ExportReady DISCOVER | SEV Hellenic Federation of Enterprises

COUNTRY REPORT INDIA

MARCH 2022

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Division Industry, Growth, Infrastructure & Regional Policy

SEV Hellenic Federation of Enterprises

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1. General information: Republic of India

Geography

- **Area**: Total: 3,287,263 km2
- India, officially the Republic of India (Hindi: Bhārat Gaṇarājya), is a country in South Asia. It is the seventh-largest country by area, the second-most populous country, and the most populous democracy in the world. Bounded by the Indian Ocean on the south, the Arabian Sea on the southwest, and the Bay of Bengal on the southeast, it shares land borders with Pakistan to the west China, Nepal, and Bhutan to the north and Bangladesh and Myanmar to the east. In the Indian Ocean, India is in the vicinity of Sri Lanka and the Maldives its Andaman and Nicobar Islands share a maritime border with Thailand, Myanmar and Indonesia.
- **Capital City:** New Delhi
- **Largest city:** Mumbai (city proper), Delhi (metropolitan area)

Population

- **Total Population:** 1,402,532,051 billion, March (2022)
- **Population growth:** 0.97% of the total world population (2021)
- **Median age:** 28.4 years
- **Density:** 464 per Km2 (1,202 people per mi2)
- **Urban Population:** 35.0% of the population is urban (483,098,640 people in 2020)
- **Population of main cities:** Mumbai (12,691,836), Delhi (10,927,986), Bengaluru (5,104,047), Kolkata (4,631,392)

Ethnic Origins: 72% Indo-Aryan, 25% Dravidian, 3% Mongoloid and Other Minority Groups

Religion: 79.8% Hinduism, 14.2% Islam, 2.3% Christianity, 1.7% Sikhism, 0.7% Buddhism, 0.4% Jainism, 0.23% Unaffiliated, 0.65% Others

Language

- **Official Language**: Hindi, English
- **Business Language(s)**: English

Government

- **Type**: Federal Republic
- **President:** Ram Nath Kovind
- **Vice President:** Venkaiah Naidu
- **Prime Minister:** Narendra Modi

Currency: Indian rupee (₹) (INR)

Time zone: UTC+05:30 (IST)

Republic of India Overview

Since the 2000s, India has made remarkable progress in reducing absolute poverty. Between 2011 and 2015, more than 90 million people were lifted out of extreme poverty.

However, the COVID-19 pandemic led India's economy into a contraction of 7.3 percent in FY21, despite well-crafted fiscal and monetary policy support. Following the deadly 'second wave,' growth in FY22 is expected to be nearer to the lower bound of the range of 7.5 to 12.5 percent – still putting India among the fastest growing economies in the world. The pace of vaccination, which is increasing, will determine economic prospects this year and beyond. Successful implementation of agriculture and labor reforms would boost medium-term growth, while weakened household and corporate balance sheets may constrain it. The economic slowdown triggered by the outbreak is believed to have had a significant impact especially on poor and vulnerable households.

The response of the government to the COVID-19 outbreak has been swift and comprehensive. A national lockdown to contain the health emergency was complemented by a comprehensive policy package to mitigate the impact on the poorest households (through various social protection measures) as well as on small and medium enterprises (through enhanced liquidity and financial support).

To build back better, it will be essential for India to stay focused on reducing inequality, even as it implements growth-oriented reforms to get the economy back on track.

Table 1: India Country Profile (World Development Indicators Database, The World Bank, 15.2. 2022)

INDICATOR	1990	2000	2010	2020
Population, total (millions)	873.28	1,056.58	1,234.28	1,380.00
Population growth (annual %)	2.1	1.8	1.4	1.0
Surface area (sq. km) (thousands)	3,287.3	3,287.3	3,287.3	3,287.3
Population density (people per sq. km of land area)	293.7	355.4	415.1	464.1
Poverty headcount ratio at national poverty lines (% of population)	45.3	..	21.9	..
Poverty headcount ratio at $1.90 a day (2011 PPP) (% of population)	47.6	..	22.5	..
GNI, Atlas method (current US$) (billions)	334.59	467.08	1,505.74	2,651.67
GNI per capita, Atlas method (current US$)	380	440	1,22	1,92
GNI, PPP (current international $) (billions)	1,034.99	2,190.69	5,173.30	8,891.69
GNI per capita, PPP (current	1,19	2,07	4,19	6,44

international $)				
PEOPLE				
Income share held by lowest 20%	8.9	..	8.1	..
Life expectancy at birth, total (years)	58	63	67	70
Fertility rate, total (births per woman)	4.0	3.3	2.6	2.2
Adolescent fertility rate (births per 1,000 women ages 15-19)	99	67	35	11
Contraceptive prevalence, any methods (% of women ages 15-49)	45	47	55	..
Births attended by skilled health staff (% of total)	34	43	52	..
Mortality rate, under-5 (per 1,000 live births)	126	92	58	33
Prevalence of underweight, weight for age (% of children under 5)	52.8	46.3	..	33.4
Immunization, measles (% of children ages 12-23 months)	56	56	82	95
Primary completion rate, total (% of relevant age group)	64	71	93	95
School enrollment, primary (% gross)	91.4	94.3	109.1	99.9
School enrollment, secondary (% gross)	37	45	63	75
School enrollment, primary and secondary (gross), gender parity index (GPI)	1	1	1	1
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	..
ENVIRONMENT				
Forest area (sq. km) (thousands)	639.4	675.9	695.0	721.6
Terrestrial and marine protected areas (% of total territorial area)	..	..	..	3.5
Annual freshwater withdrawals, total (% of internal resources)	36.1	44.3	44.8	44.8
Urban population growth (annual %)	3.0	2.5	2.5	2.3
Energy use (kg of oil equivalent per capita)	350	417	562	..
CO_2 emissions (metric tons per capita)	0.64	0.89	1.35	1.80
Electric power consumption (kWh per	272	394	640	..

capita)				
ECONOMY				
GDP (current US$) (billions)	320.98	468.39	1,675.62	2,660.25
GDP growth (annual %)	5.5	3.8	8.5	-7.3
Inflation, GDP deflator (annual %)	10.7	3.6	10.5	4.6
Agriculture, forestry, and fishing, value added (% of GDP)	27	22	17	18
Industry (including construction), value added (% of GDP)	27	27	31	24
Exports of goods and services (% of GDP)	7	13	22	19
Imports of goods and services (% of GDP)	8	14	27	19
Gross capital formation (% of GDP)	29	27	40	29
Revenue, excluding grants (% of GDP)	12.4	11.7	13.2	13.2
Net lending (+) / net borrowing (-) (% of GDP)	-3.4	-3.8	-3.5	-2.3
STATES & MARKETS				
Time required to start a business (days)	..	..	33	18
Domestic credit provided by financial sector (% of GDP)	..	..	..	..
Tax revenue (% of GDP)	10.0	8.8	10.4	12.0
Military expenditure (% of GDP)	3.1	2.9	2.9	2.9
Mobile cellular subscriptions (per 100 people)	0.0	0.3	60.9	83.6
Individuals using the Internet (% of population)	0.0	0.5	7.5	41.0
High-technology exports (% of manufactured exports)	..	..	8	11
Statistical Capacity score (Overall average)	..	..	81	77
GLOBAL LINKS				
Merchandise trade (% of GDP)	13	20	34	24
Net barter terms of trade index (2000 = 100)	86	100	93	105

External debt stocks, total (DOD, current US$) (millions)	83,472	101,131	290,428	564,179
Total debt service (% of exports of goods, services and primary income)	33.0	17.1	6.8	15.0
Net migration (thousands)	-553	-1,889	-2,35	-2,663
Personal remittances, received (current US$) (millions)	2,384	12,883	53,48	83,149
Foreign direct investment, net inflows (BoP, current US$) (millions)	237	3,584	27,397	64,362
Net official development assistance received (current US$) (millions)	1,395.0	1,383.4	2,831.3	2,610.6

2. Economy

2.1. Economic and Political Overview

According to the IMF, the Indian economy grew by an estimated 9.5% in 2021, mainly driven by strong exports and domestic private investment. The measures put in place by the government to contain the virus have aggravated pre-existing issues throughout the country. Private consumption is likely to recover slowly due to a weak outlook, as an increase in unemployment brought by the pandemic sent millions of migrant workers back to rural areas, as jobs in cities were lost. Still, according to the IMF, the economy is expected to continue a steady growth in the coming years, registering an estimated GDP growth of 8.5% in 2022 and 6.6% in 2023.

India's broad range of fiscal stimuli and health responses to the pandemic have proven their effectiveness in 2021, as they supported the country's continuing recovery and helped to mitigate the long-lasting impacts of the COVID-19 crisis. The country's general government deficit stood at -9.4% by the end of 2021, and should decrease slightly in 2022 and 2023, reaching -9.2% and -8.6%, respectively. According to the IMF, the inflation decreased to 5.6% in 2021, and is expected to decrease to 4.9% in 2022 and 4.3% in 2023. The level of public debt remains high - it was estimated at 90.6% in 2021 - but is expected to decrease in the next two years, to 88.8% in 2022 and 88.1% in 2023. The government is focused on reducing inequality, as it seeks to implement growth-oriented reforms to get the economy back on track, such as MSME incentives, infrastructure sector boost, agriculture infrastructure, micro food enterprises, increased public employment outlay, and special liquidity window. According to the government, the MSME sector is crucial for the inclusive growth of the economy and, as such, it's become a major priority, with various programs for the development and promotion of MSMEs being put in place across the country.

India is expected to overtake China as the world's most populous country by 2024. It has the world's largest youth population, nevertheless, according to the OECD, over 30% of India's youth are NEETs (not in employment, education, or training). India continues to suffer from a low GDP per capita (USD 2,098), and almost 25% of the population still lives below the poverty line (about one-third of the world's population living on under USD 1.90/day lives in India) and the country's inequalities are very strong: the richest 1% of the population own 53% of the country's wealth. Additionally, the informal sector, where the vast majority of India's labour force is employed, has been particularly affected by the COVID-19 pandemic, increasing their risk of slipping back into poverty. According to the CMIE, India's unemployment rate stood at 7.7% of total labor force in 2021.

Table 2: (India - Economic Forecasts - 2021-2023 Outlook)

Main Indicators	2019	2020	2021 (e)	2022 (e)	2023 (e)
GDP (billions USD)	2,870.50	2,660.24	2,946.06	3,250.08	3,515.19
GDP (Constant Prices, Annual % Change)	4.0	-7.3	9.5	8.5	6.6
GDP per Capita (USD)	2,099	1,930e	2,116	2,313	2,479
General Government Balance (in % of GDP)	-7.4	-8.9	-9.4	-9.2	-8.6
General Government Gross Debt (in % of GDP)	74.1	89.6e	90.6	88.8	88.1
Inflation Rate (%)	4.8	6.2	5.6	4.9	4.3
Current Account (billions USD)	-24.55	24.01	-30.37	-44.64	-52.04
Current Account (in % of GDP)	-0.9	0.9	-1.0	-1.4	-1.5

Source: IMF – World Economic Outlook Database

2.2. SWOT Analysis

Strengths

- Stable democracy, with peaceful changes of government.
- Large internal market, providing some insulation from global business cycle.
- Successful diversification into manufacturing (motor vehicles) and services (including call centers, IT and biotechnology).
- High annual GDP growth.
- Low external debt relative to earnings and repayment capacity.
- Strong foreign exchange reserves.

Weaknesses

- Growing financial risk, with deterioration of balance sheets for banks and non-bank financial institutions amid the Covid-19 crisis.
- The Kashmir region remains volatile and a source of potential conflict. India-China relations have also deteriorated recently due to border disputes.

- The political system tends to engender coalition governments that lack the ability to push through economic reforms. Political opposition and nationwide protests against the Citizenship Amendment Act emerged in late 2019 and have dissipated for now amid the Covid-19 pandemic.
- Poverty remains pervasive and income distribution uneven.
- Structural weaknesses include inadequate infrastructure, current and fiscal account deficits and state involvement that crowds out private sector initiatives in some sectors.
- Weak structural business environment (though improving).
- Vulnerable to natural disasters (including tsunamis, droughts, floods, and earthquakes).

2.3. Structure of the Economy – Main Sectors

India is the world's fourth agricultural power. As a central pillar of the Indian economy, agriculture contributes 18.3% of the GDP and employs 42.6% of the active population. The country's main agricultural products are wheat, millet, rice, corn, sugar cane, tea, potatoes, cotton, bananas, guava, mango, lemon, papaya and chickpea. India is also the fifth largest producer of cattle and sheep, as well as the second largest in fishing production in the world. The spices sector is also very pronounced, particularly the production of ginger, pepper and chili. In 2021, agriculture was a key sector in India’s economic recovery from the COVID-19 crisis as the industry registered a sustained and robust growth. That's because the pandemic led many who lived in India's cities to move back to their ancestral lands, which resulted in a boost of agricultural activity.

The industry sector employs 25.1% of the workforce and accounts for 23.5% of GDP. Coal is the country's main energy source, with India being the world's third largest producer of coal. In the manufacturing industry, textile plays a predominant role, and, in terms of size, the chemical industry is the second largest industrial sector. After a sharp decline in industrial production experienced in the early days of the pandemic, 2021 saw a significant increase in industrial output. Although a rebound in manufacturing was seen throughout the entire secondary sector, the greatest recovery was registered in the cement and steel industries.

The services sector is the most dynamic part of the Indian economy. It contributes to almost half of its GDP (48.8%), but it only employs 32.2% of its workforce. The rapidly growing software sector has been boosting the export of services and modernising the Indian economy: the country has capitalised on its large educated English-speaking population to become a major exporter of IT services, business outsourcing services and software workers. Although the services sector was hit the hardest during the early days of the pandemic, it showed a steady recovery in 2021 as vaccination rates rose and people's mobility increased. The sector's recovery was mainly driven by customer-facing services and air cargo services.

Table 3: Breakdown of Economic Activity by Sector

Breakdown of Economic Activity by Sector	Agriculture	Industry	Services
Employment By Sector (in % of Total Employment)	42.6	25.1	32.3
Value Added (in % of GDP)	18.3	23.2	49.3
Value Added (Annual % Change)	3.0	-8.2	-8.1

Source: World Bank, Latest available data (2022)

2.4. Investment

According to UNCTAD's 2021 World Investment Report, FDI inflows reached an all-time high of USD 64 billion in 2020, registering a 27% increase compared to 2019 (where FDI had reached USD 51 billion). The stock of FDI reached USD 480 billion in 2020. India ranks 5th among the top 20 FDI host economies and the largest host in the sub-region; the country historically accounts for 70-80% of inflows into the region. In the midst of India's struggle to contain the COVID-19 pandemic, robust investments through acquisitions in ICT (software and hardware) and construction supported FDI. Cross-border mergers and acquisitions increased by 83% to USD 27 billion, with large deals involving ICT, healthcare, infrastructure and energy. Major transactions included the acquisition of Jio Platforms by Jaadhu (US) for USD 5.7 billion, the acquisition of Tower Infrastructure Trust by Brookfield (Canada) and GIC (Singapore) for USD 3.7 billion and the sale of Larsen & Toubro India's electrical and automation division for USD 2.1 billion. The merger of Unilever India with GlaxoSmithKline Consumer Healthcare India for USD 4.6 billion also contributed.

During the year, India has relaxed administrative regulations for foreign investors in some industrial sectors by abolishing the requirement for approval by the Reserve Bank of India under certain conditions. The overall growth of FDI in India is thanks to its many assets, especially its high degree of specialisation in services, with a skilled, English-speaking and inexpensive labour force and a potential market of one billion inhabitants. Singapore, Mauritius, the Netherlands, Japan, the U.S., the U.K., France and Germany are the main investing countries in India. Investments were mainly oriented towards services, computer software and hardware, telecommunications, trade, the automobile industry, construction, chemicals.

India ranked 63rd out of 190 countries in the last Doing Business report, published in 2020 by the World Bank, a significant improvement from the previous year's spot, when it ranked 77th. As such, India joined the list of 10 most improved economies for the third year in a row. The country has conducted a remarkable reform effort, and given the size of the country's economy, these reform efforts are particularly commendable. Since the implementation of these reforms, more than 2,000 companies have used the new law. Global investors typically focus on India mainly because of its demographics, but also for its stable barometers, whether it be inflation, fiscal deficit, or growth. However, the country still has several restrictive laws on foreign investment, excessive bureaucracy, and high levels of corruption. Still, given India's growing demographics, and huge e-commerce and technological markets, activity in both areas are expected to grow in the following years. Among the biggest investments that occurred in recent years is the merger Sony Pictures Networks India, a subsidiary of Sony Pictures Entertainment Inc., and Zee Entertainment Enterprises for USD 1.575 billion.

Table 4: Foreign Direct Investment - UNCTAD, 2022

Foreign Direct Investment	2018	2019	2020
FDI Inward Flow (million USD)	42,156	50,558	64,062
FDI Stock (million USD)	386,169	426,944	480,298
Number of Greenfield Investments*	779	701	401
Value of Greenfield Investments (million USD)	54,140	29,788	24,071

Source: UNCTAD, Latest available data

Strong points:

Advantages for FDI in India:

- Deep-rooted and highly effective democratic regime, which ensures a calm and stable political environment.
- Well-developed administration and an independent judicial system, along with a vast geography, making the country a repository of resources.
- Work force is educated, hard-working and skilled (engineers, management staff, accountants and lawyers).
- India hosts an ever-growing consumer base, making it one of the world's largest markets for manufactured goods and services.
- Proximity to key manufacturing sites, key suppliers and low development costs. These factors make it an effective base from which multi-national companies can export to other high-growth emerging markets.
- Transparency International gave Indian companies the top ranking among emerging market multinationals in terms of transparency and compliance.

Weak points:

Some of the principal disadvantages for FDI in India:

- Lack of adequate infrastructure slowing down the development of this country-continent.
- Cumbersome and slow administrative procedures at the federal level hindering any economic reform (bureaucratic red tape).
- Labour regulations remaining rigid and among the most complex in the world.
- High corporate debt and non-performing assets (NPA).
- Net importer of energy resources.
- Weak public finances.

Government Measures to Motivate or Restrict FDI: The Government of India provides tax and non-tax investment incentives in specific sectors (e.g., electronics) and regions (Northeast region, Jammu & Kashmir, Himachal Pradesh and Uttarakhand). It has also created incentives for manufacturing companies to set up in Special Economic Zones (SEZ), National Investment & Manufacturing Zones (NIMZ) and Export Oriented Units (EOUs). In addition, each state government has its own policy, providing additional investment incentives, including subsidised land prices, attractive interest rates on loans, reduced tariffs on electric power supply, tax concessions, etc. The central government development banks and state industrial development banks offer medium to long-term loans for new projects.

The Government has recently relaxed FDI policy in a variety of sectors by such measures as raising the foreign investment limit, easing conditions for investment, and putting many sectors on the 'automatic route' (as opposed to the 'Government route', which requires approval from the Foreign Investment Promotion Board). Reforms to clean up the banking system have been implemented, but they take time and may impact the supply of credit. On the other hand, while the fiscal deficit and public debt remain large, the government has taken steps to reduce them. The most notable of these initiatives is the introduction of the GST (Good and Services Tax), which aims to boost tax revenues and make the economy more competitive in the long run. Sectors that have benefited from the expansion include real estate, private banking, defence, civil aviation, single-brand retail and television news.

In order to position India as a global hub for Electronics System Design and Manufacturing (ESDM) and push further the vision of the National Policy on Electronics (NPE) 2019, three schemes namely the Production Linked Incentive Scheme (PLI), Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) and Modified Electronics Manufacturing Clusters Scheme (EMC 2.0) have been notified.

2.5. Taxation

Domestic companies and partnerships: 30%

The effective tax can range from 31.20% (income below INR 10 million); 33.38% (income between INR 10 and 100 million); and 34.94% (income over INR 100 million)

Tax Rate for Foreign Companies: A resident company is taxed on its worldwide income. A non-resident company is taxed only on its Indian-sourced income.

Non-resident companies and branches of foreign companies are taxed at a rate of 40% instead of 30%, plus a health and education cess and a surcharge depending on the turnover value (consult corporate income rates section for further details).

Non-resident companies engaged in specific businesses are taxed at 7.5% (operating ships) and 5% (operating aircrafts) of amounts specified in the Income Tax Act. Income tax relief is provided as part of international tax treaties.

An equalization levy of 6% on the amount of consideration in excess of INR 100,000 for specified services received by a non-resident without a permanent establishment in India must be withheld by a resident payer or a non-resident payer with a PE in India.

Capital Gains Taxation: Tax treatment varies on long term (assets held for more than 3 years, listed shares and certain securities held for more than 1 year, unquoted shares and real estate held for more than two years) and short-term capital gains. Long-term gains on listed shares and securities are taxed at 10% (with no inflation adjustment) or exempt for the first INR 100,000 if subject to the securities transaction tax (STT). Long-term gains obtained by a non-resident on unquoted shares are also taxed at 10% (with no inflation or exchange rate adjustment). Long-term gains on other types of assets are taxed at 20% with inflation adjustment (plus the surcharge and health and education cess). Short-term gains are taxed at ordinary tax rates or at 15% if subject to the STT (a surcharge and an education cess apply to these gains).

Main Allowable Deductions and Tax Credits: In general, expenses are deductible if they are incurred wholly and exclusively for business or professional purposes, not in the nature of a personal expense, and if they are not capital in nature. Allowable deductions include wages and salaries, bonuses and commissions, rent, repairs, insurance, royalty payments, certain taxes (sales, municipal, road, property and expenditure taxes, customs duties), interest, lease payments, depreciation, expenditure for materials and scientific research, etc. One-fifth of start-up expenditure is allowed as a yearly deduction, over a period of five years. Bad debts can be allowed as a tax-deductible write-off if they have been written off as irrecoverable.
Any charitable contribution made by a company to any charity is allowed as a tax-deductible expense (conditions apply), in a range from 50% to 100% of the charitable contribution, depending upon the nature of charity. No deduction shall be allowed in respect of contribution made in cash exceeding INR 2,000. If a business has opted for the reduced rate of tax of 22% under new tax regime, it will not be allowed to claim deductions of charitable contributions from FY 2020-21 onwards. Losses can be carried forward and set off against income from the subsequent year (business and capital losses for 8 years), while carrybacks are not allowed.
Various incentives are provided for companies carrying out specific business activities in India, for example:

- A 10-year tax holiday on 100% profits for developing, operating or maintaining infrastructure, power or network and distribution facilities.
- A 7-year tax holiday on 100% profits for qualifying production of mineral oil and natural gas.
- A 10-year tax holiday on 100% profits for developing a Special Economic Zone (SEZ).

- A 5-year tax holiday on 100% profits for operating and maintaining hospitals in rural areas.
- A 5-year tax holiday on 100% profits plus a 5-year tax holiday on 50% profits from export from a new undertaking, satisfying prescribed conditions and set up in an SEZ (available if the activities start before 30 June 2020).
- A tax exemption up to 150% (reduced to 100% starting from the 2020-21 tax year) for financial contribution to research institutes (restricted to certain industries).
- A concessionary tax rate of 10% (plus surcharge and cess) on income by way of royalty in respect of a patent developed and registered in India by a resident in India ("Patent Box regime").

Other Corporate Taxes: Indian companies distributing or declaring dividends are liable to pay DDT (dividend distribution tax) at 15%. This rate is required to be grossed up; consequently, the effective rate of DDT is 20.36%. However, the Finance Act 2020 has abolished the DDT with effect from 1 April 2020, hence dividends distributed after that date will be taxable in the hands of shareholders (20% for dividends paid to non-resident; at the normal tax rates applicable to the shareholders for dividends paid to residents).

A securities transaction tax is applicable to transactions involving the purchase/sale of equity shares, derivatives, units of equity-oriented funds through a recognised stock exchange, or the purchase/sale of a unit of an equity-oriented fund to any mutual fund. The rates vary from 0.01% to 0.125%, depending upon the type of securities.

A property tax is levied by the governing authority of the jurisdiction in which the property is located, with rates varying from city to city. Stamp duties apply on all legal property transactions, with different rates being set by each state.
Social contributions paid by the employer amount to 12% of the employees' salary (8.33% are allocated to the Employees' Pension Fund, capped at INR 15,000/month for Indian employees). A reduced tax rate can apply for individual and Hindu Undivided Family (HUF) taxpayers.

From 1 April 2020, an equalization levy of 2% applies on the consideration from e-commerce supply and services made or provided by an e-commerce operator without a PE in India, and whose sales, turnover, or gross receipts from the e-commerce supply and services are at least INR 20 million during the tax year.

3. Consumer Behavior and Characteristics

3.1. Consumer Behavior and Characteristics

Consumer Profile: The population of India in 2020 is estimated at 1.38 billion according to the latest UN data. The largest city in India is Mumbai, with a population of 12.7 million, followed closely by Delhi with a population of over 11 million. Overall, there are more than 50 areas India with a population of more than one million. While the number of Indians living in urban areas has increased over the past two decades, about 65% of the population still lives in rural areas. India is a vast country, marked by a great diversity of religions, languages, literacy levels, traditions, social customs and economic status. There are therefore several types of Indian consumers. There are five categories of Indian homes: elite, well-off, aspiring, future billionaires, strivers. The first two classes of income are those that grow the fastest. However, the largest consumption expenditure is concentrated on categories including people with undergraduate degrees (skilled employees), blue-collar workers and migrant workers. In India, these categories represent about 129 million workers with incomes of more than 3,200 USD per year on average. India struggles to educate and employ its growing population: over 27% of the country's young people are excluded from education, employment, or training, while the vast majority of working Indians are employed in the informal sector. According to the latest data from the World Bank, in 2018, India had a literacy rate of 74.4%: 82.4% for men and 65.8% for women. However, the literacy rate varies enormously from one state to another. India still has about a quarter of the world's extreme poor, and social inequalities in the country are not only rampant but rising. The expansion of this category of population - both in terms of size and income - is expected to be the main driver of consumption in India over the next few years. Nevertheless, rising incomes influence spending patterns in the various consumer categories.

Purchasing Power: Consumer spending across India amounted to over 21.6 trillion rupees as of January 2020. India is expected to become the third largest consumer market by 2030. Fundamental changes in Indian family structure are a determining factor in consumption patterns: extended family gives way to nuclear homes - a couple or a single person, with or without children who tend to spend more. According to World Bank data for 2019, per capita GDP (Purchasing Power Parity) in India was US $ 7 034.2. According to the World Organisation of Labour, the Gross National Income per capita (PPP) was USD 6,960 for the same period. According to the Gender Gap Index in 2020, India has slipped to the 112th position from the previous 108th in 2018. 19% was the Gender Wage Gap between men and women in India in 2019.

Consumer Behaviour: Indian consumer behaviour is strongly influenced by the caste system that compartmentalizes society. It creates social differences and makes it possible to strengthen bonds between people from the same social group. Thus, a brand will be much easier to advertise via the recommendations of parents and word of mouth. In general, Indian consumers are attached to a particular brand, but are not exclusive. Indeed, they seek above all the added value of the purchase and the brand, more than its reputation. Companies wishing to reach as many consumers as possible must make significant efforts in terms of market penetration. Indian consumers tend to buy fresh produce (dairy products, fruits and vegetables) at least every two or three days, an advantage for traditional "kirana" stores compared to so-called modern stores like supermarkets. There are over 15 million traditional “kirana” stores in India – 88% of the retail market. In recent years, rural consumers have grown in importance. Broader Internet access is driving a growing demand for streaming services as well as significant growth in e-commerce. The country already has the second-largest internet population – and only 41% of citizens are online. Big brands are already investing in Indian expansion. Ecommerce is new to many Indians, particularly outside the big cities. Programs like Amazon Easy are connecting traditional stores to the e-commerce sector. Kirana shops can act as delivery points or help customers place orders. The shared economy has undergone a tremendous development in India and has grown exponentially in the past five years. Services like MERU Cab are used as an alternative for Uber or BlaBlaCar.

3.2. Internet and Ecommerce

Internet access: As of December 2017, India had an estimated 481 million internet users, 11.3% more than the previous year. While internet penetration in urban India is at 64.84% (up from 60.6% in 2016), in rural areas internet penetration has grown only a little - from 18% in 2016 to 20.2% in 2017. Delhi, Mumbai and Kolkata are the cities with the highest penetration. Online communication remained the top activity among urban users, whereas in rural areas entertainment is the most common reason for browsing the internet. The majority of internet users in India are male, with women estimated to represent only about 30% of total users. According to data released by the Telecom Regulatory Authority of India (TRAI), India’s mobile phone subscriber base has reached the one billion users mark, with a smartphone user base of over 300 million. India has topped the U.S. to become the second largest market for smartphones after China. Google is by far the most common search engine, with a market share of 97.6%, followed by Bing (1.4%) and Yahoo (0.9%).

E-commerce market: Indian e-commerce is growing at an annual rate of 51%, the highest in the world, and is expected to jump from US$ 30 billion in 2016 to US$ 120 billion in 2020. According to a Morgan Stanley report, India’s e-commerce market will be worth US$ 200 billion by 2026. As per industry body NASSCOM's latest estimates, India's e-commerce market was worth US$ 33 billion in the financial year 2017. India’s e-commerce sector is highly competitive, as it sees the presence of international marketplace players like Amazon, eBay, Alibaba and others competing alongside the domestic marketplace operators such as Flipkart, Snapdeal, TataCliq. Since 2014, the Government of India has announced various initiatives to propel e-commerce and internet usage in general, namely, Digital India, Make in India, Start-up India, Skill India and Innovation Fund. Technology enabled innovations like digital payments, hyper-local logistics, analytics driven customer engagement and digital advertisements will likely support the growth in the sector. Cross-border B2C e-commerce is growing fast, with automotive, baby supplies, toys, clothing, footwear, wearables and accessories, jewelry, watches, cosmetics, health products and digital entertainment and educational services being the leading product categories for international purchases. The major challenges restricting growth of cross-border e-commerce are high shipping costs, import duties and complexities in returns and exchanges. In order to exploit the huge potential in the B2B e-commerce market in India, leading B2B companies have started to build their own platforms for small business owners and traders.

E-commerce sales and customers: Fashion is currently the leading product category in India, followed by electronics, home and furnishing and entertainment. E-commerce is increasingly attracting customers from 2nd and 3rd tier cities, where people have limited access to brands but have high aspirations. The Associated Chambers of Commerce of India estimated the number of online shoppers to have crossed 100 million in 2017, compared with 69 million in the previous year. 56% of online shoppers in India buy using desktops, compared to 29% using smartphones and 10% preferring tablets. The main reason why Indian consumers are adopting e-commerce is because of price convenience. The possibility to access an expanded basket of goods is also one of the main drivers. Thanks to rising income levels and increased awareness, there is growing interest for international brands and better-quality foreign products. Due to transport infrastructure difficulties, consumers often prefer the service providers that offer the fastest delivery. Cash on Delivery (COD) payments accounted for 45% of online payments and remained a popular mode of payment for Indian e-commerce transactions. Nevertheless, the demonetisation process started in November 2016 by the government affected this trend, with cash on delivery quickly changing into “card on delivery”. The shift away from the cash is evident by the growth in payments by credit cards and mobile wallets. The launch of a Unified Payments Interface (UPI) by the Reserve Bank of India is expected to be a game changer, as it will enable e-commerce delivery staff to collect money electronically even for COD transactions.

Social media: Social networks' penetration rate in India - at only 14% of the population – is one of the lowest rates in the world. Facebook is the most popular social network: India is the country with most Facebook users in the world (270 million) ahead of the US. Key Facebook users from India are aged 18-24, with more than three-fourth of the users being male. WhatsApp has more than 200 million users, followed by Messenger, Instagram (59 million), Google+ and Twitter (10.1 million) (Statista). The professional social networking platform LinkedIn has over 42 million users. Most active users on LinkedIn in India are in age group 24-35, with an almost even share of men and women.

4. International Trade

4.1. Trade Standards: In India, voluntary standards are exclusively developed by BIS. BIS was originally established under the Bureau of Indian

Standards Act of 1986 and is responsible for the development and formulation of standards. In March 2016, the government of India passed a revised bill to replace the 30-year-old BIS Act. The bill established BIS as a national body and empowered the central government to authorize any other agency having necessary accreditation for conformity assessment against Indian standards. BIS is comprised of representatives of industry, consumer organizations, scientific and research bodies, professional organizations, technical institutions, Indian government ministries, and members of parliament. BIS is also 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 tandem with 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. 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, Food Safety and Standards Authority of India (FSSAI) was established under the Food Safety and Standards Act, 2006, as a statutory body for implementing and regulating food standards.

Licensing Requirements for Professional Services: According to India's Ministry of Finance, the services sector accounts for over 54 per cent of the economy and almost 80 per cent of total FDI inflows. Total FDI inflows into the services sector increased by 34 percent during April-September 2020 to reach $23.61 billion. India has implemented policy reforms over the years in several services sectors, such as banking and financial, telecom, air transport, healthcare, postal services, and other professional services. However, India still has restrictions on the provision of certain professional services by foreign nationals. These restrictions may include the number of foreign employees, transaction value, the supplier's legal structure, or amount of foreign capital. For example:

- There are many restrictions for accounting and audit services, but many foreign accounting firms have been able to navigate these 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 registered

with The Council of Architecture must sign to get an architectural plan approved for a local project.
- Foreign law firms or foreign lawyers cannot practice law in India unless they fulfil the requirements of the Advocates Act, 1961, under the Bar Council of India.

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 is actively involved in comprehensive multilateral negotiations regarding trade in services.

4.2. Trading Across Borders

Tables 5 & 6: Trading across borders, Delhi (Doing Business 2020)

Trading across Borders - Delhi

Indicator	Delhi	South Asia	OECD high income	Best Regulatory Performance
Time to export: Border compliance (hours)	54	53.4	12.7	1 (19 Economies)
Cost to export: Border compliance (USD)	195	310.6	136.8	0 (19 Economies)
Time to export: Documentary compliance (hours)	6	73.7	2.3	1 (26 Economies)
Cost to export: Documentary compliance (USD)	65	157.9	33.4	0 (20 Economies)
Time to import: Border compliance (hours)	70	85.7	8.5	1 (25 Economies)
Cost to import: Border compliance (USD)	260	472.9	98.1	0 (28 Economies)
Time to import: Documentary compliance (hours)	18	93.7	3.4	1 (30 Economies)
Cost to import: Documentary compliance (USD)	100	261.7	23.5	0 (30 Economies)

Figure - Trading across Borders in Delhi - Score

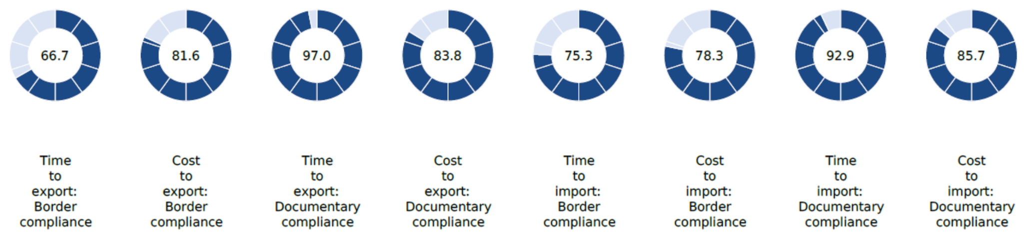

Table 7: Trading across borders, Delhi and Comparator Economies (Doing Business 2020)

Figure - Trading across Borders in Delhi and comparator economies - Ranking and Score

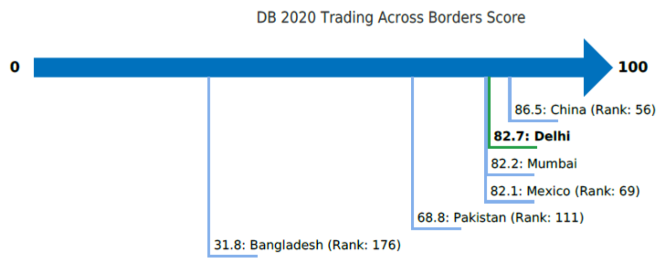

Table 8: Trading across borders, Delhi – Time and Cost (Doing Business 2020)

Figure - Trading across Borders in Delhi - Time and Cost

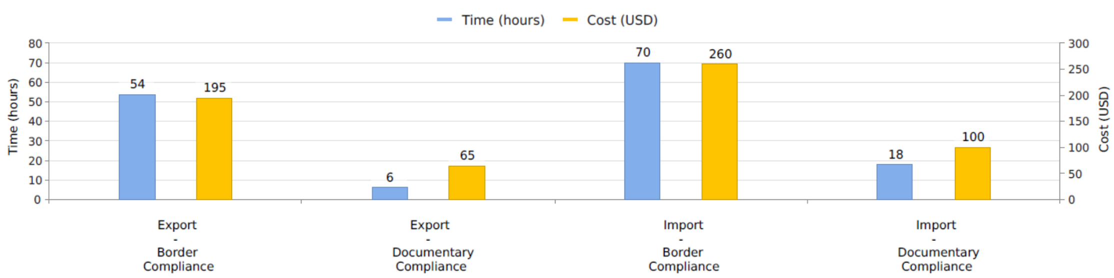

Table 9: Trading across borders, Delhi – Trade Documents (Doing Business 2020)

Details - Trading across Borders in Delhi - Trade Documents

Export	Import
Bill of lading	Invoice
Commercial invoice	Packing list
Packing list	Import general manifest
Customs export declaration	Bill of entry
Terminal handling Receipts	Certificate of origin
SOLAS certificate	Bill of lading
	Cargo release order
	E-Delivery Order
	Terminal handling receipts
	SOLAS certificate

4.3. Trade barriers

Trade imports: Information on average tariff rates for various goods is also available in USTR's National Trade Estimate at the link above. The government of India (GOI) has consistently raised tariff and non-tariff barriers to protect domestic suppliers across most sectors. For example, in February 2021 in its 2021-2022 Annual Budget, the government of India (GOI) increased tariffs for 31 product categories including cotton, palm oil, denatured ethanol for select end-use, solar inverters and solar lanterns, and shelled walnuts.

Import Requirements and Documentation: Over the last decade, India has steadily made it easier to import products. Most 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, unless 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.

Capital goods can be imported with a license under the Export Promotion Capital Goods plan (EPCG) at reduced duty rates, 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, upon 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 imported duty free under various license categories.

Advance Authorization: Certain products require an advance license to allow duty free imports of inputs which are physically incorporated into export products. In addition, fuel, oil, energy, and catalysts consumed to produce export products are also allowed under this plan. The raw materials/inputs are allowed in terms of Standard Input-Output Norms (SION), or self-declared norms of exporters.

Advanced Licenses are issued on pre-export or post export bases in accordance with the Foreign trade policy and procedures, and 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 the import of inputs required for an 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 may be issued for deemed exports to the main contractor for the import of inputs required for the manufacture of goods to be supplied to the categories mentioned in the Foreign Trade Policy (Note: Updates to India's Foreign Trade Policy (FTP) are delayed until March 31, 2022. Exemption from the payment of Integrated Goods and Service Tax (IGST) and compensation cess on the imports made under the advance/EPCG authorizations, and by the export-oriented units, were also extended through March 31, 2022. The validity of "status holder" certificates for exporters were extended similarly). An Advance License for deemed exports can also be acquired by a subcontractor for projects, provided the name of the subcontractor appears in the main contract.

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 (where applicable).
- All import documents (e.g., ex-factory invoices, freight documentation, insurance certificates) must be accompanied by import licenses. This enables customs to properly clear the documents for timely imports.
- Letter of Credit (L/C).
- Importers must include a copy of the L/C to record payment for imports. Normally this document is verified with the issuing bank.

Not all consignments are inspected prior to clearance, and inspections may be waived for known importers. Under the current customs regime, an appointment with the clearing agent(s) helps avoid delays. In general, documentation requests/requirements 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 option. Indian Customs has recently extended its operations to 24 hours to ensure more timely clearances of imports.

Labeling and Marking Requirements: Labeling is an important consideration for exporting to India. English is the preferred language for labeling. Indian Customs is strict and ensures that imported items include the legally required labelling information.

According to the Ministry of Commerce, all pre-packaged commodities intended for direct retail sale imported into India must carry the following information on the label:

- Name and address of the importer.
- Generic or common name of the commodity.

Net quantity in terms of standard unit of weights and measurements. All units of weight and measurement 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 may be sold to the end consumer. The MRP includes all taxes, local or otherwise, freight, transport charges, commission payable to dealers, and charges for 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. Pre-packaged commodities such as raw materials, components, and bulk imports that undergo further processing before sale to end consumers are not included under these labeling requirements.
The Food Safety and Standards Authority of India (FSSAI) was established under the Food Safety and Standards Act, 2006, as a statutory body for regulating the manufacturing, processing, distribution, sale, and import of food products as well as its labelling and packaging requirements.
Additional labelling requirements for packaged food products, as stipulated in 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, and 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 information:

- The purpose of irradiation and license number in case of irradiated food.
- Extraneous addition of coloring material.

Non-vegetarian/vegetarian food: Any food which contains whole or part of any animal including birds, fresh water or marine animals, eggs, or any ingredient of animal origin (excluding 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 must 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
- Made on a card or tape affixed firmly to the package and bearing the required information prior to customs clearance.

The Food Safety and Standards Authority Of India's (FSSAI) Food Safety and Standards (Import) First Amendment Regulations, 2018, stipulate that "Custom Authorities shall not clear any article of food unless it has a valid shelf life of not less than sixty per cent, or three months before expiry, whichever is less, at the time of import". Product shelf life is calculated based on the information provided on the label of a product.

4.4. Foreign Trade Figures (Imports & exports)

India used to be a protectionist state for a long time, but the country has become progressively more open to international trade. Currently, trade represents 36.5% of the country's GDP. The country mainly exports petroleum oils (9.5%), medicaments (6%), diamonds (5.5%), rice (2.9%), and articles of jewelry (2.8%), while it imports petroleum oils (17.5%), gold (6%), diamonds (4.3%), coal and similar solid fuels (4.3%), petroleum gas and other gaseous hydrocarbons (4.1%). According to IMF Foreign Trade Forecasts, the volume of exports of goods and services increased by 6.7% in 2021 and is expected to remain stable at 6.1% in 2022, while the volume of imports of goods and services increased by 7.5% in 2021 and is expected to increase by 8.2% in 2022.

India's main partners are the United States, China, the United Arab Emirates, Saudi Arabia, Iraq, Hong Kong, and Singapore. The country has recently signed free trade agreements with South Korea and ASEAN and has entered into negotiations with several partners (EU, MERCOSUR, Australia, New Zealand and South Africa).

In 2021, Brazil and India signaled their interest in expanding the FTA that India has with MERCOSUR, but the expansion is still under negotiation, pending approval from other members of the South American bloc. India is currently the world's fastest-growing large economy, as well as the world's eighth largest exporter and tenth largest importer of commercial services. However, India's trade regime and regulatory environment still remains relatively restrictive.

The country's trade balance is structurally negative, given that the country imports nearly 80% of its energy needs. However, as India benefits from the fluctuations in world hydrocarbon prices for its imports, the country's trade deficit has been oscillating for the past few years. In 2020, India exported USD 279 billion worth of goods, while imports accounted for USD 372 billion, resulting in a negative trade balance of USD 95 billion. According to the WTO, in the same year, exports of services amounted to USD 202 billion, whereas the imports of services stood at USD 152 billion, leading to a decrease of the overall trade deficit, which amounted to USD 8.2 billion.

Table 10: India's Foreign Trade Indicators

Foreign Trade Indicators	2016	2017	2018	2019	2020
Foreign Trade (in % of GDP)	40.1	40.7	43.6	39.4	36.5
Trade Balance (million USD)	-107,476	-148,134	-186,692	-157,678	-95,246
Trade Balance (Including Service) (million USD)	-41,579	-72,212	-105,92	-73,452	-8,223
Imports of Goods and Services (Annual % Change)	4.4	17.4	8.6	-0.8	-17.6
Exports of Goods and Services (Annual % Change)	5.0	4.6	12.3	-3.3	-8.1
Imports of Goods and Services (in % of GDP)	20.9	22.0	23.7	21.0	18.4
Exports of Goods and Services (in % of GDP)	19.2	18.8	19.9	18.4	18.1

Source: World Bank; Latest available data (2022)

Table 11: India's Foreign Trade Values

Foreign Trade Values	2016	2017	2018	2019	2020
Imports of Goods (million USD)	359,065	449,925	514,464	486,059	372,854
Exports of Goods (million USD)	264,020	299,241	324,778	324,340	276,302
Imports of Services (million USD)	133,710	153,960	174,925	178,322	152,860
Exports of Services (million USD)	161,845	184,673	204,323	214,128	202,600

Source: World Bank; Latest available data (2022)

Table 12: India's Foreign Trade Forecasts

Foreign Trade Forecasts	2021	2022 (e)	2023 (e)	2024 (e)	2025 (e)
Volume of exports of goods and services (Annual % change)	6.7	6.1	6.2	6.2	6.2
Volume of imports of goods and services (Annual % change)	7.6	8.2	8.2	8.2	8.2

Source: IMF, World Economic Outlook; Latest available data (2022)

4.5. Greece – India Trade Relations

Bilateral trade between Greece and India in 2021 amounted to almost €833M, showing 69% increase compared to 2020.

Greek imports from India amounted to almost €699M, showing 68% increase since 2020. Greece's imports from India mainly concern machinery, automobiles and auto parts, iron and steel, aluminum, copper, dyes and chemicals, and textiles and garments.

Greek exports to India amounted to almost €134M. This means 75% increase compared to 2020. The composition of Greek exports to India includes machinery, rubber and plastic products, cotton, copper products, iron and steel products, chemicals, and others.

Table 13: Value of Greek Imports from India 2021 (Eurostat, 2022)

IMPORTS - Value in Euro (€)	2019	2020
Food and Live Animals	46.253.084	61.816.947
Beverages and Tobacco	119.158	586.773
Crude Materials, Inedible, Except fuels	17.472.907	9.302.068
Mineral Fuels, Lubricants and Related Materials	12.425.892	100.494.315
Animal and Vegetable, Oils, Fats and Waxes	646.706	880.868
Chemical and Related Products, N.E.S.	111.442.642	128.024.104
Manufactured Goods Classified Chiefly by Material	152.342.468	292.883.803
Machinery and Transport Equipment	36.564.177	61.557.566
Miscellaneous Manufactured Articles	37.777.462	43.613.056
Commodities and Transactions not Classified Elsewhere in the SITC	64.849	:
Total	**415.109.345**	**699.159.500**

Table 14: Value of Greek Exports to India 2021, (Eurostat, 2022)

EXPORTS - Value in Euro (€)	2019	2020
Food and Live Animals	1.260.988	2.464.306
Beverages and Tobacco	4.744	69.620
Crude Materials, Inedible, Except fuels	36.248.590	75.305.961
Mineral Fuels, Lubricants and Related Materials	686.766	1.045.824
Animal and Vegetable, Oils, Fats and Waxes	22.439	29.677
Chemical and Related Products, N.E.S.	14.907.821	23.217.912
Manufactured Goods Classified Chiefly by Material	17.385.006	19.806.487
Machinery and Transport Equipment	4.541.921	8.813.362
Miscellaneous Manufactured Articles	1.808.383	3.492.569

Commodities and Transactions not Classified Elsewhere in the SITC	18.205	42.609
Total	**76.884.863**	**134.288.327**

4.6. Leading Sectors for Exporters

Agriculture Sector: India is an agrarian economy with half of its labor market representing agriculture-related sectors and more than 54 percent of the nation's land categorized as arable. India is among the world's leaders in terms of production volume for various commodities such as rice, wheat, cotton, sugar, horticulture, and dairy. Agriculture and related sectors such as forestry and fisheries account for 19.9 percent of the country's GDP. Consequently, the agricultural sector plays an important role in Indian economics, politics, and society.

Indian agricultural production for food staples is highly monsoon (seasonal rainfall) dependent, and farm yields are generally below world averages. Low productivity is caused by many factors such as inadequate farmer education and training, heavy government regulation, inefficient food distribution system, poor infrastructure (which results in post-harvest losses of up to 40 percent for certain products), 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 investment.

The agricultural sector is slowly shifting from traditional farming to horticulture and 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 spoilage rate of agricultural output while helping producers capture value as products retain quality and provide increased benefits 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 $5.14 billion in 2020. The market for imported foods has grown steadily due to a growing middle class, the millennial generation, 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 gourmet grocery stores, imported foods sections of larger store formats, and in thousands of small neighborhood stores (kirana stores). While opportunities for imported food in the hotel, restaurant and 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.

India's food and grocery retail business is estimated at $500 billion. This retail sector is dominated by traditional trade formats like neighborhood shops or kirana (mom and pop) stores, which hold approximately 88 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. India's e-retail grocery market grew by 80 percent to $2.7 billion in 2020 primarily due to COVID-19 and the resulting lockdown. The sector is expected to grow rapidly over the next few years, due to expanding internet connectivity and rising consumer demand for convenience, value, safety/hygiene, ease of payment, and product variety. Opportunities for exporters exist in consumer-oriented products, especially tree nuts, fruits, and packaged/processed foods. The emergence of larger chains and stores began around 2005, and the sector has grown to over 8,100 modern retail outlets across India in 2020. While many retailers are expanding and opening new stores, profitability continues to be an issue, including high real estate costs.

Energy: India is the third largest energy consuming country in the world, and over the past decade it has transformed to a power surplus country (peak demand crossed 200 gigawatts [GW] for the first time in July 2021). India's installed capacity exceeded 380 GW in 2021, supported by such factors as industrial growth, urbanization, government policies, and favorable geopolitics. The Indian power sector comprises diversified fuel sources. These include conventional sources such as coal, oil, and gas, along with environmentally sustainable sources such as solar, wind, biomass and industrial waste, and small hydro plants.
As of April 30, 2021, India's installed capacity stood at 383 GW with coal dominating with 55 percent of the mix; however, coal's share is declining as the supply of renewable energy, in particular solar, increases. Once a government led sector, power generation is realizing increased participation from the private sector, which made a 46.83 percent contribution to India's installed power generation capacity in 2020.
The global pandemic affected the Indian power sector. Constrained economic activities and unemployment resulted in payment delays from residential, commercial, and industrial consumers. Timelines for capacity additions and developmental plans were delayed across the sector. However, the sector has displayed resilience and is already showing signs of recovery.

Chemical industry: India's diversified chemicals industry covers over 80,000 commercial products that are broadly classified into bulk chemicals, specialty chemicals, agrochemicals, petrochemicals, polymers, and fertilizers. India is ranked sixth in the world in terms of sales and imports of chemicals (excluding pharmaceuticals products), and the industry is expected to grow at a compound annual growth rate (CAGR) of 8 to 10 percent over the next five years.
The Indian chemicals industry stood at $178 billion in 2020 and is projected to reach $300 billion by 2025. Approximately 70 percent of the India's chemical production is consumed in country. Bulk chemicals constitute 25 percent of the market, while specialty chemicals, petrochemicals, and agrochemicals have 21, 19, and 15 percent of the market, respectively. Biotech and pharmaceuticals

(including active pharmaceutical ingredients and others) together constitute 20 percent of the market.
India imported $56 billion and exported $41 billion worth of chemicals and petrochemicals in the year 2020. Specialty chemicals, especially agrochemicals, dyes, and pigments account for over 50 percent of exports from India. Indian chemical imports have increased steadily in recent years, with petrochemical intermediates accounting for over 30 percent of total chemical imports.
With a growth rate of 12 percent, the specialty chemicals segment has seen an increased demand for flavors and fragrances, personal care chemicals, nutraceutical ingredients, and surfactants due to increased consumption of hygiene products, packaged foods, energy drinks, and nutraceuticals during the COVID-19 pandemic. There are opportunities for foreign companies to export intermediates/fine chemicals, adjuvants, surfactants for agrochemical applications, specialty products for seed treatment, and fertilizers and fluorochemical compounds for agrochemical and pharmaceutical applications. Opportunities also exist under personal and home care for enzymes and plant-based extracts for household care applications and probiotic and keratin-based actives, conditioning actives and glutathione for personal care applications. Increased demand from construction, automotive, and water treatment applications could further boost growth in this segment.
India is seeking to increase imports of technologies to aid local chemical manufacturing, including acetic acid, acrylonitrile, and chemicals used in the production of lithium-ion batteries. Few Indian companies have the technology to manufacture and manage the disposal of hazardous effluents in these processes. The Government is also implementing a production linked incentive (PLI) scheme in the chemical sector to boost domestic manufacturing and exports. Such measures provide opportunities for foreign companies interested in supplying raw materials, technical expertise, and technologies.

Healthcare and Medical Equipment: The Indian healthcare sector is experiencing rapid change and has become one of India's largest sectors, both in terms of revenue and employment. This change has become significantly more visible over the last decade, with a renewed focus from the government and a growing market demand for healthcare services and products. The Indian population of nearly 1.4 billion is growing at a rate of 1.6 percent per year and has an elderly population of over 100 million. Rapid economic growth, rising middle class incomes, and increased market penetration of health insurance are fueling growth in the industry. In addition, changing demographics and a shift from chronic to lifestyle diseases has led to a boom in healthcare spending. The Indian healthcare industry reached $190 billion in 2020, and according to the India Brand Equity Foundation (IBEF), it is expected to reach $370 billion by 2024-2025, due to increased demand for specialized and higher quality healthcare facilities. The products and services driving this growth include 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. However, considerable challenges exist in terms of service accessibility and patient care quality. According to the

Global Burden of Disease Study (GBD), released by the Lancet Medical Journal in 2018, India ranks 145th among 195 countries on the healthcare index. India's healthcare access and quality (HAQ) index score has improved in recent years, increasing from 44.8 (out of 100) in 2015 to 67.3 in 2020. The COVID-19 pandemic underscores the importance of investing in the healthcare sector for any country, and industry experts believe that there will be a significant increase in healthcare spending in India over the next several years. Public spending on healthcare in India is just 1.2 percent of GDP; the government has proposed increasing this amount to 2.5 percent by 2025, with a special focus on the underprivileged. As expenditures in the Indian healthcare sector increase, there will be corresponding growth in the medical equipment market.

Information and Communication Technology: Contributing over 13 percent to India's GDP, the Information and Communication Technology (ICT) sector and the Digital Economy are major economic drivers. India's digital economy generates approximately $200 billion annually from information technology (IT) and business process management (IT-BPM), IT-enabled services (ITeS), E-Commerce, electronics manufacturing, digital payments, and digital communication services. India aims to reach a $1 trillion digital economy and a $5 trillion GDP by 2025. Gartner forecasts that IT spending in India will increase by 6 percent to $81.9 billion in 2021. While the COVID-19 pandemic has impacted India's digital transformation, companies are realigning their IT strategies, managing operational costs, automating processes, and implementing new systems for better and improved efficiencies. These efforts are being realized with the help of emerging technologies such as robotic process automation, big data, artificial intelligence, machine learning, blockchain, cloud computing, the internet of things, cybersecurity, and augmented/virtual reality.

Aerospace and Defense: Prior to the onset of the global COVID-19 pandemic, India's civil aviation sector experienced rapid growth and was the world's third largest and fastest growing market in terms of domestic tickets sold. According to the International Air Transport Association (IATA), India's passenger growth was forecast to reach 442 million by 2035, with the aviation industry supporting 19.1 million jobs and contributing $172 billion to the country's GDP. Boeing estimated that India would need an additional 2,500 passenger aircraft to meet this rapidly growing demand.

India's Vision 2040 strategy document outlines development needs for the sector, including a five-fold increase in the number of airports needed to handle over a billion trips a year. The Airports Authority of India (AAI), a nodal authority under the Civil Aviation Ministry, is responsible for creating, upgrading, maintaining, and managing civil aviation infrastructure in India, including airports. AAI owns 125 airports and is one of the largest airport operators in the world. India currently has 450 airstrips, though only 100 are considered fully operational. Under its asset monetization through public private partnership (PPP) model, AAI has an ambitious plan to privatize the airports under its purview. It will soon launch the third stage of its airport privatization process (which will include 6-10 airports) under the new approach of bundling a profitable airport with a loss-making one in the sales process.

The Ministry of Civil Aviation (MoCA) is the primary aviation regulatory authority, and it oversees key government bodies such as AAI, the Directorate General of civil aviation (DGCA), the Bureau of Civil Aviation Security (BCAS). It also publishes the National Civil Aviation Policy (NCAP).
The NCAP's objectives include: promoting rapid growth of the sector, improving the ease of doing business, advancing regional connectivity, and opening opportunities for additional players in the market to meet India's largely untapped and growing demand. In order to address the supply-demand gap in India, a key component of the NCAP is "Ude Desh ka Aam Naagrik" (UDAN), an initiative that includes a Regional Connectivity Scheme (RCS) to add routes and flights throughout the country. In May 2021, MoCA announced the launch of 347 RCS routes under UDAN. This includes 28 seaplane routes and 14 water aerodromes in the states and union territories of Gujarat, Assam, Telangana, Andhra Pradesh, the Andaman & Nicobar Islands, and Lakshadweep.

India is one of the few countries in the world with an advanced space program. Headquartered in Bengaluru, the Indian Space Research Organization (ISRO) under the Indian Department of Space executes all space programs. In May 2020, the Indian government announced access for the Indian private sector to its space activities and programs, reflecting a paradigm shift in policy. India's recent initial steps toward privatization may create opportunities for foreign commercial space companies. Several Indian start-ups are developing innovative space systems, designing launch vehicles, and manufacturing small satellites to include on future Indian launches. As the Indian private sector gears up to play a greater role in Indian space programs, its indigenous industry will look toward international technology solution providers to develop and upgrade its capabilities. This could create opportunities for foreign suppliers in space-related industry sectors.

5. Accessing to the local market

Doing business in India: Strategic planning, due diligence, consistent follow-up, patience, and commitment are prerequisites for doing business successfully in India. The Indian market necessitates multiple marketing efforts that address differing regional opportunities, standards, languages, cultural differences, and levels of economic development. Penetrating India's markets requires careful analysis of consumer preferences, existing sales channels, and changes in distribution and marketing practices. India is a face-to-face society, and in-person meetings are typically required before formalization of work partnerships or agreements. While the pandemic has led Indian companies to work more frequently with global partners in virtual environments, it remains to be seen whether this is a permanent shift in business practices.

Finding Partners and Agents: New-to-market businesses must navigate issues such as sales channels, distribution and marketing practices, pricing and labeling, and protection of intellectual property. These issues are most effectively addressed through an Indian partner or agent, and relationships 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 international companies eyeing opportunities in India. For entry into the Indian market, it is essential to identify the target market and find quality partners who know those markets and are well-versed in procedural issues. Exporters should also explore market strategies in India such as forming subsidiary relationships or joint ventures with an India-based company. Other important points for market entry in India include creating strategies for specific regions and income groups (i.e., target segments); crafting offerings according to the target group in order to gain early acceptance; obtaining mandatory licenses and approvals; and understanding import documentation and procedure.

6. Business Culture and Communication

The Fundamental Principles of Business Culture: Work environments are usually based upon hierarchies, and formalities are expected between various levels of management. Order, privacy and punctuality are key business values; and business relationships are often based on mutual advantage.
Hierarchies in India tend to be vertical. Decisions - especially important ones - are rarely made quickly. In negotiations, decisions are generally made by those at the highest of levels of the company hierarchy. It is usual practice not to consider a deal complete until it has been confirmed in writing. That is done both to back up decisions and to maintain a record of discussions.
Indian business culture places a great deal of importance on personal relationships, and many business relationships will be built upon a personal foundation. Though not a requirement when meeting a new business partner, being introduced by a mutual acquaintance is a plus. When meeting a business partner for the first time, it's important to show interest in them by making small talk. It usually takes some time to cultivate personal relationships, but they are important for establishing a good reputation and, from their point of view, makes you a more reliable business partner.
First contact: Being introduced by a third person should make the first contact easier. It is advised to make appointments at least one month in advance. A personal call will be more effective than an e-mail, as many business relationships are expected to be built upon a personal foundation. The best time for a meeting is late morning or early afternoon. It is recommended to confirm the meeting the week before and call again that morning.
Time Management: In India, it is considered polite to be slightly late, but arriving at meetings on time can make your Indian counterparts impressed with your punctuality. Sticking to a strict meeting schedule is not common, so meetings usually do start and finish late.
Greetings and Titles: Handshakes are the standard greeting in a business environment. However, a man should wait for a female business colleague to initiate the greeting. If meeting with a group of people, greet each person

individually, starting by the eldest or most senior person, followed by the next most senior, and so on. Greeting in a traditional way with “Namaste”, placing both hands together with a slight bow, is appreciated and shows respect for Indian customs. Due to the influence of hierarchical Indian social structure, people should be addressed formally, by their title and surname.

Gift Policy: Gift giving and receiving is very popular in India. Nevertheless, it is preferable not to offer any gifts before personal relationships have developed. Gifts shouldn't to be large or expensive, as they could be considered an attempt to bribe and may cause embarrassment. Gifts should always be wrapped. However, avoid black or white wrapping paper. Gifts should be given with both hands, and they are usually not opened when received.

Dress Code: Business dress code is smart, comfortable clothing. However, high-tech sectors, computing, and bio-science companies have fairly informal dress codes. Still, for the most part, men wear a suit and tie, although in the hottest parts of the country it is acceptable to wear just trousers and a shirt, without a jacket. Ties are usually only compulsory in traditional sectors such as banking and law, or as a part of a uniform. Women tend to dress in elegant and covering outfits. Leather clothing should be avoided.

Business Cards: At the first meeting, business cards are usually exchanged after the initial handshake and greeting. Make sure you receive the card with your right hand and put it away respectfully. University degree or honours should be mentioned on the business card. Having one side of the card translated into Hindi is advisable, more as a sign of respect and not so much for the linguistic necessity, since English is one of the official languages in India.

Meetings Management: Meetings usually begin with conversations about personal matters and general small talk. That is an important part of business, and as such should not be rushed. Given that organisations have a hierarchical structure, the most senior person in the room should always be greeted first.

Decisions should often be based on trust and intuition. Statistics and data are also taken into account. It is therefore as important to build a relationship of trust. In India, the primary approach for negotiating is that, while the buyer plays an important role, both sides should make sure that they reach an appropriate agreement. When negotiating agreements, many rounds of back and forth are expected. Business is seen on the long term, as they expect long term commitments from business partners.

Communication tends to be indirect, and affirmations will be addressed by more nuanced phrases. In some companies. Interruptions are not uncommon, and people might answer their phones in the middle of the meeting. If that happens, it's advised not to show irritation. When talking to people, be aware of your body language, as much significance will be attached to it. Aggressive postures, such as folded arms or hands on hips, should be avoided.

It's not likely that a first meeting would take place over a meal. At business meals, the key people sit in the middle, flanked on either side in descending order by their aides, with the least important people sitting at the ends of the table, farthest from the middle. Business meals are generally not good times to make business decisions, and you should only talk business if your Indian counterpart does so. It is advised to eat with your right hand.

Opening Hours and Days: Shops are closed on Sunday. Government offices are closed on Saturday and Sunday. Banks close at around 5pm on weekdays and around 2pm on Saturdays.

7. Useful contacts

Embassy in New Delhi

Address : EP-32, Dr S. Radhakrishnan Marg, Chanakyapuri, New Delhi 110021
Tel. : (009111) 26880700-4
Fax : (009111) 26888010, 24675231
Emergency tel: (0091) 9654616196
E-mail : gremb.del@mfa.gr grcon.del@mfa.gr
Web Site : www.mfa.gr/india

Head of Mission: Dionyssios Kyvetos

Consular Office in New Delhi
Address : Dr S. Radhakrishnan Marg, Chanakyapuri, New Delhi 110021
Tel. : (009111) 26880700-4
Fax : (009111) 24675231
Emergency tel: (0091) 9654616196
E-mail : grcon.del@mfa.gr
Web Site : www.mfa.gr/india
Consul: Dimitra Dafni

Commercial Section in New Delhi
Address : Dr S. Radhakrishnan Marg. Chanakyapuri, New Delhi, 110021
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Head:

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E-mail: defatt_in@hndgs.mil.gr
Defence Attache: Christos Spyropoulos

Honorary General Consulate in Chennai
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E-mail : nk1@sanmargroup.com
Honorary General Consul : N. Kumar

Honorary General Consulate in Mumbai
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Tel.: (009122) 40963301, 40963355
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E-mail: cgm.greece@gmail.com
Honorary General Consul: Sushil Jiwarajka

Honorary General Consulate in Calcutta

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Fax : (009133) 22831545
E-mail : jalans@jalan-group.com
Honorary General Consul : Sudhir Jalan

Honorary General Consulate in Kathmandu, Nepal
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Tel.: 009771 5539900
Fax: 009771 5526575
E-mail: consulate.general@greecenepal.com
Honorary General Consul: Bikram Pandey

Honorary General Consulate in Colombo, Sri Lanka
Address: Level 3, Parkway Building, # 48, Park Street, Colombo 02, Sri Lanka
Tel.: (0094-11) 2300782/2300783
E-mail: greececonsulate.SriLanka@gmail.com
Honorary General Consul: Ajit Damon Gunewardene

Honorary Consulate in Dhaka, Bangladesh
Address: Giant Group, Level 13, Plot - 3, 3/A, Sector - 3, Dhaka Mymensingh Road, Uttara DC/A, Dhaka - 1230
Tel.: (008802) 7911327, 7911328
E-mail: greececondhaka@gmail.com
Honorary General Consul: Faruque Hassan

8. Sources

- European Commission
- Euromonitor International
- Fitch Solutions: BMI Research
- IMF
- OECD
- Societe Generale
- Statista
- The World Bank Group
- TradingEconomics
- UNCTAD
- StandardTrade
- Doingbusiness
- U.S. Department of Commerce, International Trade Administration
- World Economic Forum

Financial Institutions

- Eurobank: Export Gate