national standards body. The [Bureau of Indian Standards \(BIS\)](#), established under the Bureau of Indian Standards Act of 1986, is the national standards body of India responsible for development and formulation of standards. BIS is comprised of

representatives of industry, consumer organizations, scientific and research bodies, professional organizations, technical institutions, Indian government ministries, and members of parliament.

Besides development and formulation of Indian Standards, BIS is involved with product certification, quality system certifications and testing, and consumer affairs.

The Ministry of Commerce, Government of India (GOI) has designated BIS as the National WTO-TBT Enquiry Point in accordance with its obligations to the agreement on Technical Barriers to Trade of the WTO. According to the agreement, BIS in liaison with the Indian Ministry of Commerce, issues notifications on proposed technical regulations and certification systems in India to the WTO. BIS's Technical Information Services Center responds to domestic and foreign requests for information about Indian standards, technical regulations and conformity assessment rules. U.S. companies that wish to make comments on any notifications can obtain copies of the text from BIS from the WTO-TBT Enquiry Point, Technical Information Services Center in BIS. BIS communicates comments to the Ministry of Commerce.

BIS is the only organization in India authorized to operate quality certification plans under an Act of Parliament. It serves as the official member and sets policy for Indian participation in the International Organization for Standardization (ISO) and International Electro technical Commission (IEC).

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

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A list of testing organizations spread throughout the country providing conformity testing against relevant Indian standards is available from the BIS website at: <http://www.bis.org.in/lab/lab.htm>

In association with technical GOI agencies and NGOs, BIS carries out periodic surveillance inspections of products under mandatory certification. A provision exists for sub-contracting certification surveillance activities to relevant competent agencies in specific areas. Certain types of steel, rubber, and electronic products are presently under such surveillance agreements.

Product Certification

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BIS's product standards are basically voluntary in nature, but subsequent to the removal of quantitative restrictions (QRs) on imports by India in 2000, the GOI, in order to provide protection to domestic producers in certain sectors, promulgated regulations dictating that imports of 109 products are subject to mandatory compliance with specified Indian quality standards. For compliance, all exporters/manufacturers of the 109 products are required to register with, and obtain certification from the Bureau of Indian Standards, before exporting such goods to India.

The list of 109 products includes various food preservatives and additives, milk powder, infant milk food, certain kinds of cement, household and similar electrical appliances, several types of gas cylinders, and multi-purpose dry batteries.

These 109 products generally must be tested and certified by BIS in India. BIS now however, also has a system for foreign companies to receive automatic certification for products not manufactured in India. The system is based on a self-certification basis, under which a foreign manufacturer is permitted to apply the standards mark on the product after ascertaining its conformity to the Indian Standard licensed for. At the foreign manufacturer's expense, BIS inspectors travel to the manufacturer's country to inspect their production facility to pre-certify the company and its production system, and then authorizes subsequent monitoring and compliance by an independent inspector to ensure that the company maintains the specified standards.

Information on the application procedure for BIS Product Certification Plan for foreign companies is available through the BIS website at: <http://www.bis.org.in>

Exporters/manufacturers of these products also are required to maintain a presence in India. This

requirement does not apply if the foreign manufacturer nominates an authorized representative in India who agrees to be responsible for compliance with the provisions of BIS on behalf of the foreign manufacturer as per an agreement signed between the manufacturer and BIS. Under separate arrangements some products have been placed under special certification plans of lot or batch inspections carried out by BIS inspecting officers. A majority of gas cylinders, deep well hand pumps and valves are certified through such plans.

To facilitate international trade and cooperation, India has plans to harmonize its standards with other countries, primarily with its main trading partners. A serious effort is being made by BIS to have mutual recognition of standards with various countries so that other countries provide recognition of the Indian standards on certain products and vice versa. The BIS has expressed interest in having mutual recognition agreements with U.S. organizations.

Accreditation

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The National Accreditation Board for Testing and Calibration Laboratories (NABL) established in 1985 as an autonomous body under the Department of Science & Technology is authorized by the GOI as the sole accreditation body for testing and calibration laboratories. More than 200 testing and calibration laboratories have been accredited to date. A list of accredited laboratories is available from NABL's website at: <http://www.nabl-india.org/nabl/html/about-intro.asp>

For international mutual acceptance of test results in order to be compliant with the WTO/Technical Barriers to Trade (TBT) regulations, NABL is a member of international organizations such as International Laboratory Accreditation Co-operation (ILAC) and Asia Pacific Laboratory Accreditation Co-operation (APLAC). NABL is a signatory to ILAC as well as APLAC Mutual Recognition Arrangements (MRA), based on mutual evaluation and acceptance of other MRA Partner laboratory accreditation systems.

Indian manufacturing companies are investing in standards accreditation. The number of plants in India with ISO 9000 and ISO 14000 accreditation increased from a negligible figure in the early nineties to many thousands today and numerous Indian companies have won the Deming prize for total quality management.

Publication of Technical Regulations

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An electronic version of Indian Standards is now available on CD-ROM from the Bureau of Indian Standards. Further information is available at <http://www.bis.org.in/other/iscd.htm>.

Contacts

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Bureau of Indian Standards
Manak Bhavan, 9 Bahadur Shah Zafar Marg
New Delhi 110 002, India
Tel: 91-11-2323 0131, 2323 3375, 2323 9402 (10 lines) Fax : 91-11-2323 4062, 2323 9399, 2323 9382
Email: info@bis.org.in
Web: <http://www.bis.org.in>

NABL
Department of Science and Technology Technology Bhawan, New Mehrauli Road New Delhi – 110 016
Tel no.: 91-11-2686 4642 / 2685 7661
Fax no.: 91-11-2686 4642 / 686 3866
Email: akc@alpha.nic.in
Web: <http://www.nabl-india.org/>

Director General of Foreign Trade Ministry of Commerce & Industries Udyog Bhawan, New Delhi 110 011
Tel: 91-11-2301 1777
Fax: 91-11-2301 8613
Web: <http://dgft.nic.in/>

Department of Consumer Affairs
Office of the Additional Secretary (Weights & Measures) Krishi Bhawan, New Delhi 110 001
Tel: 91-11-2338 3027
Fax: 91-11-2338 6575

Trade Agreements

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India has entered into bilateral and regional trading agreements over the years. These agreements, besides offering preferential tariff rates on the trade of goods among member countries, also provide for wider economic cooperation in the fields of trade in services, investment, and intellectual property.

The preferential arrangement/plans under which India is receiving tariff preferences are the Generalized System of Preferences (GSP) and the Global System of Trade Preferences (GSTP). Presently, there are 46 member countries of the GSTP and India has exchanged tariff concessions with 12 countries on a limited number of products.

Other such preferential arrangements include the South Asian Association for Regional Cooperation (SAARC) Preferential Trading Agreement (SAPTA), the Bangkok Agreement and India–Sri Lanka Free Trade Agreement (ISLFTA). These arrangements/ agreements prescribe Rules of Origin that have to be fulfilled for exports to be eligible for tariff preference.

India and several Asian countries have signed a Comprehensive Economic Cooperation Agreement (CECA), which is an integrated package of agreements embracing trade in goods, services, investments and economic co-operations in education, science and technology, air services, and intellectual property. The agreements provide wide-ranging exemptions and reductions on basic customs duty on products imported from Singapore into India. The Indian Ministry of Commerce projected that 60 percent of India's future trade would be accounted for by free trade agreements (FTAs), with such countries as Paraguay, Argentina, Brazil, Pakistan and even China. In a major policy shift, the government has decided to convert all Preferential/Free Trade Agreements (PFA/FTA) into Comprehensive Economic Cooperation Agreements (CECA). This goes beyond the Indian government's bid in recent months to embrace bilateralism aggressively.

The decision seems to be aimed at mollifying the World Trade Organization (WTO), which cautioned India against negotiating exclusively PFAs/FTAs. PTAs/FTAs usually involve structured reduction in tariffs between two countries. CECAs would cover preferential relaxation of FDI rules vis-à-vis the partner country, tax holidays on investment and income, easing of visa restrictions etc. Trade in services too would come under the purview of CECA. Information on India's bilateral trade agreements is available at the Ministry of Commerce and Industry website: http://commerce.nic.in/trade/international_ta.asp?id=2&trade=i.

Web Resources

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Trade regulations: Import tariffs <http://dgft.nic.in/>
<http://dgftcom.nic.in/exim/2000/policy/contents.htm> <http://www.dgciskol.nic.in/>
<http://www.cbec.gov.in/>

Trade barriers

<http://www.ustr.gov/about-us/press-office/reports-and-publications/2011-0>
http://commerce.nic.in/medium_term/contents.htm
<http://www.ustr.gov/>

Import requirements and documentation <http://dgftcom.nic.in>
<http://dipp.nic.in/>

U.S. export controls <http://www.bis.doc.gov/> http://www.access.gpo.gov/bis/ear/ear_data.html
<http://www.cbp.gov/>

Temporary entry <http://dgftcom.nic.in/exim/2000/policy/chap-02.htm> <http://www.atacarnet.in/>

Labeling and marking requirements <http://www.bis.org.in/cert/man.htm> <http://www.bis.org.in/cert/prooth.htm>

Prohibited and Restricted Imports <http://commerce.nic.in/qr/default.asp>

Standards:

Overview <http://www.bis.org.in/bs/index.htm> <http://www.bis.org.in/org/obj.htm>

Standards Organizations <http://www.bis.org.in/sf/powork.htm>

Conformity Assessment <http://www.bis.org.in/lab/lab.htm> <http://www.bis.org.in/sf/nrstd.htm>

Product Certification <http://www.bis.org.in/cert/fm.htm> <http://www.bis.org.in/cert/procert.htm>
<http://www.bis.org.in/sf/nrstd.htm>

Accreditation <http://www.nabl-india.org/nabl/html/contact.asp>

Publication of Technical Regulations <http://www.bis.org.in/other/iscd.htm>

Labeling and Marking <http://www.bis.org.in/cert/man.htm>

Trade agreements <http://commerce.nic.in/> http://commerce.nic.in/trade/international_ta.asp?id=2&trade=i

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Chapter 6: Investment Climate

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- [Right to Private Ownership and Establishment](#)
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Executive Summary

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India's sizeable and rapidly growing domestic market, growing financial markets, large English-speaking population, and stable democratic government make it an attractive market for investors. However, India underperforms relative to its vast potential. Major areas of concern include corruption, taxes, caps on foreign direct investment (FDI), inadequate financing at reasonable rates, complex and lengthy investment approval and land acquisition processes, antiquated labor laws, and poor contract sanctity and enforcement of arbitration judgments. While the government has taken encouraging action on several of these fronts in the past year, investors remain wary. There had been doubts about the second United Progressive Alliance (UPA II) government's ability to implement needed reforms. Investors are waiting to see which policy direction the new Bharatiya Janata Party (BJP)-led National Democratic Alliance (NDA) government, which decisively won the May 2014 national elections, will take. Most observers expect a more decisive and pro-business polity.

The recent UPA Government enacted a handful of new laws in 2013 that, if properly implemented and enforced, could improve the country's overall investment climate. The Companies Act offers significant improvements to corporate governance procedures, imposing stiffer penalties for fraud, increasing protection for investors and creditors, simplifying processes for creating and closing businesses, and mandating greater transparency in financial disclosures. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, a major update to the Land Acquisition Act of 1894, established new rules for acquiring land for public purposes, including large infrastructure projects, whether by the state, under public-private partnerships (PPP), or by private corporations. The law will make land purchases more expensive, but it has the potential to make the process of acquisition more transparent and expedient as well. Finally, in July 2013, the Cabinet eased limits on FDI in 12 sectors of the economy and authorized expedited approval mechanisms for investment in eight of those sectors—including telecommunications, asset reconstruction, petroleum, and gas.

The Indian rupee suffered a summer of instability in 2013, ending the year 13% lower. Two years of steady depreciation reflect slowing economic growth and rising macroeconomic imbalances. Growth dropped from 8.5% in 2010 to under 5% today. During this period, India's fiscal deficit remained large and the current account deficit widened, driven by a longstanding trade deficit. As a major oil importer, India faces a structural current account deficit, financed by foreign capital inflows. Recent declines in stable FDI inflows have increased India's reliance on more volatile portfolio capital to finance the deficit, rendering it more vulnerable to shifts in market sentiment. In the spring, India experienced sudden capital outflows and sharp depreciation of the rupee, due to concerns about tightening global liquidity conditions and India's relative macroeconomic stability. Over the summer, the Reserve Bank of India (RBI) took a series of steps to

stabilize the currency and limit capital outflows, which damaged investor confidence. New leadership at the RBI in September improved policy transparency and helped restore confidence.

Many economists and investors comment that the previous UPA government, partly due to the demands of a large and diverse coalition, had allowed economic policy to drift. There are expectations that the new central government with a simple majority could steer economic policy, improve government transparency, and facilitate investment in manufacturing and infrastructure to stimulate growth and create jobs.

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Attitude Toward FDI

In the past year, the government has taken some steps to ease FDI restrictions in certain sectors and to improve corporate governance laws. However by the end of 2013, a stalemated parliament stymied confidence in the pace and efficacy of additional measures for improving the investment climate. Furthermore, many of the reform efforts the government undertook in the past years have come with a number of restrictions attached, such as in the case of FDI in multi-brand retail (MBR). The “opening up” to FDI in MBR came with so many conditions that only one international retailer has applied thus far.

Power and decision-making is decentralized in India. Investors should be prepared to face varying business and economic conditions across India’s 29 states and seven union territories. There are differences at the state-level in political leadership, quality of governance, regulations, taxation, labor relations, and education levels. Although India prides itself on its rule of law, its courts have cases backlogged for many years. By some accounts more than 30 million cases could be pending in various courts, including India’s high courts.

Other Investment Policy Reviews:

In 2011 the Government of India underwent an investment policy review in the context of a Trade Policy Review by the WTO, available here: http://www.wto.org/english/tratop_e/tpr_e/tp349_e.htm

Tables 1 and Table 1B

TABLE 1: The following chart summarizes several well-regarded indices and rankings.

Measure	Year	Rank or value	Website Address
Transparency International Corruption Perceptions index	2013	(94 of 177)	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation’s Economic Freedom index	2013	(126 of 170)	http://www.heritage.org/index/ranking
World Bank’s Doing Business Report “Ease of Doing Business”	2013	(134 of 189)	http://doingbusiness.org/rankings
Global Innovation Index	2013	(66 of 142)	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	\$1550	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

TABLE 1B - Scorecards: The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a 2012 per capita gross national income (GNI) of \$4,085 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: <http://www.mcc.gov/pages/selection/scorecards>. Details on each of the MCC’s indicators and a guide to reading the scorecards, are available here: <http://www.mcc.gov/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf>

Measure	Year	Index/Ranking
MCC Gov't Effectiveness	2014	96%
MCC Rule of Law	2014	98%
MCC Control of Corruption	2014	80%
MCC Fiscal Policy	2014	4%
MCC Trade Policy	2014	40%
MCC Regulatory Quality	2014	71%
MCC Business Start Up	2014	47%
MCC Land Rights Access	2014	63%
MCC Natural Resource Mgmt	2014	36%

Investment Law and Strategies

There are two channels for foreign investment entering India: the “automatic route” and the “government route.” Investments entering via the “automatic route” are not required to seek overall approval from the central government. The investor is expected to notify the RBI of its investment using the Foreign Collaboration - General Permission Route (FC GPR) form within 30 days of inward receipts and issuance of shares (<http://rbi docs.rbi.org.in/r docs/notification/PDFs/102APD110214.pdf>). The title “automatic route” is a misnomer, since investments in most sectors will still require some interaction with the government at the state and national levels.

Investments that take the “government route” are subject to authorization from the principal ministry involved and/or the Foreign Investment Promotion Board (FIPB). The rules regulating government approval for investments vary from industry to industry, and the approving government entity varies depending on the applicant and the product. For example the Ministry of Commerce and Industry (MOCI) Department of Industrial Policy and Promotion (DIPP) oversees single-brand product retailing investment proposals, as well as proposals made by Non-Resident Indians (NRIs) and Overseas Corporate Bodies (OCBs). An NRI is an Indian citizen who has resided overseas for six months or more for any purpose. An OCB is a company, partnership firm, or other corporate entity that is at least 60% owned, directly or indirectly, by NRIs, including overseas trusts. MOCI’s Department of Commerce approves investment proposals from export-oriented units (i.e., industrial companies that intend to export their entire production of goods and services). The FIPB, led by the Ministry of Finance (MOF) and MOCI, approves most other investment applications.

All new investments require a number of industrial approvals and clearances from different authorities such as the Pollution Control Board, Chief Inspector of Factories, Electricity Board, and Municipal Corporation (locally elected entities). To fast track the approval process for investments greater than \$200 million, the government in December 2012 established the Cabinet Committee on Investment (CCI), chaired by the Prime Minister. Around 250 projects worth approximately \$300 billion were stalled due to various inter-ministerial differences when the CCI began its work. To date the CCI has cleared over 99 projects worth over \$60 billion, but there has been little impact on actual investment flows. Some analysts have pointed to the normal lag time between regulatory approval and actual physical investment as well as possible additional bureaucratic delays at both the central and state levels.

Sector-Specific Guidelines for FDI in Key Industries

Banking: Aggregate foreign investment from all sources in all private banks is capped at 74%. For state-owned banks, the foreign ownership limit is 20%. According to the 2011 road map for foreign bank entry, there are three distinct ways to enter the Indian banking sector. The first is by establishing a branch in India. The second is to establish a wholly-owned subsidiary, although it is important to note that foreign banks may have either branches or subsidiaries, but not both. The third is to establish a subsidiary with total foreign investment of up to 74%. Foreign investors are also legally permitted to acquire an ailing bank, though to date, the RBI has not authorized this type of transaction. Foreign institutional investment (FII) is limited to 10% of the total paid-up capital and 5% in cases where the investment is from a foreign bank/bank group. In December 2012, Parliament passed the Banking Regulation (Amendment) Act. The Act has increased the cap on voting rights for investors from 10 to 26% in private sector banks, and from one to 10% for public sector banks (PSBs) to make voting rights commensurate with economic ownership.

Manufacturing: 100% FDI is allowed in most sub-categories of manufacturing; however, the government maintains set asides for micro and small enterprises (MSEs), defined by the government as a company with less than \$1 million in plant and machinery. Any investment in manufacturing that does not qualify as MSE and manufactures items reserved for the MSE sector must enter via the government route for FDI greater than 24%. Since 1997, the government has steadily decreased the number of sectors it protects under the

national small-scale industry (SSI) policy. At its peak in the late 1990s, more than 800 categories were protected. The most current list is publicly available here: <http://www.dcmsme.gov.in/publications/reserveditems/reserved2010.pdf>. The 2011 National Manufacturing Policy (NMP) provides the framework for India's local manufacturing requirements in the Information and Communications Technology (ICT) and clean energy sectors. http://commerce.nic.in/whatsnew/National_Manufacturing_Policy2011.pdf

Non-Banking Financial Companies (NBFC): 100% FDI is allowed via the automatic route. NBFCs include the following types of businesses: merchant banking, underwriting, portfolio management, financial consulting, stock-brokerages, asset management, venture capital, credit rating agencies, housing finance, leasing and finance, credit card businesses, foreign exchange brokerages, money changers, factoring and custodial services, investment advisory services, and micro and rural credit. All investments are subject to the following minimum capitalization norms: \$500,000 upfront for investments with up to 51% foreign ownership; \$5 million upfront for investments with 51% to 74.9% ownership; \$50 million total, with \$7.5 million required up-front and the remaining balance within 24 months for investments with greater than 75% ownership. Wholly foreign-owned NBFCs, with a minimum capitalization of \$50 million, are allowed to set up unlimited numbers of subsidiaries for specific NBFC activities and are not required to bring in additional capital. RBI regulates and supervises the NBFCs.

TABLE 2: Limits and Regulation of Foreign Direct Investment (FDI)*

Sector	% FDI	Route	Note
Advertising and Film	100%	Automatic	Includes film production, exhibition, distribution, and related services and products.
Agriculture (Farming)	None		
Agriculture-related Activities	100%	Automatic	Seed industry, floriculture, horticulture, animal husbandry, aquaculture, fish farming, and cultivation of vegetables and mushrooms.
	100%	Government	Tea plantations. Five years after making the initial investment in a tea plantation, foreign investors are required to divest ownership to allow for at least 26% Indian ownership.
Airline Carriers (air transport services)	49%	Government	Scheduled and non-scheduled airline carriers, although NRIs may own 100% of a domestic airline, as announced in September, 2012, by the Cabinet Committee on Economic Affairs. Investments are required to follow relevant SEBI regulations that include the Issue of Capital and Disclosure Requirements (ICDR) Regulations and the Substantial Acquisition of Shares and Takeovers (SAST) Regulations. (http://pib.nic.in/newsite/PrintRelease.aspx?relid=87785)
	74%	Automatic	Non-scheduled, chartered, and/or cargo airlines.
	100%	Automatic	Investments in helicopter and seaplane services. Investors are required to seek approval from the Directorate General of Civil Aviation.
Airport Infrastructure	100%	Automatic	Green-field projects.
	74%	Automatic	Existing projects. FDI greater than 74% requires FIPB approval.
	49%	Automatic	Ground-handling businesses at airports. (NRIs are allowed 100%).
	49-74%	Government	
100%	Automatic	Maintenance and repair operations, flight training institutes, and technical training institutes.	
Alcoholic Distillation and Brewing	100%	Automatic	Requires a license from DIPP under the provisions of the Industries (Development and Regulation) Act, 1951.
Asset Reconstruction Companies	74%	Government	An ARC is a company registered with the RBI under Section 3 of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). FII is now permitted.
Automobiles	100%	Automatic	Local content requirements and/or export obligations

			apply.
Broadcasting	26%	Government	Subject to guidelines issued by the Ministry of Information and Broadcasting.
	49%	Automatic	Direct-to-home broadcasting and mobile TV. TV channels, irrespective of ownership or management control, have to up-link from India and comply with the broadcast code issued by the Ministry of Information and Broadcasting.
	49-74%	Government	
	26%	Government	News and current affairs channels with up-linking from India, including portfolio investment.
	100%	Government	Entertainment and general interest channels.
	49%	Government	Establishing up-linking hub/teleports. (http://pib.nic.in/newsite/PrintRelease.aspx?relid=87787)
Business Services	100%	Automatic	Data processing, software development, and computer consultancy services. 100% FDI is allowed for call centers and business processing outsourcing (BPO) organizations, subject to certain conditions.
Cable Network	49%	Government	Approval is required, as articulated in the Cable Television Networks Rules, 1994.
Coal/Lignite	100%	?	Setting up or operating power projects and coal mines for captive consumption.
	100%	Automatic	Coal processing plants, so long as the equity recipient does not sell processed coal on the open market.
	100	Automatic	Mining of coal or lignite for captive consumption.
Coffee and Rubber Processing and Warehousing	100%	Automatic	
Commodity Exchanges	49% (FDI + FII/FPI)	FII/FPI - Automatic FDI - Government	Registered FII/FPI investments are through the automatic route and limited to 23%. FDI investment is limited to 26% through the government route. No foreign investor or entity may hold more than 5% equity. http://dipp.nic.in/English/Policies/FDI_Circular_2014.pdf
Construction Development Projects	100%	Automatic	Permitted in the construction and maintenance of roads, highways, vehicular bridges, tunnels, ports and harbors, townships, housing, commercial buildings, resorts, educational institutions, and infrastructure. (NRIs are not authorized to own land). Subject to certain minimum capitalization and minimum area-of-development requirements. Since 2010, the minimum capitalization requirement has been \$10 million for wholly-owned subsidiaries and \$5 million for joint ventures with Indian partners. In the case of serviced housing plots, a minimum of 10 hectares (25 acres) must be developed, while in the case of construction-development projects, the minimum built-up area must be 50,000 square meters (approx. 538,000 square feet). At least 50% of the project must be developed within five years from the date of obtaining all statutory clearances.
Credit Information Companies	74% (FDI+FII / FPI)	Government	Requires RBI approval. FII/FPI investment permitted up to 24% within an overall limit of 74% for foreign investment. No single investor/entity can own shares worth more than 10% of total paid-up capital. Furthermore, any acquisition in excess of 1% requires mandatory reporting to RBI.
Courier Services (Other Than	100%	Government	

Distribution of Letters)			
Defense and Strategic Industries	26% 49% in certain cases	Government	Subject to a DIPP license in consultation with the Defense Ministry. Production of arms and ammunition is subject to additional FDI guidelines. Purchase and price preferences may be given to public sector enterprises as per Department of Public Enterprise guidelines. The licensee must establish adequate safety and security procedures once the authorization is granted and production begins. Proposals for FDI beyond 26% require further approvals and must result in Indian access to “state-of-the-art” technology.
Drug/Pharmaceuticals	100%	Automatic	Green-field investments.
	100%	Government	Brown-field investments.
Business to Business E-commerce	100%		Business-to-business e-commerce under the government approval route. No FDI is allowed in retail e-commerce.
Education Services	100%	Automatic	In practical terms, restrictions limit investments to education service providers rather than educational institutions. The Foreign Educational Institutions (Regulation of Entry and Operations, Maintenance of Quality and Prevention of Commercialization) Bill proposed in the previous Parliament would, if passed, allow foreign universities to establish campuses independently without working with an Indian partner institution, but with conditions attached.
Food Processing	100%	Automatic	For fruit and vegetable processing, dairy products, meat and poultry products, fishing and fish processing, grains, confections, consumer and convenience foods, soft bottling, food parks, cold chain, and warehousing. The exception is for alcoholic beverages and beer, where a license is required.
	100%	Automatic	For cold storage facilities.
Hazardous Chemicals	100%	Automatic	A DIPP license is required under the provisions of the Industries (Development and Regulation) Act, 1951.
Health Services	100%	Automatic	
Hotels, Tourism, and Restaurants	100%	Automatic	
Real Estate	None		NRIs who obtain “Overseas Citizenship of India” status are allowed to own property and invest as if they were citizens. NRIs may invest up to 100% FDI with prior government approval in the real estate sector and in integrated townships including housing, commercial premises, resorts, and hotels, as well as in projects such as the manufacture of building materials.
Industrial explosives	100%	Automatic	Manufacturers of explosives or materials deemed by the authorities as explosives are required to obtain a license to set up factory operations from the state government’s industry commissioner.
Industrial Parks	100%	Automatic	The industrial park must include at least ten units with no single unit occupying more than 50% of the area, and at least 66% of the area made available for industrial activity.
Information Technology	100%	Automatic	For software and electronics development. No FDI is allowed in companies that develop software for the aerospace and defense sectors.
Insurance	26%	Automatic	Investors must obtain a license from the Insurance

			Regulatory and Development Authority (IRDA).
Infrastructure Companies in the Securities Market (i.e., stock exchanges, depositories, and clearing corporations)	26%	Government	Over and above the FDI limit, FII's are allowed to buy shares through the secondary markets up to 23% of the paid-up capital through the automatic route. FIIs are only allowed to invest via secondary markets.
Legal services	None		In March 2010, a Chennai-based attorney, on behalf of the Association of Indian Lawyers, filed a writ of petition in the Madras High Court against 31 foreign law firms, the Bar Council of India, and the Ministry of External Affairs to prevent foreign law firms from practicing in India. The Madras High Court has repeatedly delayed a decision in order to give the court more time to consult with foreign firms. The outcome of the case remains unresolved and the future of foreign law firms practicing in India remains uncertain. The petitioner in the Madras case and other opponents of foreign investment in legal services—with a particular focus on U.S. attorneys—insist foreign firms should be barred from practicing law in India until there is reciprocity in the U.S. market. Law firms from the UK and other countries have found alternatives to the ban on FDI.
Lottery, Gambling, and Betting	None		
Mining	100%	Automatic	For diamonds and precious stones, gold/silver, and other mineral mining and exploration.
	100%	Government	For mining and mineral separation of titanium minerals and ores.
Pensions	26%	Automatic	The Parliament passed the Pension Fund Development and Regulatory Authority (PFDR) Act that lifted the ban on FDI. It is now linked to the Insurance Amendment Act for a further increase in the permitted FDI level.
Petroleum	100%	Automatic (tax incentives, production sharing, and other terms and conditions apply)	Discovered small fields; refining with domestic private company; petroleum product/pipeline; petrol/diesel retail outlets; LNG pipeline; exploration; investment financing; market study and formulation.
			Refining by public sector company only; disinvestment is prohibited.
Pollution Control	49%	Government	For equipment manufacture, consulting, and management services.
Ports and Harbors	100%	Automatic	For construction and manufacturing of ports and harbors. Security clearances from the Ministry of Defense are required for all bidders on port projects, and only the bids of cleared bidders will be considered.
Power	100%	Automatic	For the power sector (except atomic energy) which includes generation, transmission, and distribution of

			electricity, and power trading. FDI up to 49% is permitted in power exchanges; such foreign investment would be subject to an FDI limit of 26% and an FII limit of 23% of the paid-up capital. For power exchanges, FII investment is permitted under the automatic route and FDI is permitted under the government approval route.
Print Media	26%	Government	Printing science and technology magazines/journals.
	100%	Government	Publication of facsimile editions of foreign newspapers.
Professional services	100%	Automatic	For most consulting and professional services, including accounting services.
Research and Development Services	100%	Automatic	
Railways	None		Train operations.
			Auxiliary areas such as rail track construction, ownership of rolling stock, provisioning of container services, and container depots.
	100%	Government	Building of "fixed railway infrastructure" including railway lines for the purpose of increasing port connectivity with industrial and logistical parks, mines, and other parts of the country.
	100%	Government	
Retailing (single brand)	100%	Government	Investors are required to meet a 30% local content requirement sourced from domestic small and medium enterprises (SMEs). (http://pib.nic.in/newsite/PrintRelease.aspx?relid=87766).
Retailing (multi-brand)	51%	Government	Investors are required to seek: 1) state government approval, 2) open locations in cities with a population greater than a million residents, 3) commit 50% of first \$100 million invested into developing backend infrastructure, and 4) source 30% of the total value of the products sold from Indian SMEs.
Roads	100%	Automatic	Including highways, and mass rapid transport systems.
Satellites	74%	Government	For the establishment and operation of satellites.
Security Agencies	49%	Government	
Shipping	74%	Automatic	
Storage and Warehouse Services	100%	Automatic	Including for cold storage warehousing of agricultural products.
Telecommunications	74%	Government	All telecom services including Telecom Infrastructure Providers Category-I, viz. Basic, Cellular, Unified Access Services, Unified license (Access services), Unified License, National/ International Long Distance, Commercial V-Sat, Public Mobile Radio Trunked Services (PMRTS), Global Mobile Personal Communications Services (GMPCS), All types of ISP licenses, Voice Mail/Audiotex/UMS, Resale of IPLC, Mobile Number Portability services,

	100%	Automatic	Infrastructure Provider Category – I (providing dark fiber, right of way, duct space, tower) except Other Service Providers.
Trading/Wholesale	100%	Automatic	For exporting, bulk imports with export warehouse sales, and cash-and-carry wholesale trading. A wholesaler/cash-and-carry trader cannot open a retail shop to sell directly to consumers.

*Compiled from official GOI publications and regulation

2. Conversion and Transfer Policies

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The Indian rupee lost nearly 13% of its value in the year 2013, a trend similar to that of currencies in other emerging economies. While the shock to currency values was largely driven by external factors and speculation, the rupee has suffered steady depreciation over the past two years in line with slowing economic growth. The rupee started the year at 54.83 to the U.S. dollar, dropped by about 25% to 68.36 in August 2013, and closed the year at 61.90. Various measures were announced by the government and the RBI to contain the outflow of capital outflow and curb the depreciation. The government increased the import duty on gold — India’s second largest import after oil which helped to narrow the large current account deficit. The RBI announced that Indians could remit only \$75,000 out of the country per year, down from a previous limit of \$200,000. As the rupee stabilized, RBI in June 2014 enhanced this limit to \$125,000. Furthermore, Indian corporations, which were previously allowed to invest four times their net worth overseas were limited to investment equal to their net worth; however, the RBI also reinstated this to the original four times limit in September 2013.

Foreign Exchange

The rupee is fully convertible for current account transactions, which are regulated under the Foreign Exchange Management Rules, 2000. RBI approval is required for acquiring foreign currency above certain limits for specific purposes (e.g., foreign travel, consulting services, and foreign studies). Capital account transactions are open for foreign investors, but subject to various clearances. Conversion restrictions include the following:

NRI investment in real estate may be subject to a “lock-in” period;

RBI approval is needed to remit the proceeds of sales of assets;

Foreign partners may sell their shares to resident Indian investors without RBI approval, provided the shares were eligible to be repatriated out of India;

Global Depository Receipts and American Depository Receipts proceeds from abroad may be retained without restrictions except for an end-use ban on investment in real estate and stock markets; Foreign Investment Promotion Board (FIPB) approval is also required in some cases. Up to \$1 million per year may be remitted for transfer of assets into India;

Foreign institutional investors (FIIs) may transfer funds from rupee to foreign currency accounts and vice-versa at market exchange rates. They may also repatriate capital, capital gains, dividends, interest income, and any compensation from the sale of rights offerings, net of all taxes, without RBI approval. The RBI authorizes automatic approval to Indian industries for payments associated with foreign collaboration agreements, royalties, and lump sum fees for technology transfers and payments for the use of trademarks and brand names without limits. Royalties and lump sum payments are taxed at 10%.

Remittance Policies

Profits and dividend remittances, as current account transactions, are permitted without RBI approval; but income tax payment clearance is required. Transactions are usually processed without delay;

Foreign banks may remit profits and surpluses to their headquarters, subject to compliance with the Banking Regulation Act, 1949. Banks are permitted to offer foreign currency-rupee swaps without limits to enable customers to hedge their foreign currency liabilities. They may also offer forward coverage to non-resident entities on FDI deployed after 1993.

3. Expropriation and Compensation

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India's image as an investment destination was tarnished in 2010 and 2011 by high profile graft cases in the construction and telecom sectors, exacerbating existing private sector concerns about the government's uneven application of its policies. In October 2012, India's Supreme Court cancelled 122 telecom licenses and the authorized spectrum held by eight operators under what came to be known as the 2G scandal. The decision impacted both domestic and foreign telecom operators. Some of the operators affected by this cancellation stated in media that they may exit India rather than wait for the issuance of new market rules. The U.S. Government continues to urge the Government of India to foster an attractive and reliable investment climate by reducing barriers to investment and minimizing bureaucratic hurdles for businesses. India would benefit from providing a secure legal and regulatory framework for the private sector, as well as institutionalized dispute resolution mechanisms that expedite resolution of commercial disagreements.

4. Dispute Settlement

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Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Foreign investors frequently complain about a lack of “sanctity of contracts.” According to a World Bank Study on Ease of Doing Business, it takes nearly four years on average to resolve a commercial dispute in India, the third longest average rate in the world (<http://www.doingbusiness.org/data/exploreeconomies/india?topic=enforcing-contracts#resolving-insolvency>). Indian courts are understaffed and lack the technology necessary to resolve an enormous backlog of pending cases—estimated by the UN at 30-40 million cases nationwide (<http://www.refworld.org/docid/51ab45674.html>).

In an attempt to align its adjudication of commercial contract disputes with the rest of the world, India enacted the Arbitration and Conciliation Act based on the United Nations Commission on International Trade Law model in 1996. Judgments of foreign courts are enforceable under multilateral conventions like the Geneva Convention. The government established the International Center for Alternative Dispute Resolution (ICADR) as an autonomous organization under the Ministry of Law and Justice to promote the settlement of domestic and international disputes through alternate dispute resolution. The World Bank funded ICADR to conduct training for mediators in commercial disputes settlement.

India is a member of the New York Convention of 1958 on the recognition and enforcement of foreign arbitral awards. Despite this, Indian firms have filed cases with Indian courts in several instances to delay paying the awards granted in arbitration to the U.S. party. Seven cases are currently pending, the oldest of which dates to 1983. India has yet to become a member of the International Center for the Settlement of Investment Disputes. The Permanent Court of Arbitration (PCA, The Hague), and the Indian Law Ministry agreed, in 2007, to establish a regional PCA office in New Delhi to provide an arbitration forum to match the facilities offered at The Hague at a far lower cost. Since then, no further progress has been made in establishing the office. In November 2009, the Department of Revenue's Central Board of Direct Taxes established eight dispute resolution panels (DRPs) across the country to settle the transfer-pricing tax disputes of domestic and foreign companies.

Bankruptcy

According to the World Bank, it takes creditors an average of 4.3 years to recover funds from an insolvent company in India. The Companies Act adopted in 2013 will introduce major changes in bankruptcy law, both in the procedures and the institutions involved; the law will not, however, provide for Chapter 11-type bankruptcy provisions, as many small business owners had urged. Under the current law, the Board for Industrial and Financial Reconstruction (BIFR) is responsible for all efforts to revive “sick” companies, while the high courts are responsible for overseeing their liquidation. Under the new law, both functions will fall to a new National Company Law Tribunal (NCLT) composed of legal and technical experts, and presided over by a high court judge with at least five years of experience. The government will also appoint an appellate tribunal for hearing appeals of NCLT decisions, while the Supreme Court will remain the final arbiter of the Companies Act. Under the new law, a “sick” company is one that can no longer pay its debts (as opposed to the old definition, in which sick companies were those that had suffered a loss of 50% of their net worth). Though the Companies Act represents a step forward in bankruptcy law, the new system as yet remains untested.

Performance Requirements

The government is currently pursuing local content requirements in specific areas including information and communications technology (ICT), electronics, and clean energy to increase the manufacturing sector's contribution to GDP. Foreign investors in India express concern about these policies and the negative impact they may have on India's investment climate, especially if the GOI applies local content requirements to the private sector. The GOI has already issued finalized notifications on local content requirements for ICT equipment in government procurement, but issued guidance in December 2013 to keep them out of private sector transactions (http://commerce.nic.in/whatsnew/National_Manufacturing_Policy2011.pdf).

Companies are free to select the location of their industrial projects, but foreign investors complain that difficulties in land acquisition and uneven zoning regulations prevent them from establishing factories in their preferred location. The Ministry of Commerce and Industry, in recognition of these difficulties, has set aside land for 14 integrated industrial townships called National Investment and Manufacturing Zones (NIMZs). NIMZs offer investors a one-stop approval process for investment, state-of-the-art infrastructure, pre-zoned land for industrial use, and other tax benefits. Seven basic No Objection Certificates are required for almost all investments and projects:

1. Tree Authority
2. Storm Water and Drain Department
3. Sewerage Department
4. Hydraulic Department
5. Environmental Department (concerned with debris management)
6. Traffic and Coordination Department
7. Chief Fire Officer (fire department clearance)

Labor

Foreign nationals executing projects and/or contracts in India are required to obtain "employment" visas. All foreigners (including foreigners of Indian origin) visiting India for more than 180 days—whether carrying a student visa, medical visa, research visa or employment visa—are required to register with the Foreigners Regional Registration Officer (FRRO) in Delhi or the Foreigners Registration Officer (FRO) in their jurisdiction within 14 days of their arrival.

The employment of foreigners for periods longer than 12 months requires the approval of the Ministry of Home Affairs (MHA). Recently, MHA eased the rule requiring foreign nationals traveling to India on a multiple-entry Indian tourist visa to wait a minimum of two months between visits to India, eliminating it entirely for most travelers.

The Department of Telecommunications under the Ministry of Communications and Information Technology closely monitors the employment of foreign nationals in the telecom sector. Senior leadership and managers of security operations, among others, are required to be citizens of India or obtain a security clearance from the Ministry of Home Affairs (MHA). More details on this and related rules are available on the MHA website: <http://mha.nic.in/foreigDiv/pdfs/TourVISA-Schm.pdf>.

Investment Incentives

The government provides a 10-year tax holiday for knowledge-based start-ups. Many states also use local tax incentives to attract investment, and these benefits vary by state and by sector.

In August 2009, MOCI released its foreign trade policy for fiscal years 2009-14, which highlighted various incentives for exporters with a particular emphasis on labor intensive sectors such as textiles, processed foods, leather, gems and jewelry, tea, and handloom items. The duty credit extended to exporters under this scheme is 3% of the free-on-board (FOB) export value. Exporters are also allowed to import machinery and capital goods duty free. More information can be found here: <http://dgft.gov.in/>

Taxation

Recent government efforts to strengthen general anti-avoidance rules (GAAR) and expand tax authorities' purview to collect taxes retrospectively on the indirect transfer of shares have created concerns and uncertainties for foreign investors. A coordinated international effort to dissuade the government from implementing these laws in 2012 resulted in a reprieve that may be extended to 2016. If implemented as

passed in the 2012 budget, the GAAR and retrospective tax rules would have resulted in large tax payments by companies like Vodafone to the government.

Private industry remains hopeful the government will follow through with promises to overhaul India's direct and indirect tax regime. In 2009, the Government of India announced its intention to implement a goods and services tax (GST) and streamline its Direct Tax Code DTC. GST seeks to standardize taxes levied at all points in the supply chain concurrently by both the central and state governments. A GST would harmonize India under one tax regime by eliminating national and state value-added taxes (VATs), central excise taxes, and a number of other state-level taxes. Parliamentary gridlock and uneven support from state governments have stalled progress. Many economists consider GST one of the most critical economic reforms the government could take, estimating that it could increase GDP growth by up to 2%.

6. Right to Private Ownership and Establishment

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Foreign and domestic private entities are permitted to establish and own businesses in trading companies, subsidiaries, joint ventures, branch offices, project offices, and liaison offices, subject to certain sector-specific restrictions. The government does not permit foreign investment in real estate, other than company property used to conduct business and for the development of most types of new commercial and residential properties. FII's can now invest in initial public offerings (IPOs) of companies engaged in real estate. They can also participate in pre-IPO placements undertaken by such real estate companies without regard to FDI stipulations.

To establish a business, various government approvals and clearances are required including incorporation of the company and registration under the State Sales Tax Act and Central and State Excise Acts. Businesses that intend to build facilities on land they own are also required to take the following steps: register the land; seek land use permission if the industry is located outside an industrially zoned area; obtain environmental site approval; seek authorization for electricity and financing; and obtain appropriate approvals for construction plans from the respective state and municipal authorities. Promoters also need to obtain industry-specific environmental approvals in compliance with the Water and Air Pollution Control Acts. Petrochemical complexes, petroleum refineries, thermal power plants, bulk drug makers, and manufacturers of fertilizers, dyes, and paper, among others, must obtain clearance from the Ministry of Environment and Forests.

7. Protection of Property Rights

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Real Property

The Foreign Exchange Management Regulations and the Foreign Exchange Management Act set forth the rules that allow foreign entities to own immovable property in India and convert foreign currencies for the purposes of investing in India. These regulations can be found at http://rbi.org.in/scripts/BS_FemaNotifications.aspx?Id=175 and <http://www.rbi.org.in/scripts/fema.aspx>. Foreign investors operating under the automatic route are allowed the same rights as a citizen for the purchase of immovable property in India in connection with an approved business activity. India ranks 92 out of 189 for ease of registering property in the World Bank's Doing Business Report (<http://www.doingbusiness.org/rankings>).

Informal Transactions

According to a 2013 report by Credit Suisse, half of India's total GDP and 90% of its employment are informal. According to ILO figures, India has the largest percentage of any country's total work force employed informally (http://laborsta.ilo.org/applv8/data/INFORMAL_ECONOMY/2012-06-Statistical%20update%20-%20v2.pdf).

In India, a registered sale deed does not confer title ownership and is merely a record of sales transaction. It only confers presumptive ownership, which can still be disputed. Actual title is established through a chain of historical transfer documents that originate from the land's original established owner. Accordingly, before purchasing land, buyers should examine all the link documents that establish title from the original owner. Many owners, particularly in urban areas, do not have access to the necessary chain of documents. This increases uncertainty and risks in land transactions.

Intellectual Property Rights

India has adequate copyright laws, but enforcement is weak and piracy of copyrighted materials is widespread. India is a party to the Berne Convention, UNESCO, and the World Intellectual Property Organization (WIPO). In 2012, India amended its copyright laws and signed WIPO's Beijing Treaty on the

Protection of Audiovisual Performances. However, the copyright law still contains several broad exceptions for personal use and “fair dealing,” weak protection against unlawful circumvention of technological protection measures, and lacks an effective notice and take-down system for online infringing materials. India was listed on the Priority Watch List in USTR’s Special 301 report for 2013. The country hosts six “Notorious Markets” according to USTR latest report of February 2014. These include Nehru Place and Gaffar Markets in New Delhi; Mannish Market and Lamington Road in Mumbai, Cheney Trade Center and Hong Kong Bazaar in Hyderabad (<http://www.ustr.gov/about-us/press-office/press-releases/2014/February/Notorious-markets-list-focuses-fight-against-global-piracy-and-counterfeiting>).

India updated its trademark law in recent years to bring it closer to international standards for filing and granting trademarks. It is worth noting that India acceded to and has implemented the Madrid Protocol as of July 2013. In 2014, the WIPO plans to conduct capacity building programs throughout the country to educate trademark professionals on the Madrid system. WIPO has also been recognized as an International Search Authority/International Preliminary Examination Authority (ISA/IPEA) under the Patent Cooperation Treaty and began accepting applications in October 2013.

Pharmaceutical and agro-chemical products can be patented in India. Plant varieties are protected by the Plant Varieties and Farmers’ Rights Act. Software embedded in hardware may also be patented. However, the interpretation and application of the patent law lacks clarity, especially with regard to several important areas such as compulsory licenses, pre-grant opposition provisions, and defining the scope of patentable inventions (e.g., whether patents are limited to new chemical entities rather than incremental innovation). In 2012, India issued its first compulsory license for a patented pharmaceutical. In the case of Natco vs. Bayer, an Indian generics company sought and was granted a compulsory license under India’s laws to make a generic version of Bayer’s liver and kidney cancer drug, Nexavar. Indian law does not protect against the unfair commercial use of test data or other data submitted to the government during the application for market approval of pharmaceutical or agro-chemical products. The Pesticides Management Bill (2008), which would allow data protection of agricultural chemical provisions, stalled in the previous Parliament.

Indian law provides no statutory protection of trade secrets. The Designs Act meets India’s obligations under WTO/TRIPS (Trade-Related Aspects of Intellectual Property Rights) for industrial designs. The Designs Rules, which detail classification of design, conform to the international system and are intended to take care of the proliferation of design-related activities in various fields. India’s Semiconductor Integrated Circuits Layout Designs Act is based on standards developed by WIPO; however, this law remains inactive due to the lack of implementing regulations.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO’s country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders:

Contact at U.S. Embassy

Kalpana Reddy
IP Attaché
+91-11-2419-2334
Kalpana.reddy@trade.gov

Country/Economy resources:

Madhvi Kataria
American Chamber of Commerce in India (AMCHAM)
Associate Director
madhvi.kataria@amchamindia.com
2652 5201 / 02; 2652 5203; 98102-02213

You can find a list of lawyers at the U.S. Embassy website:

<http://newdelhi.usembassy.gov/mobile//service/other-citizen-services/judicial-assistance.html>

8. Transparency of the Regulatory System

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Despite progress, the Indian economy is still constrained by conflicting rules and an overly complex bureaucratic system that has broad discretionary powers. India has a decentralized federal system of government in which states possess extensive regulatory powers. Regulatory decisions governing important issues such as zoning, land-use, and the environment vary between states. Opposition from labor

unions and political constituencies slows the pace of land acquisition, environmental clearances, investment policy, and labor rights.

The central government has been successful in establishing independent and effective regulators in telecommunications, securities, insurance, and pensions. The Competition Commission of India (CCI), India's antitrust body, has begun to take up its enforcement powers and is now taking cases against cartelization and abuse of dominance, as well as conducting capacity-building programs for bureaucrats and company officials. In December 2012, the Government of India introduced amendments to the Competition Act, 2002 that would empower CCI to order search and seizure operations. Currently the commission's investigations wing is required to seek the approval of the local chief metropolitan magistrate for a search and seizure operation. In June 2011, the government enacted rules governing mergers and acquisitions. The Securities and Exchange Bureau of India (SEBI) enforces corporate governance and is well regarded by foreign institutional investors. The RBI, which regulates the Indian banking sector, is also held in high regard. Some Indian regulators, including SEBI and the RBI, engage with industry stakeholders through periods of public comment, but the practice is not consistent across the government.

The Companies Act adopted in 2013 brings India's corporate governance rules in line with international standards with regards to transparency and audit procedures. The law will require more time, however, for the creation of new institutional structures.

9. Efficient Capital Markets and Portfolio Investment

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In Indian rupee terms, the S&P BSE SENSEX index — India's benchmark 30-share index — was up 9% in 2013, compared with a 25% gain in 2012. However, the S&P BSE dollar index 30, a U.S. dollar linked version of SENSEX, was down 4% due to the rupee's depreciation. The market capitalization of the Bombay Stock Exchange (BSE) was \$1.09 trillion on December 31, 2013. Despite introduction of a new stock exchange, MCX Stock Exchange, the National Stock Exchange and BSE account for 100% of total Indian stock market turnover. Spot prices for index stocks are usually market-driven and settlement mechanisms are in line with international standards. Unlike Indian equity markets, local debt and currency markets are relatively underdeveloped with limited participation from foreign investors. Indian businesses receive the majority of their financing through the banking system, not capital markets. Although private placements of corporate debt have increased, the size of India's corporate bond market is small (equivalent to only 5% of GDP) and daily trading volume remains thin.

Foreign investment in India can be made through various routes, including: FDI, the Portfolio Investment Scheme (PIS), and venture capital investment. The PIS route provides access to a wide range of foreign portfolio investors, including FIIs, FII sub-accounts, Qualified Foreign Investors (QFIs), and Non NRIs. FIIs are divided into two categories: regular FIIs, which invest in both equity and debt; and 100% debt-fund FIIs. Eligible FIIs include: overseas pension funds, mutual funds, banks, foreign central banks, sovereign wealth funds, endowment and university funds, foundations, charitable trusts and societies, insurance companies, re-insurance companies, foreign government agencies, international and multilateral organizations, broad-based funds, asset management companies, investment managers, and hedge funds. FIIs must be registered and regulated by a recognized authority in their home country; as a result, many U.S.-based hedge funds cannot register as FIIs. "Sub-account" refers to any person residing outside India on whose behalf investments are made within India by an FII. These include foreign individuals or corporates, broad-based funds, proprietary funds under the name of a registered FII, endowment and university funds, charitable trusts and societies. NRIs are not eligible to apply as sub-accounts.

FIIs and sub-accounts must register with the SEBI to invest in India's capital markets. As of December 2013, there were 1,739 FIIs and 6,394 sub-accounts registered with SEBI. FIIs purchased and sold equities worth \$20.10 billion in 2013; however, foreign investors repatriated \$8 billion from the local bond market in 2013. As a result, net inbound investment by FIIs, in both debt and equity markets, only reached \$1.2 billion. While FIIs are allowed to invest in all listed securities traded in India's primary and secondary markets (as well as unlisted securities, including government and corporate debt, mutual funds, and commercial paper), India does impose various restrictions based on investment type, including quantitative restrictions on debt inflows.

On April 1, 2013, the government announced rationalization of FII debt investment categories, in an attempt to attract more stable foreign debt capital inflows. The first category consists of government securities of \$25 billion, which merges the \$10 billion investment limit in short-term government paper with the \$15 billion limit in long-term government securities. Subsequently, the government expanded this limit to \$30 billion, earmarking an additional \$5 billion for long-term investors, including: sovereign wealth funds, multilateral

agencies, endowment funds, insurance funds, pension funds and foreign central banks. The second category, for corporate debt, has a limit of \$51 billion, following the merger of separate categories for infrastructure and non-infrastructure bonds. In September, 2013 SEBI further simplified foreign investors' direct access to the local debt market by eliminating its debt limit auction system.

Indian equity markets have few restrictions on capital flows, but do limit foreign ownership stakes. FIIs and sub-accounts can own up to 10% and 5%, respectively, of the paid-up equity capital of any Indian company. Aggregate investment in any Indian company by all FIIs and sub-accounts is capped at 24%, unless specifically authorized by that company's board of directors. The short-selling of shares is permitted to all investor classes, except NRIs, including FIIs, domestic institutional and retail investors that are registered with SEBI. However, investors must maintain a minimum margin requirement.

FIIs are not permitted to participate in the new currency futures markets. In order to end speculative trades in the Indian rupee that take place in the offshore non-deliverable forwards (NDF) market, the RBI plans to allow FIIs and NRIs to trade in the currency futures market. This will both deepen the domestic currency market and bring it under the purview of domestic regulators. Foreign firms and persons are prohibited from trading in commodities. SEBI allows foreign brokers to work on behalf of registered FIIs. FIIs can also bypass brokers and deal directly with companies in open offers. FII bank deposits are fully convertible and their capital, capital gains, dividends, interest income, and any compensation from the sale of rights offerings, net of all taxes, may be repatriated without prior approval. NRIs are subject to separate investment limitations. They can repatriate dividends, rents, and interest earned in India and their specially designated bank deposits are fully convertible.

QFIs are allowed to invest in the equity and debt schemes of mutual funds and equities. QFIs are defined as individuals, groups, and associations that reside in a Financial Action Task Force (FATF)-compliant foreign country, a country that has signed onto the International Organization of Securities Commissions' (IOSCO) multilateral Memorandum of Understanding, or a country that has signed a bilateral MOU with SEBI. QFIs which meet prescribed know your customer (KYC) requirements are permitted to invest through SEBI registered Qualified Depository Participants. The limits on individual and aggregate investment for QFIs are 5% and 10% of the company's paid-up capital, respectively, subject to sectorial caps. These limits are over and above the cap earmarked for FIIs and NRIs, who can invest directly in the Indian equity market. QFIs can also invest in listed, or to-be-listed, corporate debt and mutual funds.

Foreign venture capital investors (FVCIs) must register with SEBI to invest in Indian firms. They can also set up domestic asset management companies to manage funds. All such investments are allowed under the automatic route, subject to SEBI and RBI regulations and FDI policy. FVCIs can invest in many sectors including software business, information technology, pharmaceutical and drugs, bio-technology, nano-technology, biofuels, agriculture, and infrastructure.

Foreign Portfolio Investors (FPI): In October 2013, SEBI approved combining existing FIIs, sub-accounts, and QFIs into a new class termed as Foreign Portfolio Investors (FPIs). The FPI regulations attempt to provide uniform entry norms and simplify compliance requirements for all FPIs in India. FPIs are required to register with SEBI-authorized Designated Depository Participants and to meet risk-based KYC norms.

Companies incorporated outside India can raise capital in India's capital market through the issuance of Indian Depository Receipts (IDRs). These transactions are subject to RBI and SEBI monitoring per conditions outlined at: www.rbi.org.in/Scripts/NotificationUser.aspx?Id=5185&Mode=0. Companies are required to have pre-issued, paid-up capital and free reserves of least \$100 million, as well as an average turnover of \$500 million during the three financial years preceding the issuance, declaring dividends of not less than 10% each year and maintaining a pre-issue debt-equity ratio of no more than 2:1. Standard Chartered Bank, a British bank which was the first foreign entity to list in India in June 2010, is the only foreign firm to have issued IDRs. On March 1, 2013, SEBI issued a detailed framework a detailed framework for conversion of IDRs into equity shares (http://www.sebi.gov.in/cms/sebi_data/attachdocs/1362136042656.pdf).

External commercial borrowing (ECB or direct lending to Indian entities by foreign institutions) is allowed if the funds will be used for outward FDI or domestically for investment in industry, infrastructure, hotels, hospitals, or software, self-help groups or microfinance activities or to buy shares in disinvestment of public sector entities (http://www.rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=8101). ECBs may not be used for on-lending, investments in financial assets, or acquiring real estate or a domestic firm. In September 2013, the RBI permitted use of ECBs with minimum average maturity of seven years for

financing general corporate purposes subject to the condition that the minimum paid-up equity of 25% should be held directly by the lender. As of July 2013, the all-in-costs ceilings for ECBs with an average maturity period of three to five years was capped at 350 basis points over six month LIBOR and 500 points for loans maturing after five years. Indian companies have borrowed close to \$34.12 billion in foreign currency through ECBs and \$400 million through FCCBs in 2013.

Takeover regulations require disclosure upon acquisition of shares exceeding 5% of total capitalization. SEBI regulations require that any acquisition of 15% or more of the voting rights in a listed company will trigger a public offer. The public offer made by the acquiring entity (i.e., an individual, company, or other legal entity) must be for at least 20% of the company's voting rights. Since October 2008, an owner holding between 55% and 75% of voting rights can acquire additional voting rights of up to 5% without making a public offer (i.e., creeping acquisition). However, the buyer can make a creeping acquisition only by open market purchases and not through bulk/block/negotiated deals or preferential allotment. Furthermore, subsequent to this acquisition, the buyer's total shares should not cross the 75% threshold. RBI and FIPB clearances are required to assume a controlling stake in an Indian company. Cross shareholding and stable shareholding are not prevalent in the Indian market. SEBI regulates hostile takeovers.

Banking System

Banking in India is largely dominated by public sector banks (PSB). There are currently 27 PSBs in India, the largest of which is the State Bank of India (SBI). In 2012-2013 the PSBs held a 77% share of total deposits versus 13% for private banks (including 4% by foreign banks). PSBs are not technically subject to any excess regulations over commercial banks, neither in terms of lending practice nor deposits. They do, however, have their CEOs, upper management, and a number of their board of directors appointed by the government, making the government extremely influential in credit decisions. As of the first quarter of 2014, non-performing assets (NPA) accounted for approximately 4% of total banking system assets, and 5% of PSB assets. The RBI in April 2014 proposed a set of recommendations to the Ministry of Finance for the government to reduce its ownership stake and control of PSBs.

Hostile Takeovers

Takeover regulation in India applies equally to domestic and foreign companies. The regulations do not recognize any distinct category of hostile takeovers. RBI and FIPB clearances are required to acquire a controlling stake in Indian companies. Takeover regulations require disclosure on acquisition of shares exceeding 5% of total capitalization. As per SEBI's Substantial Acquisition of Shares and Takeovers (Amendment) Regulations, 2013, acquisition of 25% or more of the voting rights in a listed company triggers a public offering of an additional 26% stake at least. Under the creeping acquisition limit, the acquirer holding 25% or more voting rights in the target company can acquire additional shares or voting rights up to 5% of the total voting rights in any financial year, up to a maximum permissible non-public shareholding limit of 75% generally. Acquisition of control over the target company, irrespective of shares or voting rights held by the acquirer, will trigger a mandatory open offer (http://www.sebi.gov.in/cms/sebi_data/commondocs/takeovernotifi_p.pdf and http://www.sebi.gov.in/cms/sebi_data/commondocs/sa_p.pdf).

10. Competition from State-Owned Enterprises

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India's public sector enterprises (PSEs), both at the central and state levels, play an important role in the country's industrialization. As of December 31, 2013, 249 Central Public Sector Enterprises (CPSEs) (excluding 7 insurance companies) were operating in India. The number of profit making CPSEs increased steadily from 143 in 2004-05 to 160 in 2010-11. The manufacturing sector constitutes the largest component of investment in CPSEs (45%) followed by services (35%), energy (12%), and mining (8%). Foreign investments are allowed in the CPSEs in all four of these sectors. The Ministry of Heavy Industries and Public Enterprises' Department of Public Enterprises oversees CPSEs. CPSEs have boards of directors, wherein at least one third of the directors are externally appointed. The chairman, managing director, and directors are appointed independently. Companies can appoint private consultants, senior retired officers, and politically affiliated individuals to their boards. Detailed guideline on CPSE corporate governance can be found at <http://164.100.47.134/intranet/CorporateSocialResponsibility.pdf>

As of 2011, the government had granted five CPSEs in the energy and mining and metal manufacturing and products sectors — Indian Oil Corporation, NTPC Limited, Oil and Natural Gas Corporation, Coal India Limited (CIL) and Steel Authority of India — "Maharatna" status, which allows the management greater financial and operational freedom to expand the CPSEs' operations. Maharatna-designated CPSEs are allowed to invest up to \$1.1 billion without government approval. The government plans to continue

divesting itself of CPSEs, but intends to retain at least 51% ownership. Foreign investors are allowed to buy equity stakes in all CPSEs via IPOs.

Although there do not appear to be systemic advantages, CPSEs in some sectors enjoy pricing and bidding advantages over their private sector and foreign competitors. Over the last few years the government has increased the pace of its divestment from CPSEs, although there are no immediate plans to sell majority shares of CPSEs to the private sector or to list more than 50% of the shares on any of the Indian stock exchanges.

11. Corporate Social Responsibility

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The passage of the Companies Act of 2013 marks a dramatic change in India's corporate social responsibility (CSR) policy, as the law requires a minimum level of CSR spending for large, profitable companies, as well the formation of a CSR committees by company boards of directors. Section 135 of the new legislation requires publicly-held companies to spend 2% of annual domestic profits on CSR-related activities. As of the law's enactment on April 1, 2014, domestic companies (including subsidiaries of multinational companies) generating approximately \$200 million or more in sales, with a net worth greater than \$100 million, and that have earned annual profits greater than \$1 million for three consecutive years must issue a public report of their CSR expenditures or provide an explanation of why the company did not meet the minimum CSR spending requirements. The directors of companies that fail to report will be held personally accountable under the law and can face fines or imprisonment. This act is among the most prescriptive CSR laws in the world, but implementation remains untested. While there is widespread support for encouraging greater CSR activity in India, some companies have expressed concern about the lack of clarity and enforcement mechanisms provided in the law.

Until the implementing regulations for foreign companies operating in India have been clarified under the new Companies Law, foreign companies should also verify whether they are subject to the Ministry of Corporate Affairs' "National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business," which encourages large companies to voluntarily spend 2% of their profits on CSR activities. The guidelines also require companies to disclose details regarding their CSR-related expenditures: <http://164.100.47.134/intranet/CorporateSocialResponsibility.pdf> .

India has a number of companies that are world-class leaders in CSR. For example, in 2012, Microsoft India was a semifinalist in the annual Secretary of State's Award for Corporate Excellence because of its significant contributions to improving environmental awareness in India.

There are many NGOs working on CSR in India, including the following:

- ICCSR, the Indian Centre for Corporate Responsibility <http://www.iccsr.org/>
- Transparency International India (TII) <http://www.transparencyindia.org/>
- Samhita Social Ventures <http://www.samhita.org>

TII sponsors the Advocacy and Legal Action Center, which runs an Anti-Corruption Hotline and provides training sessions on corporate governance and CSR.

Shareholder Protection

Also under the Companies Act, 2013, company finances are subject to regular audits, and auditors change every five years. The company's chief financial officer is held personally accountable for the contents of financial statements. The law provides for sundry mechanisms to promote transparency and accountability, such as whistleblower protections. The legislation discourages the use of confusing corporate structures to avoid taxation, hide losses, or launder money. The law sets tough penalties for embezzlement, including mandatory jail time and hefty fines for offenders, and introduces class-action lawsuits, as well as provisions to prevent conflicts of interest and insider trading. The Act also establishes a new committee, the National Financial Reporting Authority, tasked with prescribing and monitoring accounting and auditing standards—a first in India.

12. Political Violence

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In Andhra Pradesh, there were protests, strikes, and violence leading up to the creation of a separate Telangana state on June 2. Bombings in Hyderabad, Bangalore, and Bodh Gaya in 2013 disrupted tourism and business in those areas, but no U.S. companies were reported to have been affected. The CEO of a major direct selling company was arrested repeatedly in the past two years under the "Prize Chits and

Money Circulation Schemes (Banning) Act,” although the state in which it operates had previously given the company a green light.

Outbursts of violence related to insurgent movements continue in Jammu and Kashmir and some northeastern states. Maoist/Naxalite insurgent groups remain active in some eastern and central Indian states, including the rural areas of Bihar, Jharkhand, Chhattisgarh, West Bengal, and Orissa. Travelers to India are invited to visit the U.S. Department of State travel advisory website at: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1139.html for the latest information and travel resources.

13. Corruption

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While India’s struggle against corruption has had a distinct influence on Parliament, media, and public debate over the last year, little concrete action, apart from the Parliament’s passage of the Lokpal (Citizen’s Ombudsman) bill, has been undertaken to curb the problem. Anti-corruption activist Arvind Kejriwal launched a series of corruption allegations against some of India’s richest and most high-profile individuals, including a senior cabinet minister, family members of the ruling Congress party’s leader, and the president of the leading opposition party. Kejriwal successfully launched the Aam Aadmi Party(AAP), whose key plank is anti-corruption. AAP made its spectacular debut during the December 2013 Delhi state assembly elections, receiving the second highest seat share and subsequently forming a short-lived (49 days) Delhi State government with Kejriwal as Chief Minister. U.S. firms continue to point toward corruption as the single greatest disincentive to doing business in India. In private conversations, foreign firms note the lack of transparency in rules of governance, extremely cumbersome official procedures, and excessive and unregulated discretionary powers afforded to politicians and lower-level bureaucrats as major obstacles to investing in India.

India is ranked 94 out of 177 countries surveyed in Transparency International’s 2013 Corruption Perception Index, similar to the previous year’s rank of 94 of 183. The legal framework for fighting corruption is addressed by the following laws: the Prevention of Corruption Act, 1988; the Code of Criminal Procedures, 1973; the Companies Act, 1956; the Indian Contract Act, 1872; the Prevention of Money Laundering Act, 2002; and the Companies Act, 2013. Anti-corruption laws amended since 2004 have granted additional powers to vigilance departments in government ministries at the central and state levels. The amendments elevated India’s Central Vigilance Commission (CVC) to a statutory body. On December 18, 2013, Parliament enacted the Lokpal bill, which will create a national anti-corruption ombudsman that also requires states to create state-level ombudsmen within one year of the law’s passage.

Although India is not a party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, in May 2011, the government ratified the United Nations Convention against Corruption. Also in 2011, Prime Minister Manmohan Singh set an ambitious legislative agenda to curb corruption, including bills to protect whistleblowers, eliminate graft in government procurement, punish bribery of foreign public officials, address grievances against poor and corrupt delivery of government services, and amend the Prevention of Money Laundering Act to expand definitions of money laundering. Most of these bills stalled in Parliament. While many NGOs and citizens’ groups had hoped that the Companies Act, 2013 would contain provisions akin to the U.S. Foreign Corrupt Practices Act, there remains no particular legislation applicable to corrupt corporate practices overseas.

The national Right to Information Act, 2005, and equivalent state acts function similarly to the U.S. Freedom of Information Act, requiring government officials to furnish information requested by citizens or face punitive action. Increased computerization of services, coupled with central and state government efforts to establish vigilance commissions, is in many areas opening up new avenues to seek redress of grievances.

Resources to report corruption:

U.S. Embassy Resources

U.S. Commercial Service
The American Center
24 Kasturba Gandhi Marg
Tel: 91-11-2347 2000; Fax: 91-11-2331 5172
newdelhiofficebox@trade.gov

Non-Governmental Resources

Transparency International India
Phone: +91 11 2646 0826
Fax: +91 11 2622 4711
Email: info@transparencyindia.org
Website: <http://www.transparencyindia.org/>

14. Bilateral Investment Agreements

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As of July 2012, India had concluded 82 bilateral investment treaties (BIT) including with the United Kingdom, France, Germany, Switzerland, Malaysia, and Mauritius. Of these, 72 agreements are currently in force. The complete list of agreements can be found at: http://www.finmin.nic.in/bipa/bipa_index.asp. In early 2012 local media reported that Coal India lost in international arbitration against an Australian firm. The Australian firm reportedly won its case based on more favorable treaty language from a third country investment treaty, leading the Government of India to temporarily suspend all BIT negotiations until it had drafted a new model agreement.

In 2009, India concluded a Comprehensive Economic Cooperation Agreement (CEPA) with ASEAN and a free trade agreement (FTA) in goods, services, and investment with South Korea. In February 2011, India signed CEPAs with Japan and Malaysia. FTA negotiations with the EU and Canada are still under way, and India is negotiating a CEPA with Thailand.

In February 2014, the United States and India held technical discussions on a BIT. The U.S. Department of Commerce's International Trade Administration's "Invest in America" program (now known as "SelectUSA"), and "Invest India," a joint venture between DIPP and the Federation of Indian Chambers of Commerce and Industry (FICCI), signed a Memorandum of Intent in November 2009, to facilitate FDI in both countries.

15. OPIC and Other Investment Insurance Programs

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The United States and India signed an Investment Incentive Agreement in 1987, which covers Overseas Private Investment Corporate (OPIC) programs. OPIC is currently operating in India in the areas of renewable energy and power, telecommunications, manufacturing, housing, services, education, clean water and logistics in infrastructure. In 2013, OPIC was on track to support an additional \$3.5 million in clean energy and other projects in India. Since 1974, OPIC has committed more than \$2.6 billion to financing and insurance in India and supported 140 projects. OPIC's current portfolio in India totals \$671 million across 17 projects particularly focusing in on energy, financial services, manufacturing and services.

16. Labor

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Although there are more than 20 million unionized workers in India, unions represent less than 5% of the total work force. Most unions are linked to political parties. According to provisional figures from the Ministry of Labor and Employment (MOLE), two million workdays were lost to strikes and lockouts during the first nine months of 2012, as opposed to 10 million workdays lost in 2011, and 20 million in 2010.

Labor unrest occurs throughout India, though the reasons and affected sectors vary widely. The largest car manufacturer in India experienced violent strikes in 2012. The company was forced to shut down for a month leading to estimated losses around \$300 million. In 2011, foreign companies in the manufacturing sector experienced labor problems in Gujarat, while others in the same sector have reported excellent labor relations. Some labor problems are the result of workplace disagreements over pay, working conditions, and union representation. The states of Gujarat, Kerala, Andhra Pradesh, Karnataka, and Rajasthan experience the most strikes and lockouts, according to government statistics. Sectors with the most labor unrest include banks and the automobile industry.

India's labor regulations are among the world's most stringent and complex, and over time have limited the growth of the formal manufacturing sector. The rules governing the payment of wages and salaries are set forth in the Payment of Wages Act, 1936, and the Minimum Wages Act, 1948. Industrial wages vary by state, ranging from about \$3.50 per day for unskilled workers to over \$200 per month for skilled production workers. Retrenchment, closure, and layoffs are governed by the Industrial Disputes Act, 1947, which requires prior government permission to lay off workers or to close businesses employing more than 100 people. Foreign banks also require RBI approval to close branches. Permission is not easily obtained, resulting in greater use of contract workers in the manufacturing sector to circumvent the law. Private firms successfully downsize through voluntary retirement schemes.

In August 2010, Parliament passed the Industrial Disputes (Amendment) Bill, 2010, which contains provisions to effect the following: increase the wage ceiling prescribed for supervisors; bring disputes between contractors and contracted labor under the purview of the MOLE, in consultation with relevant state or central government offices; provide direct access for workers to labor courts or tribunals in case of disputes; seek more qualified officers to preside over labor courts or tribunals; establish a grievance process; and empower industrial tribunals-cum-courts to enforce decrees.

17. Foreign Trade Zones/Free Ports

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The government established several foreign trade zone schemes to encourage export-oriented production. These include Special Economic Zones (SEZ), Export Processing Zones (EPZ), Software Technology Parks (STP), and Export Oriented Units (EOU). The newest category is the National Industrial and Manufacturing Zones (NIMZ), of which 14 are being established across India. These schemes are governed by separate rules and granted different benefits, details of which can be found at: www.sezindia.nic.in; www.stpi.in; and www.eouindia.gov.in/handbook_procedures.htm.

SEZs are treated like foreign territory and therefore, businesses operating within SEZs are not subject to customs regulations, are not bound by FDI equity caps, receive exemptions from industrial licensing requirements, and enjoy tax holidays and other tax breaks. EPZs are industrial parks with incentives for foreign investors in export-oriented businesses. STPs are special zones with similar incentives for software exports. EOUs are industrial companies established anywhere in India that export their entire production and are granted the following: duty-free import of intermediate goods; income tax holidays; exemption from excise tax on capital goods, components, and raw materials; and a waiver on sales taxes.

As part of its new industrial policy, the government has started to establish NIMZs. Fourteen NIMZs have been approved to date, of which eight are planned on the Delhi-Mumbai Industrial Corridor route. NIMZs are slated to be established as green-field integrated industrial townships with a minimum area of 5000 hectares and managed by a special purpose vehicle, headed by a government official. The available information about NIMZ suggests that foreign and domestic companies that establish their operations in a NIMZ will be able to seek government authorizations via a single approval window for all clearances.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

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TABLE 3: Key Macroeconomic data, U.S. FDI in India

Economic Data	Host Country Statistical source* Source: DIPP, MOF, RBI		USG or international statistical source		Source of data
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (<i>Millions U.S. Dollars</i>)	2012	\$1.895 trillion	2012	\$1.895 trillion	http://www.worldbank.org/en/country http://indiabudget.nic.in/budget2013-2014/survey.asp
Foreign Direct Investment	Host Country Statistical source: DIPP; RBI		USG or international statistical source		World Bank http://www.worldbank.org/en/country
U.S. FDI in partner country (<i>Millions U.S. Dollars, stock positions</i>)	2012	\$36,860 million*	2012	\$29,583 million	(BEA) click selections to reach. http://dipp.nic.in/
Host country's FDI in the United States (<i>Millions U.S.</i>)	2012	\$3,970 million	2012	\$3,970 million	(BEA) click selections to reach http://rbidocs.rbi.org.in/rdocs/Speeches/PDFs/OV27022012.pdf

<i>Dollars, stock positions)</i>					
Total inbound stock of FDI as % host GDP	2012	1.95%	2012	1.49%	

* DIPP figures include equity inflows, reinvested earnings and "other capital," and therefore are not directly comparable with the international data.

TABLE 4: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (U.S. Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	218,134	100%	Total Outward	79,857	100%
Mauritius	57,727	26%	Singapore	21,481	27%
United Kingdom	35,595	16%	Mauritius	12,355	15%
United States	32,562	15%	Netherlands	11,134	14%
Singapore	17,654	8%	United States	7,066	9%
Japan	15,470	7%	United Arab Emirates	3,874	5%

TABLE 5: Sources of Portfolio Investment

Portfolio Investment Assets as of End of 2012								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
World	1,021	100%	World	1,002	100%	World	19	100%
Luxembourg	329	32%	Luxembourg	329	33%	Philippines	18	97%
Bermuda	207	20%	Bermuda	207	21%	Luxembourg	0.35	2%
United States	106	10%	United States	106	11%	Korea, Republic of	0.09	0.49%
China, P.R.: Hong Kong	62	6%	China, P.R.: Hong Kong	62	6%	Singapore	0.09	0.49%
Thailand	52	5%	Thailand	52	5%	United States	0.07	0.39%

Source: <http://cpis.imf.org/>

19. Contact Points at Post for Public Inquires

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Scott Schlossberg
Economic Officer
U.S. Embassy New Delhi
Shantipath, Chanakyapuri
New Delhi 110 021, India
+91-11-2419-8275
SchlossbergSE@state.gov

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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Import financing procedures adhere to western business practices. The safest method of receiving payments is through an irrevocable letter of credit (L/C). The L/C should be payable in favor of the supplier against presentation of shipping documents through the importer's bank. Importers open L/Cs valid for three to six months depending upon the terms of the agreement. Typically, L/Cs are opened for a period of time to cover production and shipping. They are normally paid within seven working days of the receipt of goods. There are several lines of credit available to U.S. companies.

The most important source for finance for the corporate sector continues to be the capital markets. Companies are not required to obtain prior permission from the GOI to access capital markets, but it is compulsory for companies to obtain permission from the Reserve Bank of India (RBI) before issuing any shares to a non-resident investor. Indian companies can also issue American Depository Receipts (ADR) and Global Depository Receipts (GDR) without any value limits. Several steps have been taken to improve liquidity in the ADR/GDR market abroad. Indian companies are increasingly accessing overseas markets to raise finances through these instruments.

Commercial banks continue to be the main source of short-term finance and working capital requirements of Indian firms. Indian companies also raise funds by issuing commercial paper and debentures, from inter-corporate borrowings, and by accepting public deposits. Several term-lending public financial institutions provide local and foreign exchange loans for new capital investment projects. They also provide deferred payment loans, long-term working capital finance, export credit and stock underwriting services. Lending banks secure their loans with company assets, corporate guarantees from a parent company, and, in some cases, by personal guarantees from company directors.

Local and resident foreign companies are permitted to raise medium-to-long-term loans in foreign currency for projects requiring capital equipment, technology imports, or the purchase of aircraft or ships. The Indian government permits borrowing through suppliers' credits, buyers' credits, syndicated loans, floating-rate notes, revolving underwriting facilities and bonds. The RBI permits loans, which mature within one year, to be repaid from net foreign exchange earnings without prior government approval.

Loans in foreign currencies can be obtained through foreign commercial banks, overseas financial institutions (e.g., the International Finance Corporation and the Asian Development Bank), and foreign export-credit agencies, in addition to Indian development and commercial banks. Indian companies can also raise foreign currency loans in accordance with the guidelines for External Commercial Borrowings (ECBs), issued by the Ministry of Finance. There are no restrictions on the use of such loans, except that they cannot be used for stock market speculation. Once the RBI and Ministry of Finance have approved a loan and its terms, no limitations are placed on interest and principal payments. A firm, however, must report to the RBI through its designated banker every time an interest payment is made.

How Does the Banking System Operate

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India has an extensive banking network, in both urban and rural areas. The banking system has three tiers. These are: the scheduled commercial banks; the regional rural banks (which operate in rural areas, not covered by the scheduled banks) and the cooperative and special purpose rural banks. Timely availability of adequate credit is of utmost importance for the development of the Indian rural economy and agriculture. At present Regional Rural Banks, commercial banks and credit cooperatives, encouraged mainly by the Government of India (GOI), undertake this function. The GOI, during the recent budget, announced that it would encourage private banks to open branches in rural areas, to service both farm and non-farm sectors.

There are approximately 80 scheduled commercial banks, Indian and foreign; almost 200 regional rural banks; more than 350 central cooperative banks, 20 land development banks; and a number of primary

agricultural credit societies. Large Indian banks and most Indian financial institutions are in the public sector. Though public sector banks (27 of them) currently dominate the banking industry, numerous private and foreign banks exist. Several public sector banks are being restructured, and in some cases the government either has already reduced, or is in the process of reducing its ownership. In terms of business, the state-owned banks account for more than 70 percent of deposits and loans. Private banks handle 17 percent of the market, and foreign banks located in metropolitan area account for approximately 13 percent of the market.

[The Reserve Bank of India](#) (RBI) is the central banking institution. It is the sole authority for issuing bank notes and the supervisory body for banking operations in India. It supervises and administers exchange control and banking regulations, and administers the government's monetary policy. It is also responsible for granting licenses for new bank branches. The Deposit Insurance and Credit Guarantee Corporation, an organization promoted and fully funded by the RBI, offers deposit insurance facilities. The RBI directs banks to meet Bureau of Indian Standards guidelines. Indian banks must also adhere to the prudential norms laid down by the Basel Group.

The Reserve Bank of India (RBI) also sets India's exchange-control policy and administers foreign exchange regulations in consultation with the GOI. India's foreign exchange control regime is governed by the FEMA (Foreign Exchange Management Act), enacted with the objective of facilitating external trade and payments and for promoting the orderly development and maintenance of foreign exchange market in India, and to give effect to the liberalization announced in the economic policies.

U.S. Banks and Local Correspondent Banks

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LIST OF U.S. BANKS

American Express Bank Ltd.
Shailesh Baidwan
Chief Executive Officer
Cyber City, tower C/8
DLF City Phase II, Sector 25
Gurgaon 122002, Haryana
Tel: 91-0124-4190555; 1800-419-1222 (Toll Free) Fax: 91-0124-2801144

Bank of America NA
Kaku Nakhate
Country Head and President (India) Express Towers
16th Floor, Nariman Point
Mumbai 400 021
Tel: 91-22-66323184
Fax: 91-22-2202 9016

J.P. Morgan Chase
Ms. Kalpana Morparia
Chief Executive Officer
J. P. Morgan Tower, Off CST Road,
Kalina, Santacruz (E) Mumbai 400098
Tel: 91-22-61573000

Citibank N.A.
Mr. Pramit Jhaveri
City Country Officer
Citi Center, 5th Floor, Plot C-61
G Block, Bandra Kurla Complex Bandra (East), Mumbai 400 051, India
Tel: 91-22-40015757
Fax: 91-22-2653-5861

LIST OF U.S. FINANCIAL/LENDING INSTITUTIONS

Paula Tufro
Deputy Chief of Staff
Overseas Private Investment Corporation (OPIC)
1100 New York Avenue, N.W. Washington, D.C. 20527

Tel.: (202) 336-8799
Fax : (202) 408-9859
Email: info@opic.gov
Website: <http://www.opic.gov>

Raymond J. Ellis
Vice President
Global Business Development Division
Export-Import Bank of the United States
811 Vermont Avenue, N.W., Office 911
Washington, DC 20571
Tel: 202-565-3674
Website: <http://www.exim.gov>

Mr. Henry Steingass
Regional Director
U.S. Trade and Development Agency
1000 Wilson Boulevard, Suite-1600
Arlington, VA 22209 - 2131
Tel: 703-875-4357
Fax: 703-875-4009
Website: <http://www.ustda.gov/>

LIST OF REGIONAL MBD/IFI OFFICES

M Teresa Kho
Country Director- India
Asian Development Bank
4, San Martin Marg
P.O. Box 5331, Chanakyapuri
New Delhi 110 021, India
Tel: 91-11-24107200
Fax: 91-11-26870955
E-mail: adbinrm@adb.org
Website: <http://beta.adb.org/countries/india/contacts>

Margaret Keshishian
Director / Senior Commercial Officer
U.S. Commercial Liaison Office for ADB (CS/ADB) American Business Center
25th Floor, Ayala Life-FGU Building
6811 Ayala Avenue,
Makati City, Metro Manila 1226
Philippines
Tel: 63-2- 887-1345
Fax: 63-2- 887-1164
Email: Office.ManilaADB@trade.gov
Website: <http://export.gov/adb/aboutcsadb/index.asp>

Alessandro A. Pio
Resident Director General
ADB, North American Representative Office
900 17th Street NW Suite 900
Washington DC 20006
Tel: 202-728-1500
Fax: 202-728-1505
Email: naro@adb.org
Website: <http://www.adb.org>

Anita George
Regional Industry Director, Asia
International Finance Corporation
Maruti Suzuki Building
3rd & 4th floor

1 Nelson Mandela Road
Vasant Kunj, New Delhi 110 070
Tel: 91-11- 4111 1000/ 3000
Fax: 91-11- 4111 1001/ 3001
Email: Ageorge@ifc.org
Website: http://www1.ifc.org/wps/wcm/connect/REGION__EXT_Content/Regions/South+Asia/Contacts/

Mr. Sudip Mozumder Advisor – External Affairs The World Bank
70 Lodi Estate
New Delhi 110 003
Tel: 91-11-2461-7241
Fax: 91-11-2461-9393
Email: smozumder@worldbank.org
Website: <http://www.worldbank.org>

E. Scott Bozek Advisor & Director of Business Liaison Office of the U.S. Executive Director U.S. Trade Advocacy Center
Tel: (202) 458-0120
Fax: (202) 477-2967
E-mail: david.fulton@trade.gov
Website: <http://export.gov/worldbank/contactus/index.asp>

Project Financing

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THE EXPORT-IMPORT BANK OF THE UNITED STATES

The Export-Import Bank (Ex-Im Bank) is the official export credit agency of the United States and supports the purchase of U.S. goods and services by creditworthy Indian buyers that may have difficulty obtaining credit through traditional financing sources. Ex-Im Bank provides U.S. exporters with the financing tools they need to successfully compete for business in India. Ex-Im Bank support gives protection against international political and commercial risk, and gives U.S. exporters the ability to offer competitive financing to their Indian buyers through export credit insurance and loan guarantees. Over the past 70 years, Ex-Im Bank has supported more than \$400 billion of U.S. exports worldwide.

For more info on Ex-Im Bank please visit website: <http://www.exim.gov>.

THE OVERSEAS PRIVATE INVESTMENT CORPORATION

The Overseas Private Investment Corporation (OPIC) is an independent U.S. government agency whose mission is to mobilize and facilitate the participation of U. S. private capital and skills in the economic and social development of less developed countries and areas, and countries in transition from non-market to market economies. OPIC assists U.S. companies by providing financing (from large structured finance to small business loans), political risk insurance, and investment funds. OPIC complements the private sector in managing risks associated with foreign direct investment and supports U.S. foreign policy. OPIC was established as an agency of the U.S. government in 1971 and currently does business in over 150 countries.

For more info on OPIC, please visit website: <http://www.opic.gov/>.

U.S. TRADE AND DEVELOPMENT AGENCY (USTDA)

The U.S. Trade and Development Agency (USTDA) advances economic development and U.S. commercial interests in developing and middle income countries. The agency funds various forms of technical assistance, feasibility studies, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment. USTDA's strategic use of foreign assistance funds to support sound investment policy and decision-making in host countries creates an enabling environment for trade, investment and sustainable economic development. Operating at the nexus of foreign policy and commerce, USTDA is uniquely positioned to work with U.S. firms and host countries in achieving the agency's trade and development goals. In carrying out its mission, USTDA gives emphasis to economic sectors that may benefit from U.S. exports of goods and services.

For more information, please visit website: www.ustda.gov

ASIAN DEVELOPMENT BANK (ADB)

Asia's premier non-profit financial institution, the Asian Development Bank (ADB), is headquartered in

Manila, Philippines. The ADB's major objective is the promotion of the social and economic well-being of its developing member countries in Asia and the Pacific. This is achieved by lending funds to projects involving agriculture, energy, industry, transportation, and communication, as well as for social infrastructure projects such as water supply, sewage and sanitation, education, health and urban development. The ADB also invests in, and lends to, the private sector for Build-Own-Operate (BOO) and Build-Operate-Transfer (BOT) infrastructure, industrial and capital market development projects and mobilizes additional resources through co-financing arrangements, including the bank's credit enhancement instruments such as guarantees and complementary financing plans.

To learn more about ADB's partnership with India, please visit:
http://www.adb.org/Documents/Fact_Sheets/IND.pdf

The U.S. Department of Commerce maintains a Congressionally-mandated Commercial Liaison Office for the ADB (CS ADB). The Office's mission is to help American firms access, enter and expand in Asian markets that benefit from ADB assistance. The office provides counseling, advocacy, project information, and conducts outreach programs in the region as well as in the U.S. to help U.S. firms take advantage of commercial opportunities in countries borrowing from the ADB. To perform its mandate, the office cooperates with the U.S. Director's Office at ADB and works closely with Commercial Service posts in the region. An American Senior Commercial Officer heads the office, assisted by two Commercial Specialists.

THE WORLD BANK

The [World Bank Group](http://www.worldbank.org) is one of the world's largest sources of development assistance. The World Bank supports the efforts of developing country governments to build schools and health centers, provide water and electricity, fight disease, and protect the environment. The "World Bank" is the name that has come to be used for the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). Together, these organizations provide low-interest loans, interest-free credit, and grants to developing countries. For information on World Bank engagement with India, please visit: <http://www.worldbank.org.in/>

The World Bank's New Delhi office has an active public information center with a large collection of World Bank and other publications on India and international development, and documents on projects financed by the Bank. In recent years, the World Bank's IBRD has been giving support for India's economic policy reforms and expanded social and environmental programs.

The U.S. Department of Commerce maintains a Commercial Liaison Office at the World Bank. The Office's mission is to help American firms access, enter and expand in markets that benefit from World Bank assistance. The office provides counseling, advocacy, project information, and conducts outreach programs in the region as well as in the U.S. to help U.S. firms take advantage of commercial opportunities in countries borrowing from the World Bank.

INTERNATIONAL FINANCE CORPORATION (IFC)

The International Finance Corporation (IFC) promotes sustainable private sector investment in developing countries as a way to reduce poverty and improve people's lives. IFC is a member of the World Bank Group and is headquartered in Washington, DC. It shares the primary objective of all World Bank Group institutions: to improve the quality of the lives of people in its developing member countries. Established in 1956, IFC is the largest multilateral source of loan and equity financing for private sector projects in the developing world. It promotes sustainable private sector development primarily by financing private sector projects located in the developing world; helping private companies in the developing world mobilize financing in international financial markets; providing advice and technical assistance to businesses and governments.

Although the IFC coordinates its activities in many areas with the other institutions in the World Bank Group, the IFC generally operates independently as it is legally and financially autonomous with its own Articles of Agreement, share capital, management and staff. The IFC fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing capital in the international financial markets, and providing advisory services to businesses and governments.

For more information on IFC please visit <http://www.ifc.org>.

THE MULTILATERAL INVESTMENT GUARANTEE AGENCY

The Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank group, supplements the activities of the IBRD (International Bank for Reconstruction and Development), IFC (International Finance Corporation) and other international development finance institutions. It complements the activities

of national and regional development insurance through co-insurance and reinsurance agreements with these institutions, bilateral exchanges of information, and its membership in the Berne Union. MIGA issues guarantees against noncommercial risks for investments in its developing member countries. MIGA guarantees cover the following risks: currency transfer, expropriation, war and civil disturbance and breach of contract by a host government.

Since its inception in 1988, MIGA has issued nearly 800 guarantees worth more than \$14.7 billion for projects in 91 developing countries. MIGA is committed to promoting socially, economically, and environmentally sustainable projects that are above all, developmentally responsible. The agency mobilizes additional investment coverage through its Cooperative Underwriting Program (CUP), encouraging private sector insurers into transactions they would not have otherwise undertaken, and helping the agency serve more clients.

For more information please visit <http://www.miga.org>.

Web Resources

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U. S. Government web resources:

Overseas Private Investment Corporation <http://www.opic.gov>

Export-Import Bank of the United States <http://www.exim.gov>

U.S. Trade and Development Agency <http://www.tda.gov>

Small Business Administration, Office of International Trade <http://www.sba.gov/oit/>

Commodity Credit Corporation

<https://www.fsa.usda.gov/FSA/webapp?area=fsahome&subject=landing&topic=landing>

U.S. Agency for International Development <http://www.usaid.gov>

Multilateral Development Bank web resources:

Asian Development Bank <http://www.adb.org/countries/india/main>

The World Bank <http://www.worldbank.org>

Multilateral Investment Guarantee Agency <http://www.miga.org>

International Finance Corporation <http://www.ifc.org>

State Bank of India and associates:

State Bank of Bikaner and Jaipur (SBBJ) <https://www.sbbjbank.com/>

State Bank of Hyderabad (SBH) <http://www.sbhyd.com>

State Bank of India (SBI) <http://www.sbi.co.in>

Nationalized banks:

Bank of India <http://www.bankofindia.co.in/english/home.aspx>

Bank of Maharashtra <http://www.bankofmaharashtra.in/>

Central Bank of India <https://www.centralbankofindia.co.in/intro.html>

Corporation Bank <http://www.corpbank.com>

Indian Overseas Bank <https://www.iobnet.co.in/>

Oriental Bank of Commerce <https://www.obcindia.co.in/obcnew/site/index.aspx>

United Bank of India <http://www.unitedbankofindia.com/>

Canara Bank <http://www.canarabank.com/>

Syndicate Bank <http://www.syndicatebank.com/>

Financial Institutions:

Credit Guarantee Fund Trust for Small Industries (CGTSI) <http://www.cgtsi.org.in>

Economic Development Corporation Limited, Goa – <http://www.edc-goa.com>

Export-Import Bank of India – <http://www.eximbankindia.com>

Himachal Pradesh Financial Corporation (HPFC) - <http://hpfc.nic.in/>

Indian Renewable Energy Development Agency Limited (IREDA) - <http://www.ireda.in/>

Industrial Development Bank of India (IDBI) – <http://www.idbi.com>

Industrial Investment Bank of India Limited (IIBI) – <http://www.iibilttd.com>

Power Finance Corporation Limited – <http://www.pfcindia.com>

Insurance Companies:

Agriculture Insurance Company of India Limited <http://www.aicofindia.com/AICEng/Pages/Default.aspx>

Export Credit Guarantee Corporation of India Limited (ECGC) <https://www.ecgc.in/>

Insurance Regulatory and Development Authority <http://www.irdaindia.org/>

Life Insurance Corporation of India (LIC) <http://www.licindia.com/dbs-index.htm>
General Insurance Corporation of India <http://gicofindia.com/index.php?lang=en>
Oriental Insurance Company Limited (OICL) <http://orientalinsurance.nic.in/>
SBI Life Insurance Company Limited (SBI LIFE) <http://www.sbilife.co.in/>

Securities and Exchanges:

Securities and Exchange Board of India <http://www.sebi.gov.in/>
Inter-connected Stock Exchange of India Limited (ISE) <http://www.iseindia.com/>
National Securities Depository Limited (NSDL) <http://www.nsdl.co.in/>
National Stock Exchange (NSE), India <http://www.nse-india.com/>
Stock Exchange, Mumbai (BSE) <http://www.bseindia.com/>

Other Nationalized banks: <http://www.iba.org.in/viewmembanks.asp?id=1>

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Chapter 8: Business Travel

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Business Customs

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One of the most striking features about India is the size and diversity of the country. Given its vastness and variety, there is no single way to understand India. That said, there are a couple of major issues that business visitors should keep in mind:

The sense of time is much different for Indians than it is for Americans. If there is a business event such as a cocktail hour at night, it may begin at 7, but expect that people will not show up until an hour or so later. Although many Indians are aware of Americans' adherence to time, business meetings can also start late, so it's important to keep your schedule flexible.

It is considered polite in India to inquire about dietary preferences, since Hindus abstain from beef, Muslims abstain from pork, and Indians of many religions practice vegetarianism.

For your reference, some popular English-language guidebooks include: Lonely Planet India, Fodor's India, and the India Eyewitness Travel Guide.

Travel Advisory

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The U.S. Department of State consular information sheet for India can be found at:

http://travel.state.gov/travel/cis_pa_tw/cis/cis_1139.html

We strongly urge U.S. travelers to review this information before their trip, which includes updated safety and security information.

Visa Requirements

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A passport and visa are required for U.S. citizens traveling to India for any purpose. The U.S. Government **cannot** assist travelers who arrive in India without proper documentation.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

The Indian Embassy outsources visa collection and delivery processing to [Travisa Outsourcing](#):

1731 21ST. ST. NW, Washington, DC 20009 <http://indiavisa.travisaoutsourcing.com/>

However, the Embassy in Washington, D.C. and Consulates in New York, San Francisco, Chicago and Houston will continue to receive and service emergency visa cases from applicants of Indian origin on extreme compassionate grounds. They will also continue to directly accept visa applications from diplomatic/official/laissez-passers passport holders.

For current entry and customs requirements for India, travelers may contact the Embassy of India at: 2536 Massachusetts Ave., NW, Washington, DC 20008 (202-797-4693) or the nearest Consulate General: Chicago (312-595-0405/0410), Houston (713-626-2148/9), New York (212-774-0600/0610/0662) or San Francisco (415-668-0683/0662).

Information is also available at: <http://www.indianembassy.org/>.

U.S. Companies that require travel of foreign businesspersons to the United States can go to the following link at the State Department Visa Website: http://travel.state.gov/visa/visa_1750.html.

Telecommunications [Return to top](#)

While telecommunication service is generally adequate in India, knowing what digits to dial can be a little complicated, especially between landlines and cell phones, and when making international calls. The following dialing instructions are worth keeping handy:

Caller in USA to Local Cell Phone	[011]+91+Local Cell number
Caller in USA to Local Landline	[011]+91+AC+Number Local landline to int'l number 00+CC+AC+Number Local landline to local long distance 0+AC+Number
Local Landline to Local Cell phone	Local cell number
Local Cell to India Landline	0+AC+number Local Cell to Local Cell Local cell number
Local Cell to Local Cell (in another city)	0+Cell number
Local Cell to Int'l long distance	00+CC+AC+Number

AC = area code
CC = country code

The country code for India is 91

Major Indian area codes:

Ahmedabad	79
Bangalore	80
Chennai	44
Delhi	11
Hyderabad	40
Kolkata	33
Mumbai	22
Pune	20

Transportation [Return to top](#)

To and From India

There are just a few direct flights to India from the United States on a U.S. carrier. Flight times are 14-16 hours. Air India also flies direct.

<u>Destination</u>	<u>Carrier</u>	<u>Departure City</u>
New Delhi	United	Newark
Mumbai	United	Newark

Getting to South or East India from the United States requires connecting, with the most and fastest options through Europe. United/Lufthansa has a flight connecting through Frankfurt, Delta/Air France through Paris, and British Airways through London. Travelers from the West Coast might consider going through Bangkok or Singapore.

Within India

Travel by road in India is dangerous. A number of U.S. citizens have suffered fatal traffic accidents in recent years. Travel at night is particularly hazardous. Buses, patronized by hundreds of millions of Indians, are convenient in that they serve almost every city of every size. However, they are usually driven fast, recklessly, and without consideration for official rules of the road. Trains are somewhat safer than buses, but train accidents still occur more frequently than in developed countries.

In order to drive in India, one must have either a valid Indian drivers' license or a valid international drivers' license. However, the vast majority of foreign visitors to India hire a car and driver. This is highly recommended. Travelers should remember to use seatbelts in both rear and front seats where available, and to ask their drivers to maintain a safe speed.

Heavy traffic is the norm and includes (but is not limited to) overloaded trucks and buses, scooters, pedestrians, bullock and camel carts, horse or elephant riders en route to weddings, and free-roaming livestock. Traffic in India moves on the left. It is important to be alert while crossing streets and intersections, especially after dark as traffic is coming in the “wrong” direction (*i.e.*, from the left).

If a driver hits a pedestrian or a cow, the vehicle and its occupants are at risk of being attacked by pedestrians. Such attacks pose significant risk of injury or death to the vehicle's occupants or at least of incineration of the vehicle. It can thus be unsafe to remain at the scene of an accident of this nature, and drivers may instead wish to seek out the nearest police station.

Language

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Although English is considered to be the official language of business, it is important to keep in mind that the American accent is very difficult for the Indian ear to understand – likewise, the Indian accent is often difficult for Americans to understand – so at times, we remain divided by a common language. Remember to speak slowly and clearly.

India has a diverse list of spoken languages among different groups of people. At least 30 different languages and around 2000 dialects have been identified, sixteen of which can be found on India's currency. The Constitution of India has stipulated the usage of Hindi as the official language and English as the associate official language for official communication for the national government. Additionally, it contains a list of 22 scheduled languages.

Health

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One of the major challenges for all travelers to India is staying healthy. While adequate to excellent medical care is available in the major population centers, it is usually very limited or unavailable in rural areas, so it is important to take precaution to avoid getting sick in the first place. Most important is to wash your hands at every opportunity with warm soapy water and for at least 20 seconds. Dry them with a paper towel and use the towel to turn off faucet handles.

Wash your hands particularly before you handle food, after you handle food, before you eat, and also before you touch your face. Use an alcohol hand sanitizer when you cannot get to a faucet.

Water and Ice: Do not drink hotel or restaurant water. Only bottled water, soft drinks, beer, wine, hot tea and coffee are considered safe. Order all drinks without ice.

Meat and Fish: All meat and fish should always be cooked well done, ordered well done in restaurants, and eaten hot to prevent tapeworm, trichinosis, and other unwelcome guests.

Salads, unpeeled fruit and vegetables: Generally, it is not safe to eat unpeeled fruit and vegetables. But if you are so inclined, you can prepare them properly in your hotel room (see below). As beautiful as some of the salad bars look, they should be totally avoided in restaurants and in homes where you are not certain about the kitchen practices. Many people get sick from salad bars in the 5 star hotel restaurants.

Decontamination of fresh fruits and vegetables:

Buy only fruits and vegetables without holes or broken skin.

Wash all fruits and vegetables with soap and warm water. Clean each with a vegetable brush to remove dirt. Rinse in cold tap water. Soak all fruits and vegetables for 20 minutes in a 5% bleach solution. Prepare 5 percent bleach by adding one tablespoon of Clorox (household bleach, U.S. or foreign) to one gallon of water. Rinse the fruits and vegetables with potable bottled water. Drain and allow to dry before refrigerating.

Local milk: The medical staff of the U.S. Embassy does not recommend drinking local milk. In restaurants milk added to tea or coffee is boiled and therefore considered safe. To be sure, ask if the milk has been boiled.

Diarrhea and dysentery are usually caused by ingesting food or water containing viruses, parasites, bacteria, or bacterial toxins. Hands (yours or someone else's), non-potable water and contaminated raw fruits and vegetables are the usual vehicles that carry the offending agent(s) into your mouth and then into the intestinal tract. Diarrhea is frequent loose stools, usually self-limited, and can be treated with supportive measures. Pepto-Bismol is quite effective in most cases. The routine use of Lomotil, Imodium, or antibiotics is discouraged. Dysentery is characterized by frequent loose stools accompanied by severe abdominal pain, vomiting, fever, and/or blood, mucus, or pus in the stools. If diarrhea persists for longer than 24

hours or any of the symptoms of dysentery develop, you should seek medical care.

As the treatment for diarrhea varies depending on its etiology (bacteria, giardia, amoeba, etc.), it is preferable to identify the cause and take only those medications truly necessary. Most diarrhea is self-limited and will resolve in 3–5 days.

In addition to any medications used for diarrhea, it is important to replace the fluid lost in the stool in order to maintain adequate hydration. Many of the symptoms are due to fluid and electrolyte (salts) loss. If adequate fluids cannot be taken, medical advice should be sought.

To replace lost fluids and electrolytes, you should consume large amounts of liquids, especially Oral Rehydration Solution (ORS). ORS packets are available in most upscale hotels. Other helpful fluids include soft drinks and clear soup. Gatorade is not preferred. Eat a bland diet (bananas, rice, apple sauce, and toast). Avoid dairy products until recovery occurs.

Seek medical care in the following cases:

- Diarrhea is accompanied by blood
- Diarrhea persists for more than 48 hours
- Vomiting persists
- Cramps are severe and/or are accompanied with persistent abdominal pain
- Persistent fever over 101 degrees F
- Noticeably reduced urinary output or loss of weight

Most individuals rely on their thirst mechanism to "tell" them when to drink. In temperate climates this is adequate, but the thirst mechanism can become inadequate in tropical climates and individuals can become chronically dehydrated. You should drink at least 2 quarts (8 glasses) of non-alcoholic beverages daily to assist your body in maintaining a good fluid balance. Remember that alcohol is a dehydrating agent and can actually increase risk.

Parasitic Diarrheal Infections are quite common throughout most of India. The two most common types are amebiasis and giardiasis. Diagnosis and treatment require stool examinations.

Many amebic infections are without symptoms. Symptomatic cases may present with mild abdominal discomfort and diarrhea alternating with periods of constipation or acute dysentery with fever, chills, and bloody or mucoid diarrhea.

Giardiasis, while often asymptomatic, may also be associated with a variety of symptoms such as abdominal discomfort, bloating, vomiting, loose malodorous stools, fatigue, weight loss, and "sulfur belches". Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection and malaria information, may be obtained from the Centers for Disease Control and Prevention's hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747) or via the CDC's Internet site at <http://wwwnc.cdc.gov/travel/destinations/india.htm>. For information about outbreaks of infectious diseases abroad consult the World Health Organization's (WHO) website at <http://www.who.int/countries/ind/en/>. Further health information for travelers is available at <http://www.who.int/ith>.

Indian health regulations require all travelers arriving from Sub-Saharan Africa or other yellow-fever areas to have evidence of vaccination against yellow fever. Travelers who do not have such proof are subject to immediate deportation or a six-day detention in the yellow-fever quarantine center. U.S. citizens, who transit through any part of sub-Saharan Africa, even for one day, are advised to carry proof of yellow fever immunization.

Medical insurance: We strongly urge Americans to consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas and whether it will cover emergency expenses such as a medical evacuation. Please see information on medical insurance overseas at http://travel.state.gov/travel/cis_pa_tw/cis/cis_1470.html.

Local Time, Business Hours, and Holidays

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Despite its geographic size, India has adopted one time zone, five and one-half hours ahead of Greenwich Mean Time (GMT). It has not adopted daylight savings time and uses standard time countrywide throughout the year.

Therefore, the time difference between India and the United States varies depending on the time of year. India is nine hours and 30 minutes ahead of Washington, D.C., during daylight savings time and 10 hours and 30 minutes ahead of Washington, D.C., during standard time.

The standard six-day working week is Monday through Friday, 9:30 a.m. to 5:30 p.m., with a half-day on Saturday. Normally lunch is for one hour, between 1:00 p.m. and 2:00 p.m. However, in some large cities such as Mumbai, businesses start working earlier to avoid congested traffic while commuting. Central government offices are closed on Saturdays. Banking hours are 10:00 a.m. to 2:00 p.m. on weekdays and 10:00 a.m. to 12:00 noon on Saturdays. In major metropolitan cities, several foreign and Indian-owned banks are beginning to provide 24-hour banking services.

Web Resources

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<http://www.state.gov>
<http://travel.state.gov>
<http://www.indianembassy.org>
<http://www.tourisminindia.com/>
<http://www.jetairways.com/>
<http://www.airindia.com/>
<http://www.goindigo.in/>
<http://www.spicejet.com/>

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Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
- [Trade Events](#)

Contacts

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The U.S. Commercial Service India Senior Commercial Officer is John McCaslin: John.McCaslin@trade.gov

U.S. Commercial Service New Delhi

The American Center
24, Kasturba Gandhi Marg
Connaught Place
New Delhi 110 001
Tel: (91–11) 2347 2000
Fax: (91–11) 2331 5172

Deputy Senior Commercial Officer: Margaret Hanson-Muse margaret.hanson-muse@trade.gov
From August 1, please contact – Dillon Banerjee (dillon.banerjee@trade.gov)

Principal Commercial Officer: Robyn Kessler robyn.kessler@trade.gov

Commercial Officer: Tyrena Holley tyrena.holley@trade.gov

Commercial Officer: Olga Ford olga.ford@trade.gov

U.S. Patent and Trade Office (USPTO) IPR Attaché: Kalpana Reddy kalpana.reddy@trade.gov

Bureau of Industry and Security (BIS) Export Control Officer: Jose Rodriguez
jose.rodriguez@trade.gov

U.S. Commercial Service Mumbai

U.S. Consulate General
C-49, G-Block
Bandra Kurla Complex
Bandra East
Mumbai 400 051
Tel: (91–22) 2672 4000
Fax: (91–22) 2672 4400

Principal Commercial Officer: Camille Richardson
Camille.Richardson@trade.gov

U.S. Commercial Service Chennai

American Consulate General
220 Anna Salai
Chennai 600 006
Tel: (91–44) 2857 4477
Fax: (91–44) 2857 4212

Principal Commercial Officer: John Fleming
john.fleming@trade.gov

U.S. Commercial Service Kolkata

The American Center
38-A, Jawaharlal Nehru Road
Kolkata 700 071
Tel: (91–33) 3984 6402
Fax: (91–33) 2288 1207

Principal Commercial Officer: Matthew Hilgendorf
matthew.hilgendorf@trade.gov

U.S. Commercial Service Bangalore

S2, II Floor, Red Cross Bhawan
26, Racecourse Road
Bangalore 560 001
Tel: (91-80) 2220 6401 / 04
Fax: (91-80) 2220 6405

Commercial Specialist: Manjushree Phookan manjushree.phookan@trade.gov

U.S. Commercial Service Ahmedabad

JMC House, Suite #41/42
Ambawadi, Opp. Parimal Garden
Ahmedabad 380 006
Tel: (91-79) 2656 5210 / 16
Fax: (91-79) 2656 0763

Commercial Specialist: Sangeeta Taneja sangeeta.taneja@trade.gov

U.S. Commercial Service Hyderabad

152, Taj Deccan Hotel Road No. 1, Banjara Hills Hyderabad 500 034
Tel: (91-40) 2330 5000 / 4025
Fax: (91-40) 2330 0130

Commercial Specialist: Sathya Prabha sathya.prabha@trade.gov

Chambers of Commerce

Ms. Nivedita Mehra
Director, India Office
U.S.-India Business Council
12 Hailey Road
New Delhi 110001 INDIA
Tel: + 91 - 011 - 4350 4964 / 4357 9861
Fax: + 91 - 011 - 4357 0860
Email: nmehra@usibc.com
Website: www.usibc.com

Mr. Banmali Agrawala, President & CEO
American Chamber of Commerce in India (AMCHAM)
PHD House, 4th Floor,
4/2, Siri Institutional Area, August Kranti Marg,
New Delhi -110016
Tel: +91-11-2652 5201/ 2652 5202
Fax: 91-11-2652 5203
Email: amcham@amchamindia.com
Website: <http://amchamindia.com>

Mr. Chandrajit Banerjee, Director General
Confederation of Indian Industry (CII)
CII Central Office
Mantosh Sondhi Centre
23 Institutional Area
Lodi Road, New Delhi-110003
Phone: +91-11-24629994 - 7
Fax: +91-11-24682229
Email: cb@cii.in
Website: <http://cii.in>

Dr A. Didar Singh
Secretary General
Federation of Indian Chambers of Commerce & Industry (FICCI)
Federation House, Tansen Marg

New Delhi 110001, India
Tel: 91-11-23738760-70
Direct: +91-11-2335-7364
Fax: 91-11-23320714, 23721504
Email: didar.singh@ficci.com
Website: <http://ficci.com>

Mr. Atul Vyas, Regional Director
Indo-American Chamber of Commerce (IACC)
4th Floor, PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi 110 016
Tel: 91-11- 26963387 / 26531965
Fax: 91-11-26531954
E-mail: nic@iaccindia.com
Email: <http://www.iaccindia.com>

Mr. D. S. Rawat
Secretary General
The Associated Chambers of Commerce & Industry of India (ASSOCHAM)
ASSOCHAM Corporate Office, 1, Community Centre Zamrudpur
Kailash Colony, New Delhi – 110 048
Tel: 46550555 (Hunting Line)
Fax: 46536481/46536482 46536497/46536498
E-mail: assochem@nic.in
Website: <http://www.assochem.org>

Mr. Saurabh Sanyal
Executive Director
PHD Chamber of Commerce & Industry
PHD House,
4/2 Siri Institutional Area
August Kranti Marg, New Delhi 110016
Tel: 91-11-26863801-04, 49545454
Fax: 91-11-26855450, 49545451
Website: www.phdcci.in
Email: saurabh.sanyal@phdcci.in

Mr. Vikas Gadri
Director General
Office of Director General
Bombay Chamber of Commerce & Industry
The Ruby
NW, 4th Floor, 29, Senapati Bapat Marg, (Tulsi Pipe Road) Dadar (West), Mumbai 400028
Tel: 91-22-61200202 (B) / 61200200 (B)
Fax: 91-22-61200213
E-mail: dgoffice@bombaychamber.com
E-Mail: bcci@bombaychamber.com
Website: www.bombaychamber.com

Reg. Office: Bombay Chamber of Commerce and Industry
Mackinnon Mackenzie Building,
4, Shoorji Vallabhdas Road, Ballard Estate,
Mumbai 400 001.
Tel: 91-22-49100202 (D) / 49100200 (B)
Fax: 91-22-49100213

Mr. Shailesh Vaidya
President,
Indian Merchants' Chamber
IMC Bldg., IMC Marg,
Churchgate, Mumbai - 400 020 India. Tel: 91-22-22046633
Fax: 91-22-22048508 / 22838281
E-Mail: imc@imcnet.org
Website: <http://www.imcnet.org/>

Trade Associations

Mr. Som Mittal
President

National Association of Software and Service Companies (NASSCOM)

International Youth Centre Teen Murti Marg Chanakyapuri
New Delhi - 110021, India

Tel: +91-11-2301-0199

Fax: +91-11-2331- 5452 / 4767 0100

Email: info@nasscom.in

Website: <http://www.nasscom.org>

Mr. Anwar Shirpurwala

Executive Director

Manufacturers' Association for Information Technology

PHD House, 4th Floor, Opp. Ramakrishna Dalmia Wing

Sri Institutional Area, August Kranti Marg

New Delhi 110 016. India.

Tel#: +91-11-2685 5487, 2685 4284, 2686 6976

Fax#: +91-11-2685 1321

E-mail: contact@mait.com

Website: <http://www.mait.com>

Mr.V. Ambu

Secretary & Director General

Indian Machine Tool Manufacturers' Association

Bangalore International Exhibition Centre (BIEC)

10th Mile, Tumkur Road, Madavara post

Bangalore - 562 123

T: +91 80 6624 6600

F: +91 80 6624 6661

Email: imtma@imtma.in <http://www.imtma.in>

Mr. Vinnie Mehta

Executive Director

Automotive Component Manufacturers Association of India

6th Floor the Capital Court, Olof Palme Marg, Munirka, New Delhi 110 067.

Tel.: +91 11 2616 0315

Fax: +91 11 2616 0317

E-mail: acma@acma.in <http://www.acmainfo.com>

Mr. K.D. Singh

President - India Chapter

American Society of Heating, Refrigerating and Airconditioning Engineers (ASHRAE) and Indian Society of Heating, Refrigerating and Airconditioning Engineers (ISHRAE)

K-43 Kailash Colony (Basement) New Delhi 110048, India

Tel: +91-11-416-35655

Fax: +91-11-29234925

E-mail: ashraeic@touchtelindia.net

Website: <http://www.ashraeindia.org>

Mr. Mahesh M. Mudda

Hon. General Secretary

Builders' Association of India

G-1/G-20, Commerce Centre, J. Dadajee Road, Tardeo, Mumbai 400034

Tel.: (91-22) 23514134, 23514802, 23520507

Fax : (91-22) 23521328

E-mail: baihq.mumbai@gmail.com; baidelhi16@gmail.com

Website: <http://www.baionline.in/>

Mr. Daara B. Patel

Secretary General

Indian Drug Manufacturers' Association

102-B, Poonam Chambers, 'A' Wing, 1st Floor

Dr. A. B. Road
Worli, Mumbai - 400 018.
Tel: +91 - 22 - 2494 4624 / 2497 4308
Fax: +91 - 22 - 24950723
Email: daara@idmaindia.com
Website: <http://www.idma-assn.org>

Mr. Sunil Misra
Director General
Indian Electrical & Electronics Manufacturers Association
501, Kakad Chambers, 132, Dr. Annie Besant. Road, Worli, Mumbai 400018, INDIA.
Tel: +91 22 2493 0532 / 6528 / 6529 Fax: +91 22 2493 2705
Email: sunil.misra@ieema.org
Website: <http://www.ieema.org>

Mr. Ranjit Shahani
President
Organisation of Pharmaceutical Producers of India
Peninsula Chambers, Ground Floor, Ganpatrao Kadam Marg,
Lower Parel, Mumbai 400 013.
Tel: +91 22 24918123, 24912486, 66627007
Fax: +91 22 24915168
E-Mail: indiaoppi@vsnl.com
Website: <http://www.indiaoppi.com>

Ms. Anita Manchanda
Director
Consulting Engineers Association of India
OCF Plot No.2, Pocket 9, Sector – B,
(Behind Jagannath Institute of Management Studies) Vasant Kunj, New Delhi 110070
Tel: 91-11- 26134644, Telefax: 91-11- 26139658
E-mail: ceai.ceai@gmail.com
Website: <http://www.ceaindia.com/>

Professor S.K. Brahmachari
Chairman
Consultancy Development Centre
Core 4B 2nd Floor, India Habitat Centre Lodhi Road
New Delhi – 110 003
Tel: 91 11 24602601, 24602915, 24601533, 24648268
Fax: 91 11 24602602, 24643082
Email: info@cdc.org.in
Website: www.cdc.org.in

Mr. Gurpal Singh
Deputy Director General Head - Defence & Aerospace
Confederation of Indian Industry
Plot No. 249-F Udyog Vihar Phase - IV Gurgaon, Haryana, India. - 122015.
Tel: +91-124- 4014060-67
Fax: +91-124-4234170
Email: defence@cii.in
Website: www.cii.in

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on [Market Research Library](#). This link will take you directly to the page for available reports from India. You can refine your search using the [query page](#) that appears.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://export.gov/tradeevents/index.asp>
<http://export.gov/india/tradeevents/index.asp>

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Chapter 10: Guide to Our Services

The President's National Export Initiative marshals Federal agencies to prepare U.S. companies to export successfully, connect them with trade opportunities and support them once they do have exporting opportunities.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov.

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: <http://export.gov/india/servicesforu.s.companies/index.asp>

The Commercial Service in India (CS India)

CS India is one of the U.S. Commercial Service's largest operations, with seven offices, nine American officers and over 45 Indian staff members, all of whom are based in India. Our staff members have a wealth of sector-specific experience and understand well how to deliver exceptional service to U.S. companies.

Our offices are located in New Delhi, Mumbai, Chennai, Kolkata, Bangalore, Hyderabad, and Ahmedabad. Contact any of our India offices to schedule a visit or a conference call. Please see [Chapter 9](#) for information on how to get in touch with us.

Our offices work in conjunction with the entire network of the Commercial Service, which includes domestic U.S. Export Assistance Centers throughout the United States. To find an office near you, visit: <http://export.gov/usoffices/index.asp>.

We are happy to provide U.S. companies with our on-hand research, knowledge, and counseling services free of charge. We also offer U.S. companies specific partner search, due diligence, research, and business facilitation services tailored to your company's needs at very nominal fees. Our standard services are listed below. We are also able to offer customized solutions to fit your company's needs.

The U.S. Commercial Service has partnered with various business chambers across India to open American Business Corners (ABC). This initiative by the U.S. Commercial Service is to reach out to the business community in the 2nd and 3rd tier cities where the U.S. Commercial Service does not have a physical presence. The ABC will offer opportunities to Indian importers in these cities to learn about our services and programs and make connecting with American businesses as easy as A.B.C. These centers provide information on U.S. companies through booklets, brochures, newsletters, magazines and CDs; and upcoming business opportunities. Points of contact at the nearest U.S. Commercial Service office can also be obtained from these centers. Currently, ABCs have been launched in the cities of Madurai, Coimbatore, Vishakhapatnam, Thiruvananthapuram, Kochi, and Mangalore in South India; Guwahati, Bhubaneswar and Patna in Eastern India; Surat and Indore in Western India; and Jaipur and Chandigarh in North India. For more information on how the American Business Corners can help your firm, please visit: <http://export.gov/india/americanbusinesscorners/index.asp>.

Gold Key Service

Our best known and most widely used service is our Gold Key Service (GKS). This service is designed to provide business facilitation support for U.S. businesspeople traveling to India to explore local business opportunities. You will receive:

- Appointments with pre-qualified sales representatives and partners, appropriate government officials, related associations and others
- Customized market and industry briefings with U.S. Commercial Service staff in advance of your travel to develop your schedule
- Escort by a U.S. Commercial Service staff member for meetings
- Assistance with travel and accommodation at preferred rates
- Post meeting assistance with U.S. Commercial Service staff to discuss results of meetings and develop appropriate follow-up strategies

Coverage

The GKS is available in seven Indian cities: New Delhi, Mumbai, Chennai, Kolkata, Bangalore, Ahmedabad, and Hyderabad. Based on your company's goals, as provided by you in a business confidential questionnaire, CS India will provide you with a pre-GKS assessment for one or all of these markets. Then, as part of your schedule development, we will discuss with you which cities we believe to hold the best potential for your product or service to help your company make the best decision on where to travel.

Duration of the GKS and Schedule of Meetings

The GKS is scheduled for a minimum of one day in each selected city. On average, companies will have four pre-screened meetings a day. As appropriate, appointments are scheduled at the Indian companies' offices, or at our offices when needed to eliminate drive time and facilitate additional meetings.

Price and Delivery Time

A GKS costs \$700 for SMEs/\$2300 for large companies for the first day in each city. All GKS requests will be confirmed by the country-wide GKS Program Manager only after the payment is received by the U.S. Commercial Service, New Delhi. Typically six weeks are needed to set up an effective GKS agenda. Please contact Program Manager to inquire about shorter lead times.

GKS Questionnaire and Product/Company Catalogs

A completed GKS questionnaire and 10 sets of company catalogs or literature should be received by CS India at least four to six weeks prior to your GKS program to ensure the best possible service. This allows us to thoroughly identify potential business partners according to your company requirements.

You will be given specific instructions on where to send the catalogs/literature. Please note that appointments with Indian firms will often only be scheduled after they receive your catalogs/literature. Therefore, timely delivery of the U.S. company/product catalogs is critical to ensure high quality meetings.

International Company Profile

An International Company Profile (ICP) is a due-diligence check that helps U.S. companies evaluate potential business partners. The report includes factual data as well as CS India's evaluation to help U.S. firms assess risk, reliability, and capability. The ICP analyzes the overall strength of an Indian company and provides useful information collected from our industry contacts, local publications/press, and other sources.

An ICP provides:

- A detailed background report, based on a variety of research sources, including an on-site

telephone interview with a Commercial Specialist

- A listing of the company's senior management
- Main business activities and product/service lines
- Comments from company references
- Banking and financial information [note: an ICP is not a credit report and, therefore may not

contain the detailed financial information that is obtainable from mercantile credit agencies. However, reliable basic financial information is included in the report]

- CS India insight on whether the prospective partner can meet your needs - trading experience, market coverage, stature, business connections in the country

Price and Delivery Time

The following pricing schedule is for a standard ICP in India with a delivery time of 20 business days from receipt of payment:

\$600 for SMEs/\$900 for large companies - for ICP checks conducted within the city and adjoining areas that can be covered within office hours

\$600 for SMEs/\$900 for large companies + actual travel cost - for ICP checks that require a Commercial Service specialist to travel outside the city (not overnight stay)

International Partner Search

For U.S. companies looking for representatives in India to expand business and boost export sales, we will locate, screen, and assess potential qualified overseas sales representatives, agents, distributors, joint venture partners, licensees, franchisees or strategic partners for your products or services.

The International Partner Search (IPS) is designed to help identify suitable Indian companies and distributors who are keen to represent U.S. firms in India. If your firm is small, new to exporting, or if you don't have resources for research or overseas travel, this service provides an easy, economical, quick-access opportunity to assess and enter the Indian market.

Price and Delivery Time

For \$550 for SMEs/\$1400 for large companies per business category per city, the IPS service provides the contacts you need to launch your marketing efforts in India. Turnaround time is 30 working days from the day we receive your company's product literature. As a next step, if you plan a visit to India, you may also order our Gold Key Service (described above) for appointments with prospective agents and distributors and key government officials relevant for your industry.

IPS Coverage

India is a regionally diverse market, so you may wish to order a separate IPS for each region. The IPS service is available at all our seven posts: Northern India (New Delhi), Eastern India (Kolkata), Western India (Mumbai, Ahmedabad), and Southern India (Chennai, Bangalore, Hyderabad). If you want to do an IPS search in only one of our seven posts, we can help you pick the most appropriate post for your search. CS India prefers to carry out a pre-IPS survey for all IPS requests to assess its feasibility.

Product/Company Catalog

Ten to fifteen sets of product /company catalogs should be received by the CS India at least prior to the expected delivery time of the report.

For more information:

For answers to questions on our product and service offerings, please contact:

Ms. Uma Katoch
Tel: 91-11-2347-2340, Fax: 91-11-2331-5172
Email: uma.katoch@trade.gov

or

Contact your local U.S. Export Assistance Center (USEAC). To locate the USEAC nearest to you, visit: <http://export.gov/usoffices/index.asp>.

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center at (800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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