



# GOING GLOBAL EXPORTING TO INDIA

A guide for clients



**#GlobalAmbition**



Capital city

**New Delhi**



Currency

**Indian Rupee  
(INR)**



Population (2018)

**1.353bn**



GDP Per Capita (2019)

**\$2,041.09**



GDP Growth (2018)

**7.04%**



Predicted GDP Growth (2019)

**7.16%**



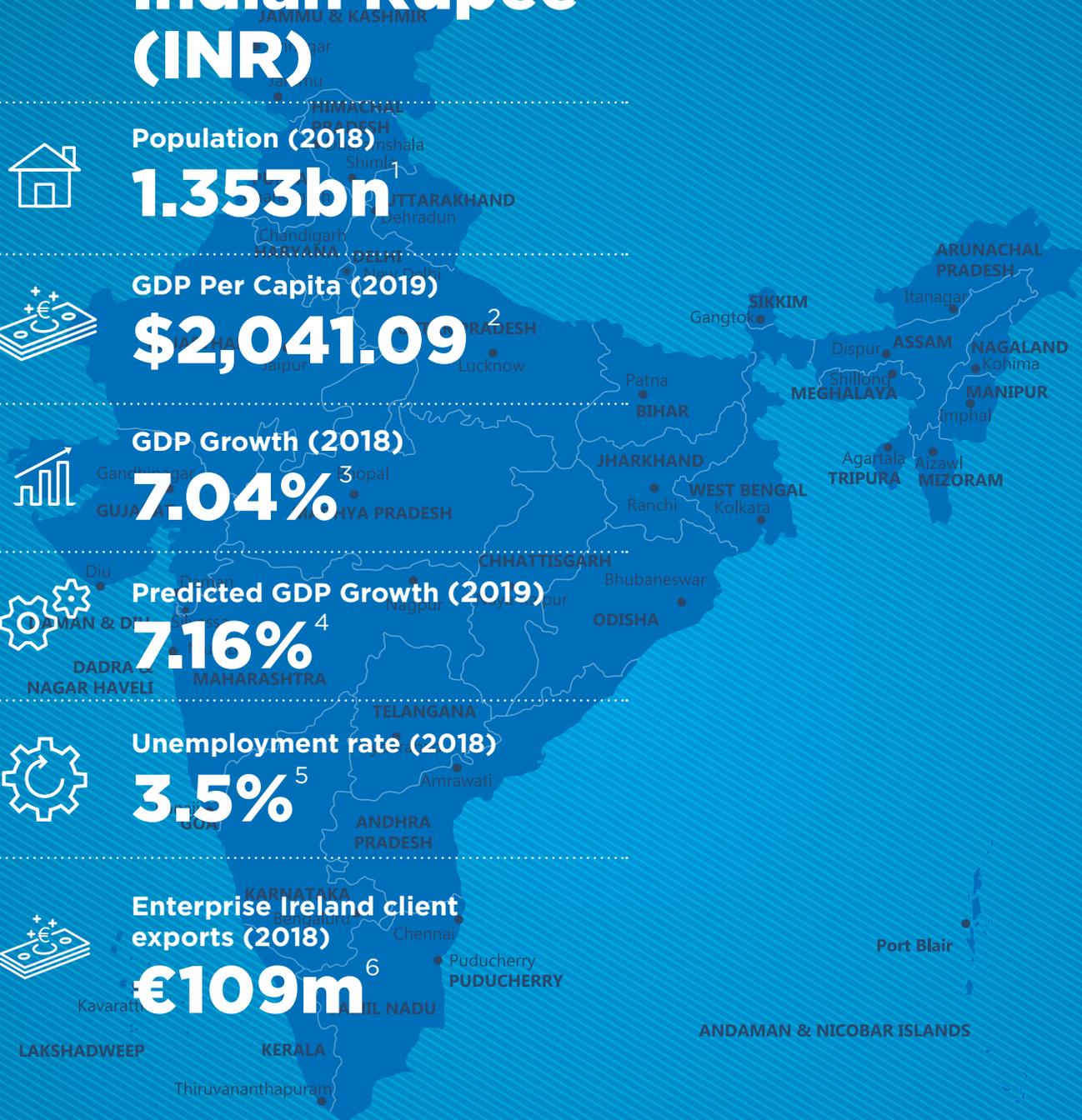
Unemployment rate (2018)

**3.5%**



Enterprise Ireland client exports (2018)

**€109m**



ANDAMAN & NICOBAR ISLANDS

# WHY EXPORT TO INDIA?



Following its economic liberalisation in 1991 India has become the fastest growing major economy in the world, recording an impressive 6.75% growth in GDP in 2017-2018<sup>3</sup>. With a population of over 1.33 billion people, India is the most populous democracy in the world, with a rich cultural heritage, including numerous languages, traditions and religions. The country is unique in its diversity and adapts itself to international changes with ease.

India jumped an impressive 53 places between 2017 and 2019 to rank 77th in World Bank's "Ease of doing business" index<sup>7</sup>. The index also recognises India as one of the top 10 improvers in this year's assessment, having implemented reforms in 8 out of 10 "Doing Business" indicators. India is the only large country to have achieved such a significant shift during this period. With economic reforms expected to continue, opportunities for Irish businesses are growing across a range of sectors.

## Reasons to consider including India in your export strategy

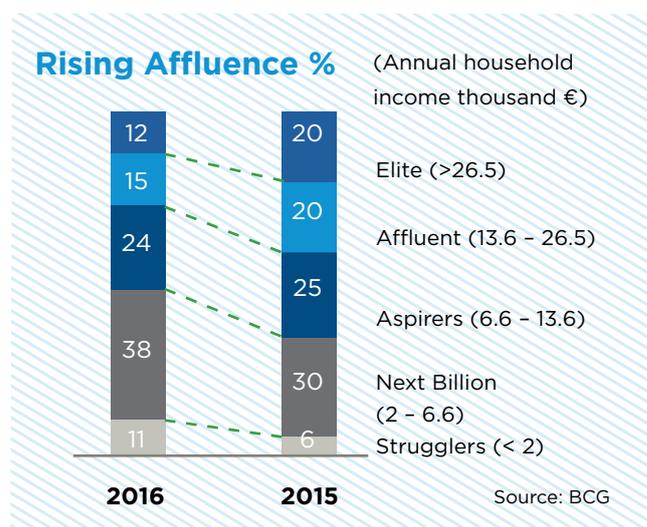
Economic reform, a high-growth rate and an expanding middle class make India a compelling market for Irish business. Major drivers of growth are:

- **Affluent middle class** - The World Economic Forum reports that 'by 2030, India will move from being an economy led by the bottom of the pyramid, to one led by the middle class. Nearly 80% of households in 2030 will be middle-income... The middle class will drive 75% of consumer spending in 2030'<sup>8</sup>.

Rising affluence is the biggest driver of increasing consumption. Of India's five household income categories (elite, affluent, aspirers, next billion, and strugglers), the top two income classes are the fastest growing. From 2016 through 2025, the share of elite and affluent households is projected to increase from 8% to 16% of the total while the share of strugglers will drop from 31% to 18%. Boston Consulting Group predicts consumption expenditures to rise by a factor of three to reach €3.4 trillion by 2025. India's nominal year-over-year

expenditure growth of 12% is more than double the anticipated global rate of 5% and will make India the third-largest consumer market by 2025<sup>9</sup>.

- **Government Initiatives** - A number of significant national initiatives have been rolled out and are expected to be drivers of economic activity in a variety of sectors.
- **Digital India** - A near US\$18 billion Government initiative which aims to create an electronically connected economy, attract investment in electronics manufacturing, create millions of jobs and support trade. Digital India creates opportunities for Irish business in the fields of IT services (hardware and software), Fintech, shared service centres, knowledge services, data analytics, mobile and wireless services, business process management and IT consulting<sup>10</sup>.
- **Smart Cities Programme** - The Indian Government is committed to investing a total of US\$7.5 billion in intelligent urban infrastructure upgrades in 100 cities over a five-year period. Irish businesses with capabilities in IT services, software, Internet of Things (IoT), Artificial Intelligence (AI), Cleantech and energy stand to benefit<sup>11</sup>.
- **Spending on Infrastructure** - There has also been a significant increase in Government spending on strategic infrastructure. A commitment has been made to invest US\$109.2 billion for the construction of new roads, highways, airports and other key pieces of infrastructure over five years<sup>12</sup>. Opportunities are emerging in construction, aviation services, Maintenance, Repair and Overhaul (MRO) and project management.



# GET READY TO DO BUSINESS IN INDIA

Regardless of your experience of other foreign markets, it is important to recognise the uniqueness of the Indian market and to be prepared to offer products or solutions that are tailored to it. Decision making is a slow process in India and it takes time to build personal relationships, so patience is a real virtue when dealing with potential partners.

## Travelling and geography

India is a vast country and visitors should plan their itineraries with this in mind and maximise the number of meetings in each city. The rapidly growing aviation sector connects the major cities with frequent services and this is the most cost and time effective way to travel.

Moving around within the cities can be time consuming because of very heavy traffic so schedules should be planned to minimise journey times. Visitors are advised to use one of the many car and driver services on a day-use basis rather than rely on public transport or taxis.

## Business culture

Buyers in India are value-oriented and will only invest in high-end products and services if there is a clear and demonstrable return on their investment. The cost of capital is very high in India and capital expenditure investments are therefore kept to the minimum.

Indian businesspeople are exceptionally friendly, quite accessible and interested in sharing experiences with international business visitors. This is a high-contact market where people communicate and express themselves openly. It is not generally formal, but this depends on the seniority of meeting attendees and the nature of the business engagement.

Business conversations open in a relaxed and friendly manner, and the ubiquitous and culturally significant glass of water appears on tables at all times, often shortly followed by “chai” – a sweet and spicy milk tea.

India is an emerging economy and at the heart of business are themes of “value and return on investment”. It is essential for Irish businesspeople to understand and adapt to these norms in messaging.

It is also a flexible culture where meetings can unfold at the last minute – or not. Timekeeping can be lax owing to the vagaries of Indian commuting which can be very difficult to predict reliably.

## Currency

Indian business people do not generally think in euros. US dollars are more easily understood in conversation.

## Language

Hindi is the national language along with 22 official languages. English is the predominant language amongst the business community, which is a great help for companies entering the market.

## Routes to market

Irish businesses can consider entering the Indian market in a number of ways:

### *Marketing (non-exclusive arrangement)*

An Irish business engages an Indian company to render marketing services on its behalf.

### *Distributor*

An Irish business appoints an Indian company to act as its distributor.

### *Joint Venture*

Irish businesses operating in India are not required to establish joint ventures but they can be advantageous. This arrangement can expand distribution capacity and local service providers can assist with after-sales services.

### *Establish a local office*

This route to market requires additional commitment but offers Irish businesses significant advantages, including proximity to the customer, a greater insight into the market and more control over operations and financing.

# THINGS TO CONSIDER

## Market landscape

India is forecast to feature in the list of the fastest growing economies in the world for the coming decade. Understanding the growth drivers and identifying high-potential markets in detail are essential for Irish businesses looking to benefit by selling in the Indian market.

Due to India's large geographic scale, Irish businesses should carefully consider where and how to enter the market.

## Market trends

What are the current market trends for the sectors you are targeting? Is the Indian market in line with global trends or are they ahead/behind the norm?

The Indian economy is growing at over 7% per annum yet you need to be aware of where this growth is concentrated and whether that aligns with your product/service sector. In 2017 Forbes identified Infrastructure, Financial Services, Technology, Automotive and Healthcare as the biggest drivers of growth<sup>13</sup>.

## Market research

*What is the size of your target market? Who are the dominant players?*

Spending time conducting relevant market research will help you decide if India is a suitable target market for your product / service. It will also help

develop your market knowledge which will enhance your credibility when speaking with Indian buyers. In addition, identifying competitors, understanding pricing strategy and refining your product and marketing messages for local conditions is essential.

## Boots on the ground

While initial introductions and discussions can be made via email/telephone/video call, there is no substitute for travelling to the marketplace to meet potential buyers. Buyers like to see commitment in the marketplace and ideally want a local point of contact.

An in-market visit and attending industry specific trade fairs is recommended to get an understanding of the opportunity and identify the right strategy for market entry.

Enterprise Ireland's Market Research Centre offers client companies access to market intelligence in the form of company, sector, market, and country information to explore opportunities and compete in international markets.<https://www.enterprise-ireland.com/en/Export-Assistance/Market-Research-Centre/>

## Choosing the right distributor

Many Irish businesses have found that working with a reputable distributor is an effective way to enter the Indian market. If you are adopting this strategy, keep in mind these key considerations.

### GEOGRAPHIC REACH

India is a large market in terms of population and geographic area, therefore it is important for Irish businesses to assess the geographic reach of the distributor's network.

### FINANCIAL POSITION

It is vital to find a distributor with a sound financial position. The right distributor must have the resources to promote your product/service in the market.

### PAST EXPERIENCE

Product registrations and regulatory approvals in India can be expensive and time consuming. Therefore it is beneficial to work with a distributor with prior experience of selling overseas products/services.



# KEY GROWTH OPPORTUNITIES IN INDIA

## Aviation

India has one of the fastest growing aviation industries in the world and is poised to emerge as the world's third-largest aviation market, according to the Indian Ministry of Civil Aviation. This growth, however, relies on the Indian Government meeting its commitments to develop new infrastructure, including the development of new domestic and international airports. This rapid growth provides immediate opportunities for Irish companies in the areas of software, services, recruitment and training.

## Agritech/ Science

India's agriculture sector is enormous and the country's single largest employer. India is the biggest dairy producer in the world<sup>14</sup> but the sector is inefficient and is dominated by small-holdings<sup>15</sup>. The Indian agricultural sector requires investment in R&D and science-based technologies. Emerging opportunities include technologies that improve plant and animal yields; data collection and analytics; automation and platforms that connect farmers to financing, produce markets, farm inputs, and rental equipment.

## Information and Communications Technology (ICT)

India is a leading player in the Information and Communications Technology (ICT) sector. India's telecommunications network is the fastest growing market in the world. It is already the third largest in the world and the second largest among the emerging economies of Asia. Opportunities centred on mobile solutions, data analytics, Cloud, IOT and AI are developing rapidly across multiple sectors.

## Education

India is a major contributor to the global flow of international students. Indians spend a \$6 to \$7 billion on international education. With 200,000 Indian students going abroad each year, India contributed 5.4% of the expatriate students of the world. Ireland has become an increasingly popular destination in recent years, with double-digit growth in student numbers. Approximately 4,000 Indian students take up study opportunities in Ireland annually. E-learning has been identified as a sector with huge potential in India. A widely dispersed workforce, coupled with tight controls on spending, makes e-learning a credible alternative to traditional forms of training.

## Life Sciences

Over the past five decades, the Indian life Sciences sector has witnessed exponential growth both in terms of broadening of scope and deepening of capabilities across the industry value-chain. Over the last few years, the industry has registered a growth of 10% and is expected to reach USD 145 billion by 2018 and over USD 280 billion by 2025<sup>16</sup>. This is driven by India's rapidly-expanding private healthcare sector, Government investment in healthcare infrastructure, and surging household spending on medical services. The introduction of business-friendly policies in the sector is facilitating foreign investment in domestic hospital, medical and dental services providers.

Additionally, India's pharmaceutical sales were an estimated \$18.3 billion in 2016. They are forecast to rise an average of 10.3% annually between 2017-19 to reach \$33.8 billion. This growth is expected to be driven by increasing personal incomes and the upward trending of chronic diseases.

# LEGAL & TAXATION INFORMATION

## Visa requirements

Irish citizens can apply online for a e-visa before they travel to India, subject to certain conditions. For more information, please see:

<https://indianvisaonline.gov.in/visa/tvoa.html>

Alternatively, Irish citizens can submit their application and documents to the Embassy of India in Dublin.

Key documents for the application include: a printed copy of the online application form, postal order/bank drafts for the visa application fees, one passport size photography, a signed letter from the employer in Ireland introducing the applicant and a signed letter of invitation from the Indian entity which the applicant will visit.

## Import rules and regulations

The primary tax relevant to the import of goods into the country is customs duty. Customs duties are levied whenever goods pass through an Indian customs barrier i.e. on both exports and imports. The main components of the customs duty is the Basic Customs Duty (BCD), which is applicable to all goods imported to India with the rates based on their transactional value.

In July 2017 India adopted the Goods and Services Tax (GST), which means that the imports of goods and services are treated as inter-state supplies. An Integrated Goods and Services Tax (IGST) is levied on imports of goods and services into the country in addition to BCD.

## Intellectual Property Rights (IPR)

India grants patent rights on a "First-to-file" basis. The application can be made by either the inventor or the assignee or legal representative of the inventor. The term of copyright in India is in most cases the lifetime of the creator plus 60 years thereafter. Under Indian law, registration is not a prerequisite for acquiring a copyright. Copyright is vested when a work is created and given a material form, provided it is original.

## Taxes

India's tax structure is notoriously one of the most complex and difficult to navigate in the world – even though it has been liberalising its policies since 1991. With a wide variety of laws, regulations and procedures it can be extremely confusing. Irish companies are well advised to obtain competent professional advice to avoid the pitfalls that could result in costly non-compliance.

# HELPING YOU WIN IN INDIA

## **Pre-visit support**

Prior to engaging with an overseas market, client companies should engage with their Development Adviser (DA) and the Enterprise Ireland's Market Research Centre in Dublin to ensure they leverage the full range of possible supports in preparation for engaging with the Enterprise Ireland team in India.

Enterprise Ireland can help in the following ways:

- General market and country level information
- Sector overview
- Validation of the opportunity for your product or service
- Evaluation of your market entry strategy
- Suggested channels to market
- Competitor analysis
- Relevant contacts/suggested itinerary
- Summary of relevant market information resources

## **In-market support**

- Introductions to buyers and decision-makers
- Identification of potential partners
- Facilitation of buyer visits to Ireland
- Assistance with product launches/workshops
- Securing reference sites
- International trade events programme

Every year, Enterprise Ireland organises an extensive programme of events to support your business abroad. These include:

- Inward buyers' missions to Ireland
- Group stands at international trade fairs
- Overseas trade missions
- Study visits to gain knowledge of overseas markets
- Client knowledge events including seminars and workshops
- Networking events to build and enhance relationships with market contacts
- Further information is available at:  
[www.enterprise-ireland.com/events](http://www.enterprise-ireland.com/events)

## **International market contacts**

Enterprise Ireland has built up an excellent network of individuals in India who are able to work with Irish client companies on developing their businesses. This includes market and sector specialists, business accelerators and members of Irish business associations.

Additional supports

- Access to translation and interpreting services
- Introductions to specialist expertise such as legal, recruitment, public relations and taxation
- Access to mentors

Power up your progress by plugging into an Irish network Embassy of Ireland, India:

[www.dfa.ie/irish-embassy/india](http://www.dfa.ie/irish-embassy/india)

Ireland India Business Association (IIBA): [www.iiba.ie/](http://www.iiba.ie/)

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