

**INDO-FRENCH INDUSTRY WHITEPAPER
ON POLICY AND REGULATORY
INSIGHTS AND RECOMMENDATIONS**

by French subsidiaries in India across sectors

10th OCTOBER 2024





IN THIS WHITEPAPER

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EXECUTIVE SUMMARY

India stands at a transformative crossroads, facing both immense opportunities and significant challenges. The country's economy has been growing at an average rate of approximately 6-7% per year, with projections estimating that its GDP could reach \$8.6 trillion by 2040. This rapid economic expansion has led to increased energy demands, with electricity consumption expected to rise exponentially, necessitating sustainable practices across various sectors. Despite ambitious targets, including a commitment to achieve 500 GW of renewable energy capacity by 2030 and impressive advancements in agricultural productivity—where India ranks as the second-largest producer of rice, wheat, and sugarcane globally—systemic barriers such as inadequate infrastructure, regulatory inconsistencies, and limited access to financing continue to impede the country's potential. Recognising and addressing these challenges is crucial for ensuring the sustainable and inclusive growth of French businesses operating in India.

This whitepaper provides a holistic overview of India's growth potential across five key study sectors: **Energy & Utilities, Food and Agri-Business, Logistics and Supply Chain, Mobility and Luxury** while also examining the evolving dynamics of **Indo-French industrial relations**. It addresses the critical challenges and opportunities within each study sector, highlighting the French connection and analysing the collective impact on the industrial landscape. The primary objective of this effort is to identify and analyse the key issues of growth across these sectors and propose suggestions for best practices, emphasizing the role of Indo-French collaboration in driving sustainable and inclusive development in the country.

The whitepaper primarily relies on information and feedback gathered through semi-structured interviews conducted with the **Indo-French Chamber of Commerce and Industry (IFCCI) Committee members** across the five study sectors. The analysis and policy recommendations in the whitepaper are supported by information from trusted news sources, government reports, industry publications, and experts in the field. The insights from this analysis will help create focused recommendations to support growth and strengthen resilience in the identified sectors.

The combined growth potential of these sectors represents a significant opportunity for transformative economic development in India and can help build stronger Indo-French commerce. India boasts impressive growth, and the implementation of the recommendations outlined in this document could further bolster the country's efforts to optimize its economic landscape. By addressing these barriers across energy, logistics, agriculture, food, mobility, and luxury sectors, India could enhance its attractiveness to foreign investments, particularly from French businesses eager to capitalize on the burgeoning market.



INTRODUCTION

India and France share a long and storied relationship, dating back to the early days of India's independence, built on shared values of sovereignty, democracy, and multilateralism. In 2023, the two countries celebrated the 25th anniversary of their Strategic Partnership, established in 1998. While initially centred around cooperation in defence, space, and civil nuclear energy, this partnership has steadily expanded into a comprehensive alliance that now drives collaboration across a wide range of industries.

As this partnership grows stronger, both nations are seen deepening their cooperation in critical fields such as Aerospace, Sustainability, Nuclear and Renewable Energy, and Information Technology, to name a few. Supported by numerous Bilateral Agreements and Memorandums of Understanding, this collaboration reflects the shared vision of India and France to address global challenges and foster innovation.

As India continues its ascent as a key economic powerhouse in the 21st century, it paves the way for increased economic cooperation and mutual growth. Over 150 leading Indian companies are now operating in France across sectors such as IT, Agri-Food, Transport, Pharmaceuticals, and Biotechnology, while more than 1,000 French establishments have a significant presence in India. Spread across the country, these French companies generate over 450,000 jobs. With an investment stock of 12.5 billion dollars, France has firmly positioned itself as the 7th largest investor in the country, underscoring the strength of this growing relationship.

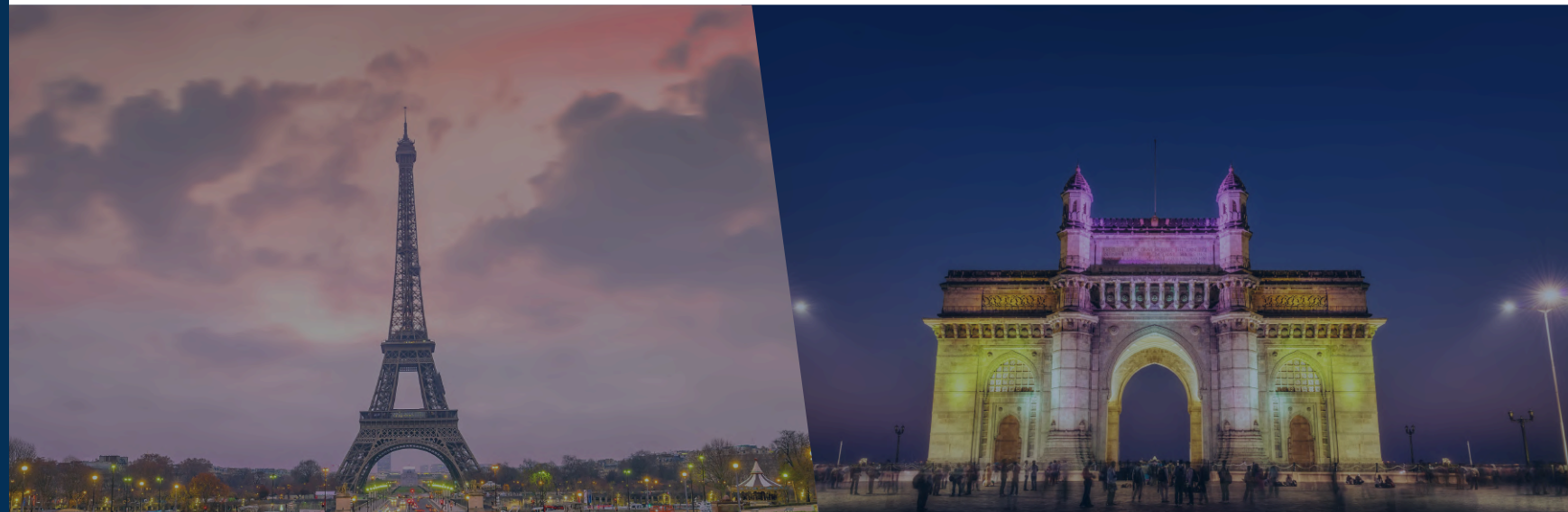
In this context, the **Indo-French Chamber of Commerce and Industry (IFCCI)**, in collaboration with its knowledge partner **BTG Advaya**, have gathered feedback from prominent French investors operating in India, across key sectors. This whitepaper brings together insights on the current challenges and opportunities, with the intention to enhance commercial ties and make India an even more attractive investment destination for French companies, laying the groundwork for future cooperation and mutual benefit.

The Indo-French Chamber of Commerce and Industry (IFCCI) is sincerely grateful to the **Department for Promotion of Industry and Internal Trade (DPIIT)** for their invaluable support and collaboration in shaping this whitepaper and fostering deeper economic ties by encouraging this deliberation and dialogue between French Investors in India and the Indian Govt. authorities.



RESEARCH METHODOLOGY

- i. **Primary Research:** A mixed-method approach for primary research and information gathering has been adopted for this whitepaper. This consists of semi-structured interviews conducted with IFCCI committee members spread across the five study sectors. The survey questionnaire provided consisted of both open-ended and close-ended questions. Such a format allowed for flexibility to accommodate diverse expertise, organisational structures and experiences, and viewpoints while also creating potential modalities for the Central Government and concerned authorities for implementing the suggested policy recommendation. Questions were framed as neutrally as possible and biases that lead respondents to any particular answer were avoided.
- ii. **Secondary Research:** An in-depth analysis of the policies applicable to each study sector was undertaken and co-related with primary research findings to ascertain precisely the specific policy and regulatory issues being faced by the French industry in each of the study sectors. This assisted in strategizing and finalizing a policy recommendation document that brought forth key industry concerns and pointed action items on the part of the Central Government and concerned regulatory authorities.
- iii. **Presentation of Findings:** Based on the above research, a Policy Recommendation / White paper has been prepared that proposes sector-specific policy interventions. The whitepaper will act as an initial roadmap in assisting leading French corporations in doing business across the identified study sectors and also lay the foundation for future communication and collaboration between French industry members and the Central and State Governments in India.



| SECTOR INSIGHTS

ENERGY AND UTILITIES



India's energy sector is a critical component of its economy, reflecting the country's growing energy demands and its push towards renewable energy sources. The sector has seen a significant increase in total energy consumption, rising from 26,822 Petajoules (PJ) in FY 2013-14 to 35,159 PJ in FY 2022-23, marking a growth of approximately 6.48% from the previous fiscal year. Coal and lignite dominate the energy mix, accounting for about 59% of consumption, followed by crude oil at 31% and natural gas at 7%

1. SECTORAL OVERVIEW

India's energy sector is a critical component of its economy reflecting the country's growing energy demands and its push towards renewable energy sources. The sector has seen a significant increase in total energy consumption, rising from 26,822 Petajoules (PJ) in FY 2013-14 to 35,159 PJ in FY 2022-23, marking a growth of approximately 6.48% over the previous fiscal year. Coal and lignite dominate the energy mix, accounting for about 59% of consumption, followed by crude oil at 31% and natural gas at 7%.¹

Coal remains the primary source of energy generation in India, contributing to about 77.01% of the total energy generated in FY 2022-23. The power sector is the largest consumer of raw coal, utilising over 70% of the total coal consumption in the country. Despite this heavy reliance on coal, there has been a significant shift towards renewable energy sources (RES), with the installed capacity of RES growing by 12.20% in FY 2022-23. This shift is part of a broader energy transition, with a particular emphasis on solar and wind energy, where India is rapidly increasing its capacities.²

India's ambitious growth targets necessitate balancing energy demands with carbon emission reductions and prioritising sustainable and clean energy access. Non-fossil fuel sources are crucial for India's NDCs and Net Zero goals, but challenges such as renewables' intermittency, nuclear and solar waste, and biofuel impacts on food security persist. A diversified energy mix, including renewables, nuclear, biofuels, and clean coal technologies, is essential to minimise risks and ensure energy security. Government initiatives like the National Coal Gasification Mission³ and Carbon Capture, Utilization and Storage⁴ aim to enhance sustainability. Despite significant renewable energy growth, dependency on imports for solar panels and critical minerals poses systemic risks. International cooperation in R&D and the availability of financial resources are also vital for the green transition, emphasising a balanced approach to climate change and developmental goals.⁵

Challenges in energy infrastructure persist, with India still heavily dependent on imported energy resources, including crude oil and natural gas. This dependency raises concerns about energy security and necessitates investments in necessary infrastructure and improvements in trade regimes to achieve self-sufficiency. Currently, India allows 100% FDI in the power sector for generation (excluding atomic energy), transmission, renewables, distribution, and power trading under the automatic route, and 49% FDI in power exchanges.⁶ The country has attracted significant investments in renewable energy, with total FDI inflows in the power sector reaching US\$ 18.17 billion from April 2000 to December 2023.⁷ In the oil and gas sector, 100% FDI is permitted under the automatic route for petroleum and natural gas exploration, product marketing and infrastructure. This policy framework⁸ has facilitated substantial investments, driving growth and modernisation in India's energy sector.

The Indian government has also implemented various initiatives and policies aimed at enhancing energy access, efficiency, and innovation. These policies prioritise sustainable practices and the optimisation of multiple energy sources, fostering an integrated energy sector. The government's ambitious target of installing 500 GW of renewable energy capacity by 2030⁹ underscores its commitment to transitioning to sustainable energy systems.¹⁰

The electricity sector alone accounts for almost 50% of India's total final energy consumption, highlighting its critical importance for economic activity. The generation of electricity from thermal sources has grown minimally compared to renewables. India's oil and gas sector is heavily dependent on imported crude oil, with estimated natural gas reserves standing at 1,149.46 billion cubic meters, indicating substantial potential for exploration and increased domestic production.¹¹

Policies aiming for energy efficiency and the reduction of environmental impact are increasingly necessitated by energy demands and public health considerations resulting from conventional energy practices. The energy sector in India is at a pivotal point, balancing the twin challenges of meeting rising demand while transitioning to sustainable energy systems. The ongoing government initiatives, alongside the private sector's growing role in renewable capacity, are essential to achieving a resilient and sustainable energy future. The road ahead will require comprehensive strategies, innovative approaches, along with strong policy support to steer India towards a greener energy landscape.¹²

2. KEY ISSUES AND RECOMMENDATIONS

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
1	Operational Challenges and Costs on Specialty Gas Imports	<p>Currently, any entity that wants to import gas cylinders, whether empty or filled, must first get approval by submitting Form-B. as per the Gas Cylinder Rules 2016. According to the <u>Procedure for import of Gas Cylinder</u> prescribed by PESO and the above stated rule, a fresh application must be made every time such an entity wants to import cylinders. If the amount of gas-filled in cylinders being imported is more than what is allowed under Rule 44 of the Gas Cylinder Rules, 2016, the importer needs to mention the specific category of the gas in the storage license (Form F) to store the compressed gas in cylinders.</p> <p>Also, as per the <u>list of documents required for an import of cylinder</u> provided by PESO, details of the storage licenses are required for any application of grant of approval for the import of filled/empty gas cylinders. Gas cylinders can only be imported if they meet the safety standards listed in Schedule I. If they don't meet these standards, the importer must re-export and ensure the cylinders are tested within the required time.</p>	<ul style="list-style-type: none"> It is recommended that the government should permit the scrapping of imported gas cylinders in India once they are empty, instead of requiring re-export. Re-exporting is expensive and often impractical for empty cylinders. These cylinders, primarily used for special gases, remain in India for 2-5 years and may not be suitable for re-export after use. Therefore, the conditions imposed by PESO, particularly the re-export requirement, are restrictive and require amendment to facilitate ease of doing business.
2.	Challenges in Cylinder Conversion for Specialty Gases	<p>As per Rule 28 of the Gas Cylinder Rules, 2016, cylinder conversion must be approved by PESO through an offline submission process. According to Clause (2) of the said Rule, any entity interested in such conversion shall submit to the Chief Controller a list of documents provided therein.</p>	<ul style="list-style-type: none"> The delay in processing and lack of tracking create uncertainty for businesses. It is recommended that the Central Government implement an online portal/interface for the processing of cylinder conversion applications, which would provide better tracking and transparency. Furthermore, adopting international guidelines such as ISO standards for gas compatibility would help streamline the approval process and ensure all relevant gases are covered under government regulations.
3.	Approval Delays and Unclear Processes for Storage Tanks	<p>The Gas Cylinder Rules, 2016 define the procedures for obtaining PESO approval for storage tanks. However, the regulations lack clarity regarding bulk storage, leading to inconsistencies in their application. According to Rule 2(37) of the Gas Cylinder Rules, 'installation' refers to premises specially prepared for the manufacture, filling, or storage of compressed gas cylinders. Furthermore, Rule 21 of the Gas Cylinder Rules outlines the proper method for storing cylinders, but the guidelines mainly focus on smaller storage setups.</p> <p>Additionally, conditions for constructing storage sheds are detailed in Form F (the license to store compressed gas in cylinders), but these regulations do not specifically address bulk storage scenarios.</p>	<ul style="list-style-type: none"> It is recommended that the government provide clear and specific guidelines for the storage tank approvals, with a focus on creating a time-bound approval process. Establishing a streamlined framework for endorsements and approvals would help reduce unnecessary delays and will give businesses more certainty when planning for storage infrastructure

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4.	Regulations on Transporting Flammable and Inert Gases Increase Costs and Limit Flexibility	Rule 20 of the Gas Cylinder Rules stipulates that cylinders filled with compressed gas must be transported in accordance with the provisions outlined in Schedule VI. Specifically, Clause 2(a) of Schedule VI mandates that cylinders containing flammable gases cannot be transported together with cylinders containing other types of compressed gases. This regulation aims to minimize safety risks during the transportation process.	<ul style="list-style-type: none"> The strict segregation of flammable and inert gases during transportation is an outdated practice that limits flexibility for businesses. Therefore, it is recommended that the government should allow co-transportation of these gases, under stringent safety measures, which would reduce costs and enhance logistical efficiency. Further, it is suggested that PESO should consider updating transportation regulations to facilitate modern transportation needs.
5.	Challenges in Detailed Project Report Preparation and Approval Impacting Pumped Storage Process Bidding	The current framework for tariff-based competitive bidding in Pumped Storage Projects (PSP) ²² requires that the procurer, typically a government entity, prepares a Detailed Project Report (DPR). This DPR must be approved by relevant government agencies before the bidding process can begin.	<ul style="list-style-type: none"> It is recommended that the regulatory framework be amended to allow for the joint preparation of the DPR with the selected developer, ensuring their technical, financial, and operational expertise is integrated from the outset. This collaborative approach would enable optimization and risk mitigation early in the project life cycle. Furthermore, introducing a time-bound approval process for DPR concurrence by government agencies would help avoid unnecessary delays. An alternative approach could involve a simplified pre-bid DPR, with the developer given the flexibility to refine the report post-selection. These changes would enhance efficiency, reduce delays, and align the project with both regulatory standards and developer expertise.
6.	Inequities in Tariff-Based Competitive Bidding for Self-Identified and Commissioned Projects	Currently, a self-identified project which has not yet been commissioned, is treated in the same manner as a project that has already been commissioned for tariff-based competitive bidding under the draft tariff. ²³	<ul style="list-style-type: none"> It is recommended to have a differentiated regulatory mechanism. It is suggested that there be two regulatory mechanisms one for commissioned and one for self-identified projects. Further, a risk-adjusted tariff structure should be introduced to reflect the distinct development challenges faced by yet-to-be-commissioned projects. Additionally, consider extending the Finance Own Operate (FOO) period beyond 25 years [to 40 years for projects under Mode 2(a)]²⁴ to accommodate the longer lifespan of PSPs which will help create a more stable and attractive investment environment, ensuring that projects can be developed in a competitive yet fair manner.

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7.	Ambiguity in Payment Security Mechanism for Competitive Bidding in Long-term PPAs	<p>The determination or adoption of tariffs by the appropriate regulatory commission is done in accordance with Sections 62 or 63 of the Electricity Act, 2003. In the case of competitive bidding under Section 63, the establishment of transparent guidelines is crucial. The Ministry of Power's Tariff-Based Competitive Bidding (TBCB) guidelines, which are currently under review, aim to create a standardized framework for procurement.</p>	<p>It is recommended to consider implementing the following measures:</p> <ul style="list-style-type: none"> • The TBCB guidelines should be amended to explicitly incorporate a payment security clause, requiring the use of instruments such as Letter of Credit (LC) or Payment Security Fund (PSF) in competitive bidding cases to mitigate counterparty risk. • It is suggested to seek approval from regulatory commissions for the inclusion of PSM provisions specifically designed for competitive bidding in long-term PPAs, ensuring that distribution companies (DISCOMs) have obligations akin to those mandated under Section 62 of the Electricity Act. • Engaging stakeholders in discussions will foster consensus on the proposed amendments, thereby addressing concerns about payment defaults effectively. <p>The drafting of Power Purchase Agreements (PPAs) should include comprehensive payment security provisions, such as mandatory escrow mechanisms and guarantees, in alignment with industry standards for projects procured through competitive bidding.</p>
8.	Concerns Over Standardized Timelines for Off-river and On-river PSP Projects	<p>The Ministry of Power (MoP) has issued 'Draft Tariff based competitive bidding guidelines for procurement of storage capacity/stored capacity from pumped storage plants vide Resolution' on August 22, 2024:</p> <p>The intention is to streamline the bidding and procurement processes for PSPs and aim to enhance efficiency within India's renewable energy sector.</p>	<ul style="list-style-type: none"> • It is recommended to conduct thorough site-specific assessments that will help determine realistic timelines and project designs tailored to the unique characteristics of each PSP. • Furthermore, the MoP should consider introducing flexibility within the standardized timelines, allowing extensions based on comprehensive risk assessments or unforeseen challenges that may arise during execution. As implementing stringent quality control and safety measures will ensure that adherence to timelines does not compromise project integrity. • Establishing a robust feedback mechanism for stakeholders in the hydropower sector can provide valuable insights into the challenges of complying with standardized timelines, facilitating ongoing refinements to the guidelines and promoting a more effective framework for project development.

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9.	State-Level Competitive Bidding for PSPs Conflicts with Central Guidelines, Creating Uncertainty	The Guidelines to Promote Development of Pumped Storage Projects (PSP) serve to streamline the approval process and encourage private sector investment by exempting self-identified projects from state-level approval requirements. Nevertheless, state governments may be inclined to adopt competitive bidding frameworks for various reasons, including the pursuit of localized economic objectives, risk mitigation, compliance with historical regulatory practices, and the desire for enhanced oversight and accountability.	<ul style="list-style-type: none"> It is recommended that the government clarify the intent and scope of the guidelines, particularly in relation to state autonomy and the justification for competitive bidding processes. A collaborative framework between state and central authorities should be established to ensure alignment of local actions with national policy objectives. Furthermore, it is advisable to encourage the adoption of standardized procedures for project allotments, alongside the provision of incentives for developers of self-identified projects. Also, implementing robust monitoring and evaluation mechanisms to assess the outcomes of competitive bidding in contrast to self-identified projects will provide valuable insights, thereby facilitating the effective development of pumped storage projects that align with both local community needs and overarching national energy goals.
10.	State Discretion on Upfront Premiums in PSP Allocation under PSP Guidelines, 2023	The importance of an upfront premium lies in its potential to generate immediate revenue for states, which can be used for preparatory activities or associated infrastructure development. It also ensures that speculative or under-qualified bidders are filtered out, thereby improving the likelihood of project success.	<ul style="list-style-type: none"> Given the strategic importance of PSPs for energy storage and grid balancing, the state government is recommended to adopt a balanced approach in deciding whether to charge an upfront premium. A reasonable or modest premium can help secure serious bidders while preventing financial burdens that could deter investments in this emerging sector. Alternatively, state government may consider deferred payment structures or exempting premiums for projects in economically weaker regions. Such flexibility will encourage wider participation, ensure fair competition, and promote the development of PSPs across India, aligning with national energy storage goals.
11.	Unclear Architectural Requirements for Solar Energy Data Management (SEDM) Platforms Hinder Solar Energy Monitoring Solutions	<p>The PM-KUSUM scheme mandates the use of Remote Monitoring Systems (RMS) for all installed solar systems, and it will be necessary to submit performance data to the Ministry of Non-Renewable Energy (MNRE) in the prescribed format. These RMS setups must include components such as smart meters, communication devices (IoT), software interfaces, and both web and mobile applications, all connected via the internet.</p> <p>There is a strong emphasis on real-time data submission and the maintenance of dedicated web portals at the state level.</p>	<ul style="list-style-type: none"> The ambiguity in monitoring system requirements under the PM-KUSUM scheme hinders smooth implementation. To address this, it is recommended to establish clear testing guidelines and a formal approval mechanism (single window portal) with MNRE-recommended institutions for RMS setup/devices. This will provide necessary clarity and will also facilitate the adoption of reliable monitoring solutions, ultimately ensuring the scheme's success.

Industry Suggestions

- **Delays in Product Launches Due to PESO's OEM Inspection Requirements:** In accordance with Rule 3(l) of the Gas Cylinder Rules, 2016 inspection certificates are required to be obtained from an authorized inspecting agency. It is suggested that PESO accept third-party verifications or audits from accredited agencies, particularly for international OEMs. This would reduce the need for PESO officers to travel abroad, streamlining the approval process without compromising safety.
- **Protecting Confidentiality in Licensing:** Government authorities like PESO should refrain from publishing license information, including initial approvals and final licenses, on its public platform / website during the early stages of projects. This data currently includes confidential customer details, such as names and addresses, allowing competitors to gain insights and potentially interfere with ongoing projects. By withholding this information until a later stage, the government can protect customer confidentiality and prevent premature exposure to competitors, while still maintaining transparency at a more appropriate time.
- **Ensuring Secure IIoT Solutions:** To ensure secure information collection across all sectors, it is recommended to select and list global Industrial Internet of Things (IIoT) solution providers based on stringent practical tests and their approvals. Emphasis should be placed on system and data security to safeguard against potential threats.

FOOD AND AGRI



India has great potential to become a global food processing powerhouse as it includes a rich agricultural resource base, strategic geographic location and an extensive network of food processing training, academic, and research facilities. A robust food processing industry with advanced processing techniques plays a pivotal role in reducing waste, enhancing value addition, encouraging crop diversity, ensuring better income for farmers, fostering employment opportunities, and boosting export revenue.

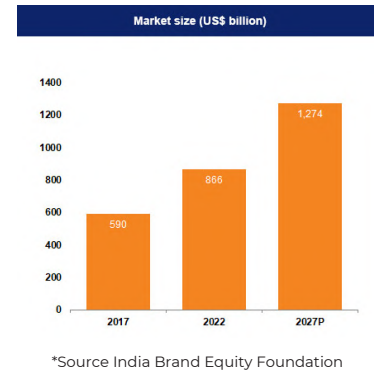
1. SECTORAL OVERVIEW

India has great potential to become a global food processing powerhouse as it includes a rich agricultural resource base, strategic geographic location and an extensive network of food processing training, academic, and research facilities. A robust food processing industry with advanced processing techniques plays a pivotal role in reducing waste, enhancing value addition, encouraging crop diversity, ensuring better income for farmers, fostering employment opportunities, and boosting export revenue. For India, it can help address food security issues, tackle inflation and improve delivery of nutritious food to the general population.

Over the past decade, India has emerged as the largest producer of milk and spices and one of the leading producers of fruits and vegetables, poultry, and meat in the world. This can be attributed to an abundant supply of raw materials, growing demand for food products and apposite government policies and schemes.³² As a result, the Indian food processing industry has also grown rapidly, with an average annual growth rate of 7.26% over the last seven³³ years. It has emerged as a pivotal segment of the Indian economy, significantly contributing to the nation's GDP, employment rates and investment prospects. The market size of the food processing sector in India is estimated to reach US\$ 1,274 billion in 2027 from US\$ 866 billion in 2022, backed by changing lifestyle and food habits due to rising disposable income and urbanisation.

India is a predominantly agricultural economy. Agribusinesses are estimated to contribute nearly 30 % to the GDP, with the agricultural sector employing the largest workforce in the country, approximately 46 % in 2023-24.³⁴ For India to address its food security and livelihood challenges, integrating agri-business and food processing is a critical evolution. This will help streamline operations, increase job opportunities, reduce waste and ensure the quality and safety of food products. Integration of these two sectors will also lead to increased supply chain efficiency. This efficiency is achieved through better coordination between farming and processing activities, leading to timely harvesting and processing, minimising losses. By controlling the entire supply chain, companies can also maintain higher standards of quality and safety.

The Food and Agriculture Organization of the United Nations reports that integrated systems can reduce the incidence of foodborne illnesses by ensuring better traceability and adherence to safety protocols.³⁵ Furthermore, integration also leads to the reduction of food waste and matches supply with demand, improving inventory management and reducing spoilage. A leading French food and allied sectors company, which has operated in India for decades, has adopted an integrated approach in India, which has helped it reduce food wastage by almost 30% across its supply chains. Farmers³⁷ also benefit greatly from the integration of agribusiness and food processing through better access to markets and fair pricing. Integrated systems often include contracts or partnerships with processing companies, providing farmers with stable income and reducing the risks associated with market volatility.³⁶



The initial cost of setting up an integrated system can be high. Investments in technology, infrastructure, and training are necessary to achieve seamless integration. Small and medium-sized enterprises (SMEs) mostly cannot afford these costs without external support or subsidies. France, in this regard, is a perfect foil for India's aspirations in the sector as it is a leader in building equipment for food processing companies. Various French companies specialise in cold chain, packaging solutions and many food processing sectors, including dairy, bakery, meat, grains processing, fruit and vegetable processing.

Cognizant of these sectoral realities, the Central Government, under its FDI Policy³⁸, has allowed 100% foreign investment in the food processing sector under the automatic route and through the government approval route in the trading of food products manufactured or produced in India, including e-commerce. It has also looked to attract French companies to invest and collaborate in the food processing and agribusiness sector in India³⁹. France, too, is looking to capitalise on this opportunity. As a leader in food processing technology, it can enhance trade relations between the nations by offering India the latest technologies, quality mechanisms and safety standards.

However, FDI inflows in this sector have been decreasing steadily in the past four years⁴⁰. Additionally, insufficient infrastructure in the food processing sector, overly stringent local standards and customs checks are adversely affecting the ease of doing business for foreign companies in India. As a result, only a few French entities have entered the Indian food processing markets with full gusto. However, the past year has seen a positive turn, with French entities taking small steps back into the sector.⁴¹

The Indian food processing sector offers a promising growth journey ahead and presents several opportunities, with the sector being recognised as a key priority industry under the "Make in India" initiative. The Central Government, too, is looking to involve multiple stakeholders to improve interactions between farmers, processors, distributors, and retailers to establish strong supply chains linking farmers to processing and marketing.

Against this backdrop, members of the IFCCI [Food and Agri Committee](#) have identified key policy and regulatory challenges they are facing in the food processing and agri-business sector. They have provided targeted recommendations to address these structural issues, aiming to unlock the sector's full potential. These steps will foster further investment and expansion by French Food and Agri companies in the Indian market.

2. KEY ISSUES AND RECOMMENDATIONS

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
1.	<p>Need for Government Oversight and Regulation of Cold-Chain Infrastructure/ Dairy Cooling Infrastructure</p>	<p>India has been a leading producer and consumer of dairy products across the globe for decades. The Indian dairy sector exhibits strong growth potential with the demand for milk and milk products in India expected to be 266.5 million metric tonnes in 2030 . India has huge opportunities for processing and cold chain innovations as only 20% of the milk production is handled by the organised sector.</p> <p>Dairies currently use bulk cooling tanks to cool their milk to about 4°C at their procurement centres. These tanks, of 1,000-10,000 litres capacity, keep the milk chilled which is later transported to a processing plant nearby. These systems are designed as per ISO standards for cooling half of the rated bulk milk capacity to 4°C within 3 hours. Such standards work well for nations where milk production and cooling are co-located at the same vicinity. For India, such coolers have the following major drawbacks:</p> <ul style="list-style-type: none"> • Millions of small and marginal farmers in dairying who own two to three animals and produce an average of 5L comprise a critical portion of India's dairy industry. Insufficient milk collection in a village to cater to a single bulk cooler, forces dairy companies to collect and transport uncooled milk from multiple villages. The milk is cooled at a centralised cooling centre. This entire process results in delayed arrival of milk at bulk cooler sites. Thus, milk is exposed to higher temperatures for a longer duration, which leads to increased bacteria count in the collected milk. • Bulk coolers require electric back-up via diesel generator, as electric grid supply is not reliable. It results in increased operational expenses and environmental pollution. In addition, diesel generators associated with these coolers are oversized by up to five times the rated power of compressor just to handle the start-up surge requirements. It results in additional diesel consumption due to the part load operation of diesel generator. 	<ul style="list-style-type: none"> • It is recommended that the Central Government through the Department of Animal Husbandry & Dairying (DAHD) conduct a situational assessment of cold-chain linkages in dairy and allied sectors in states such as Uttar Pradesh, Rajasthan and Gujarat etc (high dairy producing states) and its impact on energy consumption, livelihood, jobs and other socio-economic aspect. This will help identify areas within the production and supply chain that require immediate and incisive action. • It is recommended that the Central Government identify the various stakeholders and partners that may play an essential role in the Cold-Chain development and accordingly develop business and financial models to attract more significant investment, research & development and facilitating entrepreneurship for industries manufacturing construction materials, cooling and refrigeration equipment as well as across the agriculture supply chain to support various ongoing government schemes • It is recommended that the Central Government develop national standards for cold-chain elements in the dairy industry specifically for cooling, refrigeration and equipment based on global best practices and exemplars. French dairy processing companies can assist the Central Government developing such standards. • It is recommended that research and development for a holistic and climate friendly cold-chain be promoted in India. The Central Government must collaborate with the private sector, research institutes such as universities, think tanks, and other and private institutes to help build a green yet affordable cold-chain for the dairy industry in India.

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		<p>The installed chilling infrastructure by cooperatives and private dairies was sufficient to handle only 18% of the total milk produced by the country in 2015-16⁴². The projected gap in installed chilling infrastructure capacity for the year 2023-24 is 127 million MT.⁴⁵ Despite large production of milk, the cold chain potential remains untapped due to the high cost of owning and operating a diesel generator with bulk milk cooler, risks involved in spoilage of milk due to irregular power supply, lack of awareness about quality, high initial investment for milk coolers, lack of enabling infrastructure like power and roads, lack of awareness for handling perishable produce and lapse of service either by the bulk milk cooling centre or the transporter leading to poor quality produce.</p> <p>Furthermore, without the availability of cold chain and processing infrastructure, the largely unorganised dairy sector resorts to milk adulteration for improving the shelf life and to increase the milk thickness. Water is the most common adulterant and reduces the nutritional value of the milk. If contaminated, water poses a health risk to the consumers. These adulterants are hazardous and may even lead to cancer in long term usage.⁴⁶</p> <p>In light of this the Department of Animal Husbandry & Dairying (DAHD) is implementing National Programme for Dairy Development (NPDD) scheme across the country since Feb-2014.⁴⁷ The scheme has been restructured/ realigned in July 2021 for implementation from 2021-22 to 2025- 26 with the following two components:</p> <ul style="list-style-type: none"> • The Component "A" of NPDD focuses on creating / strengthening of infrastructure for quality milk testing equipment as well as primary chilling facilities for State Cooperative Dairy Federations / District Cooperative Milk Producers' Union / SHGs / Milk Producer Companies / Farmer Producer Organizations. 	

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
		<ul style="list-style-type: none"> The Component 'B' of the NPDD scheme "Dairying through Cooperatives" aims to increase sale of milk and dairy products by increasing farmer's access to organized market, upgrading dairy processing facilities and marketing infrastructure and enhancing the capacity of producer owned institutions. <p>To improve the milk quality and to eliminate the health risks posed by adulterated milk, it is essential to set up cold chain infrastructure at the production level and include all stakeholders in the organised sector – a strong Public Private Partnership model, and pointed regulations policies and schemes at the Central and State Government levels are the need of the hour.</p>	
	<p>Lack of technical know-how and state of the art equipment in testing labs operated by the Food Safety and Standards Authority of India ("FSSAI")</p>	<p>The Food Safety and Standards Authority of India ("FSSAI") has its <u>Authorised Officers</u> covering 62 points of entries for ensuring compliance to the provisions of FSSA Act, 2006 and Regulations made thereunder. Further, there are another 99 points of entry throughout the country where Customs officials have been notified as Authorised Officers by FSSAI.</p> <p>FSSAI has an online system for clearance of food imports, <u>Food Import Clearance System (FICS)</u> which is seamlessly integrated with the Customs <u>ICE-GATE (Indian Customs Electronic Commerce/Electronic Data interchange (EC/EDI) Gateway)</u>, under SWIFT (Single Window Interface for Facilitating Trade). Selective sampling & testing of imported food articles on the basis of risk profiling done by FSSAI is implemented at the Customs</p> <p>Indian Customs Electronic Gateway The food articles when referred to FSSAI for clearance by the Customs Authorities are subjected to scrutiny of documents, visual inspection, sampling and testing in order to determine whether or not they conform to the safety and quality standards established and laid down under various Food Safety and Standards Regulations. If sample is found conforming then No Objection Certificate (NOC) is generated and if not conforming, then Non-Conforming Report (NCR) is generated.</p>	<ul style="list-style-type: none"> It is recommended that capacity building efforts should be undertaken by the FSSAI focusing on sampling and handling of food samples, testing of quality and safety parameters in food samples, accommodation and environment in a food testing lab, challenges in food microbiology testing, laboratory safety and waste disposal and demonstration of multi-class, multi-residue analysis in antibiotic residues, pesticide residues, heavy metals and aflatoxins and microbiological analysis at their labs and also for the custom officials that have been designated as Authorised Officers. The Central Government could consider collaborating with French food product and processing companies as well as French food testing laboratories by understanding their testing methods and operation of laboratories to ensure parity in standards.

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
		<p>However, the technical standards as well as expertise of technicians is not state of the art at several of these labs. At present, out of the total 62 FSSAI labs located at points of entries only 10 are accredited by the National Accreditation Board for Testing and Calibrating Laboratories.⁴⁸ There are several issues in sampling and handling, testing of quality and safety parameters. This often leads to discrepancies between lab results and the actual standards or ingredients of the food item being tested. Which consequently results in delay in clearance of food items and additional costs for the foreign food companies.</p> <p>Capacity building and training of technicians at these labs is imperative. Equivalence with food testing labs globally specifically in terms of equipment, training of personnel and safety standards could ensure that such discrepancies do not occur.</p>	
3.	<p>Increased demand and dependance on domestic corn supply by the Ethanol Industry is adversely affecting other corn dependent industries such as poultry and starch.</p>	<p>The Central Government in December, 2023⁴⁹ had banned the use of sugarcane juice and sugar syrup for ethanol production in the 2023-24 supply year, as insufficient rainfall in key growing regions led to a surge in domestic sugar prices and a shortage of the sweetener.</p> <p>However, this has had an adverse effect on other industries that are dependant on corn, specifically poultry and starch industries. These two were traditionally the industries that absorbed the bulk of India's corn production which was nearly 36 million tons.⁵⁰ The increased demand by the ethanol industry in the past year alone has allegedly led to a shortfall of corn supply to the tune of 5 million tons⁵¹ This has consequently led to extremely high prices for corn domestically.</p> <p>The constrained supply and rising prices of corn has diminished availability for industry use and unsettled production for various industries. Rising corn prices are imposing massive losses on poultry growers with feed accounting for more than three fourths of production cost. The starch industry for which corn is one of its critical raw materials, is also suffering enormous production losses. Consequently industries linked to starch such as adhesives are also suffering enormous losses.⁵²</p>	<ul style="list-style-type: none"> It is suggested that the Central Government consider importing genetically modified (GM) corn (at a lower import duty if not at zero duty to bridge the supply deficit and also tackle the rising prices of corn domestically specifically in the context of industrial use.

LOGISTICS & SUPPLY CHAIN



India's logistics and supply chain sector is undergoing a transformative phase driven by rapid technological advancements, infrastructure development, and governmental initiatives. The sector's strategic importance is recognised by the Government of India, which has adopted a comprehensive approach to ensure integrated development, focusing on both demand and supply-side fundamentals.

1. SECTORAL OVERVIEW

India's logistics and supply chain sector is undergoing a transformative phase driven by rapid technological advancements, infrastructure development, and government initiatives. The sector's strategic importance is recognised by the Government of India, which has adopted a comprehensive approach to ensure integrated development, focusing on both demand and supply-side fundamentals. Infrastructure reforms have been a significant area of focus, with initiatives such as Bharatmala, Sagarmala, National Rail Plan, Dedicated Freight Corridors, Jal Marg Vikas, and UDAN aiming to enhance connectivity and efficiency. These reforms, coupled with process improvements like e-SANCHIT, Unified Logistics Interface Platform, Logistics Data Bank, and the Port Community System, have improved the Ease of Doing Business in the country.⁵³

The Central Government, in its first two terms, has brought forth key schemes and policies and has also tried to incentivise investment in the sector to bolster its development and ensure its longevity. These include the following:

- i. **PM GatiShakti:** Launched in 2021, this initiative aims to improve logistics efficiency and reduce costs by coordinating planning among different agencies. It emphasises breaking down barriers between departments, integrating infrastructure and logistics networks.
- ii. **National Logistics Policy (NLP) 2022:** To complement the PM GatiShakti NMP, the National Logistics Policy (NLP) was launched on September 17, 2022. The policy targets sustainable multimodal transport, optimised warehousing, supply chain digitisation, and regulatory streamlining for improved industry-government coordination. This policy aims to boost economic growth by making the logistics sector more seamless and integrated as it plans to create a single-window e-logistics market and make MSMEs more competitive, thereby lowering logistics costs as a percentage of GDP.
- iii. **Investment Incentives:** The Indian government has proactively created a conducive environment for investment in the logistics sector. India has made significant progress in trade facilitation, achieving a 94% implementation rate in the latest UN Global Survey on Digital and Sustainable Trade Facilitation.⁵⁴ This marks a substantial improvement from the 78.49% implementation rate recorded in 2019.⁵⁵ The government offers various incentives to attract private and foreign investment. These include 100% income tax exemption for any consecutive 10-year period out of 20 years of operations for road construction projects and volume-based rebate schemes on rail tariffs for the movement of empty containers from ports to the hinterland.

India has also made massive strides in developing the requisite infrastructure for the sector. The Central Government has established Dedicated Freight Corridors consisting of high-speed, large-capacity railway corridors are being planned to facilitate the seamless transportation of goods across the country.⁵⁶ The Central Government has also launched a policy to establish Multi-Modal Logistics Parks, which shall provide comprehensive freight-handling facilities, including access to various modes of transportation, advanced storage solutions, and essential services like customs clearance and quarantine zones. Over 35 such parks are to be established at various strategic sites in the country.⁵⁷

Some of the world's largest logistics players and private equity fund managers are foraying into Indian industrial and logistics spaces in the country, which has a total stock of about 350 million square feet. Most players are looking to invest anywhere between \$500 million and \$1 billion in new ventures in the next couple of years. The highly fragmented nature of the logistics market is another key determinant of private equity interest. Unlike heavily consolidated sectors dominated by a few established players, logistics comprises a dynamic mix of traditional organisations with sprawling operations and disruptive, high-growth up-and-comers looking to transform the industry.

In 2019, a major France-based logistics company, announced a \$30 million investment to establish a 31-acre multi-client logistics.⁵⁸ The facility offers a storage capacity of 100,000 pallet positions and is equipped with combined packaging and value-added services like co-packing. It is a Grade-A, LEED-certified warehouse featuring advanced fire safety and ventilation systems. Strategically located near key expressways, the facility serves various sectors, including FMCG, retail, and e-commerce. Although the facility's completion was initially slated for 2020, operational delays led to its eventual opening in 2022.⁵⁹

Similarly, another logistics firm in 2019 also launched innovative installation services for large-scale medical equipment in India, employing a specialised team of engineers and technicians to oversee the unpacking, installation, and setup of critical devices such as MRI scanners, CATH laboratories, digital radiological imaging machines, and CT scanners for various global manufacturers. This initiative aims to enhance service quality and operational efficiency within the healthcare logistics sector. In a recent strategic move, the company further enhanced its capabilities by acquiring a prominent value chain solutions provider in November 2023. This development is anticipated to strengthen its presence in India and improve its contract logistics and omnichannel fulfilment services across various sectors, including healthcare.⁶⁰ The integration of the acquired company's operations is expected to enhance logistics support for medical equipment installation and services, positioning the acquiring entity as a leader in the healthcare logistics market.

Despite the Central Government understanding the urgency to develop India's logistics infrastructure, the task at hand remains daunting. India needs to learn from the past and, while adopting global best practices, should pursue a logistics and supply chain development strategy that optimises investment, maximises cost efficiency, reduces losses and is energy efficient. India also needs to strengthen its freight infrastructure in a manner that creates an integrated network across modes and prioritises high-return programmes. The time is right for all stakeholders – policymakers, regulators, private sector players, resource holders, equipment providers, financiers, and even end users-to act in concert to build the country's future.

With this perspective, members of the [IFCCI Logistics Committee](#) have identified key policy and regulatory challenges in India's logistics and supply chain sector. They have provided targeted recommendations to address these structural issues, aiming to unlock the sector's full potential. These steps will foster further investment and expansion by global logistics companies in the Indian market.

2. KEY ISSUES AND RECOMMENDATIONS

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
1.	<p>Financial Burden of Charges Associated with Air Freight Stations: Cost Recovery Charges by Customs Authorities & Charges by Cargo Terminal Operators (CTOs)</p>	<p>Cost Recovery Charges by Customs Authorities:</p> <p>The regulatory framework for AFS is governed by the Policy Guidelines issued by the Ministry of Civil Aviation (MoCA) in October 2014, as outlined in the 'Policy Guidelines on Air Freight Station' (vide OM No. AV.13011/03/2013-ER)⁵¹(AFS Policy Document). Further, Para D (I) of the AFS Policy Document specifies that the customs staff at Greenfield AFS will be assigned based on a cost recovery model, with staffing levels determined by the Central Board of Indirect Taxes and Customs (CBIC), formerly known as the Central Board of Excise and Customs (CBEC), according to the workload.</p> <p>Currently, the waiver from payment of cost recovery charges is governed by provisions prescribed in Circular No. 21/2023-Customs⁵² dated September 14, 2023 & Circular No. 02/2021-Customs⁵³ dated January 19, 2021, issued by CBIC, Department of Revenue, Ministry of Ministry of Finance. The exemption from the cost recovery charges can only be granted to an AFS if it meets the desired performance benchmarks as stipulated and subject to other conditions prescribed in the above-mentioned Circulars.</p> <p>The Cost Recovery Charges would be payable in respect of officers actually deployed at the facility. The Cost Recovery Charges shall be payable by facilities at a uniform rate of 1.85 times of the monthly average cost (<i>the average cost shall be calculated based on the pay matrix for the particular post</i>) of the post plus other allowances (such as Dearness Allowance, House Rent Allowance, etc.).⁵⁴</p>	<ul style="list-style-type: none"> It is recommended that the Cost Recovery Charges for customs staff deployed at AFSbe fully waived, irrespective of whether the performance benchmarks stipulated in the circulars are met. Given the legal and constitutional implications highlighted by the Telangana High Court⁵⁵ judgment concerning the imposition of cost recovery charges for customs staff deployed at GMR Hyderabad International Airport Ltd, it is suggested that waiving these charges would alleviate the financial burden on AFS operators, promoting efficiency and competitiveness in the aviation sector.

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
		<p>Charges by Cargo Terminal Operators (CTOs): As mentioned above, the regulatory framework for AFS is governed by the AFS Policy Document. It aims to enhance India's air cargo logistics by establishing off-airport facilities for handling and the temporarily storing international export cargo.</p> <p>The Airport Economic Regulatory Authority of India Act, 2008 (AERA Act) empowers the Airport Economic Regulatory Authority (AERA) to establish tariff structures and regulations governing cargo handling at AFS, including the tariff for services provided (TSP) applicable to export cargo received from AFS.</p> <p>The engagement of CTOs with AFS underscores the shared responsibility of stakeholders in the air cargo logistics supply chain, including airlines, freight forwarders, customs brokers, and regulatory bodies. These obligations are enshrined within the AFS Policy Document, ensuring compliance across all parties.</p> <p>In November 25, 2022, AERA issued a Consultation Paper (vide No. 13/2022-23)⁶⁶ illustrates the proposed approach towards TSP charges for AFS Cargo, recommending a reduction of approximately 30% compared to conventional cargo operations. This reduction reflects the operational efficiencies and the reduced complexity associated with handling AFS cargo, which predominantly arrives pre-processed in unit load devices (BUPs/ULDs), reducing the manpower and processing time required by CTOs.</p>	<p>There is a need for greater clarity and standardization in the tariff structure to prevent arbitrary charges that could deter the handling of export cargo. To address this, several recommendations have been proposed:</p> <ul style="list-style-type: none"> • It is recommended that CTOs streamline their cargo handling tariffs into a single, unified structure based on a 'per kg' rate to enhance clarity and to simplify cost management for airlines and cargo agents. • Stakeholder engagement is advised, bringing together trade associations, airlines, and regulatory bodies, to ensure that cargo tariffs are equitable, cost-effective, and competitive. • The establishment of a 'Consultative Group' under the Ministry of Civil Aviation is recommended, comprising various stakeholders, to facilitate ongoing dialogue and ensure that all parties contribute to shaping tariff policies⁶⁷ • Airlines are advised to consolidate their charges into a single category to improve transparency and provide shippers and consignees with a clearer understanding of total cargo handling costs. • It is recommended to eliminate variable charges such as security surcharges and fuel surcharges to reduce logistics costs and create a more streamlined cargo handling process. • CTOs are advised to adhere strictly to charges approved by AERA and refrain from implementing any unauthorized fees;⁶⁸ such as the current Rs 5.75 per kg levied on export shipments from the AFS, given that IGI Airport operates within the regulatory framework set by AERA⁶⁹

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
2.	<p>Challenges in the Approval Process for Establishing Air Freight Stations in India</p>	<p>The approval and governance of AFS laid out in AFS Policy Document. Accordingly, as per Para D & E of the Policy Guidelines on Air Freight Station - The approval process for setting up an AFS in India.</p> <p>To establish an Air Freight Station (AFS) in India, follow these steps as per CBIC:</p> <ul style="list-style-type: none"> • Application Submission: Submit a Detailed Project Report (DPR) to the Member (Customs), Central Board of Indirect Taxes and Customs (CBIC), in the specified format. No application fee is required. • Jurisdictional Commissioner's Recommendation: The Commissioner assesses the proposal's feasibility and sends recommendations to the Member (Customs), CBIC, within 30 days. • IMC Comments: Inter-Ministerial Committee (IMC) members provide comments within 30 days. • IMC Decision: The IMC meets twice a year to consider the proposal and may approve or refuse to grant approval for setting up the AFS. • Letter of Intent (LOI): Upon approval, an LOI is issued, allowing infrastructure development. The applicant must complete the infrastructure within one year, with possible extensions. • Post-Approval Obligations: The applicant must operationalize the facility within the LOI's validity period, comply with regulatory requirements, and submit monthly progress reports. • Notifications and Compliance: After infrastructure development, apply to CBIC for notification of the facility as an AFS under the Customs Act, 1962. Notifications are issued if the facility is ready and compliant with regulations. <p>Apart, from the above The Ministry of Civil Aviation (MoCA) may provide policy guidelines and advisories, while the Bureau of Civil Aviation Security (BCAS) oversees export cargo security and scanning protocols and might mandate necessary approval/NOCs. Additionally, AERA is responsible for approving and detailing Transit, Storage, and Processing (TSP) charges and the Jurisdictional Commissioner of Customs ensures the availability of IT/EDI support and may issues public notices for compliance to standardize customs procedures.</p>	<p>In light of the National Logistics Policy under the PM Gati Shakti National Master Plan, which aims to reduce India's overall logistics costs, the establishment of additional AFS is expected. To address this challenge, the following recommendations are proposed:</p> <ul style="list-style-type: none"> • It is strongly recommended to establish a streamlined, single-window online approval system to facilitate the creation of new AFS. This system should include a comprehensive Standard Operating Procedure (SOP) detailing the required documents, necessary steps, and a clear list of relevant organizations/agencies to be contacted for approvals and No Objection Certificates (NOCs). • Additionally, it is suggested that the implementation of a 'single window' approval process should be coordinated through a single nodal agency, such as the Ministry of Commerce, to streamline all necessary approvals.

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
3.	<p>Streamlining issues surrounding Maritime Documentation and Single Window Integration</p>	<p>Currently in compliance with the FAL Convention⁷, India has made substantial strides towards implementing a Maritime Single Window² (MSW) by introducing the SagarSetu⁴ (NLP-Marine) module in 2023⁵. This system adheres to the FAL Convention's protocols, promoting uniformity and standardization in maritime operations. The deployment of SagarSetu (NLP-M) underscores India's dedication to international compliance and operational efficiency.</p> <p>Furthermore, the Indian Ports Association, under the Ministry of Ports, Shipping and Waterways (MoPSW), rolled out the Port Community System (PCS1x) in 2018, a cloud-based platform adopted by major and private ports⁶. Also, Custom Clearance System (ICEGATE) by Ministry of Finance⁷ and The Unified Logistics Interface Platform (ULIP), launched by Prime Minister Modi on September 17, 2022, aims to streamline logistics processes, enhance efficiency, increase transparency, and reduce costs and time in the logistics sector⁸.</p> <p>In January 2023, the MoPSW launched the National Logistics Portal (NLP) (marine), aiming to connect all logistics stakeholders through IT, enhancing efficiency, transparency, and competitiveness.</p> <p>The Maritime India Vision 2030 focuses on improving the Ease of Doing Business (EoDB) and operational efficiency through technology, envisioning a unified logistics system that integrates various transport modes. The NLP Marine system, as part of this vision, aims to address current challenges by providing a single-window platform for maritime stakeholders, reducing costs, dwell times, and increasing convenience. It will integrate with the PCS1x platform and offer API integration⁹ with various port and terminal operating systems, enabling a multi-stakeholder environment to collaborate seamlessly¹⁰. This also aligns with the Government's Amrit Kaal Vision 2047¹¹, ensuring the proper implementation of both visions is to be seen in due course.</p>	<p>To address the streamlining issues surrounding maritime documentation and single window integration, several suggested key recommendations are as follows:</p> <ul style="list-style-type: none"> • It is recommended to integrate the Port Community System (PCS), Customs Clearance System (ICEGATE-CCIS), and NLP-Marine into a unified MSW platform. This integration will eliminate the need for multiple submissions, streamline information exchange, reduce redundancy, and improve overall efficiency. • Also, standardizing documentation and clearance procedures across all private container terminals in Indian ports is crucial. This standardization will ensure consistency, reduce administrative burdens, and make it easier for stakeholders to comply with regulatory requirements. This will enhance operational efficiency. • Implementing a digital, paperless Risk Management System (RMS)-based inward-outward customs clearance process is recommended. This system will minimize the need for physical boarding of vessels by customs and other authorities, further enhancing operational efficiency and reducing delays. • Updating the legal and regulatory framework to support the implementation of the MSW is essential. This includes aligning domestic regulations with international mandates, such as the FAL Convention, to ensure compliance and facilitate smoother international cooperation. Additionally, fostering collaboration among all stakeholders, including government authorities, port operators, and shipping lines, will ensure a smooth transition to the unified MSW system, addressing concerns and improving the overall maritime logistics ecosystem.

LUXURY



As the Indian economic juggernaut rolls on, propelled by demographic advantage and rapid growth momentum, its luxury segment is proving a prime example of scorching growth. Backed by a GDP of 8.2% and an exploding population of the upper middle class and high net-worth individuals (“HNI”), the sector is set to see skyrocketing demand.

1. SECTORAL OVERVIEW

As the Indian economic juggernaut rolls on, propelled by demographic advantage and rapid growth momentum, its luxury segment is proving a prime example of scorching growth. Backed by a GDP of 8.2%⁶² and the ever-increasing spending power of the upper middle class and high net-worth individuals (“HNI”), the sector is expected to see increased demand. A recent leading market report has identified India as one of the countries with a bright future for the luxury sector. Propped up by an ever-growing number of HNIs in the country, a staggering growth of 3.5 times its current size by 2030 is projected for the sector.⁶³

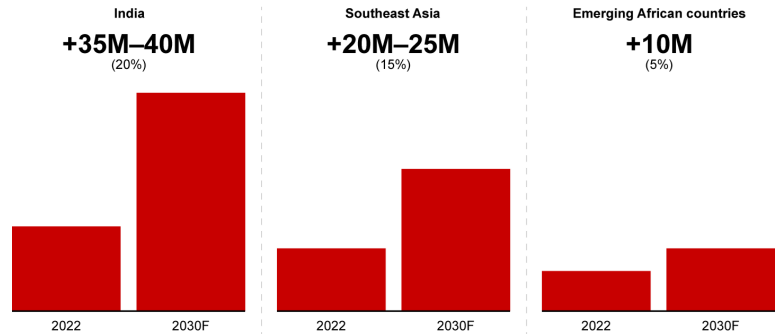
The Indian luxury consumer is coming of age, and higher disposable incomes at the upper end of the pyramid are stoking domestic demand. The market, too, shows significant promise, projected to grow from \$8.5 billion in 2023 to an impressive \$85–90 billion within the next ten years.⁶⁴ India’s remarkable economic growth and stability attract foreign and local companies and have positioned the country as the next major player in the luxury market.

One of the most popular global French fashion houses in the world held its seasonal runway show in Mumbai last year marking India’s growing importance in the luxury industry, echoing the symbolic significance of another French fashion giant’s 2007 fashion show on the Great Wall of China.⁸⁵

The Indian luxury market currently thrives selectively, with certain segments outpacing others. This nuanced growth reflects the country’s diverse economic backgrounds and consumer preferences prevalent in the country. Dozens of luxury and bridge-to-luxury brands have entered India in the last three years. Even today, French luxury giants⁸⁶ are entering India, and some are partnering with leading Indian industrial houses to best position themselves in the market and maximise consumer reach.⁸⁷

While eager to reach India’s wealthy population, some of these brands are struggling to grow due to a lack of suitable infrastructure, restrictive legislations, issues relating to duty and customs and limitations placed by manufacturing, investment and foreign trade policies that were perhaps not designed with the specifics of the luxury sector in consideration.

Forecasted number of new mid- and high-income consumers between 2022 and 2030 (percentage relative to China’s 2014–22 increase)



Notes: Southeast Asia includes Indonesia, Singapore, Malaysia, the Philippines, Vietnam, and Thailand; Africa includes South Africa and Nigeria
Source: Bain & Company

Though India’s luxury market holds significant potential, its full realisation will depend on several factors. These include the expansion of the country’s economic base, greater distribution of wealth, and the luxury sector’s ability to adapt to local preferences and sensitivities. Brands that succeed will likely be those that offer a blend of global appeal with a strong understanding of the unique cultural and economic landscape of India.

It is with this in mind members of the [IFCCI Luxury Committee](#) in the succeeding section of this chapter have brought forth key policy and regulatory issues being faced by them in India’s luxury sector, along with pointed recommendations on what steps could be taken to remove such structural challenges, to realise the true potential of the luxury goods segment and to encourage further investment and expansion by other French luxury brands in the Indian market.

2. KEY ISSUES AND RECOMMENDATIONS

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
1.	<p>Foreign Direct Investment Policy: Restrictions on Investment in Multi-Brand Retailing and Local Sourcing Requirements hampering growth of French Luxury Brands in India.</p>	<p>India’s current FDI Policy allows for 100% investment in Single Brand Retailing (“SBRT”) and 51% in Multi-Brand Retailing (“MBRT”). Furthermore, the FDI policy has also relaxed the 30% local sourcing requirement for foreign retailers by allowing them to off-set the requirement of incremental sourcing of goods from India for global operations during the initial 5 years of their operations in India, beginning 1st April of the year of the opening of first store, against the mandatory sourcing requirement of 30% of purchases from India.</p> <p>However, this favors foreign retailers that can easily source from local Indian enterprises but not luxury brand retailers. Luxury brand retailer find it difficult to source locally (from Indian small industries, village and cottage industries, artisans and craftsmen) as it may require them to alter their business models and in extreme cases also alter their brand DNA.</p> <p>Luxury brand retailers currently have no choice but to work with an Indian partner (with a maximum foreign ownership of 51%) as the local sourcing requirement will continue to apply. Furthermore, luxury goods are often manufactured in specific regions of the world which give them their unique value. Treating these goods like mass-market consumer goods is detrimental to the industry as a whole. Furthermore, such regulations that are imposing an untenable operational burden on luxury retail brands may stymie their growth leading to the their eventual departure from the Indian market. This will ultimately lead to Indian luxury consumers to shop internationally as they will be offered a more expansive luxury shopping experience, better in-store services, wider brand selections, and tax-free benefits.</p>	<ul style="list-style-type: none"> • A relaxation in local sourcing requirements under the FDI Policy for luxury brands would help incentivize invest, sustain market presence and bolster growth. • It is recommended that exemptions like those offered for SBRT foreign brands under the FDI Policy also be applied for luxury brands. • It is recommended that the 30% local sourcing requirements on luxury brands should be based on the total value of the goods purchased locally over an average period of five - ten years and not from the date they commence operations in India. • Additionally, High-end luxury brands should be granted a waiver from local sourcing requirements under the FDI policy where local sourcing of goods is impracticable or dilutes brand value. Similar waivers have been granted to foreign SBRT high-end technology companies in the past.

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
2.	<p>Imposition of High Import/Customs Duties on Luxury Goods and issues surrounding import licenses.</p>	<p>The Indian luxury market is filled with opportunity, but the barrier of high import/custom duty is an impediment for luxury brands seeking a bigger presence in the country.</p> <p>The 2022 WTO World Tariff Profile reveals that India has the highest average import duty in comparison to 11 prominent development and developing economies. Leading developing countries such as Vietnam impose 47% less tariff than India at 9.6%, with its trade-weighted average duty being 5.1%. Similarly, Brazil and Mexico also have a lower tariff profile as compared to India.</p> <p>As an example, There is a 38% custom duty levied on leather goods in India while in China it is 17%, Japan 11%, and no custom duty in Singapore and Hong Kong.</p> <p>Such high rates of custom/import duties force foreign luxury brands including French Brands to subsidize their prices in India which in turn hits their profitability. Furthermore, the existence of high custom duty is also a consequence of the absence of an effective Free Trade Agreement ("FTA") between India and Europe.</p> <p>French luxury brands importing gold jewellery face challenges in obtaining Import Export Codes ("IEC") from the Director General of Foreign Trade ("DGFT") as well as import licenses from the Reserve Bank of India. The lack of prior intimation or clear timelines for processing licenses severely impacts business operations resulting in inordinate delays and financial losses for companies.</p>	<ul style="list-style-type: none"> • The implementation of an exhaustive and mutually beneficial FTA is a crucial step in reducing high custom/import duties for French luxury brands. With the global luxury market slowing down, top French and European luxury brands are looking to India as a key revival market. An effective FTA between India and Europe could unlock significant market potential. • It is recommended that a more streamlined and transparent system for obtaining IECs and Import Licenses be put in place. Timelines for processes and compliances should also be clearly specified.
3.	<p>Delays in obtaining required certifications from the Bureau of Indian Standards ("BIS")</p>	<p>The BIS certification scheme primarily operates on a voluntary basis. However, the Central Government of India has mandated compliance with Indian Standards for certain products based on considerations, such as public interest, protection of human, animal, or plant health, environmental safety, prevention of unfair trade practices, and national security. In such cases, the Central Government directs the mandatory use of the Standard Mark, which can be obtained through a license, or a Certificate of Conformity (CoC) issued by the BIS.</p> <p>Recently this mandate has been extended to certain categories of footwear. Only footwear that complies with the quality and safety</p>	<ul style="list-style-type: none"> • BIS certification processes can take up to six to twelve months delaying the import of goods and thereby affecting business operations and expansion efforts. It is recommended that the BIS Compulsory Certification Scheme be amended to allow luxury brand companies to import limited quantities of goods till such certification is granted

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
		<p>standards set by the (BIS) can be sold in India. These standards apply to 24 categories of footwear, including those <i>sold by luxury and sports brands, regardless of price-range or country-of-origin.</i></p> <p>Additionally, factories producing these shoes, regardless of their global location, will require certification by BIS authorities and undergo regular BIS audits and inspections.</p> <p>Leading French luxury footwear brands are facing significant hurdles in penetrating the Indian market as products produced in their factories abroad have to be sent for sample testing to India and thereafter have to await certification before they can import such luxury goods into the country.</p>	

General Recommendations by Industry

Decriminalisation of Legal Metrology Act, 2019

- The Legal Metrology Act, 2009 (“the Act”) is the primary instrument which establishes and enforces the standards of weights and measures and regulates trade in weights and measures in the country. Chapter V of the Act sets out the various offences and penalties under the Act. The offences under this Act are criminal offences and prescribe imprisonment as a punishment for violation of the Act.
- Whenever any violation is observed by an Inspector (Legal Metrology Officer) during inspection or on a complaint, as the case may be, he issues a notice to the person concerned with the violation and if the person to whom notice is issued, agrees with the notice, he may compound the offence by paying the compounding fee and the case will be closed. If the person to whom notice is issued does not agree with the charges made by the Inspector, he may appeal under section 50 of the Act against the decision/ order of Legal Metrology officer to the Controller of Legal Metrology and against the orders of Controller to the State Government.
- Criminal offences often require the standard of proof to be beyond reasonable doubt, a much higher threshold than the standard adopted for civil wrongs. Several violations under the Act are of a technical nature and do not necessarily have criminal undertones. It is therefore recommended that with such violations or offences be from the criminal liability regime to a civil regime.
- It is further recommended that repeat offences or offences of a similar nature that have been committed earlier, a fine may be sufficient, since the violation may not necessarily involve mens rea (malafide/ criminal intent) and may not adversely affect public interest at large.

MOBILITY



The mobility sector in India is undergoing a transformative shift, seeking to become a global leader in electric vehicle (EV) production and sustainable transportation. According to recent studies, the Indian electric mobility market is expected to grow at a compound annual growth rate (CAGR) of 45.5% till 2030, with over \$200 billion worth of investment opportunities identified for EVs, charging infrastructure, and battery manufacturing

1. SECTORAL OVERVIEW

The mobility sector in India is undergoing a transformative shift, seeking to become a global leader in electric vehicle (EV) production and sustainable transportation. According to recent studies, the Indian electric mobility market is expected to grow at a compound annual growth rate (CAGR) of 45.5% until 2030, with over \$200 billion worth of investment opportunities identified for EVs, charging infrastructure, and battery manufacturing.⁹⁸ Recognizing the urgent need to address rising emissions, reduce dependency on oil imports, and enhance energy security, the Indian government has implemented strategic initiatives that drive this very transformation.

The Indian government has launched several strategic initiatives to promote electric vehicles (EVs) and sustainable transportation. The Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) scheme, introduced in 2015, under the National Electric Mobility Mission Plan (NEMMP) 2020,⁹⁹ provides subsidies for EV purchases and supports infrastructure development. Its successor, FAME II, launched in 2019, targets a broader range of electric vehicles, including buses, three-wheelers, and two-wheelers, to meet urban transportation demands. Additionally, the Electric Mobility Promotion Scheme (EMPS)¹⁰⁰ serves as a transition to FAME III (to be released soon)⁹⁹ focusing on demand incentives and industry stabilization. Furthermore, the Union Cabinet has approved the PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) Scheme,¹⁰² with an outlay of Rs 10,900 crore over two years, to support local manufacturing of EV components and promote electric mobility in the country through Phased Manufacturing Programme (PMP). This scheme replaces the FAME scheme and subsumes the EMPS 2024, which was announced to subsidize EVs during the 2024 general election.¹⁰³

The Central Government has introduced several major schemes and policies aimed at promoting growth in the sector. It also sought to incentivize investment to enhance the sector's development and ensure its long-term sustainability. Some of the key initiatives include:

Production-Linked Incentive (PLI) Scheme:¹⁰⁴ The PLI scheme plays a crucial role in attracting investments in battery production and advanced automotive technologies. It aims to enhance local manufacturing capabilities and reduce reliance on imported components, thereby strengthening India's position in the global automotive market.¹⁰⁵ The PLI for Advanced Chemistry Cells (ACC)¹⁰⁶ specifically targets the establishment of gigafactories for local battery production, which is essential for the EV sector's success.

State-Level Policies: State-level policies complement national initiatives by offering incentives such as exemptions from road taxes, registration fee rebates, and purchase subsidies. States like Delhi, Gujarat, and Maharashtra are leading the way with ambitious targets and policies tailored to their local contexts, enhancing infrastructure and boosting EV adoption. For instance, Delhi aims for 80% of its vehicle fleet to be electric by 2025,¹⁰⁷ exhibiting an aggressive commitment to sustainability.

Foreign Direct Investment (FDI) in India's EV Sector:¹⁰⁸ The FDI Policy, updated in 2020, allows for foreign investment through various instruments, including equity shares, convertible preference shares, and debentures. Foreign investment up to 100% is permitted through the automatic route for automotive and auto components manufacturing, including EVs. This favourable regulatory environment encourages investment and local production, aligning with the 'Make in India' initiative.

French companies are actively participating in India's electric mobility sector. One such company, which entered the Indian market in 2021,¹⁰⁹ has announced the export of locally manufactured EVs and aims for India to be its second-largest market by 2029.¹¹⁰ One of the largest vehicle manufacturers in Europe, plans to source about 5% of its global needs from India.¹¹¹ A well-known automobile company operating in India, in collaboration with another global automaker, is investing in new products, including small electric cars, by 2025. A prominent energy management and automation company in India is investing in industrial capabilities and battery technology development.¹¹² Also, recently India became a part of the coveted Minerals Security Partnership (MSP) along with France, which aims to accelerate the development of diverse and sustainable critical energy minerals supply chains through working with host governments and industry to facilitate targeted financial and diplomatic support for strategic projects along the value chain.¹¹³

By removing critical obstacles—such as the need for widespread charging infrastructure, localizing battery production, and enhancing financing options—India can foster an environment that encourages greater investment and participation from French and global mobility innovators. In doing so, the country can secure its position as a frontrunner in the global green mobility revolution and pave the way for a more sustainable, efficient, and technologically advanced future.

It is with this in mind that members of the IFCCI Mobility Committee, in the succeeding section of this chapter, have outlined the key policy and regulatory challenges currently impeding the full realization of India’s mobility sector. These challenges, though considerable, present opportunities for strategic intervention. The Committee has put forward pointed recommendations designed to address these structural barriers and unlock the sector’s true potential.

2. KEY ISSUES AND RECOMMENDATIONS

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
1.	Ineligibility of input tax credit for automobile purchases	<p>The Central Goods and Services Tax (CGST) Act, 2017, under Section 16(1), permits businesses to claim input tax credit (ITC) on purchases made for business purposes. However, Section 17(5) of the CGST Act, 2017, imposes restrictions on such credits, particularly for motor vehicles with a seating capacity of not more than thirteen persons, unless these vehicles are used for specific taxable supplies such as further supply, passenger transportation, or driving training. Notably, Section 17(5)(a) provides an exception to this general exclusion, allowing input tax credit if the motor vehicles are used for the specified taxable supplies.</p>	<ul style="list-style-type: none"> • It is recommended that the government revise Section 17(5) of the CGST Act to include automobiles as eligible assets for ITC when used by businesses operating in the automotive consulting and engineering sectors. Specifically, allied companies which use vehicles to conduct testing, R&D, and client-related services should be allowed to reclaim taxes paid on these purchases. This change would significantly reduce the operational burden on such firms by lowering their costs, thus enabling them to invest more in expanding their services and innovating within the automotive sector. • Additionally, it is recommended that the government issue clear guidelines to streamline the process of claiming ITC for these firms, ensuring that there are no bureaucratic delays or administrative burdens that could hinder implementation. By aligning India’s GST system with international practices, where many countries allow ITC for vehicles integral to business operations, the government would boost the competitiveness of India’s automotive consulting industry, encouraging greater foreign investment and driving growth.
2.	High customs duties on importing essential vehicles (Consultants for OEMs)	<p>As per the Indian Customs Act, high duties are imposed on imported vehicles, which affects not only OEMs but also consulting firms that support the automotive industry through vehicle testing and R&D services.</p> <p>Currently, subsidies and incentives are more directly available to OEMs and manufacturing units in terms of R&D. Section 35 of Income Tax Act provides significant tax benefits for scientific research expenditures, applicable to a wide range of entities engaged in scientific research</p>	<ul style="list-style-type: none"> • It is recommended for the government to recognize the role of consulting firms that work with OEMs in the automotive sector and extend customs duty exemptions to these firms, similar to those available for OEMs. The government should revise the existing customs tariff structure to allow duty relief on vehicles imported for short-term testing, prototyping, and R&D activities by consulting firms. • Furthermore, the DSIR Guidelines should be expanded to encompass consulting firms that contribute to in-house R&D

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
		<p>activities. It covers both revenue and capital expenditures related to in-house scientific research and development.</p> <p>To claim deductions under Section 35, entities must obtain approval from the Department of Scientific and Industrial Research (DSIR). The DSIR operates a <u>scheme for granting recognition and registration to in-house R&D units established by corporate industries</u>. These guidelines outline the eligibility criteria and application process for recognition. Key requirements include being a company registered under the Companies Act, having a regular source of income, engaging in manufacture or production or rendering technical services, and having independent infrastructure for research activities.</p> <p>Further, DSIR-recognized in-house R&D units (excluding hospitals) are eligible for customs duty exemptions on the import of specified equipment, instruments, raw materials, components, pilot plants, and computer software for R&D projects. This exemption is subject to various conditions and is a critical incentive for R&D activities.</p>	<ul style="list-style-type: none"> • for OEMs, ensuring they are also eligible for tax incentives and exemptions. To streamline this process, the government could establish a certification or accreditation program that recognizes firms actively engaged in OEM-related R&D, thereby making them eligible for duty waivers. By doing so, India would foster a more inclusive innovation ecosystem, incentivizing consulting firms to increase their participation in the development of cutting-edge automotive technologies. • Moreover, this move would reduce the cost burden on OEMs, as they often rely on these consultants for specialized expertise in testing and development, which is vital for bringing new vehicles and technologies to market. The resulting reduction in operational costs would enhance India's attractiveness as a global hub for automotive R&D and manufacturing, helping the country compete with other nations that offer similar incentives to the automotive sector.
3.	Lack of clear direction in EV policy	<p>India's push for electric and hybrid vehicles has seen the introduction of several policies, such as the FAME scheme, registration waiver and tax incentives under the GST regime. However, the absence of a clear roadmap prioritizing either fully electric vehicles (EVs) or hybrid vehicles creates uncertainty for OEMs, which need to make long-term investment decisions based on the government's policy direction.</p>	<ul style="list-style-type: none"> • The Indian government should develop and publish a comprehensive National EV Roadmap that sets clear targets and milestones for both hybrid and fully electric vehicle technologies. This roadmap should outline specific objectives for infrastructure development, such as the number of charging stations to be built, grid enhancements required for EV adoption, and incentives for both consumers and manufacturers. • While hybrid vehicles might be incentivized to draw the public away from pure ICE vehicles as a step towards India's emission goals, the same should not result in an erosion of the customer base for EVs, which is already at a nascent stage. • Additionally, the roadmap should provide clarity on the government's long-term strategy regarding the adoption of hybrid versus fully electric vehicles, so that OEMs can plan their R&D and manufacturing investments accordingly. This roadmap could include phased targets for different vehicle segments, such as passenger cars, two-wheelers, and commercial vehicles, each with specific timelines for the transition to hybrid and electric technologies.

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
			<ul style="list-style-type: none"> Hybrids, being a medium-term solution for greenhouse emissions, should not be incentivized in a manner that would stump the budding EV industry by creating uncertainty that deters potential investors from making strategic commitments, and thereby hurting India's long-term carbon emission goals. <p>Instead, it is recommended that the government also provide details on incentives for manufacturing, such as increased subsidies under the PLI Scheme, to encourage local production of EV components, including batteries and power electronics. Further, collaboration between public and private sectors should be encouraged through public-private partnerships (PPPs) to expedite infrastructure development, ensuring that the necessary charging networks and grid enhancements are in place to support EV adoption at scale.</p>
4.	<p>Reliance on Chinese imports for EV parts</p>	<p>Despite policies like the NEMMP and the PLI Scheme for ACC Batteries, India remains heavily dependent on Chinese imports for critical EV components, particularly batteries, power electronics, and motors. This reliance poses risks to supply chain stability and increases costs for manufacturers, making EVs less competitive in the Indian market.</p>	<ul style="list-style-type: none"> The government should establish a special Task Force on EV Component Manufacturing to focus on reducing India's dependency on imported EV parts, particularly from China. This task force should work in close collaboration with leading global manufacturers and domestic firms to bring advanced manufacturing capabilities to India. A key objective of this task force should be to accelerate domestic R&D in EV components, including battery technology, and facilitate the transfer of cutting-edge technologies from international partners. The government should also increase financial incentives, such as higher subsidies and tax breaks under the PLI Scheme, to encourage local companies to invest in building manufacturing capacities for critical EV components like e-compressors, power electronics, etc. Additionally, the task force should identify potential bottlenecks in the supply chain and work towards creating a more robust domestic ecosystem for EV parts production. This could include fostering deeper localization through collaborations between academia, government, and industry to set up dedicated R&D centers focused on EV component innovation, as well as establishing skill development programs to build a workforce capable of supporting this high-tech industry.

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
			<ul style="list-style-type: none"> • Furthermore, the government could explore trade agreements with countries that have advanced EV manufacturing technologies, facilitating technology transfer and joint ventures with Indian companies. By reducing reliance on imports, India could lower the cost of EV production, make EVs more affordable for consumers, and position itself as a leader in the global EV market. • Lastly, it is recommended that the government should adopt holistic approach , for example, inculcation of chemistry and battery cell related programs in graduate schools which have contributed significantly to China's battery technology prowess. Providing similar programs in Indian institutes would be fundamental for the formation of skilled human capital, and for the advancement of the E-mobility industry.

Industry Suggestions

FDI liberalization in the Multi Brand Retail Trading (MBRT) and Short Brand Retail Trading (SBRT):

The Consolidated FDI Policy 2020 imposes a structured yet restrictive framework for Foreign Direct Investment in both MBRT and SBRT in India. While the policy aims to protect the interests of Indian small and medium enterprises through procurement mandates and infrastructure investment conditions, it would benefit from a review to facilitate a more conducive environment for investors.

- For MBRT, the 51% cap and stringent requirements on back-end infrastructure investment, sourcing norms, and e-commerce restrictions hinder retail expansion and competitive pricing, particularly in a digital-first economy.
- For SBRT, although relaxed sourcing norms for 'cutting-edge' technology products encourage innovation, extending these benefits to additional sectors could attract more FDI. To align with the evolving e-commerce landscape, the policy should provide clearer guidelines on the role of State Governments, thereby streamlining retail operations and enhancing outcomes for consumers, investors, and local industries.

Additionally, the government should consider promoting investment opportunities in Multi Brand Retail, particularly in the electrical sector, as this could increase revenue and create more job opportunities.

TYRE INDUSTRY			
Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
1.	Transformation of Market with Tubeless tyre technology	Moving from tube type bias to tubeless radial tyres will bring 11% fuel savings and tube type bias to tubeless green radial (energy) tyres will bring 16% fuel efficiency.	<ul style="list-style-type: none"> • Enhance Safety Standards: Implement and promote regulations that focus on safety features in tubeless tyre technologies so as to reduce accidents in the transport sector where up-times are key (e, g intercity passenger transport, long haul dangerous goods carrier, explosive carrier, refrigerated carrier, Perishable fruits/vegetable carrier, past express courier fleet, e-commerce vehicles) and vehicles operate on long distance expressway. In addition, tubeless tyres needing just a wheel and tyre for assembly are simple to store for a fleet operator and facilitate ease of fitting. • Reduce Fuel Consumption: Given the country's larger ambition towards decarbonization, emission reduction and reduction of the fuel import bill, encourage adoption of fuel-efficient tyre technologies through incentives and subsidies. • Improve Infrastructure: Invest in infrastructure that supports the use of advanced tyre technologies, including better road conditions and maintenance to enhance performance and safety. Evolution of road infrastructure allows the vehicle to run at a higher speed with reduced turnaround time thus lowering the transport cost.
2.	Harmonization of Rolling Resistance Thresholds	AIS 142 which has been prepared broadly in line with R 117 of EU mandates the requirements of rolling resistance, wet grip and sound emissions aimed at fuel efficiency, quality and reliability of tyres. However, there is a noticeable variance in the RR thresholds between AIS142 and R117.02.	<ul style="list-style-type: none"> • Given the focus on energy efficiency, it is crucial to align and harmonize these standards. This will facilitate ease of doing business and provide opportunity for the local tyre manufacturer to go global.
3.	Alignment of laboratory standards with global benchmarks -	Test labs aligned with global benchmarks will help bring innovation and technological advancement to promote sustainability, emission reduction etc. In the absence of alignment, some labs give lower value of Rolling Resistance (RR) leading to an incorrect representation which puts companies who actually achieve lower RR using advanced technologies at a disadvantage as they struggle to demonstrate value of their technology in market place.	<ul style="list-style-type: none"> • It is important for Government to align inter-laboratory standards (ICAT, ARAI, IRMRA) with international reference labs (eg European Expert Group Lab Alignment framework) to enhance efficiency of tyre testing and for robust market surveillance of RR performance evaluation. Strengthening market surveillance mechanisms through accredited labs will ensure compliance with safety and performance standards.

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
4.	Introducing stricter fuel efficiency norms-	The proposal of the Government to implement CAFÉ 3 norms from April 2027 is an important step for curbing emissions and would align India with international benchmarks while also addressing any potential impact on account of imports to Europe.	<ul style="list-style-type: none"> Implement norms such as CAFÉ 3, BS VII would not only reduce vehicular pollution but would also align India with global benchmarks. This would also facilitate the aspirations of local automobile manufacturers to go global and have better market access.
5.	Enhanced weightage to tyres in testing	Heavy Duty Vehicle Fuel Efficiency norms issued by BEE apply to heavy duty vehicles and the vehicle manufacturer demonstrates compliance by evaluating vehicle over the constant speed fuel consumption (CSFC) test procedure. However this procedure does not give adequate weightage to tyres which contribute to about 30% of the fuel consumption.	<ul style="list-style-type: none"> Hence to combat emissions, there is a need to enhance the weightage to tyre testing as part of the existing framework. A strong push is required for the development of a computer-based simulation tool (eg VECTO in EU) which can be customized as per Indian specific conditions. Pertinent to note that the technical committee under BEE had already recommended to adopt VECTO in India subject to modification to suit the local conditions.

GENERAL EASE OF DOING BUSINESS RECOMMENDATIONS



India is one of the fastest-growing economies in the world. It is expected to become the third-largest economy in the world with a GDP of \$5 trillion in the next three years and touch \$7 trillion by 2030 on the back of continued reforms pushed by the Central Government in their first two terms. The Government of India has taken up a series of measures to improve Ease of Doing Business in the country.

1. SECTORAL OVERVIEW

India is one of the fastest-growing economies in the world. It is expected to become the third-largest economy in the world with a GDP of \$5 trillion in the next three years, and touch \$7 trillion by 2030 on the back of continued reforms pushed by the Central Government in their first two terms. The Government of India has taken up a series of measures to improve Ease of Doing Business in the country. The emphasis has been on the simplification and rationalisation of the existing rules and the introduction of information technology to make governance more efficient and effective. This has led to an improvement in India's rank in the Ease of Doing Business Index from 140th in 2014 to 63rd in 2020.¹²¹ In line with the government's intention to create an innovative, facilitative, and collaborative environment for industry to function and thrive in India, this section of the whitepaper sets out key recommendations for improving the ease of doing business in the country.

2. KEY ISSUES AND RECOMMENDATIONS

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
1.	Lack of accredited assurance service providers for Business Responsibility and Sustainability Reporting (BRSR)	The Securities and Exchange Board of India (SEBI), in its continued efforts to enhance disclosures on ESG standards, introduced new requirements for sustainability reporting by listed companies. The new reporting format named, Business Responsibility and Sustainability Report (BRSR), aims to establish links between the financial results of a business with its ESG performance. This can make it easier for regulators and investors, and allied stakeholders to obtain a fair estimate of overall business stability, growth and sustainability (hitherto based on financial disclosures alone). SEBI has mandated that the BRSR is applicable to the top 1,000 listed entities (by market capitalisation) for reporting on a voluntary basis for FY2021-22 and thereafter on a mandatory basis from FY2022-23.	<ul style="list-style-type: none"> BRSR audits and reports require an in-depth knowledge of each the ESG domains i.e., Environmental, Social and Governance. It is recommended that the Central Government request SEBI to formulate specific frameworks and guidelines that appoint qualified and accredited companies/agencies to carry out such audits and reports and to ensure that only such companies/agencies can operate as independent assurance service providers.

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
2.	Issues with implementation of Central Goods and Service Tax, 2017 Rules (CGST Rules) pertaining to Input Tax Credit (ITC).	<p>The underlying intent of the BRSR can be said to be seamless integration and alignment of the various regulatory frameworks and compliance requirements in terms of environmental, social, and governance parameters to be followed by companies operating within India, for the purpose of responsible conduct of business and transparent disclosure of their non-financial parameters and sustainability goals of the company.</p> <p>The sustainability reporting format is based on the nine principles of National Guidelines for Responsible Business Conduct (NGRBC) introduced by SEBI. However, as these audits are distinct from financial audits and considering evolving concerns around sustainability, it is imperative that such reports are of the highest standard and are carried out by companies/agencies that have specific domain knowledge and established networks.</p> <p>Under the GST regime, ITC is a critical component that ensures the smooth flow of tax credits across the supply chain. Section 16 of the Central Goods and Services Tax Act, 2017 ("CGST Act"), provides that a registered person is entitled to claim ITC on the supply of goods or services if certain conditions are satisfied. These conditions, specified under section 16(2) of the CGST Act, include the possession of a tax invoice or debit note issued by a registered supplier, receipt of goods or services, and the payment of tax to the government. Additionally, the recipient must have filed the required returns under Section 39.</p> <p>The Central Board of Indirect Taxes and Customs vide Notification No. 40/2021 dt. 29/21/2021 CGST (Tenth Amendment Rules, 2021) amended certain rules under the CGST Rules, 2017 pertaining to ITC under the CGST Act. The notification amended Rule 36(4) of the CGST Rules stating that a registered entity will be eligible to avail ITC only if it is reported by the supplier in the GSTR-1/ IFF and it appears in their GSTR-2B. Furthermore, this amendment was to act prospectively from the 1st of January 2022.</p> <p>However, GST officers have erroneously been issuing tax notices and demanding differential tax in the event there is a discrepancy between the GSTR-2B form details and the Input Tax Register for financial years prior to 2022. Which translates to the amendments being enforced retrospectively for FY 2021-22, 20-21, 19-20, 19-19.</p>	<ul style="list-style-type: none"> It is suggested that the Central Government issue a clarification emphasizing the prospective applicability of CGST (Tenth Amendment Rules, 2021).

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
3.	<p>Need for Third-Party Accredited in-service verification agencies under the National Building Code</p>	<p>The National Building Code of India 2016 (NBC 2016), a comprehensive building Code prepared by the Bureau of Indian Standards (BIS), is a national instrument providing guidelines for regulating the building construction activities across the country. It serves as a Model Code for adoption by all agencies involved in building construction works, be the Public Works Departments, other government construction departments, local bodies or private construction agencies.</p> <p>The Code mainly contains administrative regulations, development control rules and general building requirements; fire safety requirements; stipulations regarding materials, structural design and construction (including safety in construction); building and plumbing services; landscaping and outdoor display structures; approach to sustainability; and asset and facility management.</p> <p>The NBC also mandates that on-site inspections and verifications take place for services and facilities integral to buildings and structures. These include but are not limited to electrical wiring, fittings, elevators, escalators, Heating, Venting and Air Conditioning facilities, Aviation obstacle lights, electrical supply for electric vehicle charging and car park management system etc.</p> <p>However, these inspections and verifications are done by officers of Municipal Authorities, Public Works Departments and, other similar government authorities. These officials do not sometimes possess the requisite training and expertise and even the local authorities often do not have sufficient manpower and capacity to carry out these inspections and verifications.</p>	<ul style="list-style-type: none"> • It is recommended that private third-party in-service verifications agencies be allowed to undertake such on-site inspections and verifications. • It is further recommended that the BIS, in consultation with the Central Government, create frameworks and guidelines that allow for the accreditation of private third-party in-service verification agencies who are thereafter empaneled by the BIS and are mandated to undertake these on-site inspections and verifications. • Similar models of certification and empanelment exist in the field of renewable energy. The Ministry of Renewable Energy (MoRE) has a list of certified models and manufacturers for wind turbine models that are eligible for installation in the country. This list is based on the provision of type certification and quality assurance of wind turbines in India as per Guidelines for Development of Onshore Wind Power Projects issued by MoRE vide F. No. 66/183/2016-WE dated 22 October 2016.¹²⁶ As per the said guidelines, type and quality certification by an Internationally Accredited Certification Body shall be a mandatory requirement for manufacturers of wind turbines and components and the both certifications should mandatorily include Hub and Nacelle assembly/manufacturing facility in India.

Sl. No.	Issue Identified by the Industry	Policy and Regulatory Background	Recommendation or Comment
4.	<p>Issues industry faces in complying with BIS Quality Control mandates.</p>	<p>The Bureau of Indian Standards (BIS) is the National Standards Body of India established under the BIS Act 2016 for development of standards, marking and quality certification of goods and for matters connected therewith or incidental thereto. BIS has been providing traceable and tangible benefits to the national economy in several ways – ensuring provision of safe reliable quality goods; minimizing health hazards to consumers; promoting exports and imports substitute; control over proliferation of varieties, etc through standardization, certification and testing.</p> <p>Under the BIS regime, quality control enforcement mandates compliance with corresponding Indian quality standards for goods and articles (BIS Products). The process entails testing, licensing, and certification of notified goods under the conformity assessment schemes such as the 'ISI Registration Scheme', 'Compulsory Registration Scheme', and 'Foreign Manufacturer Certificate Scheme.</p> <p>Compliance is primarily required at the source of the supply chain, necessitating the manufacturers of BIS products to register. Similarly, imported goods must adhere to the mandatory certification and labelling requirements, with offshore manufacturers obligated to obtain registration or licenses under the Foreign Manufacturers Certification Scheme (FMCS) for the export or supply of goods in India. As a mark of successful compliance, these notified products need to bear a standard mark and meet the marketing and labelling requirements.</p> <p>To regulate the non-compliant products, the BIS framework mandates stakeholders in the supply chain including wholesalers and retailers, to source compliant products with a valid registration/ license or be subject to penalties ranging from two lakh rupees up to ten times the value of the non-compliant products, along with possible imprisonment for up to 2 years.¹²⁷</p> <p>Though the quality control mandate under the BIS is a welcome step the manner in which it is implemented is a matter of concern.</p>	<ul style="list-style-type: none"> • Compliance with the quality control mandate brings with it substantial expenses, especially for small and medium enterprises. Testing products to BIS standards and obtaining certification add to the financial burden of a business. Coupled with the complexity of paperwork, record-keeping and reporting, this proves to be a serious burden. It is recommended that a streamlined approach be adopted for simplifying certification. Furthermore, financial support mechanisms should be put in place to alleviate the burden on smaller businesses. • The complexity of the BIS standards further exacerbates the regulatory landscape causing confusion and possible non-compliance. To address these issues the government and industry bodies should collaborate to raise awareness about BIS standards and the quality control mandate. It is suggested that training programs and accessible resources should be made available to businesses to navigate complexities of compliance. • The process of obtaining the requisite licenses or certifications is time consuming specifically for niche products that lack the requisite infrastructure. Enforcement mechanisms face operational hurdles, delaying compliance efforts. Streamlining the certification process and investing in testing infrastructure specifically for niche products will help facilitate smoother compliance. • Importing products subject to Quality Control Orders requires registration of foreign manufacturers, which involves a drawn-out process of physical verification and/or site visits to the manufacturing unit. Furthermore, the labelling requirements post-importation pose additional challenges for foreign manufacturers. It is recommended that the Central Government and other relevant authorities explore digital solutions for the registration of foreign manufacturers. The government should invest in infrastructure to facilitate remote verification and site visits where necessary.

Endnotes

1. <https://assets.kpmg.com/content/dam/kpmg/az/pdf/2024/Statistical-Review-of-World-Energy.pdf>; https://www.mospi.gov.in/sites/default/files/publication_reports/EnergyStatistics_India_publication_2024N.pdf
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11. <https://coal.gov.in/sites/default/files/2024-03/10-07-2024a-energy.pdf>
12. <https://www.niti.gov.in/sites/default/files/2020-01/IEA-India-In-depth-review2020.pdf>
13. Also Refer Question 1 under Part I. FAQ on approval of Foreign Cylinder/Valve Manufacturers, Available on FAQ-GCR-2024.pdf (peso.gov.in).
14. Rule 29 of the Gas Cylinder Rules, 2016 – Licence for import of gas cylinders; Rule 49 (1) (a) r.w. Rule 29 – stipulates that Application for approval of grant for import has to be made in Form B; After approval from PESO, the import licence is issued in Form D.
15. Refer Rule 29 (5) Gas Cylinder Rules, 2016.
16. Question 2 under Part III. FAQ on Import of Gas Cylinders (Filled and empty) under Form D- Licence, Available on FAQ-GCR-2024.pdf (peso.gov.in).
17. Refer Rule 3(1)(a).
18. Question 6 under Part III. FAQ on Import of Gas Cylinders (Filled and empty) under Form D- Licence, Available on FAQ-GCR-2024.pdf (peso.gov.in).
19. Refer Rule 3(5).
20. Rule 35 – Periodicity of examination and testing of Cylinder. – period specified in IS : 15975 (Proxy Link).
21. ISO 11621:1997 - Gas cylinders — Procedures for change of gas service
22. Ministry of Power issued Draft Tariff based competitive bidding guidelines for procurement of storage capacity/stored capacity from pumped storage plants vide Resolution No.42-26/1/2022-RCM-Part (3) on August 22, 2024.
23. Draft Tariff based competitive bidding guidelines for procurement of storage capacity/stored capacity from pumped storage plants vide Resolution No.42-26/1/2022-RCM-Part (3)
24. <https://www.mercomindia.com/guidelines-pumped-storage-projects>
25. https://powermin.gov.in/sites/default/files/webform/notices/Draft_TBCB_PSP_Guidelines.pdf
26. Ministry of Power issued Guideline to promote Development of Pumped Storage Projects (PSP) on April 10, 2023.
27. https://powermin.gov.in/sites/default/files/webform/notices/Guidelines_to_Promote_Development_of_Pump_Storage_Projects.pdf
28. Refer Guideline 4.11 (ii, iii) Quality Control, Monitoring and Maintenance clause of the Comprehensive guidelines for implementation the PM-KUSUM Scheme, Pg. 5.

29. May also refer: Clarification Regarding New Comprehensive Guidelines Of PM KUSUM
30. Refer Guideline 6.3.6 (iii, iv, v) Monitoring and Maintenance clause of the Comprehensive guidelines for implementation the PM-KUSUM Scheme Pg. 16.
31. Refer Guidelines 5.5 (ix) & 6.7 (xvi) of the Comprehensive guidelines for implementation the PM-KUSUM Scheme, Pg. 12 & 25.
32. The Ministry of Food Processing Industries (MoFPI) has implemented schemes like Pradhan Mantri Kisan SAMPADA Yojana (PMKSY), PM Formalisation of Micro food processing Enterprises (PMFME) Scheme and Production Linked Incentive Scheme for Food Processing Industry (PLISFPI) offering financial, technical, and business aids to establish food processing enterprises
33. <https://pib.gov.in/PressReleaseframePage.aspx?PRID=2003092>
34. Periodic Labour Force Survey 2023-24 https://www.mospi.gov.in/sites/default/files/publication_reports/AnnualReport_PLFS2023-24L.pdf
35. <https://www.fao.org/food-safety/food-control-systems/supply-chains-and-consumers/traceability-and-recalls/en/>
36. <https://www.nestle.in/csv/planet/waste-and-recovery>
37. For example, PepsiCo's partnership with potato farmers in India has increased farmers' incomes by 50%. https://www.bayer.com/sites/default/files/FCP_the_indian_potato_project_EN_screen_RGB.pdf
38. https://dpiit.gov.in/sites/default/files/FDI-PolicyCircular-2020-29October2020_0.pdf
39. <https://retail.economicstimes.indiatimes.com/news/industry/india-woos-french-food-companies/54970591>
40. https://www.business-standard.com/economy/news/fdi-in-food-processing-sector-down-30-to-rs-5-037-crore-in-2023-24-124081601207_1.html
41. French multinational food products giant Danone is leading an investment of Rs 182 crore into Indian yoghurt maker Epigamia <https://economicstimes.indiatimes.com/industry/cons-products/food/danone-to-re-enter-indian-dairy-business-as-part-of-rs-182-crore-deal/articleshow/67549874.cms?from=mdr>
42. <https://www.indiabusinesstrade.in/blogs/indian-dairy-sector-on-a-road-to-resilience/#:~:text=India%20has%20the%20largest%20bovine,%2D22%2C%20as%20per%20CRISIL>
43. <https://www.careratings.com/uploads/newsfiles/Indian%20Dairy%20Dairy%20Products%20Industry%20-%20June%202020.pdf>
44. https://aspirecircle.org/wp-content/uploads/2022/01/Vision-2022-Dairy-Development-English_0_0-AGRI.pdf
45. *Ibid*
46. <https://economicstimes.indiatimes.com/news/et-explains/is-the-milk-you-are-having-safe-heres-what-you-need-to-know/articleshow/66119023.cms>
47. <https://pib.gov.in/PressReleasePage.aspx?PRID=1909235>
48. https://www.business-standard.com/article/economy-policy/cag-raps-fssai-over-licensing-process-poor-food-testing-labs-117121900516_1.html
49. https://www.business-standard.com/industry/agriculture/govt-bans-sugarcane-juice-syrup-for-ethanol-making-in-2023-24-supply-year-123120700830_1.html
50. <https://economicstimes.indiatimes.com/small-biz/trade/exports/insights/ethanol-push-turns-india-into-corn-importer-shaking-up-global-market/articleshow/113051267.cms?from=mdr>
51. *Ibid*
52. <https://timesofindia.indiatimes.com/city/indore/impact-of-high-maize-prices-on-poultry-and-starch-industries/articleshow/112820097.cms>
53. <https://www.ibef.org/download/Transforming-India-Logistics-Sector.pdf>
54. <https://pib.gov.in/PressReleaseframePage.aspx?PRID=1987132>
55. <https://www.livemint.com/news/india/india-betters-its-trade-facilitation-score-in-unescap-survey-11627028855565.html>
56. As of January 2023, 1,724 kilometers of dedicated freight corridors have been completed, connecting major cities like Delhi, Mumbai, Chennai, and Howrah.
57. <https://pib.gov.in/PressReleasePage.aspx?PRID=1737646>
58. <https://www.mordorintelligence.com/zh-CN/industry-reports/india-3pl-market>

59. [https://www.fmlogistic.in/publi/fm-logistic-inaugurates-its-first-owned-multi-client-warehouse-in-india/#:~:text=Located%20on%20a%2031%2Dacre,%2Ddede%20warehousing%20%26%20handling%20services.&text=Farrukhnagar%2C%2026th%20April%202022%3A%20Leading,\)%20in%20Farrukhnagar%2C%20Haryana%20today.](https://www.fmlogistic.in/publi/fm-logistic-inaugurates-its-first-owned-multi-client-warehouse-in-india/#:~:text=Located%20on%20a%2031%2Dacre,%2Ddede%20warehousing%20%26%20handling%20services.&text=Farrukhnagar%2C%2026th%20April%202022%3A%20Leading,)%20in%20Farrukhnagar%2C%20Haryana%20today.)
60. <https://www.cevalogistics.com/en/news-and-media/newsroom/ceva-logistics-completes-its-acquisition-of-stellar-value-chain>
61. https://www.civilaviation.gov.in/sites/default/files/migration/moca_003367.pdf
62. https://www.pdcai.org/Docs/Circular-No-21-2023_1892023121528502.pdf
63. <https://taxinformation.cbic.gov.in/view-pdf/1000241/ENG/Circulars>
64. Para 7 of Circular No. 02/2021-Customs dated January 19, 2021
65. In the recent judgment by the Telangana High Court in the case of CBEC v. GMR Hyderabad International Airport Ltd. (2024 SCC OnLine TS 508) serves as a legal precedent. The court ruled that the imposition of cost recovery charges for customs staff deployed at GMR Hyderabad International Airport Ltd. was an administrative fee tantamount to a tax, which lacks a statutory basis and violates Article 265 of the Constitution.
66. <https://aera.gov.in/uploads/consultations/16693688496344.pdf>
67. <https://www.phdcci.in/wp-content/uploads/2023/12/Civil-aviation-Final-2-min.pdf>
68. <https://cargotalk.in/what-is-stopping-afs-policy-from-taking-off-in-india/>
69. Earlier also, a letter was written by the Airfreight Council for the Federation of Freight Forwarders' Associations in India, addressed to the Director (P&S, Tariff) at the AERA. It conveys comments on the tariff determination for cargo handling services at IGIA, Delhi, expressing concerns regarding proposed tariff increases and charges.
70. The on-going process establishment of AFS as per with the CBIC Circular No. 50/2020-Customs and the CBIC Customs Manual 2023 (Chapter 27)
71. <https://cargotalk.in/what-is-stopping-afs-policy-from-taking-off-in-india/>
72. <https://www.imo.org/en/OurWork/Facilitation/Pages/FALConvention-Default.aspx>
73. Since 1 January 2024, all IMO Member States (India is also a member since 1959) are required to use a single, centralized digital platform or "Maritime Single Window" (MSW) under the FAL Convention to collect and exchange information with ships when they call at ports.
74. <https://nlpmarine.gov.in/landings/landing-service-catalogue>
75. <https://pib.gov.in/PressReleaselframePage.aspx?PRID=1894117>
76. <https://indianinfrastructure.com/2024/05/06/new-focus-areas-port-modernisation-and-mechanisation/>
77. Central Board for Indirect Taxes & Customs (CBIC) here today launched the Indian Customs Compliance Information Portal (CIP).
78. <https://pib.gov.in/PressReleasePage.aspx?PRID=1864095>
79. <https://goulip.in/home>
80. https://sagarmala.gov.in/sites/default/files/MIV_2030_Report.pdf
81. https://shipmin.gov.in/sites/default/files/Maritime%20Amrit%20Kaal%20Vision%202047%20%28MAKV%202047%29_compressed_0.pdf
82. <https://pib.gov.in/PressReleasetailm.aspx?PRID=2022323#:~:text=The%20growth%20rate%20in%20Real,a%20growth%20rate%20of%209.6%25>
83. https://altagamma.it/media/source/240618%20-%20Bain%20-%20Altagamma%20-%20Spring%20Update%20ONSCREEN_1.pdf
84. https://altagamma.it/media/source/240618%20-%20Bain%20-%20Altagamma%20-%20Spring%20Update%20ONSCREEN_1.pdf
85. <https://www.vogue.in/content/christian-diors-mumbai-show-spotlights-the-extraordinary-craftsmanship-of-indias-artisansandnbsp>
86. <https://www.livemint.com/news/india/more-luxury-brands-make-a-beeline-for-india-on-growing-affluence-11668793370639.html>

87. Jio World Plaza, India's largest luxury mall, opened in Mumbai's Bandra Kurla Complex on 1st November 2023. The retail mix at Jio Plaza boasts an impressive roster of 66 luxury brands. Notable international newcomers to the Indian market include **Balenciaga**, **Pottery Barn Kids** and **RIMOWA**. Mumbai welcomed its first stores of Valentino, Tory Burch, YSL, Versace, Tiffany, Ladurée and Pottery Barn, while key flagships include other iconic brands like Louis Vuitton, Gucci, Cartier, Bally, Giorgio Armani, Dior, YSL and Bulgari.
88. https://dpiit.gov.in/sites/default/files/FDI-PolicyCircular-2020-29October2020_0.pdf
89. The SBRT regime allows a person resident outside India, whether owner of the brand or otherwise, to undertake SBRT in India or the specific brand, either directly by the brand owner or through a legally tenable agreement executed between an Indian entity undertaking the SBRT and the brand owner. FDI in SBRT is subject to certain other conditions, which include, product(s) (a) should be of a 'single brand' only, (b) which are sold under the same brand internationally, in one or more countries other than India, and (c) must be branded during manufacturing. However, certain exemptions are available while undertaking SBRT of Indian brands.
90. There is no definition given of Multi Brand Retail training under the FDI Policy. However, as the name suggests, in this segment, multiple brands are sold under the same company. E.g. Hindustan Unilever, it has multiple brands such as Dove, Boost, Brook bond, etc. Similarly
91. For this purpose, incremental sourcing means the increase in terms of value of such global sourcing from India for that single brand (in rupee terms) in a particular financial year from India over the preceding financial year, by the non-resident entities undertaking single brand retail trading, either directly or through their group companies. After completion of this 5-year period, the SBRT entity will be required to meet the 30% sourcing norms directly towards its India's operation, on an annual basis.
92. <https://www.livemint.com/Companies/1m6ODd0MGA3SL2zFBF4jO/30-sourcing-condition-waived-for-Apple-stores.html>
93. https://www.wto.org/english/res_e/booksp_e/world_tariff_profiles22_e.pdf
94. <https://www.rbi.org.in/commonman/English/scripts/Notification.aspx?id=1003>
95. <https://timesofindia.indiatimes.com/life-style/fashion/luxury/cover-story/the-luxury-market-is-facing-an-unprecedented-slump-heres-why/articleshow/112045360.cms>
96. <https://www.bis.gov.in/wp-content/uploads/2021/02/footwear-circular-modified-1.pdf>
97. <https://www.bis.gov.in/product-certification/products-under-compulsory-certification/>
98. 'EV Adoption in India', SAREP and Invest India Report on Investment landscape of Indian E-Mobility Market.
99. <https://heavyindustries.gov.in/sites/default/files/2023-07/NEMMP-2020.pdf>
100. <https://heavyindustries.gov.in/sites/default/files/2024-03/emps-2024.pdf>
101. <https://www.businesstoday.in/auto/story/govt-to-roll-out-fame-iii-subsidy-in-next-1-2-months-kumaraswamy-444432-2024-09-04>
102. https://www.pmindia.gov.in/en/news_updates/cabinet-approves-pm-electric-drive-revolution-in-innovative-vehicle-enhancement-pm-e-drive-scheme-with-an-outlay-of-rs-10900-crore-over-a-period-of-two-years/
103. Resource: ET | EV Push under PM E-Drive
104. https://www.competitiveness.in/wp-content/uploads/2024/08/Report_Assessment_of_PLI_Scheme_on_EV_Manufacturing_in_India_updated.pdf
105. <https://heavyindustries.gov.in/sites/default/files/2023-09/PLI-Auto-Scheme.pdf>
106. <https://pliac.in/docs/guidelines/Gazette Notification for PLI ACC dated 9June21.pdf>
107. https://www.business-standard.com/article/current-affairs/delhi-govt-to-add-100-electric-buses-to-dtc-fleet-by-april-first-week-123031200539_1.html
108. <https://induslaw.com/publications/pdf/alerts-2023/electric-mobility-in-india-final-digital.pdf>
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110. <https://economictimes.indiatimes.com/industry/auto/cars-uvs/expect-india-to-become-2nd-largest-market-for-citroen-after-france-in-5yrs-ceo-thierry-koskas/articleshow/109792700.cms?from=mdr>
111. <https://www.investindia.gov.in/country/france>
112. <https://energy.economictimes.indiatimes.com/news/power/schneider-electric-to-invest-3200-crore-in-india-to-grow-footprint-enhance-tech-capabilities-by-2026/108680222>
113. <https://www.downtoearth.org.in/energy/how-a-lithium-deal-between-two-companies-in-france-uk-is-an-opportunity-for-india-s-ev-sector-90333>

114. Refer Cases Where Input Tax Credit under GST Cannot Be Availed; Input Tax Credit (ITC) On Demo Cars Allowed: Recent CBIC Clarifications; Input Tax Credit on Cars Under GST for Company Use.
115. Pg 38 of [Industrial R&D Promotion Programme](#)
116. https://invest.up.gov.in/wp-content/uploads/2024/08/Registration_120824.pdf
117. Resource: ET | [EV Push under PM E-Drive](#)
118. Chief Secretary, UP~ https://www.business-standard.com/industry/news/registration-tax-waiver-on-hybrid-cars-to-remain-up-govt-to-auto-companies-124081100401_1.html
119. <https://economictimes.indiatimes.com/industry/renewables/hybrids-are-a-medium-term-solution-for-india-a-less-polluting-option-than-evs-report/articleshow/107228797.cms?from=mdr>
120. <https://dpiit.gov.in/sites/default/files/FDI-PolicyCircular-2020-29October2020.pdf>
121. https://www.sebi.gov.in/legal/circulars/may-2021/business-responsibility-and-sustainability-reporting-by-listed-entities_50096.html
122. https://www.mca.gov.in/Ministry/pdf/NationalGuideline_15032019.pdf
123. <https://gstcouncil.gov.in/sites/default/files/2024-05/notfctn-40-central-tax-english-2021.pdf>
124. Every registered taxable person, other than an input service distributor/ composition taxpayer/ persons liable to deduct tax u/s 51 / persons liable to collect tax u/s 52 is required to file Form GSTR-1, the details of outward supplies of goods and/or services during a tax period, electronically on the GST Portal. The invoice Furnishing Facility (IFF) is a facility provided to quarterly taxpayers who are in QRMP scheme, to file their details of outward supplies in first two months of the quarter (M1 and M2), to pass on the credit to their recipients.
125. GSTR-2B is an auto-drafted ITC statement which is generated for every normal taxpayer on the basis of the information furnished by his suppliers in their respective GSTR-1/IFF, GSTR-5 (non-resident taxable person) and GSTR-6 (input service distributor)
126. <https://cdnbbsr.s3waas.gov.in/s3716e1b8c6cd17b771da77391355749f3/uploads/2024/09/20240927537783269.pdf>
127. <https://www.bis.gov.in/the-bureau/bis-act-rules-and-regulations/>



ABOUT INDO-FRENCH CHAMBER OF COMMERCE & INDUSTRY

Established in 1977, the Indo-French Chamber of Commerce and Industry (IFCCI) is one of the most active bilateral chambers in India, dedicated to fostering mutually beneficial trade relations between India and France.

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The Chamber belongs to a worldwide network of 125 French Chambers (CCI France International) in 95 countries with over 37,000 companies with the mission:

- To facilitate business and networking opportunities between Indian and French companies
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- Workforce restructuring

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- Fintech and Payments Regulations
- Intermediary Liability
- Data Privacy and Protection
- Marketing and advertisement laws

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- Import and export regulations

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