

India

An overview on economy and business environment



Situated in Southern Asia, India is the 7th largest country of the world and the 2nd most populated. Since the 2000s, India's economy has been one of the fastest growing of the world and the country has made remarkable progress in reducing absolute poverty. However, the COVID-19 pandemic provoked a big growth contraction despite all the fiscal and monetary policy support actions. But the growth in 2022 is expected to be considerable still putting India among the fastest growing economies in the world thanks also to the quick and effective response of the government to the pandemic outbreak aimed to mitigate the impact on the poorest households as well as on small and medium enterprises.



India's diverse economy embraces traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services. Slightly less than half of the workforce is in agriculture, but services are the major source of economic growth, accounting for nearly two-thirds of India's output but employing less than one-third of its labor force. India has capitalized on its large educated English-speaking population to become a major exporter of information technology services, business outsourcing services, and software workers.

As mentioned above, one of the most important sectors of the Indian economy remains agriculture and more than 50% of the total population of the country is still dependent on agriculture. Agriculture, with its allied sectors, is the largest source of livelihoods in India. 70 percent of its rural households still depend primarily on agriculture for their livelihood, with 82 percent of farmers being small and marginal. In 2017-18, total food grain production was estimated at 275 million tonnes.

India is the largest producer, consumer and importer of pulses in the world. India is also the largest producer of milk and jute with world's second-largest cattle population. It is the second-largest producer of rice, wheat, sugarcane, cotton and groundnuts, as well as the second-largest fruit and vegetable producer.



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Another important part of the Indian economy is the Industry sector. The industrial potential of the economy has increased since 1991 with proliferation of industries, from traditional iron and steel to jute and automobiles.

The manufacturing sector is the second largest contributor to India's GDP after the Services sector.

Chemicals and petrochemicals are big business in India. Also pharmaceuticals are one of the biggest industries followed by textiles, cars, motorcycles, tools, tractors, machinery, and forged steel.



Since last year, India's pharmaceutical industry has benefited from new investment flows, partnerships in vaccine production and biotechnology, and manufacturing incentive schemes besides growth in organic demand.

A special mention for food processing which has emerged as a high - growth, high - profit sector. The vast availability of raw materials, resources, favorable policy measures and numerous incentives have led India to be considered as a key attractive market for the sector.

India also mines a large number of gems and common minerals including iron ore, bauxite, and gold along with asbestos, uranium, limestone, and marble.

The service sector is the largest and fastest growing sector in India and has the highest labor productivity; 60 percent of the GDP contribution comes from the services sector. India's services sector covers a wide variety of activities such as trade, hotel and restaurants, transport, storage and communication, Information Technology, banking, financing, insurance, real estate, business services, community, social and personal services, and services associated with construction.



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Indian IT giants such as Infosys, WIPRO and TCS have made their mark on the global platform as the country, with its huge demographic dividend potential, has emerged as the IT hub of the world. New employment opportunities are being created in this sector.

Also opening of transportation, tourism and medical sectors have led to the growth of service sector competencies.



Since India opened its markets starting 1990-91, there has been an exponential rise in the country's foreign trade exposure and also in this pandemic period, India's foreign trade statistics offers scope for optimism. Among the top exported items in 2020-2021 we find mineral fuels (oil) and gems and precious metals. 2021 also predictably witnessed a jump in the performance of the pharmaceutical industry, whose production accounted for the third most exported goods. Imports during FY 2020-21, on the other hand, saw a decline. Mineral fuels and precious stones and metals remained the top imported items, with an increased demand for animal/vegetable fats and oils.

The top export countries are USA, China, United Arab Emirates, Singapore, Hong Kong, Bangladesh, UK, Belgium, Germany, Netherlands and Saudi Arabia while the top import countries are China, United Arab Emirates, Iraq, Saudi Arabia, Switzerland, Japan, Singapore, Hong Kong, Indonesia, South Korea.

Thanks to this dynamic business environment more and more companies worldwide are interested in getting in depth information on Indian companies.

There are approx. 1.73 million registered companies of which 1.15 million are active. Companies required to file financial accounts are private limited companies, public limited companies and limited liability partnerships.

Thanks to the local accounting and reporting requirement, India offers high level of transparency and thanks to CRIF Solutions PVT Ltd, leading provider of Indian business information, SkyMinder can provide high quality and in depth information on any registered Indian company.

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CRIF Solutions is able to retrieve always updated and in depth information from all local registries such as the Registrar of Companies (ROC), the Ministry of Corporate Affairs (MCA), the Local taxes Authorities and many other sources.

The Credit Reports provided by CRIF Solutions are always updated and they include:

- company contact information and registration details
- activity information (company status, industry code and description)
- financial accounts (balance sheet, profit & loss and key ratios, peers comparison)
- company structure with capital and shareholders and subsidiaries
- management information
- legal and negative events
- media searches
- all credit reports include a Risk Evaluation with a rating, a risk index and a credit limit



CRIF Solutions also offers Due Diligence Field Visits, a report realized after conducting an inspection at the company premises. This added value report is very useful especially for those companies presenting problematic situations or lack of transparency with low disclosure data level. Thanks to the Due Diligence Filed Visits, CRIF India is able to produce valuable reports also on very small companies.

SkyMinder also support Know Your Customer process thanks to the KYC reports on India, documents focused on Shareholders and Domestic Beneficial Owners Identification.

Sources: <https://www.business-standard.com/>; <https://timesofindia.indiatimes.com/>; <https://www.reuters.com/>; <https://www.investindia.gov.in/>; <https://www.cia.gov/>; <https://www.adb.org/>; <https://www.india-briefing.com/>.