



Exporting to **INDIA**

—
A guide for clients



#GlobalAmbition



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New Delhi

Capital



1.4bn¹

Population 2021



8.9%³

GDP Growth
2021



Indian Rupee(INR)

Currency



US\$1,947²

GDP per capita 2021



7%⁴

Unemployment
(July 2021)



€145m⁵

Enterprise Ireland
Client Exports
(2021)



Why Export to India

Following its economic liberalisation in 1991 India has become the fastest growing major economy in the world, recording an impressive 8.9% growth in GDP in 2021 with a total GDP of US\$2,277.4 billion³. With a population of over 1.4 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 improved its ranking in World Bank's Doing Business Report by 14 places in 2019 and was ranked 63rd among 190 countries in 2020. India put in place four new business reforms during the past year and earned a place among the world's top ten improvers for the third consecutive year, according to the World Bank Group's Doing Business 2020 study.

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 2030⁶. 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 2025⁷.
- **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 consulting⁸.
- **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 benefit⁹.
- **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 years¹⁰. Opportunities are emerging in construction, aviation services, Maintenance, Repair and Overhaul (MRO) and project management.



Why Export to India (continued)

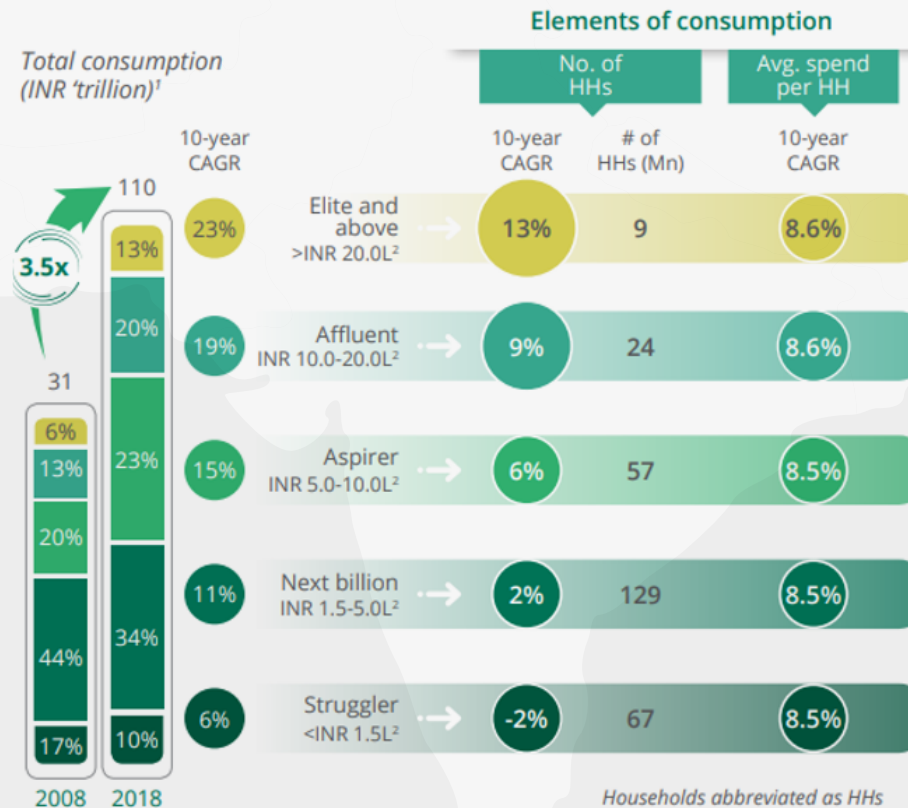
- **Reduced corporate tax rate**

In September 2019 India reduced its corporate tax rate to 15%, in order to provide a boost to the “Make in India” initiative. In addition, companies set up after 1st October 2019 in the manufacturing sector now have an option to pay tax at the rate of 15% provided the company starts manufacturing on or before 31st March 2023. These reductions have resulted in India having one of the lowest corporate taxes in Asia, attracting MNCs to look at India as a manufacturing base.

- **New manufacturing schemes**

The Government of India has unveiled the guidelines for electronics manufacturing schemes with an aim to strengthen domestic manufacturing of five global and five Indian mobile phone makers. The three Schemes - the Production-Linked Incentive Scheme (PLI), Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) and Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme, were announced by the Ministry of Electronics and IT.

10% annual increase in the number of Affluent + households is driving consumption¹¹



Note: 1. Household consumption is at nominal price; 2. Annual gross HH income (INR Lakh per annum); Source: BCG CCI consumption survey & BCG analysis

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 business people 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.

Get ready to do business in India

(continued)



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 growth¹².



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.

Visit <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

Agriculture is the primary source of livelihood for about 58% of India's population. Gross Value Added (GVA) by agriculture, forestry and fishing was estimated at US\$276.37 billion in 2020.

India's agriculture sector is enormous and the country's single largest employer. India is the biggest dairy producer in the world but the sector is inefficient and is dominated by small-holdings¹³. 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; and 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.

India ranks as the world's second largest market in terms of total internet users with internet subscribers reaching 687.62 million by 2019.



Education

India is a major contributor to the global flow of international students. Indians spend US\$6-US\$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.



Pharmaceutical

The Indian pharma sector is the third-largest in the world. It manufactures almost 60% of the vaccines used globally, including important ones, such as those against diphtheria, tetanus, and pertussis required by the World Health Organisation (WHO). Furthermore, the country meets 90% of the global demand for the vaccine against measles.

Millions across the world use generic drugs produced by Indian drug manufacturers. More than 250 factories in the country have been approved by the US Food and Drug Administration (FDA) as well as the UK Medicine and Healthcare Products Regulatory Agency (MHRA). These manufacture drugs for overseas markets, including the US and the UK.

India's active pharmaceutical ingredient (API) industry is expected to generate \$6 billion in revenues by the end of 2020.

Key Growth Opportunities in India

(continued)



Currently, generic drugs are playing a crucial role in the fight against Covid-19. India has been meeting more than 20% of the world's, and almost 50% of the US's, generic drug requirements. The Indian pharma sector is an important component of the global healthcare infrastructure and is instrumental in saving millions of lives every year.

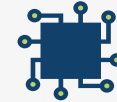
The Indian pharmaceutical sector is expected to grow to US\$100 billion, while the medical device market is expected to grow to US\$25 billion by 2025. Pharmaceuticals exported from India stood at US\$20.70 billion in 2020. Pharmaceutical exports include bulk drugs, intermediates, drug formulations, biologicals, Ayush and herbal products and surgical products.



Healthcare

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 1 billion is growing at a rate of 1.6% 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 in the country has led to a boom in spending on healthcare.

The Indian healthcare industry amounted to US\$160 billion in 2018 and according to the India Brand Equity Foundation (IBEF), it is expected to reach US\$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.



EdTech industry

The growing popularity of online learning, further necessitated due to the nationwide lockdown, has provided a major push to the sector in India, which is expected to grow at a CAGR of 52% to become a US\$2 billion industry by 2021. The key growth drivers propelling EdTech in India are the ability to serve a large audience at significantly lower costs compared to traditional in-classroom learning, significant growth in internet and smartphone penetration across India, steady rise in disposable income of the Indian households, and a large consumer base with over 37% of India's around 1.35 billion population falling in the 5-24 age bracket.

Legal & Taxation Information



Visa requirements

Irish citizens can apply online for an 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



Enterprise Ireland assists clients entering new markets with:

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 opportunities 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

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

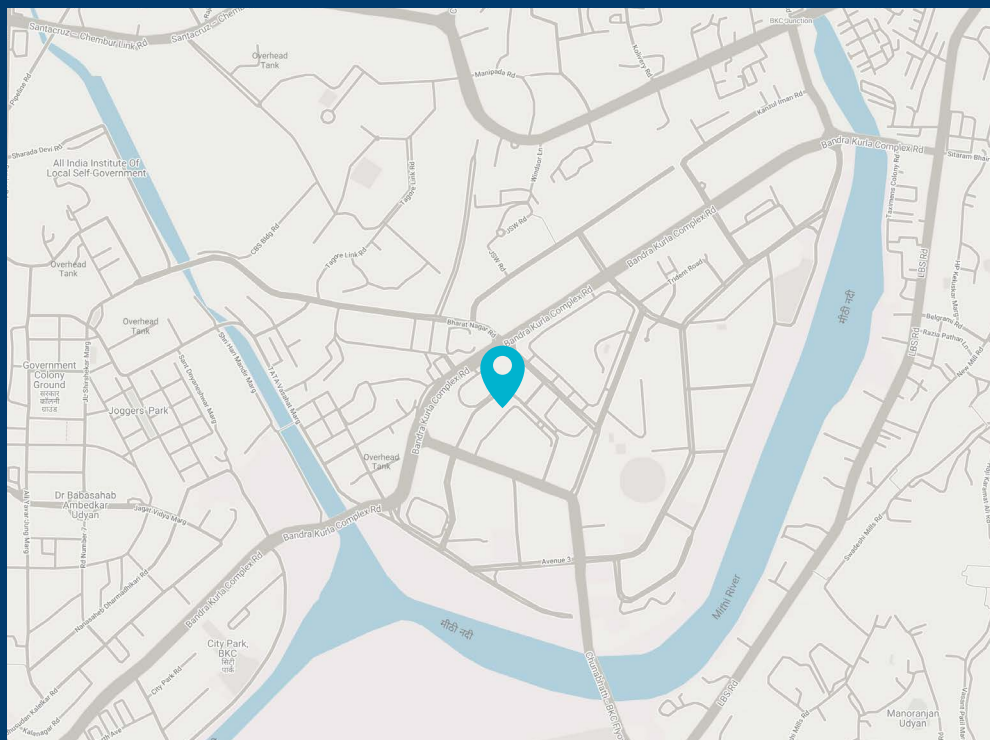
Power up your progress by plugging into an Irish network Embassy of Ireland, India:

www.dfa.ie/irish-embassy/india

Ireland India Business Association (IIBA):

www.iiba.ie/

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Rialtas na hÉireann
Government of Ireland



**Ireland's EU Structural and
Investment Funds Programmes
2014 - 2020**

Co-funded by the Irish Government
and the European Union



European Union
**European Regional
Development Fund**

Ireland's European Structural and Investment Funds Programmes 2014-2021.
Co-funded by the Irish Government and the European Union.

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