



Market profile

As one of the oldest civilizations in the world, India is also the most populous country. India follows a federal system of government, i.e., the powers of the government to legislate on various subjects are divided between the Centre and the States as specified in Constitution.

FACTS

- Merchandise exports: 972 mEUR
- Service exports: 390 mEUR
- Capital: New Delhi
- Official language: Hindi/English
- Area: 3.29 million sq km
- Population: 1.5 billion

Economy and business structure

India has the highest population of approximately 1.5 billion people and is also the largest democracy in the world. Since achieving independence in 1947, the country has made significant socio-economic progress and has integrated itself as a major player in the global economy. The Indian economy is valued at approx. USD 4.1 trillion, and India is ranked as the 5th largest economy by nominal GDP and the third-largest by Purchasing Power Parity. In FY22/23, India's real GDP expanded at an estimated 6.9 percent. One of the causes is buoyant private consumption, that accounted 61 % of the GDP in 2022.

The growth is expected to moderate from 6.9 percent to 6.3 percent in the upcoming FY, however India will still remain to be the fastest growing G20 economy and is fast emerging as one of the largest consumer markets in the world.

Business Structure

The selection of appropriate form of business presence should be made in consideration with the business objective. A foreign entity can set up its business operations in India either as an incorporated (by creating a separate legal entity in the country, e.g. Private Ltd company, Limited Liability Partnership (LLP), etc.) or unincorporated entity (foreign entity with an office in India, e.g. Liaison Office (LO), Branch Office (BO), Project Office (PO), etc.).

Key industries and their trends

India has primarily been an agrarian economy. Nearly half of the country's working population continues to depend on agriculture as a source of livelihood. However, with the adoption of the New Economic Policy in 1991, industrial growth witnessed a boom and paved the way for foreign investments. The said policy also resulted in exponential development of the services industry in fields including banking and finance, insurance, business process outsourcing and information technology. Presently, the services sector is the highest contributor to India's GDP.

The Indian Government is showing strong political will to enhance economic growth and is taking steps to

augment the manufacturing sector through reforms and policies aimed at enhancing infrastructure, technology, investments and employment. Indian IT service companies and pharmaceutical manufacturing companies dominate globally.

Current Prime Minister Narendra Modi has announced many initiatives regarding to his Amrit Kaal vision, which translates to the Golden Era of India. The focus is to make India a developed country by the year 2047, which requires large scale investments and internationalization. These initiatives include the Viksit Bharat vision, that announces public investments for logistics and infrastructure, tourism, social services, research and education.

From the perspective of foreign countries, India's continual investments in the green energy transition and digitalization are also of interest. India intends to be carbon-neutral by the year 2070, which is an ambitious target considering the starting point. Along with solar energy, India is now investing in offshore wind power. Coal gasification and liquefaction capacity are being increased to compensate for energy imports. Blending compressed biogas (CBG) into compressed natural gas (CNG) and piped gas (PNG) will become mandatory in phases. Biomass production is being intensified through agriculture and through bioproduction facilities. A digital payment system is being created for public transportation. The use of electric vehicles is being increased, and the charging infrastructure is being improved.

India and Finland are tightening their commercial affairs and the following industries have been identified as the key industries that Finnish institutions have the most potential on leveraging the Indian markets.

Digitalization

Finland and India's Prime Ministers' Joint Declaration on Digitalization and Sustainability Partnerships lays ground for deepening collaboration in these domains and ultimately seeking to engage these two domains together. This and India's public investments open the markets for Finnish institutions and businesses with expertise in digitalization. This includes ICT, 6G, Quantum, AI, health tech, gaming and mixed reality technologies, critical communications, cybersecurity, connectivity, automotive, mobility and spatial technologies, enterprise software, fintech, data analytics, artificial intelligence, and E-Commerce

Sustainability

India aims to reduce its carbon emission with 30% by the year 2030 and to have net zero carbon emissions by the year 2070. India has also confirmed pledges to generate 50% of its electricity from non-fossil fuel sources by 2030.

Based on the agreements reached in 2021 and 2022 between prime ministers of Finland and India, sustainability is one of the three core co-operation areas between our nations. This includes energy, bio fuels, smart infrastructure concepts, water and waste management and air quality.

Education and Innovation

The focus of the current budget of the Government of India is especially on the expansion of medical and healthcare education institutions. Reserved educational spots for women will be increased, particularly in STEM education that combines science, technology, engineering, and mathematics. Funding for research and innovation activities will be increased and targeted to future sectors including renewable energy, the electronics industry, food processing, and education. Investments will be made in deep technology, including artificial intelligence, quantum computing, and advanced materials, also in the defense sector.

Education is one of the priority areas as agreed by Prime Ministers in 2021. It has been an active domain of collaboration, spanning from early childhood education and care all the way through basic education and skilling up to Higher Education.

Important things to consider when doing business in India

- Choose the right Business Partner, a Great Partner will tell you that:
 - India is diverse and intricate.
 - Pricing is the key to success.
 - Regulatory knowledge is essential.
- Within India, there are several Indias. India is a multilingual, multi-ethnic, and diverse nation with significant cultural contrasts between the north and south.
- Be mindful of cultural differences and avoid broad generalizations. "Whatever you may accurately say about India, the contrary is equally true," noted the famous Cambridge economist Joan Robinson.
- English is the official business language.
- Expect meetings to start and end late, as well as interruptions on a frequent basis.
- In India, managers and employees have a more formal and hierarchical relationship.
- Indians place a high importance on connections, therefore make the effort to establish contacts and ties.

Market data sources and other useful links

- www.knowindia.gov.in
- www.knowindia.net
- www.iwai.nic.in
- www.investindia.gov.in
- www.worldometers.info
- www.worldpopulationreview.com
- www.globalfirepower.com
- www.idsa.in
- www.ddpmod.gov.in
- www.dhi.nic.in
- www.outlookindia.com
- www.trai.gov.in
- www.pib.gov.in