

# U.S. Country Commercial Guides



India  
Year 2020

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## **Doing Business in India**

### **Market Overview**

Bilateral U.S.-India trade in goods and services grew to \$146.1 billion in 2019 from \$142.6 billion in 2018. In 2019, Indian GDP growth slowed to 4.8 percent (from over 7 percent in 2018), demonstrating that India faced an economic slowdown prior to the COVID-19 pandemic. The United States remained India's largest trading partner in 2019, with exports of U.S. goods and services to India of \$59.6 billion, and imports from India at \$87.3 billion. The United States also remained India's top export market while India was the 12th biggest export market for U.S. goods last year. The United States has a persistent trade deficit with India (\$27.7 billion in 2019). For 2020, the year started on a positive note with an increase of 14.8 percent in U.S. goods exports to India in January and February compared to the same period last year. However, as the pandemic's onset took a toll on the global economy, U.S. goods exports to India fell by 46.2 percent (goods imports from India dropped by 34 percent) from March to June compared to the same period in 2019.

India-sourced foreign direct investment into the United States was valued at \$16.7 billion in 2019, a strong increase from the previous year. India's direct investment in the United States is led by professional, scientific & technology services, but also includes depository institutions, and manufacturing. U.S.-sourced FDI into India was valued at \$46 billion in 2019 but much U.S. investment enters the country from third-country destinations. The first seven months of 2020 saw major investment announcements in the tens of billions of dollars by U.S. multinationals such as Google, Facebook and Amazon. U.S. companies directly employ 1.3 million Indians and support an estimated 6 million jobs across the country. U.S. companies are the largest foreign investors and employers in India.

Most major U.S. companies are active in the market. In addition to the Government of India's (GOI) "Make in India" program, meant to reduce foreign imports in favor of domestic production, Prime Minister Narendra Modi announced "self-reliant India" during the country's COVID-19 lockdown to bolster Indian businesses and employment. U.S. companies may find it even more difficult to sell their goods and services, due to those policies and the resulting regulations and business practices. In August 2020, the Ministry of Defense listed 101 items prohibited from importation as part of the "self-reliance" movement. Moreover, India has enacted various market access barriers, such as tariffs, price controls, and import restrictions. To succeed in India, U.S. companies often find local partners exceedingly helpful.

Market challenges notwithstanding, India offers ample opportunities for U.S. companies to prosper and the potential to increase bilateral trade is enormous. Indian conglomerates and high technology companies are generally equal in sophistication and prominence to their international counterparts. Indian companies in industrial sectors such as information technology, telecommunications, pharmaceuticals, textiles, and engineering, are globally recognized for their innovation and competitiveness. U.S. companies operating in India emphasize that success requires a long-term planning horizon and a state-by-state strategy to adapt to the complexity and diversity of India's regional markets.

### **Market Challenges**

#### **High Tariffs and Protectionist Policies**

U.S. exporters and investors face non-transparent and often unpredictable regulatory and tariff regimes. Some U.S. goods and services have limited access to the market. India has the highest average applied tariff of any G20 country and among the highest bound tariff rates in the World Trade Organization.

#### **Price Sensitivity**

Even before the economic slowdown and the pandemic, Indian companies and consumers were extremely price sensitive. U.S. companies must evaluate whether they can sell at prices that Indians will pay, or are dictated, and may

need to amend their sales models accordingly. For example, some consumer companies sell products in smaller sizes or with fewer features to reflect the Indian consumer's price range.

### **Infrastructure**

Insufficiently developed roads, railroads, ports, airports, education, power grids, and telecommunications infrastructure are significant obstacles as the country strives to achieve strong economic growth. 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 has devoted significant portions of its recent annual budgets towards infrastructure development and plans to execute this infrastructure enhancement largely through a Public-Private Partnership (PPP) model.

### **Data Localization Requirements and e-Commerce Curbs**

The Indian government is actively pursuing policies requiring that Indian data be processed and stored only in India, severely impacting the business of many American companies. A proposed data protection bill, currently working its way through the Indian legislature, would impact a wide range of businesses, both Indian and international. Changes to the laws governing what e-commerce companies can sell online and how they can sell, have been an unexpected blow to U.S. online giants. The new law restricts discounts by e-commerce companies and prevents companies from selling products from companies they are affiliated with or own.

### **Local Content Requirements**

2020 Government of India procurement regulations restrict global tenders for purchases under roughly \$26.6 million and stipulate Indian value-added content preferences for government tenders falling under that amount. Also, Indian state government tenders have localization requirements that U.S. companies will have to adhere to in order to compete. Given India's stance to move towards "self-reliance," we expect that local content requirements will become more stringent.

### **Power of States**

India's 28 states and 8 union territories generally hold greater power than their U.S. state counterparts. U.S. companies face varying business and economic conditions across India and will need to have a regional strategy to succeed in the country. As a federal system, much power and decision-making are decentralized in India, with differences at the state level in political leadership, quality of governance, regulations, taxation, labor relations, and education levels. U.S. firms should factor these state variations into their national business strategies.

The current government has promoted the idea of "cooperative, competitive federalism," encouraging states to compete against each other to attract investment. The Ministry of Commerce and Industry's Department for Promotion of Industry and Internal Trade (DPIIT) maintains an "[Ease of Doing Business](http://eodb.dipp.gov.in/)" state-by-state ranking at <http://eodb.dipp.gov.in/>

### **Market Opportunities**

The following sectors provide growth opportunities for U.S. companies to the Indian market:

- Energy
- Healthcare
- Aerospace and Defense
- Environmental Technology
- Information & Communications/Digital Technology

- Safety & Security
- Mining and Mineral Processing Equipment
- Travel and Tourism
- Chemical
- Agricultural Sector
- Education Services

Find more information on these sectors in the section on [“Leading Sectors for U.S. Export and Investment.”](#)

### **Market Entry Strategy**

Strategic planning, due diligence, consistent follow-up, and perhaps most important, patience and commitment are all prerequisites for successful business in India. This market 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. India has traditionally been a face-to-face society requiring in-person meetings before an Indian company would formalize a work partnership or agreement. However, the pandemic has forced Indian companies to work and connect with global partners virtually. It remains to be seen whether Indian companies will shift their mentality to consider finalizing a business deal in a virtual environment.

### **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. These issues can often be effectively addressed through an Indian partner or agent. Relationships and personal meetings with potential agents are extremely important. Due diligence is strongly recommended to ensure that partners are credible and reliable.

### **Market Entry Considerations**

There are many foreign companies eyeing opportunities in India. For entry into the Indian market, it is essential to identify the target market and find good partners who know the local market well and are well-versed with procedural issues. Foreign investors should also explore various market options in India that could include forming subsidiary relationships or joint ventures with an India-based company.

Some important points for market entry in India are: the ability to understand the diverse market and strategies towards specific regions and income groups (i.e. target segments); crafting offerings according to the target group in order to gain early acceptance; considering the large informal sector into your planning; approaching the market consistently; obtaining mandatory licenses and approvals; and understanding that import procedures are one of the key issues for first-time exports to India. Proper documentation and understanding of the Indian import procedures will help to ensure smooth entry of products into the Indian market. Some U.S. companies will need to select regional agents/representatives to serve the entire Indian market.

## Leading Sectors for U.S. Exports and Investment

### Aerospace/Defense

#### Aerospace

##### Overview

Midway through 2020, the world continues to face an unprecedented situation due to the COVID-19 pandemic. The aviation sector has been particularly hard hit globally, including India. Given the evolving situation and uncertain economic impact of the pandemic, we advise U.S. companies to reach out to us for the latest updates.

In April 2020, the [Center for Asia Pacific Aviation - India](#) (CAPA) said, “The Indian aviation sector is likely to shrink significantly, even if some of the vulnerable airlines manage to survive. CAPA India estimates that there could be 200-250 surplus aircraft for the next 6-12 months” (“COVID-19 & the State of the Indian Aviation Industry”, 3rd Update, April 6, 2020). McKinsey voiced similar concerns: “The hardest hit sectors may not see restart until 2021”, including commercial aviation, travel, automotive, etc. The Global health and crisis response report by McKinsey added, “It may take years to recover from production and supply chain stoppages due to critical vendors located in areas impacted by the virus”.

Prior to the COVID-19 outbreak, India’s civil aviation market, the third largest in the world after China and the United States, was expected to continue to grow rapidly. By 2035, India’s passenger growth forecast was 442 million, with the aviation industry supporting 19.1 million jobs and contributing \$172 billion to its GDP, according to the [International Air Transport Association](#) (IATA). India was expected to need an additional 2,500 passenger aircraft according to the Boeing market forecast.

India has a 20-year roadmap to develop civil aviation and envisions a five-fold increase in airports to handle over a billion trips a year. India’s Vision 2040 strategy document outlines development needs for the sector. The [Ministry of Civil Aviation](#) (MoCA) is the primary regulatory authority for the aviation sector overseeing AAI, [Directorate General of Civil Aviation](#) (DGCA), [Bureau of Civil Aviation Security](#) (BCAS), [Air India](#), and [Pawan Hans Helicopters Limited](#).

The Ministry of Civil Aviation released the [National Civil Aviation Policy \(NCAP\)](#) in 2016 to promote rapid growth of the sector, improve the ease of doing business, advance regional connectivity, and open flying opportunities to India’s largely untapped and growing market of 300 million middle-class citizens. A key component of the NCAP is UDAN ('Ude Desh ka Aam Naagrik'), a new initiative including a [Regional Connectivity Scheme](#) (RCS) to add routes and flights to under-served locations at subsidized fares. In January 2020, the Ministry announced the commencement of [248 RCS routes](#) under RCS-UDAN. In August 2018, the Ministry released a [draft International Air Connectivity \(IAC\) scheme](#) to promote international connectivity with Asian countries.

The NCAP also aims to improve code share agreements. Designated carriers can now enter international and domestic codeshares with foreign carriers if the codeshares are in accordance with existing Air Service Agreements provisions. The FAA’s Aircraft Certification Service and DGCA maintain a “Bilateral Aviation Safety Agreement with Implementation Procedures for Airworthiness” (BASA IPA) to facilitate the exchange of aviation products. The FAA and India’s civil aviation authorities continue to explore expanded cooperation. BCAS, after protracted negotiations, allows U.S. carriers to perform their own ground handling, in line with the U.S-India Open Skies agreement.

India’s 2020-21 national Union Budget showed a 3 percent lower planned expenditure than the revised 2019-20 budget for aviation due to a decreased allocation for Air India since the government planned to sell 100 percent of the debt-ridden airline. There was no revenue allocation for the Airports Authority of India (AAI) as it had become self-sustainable. A three per cent increase was made in the allocation for the Regional Connectivity Scheme, UDAN, with an aim to revive 50 regional airports.

The U.S. Transportation Security Administration (TSA) cooperates with MoCA and BCAS through bilateral Aviation Security Working Group meetings. TSA and BCAS share information related to risk assessment, capacity development, air marshal training, and other security issues through a bilateral Sensitive Security Information (SSI) Memorandum of Agreement signed in 2013.

AAI, a nodal authority under the Civil Aviation Ministry, is responsible for creating, upgrading, maintaining, and managing civil aviation infrastructure in India. It owns about 125 airports and is one of the largest airport operators in the world. India’s current [airport infrastructure](#) consists of 450 airstrips across the country although only 100 are considered fully operational.

Foreign direct investment (FDI) at 100 percent is allowed for civil aviation infrastructure, while any airline stake, greater than 49 percent requires government approval. Regarding Air India, the Indian Government has allowed foreign investment of up to 100 percent by Non-Resident Indians who are Indian nationals under the automatic route (PIB Delhi, March 4, 2020).

India’s civil aviation sector faces challenging capacity constraints including insufficient airports to meet current demand, unsuccessful attempts to privatize airports and attract greenfield investment due to lack of profitability, construction delays, ambiguity in procurement processes, lengthy environmental reviews, land acquisition issues, etc. India was unable to privatize its national carrier Air India and helicopter operator Pawan Hans. However, further efforts are ongoing.

Domestic airlines continue to struggle due to hyper-competitive pricing, high fuel costs, and volatile currency rates. These market challenges led to the fall of Jet Airways in April 2019.

Units: \$ millions HS code: 880000

	2017	2018	2019	2020 (estimated)
Government budget allocation	\$795	\$645	\$541	\$555
Total Exports	\$2264	\$1716	\$1202	\$1082
Total Imports	\$7678	\$7615	\$6448	\$5803
Imports from the US	\$1511	\$2587	\$1402	\$1261
Number of Passengers (domestic)	103.75 million	123.32 million	140.33 million	126 million

*Data Sources: Ministry of Civil Aviation, Ministry of Commerce & Industry, Directorate General of Civil Aviation, USDOC, Bureau of the Census – Foreign Trade Division*

### Leading Sub-Sectors

- General and business aviation aircraft: India operates fewer than 300 civilian helicopters compared to over 14,000 in the United States. Similarly, India has few small fixed-wing aircraft. With increased interest in developing regional connectivity, tourism, and emergency medical evacuation, further opportunities are expected in these sectors.
- Maintenance Repair and Overhaul (MRO): India’s growing fleet of airplanes will demand more maintenance services. 90 percent of India’s MRO business currently occurs outside India, especially in Sri Lanka, Singapore, and Malaysia. India continues to try to develop the MRO sector. India’s GST (Goods and Services Tax) Council has decided to re-work the GST structure for MRO for aircraft, slashing the tax from 18 percent to 5 percent along with providing the benefit of full tax credit on inputs.



- Navigation and air traffic management systems: According to NCAP, the Airports Authority of India (AAI) is ranked as a top global air navigation service (ANS) provider. AAI continues to upgrade and modernize air navigation services. With the launch of the GPS Aided GEO Augmented Navigation (GAGAN) system, India became the fourth country in the world to implement satellite-based navigation systems. India began utilizing satellite-based ADS/B services in 2019. Radar systems and other air traffic management systems are in demand.
- Airplane and helicopter parts and components: India's nascent Helicopter Emergency Medical Services (HEMS) sector holds large potential for global service providers. The increasing urbanization of Indian cities, marked by rapid growth and high traffic density, makes the need for HEMS even more urgent.
- Safety and security: Airport and aviation safety and security systems are a top Indian priority for each airport and throughout the industry. In 2018, DGCA successfully passed an FAA International Aviation Safety Assessment (IASA) based on accomplishing International Civil Aviation Organization (ICAO) standards for civil aviation regulatory safety oversight. There are many opportunities for safety and security equipment and solutions in all aspects of the aviation industry, especially x-ray scanner equipment for passengers and baggage. The government has also mandated 84 airports to be equipped with body scanners.
- Human resource development: Training, skilling, and human resource development is another government and industry priority. The supply of skilled human resources has not kept pace with the aviation industry's rapid growth. There are opportunities for education and training service providers in all aspects of the aviation industry.
- Remotely piloted aircraft (RPA) and drones: India sees great potential and aims to develop opportunities for drones and remote aircraft. Recently, the DGCA allowed [ten consortia](#) to carry out "beyond visual line of sight" (BVLOS) drone projects in designated airspaces across the country. In 2018, the DGCA released the first drone regulations enabling visual line-of-sight (VLOS) daytime-only operations under 400 feet. The [Digital Sky Platform](#) is an online system rolled out to register pilots, devices, service providers and implement a "no permission, no takeoff" (NPNT) rule and listed latest policy on beyond-VLOS operations and the delivery of payloads.

## Opportunities

The 2020 pandemic situation is bound to have a deep impact on what was previously a fast-growing sector. The industry may undergo a complete restructuring to meet the challenges ahead. Business models, traffic growth, fleet expansion, pricing, and costs may have to be made contextually relevant.

As India builds greenfield and brownfield airports over the next 10 years there will be growing opportunities in airport planning and development, sustainable airports, safety and security, body scanners, and digital systems, etc. Policy reforms such as the inclusion of aviation turbine fuel in the Goods and Services Tax (GST), would create opportunities for U.S. companies to address India's shortage of Maintenance Repair Operations (MRO) facilities.

Large airport expansion projects include Delhi's Indira Gandhi International Airport, which is currently undergoing an expansion to increase its cargo and passenger handling capacity. A second airport for the National Capital Region is planned at Jewar, Uttar Pradesh (UP). The UP Government also announced the Ayodhya International airport project. Work is in progress on greenfield airports in Mumbai (Navi Mumbai International Airport) and Goa (MOPA). Most major airports are aiming to increase airside and terminal capacity to meet demand.

Boeing, Airbus, and other leading OEMs consider India an important global market with high demand for aircraft, a strategic geographic location, engineering expertise, and competitive labor cost. The companies are partnering with Indian suppliers and medium and small enterprises to fulfill needs for Tier-1 suppliers and set up an aerospace industry ecosystem within the country.

The [U.S.-India Aviation Cooperation Program](#) is a public-private partnership between the U.S. and Indian governments and U.S. companies to advance aviation cooperation and business opportunities. It was established in 2007 with the support of the U.S. Federal Aviation Administration (FAA), the U.S. Trade and Development Agency (USTDA), the U.S. Department of Commerce, the State Department, Transportation Security Administration (TSA) and other U.S. government agencies. The ACP supports the Indian civil aerospace sector by working directly with the Indian aviation authorities to identify and execute projects that encourage collaboration between the U.S. and Indian stakeholders in aerospace technology and best practices.

## **Resources**

For more information, please contact U.S. Commercial Service Industry Specialist [Nisha Wadhawan](#)

[Ministry of Civil Aviation](#)

[Directorate General of Civil Aviation](#)

[Bureau of Civil Aviation Security](#)

[National Civil Aviation Policy](#)

[Regional Connectivity Scheme](#)

[Digital Sky Platform](#)

[AAI Tenders](#)

[Indian Aviation Academy](#)

[Rajiv Gandhi National Aviation University](#)

[Aerospace and Aviation Sector Skill Council \(AASSC\)](#)

[GMR Group](#) and [GVK Group](#)

[U.S. Federal Aviation Administration](#) (FAA)

[Transportation Security Administration](#) (TSA)

## **B. Defense Industry**

### **Overview**

India has the third largest armed forces in the world and plans to spend billions of dollars on defense acquisitions over the next several years. India is the third largest defense spender after the United States and China, according to Janes Information Group. Due to an underdeveloped defense manufacturing sector, India is one of the largest importers of defense equipment in the world. India imports approximately 60 percent of its defense requirements, according to the GOI, making India one of the most attractive markets globally for foreign defense manufacturers. India's high level of defense imports have made it a political target area to increase indigenization and import substitutions. India has one of the most challenging offset requirements globally when it comes to foreign suppliers. Additionally, in August 2020 the GOI listed 101 defense items banned for imports under its quest for "self-reliance."

U.S. companies have had increasing success in the Indian market over the past ten years, and India has procured over \$21 billion in equipment including: Boeing Apache and Chinook helicopters, P-8I maritime surveillance aircraft, and C-17 heavy transport aircraft, Lockheed Martin C-130 aircraft, and BAE M-777 howitzers. The United States is India's second largest defense supplier following Russia. India also sources subsystems, components, and OEM parts from foreign suppliers. Major U.S. defense companies expanding manufacturing operations into India will create additional opportunities for second and third tier suppliers.

Following the U.S. designation of India as a [Major Defense Partner](#) in 2016, the U.S.-India defense trading relationship started on a positive trajectory. In 2018, the U.S. Department of Commerce announced Tier 1 [Strategic Trade Authorization status](#) (STA-1) for India, enabling a license exception for many U.S. exports to India subject to the [Export Administration Regulations](#) (EAR). The Communication Compatibility and Security Agreement (COMCASA) signed in 2018, will also facilitate interoperability and enhance information and intelligence sharing. The Indian and U.S. armed forces continue to expand their schedule of bilateral and joint military exercises.

The defense sector is a high priority for the Indian government and though they have imposed caps, they are very open to foreign direct investment. There are also certain types of defense equipment which are not manufactured in India that are exempted from the basic customs duty. The 2020 annual defense budget (excluding defense pensions) was scheduled to be roughly \$47 billion, a marginal increase of 5.8 percent compared with last year. The impact of COVID-19 did have Defense Ministry looking to shrink its budget by roughly 20% on the year. But even prior to COVID, the budget is generally perceived as inadequate for the initiatives for modernization by the Indian forces. In 2018, India issued the [Defense Production Policy 2018](#) to promote public and private sector production and encourage medium and small enterprise participation in defense production. India recently announced new Defense Industrial Corridors in Uttar Pradesh and Tamil Nadu with incentives to attract manufacturers and suppliers.

The Indian defense sector has historically been dominated by state-owned enterprises, known as [Defense Public Sector Undertakings](#) (DPSUs) and Ordnance Factories that report to the [Ordnance Factory Board](#). These DPSUs and ordnance factories provide about 90 percent of the total domestic defense manufacturing output, according to industry sources. India began allowing private sector participation in defense manufacturing in 2001. While the Indian DPSUs and private sector OEMs produce combat aircraft, naval vessels, heavy trucks, and other military equipment, they invest little in research and development. As a result, India's defense industrial base and technologies are underdeveloped, and Indian industry has difficulty supplying the demand for modern and next-generation equipment.

In 2016, the [Ministry of Defense](#) released the first five chapters of its Defense Procurement Procedure 2016 (DPP-2016), announcing several modifications to institutionalize, streamline, and simplify procurement procedures to promote India's defense sector. DPP-2016 prioritized the promotion of locally designed, developed, and manufactured defense equipment and encouraged increased participation by Indian companies, particularly small and medium enterprises. The final chapter was released in May 2017, which describes the rules and processes for the "Strategic Partnership" model (SPM) to develop capacity in strategic defense subsectors. Under the SPM, Indian and foreign OEMs will be selected by the Ministry of Defense to partner with each other. The SP model acts as a system integrator under which a global and a local manufacturer join hands to co-develop strategic equipment such as fighter aircraft, submarines, helicopters, and armored fighting vehicles/main battle tanks. The MoD aims for the initiative is to create a robust system of domestic manufacturers and suppliers."

India's defense ministry released a draft DPP in March 2020 plans to release a new procedure in the fall of 2020 entitled the Defense Acquisition Procedure (DAP) 2020 with the aim of further encouraging indigenous capability. The following is the revised categorization of procurement equipment:

#### **BUY**

- Buy (Indian – Indigenously Designed Developed and Manufactured): Direct purchase from an Indian vendor whose products meet indigenous content requirements.
- Buy (Indian): Direct purchase from Indian vendors whose products meets minimum indigenous content requirements.
- Buy (Global -Manufacture in India): For direct purchase from foreign vendor.
- Buy (Global): Purchase from foreign or Indian vendors.

## **BUY & MAKE with TOT**

- Global: Purchase from a foreign vendor followed by licensed production/indigenous manufacture
- Indian: Purchase from an Indian vendor including JV with OEM followed by licensed production

## **MAKE**

- Make I: Design and development of equipment, systems, major platforms, or upgrades (MoD to fund up to 70 percent of the model development cost)
- Make II: Model development of equipment/system by private industry/platform or upgrades primarily for import substitution for product support of weapon systems/equipment held in services inventory
- Make III: Sub-systems/sub-assemblies/components etc. not IDD, but manufacture in India as import substitution for product support of weapon systems/equipment held in services inventory.

## **LEASING**

- Lease (Indian): Lessor is the Indian vendor
- Lease (Global): Lessor is the foreign vendor

## **DESIGN AND DEVELOPMENT/INNOVATION**

- iDex: Creation of ecosystem to foster innovation and technology development in aerospace and defense sectors by engaging industries such as mid-sized, start-ups, individual innovators, and research and development institutes.
- Open Competition: To promote out-of-the-box thinking and encourage wider participation of innovators/entrepreneurs

The Strategic Partnership Model is the sixth category that can be pursued separately, in sequence or in tandem, with any of the first five categories. Candidates for this category are selected early in the planning and are therefore pre-positioned ahead of all the other categories.

## **Leading Sub-Sectors**

- Land systems: The long-awaited Future Infantry Combat Vehicle (FICV) program aims to meet the requirement for over 2,100 combat vehicles.
- Maritime systems: More demand for fast patrol craft is expected. The Indian Navy is also planning to build more submarines and begin construction of a second indigenous aircraft carrier. The Navy has expanding requirements for fixed and rotary wing aircraft.
- Air Systems and Air Defense: There is demand under “Make in India” for coproduction of aircraft. The Ministry of Defense also hopes to expand and further develop their rotary wing and unmanned aerial system (UAS) fleets.
- Maintenance, Repair, and Operations (MRO): With aging platforms and equipment being used by all the services, as well as the procurements of new advanced systems, the requirement for more robust MRO capabilities is increasing.
- Defense Electronics: The Indian defense electronics sector will grow to an estimated \$70 billion market in the next 15 years according to Indian Infrastructure magazine.

## **Opportunities**

Given the Indian government's strong preference for products designed and manufactured in India, many U.S. companies are now implementing strategies to develop partnerships, cooperation, and supply chains within India to meet future defense requirements. Meaningful partnerships with local players and strong supply chains with local companies can help market access.

Tata and Mahindra have entered joint ventures with U.S. defense firms. Lockheed Martin and Tata Advanced Systems (TASL) announced an agreement in 2018 to produce of F-16 wings in India for export, and Lockheed Martin is working with Tata as a strategic partner to offer the F-21 fighter aircraft to the Indian Air Force. In 2018, Boeing announced a partnership with Hindustan Aeronautics Limited (HAL) and Mahindra Defense Systems (MDS) to offer the F-18 Super Hornet. Major Indian OEMs and tier-two companies seek U.S. suppliers and partners. These companies include Reliance Group, Adani Group, Larsen and Toubro, and Kalyani Group as well as other Indian companies.

The DPP-2016 included changes encouraging participation of foreign OEMs in the Indian market. The new policy made the process for obtaining industrial licenses easier and moved from a standard lowest bidder (L1) model to a cost & technical assessment (L1-T1) model with up to 10 percent credit. To simplify the regulations governing foreign direct investment (FDI) and to make India an attractive destination for foreign investors, the government raised FDI limits from 26 percent to 49 percent in the sector, with up to 100 percent FDI possible if there is a "modern technology" transfer.

While the Indian defense market offers great potential, India is a challenging market that requires patience and persistence. Defense procurement timeframes are very long and marked by little transparency in the procurement process and challenging regulations navigate on an extended timeline. Poor infrastructure and skills gaps pose manufacturing challenges. substantial payment delays have been experienced. Having a top-notch local team can help mitigate these issues and is a key factor for success in India.

New RFI and RFP opportunities are listed on the Central Public Procurement Portal listed below under "Resources."

## **Resources**

For more information please contact U.S. Commercial Service Industry Specialist [Nisha Wadhawan](#).

[Aero India 2021](#):

February 3-7, 2021, Bengaluru (South India); ([U.S. pavilion](#)) The [Aero India](#) show is organized by the Indian Ministry of Defense and it is the country's largest biennial premier air show and aviation exhibition.

[Ministry of Defense](#)

[Department of Defense Production](#)

[Draft DPP 2020](#)

[Restricted for imports: 101 Defense items](#)

[Indian Army](#)

[Indian Navy](#)

[Indian Air Force](#)

[Border Security Force](#)

[Central Industrial Security Force](#)

[Indo-Tibetan Border Police Force](#)

[Central Public Procurement Portal](#)

## [Innovations for Defense Excellence](#)

Media and Think Tanks:

[Institute for Defense Studies and Analyses](#)

[Vivekananda International Foundation](#)

[Defense ProAc Biz News](#)

## **Environmental Technologies**

### **Overview**

India's persistent air and water pollution problems will create a steady demand for environmental technologies and solutions in the coming years. For 2020, industry experts estimated India's overall environmental technologies market, including goods and services, to be worth over \$22.3 billion. The International Trade Administration's 2019 Top Markets Report on Environmental Technologies (released in April 2020) ranks India as the sixth largest world market overall, with subsector rankings of second for water/wastewater management, ninth for air pollution control, and eighth for solid waste and recycling segments.

India's complex environmental regulations hinge on five major pieces of legislation: The Environment (Protection) Act, 1986; Forest (Conservation) Act, 1980; Wildlife (Protection) Act, 1972; the Water (Prevention and Control of Pollution) Act, 1974; and the Air (Prevention and Control of Pollution) Act, 1981. In 2010, the federal government established the National Green Tribunal to better uphold these environmental protections. The Tribunal is an increasingly integral force in the effort to create a more sustainable national development path. More recently, India launched an Environmental Sustainability Index at the state level to focus on population pressures, waste management, and environmental budgeting.

The [Ministry of Environment, Forest & Climate Change](#) (MoEFCC) is the federal agency responsible for implementation and oversight of environmental laws in India. The [Central Pollution Control Board](#) (CPCB) implements the policies framed by the MoEFCC and provides technical services to the Ministry. Enforcement, however, is delegated to the state level through State Pollution Control Boards (SPCBs), or Pollution Control Committees in the seven union territories that answer to state government heads rather than the federal authority. This decentralization of enforcement contributes to the fragmentation and inconsistent application of rules across provinces, lack of transparency in regulations and practices, poor implementation of regulations, weak regulatory compliance, and corruption in some areas. The CPCB identified 17 highly polluting industrial categories, including iron and steel plants, non-ferrous metallurgical units, pharmaceutical and petrochemical complexes, fertilizers and pesticide plants, thermal power plants, textile manufacturers, pulp and paper factories, tanneries, and chlor-alkali units. The SPCBs focus on managing these 17 industries in their states.

Increasingly, U.S. exports of services are overtaking exports of equipment, due to increases in technology licensing, engineering contracts, and consultancy work in this market. As environmental technology and solutions become more complex, it can be difficult to track exact trade figures, but growth trends can be estimated by tracking India's imports of the key categories of equipment used to address environmental challenges.

### **Environmental Technology Equipment**

	2017	2018	2019	2020 est.
Total India Imports	690	829	936	1200
Imports from the United States	103	155	126	180

U.S. Share of Imports	15%	19%	13%	15%
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Source: Global Trade Atlas (HTS 842121, 842139, 842199, 902710) Units: \$ million

### Leading Sub-Sectors

Promising sub-sectors in pollution control equipment include:

- Water and wastewater management / Water quality monitoring
- Air pollution control / Air quality monitoring
- Municipal solid waste management
- Environmental engineering procurement construction services

Water and wastewater management is the most promising sub-sector in India's environmental technology segment. Currently in India, nearly 40 percent of industrial water and 63 percent of municipal wastewater gets discharged untreated into local rivers and streams. Less than 1 percent of the treated wastewater is reused. India's demand for water is projected to be twice as much as the available supply by 2030. To overcome these challenges, India's water and wastewater sectors have ambitious plans to develop comprehensive water and wastewater treatment and distribution infrastructure for both the public and private sectors. In 2020, India had at least 157 tenders for water treatment, transmission, desalination, and industrial reuse projects (Global Water Intelligence, "Pipeline Data," 2020).

Air pollution control equipment is also in high demand, as many of the world's most polluted cities are located in India. Currently, 54 percent of India's installed power generation capacity is fueled by coal-fired power plants. In December 2015, the MoEFCC mandated all thermal power plants to achieve a 60-80 percent reduction in particulate matter (PM), sulfur oxides (SOx), nitrogen oxides (NOx), and mercury emissions by 2022. To comply with this mandate, power producers will need to procure and install technology for emissions control. The most challenging piece of the government's plan will be to retrofit 440 power units of 166.5 Gigawatts (GW) capacity with flue gas desulfurization (FGD) systems by December 2022. NTPC Limited has been the frontrunner in soliciting bids for FGD systems and has already awarded 27.5 GW through December 2019. India is the largest emitter of SOx in the world, accounting for 15 percent of the anthropogenic emissions. FGD installations can help reduce these emission amounts significantly.

Waste management equipment and service companies will also find opportunities, as government programs have created demand for waste hauling, waste compacting, waste processing and waste-to-energy equipment meeting international standards. In 2014, the Government of India launched its flagship urban cleanup and sanitation program, the Swachh Bharat Mission, with the twin objectives of making urban India free of open defecation and implementing 100 percent scientific practices for solid waste management. Government records show significant strides in both these areas – open defecation has been eradicated from most of India's urban areas and the scientific processing of solid waste, which was only 18 percent in 2014, has achieved 65 percent coverage in 2020. In addition to new regulations for landfills and solid waste processing, the government has also providing funding for waste-to-energy projects and other solutions for the upgradation of cities.

### Opportunities

Government of India allocated over \$4 billion through six projects to improve access to clean piped water, improve sanitation, agricultural water use efficiency, river cleanup and groundwater management. In May 2019, the government created the new [Jal Shakti Ministry](#), bringing all water-related agencies under one ministry to provide safe drinking water to the people of India. The Jal Shakti Ministry immediately launched its Jal Jeevan Mission - a national initiative to provide piped drinking water to 146 million households in 700,000 villages by 2024. The mission earmarked a budget of \$51 billion to be given to the states to increase household water connection coverage from 18.33 percent in 2019 to 100 percent by 2024. This ambitious project will create opportunities for suppliers of water



meters, water quality monitor suppliers, water management related IT systems, tertiary treatment technology, and water EPC (Engineering, Procurement, Construction) companies.

Major initiatives by the Government of India on air pollution mitigation include the [National Clean Air Program](#) (NCAP), launched in January 2019 with the objective to reduce pollution levels by 20-30 percent in next five years. The NCAP calls for the reduction of emissions, the expansion of air monitoring networks, capacity building for pollution management, and the strengthening of public awareness. The NCAP also sets a target to install 150 new real-time air monitoring stations, and to increase the number of manual monitoring stations from 703 to 500. The Government of India in 2020-21 allocated \$595 million to encourage states to achieve clean air targets. India has committed to reduce emission intensity by 33-35% over 2005 levels and generate 40 percent of its power from non-fossil fuel sources by 2030.

The CPCB, along with several regional pollution control boards, is in the process of issuing tenders for the installation of Continuous Ambient Air Quality Monitoring Stations (CAAQMS) in different cities across India. NTPC Limited, a public sector undertaking engaged in power generation and related activities, will provide financial support to the CPCB to procure and install 25 CAAQMS in six states and three union territories. The data collected from these stations will be used as inputs to create Air Quality Index evaluations for the respective cities. In addition to the procurement of equipment, these developments will necessitate the need for consultancy services to analyze the data collected, identify the pollution source apportionment, and recommend appropriate actions for pollution abatement.

We advise U.S. companies to monitor the [U.N. Development Business](#), [World Bank](#), [Asian Development Bank](#), the [Japan Bank for International Cooperation](#) websites and publications for 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.

For more information about opportunities in this sector contact U.S. Commercial Service Industry Specialist: [Arup Kumar Mitra](#).

## **Energy**

### **Overview**

The [Central Electricity Authority](#) reported only 1.1 percent growth in India's energy demand for 2019, and during the 40-day national lockdown period from March 25 to May 3, 2020, India's energy demand saw an additional 30 percent reduction according to the International Energy Agency. Looking to 2040 there are projections, however, that India could witness the world's fastest energy demand growth in the coming two decades.

The global pandemic of COVID-19 has impacted the Indian power sector, for which reduced revenues continue into the post-lockdown period due to the government's ongoing moratorium on bill payments and reduced economic activities. The timelines for capacity additions and developmental plans will likely be delayed in the short term, but as an "essential service" the energy sector has the full support and is expected to recover relatively quickly. For example, India's Ministry of Power recently introduced a draft Electricity (Amendment) Bill, 2020 for comment including a proposal to create the "Electricity Contract Enforcement Authority" for settling commercial disputes between the state distribution companies and suppliers of electricity (generators and transmission entities) and to help ensure contract sanctity.



<b>India's Total Installed Capacity by Power Source (GW)</b>				
<b>Source</b>	<b>As of March, 2018</b>	<b>As of March, 2019</b>	<b>As of April, 2020</b>	<b>Percentage of Energy Mix</b>
Coal	196.95	200.70	205.13	55.52%
Gas	24.89	24.93	24.95	6.76%
Diesel	0.83	0.63	0.53	0.17%
Hydro	45.4	45.39	45.69	12.31%
Nuclear	6.78	6.78	6.78	1.83%
Renewables	69.02	77.64	87.26	23.41%
Total	343.85	356.07	370.34	100%

Source: Ministry of Power & Central Electricity Authority

<b>Renewable Energy Mix (by Source, GW)</b>	<b>As of March, 2018</b>	<b>As of March, 2019</b>	<b>As of April, 2020</b>	<b>Target for 2022</b>
Wind Power	34.046	35.625	37.746	60 GW
Solar Power	21.651	28.180	34.812	100 GW
Biomass Power	8.700	9.104	9.880	10 GW
Small Hydro	4.485	4.593	4.683	5 GW
Waste-to-Energy	0.138	0.138	0.147	None
Total	69.022	77.640	87.268	175 GW

Source: Central Electricity Authority

<b>Indian Import Data by Subsector - 2019 (\$ millions)</b>	<b>Total Imports</b>	<b>Imports from the United States</b>	<b>U.S. Market Share of Indian Imports</b>
Renewable Energy Equipment	\$2,925	\$316	11%
Transmission & Distribution Equipment	\$449	\$29	7%
Oil & Gas Equipment	\$6,773	\$285	4%
Oil & Gas Commodities	\$126,473	\$5,820	5%
Coal Commodities	\$23,676	\$1,528	6%

Source: Global Trade Atlas

<b>Transmission &amp; Distribution Equipment</b> <b>(\$ millions)</b>	2017	2018	2019
Total Local Production	\$26,900	\$27,300	*\$27,500
Total Exports	\$1,098	\$1,045	\$1,034
Total Imports	\$436	\$589	\$449
Imports from the United States	\$18	\$26	\$29
Total Market Size	\$26,238	\$26,844	\$26,915

Sources: *Global Trade Atlas*

\*Estimates

## Leading Sub-Sectors

### Natural Gas Infrastructure

India intends to increase the share of natural gas in its energy mix from 6 percent in 2016 to 15 percent by 2030. Currently, approximately half of India's supply of natural gas comes from domestic production while the other half comes from imported liquefied natural gas (LNG), but industry experts expect rising demand will require a 30 percent domestic and 70 percent imported LNG supplier mix by 2025. Anticipating future demand, Indian companies broadened their international supplier base and negotiated long-term contracts with suppliers. However, longstanding infrastructure challenges at LNG receiving terminals and the lack of gas distribution pipelines create bottlenecks impacting efficient distribution and thus importation, resulting in large quantities of contracted LNG to be sold on the spot market while in transit. The [Indian Gas Exchange](#) (IGX), a new nationwide trading platform, was launched in June 2020, establishing a transparent online marketplace for buyers and sellers to trade natural gas in the spot market.

Currently, India has five operating LNG terminals and several more expected to come on-line. Over 16,500 km of pipeline are in operation, with an additional 11,900 km under construction. The City Gas Distribution network in India is expected to provide connections for piped natural gas (PNG) to over 50 million homes, establish 10,000 compressed natural gas (CNG) stations for vehicles, and construct up to 30,000 km of steel pipelines over the next few years, requiring investment of up to \$25 billion.

The International Trade Administration's online report [Energy Resource Guide – India – Oil & Gas](#) contains additional information about the oil and gas regulatory environment in India, as well as links to tender announcements.

### Transmission, Distribution, and Smart Grids

In India, electric power transmission and distribution (T&D) is dominated by public utilities with the overall private sector role limited to one percent in transmission and five percent in distribution. One of the biggest challenges faced by the sector is the overall T&D loss (primarily due to theft or grid inefficiencies). In its [Executive Summary on the Power Sector – 2020](#), the Central Electricity Authority estimated T&D losses at 21.04 percent in 2017-18, down from 34 percent in 2004. Although India strives to achieve a reduction in T&D losses to 15 percent under the [UDAY program](#), the world average for T&D loss stood at only 8 percent in 2019, which suggest ongoing market opportunities in the sector.

In terms of funding availability for projects and procurements, India's 2019-20 budget allocated \$3.1 billion for the power sector, of which \$73 million has been assigned for the [Green Energy Corridor](#), \$590 million for the rural electrification program named [Deen Dayal Upadhyay Gram Jyoti Yojana](#), and \$150 million for the [Power System Development Fund](#) which focuses on renovation and modernization of transmission and distribution systems for relieving grid congestion.

### **Energy Storage**

Although India declared itself a power surplus country in 2017, many parts of the country continue to face severe power shortages or interruptions on a regular basis. To ensure reliability of access to power, most industries maintain diesel-powered generators while urban households typically utilize inverters with lead-acid batteries. As India's installed capacity of renewable energy increases by up to 10 GW per year, utility scale battery energy storage systems are expected to play a critical role in grid integration and management.

Several policies and incentives promoting the energy storage sector in India have been announced. For example, the [Jawaharlal Nehru National Solar Mission](#) (JNNSM) offers a higher capital subsidy for photovoltaic systems with energy storage, than those without storage. In January 2020, the [Ministry of New and Renewable Energy](#) (MNRE), issued a draft policy for supply of round-the-clock (RTC) power from renewable energy projects complemented with thermal power projects, designed to address some of the issues related to intermittency, limited hours of supply, and low capacity utilization of transmission infrastructure. The policy encourages generators to incorporate energy storage systems to ensure a minimum requirement of annual availability of power at 80 percent.

### **Opportunities**

Overall, the U.S. market share of India's energy-related equipment and commodities imports is rather low. While China continues to lead as the top foreign competitor for low-cost equipment, India imports more equipment from Europe and Japan than the United States, which suggests that there is room to grow U.S. market share in high-value manufactured goods.

U.S. exports of crude oil, natural gas, and coal to India continue expanding at a steady rate, with buyers open to exploring new partnerships with U.S. suppliers. India's imports of U.S. oil and gas commodities grew from \$3.9 billion in 2018 to \$5.8 billion in 2019. As domestic production of ethanol will not be sufficient to meet mandated goals of 10 percent ethanol fuel blending for vehicles by 2022, industry is carefully watching to see if India will lift import restrictions for ethanol which would create substantial opportunities for U.S. ethanol exporters.

Several new refinery and petrochemical projects have been planned for the next five years, as well as expansion projects for existing refineries, as India plans to double its refining capacity from the current 5 million barrels per day to 10 million barrels per day by 2030.

Natural gas infrastructure will be an area of opportunity for the next several years, particularly as India constructs new LNG terminals, expands pipelines across the nation, and builds out city gas distribution to include piped city gas for buildings and compressed natural gas dispensers for transportation. Liquefied natural gas dispensing units and virtual pipelines in the form of cryogenic containers are other opportunities for U.S. companies. The requirement for new entrants in fuel retailing business to have to invest in at least one new-fuel dispensation from the fuel station will be an opportunity for LNG, Biofuels, and possibly Hydrogen technology.

As India continues to modernize the national power grid, demand remains steady for traditional transmission and distribution equipment as well as "smart grid" innovations that improve reliability and stability. Transformers, fixed capacitors, fuses for electrical apparatus, lightning arrestors, voltage limiters, electric conductors, microprocessors, amplifiers, electricity meters, and smart communication technology are frequently imported into India from foreign suppliers.

India plans to replace all traditional electricity and gas meters with smart meters, as a measure to improve the operational efficiency and revenue generation capacity of distribution utilities. [Energy Efficiency Services Limited](#)

(EESL) is the nodal agency for implementing the roll-out of smart meters for electricity and is the leading smart metering service provider in the country. EESL plans replace 250 million conventional meters with smart meters over the next three years and has signed agreements with various state distribution utilities to undertake smart metering projects.

The [Indian Energy Storage Alliance](#) (IESA) predicts that grid-connected energy storage demand could reach up to 65 GW by 2026, to meet India's demand for renewable energy integration, frequency regulation, peak management, transmission and distribution deferral, and electric vehicle charging. Currently U.S. energy storage technology enjoys a global competitive advantage, but suppliers will need to establish strong relationships with local business partners to enter this fast -developing market.

In 2020, the [Ministry of Coal](#) opened the market to commercial coal mining from the private sector and introduced a new coal mining auction process. Under the new scheme, 41 coal blocks will be auctioned in the first phase which is expected to generate over \$4 billion dollars in capital investment over the next five to seven years. In 2019, the public sector entity [Coal India Limited](#) received a sizeable budget to modernize its coal mining operations, and several [procurement tenders](#) are being announced in 2020. As coal mining operations expand in India, U.S. exporters of mining equipment should watch for new opportunities.

U.S. companies interested in tapping India's energy sector opportunities should contact: Ms. [Renie Subin](#), Senior Commercial Specialist.

## Education Services Sector

### Overview

The emphasis on higher education in India has never been as relevant as it is today, and this sector has grown significantly in the last two decades. India has one of the largest systems of higher education in the world, next only to China and the United States. Per the [University Grants Commission \(UGC\)](#) statistics of 2020, there are 935 universities in the country, including 409 state universities, 127 deemed to be universities (a status of autonomy granted to high performing institutes and universities by the Department of Higher Education), 50 central universities (established by the Department of Higher Education), and 349 private universities. India has 95 [Institutes of National Importance](#), a status that is conferred on a premier public higher education institution in India. Institutes of National Importance receive special recognition and funding from the Government of India. In addition, the [Institutes of Eminence \(IOE\)](#) guidelines were launched to empower higher educational institutions and assist them in becoming world class teaching and research institutions. Twenty institutions (10 private and 10 public) are now a part of the exclusive group of IOEs. Together they offer a wide range of degree and diploma programs.

The UGC is the regulator providing grants, coordination, and standards for institutions of higher education in India. The higher education sector in India can broadly be divided into two segments - regulated and un-regulated. The regulated segment includes central, state, and private universities, private/professional colleges, and technical and research institutions. The unregulated segment includes online education, vocational training, finishing schools, professional development and training and coaching classes.

India's higher education system is the world's third largest in terms of student enrollment next only to China and the United States. The huge demand/supply gap, participation of a large number of private players, growth of the IT sector, demand for a skilled workforce, increasing FDI, disruptive innovation, and online education are a few factors which have led to the exponential growth in this sector.

The GOI recently announced its [National Education Policy 2020](#) (NEP), replacing the three-decade old National Education Policy of 1986. The new NEP is India's vision statement for transforming the education sector in India. Though policy drafting and implementation will take time, the NEP statement provides insight into India's priorities. For example, India plans a major shift that will allow foreign universities (those with a top 100 worldwide rank) to

confer degrees and establish campuses in India. Also, students will now be allowed the option of completing their bachelor's degree in four years (currently it is three years) and can use part of the additional year for research work. This means U.S. schools could see Indian students better prepared for the rigors of their graduate and post-graduate programs. Prime Minister Modi's recent statements about developing a curriculum that creates global citizens and giving greater autonomy to high-performing Indian education institutions bodes well for greater collaboration between U.S. and Indian schools.

### **Leading Sub-Sectors**

As per the annual [Open Doors Report in the 2018–19 academic year](#), 202,014 Indian students (graduate, undergraduate and Optional Practical Training) were studying in the United States. India is the second highest source of students coming to the United States. Students from India make up approximately 18.4 percent of the total foreign student population in the United States. Of the Indian student population in the U.S. 44.7 percent are graduate students, 12.3 percent are undergraduate students, 1.1 percent select other programs and 41.9 percent are classified as pursuing OPT (Optional Practical Training). In 2019, the number of Indian students in the U.S. grew by 2.9 percent.

### **Graduate**

India is a strong market for U.S. graduate institutions with Indian students accounting for the second highest number of foreign graduate students.

### **Undergraduate**

Though there is growing interest for undergraduate studies in United States, limited scholarships and the increasing cost of education are major deterrents. However, with the increase of international schools in India, the interest in undergraduate study in the United States is gradually increasing. [In 2019, India contributed the third highest number of undergraduate international students to the U.S.](#)

### **Community Colleges**

Community colleges, especially those with transfer programs with reputed U.S. universities, have generated interest among Indian students in recent years. The market is still at a nascent stage and will require more awareness among Indian undergraduate students.

### **Secondary Education**

At present the Indian market for U.S. secondary education is underdeveloped. Cultural reasons along with burgeoning numbers of international schools in India are likely factors for the lack of demand.

### **Opportunities**

There are several possible collaborative opportunities for U.S. universities with Indian educational institutions including:

### **Twinning Programs**

In a twinning arrangement, students begin their studies in India and finish with a partner institution overseas. The National Education Policy loosening restrictions for foreign higher education institutions in India is still in draft mode. If passed, this will be a great opportunity as many U.S. schools have shown interest in twinning programs with Indian schools.

### **Student Exchange Programs**

Student exchange programs enhance cross cultural exposure provide a global perspective to students. Exchange students attend courses at overseas universities for a short time ranging from two weeks to a full term/semester. Indian schools are receptive to work with U.S. institutions for student exchange programs.

## **Faculty Exchange Programs**

Faculty exchange programs allow faculty to teach or conduct research for short periods at a partner overseas university or college. Faculty staff are exposed to varied cultures while receiving an opportunity to exchange ideas and observe a variety of styles in a different setting.

## **Joint Research Programs**

The purpose of these programs is to advance collaborative research between foreign and Indian universities while providing opportunities for young researchers to hone their skills. There is currently limited collaboration between universities and industry in India. Indian institutions would like to engage with industry in the development of science parks, incubation centers and technology transfer units. For this reason, Indian Universities are interest in working internationally on systemic support and institutional models.

## **Representatives and Recruiters**

Several U.S. intuitions have appointed representatives in India to conduct promotional and student recruitment activities. The U.S. Commercial Service assists U.S. schools in finding the right in-country partner.

## **On-line Programs**

According to a 2017 [report](#) released by KPMG India and Google, the market for online education in India is expected to reach \$1.96 billion in 2021, a significant increase from just \$247 million in 2016. The Covid-19 situation will accelerate this trend as Indian schools, like the rest of the world, are now moving to online classes.

## **Professional Training Services**

The Indian Professional Training services market includes executive education providers, skilling, and training companies, as well as Indian schools offering courses to mid-career professionals. The Professional Training market has witnessed robust growth over recent years due to high economic growth, a dominant service sector that contributes more than 50 percent of the GDP, and the entry of many new foreign companies into the Indian market. U.S. firms and schools providing professional training services have great potential for establishing strategic alliances with partners in India.

## **Service Providers**

Non-Indian universities can enter into partnerships with Indian educational institutions to provide expertise and services such as teaching staff, curriculum development, setting up affiliations, and school administration.

## **Events**

Virtual Education Fairs India: contact [Noella Monteiro](#)

## **Resources**

[All India Council of Technical Education \(AICTE\)](#)

[Association of Indian Universities \(AIU\)](#)

[Ministry of Human Resource Development \(MHRD\)](#)

[National Assessment and Accreditation Council \(NAAC\)](#)

[National Council of Educational Research and Training \(NCERT\)](#)

[University Grants Commission \(UGC\)](#)

[Open Doors IIE](#)

## Information and Communication Technology

### Overview

India's Information and Communication Technology (ICT) sector and digital economy are major economic drivers powering the growth and modernization of India's economy. India's ICT sector contributes over 13 percent to India's Gross Domestic Product (GDP) and India's digital economy generates about \$200 billion annually from business process management (IT-BPM), e-commerce, domestic electronics manufacturing, digital payments, digital communication services (including telecom), etc. India aims to achieve a \$1 trillion digital economy and a \$5 trillion GDP by 2025. India's IT-BPM revenue is expected to grow 7.7 percent from \$177 billion in FY2019 to \$191 billion in FY2020 according to the NASSCOM technology industry association. India witnessed exponential growth (1,800 percent) in the IT services and business process management industry from 1999-2009 and added another \$68 billion in revenue during the past decade to reach \$177 billion in FY2019.

### Fast Facts:

- India is a top global market offering tremendous opportunities with 1.35 billion citizens and a rising middle class
- India imported over \$2.2 billion in computer and electronic equipment from the U.S. in 2017 (NAICS code 334)
- India has emerged as the 2<sup>nd</sup> largest manufacturer of mobile handsets in the world
- India has the 2<sup>nd</sup> largest telecom network in the world in terms of subscribers
- 1.17 billion (1.15 billion wireless and 20 million wireline subscribers) telecom subscribers (as of January 2020)
- 673 million (654 million wireless and 19 million wireline subscribers) broadband subscribers (as of January 2020)
- 1.25 billion digital identity numbers issued to citizens (as of June 2020)
- The ICT market is forecast to reach \$191 billion in FY2020 and is projected to grow to \$350 billion by 2025

The Digital India initiative aims to improve digital infrastructure and internet connectivity. This and other major government initiatives will drive growth in the ICT sector and open opportunities for U.S. companies.

The Indian telecom sector is the second largest in the world in terms of the number of subscribers. India's growing mobile economy is driven by widespread mobile adoption with 98 percent of all telephone subscriptions being wireless. This sector has been growing rapidly based on affordable prices for consumers, wide availability of services, roll out of 3G and 4G infrastructure and services, higher consumption of data, and a conducive regulatory environment. To advance the telecom infrastructure with a 5G system in India, the Telecom Regulatory Authority of India (TRAI) submitted its recommendations on the auction of spectrum in 700 Mega Hertz (MHz), 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz, 2500 MHz, 3300-3400 MHz and 3400-3600 MHz Bands on August 1, 2018. TRAI launched a whitepaper on "[Enabling 5G in India](#)" on February 22, 2019 highlighting specifications of 5G technology, architecture of 5G networks, case studies, investment opportunities, spectrum requirements, and regulatory challenges for the deployment of 5G in India.

The broadcasting sector comprises television and radio services. India is the world's second largest television (TV) market after China. India's television industry grew about 12 percent from \$8.8 billion in 2017-18 to \$10 billion in 2018-19. At the end of 2019, there were about 298 million households in India, and about 197 million households had television sets served by cable TV services, DTH (direct to home satellite TV) services, HITS (headend in the sky satellite TV) services, IPTV (internet protocol television) services, in addition to the terrestrial TV network of

Doordarshan (the public broadcaster). The pay TV customer base consists of around 103 million cable TV subscribers, 72.44 million active DTH subscribers and 1.5 million HITS subscribers. The TV broadcasting sector encompasses 350 broadcasters, and 39 of these are pay broadcasters.

Major ICT centers in India include Bengaluru (formerly Bangalore, also known as the Silicon Valley of India), Hyderabad, and Chennai in South India; New Delhi and Gurugram (formerly Gurgaon) located outside of New Delhi in North India; and Mumbai and Pune in West India.

India has a well-organized distribution system and major global ICT distributors are active in India. Companies can sell directly, but it is advisable to create a local presence in India through an agent, representative, or distributor. Direct sales, as well as using partner system integrators and value-added resellers (VARs) is common. Subscription-based sales on cloud platforms are also common.

### **Regulatory Environment**

The Indian government has a complex and often challenging regulatory environment. New regulations and industry promotion schemes are announced frequently at the national level. Recently, India has announced new bills and guidelines impacting data protection, privacy, cross-border data flows, and data localization. It introduced the Information Technology Intermediary Guidelines Rules 2018, a draft Personal Data Protection Bill, National Cybersecurity Strategy 2020, draft E-Commerce Policy, National Digital Communication Policy, [National Policy on Electronics 2019](#) and [National Policy on Software Products 2019](#) as it aims to develop the digital economy.

The draft Personal Data Protection Bill of 2018 was revised and tabled in Parliament in December 2019. This Personal Data Protection Bill 2019 is currently being reviewed by a Joint Parliamentary Committee, and stakeholders have had an opportunity to share their views. After consultations with the Ministry of Law and Justice, the final bill may be considered by the Parliament. India is expected to establish a new Data Protection Authority as well as privacy and data protection regulations and guidelines in the next two years.

The [National Digital Communications Policy – 2018](#) (NDCP-2018) was approved by the Union Cabinet in October 2018 after several rounds of stakeholder consultations and recommendations. NDCP-2018 aimed to achieve objectives by 2022 including:

- Increase broadband internet availability
- Create 4 million additional jobs in the digital communications sector
- Enhance the contribution of the digital communications sector to 8 percent of India's GDP from 6 percent in 2017
- Increase manufacturing in India and enhance India's contributions to global value chains
- Ensure digital sovereignty.

The [National Cyber Security Strategy 2020](#) (NCSS-2020) is expected to be rolled out in 2020 in the parliament. The NCSS-2020 task force has held consultations and collected inputs from stakeholders to formulate the new strategy document. The new strategy document aims to ensure a safe, secure, trusted, resilient, and vibrant cyber space.

India has rolled out some digital taxes and is considering additional measures. It is advisable for U.S. companies to consider consulting experts about tax issues, data localization, and compliance requirements in India.

### **Leading Sub-Sectors**

IT services: The Indian IT services sector is expected to grow 6.7 percent from \$91 billion in FY 2019 to \$97 billion in FY2020 despite the pandemic. Major growth factors include digitalization and modernization of the services. The development of new tools and technologies like chatbots, natural language processing (NLP), robotic process automation (RPA), cognitive analytics, security operations center (SOC), cloud, internet of things (IoT), 3D printing, data analytics, cloud computing, artificial intelligence (AI) for public services, connected vehicles, blockchain,



augmented reality (AR) and virtual reality (VR) etc., have transformed banking financial services and insurance (BFSI), manufacturing, public sector, retail and logistics industry.

**E-Commerce:** e-Commerce business recorded 25 percent growth from \$43 billion in FY2019 to \$54 billion in FY2020. India has emerged as a preferred destination for online marketplaces due to the large consumer base, diverse demography, low-cost digital infrastructure and services, and supply chain ecosystem. Consumer electronics goods and accessories are the largest e-tail segment in the e-Commerce sector. Travel, hospitality, grocery and food delivery businesses are the fast-growing digital segments. E-Commerce is slowly catching up to standard sectors like healthcare services, pharma, jewelry, smart mobility (ride sharing), media and entertainment.

In June 2020, USTR initiated a Section 301 investigation into India's Data Equalization Levy. The GOI enacted its budget through the India Finance Act 2020 on March 27. The legislation included several provisions that had not been previously included in versions circulated to the public, notably an expansion of the scope of the "equalization levy" to include multinational firms' e-commerce transactions – rules that do not apply to Indian firms. Embassy technology sector contacts assess that the definitions of "e-commerce operator" and "e-commerce supply or services" are broad in scope and likely to cover various digital transactions and services, including the sale of data, though the scope of the bill is vague making compliance difficult. Tech sector representatives related that the rules also enact taxes on the repatriation of profits to foreign parent firms. The levy went into effect on April 1 with the first duties to be collected in mid-July.

**Cyber security:** India's cyber security market is growing rapidly as India's digital economy and critical infrastructure sectors expand, and it is expected to reach \$3.05 billion by 2022, at a compound annual growth rate (CAGR) of 15.6 percent from \$1.97 billion in 2019. Leading industry sectors driving cyber security growth are banking and financial services industry (BFSI), information technology, information technology enabled services (ITeS), and government. BFSI is the largest spender in the cybersecurity sector, which is growing rapidly at a compound annual growth rate of 18% in terms of spending. The Government of India's cybersecurity needs are focused on critical information infrastructure for banking, telecommunications, transportation, defense, security, power and utilities. Other sectors like energy, healthcare and automotive are expected to increase their cybersecurity spending from \$630 million in 2019 to \$949 million in 2022.

**FinTech and Digital Finance:** India is one of the fastest growing digital payments and finance markets globally, projected to cover \$1 trillion in transactions by 2029 – representing about 60 percent of retail transactions as well as small business credit disbursement. The digital payments value of \$65 billion in 2019 is expected to grow at a CAGR of 20 percent to \$140 billion by 2023. Per capita digital transactions grew from 2.4 to 22.42 during 2014-2019 and has the potential to grow to 220 by 2021.

### **Opportunities**

The government launched the [National Broadband Mission](#) (NBM) in December 2019 to enhance digital communications infrastructure, bridge the digital divide, facilitate digital empowerment and inclusion, and provide widespread affordable broadband. The NBM includes laying 3 million route kilometers of optical fiber cable and increasing tower density from 0.42 to 1.0 tower per thousand of population by 2024. The mission aimed to generate \$100 billion in investment including \$35 billion for telecom towers; \$30 billion for optical fiber infrastructure, and \$35 billion for spectrum, R&D and other network resources.

The Indian government launched schemes for the promotion of electronics manufacturing under the Make in India strategy as part of the National Policy on Electronics 2019. India aspires to become a global hub for Electronics System Design and Manufacturing (ESDM). India's production of electronics grew from \$29 billion to \$70 billion from 2014 to 2019. Production of mobile handsets in 2019 reached 290 million units worth \$22.66 billion from just 60 million units worth \$2.52 billion in 2014. India's exports of electronics increased from \$5.1 billion in 2015 to \$8.25 billion in 2019, India's share in global electronics production reached 3 percent in 2018 from just 1.3 percent in 2012.

[Production Linked Incentive Scheme \(PLI\) for Large Scale Electronics Manufacturing,](#)

[Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors \(SPECS\)](#)

[Modified Electronics Manufacturing Clusters \(EMC 2.0\)](#)

The government sanctioned \$7 billion for schemes to attract manufacturing companies to India to expand the electronic manufacturing ecosystem. This brings an opportunity for U.S. exporters to supply machinery and production equipment, electronic components, process equipment, and other ICT services for new manufacturing facilities.

## **Resources**

[Ministry of Electronics and Information Technology, Government of India](#)

[Telecom Regulatory Authority of India](#)

[Mandatory Testing and Certification of Telecom Equipments \(MTCTE\)](#)

[The National Association of Software and Services Companies \(NASSCOM\)](#)

[Internet and Mobile Association of India](#)

[Indian Software Product Industry Round Table](#)

[Manufacturers' Association for Information Technology](#)

[India Electronics and Semiconductor Association](#)

## **Major trade events**

[Infocomm India](#)

[India Mobile Congress](#)

[CyFy](#)

[Convergence India](#)

For more information, please contact:

[Sudhir Kesharwani](#), Commercial Specialist

U.S. Commercial Service, New Delhi

Tel: +91 11-23472274

## **Healthcare and Medical Equipment**

### **Overview**

The Indian Healthcare sector is experiencing rapid change and has become one of India's largest sectors - both in terms of revenue and employment. Though this change has been underway 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 population of over one billion is growing at a rate of 1.6 percent per year with an elderly population of over 100 million. Rapid economic growth, and rising middle class incomes, and increased market penetration of health insurance are all fueling growth in the industry. In addition, changing demographics, disease profiles shift from chronic to lifestyle diseases in the country has led to a boom in spending on healthcare.

The Indian healthcare industry amounted to \$160 billion in 2018 and according to the India Brand Equity Foundation (IBEF), it is expected to reach \$370 billion by 2022 due to increased demand for specialized and quality healthcare

facilities. The products and services driving the growth in the India market consist of hospitals, medical devices, clinical trials, telemedicine, medical tourism, health insurance and medical equipment. The industry's rapid development is fueled by large investments from existing corporate hospital chains and new entrants backed by private equity investors. Considerable challenges exist in terms of service accessibility and patient care quality.

According to the Global Burden of Disease Study (GBD), released by Lancet Medical Journal in 2018, India ranks 145th among 195 countries on the healthcare index. India's healthcare access and quality (HAQ) index has seen improvements over the years and increased from 30.7 in 1990 to 44.8 in 2015 and 67.3 in 2020.

The Covid-19 pandemic crisis is a reminder of the importance of investing in the healthcare sector for any country. Hence, most industry experts believe that there will be a big thrust on healthcare in India in the next few years. Currently, India spends only 1.2 percent of its GDP on healthcare, but the Government of India (GOI) is planning to increase public healthcare spending to 2.5 percent of the GDP with a special focus on the underprivileged by 2025. As the expenditure on the Indian healthcare sector increases there will be a corresponding growth in the medical equipment sector.

The medical device industry is an attractive export sector for U.S. firms despite many challenges. Non-tariff barriers and the expansion of price controls to medical devices have constrained market prospects. Weak intellectual property protection and enforcement hinder exports for the biopharmaceutical industry. While India's market has undergone significant economic growth over the last twenty-five years, it remains difficult to navigate.

India imports nearly 80 percent of its medical devices and barriers to entry are lower compared to other industries. India remains highly dependent on imports for many types of medical devices, particularly higher end products that include cancer diagnostics, medical imaging, ultrasonic scans, and PCR technologies. Imports are growing rapidly as world-class hospital groups such as Max, Hinduja Group, Fortis, and Apollo build high-end infrastructure and open India to medical tourism, which now adds \$2 billion to the Indian healthcare market.

Health insurance is gaining momentum in India. Currently, 15 percent of the population is covered by government health insurance and 2 percent by private health insurance. Several private insurance companies have entered the market and have petitioned hospitals to provide cashless treatment to subscribers of insurance companies.

In India, healthcare is provided through primary, secondary, and tertiary care hospitals. The first two categories are fully managed by the government. While the tertiary care hospitals are owned and managed by either the government or private sector, the private sector's contribution to healthcare has been growing at a faster pace than the government. The medical infrastructure market is estimated to have a growth rate of 15 percent. Both the government and the private sector are planning several new specialty and super-specialty hospital facilities, as well as modernization of existing hospitals. India faces a chronic shortage of healthcare infrastructure, especially in rural areas, and second and third tier cities. Current estimates are that India will require up to 1.75 million more hospital beds by the end of 2025. This creates an opportunity for overseas organizations to set up hospitals in India through foreign direct investment (FDI). According to the industry sources, the hospital industry in India is growing at a CAGR of 16-17 percent and is expected to touch the \$130 billion mark by 2022-23.

Biotech is one of the fast-growing segments of the life sciences sector and represents a diverse opportunity for foreign firms. The Indian biotech industry is approximately two percent of the global biotech industry. The industry is comprised of about 800 companies with a current market size of \$5-7 billion depending on the source. India is a leading destination for clinical trials, contract research, and manufacturing activities owing to the growth in the bio-services sector.

Digital healthcare/Telemedicine is in its infancy and is expanding rapidly in India due to the Covid-19 pandemic. People are slowly adapting to new health technologies and intelligent solutions to reduce barriers between hospitals and patients. Telemedicine technology and artificial intelligence (AI) pose a great opportunity for U.S. firms in the years to come. Several major private players like Apollo, AIIMS, and Narayana Hrudayalaya have adopted telemedicine services. [The Ministry of Health and Family Welfare](#) with [NITI Aayog](#) has recently released official

guidelines for telemedicine practices that allow registered medical practitioners to provide remote consultation under the supervision of the [Medical Council of India](#) (MCI). As India recovers from and adjusts to a post-COVID era, the government and companies in India are expected to focus even more on the digitization of healthcare by improving efficiency and better patient care.

Refurbished medical laboratory instruments also find a ready market in India. These instruments are used as back-up machines in top-of-the-line hospitals. Less sophisticated hospitals and district hospitals view refurbished medical laboratory instruments as optimal for their laboratories because the investment cost is substantially lower. Some international companies operating in India also sell used medical laboratory instrument to their Indian customers. Indian hospitals and agents demand continuous service support and spare parts for these instruments. U.S. companies in the used/refurbished medical instruments business should consider setting up liaison offices in India to service and promote their products.

There are several restrictions on the import of used equipment in India prescribed by India's import-export policy. Second-hand capital goods with a minimum residual life of 5 years can be imported by actual users of such equipment without a license. The importer is required to furnish a self-declaration to the customs department specifying the residual life of the second-hand capital goods in a prescribed format. The refurbished equipment shall not be transferred, sold or otherwise disposed within a period of 5 years from the date of import, except with prior permission of the [Director General of Foreign Trade](#) (DGFT). While selling, U.S. firms should remember that valuation of used equipment is a very technical area with frequent disputes between customs and the importer. Spares, including accessories and tools for the maintenance and operation of such equipment, can be imported to the extent of 15 percent of the value of the equipment. India is a high-cost economy for capital equipment, and Indian manufacturers and investors constantly seek to reduce their capital costs.

To ensure quality healthcare, in October 2005 the [GOI](#) increased the list of medical devices covered under the Drugs and Cosmetics Act of 1940, bringing several categories of implantable devices under regulatory control. This list was further revised in October 2018, bringing several additional categories of implantable devices under regulatory control. The new classification of Medical Devices: Device with lowest risk – Class A; devices with low-moderate risk – Class B; devices with moderate-high risk – Class C; and devices with high risk – Class D. In January 2020, the GOI categorized all medical devices as ‘Drugs’ bringing the range of devices including instruments, implants and software, intended for medical use for humans or animals under the purview of Drugs & Cosmetics Act, 1940.

In July 2017, the GOI introduced price controls on cardiac stents capping the selling price up to 70 percent lower than the prevalent market rate. The order was followed by similar pricing cap on knee implants later in the year. The devices were price capped after including them in the National List of Essential Medicines (NLEM). Currently, 37 medical devices have been notified as ‘Drugs’ and are regulated under the Drugs and Cosmetics Act. Of these, cardiac stents, drug-eluting stents, knee implants, condoms, and intra-uterine devices—are included in the NLEM and are subject to notified price caps. The remaining medical devices are not under any form of price regulation.

In June 2020, the [Department for Promotion of Industry and Internal Trade](#) (DPIIT) amended its Public Procurement Order of 2017, giving priority to local companies having 50 percent or more local content. Companies with less than 20 percent of local content are categorized as ‘non-local suppliers’ and cannot participate in most government tenders.

In addition, the new GOI Rules have eliminated the need for constant re-approval of manufacturing and import licenses and these licenses have now been made valid for perpetuity unless the license is suspended, terminated, or surrendered. 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: \$ millions

<b>Medical Devices &amp; Equipment</b>	<b>2018</b>	<b>2019</b>	<b>2020 (est)</b>
<b>Total Market Size</b>	8,500	8,974	11,280
<b>Total Local Production</b>	4,700	5,100	5,300
<b>Total Exports</b>	1,100	1,480	1,520
<b>Total Imports</b>	4,900	5,354	7,500
<b>Imports from the U.S.</b>	1,225	1,338	1,875

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

**Data Sources:** Statistical data include 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

Imports from U.S. do not include the goods that U.S. firms export from Singapore and other Asian countries into India.

**Note:** Due to the impact of Covid-19, there will be an increase in import of testing kits, PCR technologies, proposed vaccines in the year 2020-21.

### **Leading Sub-Sectors**

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

- 1) Medical Infrastructure
- 2) Medical and Surgical Instruments
- 3) Medical Imaging
- 4) Electro Medical Equipment
- 5) Orthopedic and Prosthetic Appliances
- 6) Cancer Diagnostics
- 7) Ophthalmic Instruments and Appliances
- 8) Orthodontic Equipment's and Dental Implants
- 9) Point of Care Testing (POCT) Diagnostic devices
- 10) Digital healthcare, Health IT and Telemedicine

### **Opportunities**

The growing demand for quality healthcare and the absence of matching delivery mechanisms pose a challenge and an opportunity. In Infrastructure, building, equipping, managing, and financing of super-specialty hospitals in India through the FDI route 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. manufacturers of hospital equipment and supplies have opened Indian operations to

cater to this growing market. India has become one of the leading destinations for high-end diagnostic services with tremendous capital investment for advanced diagnostic facilities. 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 classifying and certifying healthcare centers.

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

For more information about opportunities in this sector contact: Commercial Specialist [Ruma Chatterjee](#)

## Travel and Tourism

### Note on the COVID-19 Impact

The global pandemic and economic slowdown have impacted the travel and tourism and aviation sectors across the globe, including in India. The analysis below was written based on sources available before the pandemic, and before the full scope of the economic impacts have been analyzed and understood. Please contact us for the latest information and updates.

### Overview

India has been one of the fastest growing outbound tourism markets in the world over the past few years, second only to China. The United Nations World Tourism Organization (UNWTO) estimated that India would account for 50 million outbound tourists by 2022. Indian outbound travel has increased at an average annual growth rate of 10-12 percent over the last seven years. The market for travel and tourism in India was expected to grow at a Compound Annual Growth Rate (CAGR) of around 7.23 percent during 2016-2021. (Source: [IBEF](#))

Overall economic growth, the large and increasingly affluent middle class, and the increased availability of air transportation have driven an increase in outbound international travel. Additional interest in niche tourism sectors such as medical, wellness, and adventure tourism has also contributed to this growth. Increased smartphone and internet penetration have contributed to an increased number of online bookings.

Indian spending outside the country while traveling abroad has increased significantly in the past 10 years, from \$7.5 billion in 2005 to an expected \$45 billion by 2022. (Source: [Business Today](#)) The figures below illustrate the recent growth in this sector.

Units: \$ billions

	2015	2016	2017	2018	2019
Total domestic travel spending	\$112.6	\$123	\$127.9	\$137	\$143.2
Total foreign inbound visitor spending	\$21.7	\$23.9	\$26.9	\$28.8	\$30.3
Total outbound spending	\$16.1	\$17.8	\$18.8	\$22.7	\$24.2
Total Market Size (Outbound travelers in millions)	20.38	21.87	23.94	26.29	28.20 (estimated)

Total travelers to the U.S. from India (in thousands)	1,148	1,207	1,285	1,378	1,474
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Sources: [World Travel and Tourism Council Data Gateway](#);

[The Indian Ministry of Tourism](#);

[The National Travel and Tourism Office](#);

Recognizing the immense potential in outbound travel from India, more than 70 National Tourist Organizations (NTOs) from around the world have set up local offices in India and are aggressively marketing their destinations. Looking at volume growth, the top five growing destinations are Saudi Arabia, Thailand, Kuwait, the United States, and Singapore. Australia and France are good examples of destinations that are succeeding in their promotional efforts. For France, a key strategy has been the launch of the campaign “France Celebrates India,” which offers Indian travelers an array of travel services. It is not surprising that even destinations like South Africa and Dubai have stepped up their efforts to boost Indian outbound numbers to their respective countries.

The United States is quickly becoming a top destination for Indian travelers. In 2019, the United States welcomed approximately 1.47 million visitors from India, a new record. India is now one of the top 10 countries sending travelers to the United States, and it is expected to cross the 1.5 million visitor mark soon. Preliminary 2018-2019 Indian visitor data showed year-over-year growth of 6.9 percent.

Regarding tourist spending, the United States is ahead of its competitors, receiving more than a 36 percent share of total Indian outbound tourist spending. Indian tourists’ gross spending share in the United States is nearly twice more than second-placed Australia followed by Singapore, Malaysia, and the United Kingdom. In 2019, Indian travelers spent nearly \$16.4 billion in the United States, a four percent increase from 2018, with shopping being their top activity.

While in the past many Indians preferred regional outbound travel as their first overseas tourism experience, many more are now considering the United States as their first “aspirational” destination. With a significant Indian diaspora in the United States, there are increasing family, educational, and commercial reasons for Indians to consider traveling to the United States.

The U.S. Commercial Service (CS) team in India has noticed an increase in demand among Indian travelers for unique experiences when they visit the United States. Many travel agents indicate that their clients have already visited the best-known attractions in the United States and now seek to experience new U.S. attractions. These include sports and adventure packages, food and cultural festivals, and niche market activities. Destinations that have not traditionally drawn large numbers of Indian travelers may find success in catering to the growing number of travelers seeking new experiences.

In summary, India is a large market opportunity for U.S. destinations, and there is much more that U.S. destination marketing organizations can do to gain market share and become the destination of choice for Indian travelers. Considering increased competition from tourism promotion organizations, CS India highly recommends that U.S. destinations, attractions, service providers, and tourism marketing organizations include India in their marketing and outreach strategy.

### **Leading Sub-Sectors**

MICE (Meetings, Incentives, Conferences and Exhibitions), including small intimate corporate groups, is one of the fastest growing segments of Indian outbound travel. Companies in India realize the benefits from organizing MICE trips, which involve large or small groups of employees from their companies or, industry meetings at desirable foreign destinations. These MICE trips include conferences, trade exhibitions, focused business meetings, and recreation. With Indian conglomerates and corporations expanding their global footprint, business executives traveling overseas are incorporating work with leisure travel by taking their families with them on business trips.



Recognizing the immense potential in MICE, CS India promotes the United States as a top MICE destination. However, there continue to be misperceptions among Indian corporations that MICE travel to the United States is not feasible due to concerns about visas, costs, and distance. To counter these perceptions, and to stimulate the selection of the United States as their top choice for MICE groups, CS India, the Visit USA Committee (VUSACOM), BrandUSA, destination representatives, as well as hotel and airline representatives have made a concerted effort to provide accurate information to Indian travel agents and corporate travel planners about the options that are available to them as they make their MICE travel plans.

### **Opportunities**

The BrandUSA Travel Week Program to India planned for October 5-9, 2020 in New Delhi has been postponed until 2021. U.S. destinations interested in participating in the program should contact [BrandUSA](#)

[IPW](#) usually attracts many Indian tour operators, and CS India can facilitate engagement with the Indian participants.

[ITB Berlin](#) and [ITB Asia](#) have typically drawn many key stakeholders in the Indian travel and trade sector.

**Publicity:** Media outlets in India publish content about U.S. destinations on an ongoing basis, including: Conde Nast Traveler, Today's Traveler, airline magazines, major magazines and newspapers, online media outlets, etc. This includes industry-focused content published in industry publications as well as consumer-facing content published in a broad range of media outlets. CS India is available to advise and help U.S. destinations and operators on the tourism media ecosphere in India to maximize exposure and facilitate communication with specific publications.

### **Services**

Commercial Service Virtual Tourism Fairs (VTF) India

### **Resources**

[U.S. Department of Commerce, ITA, National Travel and Tourism Office](#)

[BrandUSA](#)

[Travel Agents Association of India \(TAAI\)](#)

[Outbound Tour Operators Association of India \(OTOAI\)](#)

[Travel Agents Federation of India \(TAFI\)](#)

[The World Travel and Tourism Council \(WTTC\)](#)

[The United Nations World Tourism Organization \(UNWTO\)](#)

[The Indian Ministry of Tourism:](#)

For more information about opportunities in this sector contact:

Commercial Specialist [Shibu Mathews](#) U.S. Commercial Service – Travel and Tourism Industry Specialist

## **Mining & Mineral Processing Equipment**

### **Overview**

India possesses significant mineral resources, ranking among the top ten global producers of mica, barites, coal and lignite, iron ore, chromite, bauxite, and manganese. According to the [Ministry of Mines](#), India mined 95 different minerals from 1,405 mines and produced an estimated \$17 billion in minerals (excluding atomic minerals) during the fiscal year of April 2018–March 2019. Coal production leads the Indian mining industry, accounting for 78 percent of total mineral sector production. India's coal reserve is estimated at 301.5 billion tons (10 percent of global reserves). The country produced 728.72 million metric tons (MMT) of coal during April 2018-March 2019. Although the official



target for April 2019-March 2020 was set at 810 MMT, actual production only reached 729.10 MMT. As in past years, many mining projects across the country faced delays caused by government decision-making, ongoing court cases, or environmental, regulatory, and land acquisition issues. The COVID-19 pandemic has slowed mining company operations in 2020, and the industry has faced supply chain issues and import challenges.

India allows 100 percent foreign direct investment (FDI) for the exploration and mining of non-core minerals like gold, silver, and diamonds, as well as in oil exploration, captive mining of coal and lignite, and coal processing (washing and sizing). To meet energy demand, India plans to upgrade the equipment and technology used in many of its mines, particularly in the coal sector. In 2020, the Indian Government passed an ordinance allowing commercial mining of coal in India and removing all restrictions on end-use of mined coal. The ordinance also removed barriers of required experience for companies to participate in coal block auctions.

The most attractive niche sector for U.S. exports is in high-end, specialized coal mining equipment. India’s coal mining industry accounts for 80 percent of its demand for mining equipment, especially equipment used in open-pit mines, which account for 90 percent of India’s coal mining operations. With India’s new coal block allocation process initiated in 2018, and the healthy procurement budget allocated to Coal India in 2019 for the purpose of modernizing its equipment, we anticipate steady growth in the mining industry and a higher demand for new mining equipment in the near term. Although China has been the primary foreign supplier of mining equipment in recent years, ongoing political tensions between India and China may open the market to give U.S. suppliers the chance to regain lost market share of India’s imports.

**Estimated Size of Mining Equipment in India:**

Units: \$ millions

	2017	2018	2019	2020 est.
Total India Imports	962	1,236	1,019	1,000
Imports from the United States	126	98	63	80
U.S. Share of Imports	13%	8%	6%	8%

Source: Global Trade Atlas (HTS 82071300, 820719, 843031, 84303900, 843041, 843049, 84314990, 846711, 847420, 8474900)

**Leading Sub-Sectors**

- Long wall machinery, such as loaders, draglines, and jumbo drills
- Heavy machinery, such as excavators, shovels, dump trucks, and coal/rock cutters
- Continuous and highwall mining technology
- Equipment for mineral screening, crushing, grinding, and coal washing
- Underground communication and mine safety systems
- Coal mine methane utilization / Coal bed methane (CBM) technology

**Opportunities**

[Coal India Limited](#) (CIL) is the single largest coal producer in the world, operating 364 mines (166 underground, 180 opencasts, and 18 mixed), and is directly administered by India’s [Ministry of Coal](#). CIL oversees the activities of the [Central Mine Planning & Design Institute Ltd.](#), which acts as a centralized planning organization assisting in mining operations and design. Currently CIL has 121 ongoing coal mining projects which are under different stages of implementation. In 2019, CIL approved an additional 20 coal mining projects, bringing a total capacity of 87.81 MMT per annum and total capital investment of \$1640 million. CIL produced 602 MMT of coal from April 2019-March

2020, compared to 606 MMT mined during the previous year. It also operates 16 coal washeries (12 coking and 4 non-coking) and will be setting up 18 new washeries to increase the supply of washed coal.

To enhance production, CIL seeks to improve railway links, modernize equipment for higher capacity mining (e.g. exploration augmentation, operator independent truck dispatch systems, continuous miner technology, long wall technology), and increase coal washing operations. In the next five years, CIL plans to introduce 26 continuous miners in 19 mines and 2 longwall miners in 2 mines, for which proposal reports are undergoing the approval process. In the next three years, CIL plans to procure 6 draglines, 31 shovels, 300 dumpers, and 47 bulldozers. [Coal India Tenders](#) provides the current tender announcements by CIL, as well as an explanation of the procurement process.

Apart from CIL, several other public and private entities procure mining equipment. In South India, [Singareni Collieries Company Limited](#), jointly owned by the Government of Telangana and Government of India, produces about 62 MMT of coal from 18 opencast and 27 underground mines. In Tamil Nadu, [NLC India Limited](#) produces 30 MMT of Lignite from four open cast mines. In the private sector, [Tata Steel](#) continues to be a major buyer of equipment for its captive coal and iron ore mines in Jharkhand. India's private sector power utility companies like [Reliance Power](#), [CESC](#), [Jindal Steel and Power](#), and [Tata Power](#) 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 over 35 MMT per year from its three fully mechanized mines. The Ministry of Mines has provided targets for NMDC to increase output to 48 MMT by the end of 2020. In addition to iron ore, NMDC plans to acquire new mining leases for other minerals such as coal, diamonds, and gold, and will be leasing or buying properties directly from foreign countries through Special Purpose Vehicles or Joint Ventures.

Other large mining companies in India include [Essel Mining](#), [Orissa Minerals Development Company](#), [Vedanta Limited](#), [Hindalco](#), [National Aluminum Company Limited](#), and [Steel Authority of India Limited](#).

Small-scale opportunities exist in the used equipment market, despite the lack of a common trading platform. Mining equipment rental is nascent and slowly growing. While companies with large fleets like [iQuippo](#) and [Sanghvi Movers](#) are entering the market, most services are still provided by small fleet owners with less than 10 machines on average.

For more information about export opportunities in this sector, please contact U.S. Commercial Service Industry Specialist [Shantanu Sarkar](#).

## Safety & Security

### Overview

Units: \$ millions

Description	2017	2018	2019	2020*
Total Local Production (Estimated)	3,706	4,509	5,662	4,493
Total Exports	808	964	1278	919
Total Imports	2,118	2,505	3,061	2,365
Imports from the US	269	270	172	133
Total Market Size (Estimated)	5,016	6,050	7,445	5,940

Exchange rates	\$ = ₹65	\$ = ₹67	\$ = ₹69	\$ = ₹75
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\*Data for FY 2020 is for 10 months.

(total market size = (total local production + imports) - exports)

Data Sources: Ministry of Commerce, Government of India

The safety and security industry in India experienced steady growth with various industry segments estimated to grow between 10-15 percent annually.

Population growth, rapid urbanization, expansion of industries, vast infrastructure and mass transportation systems are driving expectations for greater safety and security measures, particularly in critical national infrastructure projects. Key sub-sectors include communication networks, border security, government research facilities, emergency and disaster management systems, healthcare facilities, ports, oil refineries, power plants, critical manufacturing facilities and mass transportation systems.

The security industry in India can be broadly classified into cyber security, electronic security, fire-safety detection and prevention, road safety, private security and industrial security, and personal protective apparel and equipment. The industry is highly fragmented and consists of local manufacturers, system integrators and sub-contractors, regulatory and certification agencies, distributors, consultants, and service providers.

The market is price sensitive and due to increased awareness of quality, reliability, and timely after-sales service; certain customer segments are willing to pay a premium for innovative and technologically advanced products from U.S. manufacturers, suppliers, and solutions providers.

The federal government in India has initiated many vital infrastructure projects including new airports, mega ports, highway projects, metro systems and the development of smart cities across the country. The rapid growth in hospitality, commercial and residential structures, railways, and roadways, coupled with greater presence of multinational companies, use of internet of things (IoT) and smart technologies has been the primary factor driving demand in the security industry.

End users of safety and security products and services include airport, mass-transportation, government enterprises, law enforcement and intelligence agencies, military, emergency and disaster management agencies, private security agencies, commercial and non-commercial enterprises.

### **Leading Sub-Sectors**

#### **Electronic Security**

The electronic security market is estimated to have grown over 20 percent in the past few years, mainly in surveillance equipment. With the introduction of the smart cities initiative by the government, India's rapidly growing cities are poised to become big consumers of safety and security products and solutions. Tier 2 cities are expected to adopt leapfrog technologies to meet their growing needs. India is home to international and domestic companies in this sector such as Honeywell Automation, Tyco Fire & Security, Johnson Controls, Prama Hikvision, Zicom Electronic and Aditya Infotech. The government's plan to modernize existing airports, ports, railways, industrial zones, law enforcement agencies and emphasize the use of digital, smart communication, surveillance and detection technologies are major drivers of growth.

Important sub-sector solutions include access control systems, video surveillance, display walls, scanning and screening systems, transport management systems, intrusion detection, surveillance equipment, explosive, chemical and fire detection and protection systems.

### **Opportunities**

#### **Airport Security:**

India is one of the largest aviation markets in the world with passenger traffic expected to triple in the next 20 years to 500 million passenger trips a year. More than 34 new airports were opened in the past two years. India's Aviation Former Minister spoke of India needing 150 to 200 additional airports by 2035.

#### Homeland Security & Policing:

Security and border protection are always a very high priority for the Government of India. Federal and various state governments are working towards the modernization and upgrading of the police force to improve internal security and equip law enforcement agencies with modern equipment. India may bid to host large sporting events in the future making this a potential growth segment.

#### Unmanned Aerial Vehicles (UAV):

In December 2018, the Director General of Civil Aviation (DGCA) announced [India's Drone Policy](#) for operating drones in the country. Subsequently, DGCA effected policy revisions in 2019-20 for achieving optimum utilization of drones by permitting to operate beyond visual line of sight (BVLOS). The revised policy is geared to increase the commercial potential of drones especially with respect to delivering goods and medical supplies.

Drones can provide immense opportunities in various aspects of safety and security in aerial surveillance, disaster relief, tracking and mapping wildfires, inspection, and compliance.

A permit is required for commercial drone operations except for micro category flown below 200 feet and nano category flown below 50 feet. All drones except nano category requires DGCA registration with unique identification number.

#### Fire Safety:

For the past few years, there has been a steep increase in urban and forest fires. High rise buildings and congested areas due to rapid urbanization, are posing a major challenge for fire-fighting personnel. To minimize fire hazards, the government is focused on developing smart cities across the country, increasing demand for advanced and innovative fire safety products and solutions.

#### Trade Shows and other Industry Events

[International Fire & Security Exhibition and Conference](#) - IFSEC India 2020, December 3 -5, 2020, Pragati Maidan, New Delhi, India

IFSEC India is South Asia's largest security, civil protection, and fire safety exhibition. IFSEC 2020, the 14th edition of the show provides a platform for displaying commercial, homeland security and fire safety technologies, products, solutions, and services, with onsite product launches from major industry suppliers.

[Fire & Security India Expo \(FSIE\)](#), February (TBD), 2021, Bombay Exhibition Centre, Mumbai, India

The 5<sup>th</sup> edition of the Fire & Security India 2021 provides a collaboration platform for fire safety and security management officials from various industries including architects, MEP consultants, OEM's, security experts, building engineers, and fire prevention bodies. The stakeholders will gather to disseminate information, gather knowledge, exhibit, debate innovative perspectives, solutions, and products for the fire safety and security industry.

[Traffic Infra Tech Expo](#), May 5-7, 2021, Pragathi Maidan, New Delhi, India

The 9<sup>th</sup> edition of the Traffic Infra Tech Expo attracts over 150 national and international exhibitors exhibiting traffic/transport related technology products in intelligent transport systems, tolling, telematics, capacity building, safety and security. The show is an ideal platform to explore the Indian market to learn about the business opportunities in the growing road infrastructure projects, find business representatives and joint-venture partners.

To learn more about opportunities in this sector, contact U.S. Commercial Service Industry Specialist: [Mala Venkat](#)

## **Resources**

[Asian Professional Security Association \(APSA\)](#)

[Bureau of Indian Standards \(BIS\)](#)

[Central Association of Private Security Industry \(CAPSI\)](#)

[Data Security Council of India \(DSCI\)](#)

[Electronic Security Association of India \(ESAI\)](#)

[Fire & Security Association of India \(FSAI\)](#)

[Fire Protection Association of India \(FPAI\)](#)

[Institution of Fire Engineers \(India\) \(IFE\)](#)

[Ministry of Home Affairs, Government of India](#)

[Ministry of Electronics and Information Technology, GOI](#)

[National Critical Information Infrastructure Protection Centre \(NCIIPC\)](#)

[National Cyber Safety and Security Standards \(NCSSS\)](#)

[National Disaster Management Authority, \(NDMA\) GOI](#)

[National Disaster Response Force \(NDRF\), GOI](#)

[National Safety Council India \(NSCI\)](#)

[Smart Cities Mission](#)

## **Government Procurement Opportunities**

[Central Public Procurement Portal \(CPPP\) GOI](#)

[World Bank - Projects in India](#)

[Tenders- Ministry of Home Affairs, Government of India,](#)

[Tenders – Special Protection Group \(SPG\), GOI](#)

## **Industry Journal**

[Industrial Safety Review](#)

[Safe Secure Magazine](#)

[Security Link India](#)

[Security Today](#)

## **Chemical Industry**

### **Overview**

India has a diversified chemicals industry covering more than 80,000 commercial products, broadly classified into bulk chemicals, specialty chemicals, agrochemicals, petrochemicals, polymers, and fertilizers. India ranks 14th in export and 8th in import of chemicals (excluding Pharmaceuticals products) globally. India is a strong global dye supplier, accounting for approximately 16 percent of the world production of dyestuff and dye intermediates.

The market size of the chemicals industry in India stood at \$163 billion in 2017-18. Total production of major chemicals and petrochemicals stood at 27,847 MT during 2018-19, a growth of 4.15 percent over 2017-18.

Alkali chemicals had the largest share in the chemical industry in India with approximately 69 percent share in the total production. Production of polymers account for around 61 percent of total production of basic major petrochemicals.

The Indian chemical industry, growing at over ten percent for the past ten years, is estimated to have 40,000-50,000 companies, of which the top companies - including 40 multinationals - are members of the [Indian Chemical Council](#) (ICC). The 400 members of ICC contribute about 85 percent to India's chemical production.

### **Opportunities**

The Indian chemical industry, led by the Indian Chemical Council (ICC), has set a goal of doubling turnover from the current \$150 billion to \$300 billion by 2025, provided the government extends its support to the proposed infrastructure and policy changes. This will require an investment of about \$75-100 billion and the target is to reduce import dependency and improve exports.

Several global oil and gas majors are turning their sights on downstream chemical opportunities in the Indian petrochemicals sector in India leading to a higher focus and investments in the sector.

The imposition of stricter environmental norms in China which led to the closure of over 40,000 units could lead to uncertainty for international players sourcing from China, thereby creating opportunities for Indian chemical suppliers.

The recent trade conflicts between China, Europe and the United States have affected bilateral trade providing opportunities for players based in India to bridge the supply chain gap.

### **Barriers:**

The Indian chemical industry is highly competitive with over 50,000 manufacturing units functioning in the sector. The majority of these manufacturers are present in the bulk chemical segment where economies of scale are critical to sustain this thin margin business. This calls for high upfront capital investment creating a barrier for smaller firms. As a result, there are only a few large players in the basic chemical segment. In the specialty chemicals sector, the focus is on technology and research and development (R&D) and strength of patents which will need high spending power to invest in technology and R&D and withstand losses till a product reaches commercial scalability.

While India has the capability to compete globally in specialty and value-added chemicals, lack of capacities in bulk chemicals has been a big concern since India lacks incentives for raw materials, infrastructure and power when compared to countries like China. According to Industry sources, the various Free Trade Agreements (FTAs) India has entered with different nations have been disastrous for the industry. Furthermore, the government of India has initiated actions like mandating certifications for imported chemicals to prevent dumping of cheap and substandard chemicals into the country with the cost borne by the importer.

### **Government Initiatives:**

100 percent FDI is permissible under the automatic route through Reserve Bank of India (RBI) in the Indian chemical sector. Manufacture of most chemical products inter-alia covering organic / inorganic dyestuffs & pesticides is de-licensed. The entrepreneurs need only to submit the [Industries Entrepreneur Memorandum \(IEM\)](#) with the Department of Promotion of Industry and Internal Trade provided the location of the project falls outside standard urban areas of metropolitan cities. Only the following items are covered in the compulsory licensing list because of their hazardous nature as required by international conventions; hydrocyanic acid and its derivatives, phosgene & its derivatives and isocyanates & di-isocyanates of hydrocarbons. Foreign Technology Agreements in India permits transfer of technology by the means of Government approval or through the automatic route delegated by RBI. The payments pertaining to the technology transfer should not exceed \$2 million. The royalty to be paid is restricted to five percent in case of domestic sales, eight percent in case of exports and total payment should be eight percent on sales for a

period of ten years. The royalty period should not exceed seven years from the date of starting of the business or ten years from the date of signing the agreement. On most building blocks & feedstock, the duty is five percent (ethylene, propylene, crude, naphtha, benzene, toluene, xylene, ethyl benzene). The Customs Duty on dyestuff segment is ten percent. The Goods and Service Tax (GST) rate on almost all chemicals is 12 percent.

## Resources

### Export Promotion Opportunities:

[ChemTech World Expo 2021](#)

February 24-27, 2021, Mumbai, India.

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

[Assocham and Resurgent India report on chemicals industry](#)

[Invest India](#)

[Business Today news articles](#)

[McKinsey & Company: India's Chemical Industry: Unleashing the next wave of growth](#)

[Global Business Reports – Indian Chemicals 2019 report](#)

To learn more about opportunities in this sector, contact U.S. Commercial Service Industry Specialist: [Sanjay Arya](#)

## Agricultural Sector

*IMPORTANT NOTICE: COVID 19 Caveat Regarding Agriculture Trade Prospects: The following data reflects past sales. The reader should use due caution when using these figures to estimate future trends. India's economy and attendant trade prospects are both still heavily affected by the measures required to control the COVID 19 crisis. USDA has no data to substantiate any claim that the trends suggested by past years will continue despite the impact of COVID 19.*

### Overview

India is an agrarian economy, and more than 54 percent of land area is considered arable. India is among the world's leading producers in production volume for various commodities such as rice, wheat, cotton, fruits & vegetables and dairy. Agriculture and related sectors such as forestry and fisheries account for 16 percent of GDP though this has been declining since 1991. Agricultural related occupations, including those in the textile sector, account for roughly half of India's labor market. Consequently, the agricultural sector plays an important role in Indian economics, politics, and society.

Indian agricultural production for food staples is highly monsoon dependent. Farm yields are generally below the world average. This low productivity is caused by many factors: heavy government regulation, inefficiency in the food distribution system, poor infrastructure (which results in post-harvest losses of up to 40 percent for certain products), lack of availability and awareness in the use of modern agricultural practices and technologies, unpredictable weather, small average farm sizes (2.7 acres/1.08 hectares and shrinking), and domestic agriculture support programs and subsidies that distort market signals and hamper productivity-enhancing investment.

The agricultural sector is witnessing a shift from traditional farming to horticulture and to livestock (poultry, dairy and fishery) production. The demand for fresh and processed products of all types is increasing as the population urbanizes, incomes rise, and consumption habits change. The growth of an efficient cold chain network from "farm to fork" will help curb the current spoilage rate of agricultural output while helping producers capture value as products retain quality and give benefit to consumers.

Imports of consumer-oriented foods, led by tree nuts and fresh fruits, are among the fastest growing segments of imported agricultural products and reached \$4.7 billion in 2019, down from \$5.3 billion in 2018. The market for imported foods has grown steadily due to the rise of millennials, affluent professionals, brand-oriented importers, modern retail outlets, e-commerce retailers, and trend-setting restaurants.

Imported nuts and fruits feed into India’s traditional retail channels, with an estimated 90 percent of imported fresh fruit sold in roadside stands and open markets. Imported packaged and consumer ready foods are found in a small number of gourmet grocery stores, in the imported foods sections of larger store formats, and in thousands of small neighborhood stores. While opportunities for imported food in the Hotel, Restaurant & Institutional (HRI) and food processing sectors are improving, the India market remains relatively small due to high tariffs, ongoing import restrictions, and strong competition from the domestic industry.

India’s food and grocery (F&G) retail business is estimated at \$500 billion. The F&G retail sector is dominated by traditional trade formats like neighborhood shops or kirana (mom and pop) stores, which hold about 90 percent of the total market share (in sales). The market share held by modern trade formats such as supermarkets and hypermarkets along with e-commerce retailers is expected to expand rapidly over the next five years, as it fulfills the evolving needs of consumers.

The retail and e-retail sector has experienced noteworthy consolidation through new partnerships and acquisitions this year. Reliance, the country’s largest food retailer, is expanding its presence in the e-commerce market by partnering with Facebook, while advancing negotiations towards a potential acquisition of Future Group’s (a major competitor) food retail operations, according to local media reports. Amazon India has expanded its Amazon Pantry services to over 300 cities, which will facilitate the acquisition of food essentials and fresh products for customers at home.

The emergence of larger chains and stores began around 2005 and the sector has since grown to over 8,157 modern retail outlets across India. While many retailers are expanding and opening new stores, profitability continues to be an issue for a variety of reasons, such as high real estate costs.

India’s casual dining and quick service restaurant sector is also on the rise with nearly 60 foreign restaurant brands across India. Another emerging trend is the rise of local “themed” dining restaurants serving cuisines with a fusion of national and international foods.

Over the years, India has developed export competitiveness in certain specialized products, making it the world’s 14th largest agricultural, fishery, and forestry product exporter. In 2019, India accrued an \$8.25 billion trade surplus of agricultural, fishery, and forestry goods. Leading exports consisted of Basmati rice, carabeef/meat of bovine animals, frozen shrimp and prawns, cotton, and refined sugar.

**Table 1. India: Market Size of Indian Agricultural Products** (Units: \$ billions)

	2016	2017	2018	2019
Total Exports	33.7	39.5	39.4	31.0
Total Imports	26.9	30.2	24.6	22.7
Imports from the US	1.4	1.9	1.9	2.1

Source: Directorate General of Foreign Trade, Ministry of Agriculture & Farmers Welfare, Global Trade Atlas

## **Commodity Trade (In Alphabetical Order)**

### **Condiments and Sauces**

Indian imports of condiments and sauces in 2019 reached nearly \$24 million, of which \$5.6 million were from the United States. Other large suppliers included Thailand, China, Malaysia, and several European countries. Retail and



restaurant sector offerings are growing and demand for imported condiments and sauces is on the rise as consumers experiment with how to use these imported ingredients.

### **Cotton**

India is one of the world's largest producers and exporters of cotton. Nonetheless, 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 calendar year CY 2019 were valued at \$587 million, the highest on record. Imports from the United States have maintained approximately 49 percent market share of total ELS cotton imports into India since 2011. Other major cotton suppliers include Australia, Egypt, Commonwealth of Independent States, and West Africa. Indian mills that import U.S. Pima (a brand name for ELS cotton) and upland cotton are appreciative of its superior quality, consistency, higher ginning yield and yarn realization.

### **Craft Beer and Beer Ingredients**

The India craft beer market is poised for tremendous growth though it is still considered niche. There are more than 100 operating microbreweries and brew pubs across India, which represents growth from around 45 in 2016 to around 200 in 2020. Supplying ingredients like malt, hops, yeast for these businesses and supplementing these breweries/pubs with imported beers is an emerging market opportunity as evidenced by growing trade and industry demand. Preferences for and acceptance of craft beers is expanding as the sector sees growth and market penetration across India in states that allow alcohol consumption. The microbrewery sector accounts for one percent of the total beer sector. A handful are expanding production lines and adding bottled or canned craft beers. The craft beer sector has captured seven percent market share of the bottled beer business.

### **Fresh Fruits**

India provides market access for most fresh fruits. With a growing segment of consumers insisting on high quality standards and year-round availability, there is an increasing demand for imported fresh fruits. Imports of U.S. fresh fruits (mostly apples, pears, and table grapes) into India in 2019 were valued at \$62 million with apples having the highest market share at \$56 million, which was lower than year ago volumes by 64 percent. This is due to India's increase in tariffs imposed on apples from 50 percent to 70 percent in June 2019 in retaliation for U.S. steel and aluminum tariffs. Overall market sources expect imports within the fresh fruits segment to continue to show growth over the coming years, with new products expected to enter the Indian market.

### **Hides and Skins**

India's hides and skins imports declined for the fifth year in a row to \$31.2 million during CY 2019, a steep 17 percent drop below last year. The United States is now the second largest supplier of hides and skin after Saudi Arabia. Turkey, Italy, and Yemen follow the United States. Last year, U.S. hides and skin exports stood at \$2.8 million, which was 7 percent above the previous year. Raw hide imports have a zero tariff in India, while tanned leather imports have a tariff of 15 percent (basic duty). Imported raw material is primarily used by the local leather industry, and some of it is re-exported.

### **Pulses**

India is the world's largest producer, consumer, and importer of pulses (peas, lentils, and beans), with annual imports ranging from 3.8 - 6.99 million tons during CY 2012 to 2017. In Calendar Year 2017 imports reached a record 6.99 million tons (\$3.9 billion USD), mostly from Canada, Myanmar, Australia, Russia, China, and the United States. Two consecutive record domestic harvests of pulses in 2016/17 and 2017/18 resulted in local pulse prices crashing in early 2017, which caused farmer unrest in major pulse growing states. Consequently, since March 2017, the GOI has taken a series of measures to restrict imports of pulses: they have raised the import duties on various pulses from zero to 30-60 percent and imposed quantitative restrictions (QRs) on imports of major pulses. Consequently, India's pulse

imports in CY 2018 declined to 2.39 million tons and recovered slightly to 3.22 million tons in 2019, significantly lower than the pre-import restrictions period adversely affecting the global market since late 2017.

Historically, the United States has been the supplier of higher priced green and yellow peas, lentils, and garbanzo beans (chickpeas), with imports reaching record 369,000 metric tons in 2014. However, due to recent trade restrictions, imports of pulses from the U.S. declined sharply to 28,140 tons in CY 2018 compared to 138,400 tons in CY 2017. US pulse imports in CY 2019 improved to slightly over 77,000 tons as importers found ways to circumvent the QR on peas and higher lentil imports. Market sources report that imports of most pulses have declined to very low levels since the end of 2019, due to government imposing restrictions that blocked out-of-quota imports.

### **Snack Foods**

Evolving consumer lifestyles and increasing disposable income levels are leading to increased demand for imported snack foods, even with increased competition from local players. The 2019 imports of snack foods into India (including cookies, chocolates, chewing gum, sugar confections, etc.) exceeded \$127 million with over \$2.6 million from the United States.

### **Tree Nuts**

Tree nuts (primarily almonds) have been one of the leading U.S. agricultural exports to India. In 2019, imports of tree nuts from the United States exceeded \$823 million. The United States is the largest supplier of almonds (mostly in-shell) to India; other suppliers include Australia, Syria, China, Iran, and Afghanistan.

Almonds are a preferred nut in India and are gaining popularity among the growing middle-income population due to their health benefits. India also imports small quantities of walnuts, pistachios, and hazelnuts, mainly from the United States, Iran, Afghanistan, Pakistan, and the Middle East.

### **Leading Sub-Sectors**

#### **Agricultural Machinery**

India is the largest tractor market in the world. It is estimated that [tractor production in India](#) accounts for about 35 percent of global production volume. The 31-50 hp category is the largest market segment. Total tractor sales grew by 10.24 percent to 878,476 units in 2019. However, the utilization of tractors is low compared to other leading economies of the world since the average size of farms in India is less than three acres. Though tractors are the core of [farm mechanization, farm production has gone way beyond simply utilizing tractors](#). The key growth drivers for tractors will be farmers replacing old tractors with new energy efficient ones, the growth of tractors in [low tractor density regions](#) such as Jharkhand, Rajasthan, Madhya Pradesh and other regions in the country where the usage of tractors have been low due to factors such as low land holding, farm power/diesel, finance, and non-farm usage such as haulage in the construction and road building sector. A stronger emphasis is now on increasing productivity by moving away from traditional farming methods to adopting other powered equipment and implements, thus becoming a prime driver of growth in this sector. In addition, the Indian government is working to provide easier access to credit for farmers by developing farmer-friendly policies aligned with the new and growing trend of collaborative farming in India.

Various state governments, with support from the federal government, have started rental centers for agricultural machinery and tools, making mechanization more accessible and opening the market for used equipment exporters. This is a crucial change, as purchasing the equipment is beyond the reach of many farmers due to high acquisition and maintenance costs.

#### **Irrigation:**

The Indian government has laid out an ambitious goal of doubling farmers' incomes by 2022. It is aggressively promoting and funding rural development with an impetus on agricultural mechanization and irrigation penetration. Agriculture in India is vulnerable to the vagaries of weather because an estimated 52 percent of farmland

is unirrigated and dependent on rainfall. Efficient usage of water is critical to Indian agriculture as the demand for water for irrigation will steadily rise due to the growing population. The key drivers of growth for irrigation equipment will primarily be population growth, food scarcity and water shortage. American companies providing energy efficient affordable irrigation products should explore business opportunities in India.

### **Farming-as-a-Service (FaaS)**

Farming-as-a-Service is a concept which was spawned a few years ago in India offering farming services, machinery, and implement rentals on a pay-per-use basis. The concept is still in its nascent stage but is becoming popular with a handful of local startups having begun operations in the market. Farming services such as land preparation, soil-health data, sowing, harvesting, crop management, post-harvest management, and machinery rental will be beneficial to most farmers as they own small farmlands (average size three acres) with low capital reserves.

### **Agri-Tech**

Technology driven platforms for supply chain management, and digital farming technologies using AI for agricultural management has started transforming the agri-sector in India and adoption among the farming community is gradually growing. The [Agri-Tech sector in India](#) is witnessing a rise in the number of emerging agri-tech start-ups. Some of the key Indian start-ups in this space include – Ninjacart, Agrostar, Stellops, Cropin, and Jumbotail. According to a report by [NASSCOM](#), start-ups in the agri-tech sector has raised investments of \$248 million as of June 2019, bringing in opportunities for private-public partnerships.

### **Food Processing Sector**

India ranks second in terms of global food production and is the world's largest producer of many commodities. However, compared to global trends, a negligible amount of produce is processed in India due to key challenges such as a lack of advanced processing technologies, market disconnects and a lacking supply chain infrastructure.

The food processing sector accounts for 32 percent of India's total food market. The sector ranks fifth in terms of production, consumption, exports, and growth. The sector contributes 9 percent and 11 percent of GDP in manufacturing and agriculture, respectively, representing 10.7 percent of India's exports and 6 percent of total industrial investment. According to the [Annual Survey of Industries](#), there are 39,748 registered food processing units in the country that employ approximately 1.85 million people in food and beverage manufacturing.

India has established itself as a net food exporter with a consistent balance of trade surplus in food and agricultural products. Though the country remains susceptible to production and price shocks for various commodities, the food processing sector is growing at an average rate of 8 percent per annum according to the [USDA FAS GAIN Report](#). This growth is driven by increasing domestic consumption, changing market trends, consumer preferences for value-added products and growing capabilities.

Food wastage remains a critical challenge, and an estimated 40 percent of perishable produce goes to waste. The Government of India has plans to reduce wastage of agricultural produce by 50 percent in the next two years. To address rising concerns of food wastage and to position the country as a food processing hub, the government is facilitating policy reforms, capital subsidies, tax rebates, reduced custom duties and access to credit for entrepreneurs investing in food processing units. The Ministry of Food Processing Industries, [MoFPI](#) has implemented and sanctioned the establishment of [42 mega food parks in the country](#), with 17 operationalized as of 2019. Though food policy reforms suggest progress, import of non-standardized foods and ingredients remains a challenge owing to regulatory and tariff barriers. While opportunities for imported food in the Hotel, Restaurant & Institutional (HRI) and food processing sectors are improving, the Indian market remains relatively small due to high tariffs, ongoing import restrictions, and strong competition from the domestic industry.

## **Cold Chain Sector**

With an evolving middle class, the demand for fresh produce, meat and perishable packaged foods is on the rise, leading to potential opportunities for sustainable cold chain networks.

India is one of the largest producers of agricultural products and has an abundant supply of produce. Yet, it is known for its underdeveloped cold chain infrastructure, which results in supply chain losses of food and other resources. The losses in the agricultural sector alone are estimated at \$14 billion annually due to inadequate infrastructure.

The key challenges are the lack of cold warehousing infrastructure, lack of standards in construction and operation of facilities and low awareness of handling temperature-sensitive products. In addition, energy expenses alone make up about 30 percent of the total expenses for the cold storage industry in India, compared to 10 percent in western countries. Thus, the high energy costs and unreliability of power in many areas of the country are impediments to growth of the sector.

The government is focusing on integrated cold chain and supply chain related infrastructure. To encourage investments, it has initiated tax exemptions for the cold chain operators and concessions such as reduction in excise and basic custom duties on imports of cold room and cold storage infrastructure related projects. Components such as ripening chambers, pre-cooling units, pack house, sorting and grading lines and machinery are in demand. MoFPI has implemented and sanctioned Integrated Cold Chain projects to reduce post-harvest losses and to develop the storage and transportation of temperature-sensitive goods. [Under this scheme, around 298 cold chain projects are approved as of 2019](#), creating additional capacities for storage, individual quick freezing, and reefer vehicles. Plans are also in progress to develop a national food processing policy to build a food grid and national cold chain grid.

### **Competitors/Market Entry/Barriers/Intellectual Property**

The agriculture and farm equipment market in India is currently estimated at \$9 billion and is expected to reach over \$11 billion in the next five years. U.S. companies face competition from agricultural machinery and equipment manufacturers such as Mahindra & Mahindra, Escort Agri Machinery, Tractors and Farm Equipment Ltd., and New Holland. In the irrigation segment main competitors include Netafim India, Jain Irrigation, Finolex Plasson, Green India and Kissan Irrigation.

In July 2017, India implemented the GST (Goods and Service Tax) which is continuously evolving and is likely to benefit the agriculture sector in the supply chain segments and the creation of uniform markets across the country. Agricultural machinery/equipment tariffs range from over 10 to 30 percent.

U.S. companies, particularly small and medium-sized enterprises, should consider approaching India's markets on a regional level. Good localized information is a key to success in such a large and diverse country. The U.S. Commercial Service offices in New Delhi, Mumbai, Chennai, Ahmedabad, Bengaluru, Hyderabad, and Kolkata (<http://export.gov/India/>) provide valuable local information and advice and are well connected with local business and economic leaders.

### **Opportunities**

#### **Popular Trade Events**

**[Agritechindia](#), January 29-31, 2021, Bengaluru International Exhibition Center, Bengaluru, State of Karnataka, India.**

Agri Tech India currently in its twelfth edition is a leading trade show, with concurrent events in dairy tech, grain tech, poultry livestock and agri-technology processing expo. The show attracts 400 plus exhibitors from over 30 countries and is organized by the Media Today Group. The show primarily focuses on Agriculture, Farm Machinery, Dairy Technology, Agricultural Processing Technologies, and Poultry & Livestock.

**[India Cold Chain Show](#), December 3-5, 2020, (Dates to be confirmed) Bombay Exhibition Centre, Mumbai**

The India Cold Chain show is a leading trade show, with 150 plus exhibitors and 7,000 plus business visitors and is organized by Reed Manch Exhibitions. The show is focused on cold storage infrastructure, IT solutions for cold storage/warehouses, and material handling solutions.

**CII FoodPro, 2021, Dates to be announced, Chennai, India**

FoodPro is a biennial event organized by the Confederation of Indian Industry is the food processing show in South India with 200 exhibitors, 5,000 business visitors and more than 25,000 general visitors. The show focuses on processing technology, equipment and machinery, refrigeration, and cold chain systems, processed and packaged foods, dairy equipment, and technology, packaging materials, retailing, and vending systems, hotel and kitchen equipment, bakery machinery and technology.

**EIMA Agrimach, 2021, Dates to be announced, IARI, PUSA, New Delhi, India**

Organized by the Federation of Indian Chambers of Commerce and Industry, in partnership with Ministry of Agriculture & Farmers Welfare and Indian Council of Agricultural Research, EIMA Agrimach is International exhibition and conference on Farm mechanization, and showcases Agri-Machinery and Equipment, farm technologies, agri services, agro processing industries, and Agri inputs and provides opportunity to Global companies through B2Bs and country pavilions.

**World Food India**, Dates are yet to be announced by MoFPI, New Delhi, India

Organized by the Confederation of Indian Industry, in partnership with Ministry of Food Processing, World Food India is a flagship and international exhibition and conference on Agriculture and Food, and showcases, farm to fork technologies, food processing equipment, packaging, post-harvest technologies, cold chain infrastructure and refrigerated transport, processed foods, and retail.

For more information on export opportunities in the leading sub sectors such as Agricultural machinery, irrigation, Farming-as-a-Service, Agri-Tech, Cold Chain, and Food Processing Equipment in India please contact Commercial Assistant [Lakshmi Davey](#).

For more information on commodities and agricultural items, please contact USDA's Foreign Agricultural Service in [New Delhi](#) and [Mumbai](#).

Please also review the USDA FAS [Exporter Guide](#) and the [Food and Agricultural Import Regulations and Standards – Annual Country](#) report.

**Resources**

[Agricultural Food Products Export Development Authority](#)

[Department of Agricultural Research and Education, Government of India](#)

[Department of Scientific and Industrial Research, Government of India](#)

[Department of Agriculture, Cooperation and Farmers Welfare, Government of India](#)

[Department of Fertilizers, Government of India](#)

[Federation of Cold Storage Associations of India](#)

[Food and Agricultural Organization of the United States in India](#)

[Food Safety and Standards Authority of India](#)

[Global Cold Chain Alliance](#)

[Indian Council of Agricultural Research](#)

[Mission for Integrated Development of Horticulture](#)

[National Center for Cold Chain Development](#)

[The Ministry of Agriculture and Farmers' Welfare, Government of India](#)

**USDA Cooperators and State and Regional Trade Groups Active in India**

[Almond Board of California](#)

[American Pistachio Growers](#)

[American Hardwood Export Council](#)

[California Table Grape Commission](#)

[California Walnut Commission](#)

[California Olive Committee](#)

[Cotton Council International](#)

[Cranberry Marketing Committee](#)

[Distilled Spirits Council of the United States](#)

[Food Export Association of the Midwest USA](#)

[Food Export USA-Northeast](#)

[Pear Bureau Northwest](#)

[Softwood Export Council](#)

[Southern United States Association](#)

[United States Soybean Export Council](#)

[U.S. Grains Council](#)

[U.S. Apple Export Council](#)

[U.S. Dry Pea and Lentil Council](#)

[U.S. Dry Bean Council](#)

[U.S. Pecan Council](#)

[U.S. Highbush Blueberry Council](#)

[Washington State Apple Commission](#)

## **Customs, Regulations and Standards**

### **Trade Barriers**

Please find information on barriers (tariff and non- tariff) which the U.S. companies face when exporting to India at:

[https://ustr.gov/sites/default/files/2020\\_National\\_Trade\\_Estimate\\_Report.pdf](https://ustr.gov/sites/default/files/2020_National_Trade_Estimate_Report.pdf)

### **Import Tariffs**

Please find information on average tariff rates for different types of goods at:

[https://ustr.gov/sites/default/files/2020\\_National\\_Trade\\_Estimate\\_Report.pdf](https://ustr.gov/sites/default/files/2020_National_Trade_Estimate_Report.pdf)

## **Import Requirements and Documentation**

### **Import licensing requirements**

In the last decade, India has steadily replaced licensing and discretionary controls over imports with deregulation and simpler import procedures. Most 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 (ICIA):

- The Department of Electronics for the import of computer and computer related systems
- The Department for Promotion of Industry and Internal Trade 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.
- The Embassy of India, Washington, DC, on behalf of any of the above.

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 EPGC plan now applies to all industry sectors. It is also applicable to all capital goods without any threshold limits, on payment of a five 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 Authorization**

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 during their use to obtain the export product, may also be allowed under the plan. The raw materials/inputs are allowed in terms of Standard Input-Output Norms (SION) or self-declared norms of exporter.

The AA are issued on pre-export or post export basis in accordance with the FTP and procedures. It 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 the FTP Policy April 2015 - March 2020. 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 (ex-factory invoice, freight, insurance certificates, etc.) must be accompanied by any import licenses. This will enable the customs to clear the documents and allow the import without delay.

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.

Clearance delays cost 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.

For more information on Classifications and Customs Procedures review the Customs Manual 2018 available under the “Customs” tab in the [Central Board of Indirect Taxes and Customs](#) (CBIC).

For more information on the Foreign Trade Policy and Procedures, kindly review updates under the “Policies” tab in the [Directorate General of Foreign Trade](#) (DGFT).

### **Labeling and Marking Requirements**

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.



According to 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
- 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, local or otherwise, freight, transport charges, commission payable to dealers and all charges towards advertising, delivery, packing, forwarding, and any other relevant charges.

Note: Pre-packaged food products meant for institutional use do not require the MRP, but a 'Not for Retail Sale' declaration on the label is required.

Compliance of the above-stated requirements must 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 these labeling requirements.

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 must 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 a 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

Exporters should review Chapter 2 of the “[FSS \(Packaging and Labeling\) Regulation 2011](#)” and the [Compendium of Food Safety and Standards \(Packaging and Labeling\) Regulation](#) before designing labels for products to be exported to India. FSSAI revised the labeling regulation and a draft notification to that effect was published on April 11, 2018, inviting comments from WTO members. The policy is still pending.

According to the [FSS \(Packaging and Labeling\) Regulation 2011](#) “prepackaged” or “pre-packed food” including multi-piece packages, should carry mandatory information on the label.

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) promulgated by the FSSAI 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.”

## **U.S. Export Controls**

The United States imposes export controls to protect national security interests and promote foreign policy objectives. The [Bureau of Industry & Security](#) (BIS), within the U.S. Department of Commerce, is responsible for implementing and enforcing the Export Control Reform Act (ECRA) and the Export Administration Regulations (EAR) of the United States. The ECRA and EAR regulate the export and re-export of most “dual-use” items, that is, items that can have both a commercial and military application or proliferation applications. Items that have a purely commercial application are also subject to the ECRA and EAR. The BIS mission is to advance U.S. national security, foreign policy, and economic objectives by ensuring an effective export control and treaty [compliance system and promoting continued U.S. strategic technology leadership](#).

[The BIS Export Control Officer \(ECO\) and Commercial Specialist in New Delhi](#) are responsible for conducting pre-license checks (PLCs) and post-shipment verifications (PSVs), also known as End-Use Checks (EUCs). PLCs are conducted to establish bona fides of companies and validate information on export license applications prior to the export from the U.S. EUCs are conducted to assure that all the parties to the transaction have complied with export licensing conditions, when applicable; and to confirm the parties are reliable recipients for U.S. goods. The ECO and Commercial Specialist also perform outreach and educational activities with importers, as well as liaising with foreign governments on export control issues. BIS’s Office of Export Enforcement (EE) is responsible for the enforcement of the ECRA and EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure.

Specifically, an EUC verifies the bona fides of recipient(s) of items subject to the ECRA and EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the ECRA and EAR.

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party’s reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive,

for example, more regulatory scrutiny during license reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of “red flags”, or warning signs, and compiled “Know Your Customer” guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check a [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

The ECRA and EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR. The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations).

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL The Consolidated Screening List API consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The Consolidated Screening List API consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of potential parties to regulated transactions consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions - <https://www.trade.gov/consolidated-screening-list>.

For any business inquiries, please contact:

Mr. [Edward Hayden](#)

Export Control Officer

Phone: 91-11-2347 2128

Mr. [Shailendra Srivastava](#)

Commercial Specialist

Phone: 91-11-2347 2336

## **Temporary Entry**

Please find information on import of goods on a temporary basis into India at: [Central Board of Indirect Taxes and Customs](#) and [ATA Carnet](#) website.

## **Prohibited and Restricted Imports**

For current information on India's Prohibited and Restricted Imports list, please visit “Policies” tab on [Directorate General of Foreign Trade](#) (DGFT) website.

## **Customs Regulations and Contact Information**

The Indian Customs Act of 1962 governs import (and export) tariffs and sets the rules for customs valuation. The [Central Board of Indirect Taxes and Customs](#) (CBITC) is the apex body for customs matters in India. For the latest information pertaining to customs regulations, official notifications, and other customs matters, visit the [CBITC website](#) or contact:

M. Ajit Kumar

Chairman

Central Board of Indirect Taxes Excise and Customs (CBIC)

North Block, New Delhi 110001, India

Email: [ajit.m@gov.in](mailto:ajit.m@gov.in)

Telephone: +91-11-2309-2849

Fax: +91-11-2309-2890

Cell: +91-88790-04488

## **Standards for Trade**

### **Overview**

India has generally made efforts to match national standards in line with international norms, and most Indian standards are harmonized with International Standards Organization (ISO) standards. Nonetheless, there is pressure in India to devise “Indian Standards” which will create 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 the 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**

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. In March 2016, the Government of India passed a revised bill to replace the 30-year-old Bureau of Indian Standards (BIS) Act. The bill will establish the Bureau of Indian Standards (BIS) as a national body and empower the Central Government to authorize any other agency having necessary accreditation for conformity assessment against Indian standards. The new changes will be implemented through coming years in a phased manner.

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

The Indian Ministry of Commerce and Industry (MOCI) 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 (MOCI), 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 ISO and International Electro Technical Commission (IEC).

In addition, the Food Safety and Standards Authority of India (FSSAI) was established under the Food Safety and Standards Act, 2006 as a statutory body for laying down standards for articles of food and regulating manufacturing, processing, distribution, sale and import of food.

### **NIST Notify U.S. Service**

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. **Notify U.S.** ([www.nist.gov/notifyus](http://www.nist.gov/notifyus)) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country or countries and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

### **Testing, inspection, and certification**

A list of testing organizations spread throughout the country providing conformity testing against relevant Indian standards is available from the [BIS website](#).

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.

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

As per BIS, products under compulsory certification, fall into two schemes, ISI Mark Scheme comprising of 187 items and Registration Scheme comprising of 49 items. For more information on the product list click on <https://bis.gov.in/index.php/product-certification/products-under-compulsory-certification/>

These products generally must be tested and certified by BIS in India. BIS, 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 respective Indian Standard license. 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 authorize 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](#).

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. Most gas cylinders, deep well hand pumps and valves are certified through such plans.

The Food Safety and Standard Authority of India (FSSAI) issues food import clearance certificates for all food articles. The import requirements are listed on the FSSAI website: <https://fssai.gov.in/cms/food-safety-and-standards-regulations.php>

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.

For international mutual acceptance of test results 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**

An electronic version of Indian Standards is now available on CD-ROM from the Bureau of Indian Standards. Further information is available at <https://bis.gov.in/>

In 2007, in order to meet its commitment under the Trade Related Aspects of Intellectual Property (TRIPs) Agreement, the Government of India implemented the “Intellectual Property Rights (Imported Goods) Enforcement Rules”, known as the Customs Rules on IPR. The purpose of the rules was to prevent counterfeiting and infringing goods from being imported into the Indian markets. The Customs Rules on IPR provide rights holders the opportunity to record their IPR, i.e. trademark, designs, copyright, patent and geographical indication online, through the Indian Customs IPR Recordation Portal, which helps facilitate Customs enforcement actions to prevent trade in counterfeit or infringing goods. The 2007 rule was amended from time to time to fine tune the process. The rule was recently amended in 2018, to remove ability for rights holders to record their patent related rights, and the power of custom authorities to seize imports related to alleged patent infringement. See: <https://ipr.icegate.gov.in/IPR> or [click here](#) for more details on the Customs IPR Recordation Portal and enforcement process.

### **Contact Information**

#### Bureau of Indian Standards

9 Bahadur Shah Zafar Marg

New Delhi 110 002

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](mailto:info@bis.org.in)

[National Accreditation Board for Testing and Calibration Laboratories NABL](#)

NABL House

Plot No. 45, Sector 44,

Gurugram – 122002, Haryana

Tel. no.: 91-124-4679700 (30 lines)

Fax: 91-124-4679799

[Director General of Foreign Trade](#)

Ministry of Commerce & Industries

Udyog Bhawan

H-Wing, Gate No. 2 Maulana Azad Road,

New Delhi 110 011

Tel: 91-11- 23061562

[Department of Consumer Affairs](#)

Office of the Additional Secretary

Krishi Bhawan

New Delhi 110114

Tel: 91-11-2338 3027

Fax: 91-11-2338 6575

[Food Safety and Standards Authority of India](#)

FDA Bhawan (near Bal Bhavan), Kotla Road

New Delhi 110 002

Tel: 011-23236975

Fax: 011-23220994

## **Trade Agreements**

India actively engages in regional and bilateral trade negotiations to diversify and expand in export markets while ensuring access to the raw materials, intermediates, and capital goods needed to stimulate value-added domestic manufacturing.

Presently, India shares preferential market access and economic cooperation through trade agreements with over 50 other countries. The following table lists the major bilateral and regional agreements that India has signed and implemented, although there are several additional smaller agreements:

	Acronym	Grouping	Member Countries		FTA/PTAs
			Nos	Name	
1	APTA	Asia Pacific Trade Agreement	6	Bangladesh, China, India, Lao PDR, Republic of Korea, Sri Lanka.	PTA
2	India ASEAN TIG	India ASEAN Trade in Goods Agreement	11	Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam, and India.	FTA
4	GSTP	Global System of Trade Preferences	42	Algeria, Argentina, Bangladesh, Benin, Bolivia, Brazil, Cameroon, Chile, Colombia, Cuba, Republic of Korea, Ecuador, Egypt, Ghana, Guinea, Guyana, India, Indonesia, Iran, Iraq, Libya, Malaysia, Mexico, Morocco, Mozambique, Myanmar, Nicaragua, Nigeria, Pakistan, Peru, Philippines, Republic of Korea, Singapore, Sri Lanka, Sudan, Thailand, Trinidad and Tobago, Tunisia, Tanzania, Venezuela, Vietnam, Zimbabwe.	PTA
5	IBSA	India Brazil and South Africa	3	India, Brazil, and South Africa.	Under negotiations
6	SAFTA	South Asia Free Trade Agreement	7	India, Pakistan, Nepal, Sri Lanka, Bangladesh, Bhutan, and the Maldives	FTA
7	ISLFTA	Indo Sri Lanka Free Trade Agreement	2	Sri Lanka, India	FTA



8	IMCECA	Indo Malaysia Comprehensive Economic Cooperation Agreement	2	Malaysia, India	FTA
9	ISCECA	India Singapore Comprehensive Economic Cooperation Agreement	2	Singapore, India	FTA
10	JICEPA	Japan India Comprehensive Economic Partnership Agreements	2	Japan, India	FTA
11	IKCEPA	India Korea Comprehensive Economic Partnership Agreements	2	South Korea, India	FTA

Information on India's trade agreements is available on:

[Ministry of Commerce and Industry](#) site at their [International Trade Section](#)

### **India and United States**

India currently has no trade agreement with the United States of America. In April 2018, the United States launched an eligibility review of India's compliance with the General System of Preferences (GSP) market access criterion. In March 2019, it was decided that India no longer meets the GSP eligibility criteria and India's GSP status was revoked. Termination of GSP benefits removed special duty treatment for \$5.6 billion of exports to the United States, particularly affecting India's export-oriented sectors, such as pharmaceuticals, textiles, agricultural products, and automotive parts. The United States and India continue holding discussions to address trade issues and to prepare a limited trade deal. More information is available on: [United States Trade Representative](#).

### **Licensing Requirements for Professional Services**

Includes license requirements for key professional services that are open to US service providers

According to [Economic Survey](#) published by the Government of India's Ministry of Finance, the services sector now accounting for around 55 percent of total size of the economy and Gross Value Added, making it one of the driving forces of the Indian economy. Over the years, various policy reforms have taken place in India in several services sectors, such as banking and financial, telecom, air transport, healthcare, postal, and other professional services. However, India still has restrictions on providing certain professional services by foreign nationals. The restrictions may include the number of employees allowed, transaction value, the supplier's legal structure, or amount of foreign capital involved. For example:

- There are many restrictions for accounting and audit services, but U.S. accounting firms have been able to navigate those by having a local (Indian) accounting firm as an affiliate.

- There are no restrictions for the practice of professionals in engineering, integrated engineering, and construction services. However, foreign engineering and construction firms are generally not awarded government contracts unless local firms are unable to perform the work.
- International architectural firms are not allowed to provide direct services in India. Foreign firms may only participate through joint ventures with Indian architecture firms. An Indian partner (i.e. registered in [The Council of Architecture](#)) must sign to get an architectural plan approved for a local project.
- Foreign law firms or foreign lawyers cannot practice the profession of law in India either on the litigation or non-litigation side, unless they fulfil the requirements of the Advocates Act, 1961 under the [Bar Council of India](#). However, foreign law firms (including U.S. firms) have been permitted to fly in and fly out for rendering advice on a temporary basis.

Nonetheless, India is one of the signatories to the [WTO negotiations](#) under the General Agreement on Trade in Services (GATS), which came into force on January 1, 1995. India is a proponent of the liberalization of trade in services, especially through Mode 4: Presence or movement of natural persons who are either service suppliers (such as independent professionals) or who work for a service supplier and are present in another WTO member country to supply a service. Under the GATS framework, India has progressively made several commitments, and India is actively involved in comprehensive multilateral negotiations regarding trade in services

## **Selling US Products and Services**

### **Distribution & Sales Channels**

There has been a significant expansion in distribution channels in recent years. According to the India Brand Equity Foundation (IBEF), Indian retail market, which stood at \$672 billion in 2017, is projected to grow to \$1.1 trillion by 2021. The total number of retail distribution outlets in the country is approximately 12 million mostly family owned businesses. An annual growth rate for the fast-moving consumer goods (FMCG) sector is predicted to be 10-12 percent during the next 10 years. According to Boston Consulting Group, India is expected to become the world's third-largest consumer economy by 2025. India's Business to Business (B2B) e-commerce market is expected to reach \$700 billion by 2020. India is expected to become the world's fastest growing e-commerce market, driven by robust investment in the sector and rapid increase in the number of internet users. Online retail sales are expected to double from \$32 billion in 2018 to \$60 billion by 2020.

Most Indian manufacturers use a three-tier selling and distribution structure that has evolved over the years. This structure involves redistribution stockists, wholesalers, and retailers. As an example, an 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 relations, 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. In urban areas, the more enterprising retailers provide credit and home-delivery. Now, with the advent of shopping malls, companies talk of direct delivery and discounts for large retail outlets.

In recent years, there has been increased interest from companies to improve their distribution logistics 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 a town with a population of less than 50,000).

Most FMCG and pharmaceutical companies use clearing and forwarding (C&F) agents for distribution, with each C&F agent servicing stocks in an area, typically a state. Taxes used to vary between states until the introduction in 2017 of a national value added tax, known in India as the General Service Tax (GST). Now, at every stage from producer to end consumer, retail prices are the same throughout India. With the cost of establishing warehouses extremely high, C&F agents are fast becoming the norm.

India has 12 major (national government control) and 205 minor (local state/private control) ports, 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 international cargo trade.

To assist companies entering the Indian market, the GOI uses free trade and warehousing zones (FTWZ) as a special category of special economic zone 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 greater flexibility. These zones are established in areas close to seaports, airports, or dry ports. FDI up to 100 percent is allowed in the development and establishment of the zones and in their infrastructure facilities. The program allows duty free import of all goods for warehousing (except prohibited items such as arms and ammunition, hazardous waste, 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 must be re-exported or sold. After the two-year period expires, custom duties are applied and automatically become due unless the goods are re-exported with a grace period of three months.

### **Using an Agent or Distributor**

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 appoint an agent, representative, or distributor. India is a huge and diverse country, with over 30 regional languages and different rules and regulations in each state. A regional approach (north, south, east, and west) ensures broader market presence and greater flexibility in addressing region-specific needs and issues. Within each region, states differ widely in citizen income, purchasing power, educational, and other socio-economic aspects. Furthermore, there are a certain product where the appointment of an authorized agent or distributor in India is legally required, such as for pharmaceutical drugs or select medical devices, diagnostic kits, cosmetics, food products and for some technical products where stringent quality testing and standardization certifications are mandatory. Thus, there is always an advantage to work with an agent, representative or a distributor, who understands your target market and has a good grasp of local laws and policies to help increase your reach and, ultimately, determine your success.

### **Defining the Terms**

An agent is an intermediary appointed to represent your company and can have authority to the extent specified in the terms of contract. An agent procures a potential buyer, negotiates the price, and concludes deals with customers on your behalf. An agent works independently and gets a commission on each sale. A representative works directly for the company whose compensation may include a salary plus commission on the sales generated. A distributor acts as an importer and typically purchases and stocks the products before selling to the end user. The distributor's compensation is higher than that of an agent or a representative due to higher inventory management costs.

### **Use Caution when Establishing Critical Relationships**

The U.S.-India relationship is strong, and Indian firms are eager to buy U.S. products and services. As a result, U.S. exporters can expect generally positive 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. Carrying out appropriate due diligence procedures is critical in evaluating whether the partner will truly add value.

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 have the capacity to market a full range of products and services. It is important that the agent or distributor maintains a solid infrastructure and facilities such as warehouses, service workshops, showrooms, and competent staff.

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 positive returns, a more sustainable value-add will be in developing new or under-developed markets. Therefore, it is critical to measure objectively 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.

### **Be Mindful of these Pitfalls**

U.S. companies should exercise pragmatic skepticism when the potential partner 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 these relationships do exist, the distributor or agent may not be able to fulfill all obligations and commitments to promoting and selling your product.

### **Other Issues to Consider**

#### **Advantages of a small distributor**

A small distributorship with a regional presence and local knowledge may prove to be a competitive advantage over larger ones. Though India is slowly moving towards more modern distribution channels in some sectors, most companies face a fragmented and multi-layered distribution network. In some cases, appointing distributors by product is a plausible consideration for companies.

#### **Online marketplace and eCommerce**

India is witnessing a surge in eCommerce business in metropolitan areas along with an increasing trend of digital payments services adoption in tier II & Tier III cities. Thus, having a distributor with an online presence through a dedicated website or through an online marketplace listing will be a huge added advantage. However, eCommerce is subject to Competition Acts released time to time by the Indian Government to enforce pricing and distribution policies. U.S. Companies should be wary of such provisos and incorporate relevant clauses in the distribution partner agreement to avoid violations of competition law.

#### **Due diligence checks**

Traditional methods of validating a potential partner's credentials are less reliable or not possible, especially in case of privately-owned companies, due to a lack of public access databases. For example, while checking a proposed partner's credit - a crucial first step, the U.S. firm should check with the potential partner's bank to determine financial health, reputation, and credit worthiness. Further details can be sought from accountants, lawyers, industrial associations, and other entities currently working with the firm. For technical products, U.S. companies should confirm the technical expertise of the company's staff, without sole reliance on documentation.

To identify agents and distributors, U.S. companies can take advantage of the Initial Market Check (IMC), International Partner Search, Business Facilitation Service (BFS), Gold Key Service (GKS) and Single Company Promotion (SCP), services 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 International Company Profile (ICP) service. Virtual services are now offered to address travel restrictions due to the pandemic. For more details, go to: <https://www.trade.gov/our-services/>

## **Establishing an Office**

The most important factors 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 consider include labor availability and cost, labor relations and work culture, and proximity to resources and/or markets. Under 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 monthly. 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’. Such companies also must 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. All in-country activities conducted by the liaison office should be non-revenue generating.

## **Branch Office**

A branch 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 does business in India and is subject to taxation in India. The branch office may 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/or 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 profits outside India after meeting tax liabilities.

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

### **Partnership firms**

Under the current Foreign Direct Investment policy and the Foreign Exchange Management Law, foreign investment into Indian partnership firms requires permission from the RBI. A partnership is an association of two or more persons to carry on as co-owners of a business for profit.

### **LLP firms**

A limited liability partnership (LLP) is a hybrid of an existing partnership and a full-fledged company. It is a separate legal entity, liable to the full extent of its assets, with the liability of the partners being limited to their agreed contribution in the LLP. Foreign direct investment in LLP's is allowed in activities where 100 percent foreign direct investment is allowed under the automatic route. Under the automatic route, the non-resident investor or the Indian company does not require any approval from Government of India for the investment.

### **Limited company**

A limited company is an incorporated entity, which is a separate legal entity distinct from its members or shareholders. Foreign investment in India is governed by the FDI policy of the government as well as the Foreign Exchange Management Law. As per the current policy, all companies in India must be incorporated under the provisions of the Companies Act, 2013.

### **Franchising**

The Indian franchise industry is a rapidly growing business model. U.S. franchisors, especially in retail apparel retail and food services, have contributed to this growth. Demand for U.S. brands is strong in food & beverage, hospitality, retail, education, apparel, healthcare, fitness, and personal grooming clinics. According to a KPMG and Franchise Association of India (FAI) report, the current estimated market size of the Indian franchise industry is \$50.4 billion, an increase from \$13.4 billion in 2012.

With a growing middle class, Indians look for quality goods and services, which can opportunity for U.S. franchisors. Simultaneously, India is witnessing significant growth in entrepreneurship. These new entrepreneurs are very receptive to American franchises, paving the way for strong American brands in India. This has been the preferred method for starting operations in India for the hospitality and food service industries.

Major U.S. restaurant brands that operate in India through franchisees include Krispy Kreme, Dunkin' Donuts, Wendy's, Chili's, Burger King, Johnny Rocket's, Hard Rock Café, Cinnabon, McDonalds, Kentucky Fried Chicken (KFC), Pizza Hut, Taco Bell, Domino's Pizza, Subway, and Baskin Robbins. Hotels include Marriott, Hilton, Westin, Hyatt, and Radisson.

### **Challenges:**

Some of the key challenges that U.S. Franchisors should be aware of are:

#### **Lack of Legal Framework:**

Unlike the United States and other western countries, India does not have any specific laws on franchising. Franchising is covered within the broad definition of transfer of technology. Thus, the legal framework for new franchisors interested in setting up master franchises in India exists in terms of brand protection and rules regarding payment of franchise fees.

When franchisors enter India, they are governed by several different national and regional statutes and codes rather than a single comprehensive statute. These regional variations should be considered before engaging in any franchising venture in India. A thorough understanding of laws related to the business of franchising is crucial for the

U.S. franchisor. In addition, hiring a good local tax consultant is recommended. It is also wise to conduct a market feasibility study followed by thorough financial and legal due diligence.

### **Linguistic/Cultural Differences:**

Understanding local culture and tastes and innovative strategies like “Indianization” of products is vital to a franchise brand’s success. For example, a large percentage of Indians is vegetarian. A classic example of successful “Indianization” is in the fast food sector. Several American companies such as McDonald’s, Pizza Hut and Domino’s have developed special India menus to cater to the Indian palate. Companies often prefer to appoint master franchisees on a zonal basis, as India is a large geographical mass with a diverse mix of populations.

### **Expensive Real Estate:**

In large Indian cities, retail space continues to be expensive and the quality is relatively poor. Antiquated rent control laws make finding a suitable and affordable location difficult.

### **Resistance to Fees & Cap on Royalty Payments:**

U.S. franchisors should also be prepared to face stiff negotiation from prospective Indian franchisees toward the franchise fees/royalty payments as they are generally considered high in this market.

Despite such challenges, numerous U.S. franchisors have been extremely successful. Most of them have adapted their products/services to local market preferences and have pursued effective market entry and expansion strategies.

### **Direct Marketing**

According to a report by World Federation of Direct Selling Associations, the Indian direct marketing sector recorded sales of \$2.7 billion in 2019. The growing Indian market has attracted many Indian and foreign direct selling companies. Globally, the direct selling industry is a labor - intensive industry that has a positive socio - economic impact in terms of higher employment, women empowerment, skill development, financial independence, flexible timings, and an improved ability to take care of the families. These factors, combined with favorable demographics, will lead to the direct selling industry witnessing an unprecedented opportunity for growth in the coming years.

According to a 2018 report (latest available) issued by [The Federation of Indian Chambers of Commerce and Industry \(FICCI\) and KPMG India](#) the industry will grow at a Compounded Annual Growth Rate (CAGR) of 16 percent and is estimated to reach \$8 billion in India by 2025.

The [Indian Direct Selling Association](#) (IDSA) reported a growth rate of 13 percent in 2018-19. The wellness industry that included weight management supplements, energy bars and drinks contributed to more than half of the total volume of the industry. Wellness and healthcare products account for over 50 percent of direct sales revenue, with cosmetics and personal care products contributing 34 percent, homecare products 11 percent and consumer and household durables 5 percent. Direct selling companies are importing fewer goods as they develop local sources of supply.

According to IDSA, Government of India’s Ministry of Consumer Affairs, Food & Public Distribution issued a “Model Framework for Guidelines on Direct Selling” in Fall 2016. However, the direct marketing industry faces some challenges faced with misconceptions of illegal direct selling of products by e-commerce majors and Indian States have been slow to adopt these guidelines. [FICCI](#) organizes an annual conference on the industry to focus on the guidelines released by the Ministry of Consumer Affairs and highlight the benefits for the state governments in adopting these guidelines.

Useful Links

[U.S. Commercial Service in India](#)

[FICCI](#)

[Ministry of Consumer Affairs](#)

[Retailers Association of India](#)

[Indian Direct Selling Association](#)

[India Brand Equity Foundation](#)

For more information about export opportunities in this sector, contact the U.S. Commercial Service: [Ruma Chatterjee](#).

## **eCommerce**

### **Market Overview**

eCommerce is India's fastest growing and most exciting channel for commercial transactions. With the increasing penetration of smartphones, internet access and rising digital payment India's eCommerce revenue is estimated to grow from \$48.5 billion as of 2018 to \$200 billion by 2026. The current digital revolution in the country is expected to increase India's total internet user base from 636 million as of 2019 to 829 million by 2021. India's internet economy is expected to double from \$125 billion as of 2017 to \$250 billion by 2020.

Source: <https://www.ibef.org/industry/ecommerce.aspx>

### **Assessment of Current Buyer Behavior in Market:**

In the last few years eCommerce has significantly changed the consumer's shopping habits. In addition to growing internet penetration, consumers are primed to increase their online purchases because of other barriers like heavy traffic, low product variety, lack of inventory, and inability to compare prices.

### **Government Initiatives & Foreign Direct Investment (FDI)**

The Reserve Bank of India (RBI) has allowed "inter-operability" among Prepaid Payment Instruments (PPIs) such as digital wallets, prepaid cash coupons and prepaid telephone top-up cards. RBI has also instructed banks and companies to make all know-your-customer (KYC)-compliant prepaid payment instruments (PPIs), like mobile wallets, and interoperability achieved via Unified Payments Interface (UPI).

According to the India Brand Equity Foundation, the Government of India (GOI) has increased maximum FDI participation by foreign companies to 100 percent in the eCommerce marketplace model (B2B model). Another important initiative is to upgrade the 5G network for which the GOI has allocated \$1.24 billion to provide broadband services to tier 1, 2 & 3 cities in India.

In 2018 the Department for the Promotion of Industry and Internal Trade under the Ministry of Commerce (DPIIT), introduced additional guidelines that govern foreign direct investment in eCommerce firms.

A marketplace eCommerce entity shall not own or exercise control over the goods sold on the platform. Any ownership or control over the goods sold by the marketplace entity will render the entity into an inventory-based model. The inventory of a vendor will be deemed to be controlled by the eCommerce marketplace entity if more than 25 percent of the purchases of the vendor are from the marketplace entity or its group companies. The 25 percent cap was already in place, but the onus of ensuring it, is now firmly on the eCommerce platform,

### **Exclusivity:**

The new norms also bar exclusive tie-ups between eCommerce entities that follow the 'marketplace model' and sellers using their platform. An eCommerce entity is prohibited from directing a seller to exclusively sell only on one platform.



Services Offered by the eCommerce Entity:

In a marketplace model, the eCommerce firm is not allowed to directly or indirectly influence the sale price of goods or services and is required to offer a level playing field to all vendors. Services offered by the eCommerce entity are to be offered to all vendors on the platform in a fair and non-discriminatory manner and at arm's length basis. These services include quick delivery, logistics, warehousing, advertising, marketing, payments facilitation and financing.

Compliance Certificate:

The Press Note has introduced a new requirement for all eCommerce marketplace entities to furnish to the Reserve Bank of India an annual certificate along with a report of a statutory auditor, confirming compliance with the guidelines.

You can find additional resources using the following links:

- <https://www.pwc.in/research-insights/2018/propelling-india-towards-global-leadership-in-e-commerce.html>
- <https://www.ibef.org/download/E-Commerce-July-2019.pdf>

### **Local eCommerce Sales Rules & Regulations**

Goods and Services Tax (GST) registration is required to do business in India. Due to ongoing government initiatives supporting the digital revolution, it is easy to set up your business in India. There is a demand for high quality international products and services through the online medium.

As an international brand, one needs to take a longer-term view and have modest expectations for the first 2-5 years. Ensure you are selling the right products at the right price. You would need an Indian entity with GST registration to sell online in Indian market. International companies can either set up their own Indian entity or partner with an Indian company (Distributor or Importer) that can navigate the complexity of the market.

The [Ministry of Commerce and Industry](#) – Department of Commerce regulates online sales in the Indian market.

### **Local eCommerce Business Service Provider Ecosystem**

In the new digital economy, third party service providers can help bridge seller capability gaps. They can provide services such as imaging, cataloging, enhanced brand content, account management, advertising, international shipping, domestic transportation, advertising, and taxes to enable quicker access to the online ecosystem. U.S. firms already selling products through other channels can pursue online sales using such services. Another option is to access the [Amazon Service Provider network](#)

Popular eCommerce Sites

B2C: Flipkart, Myntra, Jabong, Amazon, Snapdeal, PayTM, Shopclues, Pepperfry, Tata Cliq, Jio Mart, Grofers, Zomato, BigBasket, Alibaba

B2B: Tolexo, Industrybuying, moglix, msupply, amazonbusiness

Major Buying Holidays:

- Diwali festival (October or November of the year)
- Dussehra (October)
- Rakhi festival (August)
- Christmas (The last week of December)

## COVID-19 Impact on Indian eCommerce Sector

As the coronavirus pandemic continues to wreak havoc across the globe disrupting lives and economies, online marketplaces report an unprecedented spike in demand. This change in consumer behavior is expected to remain beyond the pandemic.

(Source: [www.indiainfo.com](http://www.indiainfo.com) )

### Trade Shows / Conference:

[Meet Magento India: eCommerce conference](#)

Venue: Mumbai - India

Date: may be virtual for 2020

[India Ecommerce Expo \(IEE\): Conference](#)

Venue: Bangalore- India

Date: may be virtual for November 2020

### More on India eCommerce:

- <https://www.financialexpress.com/industry/sme/govt-may-ask-e-commerce-players-to-display-country-of-origin-of-all-products/2001537/>
- <https://www.financialexpress.com/industry/sme/govt-may-ask-e-commerce-players-to-display-country-of-origin-of-all-products/2001537/>
- <https://www.medianama.com/2020/07/223-second-draft-ecommerce-policy-india/>
- 

For more information about export opportunities in this sector contact U.S. Commercial eCommerce industry specialist [Smita Sherigar](#)

## Selling Factors & Techniques

### Overview:

Proper distribution coverage is important for successful sales. Indian consumers are serviced by a working, but highly fragmented, trade system consisting of over 12-15 million retail and wholesale outlets, spread over many urban and rural population centers. Lack of infrastructure is an issue, especially in rural areas. India has the largest retail outlet density in the world, but most of these stores are very small in size and unorganized.

With 600 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 1.3 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 260-540 million by 2025, 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 will

not always 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 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.

Selling in the Indian market can be a complicated and difficult experience for new entrants. However, this can be avoided if the market opportunity is assessed accurately and the capabilities of local competition are not underestimated. New foreign entrants should create a new and independent sales infrastructure only in unusual circumstances. The reason being that it is very expensive in the short run. It also requires sustained investment to build over the long run even if the product is successful.

At first glance, the bulk of the purchasing power in India would appear to be concentrated in its urban markets. However, sixty five percent of the Indian population lives in rural areas.

An 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. 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 new products. Growing brand awareness makes it more important for U.S. companies entering the Indian market to register their brand name with the [Indian trademark office](#).

### **Trade Promotion and Advertising**

Over the years, the Indian economy has moved from being a controlled seller's market to a buyer's market. With the opening of the economy came increased competition and the need for increased advertising. Television, at 40 percent, captures the largest chunk of the advertising expenditures followed by the digital media at 27 percent, driven by changing consumer habits and behavior. Print media controls 22 percent and radio, outdoor advertising and the internet are all in single digits, with digital media expected to grow the fastest. The total advertising market by 2021 is projected to be valued at \$16.6 billion. However, with the uncertainties and challenges that the world faces in 2020 with the Covid-19 crisis, media spends during the year will unlikely see good growth during 2020-21.

More than 65 percent of India's population is rural. The key to gaining rural market share is increased brand awareness and affordability, complemented with a wide distribution network to ensure availability. Rural markets are best covered by mass media - India's vast geographical expanse and poor infrastructure pose problems for other media to be effective. With improvements in basic telecom services and increasing penetration of smartphones in rural areas, online purchases by rural consumers are on the rise.

India has a diverse and growing number of daily newspapers. Print media reaches seventy 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 many 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 the country. 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. Per a recent newspaper report, Delhi-NCR (National Capital Region) could soon dislodge Mumbai from the top slot it has enjoyed for decades in the advertising business.

Trade fairs are also an effective means of promotion. U.S. companies can select from several quality international trade fairs, both industry-specific and horizontal, to display and promote their products and services. The [U.S. Commercial Service \(CS\)](#) partners with a number of Indian trade show and U.S. pavilion organizers to promote U.S. participation and U.S. company interests in a number of select trade shows in India every year.

[U.S. Export Assistance Centers](#) 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. Visit [here](#) for a list of trade events and trade missions supported or organized by the U.S. Commercial Service (CS) in India.

[CS India](#) also 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:

In partnership with the U.S. Commercial Service in India, U.S. Exporters can arrange for co-branded customized services through our [Single Company Promotions](#).

### **Pricing**

In July 2017, India implemented the [Goods and Services Tax \(GST\)](#), a national VAT system, to unify Indian states and union territories into a single market to improve the ease of doing business. The GST is designed to improve tax compliance, increase price transparency, and simplify the movement of goods within India. There are four GST slab rates – 5 percent, 12 percent, 18 percent, and 28 percent, with highest rates applied to luxury items.

Petrol, diesel, petroleum products and liquor remain outside the purview of GST, and individual states have the power to impose tax. The entertainment industry is part of the GST regime, but the local bodies such as municipality and regional governing council have power to impose additional tax. As the GST regime stabilizes and apprehension over GST collection recedes, it may be just a matter of time that petrol and diesel will be taxed under GST.

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 causing 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 foreign companies have established 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 sacrifice quality concerns for price reductions.

Bargaining for the best price is a routine process for 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 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. To learn more about GST implementation, please browse: [GST Council](#)

## **Sales Service/Customer Support**

To acquire new customers and retain current ones, offering prompt, comprehensive and continued after-sales customer service is crucial. According to the American Express Global Customer Service Barometer 2017 survey, which was conducted across nine countries, including India, 84 percent of Indian consumers value customer service the most while making a purchase decision. Secondly, to ensure efficient distribution of products and timely after-sales service, establishing your own regional service centers housed with trained technical staff and sufficient inventory in the country is preferred over partnering with third party service companies or shipping back to the U.S. for the sole purpose of servicing or repairing a product or equipment. These considerations are very important, especially if U.S. suppliers are looking for a sustained long-term commitment and success in this value conscious and growing Indian market.

Indian buyers often consider products with low initial acquisition costs when making a buying decision without realizing that some products may require costly maintenance contracts and long downtime due to non-availability of spare parts. U.S.-made products enjoy a reputation in India for premium quality, durability, and low maintenance costs. Quality after-sales support rounds out the Indian customer's expectation for a product to be considered a good value.

To compete with local and other foreign suppliers, it is essential that U.S. companies consider:

- Using online channels to help customers in need of service information and/or to provide them with fast and convenient after sales service
- Setting up a call center in some form staffed with knowledgeable technical personnel,
- Having personnel ready to go on call and have spare parts on hand when replacements are needed, and
- Establishing an efficient system for after-sales support including hiring and training technical maintenance teams.

## **Local Professional Services**

Please find a directory of experienced Indian and U.S. business service providers offering services to U.S. exporters and investors at [The Business Service Providers \(BSP\) Directory](#). You may also be able to identify professional service providers through any of the business associations listed in the next section titled "Principal Business Associations."

## **Principal Business Associations**

### **[American Chamber of Commerce \(AmCham\) India](#)**

#### [AmCham Corporate Office \(India\)](#)

PHD House, 4th Floor, 4/2, Siri Institutional Area, August Kranti Marg

New Delhi - 110016, India

Tel: +91-11-2654 1200 / 4650 9413

Fax: +91-11-2654 1222

Email: [amcham@amchamindia.com](mailto:amcham@amchamindia.com)

**Confederation of Indian Industry (CII)**

**CII Corporate Office (India)**

Mantosh Sondhi Centre, 23, Institutional Area, Lodi Road

New Delhi - 110003, India

Tel: + 91-11-4577 1000 / 2462 9994-7

Fax: +91-11-2462 6149

Email: [info@cii.in](mailto:info@cii.in)

**Federation of Indian Chambers of Commerce & Industry (FICCI)**

**FICCI Corporate Office (India)**

Federation House, Tansen Marg

New Delhi - 110001, India

Tel: +91-11-2373 8760-70

Fax: +91-11-2332 0714, 2372 1504

Email: [ficci@ficci.com](mailto:ficci@ficci.com)

**Indo-American Chamber of Commerce (IACC)**

**IACC Corporate Office (India)**

1-C, Vulcan Insurance Building, Veer Nariman Road, Churchgate

Mumbai - 400020, India

Tel: +91-70456 91088 /89/90/91

E-mail: [ho@iaccindia.com](mailto:ho@iaccindia.com)

**The Associated Chambers of Commerce & Industry of India (ASSOCHAM)**

**ASSOCHAM Corporate Office (India)**

5, Sardar Patel Marg, Chanakyapuri

New Delhi – 110021, India

Tel: +91-11- 4655 0555

Fax: +91-11-2301 7008 / 9

E-mail: [assochem@nic.in](mailto:assochem@nic.in)

**U.S.-India Business Council (USIBC)**

**USIBC Corporate Office (India)**

Level 38, DLF Center, Sansad Marg, Connaught Place

New Delhi - 110001, India

Tel: +91-11-6128 9130

Contact at <http://www.usibc.com/contact-us>

### **U.S.-India Importers' Council (USIIC)**

#### **U.S.-India Importers' Council**

311/301, Gokul Arcade B, Subhash Road, Opp. Garware Factory, Vile Parle (E)

Mumbai - 400057, India

Tel: +9-22-4054 3999/ +91-99303 92611

Email: [robin@usiic.in](mailto:robin@usiic.in)

### **U.S.-India Investors Forum (USIIF)**

#### **USIIF Corporate Office (India)**

7, Tulsiani Chambers, Free Press Journal Road, Nariman Point

Mumbai - 400021, India

Tel: +91-98338 82810 / +91-98211 49366

Email: [info@usiif.in](mailto:info@usiif.in) [mgursahani@gmail.com](mailto:mgursahani@gmail.com)

### **U.S.-India Strategic Partnership Forum (USISPF)**

#### **USISPF Corporate Office**

2550 M Street NW

Washington, D.C. 20037

Tel: 202-296-2149

Email: [contact@usispf.org](mailto:contact@usispf.org)

Please contact the U.S. Commercial Service for details of other business associations in India, including regional bodies.

### **Limitations on Selling U.S. Products and Services**

For the most current information on India's Prohibited Import List, please select the "Prohibited Items" and "Restricted Items" tabs under "Policies" at [Directorate General of Foreign Trade](#)

The GOI also limits or prohibits foreign investment in a wide range of sectors. Complete prohibitions are in place in the following sectors:

- Lottery business including Government/Private lotteries, online lotteries, etc.
- Gambling and betting including casinos, etc.

- [Chit funds](#), one of the forms of saving schemes practiced in India under the chit funds act 1982. Chit means transaction of money, usually in small installments, by which a person gets into an agreement with a specified number of persons.
- [Nidhi Company](#), a Non-Banking Finance company incorporated under the Companies Act 2013. Nidhi implies finance/fund. The company aims for rational utilization of money and savings amongst its members and accepting deposits and lending the same to its members.
- Trading in Transferable Development Rights (TDRs)
- Real estate business or construction of farmhouses
- [Manufacturing of cigars, cheroots, cigarillos and cigarettes, and other tobacco products](#)
- Agriculture farming, plantation activities
- Legal, accounting & architecture services

Foreign technology collaboration in any form including licensing for franchise, trademark, brand name, management contract is also prohibited for the lottery business and gambling and betting activities. For more information refer [Reserve Bank of India Master circular on Foreign Investments](#)

Some sectors are more heavily impacted by India's trade policies. For example, India is an extremely challenging, protectionist market for U.S. exports of pork, poultry, poultry products, and dairy products. Since 2003, India has imposed trade-restrictive sanitary certification requirements on global dairy imports, which block the majority of U.S. dairy products from access to India's market.

With respect to poultry and poultry product exports, as a result of the WTO dispute settlement action, [India and the United States agreed to U.S. veterinary export certificates](#) in March of 2018, opening the Indian market for shipments of U.S. poultry and poultry products for the first time in decades. Despite USDA posting agreed labeling guidance and mock-up labels on its regulatory web sites, and competitive U.S. poultry prices, Indian importers remain nervous about taking advantage of the new market access.

Some U.S. service providers, for example architects, face barriers in India. The Indian architecture market is regulated by the [Council of Architecture](#) (COA), an industry body controlled by the GOI. The COA is responsible for regulating the education and practice of architecture in India according to the Architects Act, 1972, and the Architects Regulations, 1989. As the COA operates in compliance with the Architects Act, 1972, the organization actively prohibits foreign architecture firms and architects who are not registered with the COA from practicing architecture in India under Chapter 3, Section 25 of the Act. Such restrictions have resulted in foreign firms establishing partnerships with Indian architects who are registered with the COA to serve as design consultants and project planning experts while Indian firms produce the design and construction documentation and execute the projects. Limits on foreign ownership and control vary by sector and industry.

Please refer to Investment Climate Statement and "Licensing Requirements for Professional Services" sections of this guide for more details.

To ensure quality healthcare, in October 2005 the GOI increased the list of medical devices covered under the Drugs and Cosmetics Act of 1940, bringing several categories of implantable devices under regulatory control. This list was further revised in October 2018, bringing several additional categories of implantable devices under regulatory control. The New classification of Medical Devices: Device with lowest risk – Class A; devices with low-moderate risk – Class B, devices with moderate-high risk – Class C; and devices with high risk – Class D. In January 2020, the Government of India has notified all medical devices as 'Drugs' bringing the range of devices from instruments to implants to software intended for medical use for humans or animals under the purview of Drugs & Cosmetics Act, 1940.



In July 2017, the GOI introduced price controls on cardiac stents capping the selling price up to 70 percent lower than the prevalent market rate. The order was followed by similar pricing cap on knee implants later in the year. The devices were price capped after including them in the National List of Essential Medicines (NLEM). Currently, 37 medical devices have been notified as ‘Drugs’ and are regulated under the Drugs and Cosmetics Act. Of these, cardiac stents, drug-eluting stents, knee implants, condoms, and intra-uterine devices—are included in the NLEM and are subject to notified price caps. The remaining medical devices are not under any form of price regulation.

## **Trade Financing**

### **Methods of Payment**

Import financing procedures adhere to western business practices. The safest method of receiving payments from Indian importers 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 specified period to cover production and shipping. There are several lines of credit available to U.S companies.

The Indian Rupee is partially convertible currency. The [Reserve Bank of India](#) (RBI) and [Foreign Exchange Management Act, 1999](#) govern transactions involving foreign exchange. RBI delegates its powers to authorized dealers with suitable guidelines to deal in foreign exchanges.

Indian importers must comply with guidelines in [Master Direction-Import of goods and services](#) for import related payments. The guidelines specify time limits for import payments and advance remittances including interest payment mechanism. They also cover procedures for receiving import documents and for purchase of foreign currency, gold, aviation goods, non-physical imports, and other special situations such as import payments through online Payment Gateway Service Providers.

A resident Indian may pay for import of goods in foreign exchange with international credit card or debit card issued through the credit/debit card servicing bank in India against the charge slip signed by the importer and if the transaction conforms to the foreign trade policy in force.

RBI authorized banks can enter into factoring arrangement with international factoring companies, preferably, members of the Factors Chain International. RBI approval is not required for transactions compliant with latest foreign trade policy and import related foreign exchange guidance.

Deferred payment arrangements (including suppliers’ and buyers’ credit) up to five years are treated as trade credits. RBI has issued related guidance in [Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations](#) (Updated as of August 8, 2019). Indian importers have access to trade credits extended by overseas suppliers, banks, financial institutions, and other lenders recognized in this framework. They can choose between local currency or foreign currency for import of capital goods and non-capital goods allowed under India’s foreign trade policy.

India also has its credit rating framework enabled by credit rating agencies registered and authorized by Securities and Exchange Board of India (SEBI). Such agencies compute and share credit scores and reports with financial institutions and applicants. Credit rating agencies in India include Credit Rating Information Services of India Limited (CRISIL), India Rating and Research Private Limited, The Investment Information and Credit Rating Agency (ICRA), Credit Analysis and Research Limited (CARE), Brickwork Ratings India Private Limited, SMERA Ratings Limited and Infometrics Valuation and Rating Private Limited.

The card mechanism in India supports a wide variety of debit and credit cards issued by banks and supported by Visa, MasterCard, Discover, American Express, RuPay and JCB networks. According to the Reserve Bank of India (RBI), the number of credit cards and debit cards issued have soared to 50 million and 824 million, respectively.

For more information about the methods of payment or other trade finance options, please read the [Trade Finance Guide](#).

### **Banking Systems**

India has an extensive banking network in urban and rural areas that includes 12 public sector, 22 private sector and 44 foreign commercial banks. 10 small finance banks and seven payment banks are the latest addition to the banking network to improve financial inclusion in the country. In addition, there is a large network of regional rural banks and cooperative banks. Public sector banks in India that have dominated the Indian banking industry for many years have witnessed turmoil in recent times due to bad asset quality and non-performing assets. The Government of India recently led a massive restructuring and recapitalization of public sector banks to address the issues of non-performing assets and rising loan defaults.

Open banking in India is gaining popularity with emergence of Unified Payment Interface (UPI) and mobile wallets for digital payments. Indian banks, realizing the need to be a part of digital innovation, have embraced FinTech solutions by offering digital lending, insurance, capital market and asset management, and Robo- advisory services.

RBI, as the central banking institution, has the sole authority for issuing bank notes and is also responsible for granting licenses for new bank branches. It is also the supervisory body for banking operations in India and administers exchange control, banking regulations and government's monetary policy. Indian banks must also adhere to the prudential norms laid down by the Basel Group.

Indian companies that are importing goods or borrowing from U.S. companies should comply with RBI guidelines in administering Foreign Exchange Management Act, 1999.

### **Foreign Exchange Controls**

The RBI sets India's exchange-control policy and administers foreign exchange regulations in consultation with the Government of India. RBI also acts as a custodian of foreign exchange reserves in India. India's foreign exchange control regime is governed by the Foreign Exchange Management Act (FEMA). The objective of FEMA is to facilitate external trade and payments, to promote the orderly development and maintenance of the foreign exchange market in India and to liberalize economic policies.

### **U.S. Banks and Local Correspondent Banks**

#### [American Express India](#)

Cyber City, Tower C, DLF Bldg. No.8, Sector - 25. DLF City Phase II

Gurugram - 122002, Haryana, India

Tel: +91 124 4190000; 1800 419 2122 (Toll Free)

#### [Bank of America India](#)

18th Floor, A Wing, One BKC. G Block, Bandra Kurla Complex, Bandra (E)

Mumbai - 400051, Maharashtra, India

Tel: +91 22 66323000

#### [J.P. Morgan Chase India](#)

J.P. Morgan Tower, Off CST Road, Kalina, Santacruz East

Mumbai - 400098, Maharashtra, India

Tel: +91 22 6157 3000

### [Citibank India](#)

FIFC, 8th Floor, C-54 & C-55, G Block, Bandra Kurla Complex

Mumbai – 400051, Maharashtra, India

Tel: +91 22 4955 2484

### [Export-Import Bank of the United States \(EXIM\):](#)

The Export-Import Bank of the United States (EXIM) is the official export credit agency of the United States. When private sector lenders are unable or unwilling to provide financing, EXIM fills in the gap for American businesses by equipping them with the financing tools necessary to compete for global sales. In doing so, the Bank levels the playing field for U.S. goods and services going up against foreign competition in overseas markets, so that American companies can create more jobs at home. EXIM consistently maintains a low default rate and closely monitors credit and other risks in its portfolio. This ensures comprehensive management of EXIM transactions throughout the entire transaction lifecycle. [County limitation schedule](#) lists the level of EXIM support for India.

[EXIM Bank's COVID-19 Response](#) page is updated with EXIM's response activities to fully support the U.S. exporting community during this crisis. On March 25, the U.S. Export Import Bank's (EXIM) Board of Directors unanimously approved four new, time-limited emergency measures to temporarily expand the types of financing EXIM can provide as part of the U.S. government's efforts to address and mitigate the economic crisis in the coming months. The emergency measures will be in place for one year from May 1, 2020. These four measures are:

[Bridge Loan Product](#)

[Supply Chain Financing Guarantee Program](#)

[Working Capital Guarantee Program](#)

[Pre-Delivery / Pre-Export Financing Program](#)

## **Protecting Intellectual Property**

Among the major world economies, India continues to be one of the most challenging with respect to protection and enforcement of Intellectual Property (IP). Despite many positive statements and initiatives upon which the Government of India has embarked, developments have been few, and the pace of reform has not matched the repeated high-level calls to foster innovation and promote creativity. India is yet to take meaningful steps to address longstanding IP issues being faced by innovation-based industries. India remains on the Priority Watch List in USTR's Special 301 report for 2020. See <https://ustr.gov/issue-areas/intellectual-property/special-301/2020-special-301-review>.

### **Developments over the last five years**

India announced its first [National IPR policy](#) in 2016. . After the announcement of the National IP policy, the portfolio of Copyright and Semi-Conductors shifted to the Department of Industrial Policy and Promotion, Ministry of Commerce, which was subsequently renamed as the Department of Promotion of Industry and Internal Trade (DPIIT).

### **Infrastructural Developments**

Under DPIIT, a [Cell for IP Promotion and Management](#) (CIPAM) was established and has been tasked with implementing the IP Policy and interagency coordination.

Following these efforts in 2016, there were many positive initiatives undertaken by the Government of India. Several of these initiatives focused more on creating IP awareness and capacity building with enforcement officials. The Ministry of Home Affairs announced that IP would become a mandatory subject for all police training academies. The Indian Patent Office (IPO) hired 458 examiners to address the issue of patent and trademark examination backlogs. Subsequently, IPO's processing wait-times were reduced.

The Maharashtra Cyber Digital Crimes Unit (MCDU), was setup in August 2017. The unit has been established as a public-private partnership to enable industry to work directly with state police to combat digital piracy. The unit follows an opt-in model where the industry member determines the amount of work needed and allocates resources to work with the police, which in turn provides legal authority and intelligence. The unit serves as a potential model for digital enforcement that other Indian states can emulate and replicate.

- **Legal/Legislative Developments**

The Commercial Courts Act was enacted in 2016; it provided an opportunity to reduce delays and increase expertise in judicial IP matters. See <http://egazette.nic.in/WriteReadData/2018/188688.pdf>.

In 2017, the Patent Rules and the Trademark Rules were revised, adopting strict timelines to dispose of cases and streamline examination. Special discounts for filing and an expedited examination for start-ups was also introduced.

Examination guidelines for Computer Related Inventions were finalized in 2018. Between 2016 and 2017, India required the hardware to be novel along with the software. That specific provision was removed in 2018 and in doing so, it merely restated the law, that computer software per se was not patentable. In addition, IPO removed all examples of what can and cannot be patentable, replacing them with a statement that it would be left to the discretion of the patent examiner to allow or disallow an application. See [http://www.ipindia.nic.in/writereaddata/Portal/IPOGuidelinesManuals/1\\_86\\_1\\_Revised\\_Guidelines\\_for\\_Examination\\_of\\_Computer-related\\_Inventions\\_CRI\\_.pdf](http://www.ipindia.nic.in/writereaddata/Portal/IPOGuidelinesManuals/1_86_1_Revised_Guidelines_for_Examination_of_Computer-related_Inventions_CRI_.pdf).

The Patent rules were further revised in September 2019 to clarify and expand the criteria of its expedited examination procedures to include startups and small businesses, agreements with foreign IP offices, and the election of the IPO as a Patent Cooperation Treaty (PCT), International Searching Authority (ISA), or International Preliminary Examination Authority (IPEA).

In 2019, the DPIIT released draft IPO Copyright Rules to amend the 2013 rules currently in place. The draft rules are still under consideration and yet to be finalized.

### **International Treaties Signed/Acceded**

July 2018, India acceded to the World Intellectual Property Organization (WIPO) Internet Treaties, namely the WIPO Copyright Treaty (WCT) and WIPO Performances and Phonograms Treaty (WPPT).

In 2019, India took steps to ratify the Lisbon, Nice and Locarno WIPO Agreements. In June 2019, India further deposited its instruments of accession with respect to three WIPO treaties, namely the Nice Agreement, Locarno Agreement, and the Vienna Agreement. These agreements each provide for the classification of certain types of IP. Specifically, the Lisbon Agreement provides for the protection of appellations of origin; the Nice Agreement provides for classification of goods and services applied for registration of marks; the Locarno Agreement provides classification of goods for the purposes of the registration of industrial designs; and the Vienna Agreement establishes a classification for marks that consist of, or contain, figurative elements. The Nice, Locarno and Vienna Agreements entered into force for India on September 7, 2019. Presently, the Government of India is working on guidelines to further implement its treaty obligations.

In 2019, the Indian Patent Office (IPO) and Japan Patent Office (IPO) entered into a Patent Prosecution Highway (PPH) agreement between their two offices. The IPO-JPO PPH is a three-year pilot program and limited to certain technical fields, namely electrical, electronics, computer science, information technology, physics, civil, mechanical,

textiles, automobiles, and metallurgy. IPO subsequently published guidelines for making PPH requests and established expedited procedures for processing PPH applications.

### **USG Engagement**

Engagement with India on Intellectual Property Rights (IPR) continues, primarily through the Trade Policy Forum's Working Group on Intellectual Property. Further, the GOI and USG continue to engage in dialogue across various platforms, such as the US-India IP Dialogue and routinely through bilateral interactions on specific IP issues as they arise. In addition, USG maintains several positive interactions with Indian Customs, Police and Judiciary officials, as well as with industry representatives to discuss ways to strengthen India's important enforcement ecosystem.

In October 2019, the US and India signed a Science and Technology Agreement, which provides a framework for collaboration between the two countries in supporting all fields of science, technology, and innovation.

### **Legislative Climate**

Pharmaceutical and agro-chemical products can be patented in India. Plant varieties are protected by the Plant Varieties and Farmers' Rights Act. However, 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.

India generally has adequate copyright laws. The Copyright Act is in keeping with international standards barring a few exceptions, like provisions related to registration of Collective Management organization (CMO's).

The Designs Act allows for the registration of 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.

Up until 2018, the Intellectual Property Rights (Imported Goods) Enforcement Rules, or Customs Rules on IPR, included provisions for the recordation of all categories of IP. A 2018 change to the Customs Rules on IPR removed patents from the scope of customs protection. Accordingly, the new customs redecoration system permits owners of trademark, designs, copyright, and geographical indications to record their IPR with Customs and seek affirmative enforcement action in the event of counterfeit activity at the ports. Customs officers have ex-officio authority to seize and destroy counterfeit goods, though rights holders must pay for storage and destruction of counterfeit materials.

There is no statutory protection of trade secrets in India. Business interactions must rely on contract law to secure sensitive information exchanged between parties, which can be challenging to navigate or enforce.

### **Legislation/Bills Pending Parliamentary approval**

- The Pesticides Management Bill: The Pesticides Management Bill (2008), would allow data protection of agricultural products. See <https://www.prsindia.org/billtrack/pesticide-management-bill-2020>
- The Cinematographic Bill: In 2019 the cabinet approved anti-camcording language to be inserted in the Cinematographic Bill. The bill contains provisions criminalizing illicit camcording. [Click here](#) for details.

### **Regulatory Climate/Hurdles**

Despite, several positive developments, there have also been many regulatory hurdles and challenges that may affect the commercialization of intellectual property in India.

- In April of 2017, the Ministry of Health and Family Welfare (MoHFW) by way of a notification removed the requirement for companies to inform whether a drug is under patent at the time of filing for a manufacturing license. This is viewed as a regressive step and goes against India's National IP Policy that calls for better center and state coordination on IP.

- The threat of price control for patented pharmaceuticals continues to concern rightsholders. In 2017, several pharmaceutical drugs and medical devices have come under price control. The use of Para 19 of the Drug Price Control Order was implemented to bring drugs not under the essential medicine list under price control. Until now, only one patent drug is under price control. In 2018 and 2019, a series of pharma price controls have been administered bringing more patented drugs under price control.
- In January 2019, the [Department of Pharmaceuticals \(DOP\)](#) amended the 2013 Drug Price Control Order (DPCO) to exempt highly-specialized, or “orphan drugs” as defined by the GOI, from price-controls for a period of five years by removing all localization requirements. . While this is viewed as a positive development, this has raised serious concerns from the pharmaceutical industry as they continue to seek clarity from DOP on the following questions:
  - Would the five-year price-control exemption for patented drugs allow the National Pharmaceutical Pricing Authority (NPPA) to place price controls on such drugs under the National List of Essential Medicines (NLEM) after five years, regardless of how much longer the drug was protected by patent?
  - Because it is rare for the date of commercialization and patent grant to coincide, would this mean that patent holders would not be given an exemption if they receive the patent more than five years after they bring their product to market?
  - Would paragraph 19 of the DPCO, which gives NPPA the authority to place drugs and devices not listed in the NLEM under price control, override the changes to paragraph 32 and therefore negate the exemption all together?
  - In the pharmaceutical sector, Section 3(d) of the India Patents Act restricts patent-eligible subject matter in a way that fails to incentivize innovation that would lead to the development of improvements with benefits for Indian patients. India still lacks an effective system for notifying interested parties of marketing approvals for follow-on pharmaceuticals which would allow for the early resolution of potential patent disputes.
  - The lack of an effective patent linkage mechanism, coupled with liberal price controls and potentially abusive use of procedures like pre-grant and post-grant opposition proceedings under the Patent law, complicate an effective IPR regime for the pharmaceutical and medical device industries, and create uncertainty for these sectors.
  - There is currently no effective coordination between Department for Promotion of Industry and Internal Trade (DPIIT) and the Central Drugs Standard Control Organization (CDSCO), which creates complications for innovative pharmaceutical and medical device industries. DPIIT provides for patent protection of pharmaceuticals, while CDSCO provides for the granting of a manufacturing license for the drug. The lack of coordination between the two agencies through either patent linkages or an effective notification system invites abusive infringing activities, which further complicates the ability for these industries to effectively commercialize and enforce their rights in India.

- India announced its Government Procurement Policy, which called for localization requirements. In keeping with this new Policy, MIETY introduced a Government Procurement of Cyber Products Policy, that requires all
- IP ownership to be transferred to the Indian Company. [Click here](#) for details.
- In 2018, GOI of India formed an inter-ministerial group to investigate reinstating royalty caps for all technology collaborations and brand licensing, limiting the amount of foreign exchange that can leave the country. If implemented, such caps would negatively affect all sectors of the economy – including defense – where a company licenses its brand name or enters into a technical collaboration. India had a similar provision prior to 2009, but it was abandoned in favor of attracting higher levels of foreign investment.
- The National Biodiversity Authority has proposed mandated royalties to be paid under the access and benefit sharing agreements by companies that use genetic resources occurring in India. See [http://nbaindia.org/uploaded/pdf/Gazette\\_Notification\\_of\\_ABS\\_Guidlines.pdf](http://nbaindia.org/uploaded/pdf/Gazette_Notification_of_ABS_Guidlines.pdf).
- Copyright holders continue to report high levels of piracy particularly on the Internet and through commercial broadcasts. Court cases and government memoranda also raise concerns that a broad range of published works will not be afforded meaningful copyright protection. In 2019, the Department for Promotion of Industry and Internal Trade (DPIIT) proposed draft Copyright Amendment Rules that would broaden the scope of statutory licensing to encompass not only radio and television broadcasting but also Internet broadcasting, despite a Mumbai high court ruling earlier in 2019 that held that statutory broadcast licensing does not include Internet broadcasts. If implemented, the Amendment Rules would have severe implications for Internet content-related right holders. This proposal, along with the granting of licenses under Chapter VI of the Indian Copyright Act and overly broad exceptions for certain uses, has raised concerns about the strength of copyright protection and complicated the functioning of the market for music licensing. Furthermore, industry has reported continuing problems with unauthorized file sharing of videogames, signal theft by cable operators, commercial scale photocopying and unauthorized reprints of academic books, and circumvention of Technology Protection Measures (TPMs). See [https://dipp.gov.in/sites/default/files/Draft\\_Copyright\\_Amendment\\_Rules\\_2019.pdf](https://dipp.gov.in/sites/default/files/Draft_Copyright_Amendment_Rules_2019.pdf).
- Form 27 of the Indian Patent Act: Section 146 read with Rule 131 of the Indian Patent Act requires the patentees to file the details of commercialization on Form 27. The objective of requiring annual submission of Form 27 is to ensure that patentees are working their inventions in India, though in actuality the form may be hindering rather than fostering innovation in India. The form as it is in use today, requires disclosure of sensitive and confidential information such as pricing policy, licensee information, area of operation, accounting of units sold per annum, etc. Since this information made publicly available, there is a likelihood that information on Form 27 may be used by anyone for competitive or alternative purposes. GOI has been working with Industry to revise the form with the hopes that such efforts would dilute the disclosure requirements, notwithstanding other concerns with respect to the form's use.
- The interpretation and application of the patent law in India lacks clarity and consistency in its implementation, particularly in several important areas, such as: 1) pre-grant opposition proceedings; 2) the scope of patentable subject matter (e.g., with respect to software and whether patents are limited to new chemical entities rather than to incremental innovations); and 3) the application of provisions governing use of compulsory licenses.



- The Ministry of Finance released a draft requirement to include an article on IPR in the Defense Procurement Procedure (DPP). Titled “Buyer’s Rights to Optimise Life Cycle Support Costs and Systems Enhancement,” the clause would give the buyer the right to procure any equipment from the original equipment manufacturer (OEM) or third-party – or to design and develop their own equipment – and integrate said equipment into an OEM platform. The buyer would also gain the right to locally develop a system, sub-system, or assembly with its own original designs. The existence of such clauses directly conflicts with the protections, privileges, and rights given under the statute. Clauses like this have an impact of overriding the statutory provisions. See <https://mod.gov.in/defence-procurement-procedure>

### **Enforcement climate**

Weak enforcement of IP laws by police and courts is a significant problem in India. The GOI’s enforcement activities are gradually growing, with positive steps seen in IP courts and Maharashtra IP Crime Unit, yet implementation remains faulty.

India’s overall IP enforcement, despite progress made online, remains inadequate. During the last year, India has taken steps against websites with pirated content. Nonetheless, weak enforcement of IP by the courts and police officers, a lack of familiarity with investigation techniques, and the continued absence of any centralized IP enforcement agency, combined with a failure to coordinate actions on both the national and state level, threaten to undercut any progress made.

In the pharmaceutical and agricultural chemical sectors, India continues to lack an effective system for protecting against the unfair commercial use, as well as the unauthorized disclosure, of undisclosed test or other data generated to obtain marketing approval for such products.

The Intellectual Property Appellate Board (IPAB), was established in 2003 to adjudicate appeals over patents, trademarks, copyrights, and other decisions. Now many years later, the IPAB still lacks the necessary number of technical members to form a quorum and make judicial determinations, which has led to a significant backlog of IP cases. This has further implicated copyrights as the Copyright board has been being folded into the IPAB, which has also resulted in mismanagement of copyright management organizations (CMOs).

The Commercial Courts Act, which was enacted in 2016, in order to reduce delays and increase expertise in judicial IP matters. However, to date, only a limited number of courts have benefited under this Act, and right holders report that jurisdictional challenges have reduced their effectiveness and that inadequate resources for staffing and training continue.

### **Positive Enforcement Developments**

The Maharashtra Cyber Digital Crimes Unit (MCDU), which has been operating since August 2017, has succeeded in suspending over 453 websites since its inception. The unit was established as a public-private partnership where industry worked with state police to combat digital piracy. The unit follows an opt-in model where the industry member determines the amount of work needed and allocates resources to work with the police, which in turn provides legal authority and intelligence. The unit serves as a potential model for digital enforcement that other Indian states can emulate and replicate.

Confronting online piracy, the Delhi High Court decided that approved site take-down requests will apply to those sites with addresses specifically listed in the request; and similar sites that operate under different addresses. This “dynamic injunction” has been lauded as it is meant to eliminate the need for complainants to approach courts with new requests should a banned site reappear under a new address. See <https://indiankanoon.org/doc/47479491/>.

Ruling on “Tips Industries vs. Wynk Music Ltd.& Anr,” the Bombay High Court stated that the extension of the Copyright Act, 2016’s Section 31(D) to the internet is flawed logic and unsound in law. The court also noted that



Section 31(D) is an exception to copyright and must be strictly interpreted. It is to be seen if this judgement helps the Government of India in withdrawing the DPIIT memo of 2016. See <https://indiankanoon.org/doc/129995201/>.

In a positive move, the Delhi High Court clarified in January, the exclusion from patentability under Section 3(k) of the India Patents Act, ruling in *Ferid Allani vs Union of India & Others* that computer-related inventions (i.e., based on a computer program) demonstrating ‘technical effect’ or ‘technical contribution’ are patentable even though they may be based on a computer program. The Court indicated that technical effect and technical contribution must be evaluated when determining the patentability of an invention based on a computer-program. See <https://indiankanoon.org/doc/90686424/>.

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) for more resources.

Contact for:

[Mr. John Cabeca](#)

U.S. Intellectual Property Attaché for South Asia,

American Center, 24 Kasturba Gandhi Marg, New Delhi, 110001

Phone: +91 11 2347 2000

For more information, contact ITA’s Office of Intellectual Property Rights Director, Stevan Mitchell at [Stevan.Mitchell@trade.gov](mailto:Stevan.Mitchell@trade.gov)

## **Selling to the Public Sector**

### **Selling to the Government**

India is not party to the World Trade Organization Agreement on Government Procurement (GPA) and does not have a free trade agreement (FTA) with the United States. Government of India procurement accounts for nearly 30 percent of India’s \$3 trillion GDP. In June 2020 the Government of India instituted guidelines that no procurements under Rs 200 crore (roughly \$27 million) could be globally tendered unless the nodal agency could demonstrate that the produce/service is not locally available. This will restrict the ability of U.S. companies from competing for GOI tenders unless they have strong local content in the product/bid.

There are occasional reports of government-owned companies calling in the performance bonds of foreign companies with no apparent justification. It is not unusual for negotiations to get held up at multiple levels within the Indian bureaucracy with little communication on progress. Therefore, many foreign firms seek local representatives, familiar with India’s bureaucracy to expedite their activities.

Many public works projects are financed through borrowing from the Multilateral Development Banks. Please refer to the “Project Financing” section in the “Trade and Project Financing” chapter of this document for more information. When foreign financing is involved, principal government procurement agencies tend to follow multilateral development bank requirements for international tenders. In other cases, procurement practices can result in discrimination against foreign suppliers when goods or services of comparable quality and price are available locally.

[Directorate General of Supplies and Disposal](#) (DGS&D) is the primary procurement organization of the GOI tasked with purchases by various government organizations. In August 2016, to improve transparency of decision-making in the public procurement process and to reduce malpractices, India's Ministry of Commerce and Industries set up an online marketplace for public procurement - a Government-to-Business platform (G2B).

This portal has eliminated human interaction for vendor registration, order placement and payment processing to a great extent. Both the central and state governments collectively procure goods and services worth \$71 billion annually through this portal. Currently, over 34,000 sellers are registered on this portal selling over 191,000 products. Government e-Marketplace (GeM) is a one stop Government online platform hosted by the Directorate General of Supplies and Goods (DGS&D). Following are two GeM links to get started:

[Frequently asked questions](#)

[List of ongoing bids](#)

The Indian government plans to integrate its [Central Public Procurement Portal](#) (CPPP) with the Government e-Marketplace (GeM) to improve buying and selling processes for ministries, departments and other Indian government agencies. The Indian government is developing a unified procurement system that will consolidate the entire government procurement into a single platform leading to economies of scale, better price discovery and sharing of best practices. This integration is expected to be completed by the end of 2020.

### **Defense Sales**

The Defense industry of India is a strategically important sector in India. With an estimated strength of over 1.44 million active personnel, it is one of the world's largest military force. The total budget sanctioned for the Indian military for the financial year 2019 is \$60.9 billion.

"Defense Production Policy of 2018" (DPP-2018) aims to make India the top 5 global producers of the aerospace and defense manufacturing with an annual export target of \$5 billion by 2025. India is one of the largest arms importers in the world of mostly high-tech, high-value equipment such as aircraft, ships, submarines, missiles, and drones. Imports account for over 50 percent of defense equipment current in use. However, in August 2020, the Ministry of Defense listed 101 defense items prohibited for import under its "self-reliance" mission.

Defense procurement is governed by the Defense Procurement Procedure. The present DPP 2016 is the latest revision of DPP that was released in March 2016. DPP-2016 made the promotion of indigenous design, development, and manufacture of defense equipment a priority. The 'Make in India' initiative has additional local content requirements.

Most U.S. defense companies partner with local Indian companies to increase their market penetration. Under the 'Make in India' initiative, there are broadly five procurement categories with special preference being given to the first three below:

- Buy (Indian – indigenously designed developed and manufactured): Direct purchase from an Indian vendor whose products meet indigenous content requirements.
- Buy & Make (Indian): Purchase from an Indian vendor (including an Indian company forming joint venture/establishing production arrangement with the OEM), followed by licensed production manufacture in the country.
- Buy (Indian): Direct purchase from Indian vendors whose products meet minimum indigenous content requirement.
- Buy & Make: Purchase from a foreign vendor followed by licensed or indigenous manufacture in the country.
- Buy (Global): Purchase from a foreign supplier.

In May of 2017, the GOI released its "Strategic Partnership" model (SPM) to increase India's defense manufacturing capacity. Under the SPM, the GOI will shortlist original equipment manufacturers (OEM) to work with a selected strategic partner to manufacture the platform in India, transfer technology, provide life-cycle support, and develop an eco-system of domestic manufacturers.

In March 2020, Mr. Rajnath Singh, the Defense Minister of India unveiled a draft of Defense Procurement Procedure 2020. The draft proposal includes:

- Higher indigenous content – Boost to 'Make in India' program
- Incentives for local material and software as a part of 'Make in India'
- After Sales Support to be included within the Capital Acquisition Contract
- Leasing of defense equipment – this was introduced for the first time
- Emphasis on product export under offsets.

For more information about market opportunities in this sector see please contact Commercial Specialist [Nisha Wadhawan](#)

### **Local Representation in Defense Sector is Invaluable**

U.S. defense suppliers should assess the merits of having representation in India to assist with market assessments, logistical support, and after-sales service. This representation can either be through the supplier's own office presence in India (see section 'Establishing an Office'), or through an authorized representative.

Recognizing their need, and the important role that agents play in this sector, the Defense Procurement Procedure 2016 (DPP 2016) lays down a framework for the engagement of agents by foreign OEMs for marketing their equipment in India, either on a country-specific basis or as part of a global or regional arrangement.

The DPP 2016 expressly allows the use of agents by foreign OEMs, albeit with strict oversight and a requirement to comply with a comprehensive disclosure regime. OEMs are required to disclose at the time of submission of offers (or within two weeks of the engagement of an agent): full details of the agent, their scope of work, date and period of engagement, and details of specific responsibilities entrusted to the agent.

The regulations require both the principal and the potential local representative to meet the stipulated requirements. The foreign supplier must apply 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 GOI to hire such a representative can be 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 to assist U.S. firms by providing contact details of Ministry of Defense (MOD) and Military Service offices that are the main purchasers of foreign defense goods for India and offers 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 diligently follow the process and being situationally aware via their local representation or from contact with GOI officials. Though tenders are generally posted online, most U.S. firms will want to establish MOD contacts, understand emerging opportunities and related requirements well before tenders are officially announced. Many ministries announce tenders specific to their ministry on their own websites.

Find a listing of several [Government of India websites](#).

### **Financing of Projects**

Project financing in India has traditionally been confined to core infrastructure projects such as power projects, construction of roadways, ports, and airports. Indian banks and non-banking financial institutions have been lending to Indian borrowers for financing such projects.

Recent liberalization in the end use restrictions related to External Commercial Borrowings (ECB) by Reserve Bank of India is seen as a step in the right direction as this will enable Indian companies and borrowers to raise funds through ECBs, when the Indian banking systems is facing liquidity crisis due to high volume of stressed assets.

The National Investment and Infrastructure Fund (NIIF): [NIIF](#) is an institution anchored by the Government of India that acts as a fund manager and invests in infrastructure and related sectors in India. NIIF is a collaborative investment platform for international and Indian investors with a mandate to invest equity capital in domestic infrastructure. NIIF aims to make commercial investments in the sector at scale. NIIF Limited manages over \$4 billion of capital commitments across three funds, each with its distinct investment strategy.

**Multilateral Development Banks and Financing Government Sales.** Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#). The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

Learn more by contacting the:

Commercial Liaison Office to the [Asian Development Bank](#)

Commercial Liaison Office to the [World Bank](#)

## **Business Travel**

### **Business Customs**

India is a diverse nation with 28 States and 8 Union Territories, and dozens of major languages and cultural groups. This diversity gives rise to a variety of business customs across India. One common factor is that personal relationships are very important. Building a solid personal reputation, rapport, and goodwill can be helpful to connect with contacts and deepen relationships.

Business visitors may find the tips below helpful.

Meeting times and schedules are not always followed as strictly as in the United States. It is not uncommon in India for people to arrive late and sometimes there are last minute cancellations for business events and meetings. When arranging itineraries in India it is important to build flexibility into your plans.

A handshake is typical upon meeting someone, although some Indians may use nameskhar/namaste, a common greeting involving pressing your palms together with fingers pointing upwards and accompanied by a slight bow. Small talk at the beginning of a business meeting is common and may include questions about family. At meals, it is considered polite in India to inquire about dietary preferences, since Hindus typically abstain from beef, Muslims typically abstain from pork, and Indians of many religions are vegetarians.

The business card ritual is not so formal as in countries like Japan. It is essential to carry a supply of presentable business cards. When offering your card, both hands should be used. Receive cards with your right hand. Cards in English are acceptable, and it is not necessary to print business cards in local languages.

## **Travel Advisory**

The [U.S. Department of State consular information sheet](#) for India.

All U.S. citizens visiting or residing in India are strongly encouraged to register for the [Smart Traveler Enrollment Program](#) (STEP) at. This is a free service that allows U.S. citizens and nationals traveling and living abroad to enroll their trip with the nearest U.S. Embassy or Consulate. STEP will then automatically provide you important

information about safety conditions in the country. Enrollment also helps the U.S. Embassy contact you in an emergency and can help family and friends contact you in an emergency as well. If you are a Facebook user, you may also wish to “like” our page to receive additional information about American Citizen Services in India.

## **Visa Requirements**

All U.S. citizens need a valid passport and valid Indian visa to enter and exit India for any purpose. Please ensure you have the correct type of visa for your planned activity in India. Many visitors, including those on official U.S. government business, must apply for visas at an Indian embassy or consulate abroad before entering the country. If you have the incorrect visa you may be refused entry, and typically will not be permitted to change your immigration category (e.g., from tourist to work visa) once you have entered the country. Indian visa regulations can change with little notice. **Please note**, the U.S. Embassy and Consulates General in India cannot assist you if you arrive without proper documentation.

Many Indian visas may be obtained in the United States through [Cox & Kings Global Services](#), the Government of India’s visa contractor. You may review the information on the Cox & Kings Global Services website to determine your purpose for travel and the most appropriate visa category. Entry requirements are also described on the [Frequently Asked Question \(FAQ\)](#) section on the Indian Bureau of Immigration website.

For the most current information on entry and exit requirements, contact the [Embassy of India](#) at 2536 Massachusetts Avenue NW, Washington, DC 20008, telephone (202) 939-9806 or the Indian Consulates in [Chicago](#), [New York](#), [San Francisco](#), [Atlanta](#), or [Houston](#). Outside the United States, inquiries should be made at the nearest Indian embassy or consulate. General information regarding Indian visa and immigration rules, including the addresses and telephone numbers for the Foreigners Regional Registration Officer (FRRO) offices, can be found at the [Indian Bureau of Immigration website](#).

Please carry photocopies of the bio-data page of your U.S. passport and the pages containing the Indian visa and Indian immigration stamps. If your passport is lost or stolen, copies will help you apply for a replacement passport and an exit visa.

U.S. citizens of Pakistani origin or descent are subject to administrative processing and should expect additional delays when applying for Indian visas.

**Tourists:** U.S. citizens seeking to enter India solely for tourist purposes, and who plan to stay no longer than 60 days, may apply for an **electronic travel authorization at least four days prior to their arrival** in lieu of applying for a tourist visa at an Indian embassy or consulate. Please visit the [Indian government's e-Visa website](#) for additional information regarding the eligibilities and requirements for this type of visa. Without the electronic travel authorization, visas are **not** available upon arrival for U.S. citizens. If you do not have a valid passport and visa you may be denied admission.

**Diplomatic and Official visas:** Applications for official visa categories are accepted directly at the Indian Embassy and Consulates in the United States. All U.S. government employees, including military personnel, must obtain country clearance for travel to India. Once you have received your visa, check it carefully to ensure that the type of visa and number of entries is appropriate for your travel plans.

**Foreigner Registration Requirements:** In addition to having the appropriate visa upon arrival, all foreigners visiting India for more than 180 days, or those on Student, Medical, Research or Employment Visas, are required to register with the closest Foreigners Regional Registration Officer (FRRO) within 14 days of arrival. A [FRRO office contact](#) list is available online listing local offices. General instructions for registration by foreigners in India are available at the [Indian Bureau of Immigration website](#).

**Overstay and Visa Violations:** If you overstay your Indian visa, or otherwise violate Indian visa regulations, you have to file an online application for exit permission. Generally, you will be fined and, in some cases, may face prison time. Visa violators seeking exit permission are requested to file an online application at

<https://boi.gov.in/content/online-registration>. Processing of an exit visa under these circumstances may take considerable time with decisions made on a case by case basis.

U.S. Companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following link(s): [State Department Visa Website](#)

### **Currency**

The currency used in India is the Indian Rupee ₹. Other currencies are not commonly accepted. There are Authorized Foreign Exchange dealers in most big cities, and banks will also change your currency if you have time for the paperwork. ATMs are widely available, and many accept international debit and credit cards. Visa, MasterCard, and American Express credit and debit cards are widely accepted at shops, restaurants, and hotels. However, transactions with taxis, markets, and small street shops may require cash. You may find it useful to keep some cash in rupees. Check with your card issuing bank about international transaction fees.

Digital payment options like Google Pay, Paytm, and PayPal are widely used but often require local phone numbers or local bank accounts to work.

Traveler's checks can be cashed at most money exchange counters, hotels, and airports.

### **Telecommunications/Electronics**

As a business traveler you have the option of carrying your own country's SIM card and use it in India but getting an Indian SIM card has its advantages. An Indian SIM card will help you save on hefty roaming charges if you use your own country's SIM card. India has the cheapest mobile data in the world with the average price of \$0.26 for one gigabyte (GB) as compared to \$6.66 in the UK and \$12.37 for the same amount of data in the US.

It is advised to visit your local phone retailer to get your phone unlocked before leaving for India to make it compatible with Indian SIM cards. Alternately, you can purchase a new handset in India for local usage.

There are four major mobile phone operators in India - Reliance Jio, Airtel, Vodafone-Idea and state-owned BSNL/MTNL. You can buy a SIM card at the airport or from an authorized dealer. You need the following documents to buy a SIM card -

- Photocopy of your passport and the original document
- Photocopy of your visa and the original document
- Photocopy of the e-visa if you are using one
- 2 x Passport Photos
- Proof of address of the country you live in -utility bill or official government document such as a drivers' license to display your home address.
- Proof of address in India (where you are staying or visiting)

### **Prohibition on use of "satellite telephone service" in India**

The use of satellite phones is not permitted in India unless prior approval of Department of Telecommunications is obtained. The use/operation of any telegraphic services/devices, including wireless, in India is regulated by the Indian Telegraph Act, 1885. Per existing guidelines issued by the Department of Telecommunications (DoT), Inmarsat Satphones, excluding BGAN system, can be used by the Government, Corporate Houses, Members of the Mountaineering Expedition and other such categories with prior permission from DoT. Iridium and Thuraya Satphone service is not permitted in India. Tata Communications Limited, India, may be approached in case of necessity to use satellite telephone services in India.

In case satellite phones are brought into India without prior approval from DoT, the equipment may be confiscated by the Customs authorities per existing procedures till the time the owner/holder of the satellite phone is able to produce a license issued by DoT.

Wi-Fi: Although speeds vary, virtually all hotels are equipped with internet and Wi-Fi.

Voltage: Voltage in India is 220 volts and plugs are Type C and D. You will need a voltage converter and plug adapter to use U.S. appliances.

Phone Dialing: 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:

AC = area code

CC = country code

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 international 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 International long distance	00+CC+AC+Number

The country code for India is 91

Major Indian city area codes:

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

## **Transportation**

### **To and From India**

As of August 2020, international travel remains suspended. However, there are direct flights between the United States and India on Air India and United Airlines that go to either New Delhi or Mumbai. Flight times are 14-16 hours.



Getting to South or East India from the United States requires a connection, with the most and (often) fastest options through Europe. Travelers from the West Coast might consider going through Seoul, Tokyo, or Singapore.

Most international flights to India from the U.S. arrive and leave either very early in the morning or late at night. An airport pickup organized by your hotel will help alleviate the inconvenience and uncertainty of obtaining secure transportation during these hours. India has five domestic airlines including - Air India, GoAir, IndiGo, Vistara and SpiceJet. Most global travel aggregators such as Expedia, Cleartrip, Yatra and Make-My-Trip can help in booking domestic tickets for travel within India.

### **Within India**

Traffic in India moves on the left. It is important to be alert while crossing streets and intersections, especially after dark, as traffic is moving in the “wrong” direction (i.e., from the left). You should exercise extreme caution when crossing streets, even in marked pedestrian areas.

When regular transport is needed, many foreign visitors to India hire a car and driver. This is highly recommended over driving one’s self. A wide range of car services are available in India. Car services like Uber and its Indian counterpart Ola are widely available. Some car services provide cars chauffeured by women. To drive in India, either a valid Indian driver’s license or a valid international driver’s license is required.

Hiring a car and driver is the preferred option for business travelers in India since driving in India is an art that cannot be mastered soon. Most business travelers choose an air-conditioned vehicle with a driver who can assist in navigating and also help in translation (if needed). Most hotels or any travel agent can help you arrange a car for hire.

When you are on business travel in India it is not advisable to travel by train since it entails significant advance planning and travel time.

Road travel in India can be hazardous, especially at night. Several U.S. citizens have suffered fatal traffic accidents in recent years. The safest driving policy is always to drive conservatively and assume that other drivers may not respond to a traffic situation in the same way drivers would in the United States. Be prepared for vehicles that run red lights and merge directly into traffic at yield points and traffic circles. Use your horn or flash your headlights frequently to announce your presence. It is both customary and wise. Buses are not recommended as travel options.

### **Language**

India boasts dozens of languages and thousands of dialects, but English is common. Most businesspeople will speak English fluently. However, during your stay you should expect to encounter many who speak limited English or none. Even for those who do speak English, the American accent can be difficult for some Indians to understand, and Americans sometimes struggle with the Indian accent. Patience, a sense of humor, and rephrasing what you want to say slowly and clearly can often overcome such difficulties.

Most official signs are trilingual using the local language (if not Hindi), Hindi and English. One exception is Tamil Nadu, where signs are in Tamil and English

### **Health**

The quality of medical care in India varies considerably. Adequate private medical care that meets many international standards is available in major cities, but elsewhere adequate medical care can be limited or unavailable.

Information on vaccinations and other health precautions, such as food and water safety, insect bite protection, and malaria information may be obtained from the [Centers for Disease Control and Prevention’s](#) (CDC) hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747). For information about outbreaks of infectious diseases abroad can be obtained from the [World Health Organization](#) (WHO).

**Emergencies:** Highly specialized cases or complex emergencies may require evacuation. Singapore and Bangkok, Thailand are frequent destinations. For a public ambulance anywhere in the country, call 102. The national emergency



number is 112. Private ambulance services are also often available. Because of ambulance delays due to traffic congestion, taxi or private car may be necessary. For foreigners, upfront payment by cash or credit card is often required by hospitals prior to services or treatment. But significant upfront payment may be waived by hospitals that have existing cashless agreements with major international insurance providers. Regardless of the ability to pay, all hospitals are required to provide emergency stabilization.

**Medical Insurance:** Make sure your health insurance plan provides coverage overseas. Be aware that U.S. Medicare does not apply overseas. Most care providers overseas only accept cash payments. See our webpage for more information on insurance providers for overseas coverage. Supplemental insurance to cover medical evacuation is strongly encouraged.

**Vaccinations:** Be up to date on all vaccinations recommended by the U.S. Centers for Disease Control and Prevention. If you transit through any part of sub-Saharan Africa, even for one day, you are advised to carry proof of yellow fever immunization. For those arriving from Sub-Saharan Africa or other yellow-fever areas, Indian health regulations require evidence of vaccination against yellow fever. If you do not have such proof, you could be subjected to detention and quarantine.

Malaria risk varies depending on the time of year and areas visited. Transmission occurs throughout the year and is highest following the monsoon season that typically spans from June through September. Please consult the [CDC](#) for more information.

Dengue fever presents significant risk in urban and rural areas. The highest number of cases is reported from July to December, with cases peaking from September to October. Daytime insect precautions such as wearing long-sleeved shirts and mosquito repellent are recommended by the CDC.

Dogs and bats create a high risk of rabies transmission in most of India. Vaccination is recommended for all prolonged stays, especially for young children and travelers in rural areas.

Avoid feeding monkeys, as they can also transmit rabies and other serious diseases. If bitten, immediately clean the bite for 15 minutes and seek urgent medical attention.

**Air Pollution:** Air quality is a significant problem in many major cities in India. Consider consulting your doctor prior to travel regarding how seasonal smog and heavy particulate pollution may affect you. The air quality is typically at its worst in the winter. Anyone who travels where pollution levels are high is at risk, but those at greatest risk include:

- Infants, children, and teens
- People over 65 years of age
- People with lung disease such as asthma and chronic obstructive pulmonary disease (COPD), which includes chronic bronchitis and emphysema
- People with heart disease or diabetes
- People who work or are active outdoors

Current air quality data can be found on the [Embassy's Air Quality](#) page. The data on this site are updated hourly.

**Food and Drink:** Only ice-free bottled water, soft drinks, and beer or wine, hot tea and coffee are considered safe. Generally, avoid eating undercooked food, unpeeled fruit and vegetables, or food where good kitchen practices are not guaranteed. Consult your doctor about being prepared with drugs like Imodium (loperamide) to alleviate the symptoms of diarrhea.

## **Local Time, Business Hours and Holidays**

India has 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 year-round. Therefore, the time difference between India and the United States varies depending on the time of year. India is nine and a half hours ahead of Washington, D.C., during daylight savings time and ten and a half hours 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. However, in some large cities such as Mumbai, businesses start working earlier to avoid congested traffic while commuting. Lunch time break is of 30 minutes, usually between 1:00 p.m. and 2:00 p.m.

Banking hours for cash transactions are 10:00 a.m. to 4:00 p.m. on weekdays and 10:00 a.m. to 12:00 noon on Saturdays. Few of the state and nationalized banks follow alternate week Saturday off. In major metropolitan cities, several foreign and Indian-owned banks provide 24-hour banking services. Customers can visit the bank at any time during the bank's working hours to conduct businesses. Bank employees take their lunch break in batches so that the business is not affected.

Most holidays in India, except for a few national holidays, are regional in nature. Central Government Organizations that includes public service offices, industrial, commercial, and trading establishments have about 16 holidays as a combination of national and gazetted (mandatory, state-level) holidays. India celebrates 3 national holidays on fixed dates of the year. In addition, mandatory 14 gazetted holidays are issued every year by each state based on local festivals and prevalent religious and linguistic demographics. U.S. companies are advised to check for regional or national holidays through local contacts before arranging business meetings and travel plans.

## **Temporary Entry of Materials or Personal Belongings**

All goods entering India are subject to Customs inspection and clearance. An individual must be in India and is usually required to be present during the Customs clearance process. Most household goods and personal effects are granted tax and duty-free entry provided they have been used and in the individual's possession for a minimum of six months.

Indian customs authorities encourage the use of an ATA (Admission Temporaire/Temporary Admission) Carnet for the temporary admission of professional equipment, commercial samples, and/or goods for exhibitions and fair purposes. ATA Carnet Headquarters, located at the [U.S. Council for International Business](#), 1212 Avenue of the Americas, New York, NY 10036, issues and guarantees the ATA Carnet in the United States. For additional information call (212) 354-4480, or email [USCIB](#) for details.

Before traveling to or from India, you are urged to inspect all bags and clothing thoroughly to ensure they do not inadvertently contain prohibited items. U.S. citizens have been arrested or detained when airport security officials discovered loose ammunition (even spent individual bullets, casings, or souvenirs) or weapons in their luggage. If you are found to have loose ammunition or bullets on your person or in your bags, you could be charged with violation of the Indian Arms Act, incarcerated, and/or deported from India. Consult the [Central Board of Indirect Taxes & Customs](#) website for more information

## **Investment Climate Statement (ICS)**

The U.S. Department of State's Investment Climate Statements, prepared annually by U.S. embassies and diplomatic missions abroad, provide country-specific information and assessments of the investment climate in foreign markets. Topics include: market barriers, business risk, legal and regulatory system, dispute resolution, corruption, political violence, labor issues, and intellectual property rights. To access the ICS for India, please find information on Investment Climate at State Department's [Investment Climate Statement](#) website.

## **Political Environment**

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State [Countries & Areas](#) website.