

ICELAND-INDIA BUSINESS GUIDE

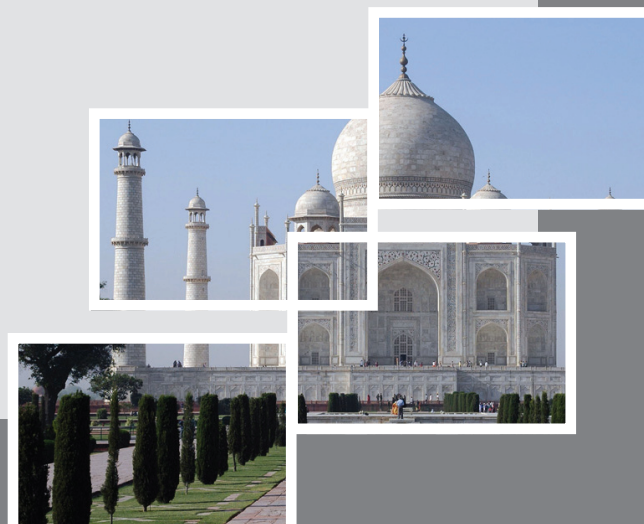




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Iceland and India have now enjoyed over 40 years of diplomatic relations. Over the years, the two nations have steadily increased cooperation in dealing with international issues as well as in bilateral trade and commerce. The opening of the Icelandic and Indian Embassies in Reykjavik and New Delhi was an important milestone in the growing relations between the two countries.

The greatest potential for growth in our relations lies in the trade and commercial sector. With India's emergence as a global economic power Iceland seeks to provide services in the development of India's domestic economy, to enhance cooperation between Icelandic and Indian companies and to provide opportunities for Indian investment in Iceland. Our two Governments have taken measures to facilitate this growth, including through the conclusion of important bilateral agreements: on the Promotion and Protection of Investments and on the Avoidance of Double Taxation.

Iceland is a member of the European Free Trade Association (EFTA) together with Norway, Switzerland and Liechtenstein. The EFTA States and India launched negotiations on a broad-based Free Trade Agreement in 2008. The trade agreement will serve as a catalyst for increased bilateral trade and investment between Iceland and India.

I believe there is huge potential to increase bilateral trade between our countries. Iceland and India have identified sustainable fisheries and renewable energy, in particular hydro and geothermal energy, as promising areas of mutual interest where Icelandic expertise and experience could play a role. We have concluded agreements on cooperation in both of these fields.

There are other areas where the two countries can cooperate, including tourism, biotechnology, information technology and the film industry.

The Embassy and its staff are dedicated to facilitating contacts between the people and businesses of our two countries. It is my sincere hope that the Iceland-India Business Guide will prove to be a useful aid as we look for ways to enable the relationship between Iceland and India to realize its full potential.

Gudmundur Eiriksson

Ambassador of Iceland
New Delhi

Geography – ICELAND

Iceland is Europe's western-most state and the second largest island in Europe.

It is the world's geologically youngest country straddling the Mid-Atlantic Ridge between the North American and Eurasian tectonic plates.

| | |
|----------------|--|
| Area | 103,000 sq. km. Equivalent to roughly half the size of Andhra Pradesh |
| Capital | Reykjavik. Population 180,000 inhabitants |
| Terrain | A land of mountains, glaciers, lakes and sand, mostly uninhabited, with a 4,970 km coastline deeply indented by fjords |
| Climate | Temperate, moderated by the North Atlantic current. Mild winters, cool summers. Average temperature in Reykjavik: January 0.5°C, July 10°C |

Geography – INDIA

India extends over a large part of the South-Asian sub-continent, bordering the Arabian Sea and the Bay of Bengal. It is bordered by Bangladesh, Bhutan, Myanmar, China, Nepal and Pakistan.

| | |
|----------------|--|
| Area | 3,287,590 sq. km. Slightly more than one-third of the size of the USA |
| Capital | New Delhi. Population 18,000,000 inhabitants |
| Terrain | Upland plain (Deccan Plateau) in the South, flat to rolling plain along the Ganges, deserts in the west, the Himalayas in the north |
| Climate | Varied topography results in eight climatic zones. The Himalayas, the world's largest mountain range, bring cold winds and snow. The weather is temperate in the north and the south experiences tropical monsoon rains. The summer months are scorching hot across the Gangetic plains. |

Demography – ICELAND

Iceland was the last European country to be settled, mainly by Norsemen and Celts in the 9th and 10th centuries. It is the most sparsely populated country in Europe. Almost four-fifths of the country is uninhabited. The population is concentrated in the coastal areas, valleys and in the southwest corner of the island. Despite its challenging natural conditions, Iceland's standard of living is one of the highest in the world.

| | |
|--------------------------|---|
| Population | 320,000 (2012) |
| Population Growth | 1.2 % |
| Languages | Icelandic. Most Icelanders have good knowledge of English |
| Religions | Lutheran 85%, Roman Catholic 2%, others 13% |

Demography – INDIA

India's first major civilization flourished around 2500 B.C. in the Indus River Valley. From 1500 B.C. onwards, Aryan tribes filtered into north-western India and merged with the Dravidian inhabitants. Starting in the 8th century A.D., incursions by Arabs, Turks, Persians and Europeans were followed by the occupation by the British in the 19th century. India won independence in 1947.

| | |
|--------------------------|--|
| Population | 1,210,193,422 (2011) |
| Population Growth | 1.58% |
| Languages | Hindi is the official and main language of India. There are 21 other official languages. English enjoys the status of an associate official language and is the working language of government and business. |
| Religions | Hindu 80%, Muslim 13.4%, Christian 2.3%, Sikh 1.9%, others 1.9% |

Government – ICELAND

Iceland is the world's oldest democracy. In the year 930, at the end of the settlement period, a national legislature (Althingi) was established and a legal code adopted. After a long hiatus, the Althingi was re-established in 1845.

Government Iceland is a republic and a constitutional democracy. A president is elected by direct popular vote but executive power rests with the Government.

Independence On 1 December 1918, Iceland became a sovereign state in royal union with Denmark. On 17 June 1944, Iceland became a republic.

Political Parties Independence Party, Social Democratic Alliance, Progressive Party, Left-Green Movement, Liberal Party, Icelandic Movement.

National Day 17 June, Birthday of Jon Sigurdsson, leader of Iceland's independence movement in the 18th century.

Government – INDIA

India is the largest democracy in the world, with a federal structure of governance where the central government has greater power in relation to its states. The country is divided into 28 states and seven union territories. The President of India is the titular head of state and government.

Government The Prime Minister is the leader of the government. The cabinet is appointed by the President on the recommendation of the Prime Minister. India's bicameral Parliament consists of the Council of the States, Rajya Sabha (250 members) and Peoples' Assembly, Lok Sabha (545 members).

Independence On 15 August 1947, India gained independence from the United Kingdom. On 26 January 1950, India adopted its constitution and became a republic.

Political Parties Congress (INC), Bharatiya Janata Party (BJP), Communist Party of India (CPI), Communist Party of India-Marxist (CPI-M), Trinamool Congress (TMC), Nationalist Congress Party (NCP), Bahujan Samaj Party (BSP), Samajwadi Party (SP) and several state and recognized parties.

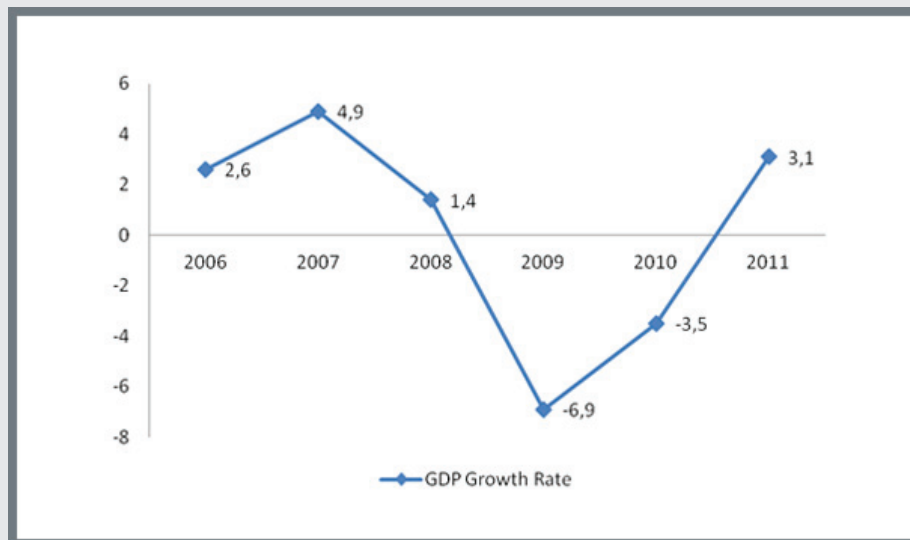
National Day 26 January, Republic Day of India.

Economic Growth – Iceland

Iceland enjoyed average annual gross domestic product (GDP) growth of over 4 per cent between 2000 and 2008. In late 2008, however, it experienced a severe financial and currency crisis as three of its largest banks, representing around 90 per cent of the domestic banking sector, collapsed.

Iceland's GDP decreased by 3.5 percent in 2010 which is a considerably lower contraction than in 2009, when it amounted to 6.9 percent. The GDP growth in 2011 was 3.1 per cent.

| | |
|----------------------|---------------------------|
| GDP | US\$ 12.85 billion (2010) |
| GDP (PPP) | US\$ 11.86 billion (2010) |
| GDP per capita (PPP) | US\$ 36,104 (2010) |
| GDP Growth (%) | 3.1% (2011) |



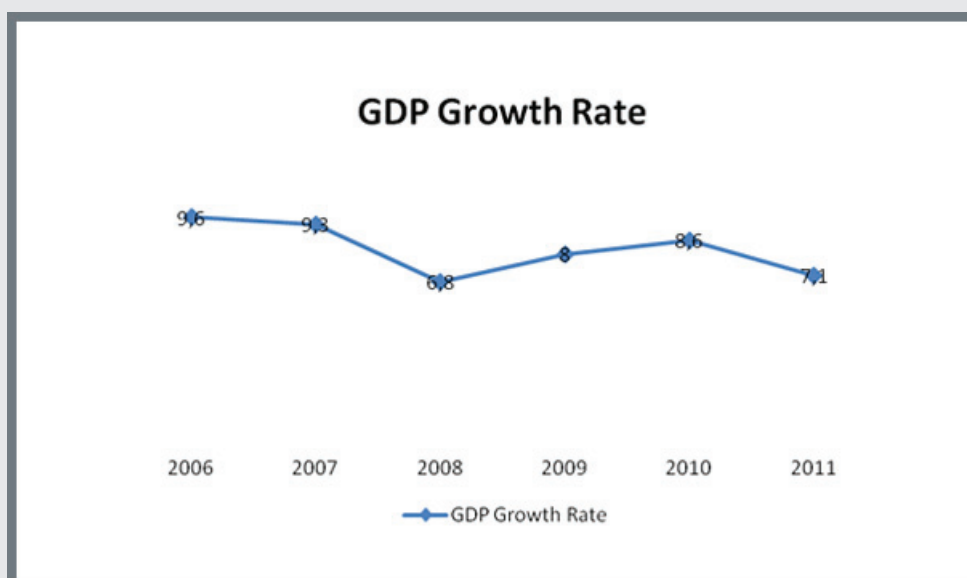
| Year | GDP Growth (%) |
|------|----------------|
| 2006 | 2.6 |
| 2007 | 4.9 |
| 2008 | 1.4 |
| 2009 | -6.9 |
| 2010 | -3.5 |
| 2011 | 3.1 |

Source: Statistics Iceland

Economic Growth – India

India recorded the highest growth rates in the mid-2000s, and is one of the fastest-growing economies in the world. India's economy is primarily driven by domestic sources of growth, unlike other emerging economies which rely heavily on exports. This helped India's economy during the world economic crisis. Growth was sustained and, in fact, India will be leading global growth in the years to come.

| | |
|----------------------|---------------------------|
| GDP | US\$ 1.53 Trillion (2010) |
| GDP (PPP) | US\$ 4.06 Trillion (2010) |
| GDP per capita (PPP) | US\$ 3,356 (2010) |
| GDP Growth (%) | 7.1% (2011) |



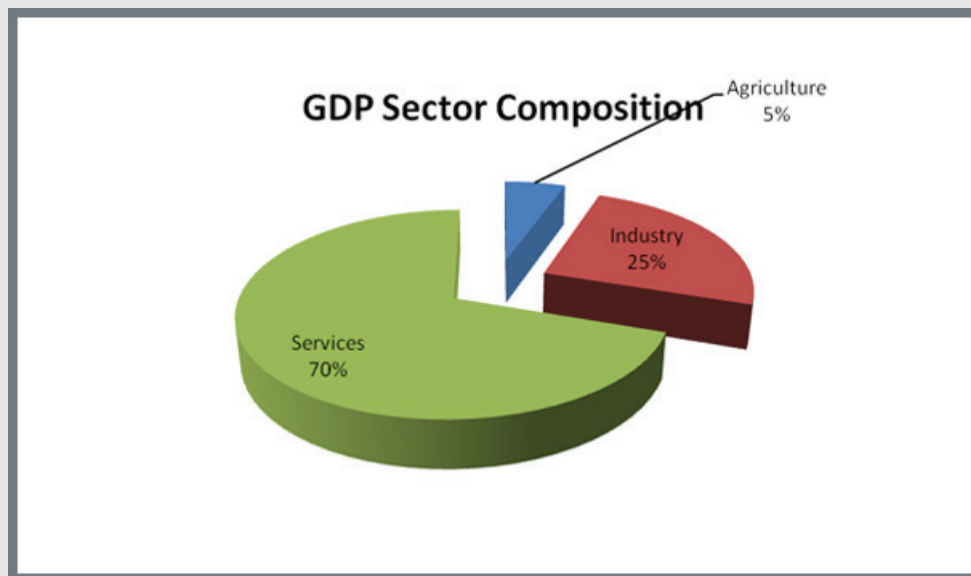
| Year | GDP Growth (%) |
|------|----------------|
| 2006 | 9.6 |
| 2007 | 9.3 |
| 2008 | 6.8 |
| 2009 | 8.0 |
| 2010 | 8.6 |
| 2011 | 7.1* |

*Estimated Source: Economic Survey 2010-11

Main Sectors of the Economy – Iceland

Prior to the 2008 banking crisis, Iceland had achieved high growth, low unemployment, and a remarkably even distribution of income. Iceland's economy has been diversifying into manufacturing and service industries in the last decade, particularly within the fields of software production, biotechnology and tourism. Abundant geothermal and hydropower sources have attracted substantial foreign investment in the aluminium sector and boosted economic growth.

Figures from 2010



Labour Force 180,000 (2010)



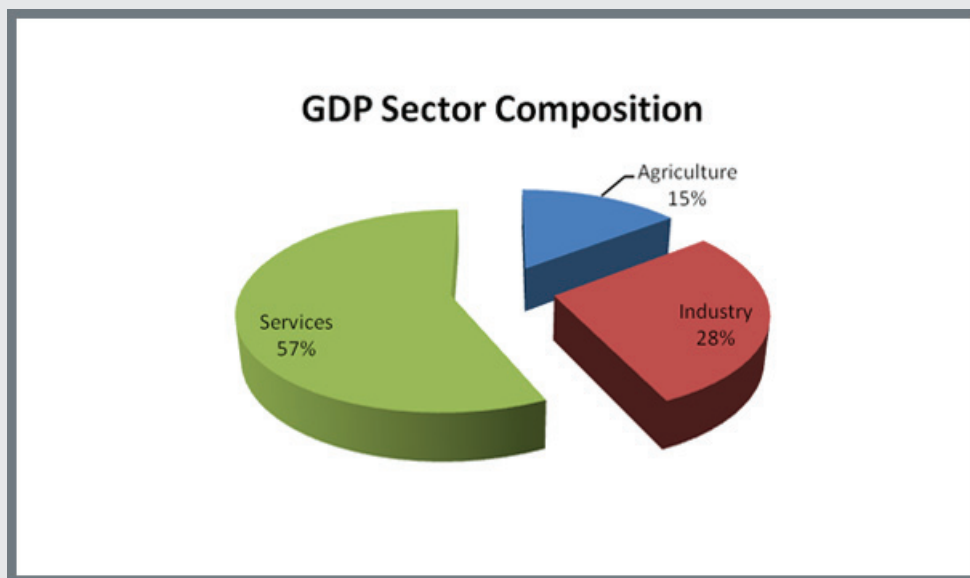
Source: Statistics Iceland

 **Main Sectors of the Economy – India**

The Indian economy has witnessed phenomenal growth during the last decade. The country posted decent growth during the recent slowdown and is among the countries to lead on the recovery path.

Figures from 2010

Source: Central Statistical Office, Reserve Bank of India



Labour Force 478.3 million (2010)

Source: Central Statistical Office, Reserve Bank of India



Economic Data – Iceland

With the devaluation of the Icelandic currency in 2008, a sharp surge in inflation ensued because of the rising cost of all imported goods. Inflation rate is expected to come down to 2.5 per cent by mid-year 2014, a target set by the Central Bank of Iceland.

| | |
|----------------------|---------------------------|
| Inflation | 3.9 % (2011) |
| Unemployment | 8 % (2010) |
| Public Debt | 100 % of GDP in 2011 |
| Currency Code | Icelandic Krona (ISK) |
| Exchange Rate | 1 US\$ = 124.8 ISK (2012) |



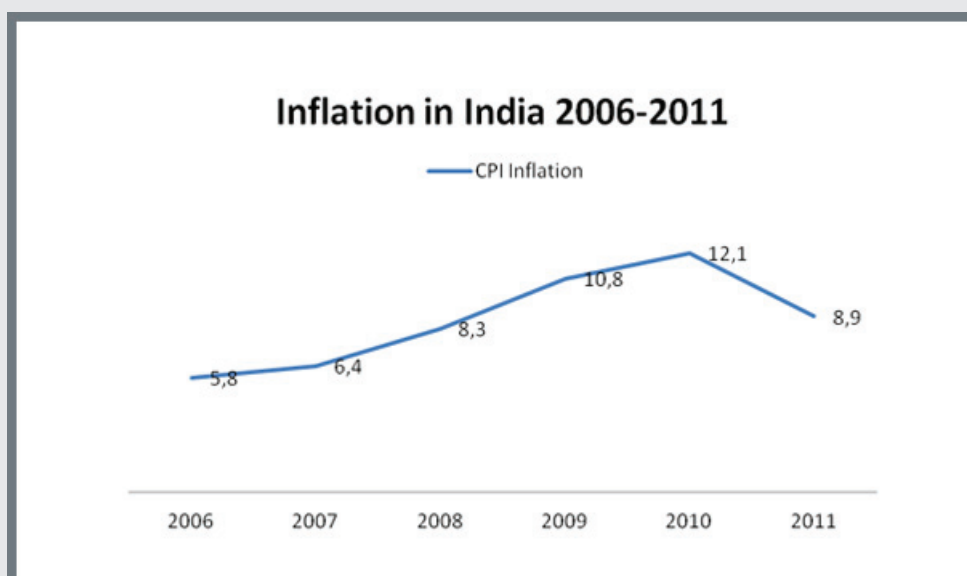
| Year | Inflation (CPI) |
|------|-----------------|
| 2006 | 6.7 |
| 2007 | 5.1 |
| 2008 | 12.6 |
| 2009 | 12.2 |
| 2010 | 5.4 |
| 2011 | 3.9 |

Source: Central Bank of Iceland

Economic Data – India

Burgeoning inflationary pressures are posing an area of concern for the Indian Government. Rising inflation has led to stringent controls in the domestic financial environment. The Reserve Bank of India (RBI) has given high precedence to upholding price stability, containing inflation expectations and sustaining the growth momentum.

| | |
|----------------------|--------------------------|
| Inflation | 8.9 % (2011) |
| Unemployment | 9.4 % (2009-10) |
| Public Debt | 55.9 % of GDP |
| Currency Code | Indian Rupee (INR) |
| Exchange Rate | 1 US\$ = 53.5 INR (2012) |

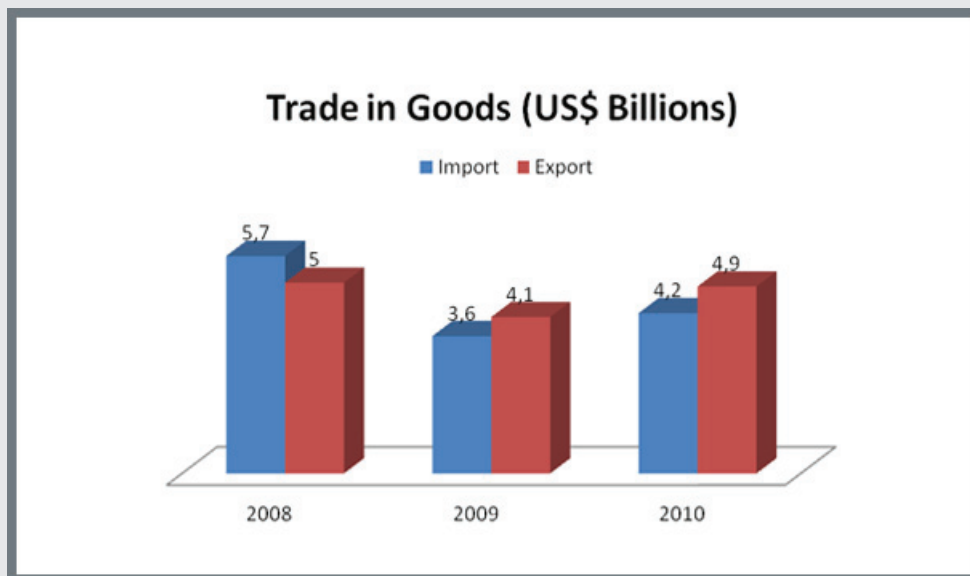


| Year | Inflation (CPI) |
|------|-----------------|
| 2006 | 5.8 |
| 2007 | 6.4 |
| 2008 | 8.3 |
| 2009 | 10.8 |
| 2010 | 12.1 |
| 2011 | 8.9 |

Source: CSO, Inflation.eu

Import/Export – Iceland

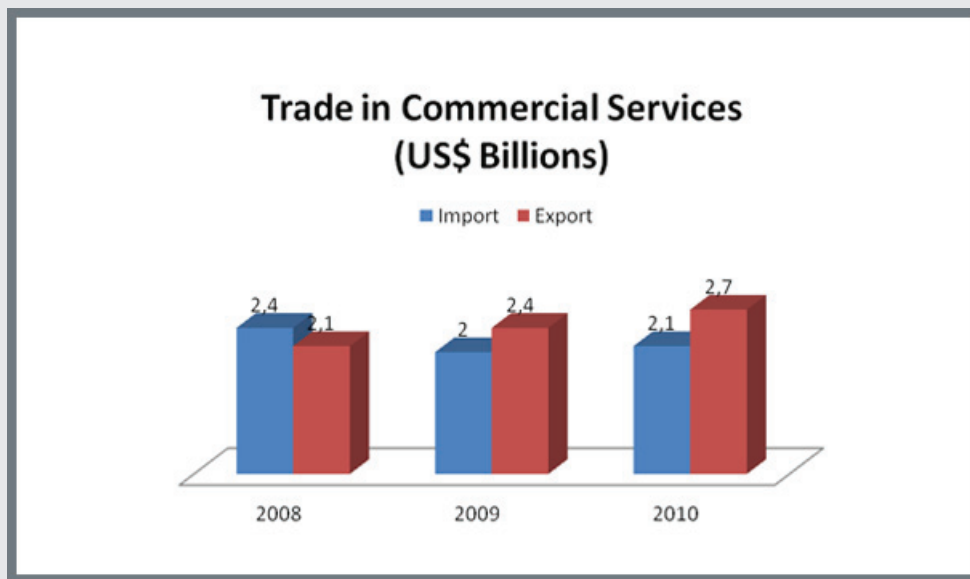
The total value of Icelandic exports in 2010 amounted to US\$ 7.6 billion, an increase from US\$ 6.5 billion in 2009. The total value of imported goods and services to Iceland in 2010 was US\$ 6.3 billion, compared to US\$ 6.5 billion in 2009.



Trade in Goods (US\$ Billions)

| YEAR | IMPORT | EXPORT |
|------|--------|--------|
| 2008 | 5.7 | 5.0 |
| 2009 | 3.6 | 4.1 |
| 2010 | 4.2 | 4.9 |

Source: DG Trade, European Commission

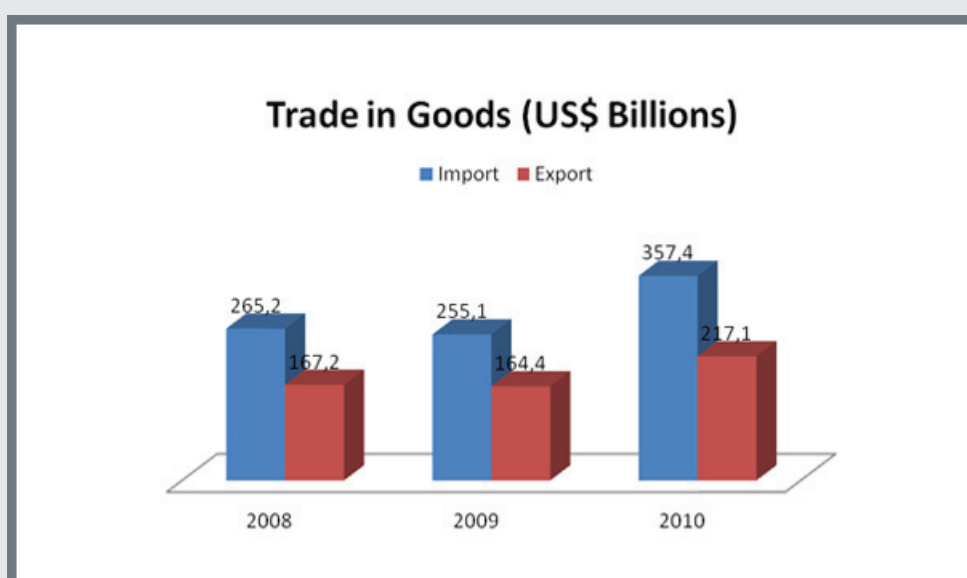
 **Import/Export – Iceland**
**Trade in Commercial Services (US\$ Billions)**

| YEAR | IMPORT | EXPORT |
|------|--------|--------|
| 2008 | 2.4 | 2.1 |
| 2009 | 2.0 | 2.4 |
| 2010 | 2.1 | 2.7 |

Source: DG Trade, European Commission

Import/Export – India

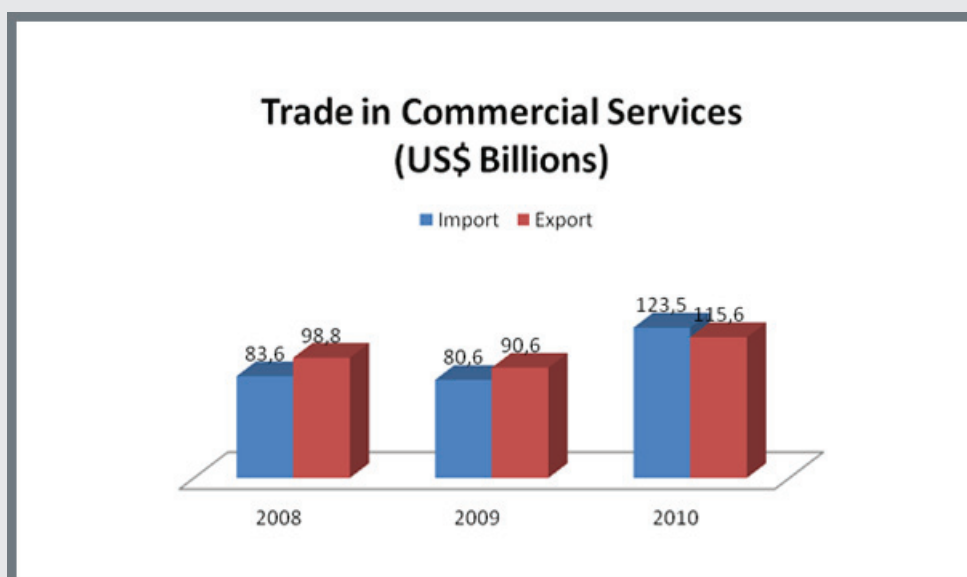
The total value of Indian exports in 2010 amounted to US\$ 332.7 billion, an increase from US\$ 255 billion in 2009. The total value of imported goods and services to India in 2010 was US\$ 480.9 billion, compared to US\$ 335.7 billion in 2009. One of the reasons for India's growing negative trade balance is its dependence on imported fuel oil. India imports 70 per cent of its fuel oil requirements.



Trade in Goods (US\$ Billions)

| YEAR | IMPORT | EXPORT |
|------|--------|--------|
| 2008 | 265.2 | 167.2 |
| 2009 | 255.1 | 164.4 |
| 2010 | 357.4 | 217.1 |

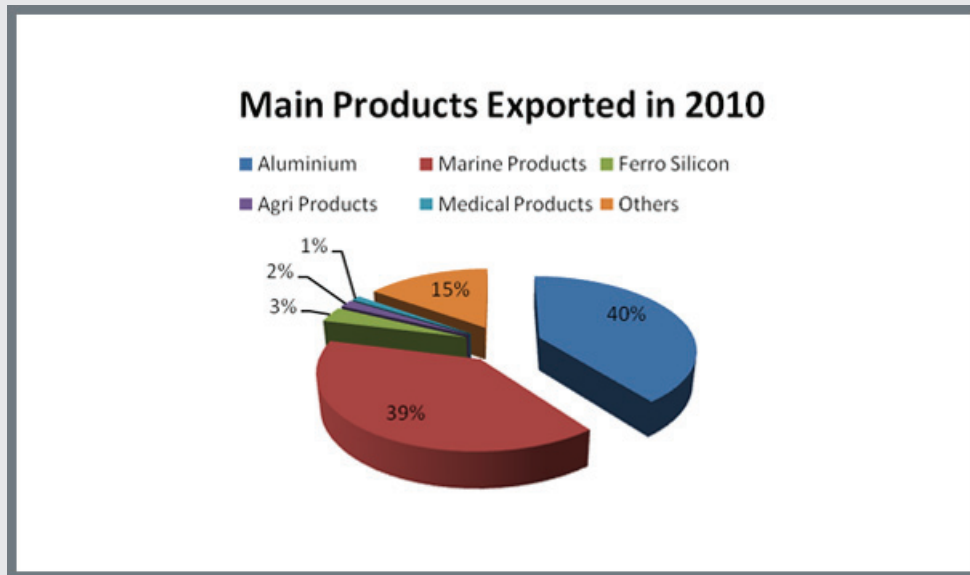
Source: DG Trade, European Commission

 **Import/Export – India**


Trade in Commercial Services (US\$ Billions)

| YEAR | IMPORT | EXPORT |
|------|--------|--------|
| 2008 | 83.6 | 98.8 |
| 2009 | 80.6 | 90.6 |
| 2010 | 123.5 | 115.6 |

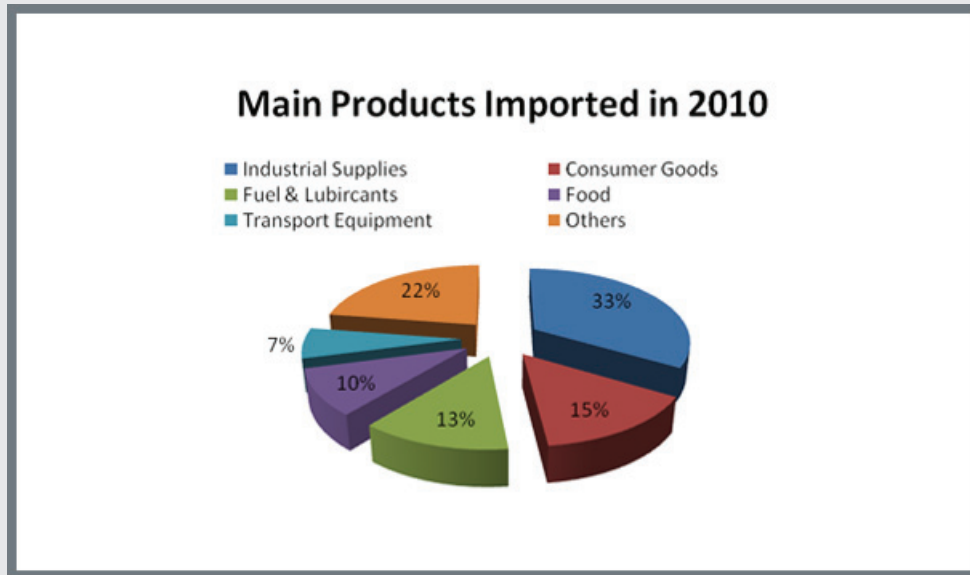
Source: DG Trade, European Commission

 **Export/Import – Iceland**


Main Products Exported From Iceland in 2010

| Products | Value (US\$ Millions) | Percentage |
|-----------------------|-----------------------|------------|
| Aluminium | 1,917.5 | 39.6 |
| Marine products | 1,900.8 | 39.3 |
| Ferro Silicon | 161.9 | 3.3 |
| Agricultural products | 77.3 | 1.6 |
| Medical products | 54.9 | 1.1 |

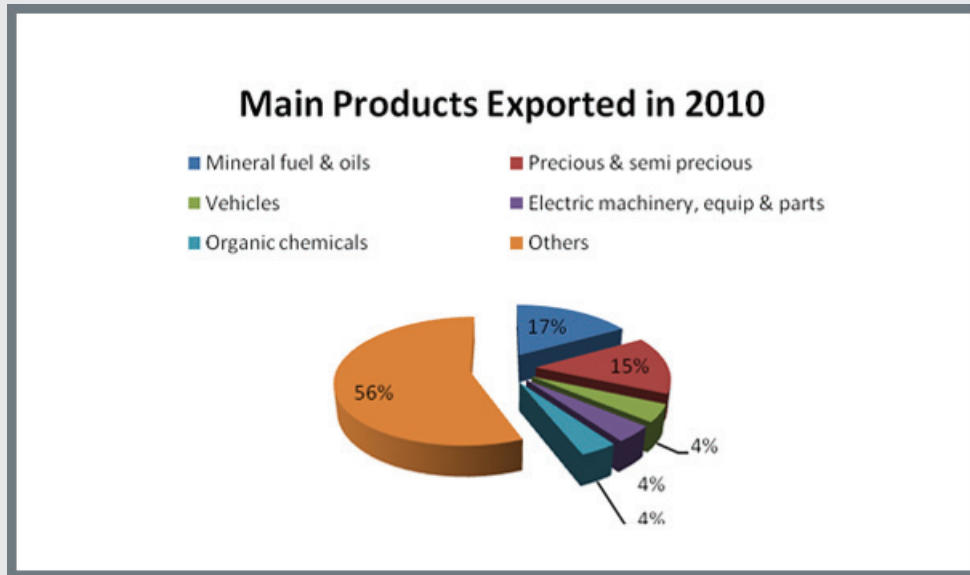
Source: Statistics Iceland

 **Export/Import – Iceland**


Main Products Imported to Iceland in 2010

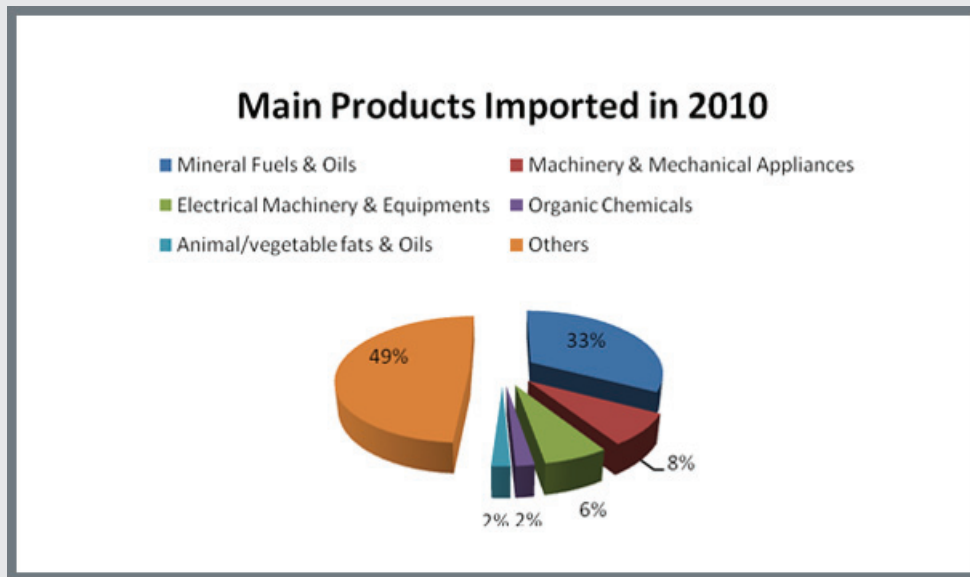
| Products | Value (US\$ Millions) | Percentage |
|---------------------|-----------------------|------------|
| Industrial supplies | 1,382.3 | 33.6 |
| Consumer goods | 603.6 | 14.7 |
| Fuel & lubricants | 525.4 | 12.8 |
| Food | 408.6 | 9.9 |
| Transport equipment | 272.6 | 6.6 |

Source: Statistics Iceland


Export/Import – India

Main Products Exported From India in 2010 (Apr-Dec)

| Products | Value (US\$ Millions) | Percentage |
|--|-----------------------|------------|
| Mineral fuels, mineral oils | 28,958.3 | 16.9 |
| Precious & semi precious stones | 25,253.9 | 14.7 |
| Vehicles | 7,575.9 | 4.4 |
| Electrical machinery & equipment & parts | 7,017.8 | 4.1 |
| Organic chemicals | 6,455.7 | 3.8 |

Source: Directorate General of Foreign Trade, India

 **Export/Import – India**

Main Products Imported to India in 2010 (Apr-Dec)

| Products | Value (US\$ Millions) | Percentage |
|---|-----------------------|------------|
| Mineral fuels & oil | 81,064.7 | 32.7 |
| Machinery & mechanical appliances, boilers, nuclear reactor | 20,051.5 | 8.1 |
| Electrical machinery & equipment | 16,117.4 | 6.5 |
| Organic chemicals | 8,980 | 1.9 |
| Animal or veg fats & oils | 4,615.7 | 1.9 |

Source: Directorate General of Foreign Trade, India

Main Trading Partners – Iceland

Europe is Iceland's largest export destination with approximately 84 per cent of total exports in 2010 going to the countries of the EU and EFTA. The United States, Japan and Russia are also growing markets of Icelandic exports.

The main imports to Iceland are industrial supplies, petroleum products, foodstuffs and consumer products. The bulk of Iceland's imports came from Europe, followed by Brazil, the United States and China.

Iceland's major export partners in 2010

| | Countries | Value (US\$ Millions) | Percentage |
|----|----------------|-----------------------|------------|
| 1 | European Union | 3768.24 | 77.8 |
| 2 | United States | 222.6 | 4.6 |
| 3 | Norway | 208.04 | 4.3 |
| 4 | Japan | 123.34 | 2.5 |
| 5 | Russia | 102.62 | 2.1 |
| 6 | Switzerland | 90.86 | 1.9 |
| 7 | Nigeria | 90.58 | 1.9 |
| 8 | China | 29.96 | 0.6 |
| 9 | Faeroe Islands | 28.84 | 0.6 |
| 10 | Turkey | 22.96 | 0.5 |

Source: DG Trade, European Commission

Iceland's major import partners in 2010

| | Countries | Million (US\$) | % |
|----|----------------|----------------|------|
| 1 | European Union | 2,156.56 | 52.1 |
| 2 | Norway | 373.10 | 9.0 |
| 3 | Brazil | 362.88 | 8.8 |
| 4 | United States | 337.54 | 8.2 |
| 5 | China | 250.32 | 6.1 |
| 6 | Japan | 96.18 | 2.3 |
| 7 | Canada | 71.26 | 1.7 |
| 8 | Switzerland | 57.54 | 1.4 |
| 9 | Venezuela | 45.5 | 1.1 |
| 10 | India | 43.4 | 1.0 |

Source: DG Trade, European Commission

Main Trading Partners – India

India's main export partners include the European Union, the USA, the UAE, China, Hong Kong, Singapore and Japan absorbing 63.9 per cent of total exports. The main exports from India are engineering goods, vehicles, gems and jewellery, textiles, leather and leather goods and electrical and mechanical appliances.

The main imports to India are petroleum and petroleum products, capital goods, electrical and mechanical goods and animal and vegetable fats and oils. India's main import partners are the European Union, China, the United Arab Emirates, the USA, Australia and Singapore.

India's major exports partners in 2010

| | Countries | Million (US\$) | % |
|----|----------------------|----------------|------|
| 1 | European Union | 40,703.46 | 18.7 |
| 2 | United States | 29,122.24 | 13.4 |
| 3 | United Arab Emirates | 26,467.98 | 12.2 |
| 4 | China | 18,773.58 | 8.6 |
| 5 | Hong Kong | 9,372.16 | 4.3 |
| 6 | Singapore | 9,194.22 | 4.2 |
| 7 | Japan | 5,326.30 | 2.5 |
| 8 | Brazil | 4,600.40 | 2.1 |
| 9 | Saudi Arabia | 4,344.20 | 2.0 |
| 10 | South Korea | 3,672.76 | 1.7 |

Source: DG Trade, European Commission

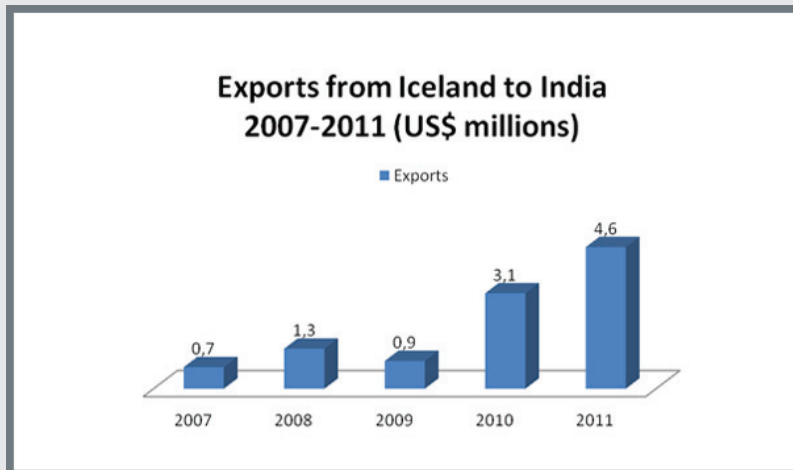
India's major imports partners in 2010

| | Countries | Million (US\$) | % |
|----|----------------------|----------------|------|
| 1 | European Union | 49,167.58 | 13.8 |
| 2 | China | 46,696.16 | 13.1 |
| 3 | United Arab Emirates | 23,167.76 | 6.5 |
| 4 | United States | 21,657.16 | 6.1 |
| 5 | Saudi Arabia | 20,634.32 | 5.8 |
| 6 | Australia | 16,908.22 | 4.7 |
| 7 | Singapore | 14,184.66 | 4.0 |
| 8 | Iran | 14,099.68 | 3.9 |
| 9 | Indonesia | 11,690.84 | 3.3 |
| 10 | Hong Kong | 10,330.32 | 2.9 |

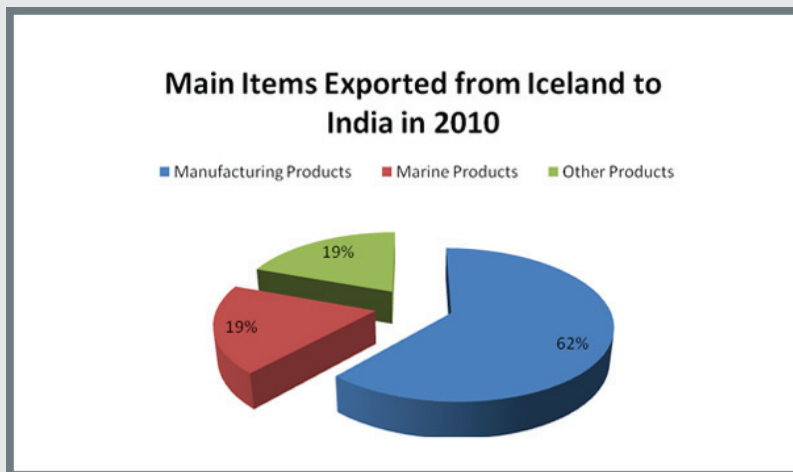
Source: DG Trade, European Commission

Exports of Goods from Iceland to India

Iceland's exports (goods) to India amounted to US\$ 4.6 million in 2011 of which manufactured products like pharmaceuticals, metal products and mechanical appliances accounted for over 62 per cent of the total exports.



Source: Statistics Iceland



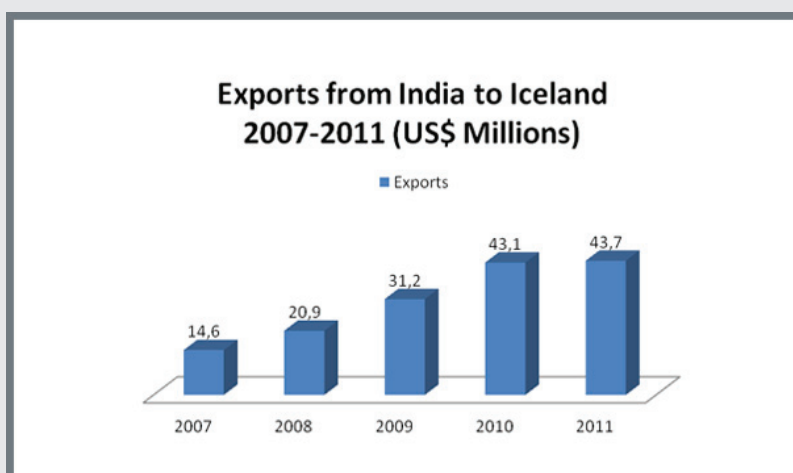
Main Items Exported from Iceland to India in 2010

| | Countries | Million (US\$) | % |
|---|---|----------------|------|
| 1 | Manufactured products (pharmaceuticals, mechanical weighing machines, metal products, etc.) | 1.91 | 61.6 |
| 2 | Marine products (cod, demersal fish, etc.) | 0.59 | 19.0 |
| 3 | Other products | 0.60 | 19.4 |

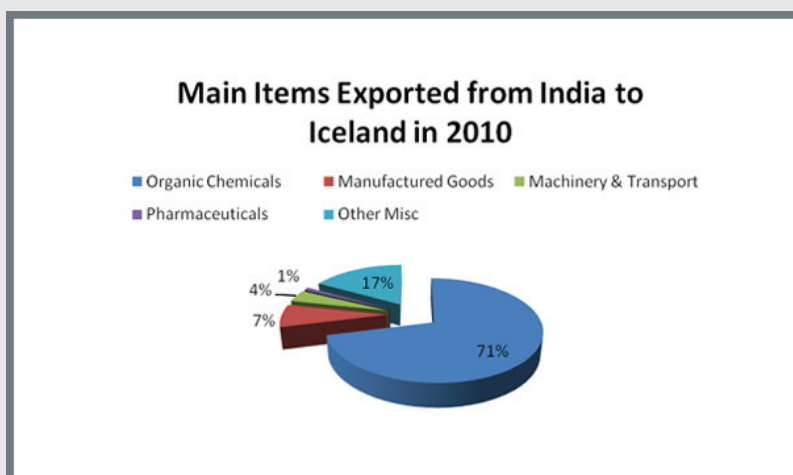
Source: Statistics Iceland

Exports from India to Iceland

India exported US\$ 43.7 million worth of goods to Iceland in 2010. Organic chemicals formed a major part (71%) followed by manufactured goods (7.3%) and machinery and transport equipment (3.8%). The trade between the two countries is limited and has considerable growth potential.



Source: Statistics Iceland



Main Items Exported from India to Iceland in 2010

| | Countries | Million (US\$) | % |
|---|--|----------------|------|
| 1 | Organic chemicals | 30.90 | 71.0 |
| 2 | Manufactured goods (leather & leather wears, metal articles, textile yarns, wood & wood manufactures, etc.) | 3.15 | 7.3 |
| 3 | Machinery & transport equip (electric appliances, machines, telecom equip, road vehicles, power gen. mach, etc.) | 1.66 | 3.8 |
| 4 | Medicinal & pharmaceuticals | 0.43 | 1.0 |
| 5 | Inorganic chemicals | 0.34 | 0.1 |
| 6 | Other misc (prefab bldgs, fixtures, furnitures, cushions, etc.) | 6.60 | 16.8 |

Source: Statistics Iceland

Foreign Direct Investment – Iceland

The financial crisis has severely affected inflows and outflows of investment to and from Iceland. The Government has put in place restrictions on foreign exchange transactions in order to bring stability to the Icelandic currency and also to prevent flight of valuable foreign exchange abroad. However, controls on inflow of foreign capitals were lifted as of November 2009.

Total Inward & Outward FDI in Iceland 2006-2009

| Year | Inflows (US\$ Millions) | Outflows (US\$ Millions) |
|------|-------------------------|--------------------------|
| 2006 | 2,325.06 | 3,311.05 |
| 2007 | 3,768.64 | 5,582.00 |
| 2008 | 697.28 | -3,224.47 |
| 2009 | 83.96 | 2,396.81 |

Source: Statistics Iceland

Foreign Direct Investment – India

Foreign Direct Investment in India has been consistently rising from US\$ 22.8 billion in 2006 to US\$ 37.8 billion in 2009. As one of the fastest growing emerging economies, India is an attractive investment destination for foreign investors.

Indian companies in their quest for technology, markets and natural resources are also investing heavily abroad. India's investment abroad in 2006 was US\$ 13.1 billion and rose to US\$ 15.5 billion in 2009.

Total Inward & Outward FDI in India 2006-2009

| Year | Inflows (US\$ Millions) | Outflows (US\$ Millions) |
|------|-------------------------|--------------------------|
| 2006 | 22,826 | 13,100 |
| 2007 | 34,835 | 18,400 |
| 2008 | 37,838 | 17,700 |
| 2009 | 37,763 | 15,500 |

Source: Statistics Iceland

Visa Information – Iceland

Procedures for getting a business visa for Iceland

Indian citizens are required to obtain a Schengen Visa to visit Iceland. The Royal Danish Embassy issues visas for Iceland in New Delhi, the Consulate General of Italy in Kolkata and the Consulates General of Germany in Mumbai and Chennai.

Information on visas and applications can be found on the websites of the above-mentioned Embassy and Consulates General. The visa processing may take up to two weeks.

Visa Information – India

Procedures for getting a business visa for India

The Indian Embassy in Reykjavik issues visas to Icelandic citizens travelling to India. The Embassy generally grants visas in 2-4 working days. All relevant information for visa application procedures are available on the following Embassy webpage:

<http://www.indianembassy.is/index.php?option=content&task=view&id=19&Itemid=53>

Practical advice when travelling to Iceland

- **When planning a trip to Iceland, apply well in advance for a visa. Under the Schengen Co-operation Agreement, the Royal Danish Embassy in New Delhi, the Consulate General of Italy in Kolkata and the Consulates General of Germany in Mumbai and Chennai are authorized to issue visas on behalf of the Embassy of Iceland. Processing of a visa application may take up to two weeks.**
- The currency of Iceland is the Krona. Euros are also accepted in most business establishments. Exchange facilities can be found at airports and main shopping centers. ATMs are also generally available in most parts of Iceland and credit cards like MASTERCARD and VISA are widely accepted.
- Travellers can take FLY BUS from Keflavik International Airport to their destination hotels. Taxis are also available at the airport, but are significantly more expensive. Reykjavik has an excellent public transport system, with buses running to all areas of the city. Local cabs are readily available.
- Reykjavik offers a variety of hotels and guesthouse accommodations. However, hotel rooms can be difficult to find during the summer tourist season, hence it is better to book in advance.
- Restaurants are rather expensive but the quality of food, especially seafood, is of the highest standard. Vegetarians have limited options but good Indian food is available in Indian restaurants in Reykjavik. Tap water is safe to drink in Iceland.
- Tipping is not expected in Iceland.
- Visitors to Iceland need not be concerned about any particular health risks. Tourists are expected to pay for medical services.
- In case of emergency, ask the hotel staff for immediate assistance. Emergency services can be reached by dialling 112. You can also contact the Indian Embassy in Reykjavik on phone number 534 9955.
- The weather is unpredictable in Iceland. It is cold all year round by Indian standards. Houses in Iceland are centrally heated.

 **Practical advice when travelling to India**

- **Certain immunizations are recommended before travelling for the first time to India.** See the website of the Iceland Directorate of Health.
- On arrival, make sure to fill out immigration documents properly. Many international flights arrive in India at around midnight local time. Do not be surprised by the degree of chaos that can reign in the arrival hall of airports.
- The currency of India is the rupee. Currency exchange facilities are available at airports, banks, hotels and specialized agencies throughout the country. ATMs are generally available in most Indian cities and travellers cheques and credit cards like VISA and MASTERCARD are widely accepted.
- Before departing for India, it is advisable to make arrangements for a pick-up at airport, a service usually offered by hotels. Avoid taxi services offered by touts at the airports as it is not safe. It is safer and cheaper to take the taxi services offered by the airport authorities at the arrival hall.
- Food from street vendors should be avoided at all cost. Bottled water from recognized brands is recommended. Beware of ice in beverages in restaurants.
- Keep in mind that Indian food can be very spicy. It is rare that business luncheons include alcoholic beverages.
- Tipping is common practice in India and expected when a service is provided to you in hotels and restaurants (unless service charge is included).
- Two words commonly used in India for expressing monetary values are lakh and crore. A lakh is one hundred thousand, and a crore is one hundred lakhs or ten million. An understanding of lakh and crore is essential for a foreigner doing business in India.
- In case of emergency, ask the hotel staff for immediate assistance and/or contact the Embassy of Iceland in New Delhi or its Honorary Consulates. The Embassy can be reached on the phone number 011 4353 0300 at office hours. Outside of office hours, assistance will be provided through the Ministry of Foreign Affairs at +354 545 9900. Emergency telephone numbers in India are: Police (100), Fire Brigade (101) and Ambulance (102).

General Business Climate – Iceland

Iceland offers a competitive business environment. With low taxes, high education levels and favourable conditions for skilled labour, land and energy consumption, Iceland is an attractive investment destination for businesses seeking new locations for their international operations.

Power-intensive industrial production, mainly focusing on metal (e.g. aluminium, ferro silicon) has led foreign investment into Iceland. Other sectors such as biotechnology, ICT and the gaming sectors are fast becoming major players in the Icelandic economy.

Iceland and the International Monetary Fund (IMF) successfully completed an economic recovery programme in July 2011. All objectives have been met and economic stability has been achieved.

For businesses Iceland offers

- A corporate income tax of 20%, among the lowest in Europe
- Tariff-free access for most products to the European Union
- Availability of reliable renewable energy at competitive prices
- Competitive labour and payroll costs
- Incentives for new investments in Iceland such as direct cash grant, derogation from certain taxes and charges, etc.
- Strategically located between Europe and North America
- A stable environment based on democracy and the rule of law
- 20% rebate on film/TV production costs incurred in Iceland
- European regulatory framework and quality standards

For further information on the business environment in Iceland, visit the website of Invest in Iceland (www.invest.is).

Establishing a business in Iceland

Foreign investors in Iceland have the choice to start operations as a public or private limited companies, branches, partnerships, etc.

An application for establishing a company can generally be completed in a day. Investors are allowed to buy stocks and securities, except in certain cases where an exemption is made by law. Permits and licenses depend upon the nature of the activity undertaken but must be obtained in advance. The Embassy of Iceland in New Delhi and Invest in Iceland in Reykjavik can be approached for information concerning all procedures and formalities on a case-by-case basis.

General Business Climate – India

India is the largest democracy and fourth largest economy in the world in terms of purchasing power parity. With its consistent growth performance and abundant highly-skilled manpower, India is now one of the top investment destinations in the world.

For businesses India offers

- A well balanced package of fiscal incentives
- Custom duty exemption and income tax holidays for Export Oriented Units (EOU) and companies located in Special Economic Zones (SEZ)
- India's consumer class population to touch 300 million in the next five years
- A stable environment based on democracy and rule of law
- Large mineral reserves
- Skilled manpower at competitive cost

For further information on business environment and procedures for investments in India, visit the website of the Ministry of Commerce and Industry of India (www.commerce.nic.in).

Establishing a business in India

A foreign company planning to set up business operations in India has the following options to set up a business entity:

- As an incorporated entity under the Companies Act 1956 through joint ventures or wholly owned subsidiaries
- As an incorporated entity through a liaison office/representative office or project office or branch office of a foreign company.

The Ministry of Commerce and Industry is responsible for regulating international trade related policies and procedures.

Business Culture and Etiquette – Iceland

- Social and business etiquette in Iceland is similar to that in other western European countries. Since Iceland is a small community, access to key people is easy and often informal.
- You should ensure that meetings are scheduled well in advance. Icelanders place great value on punctuality and you should inform your host if you are going to be late to a meeting.
- A handshake is the traditional form of greeting both at the start and completion of a meeting. You should ensure that you shake hands with all meeting attendees.
- Business cards are ordinarily exchanged upon introduction. Extended pleasantries are not necessary and getting straight down to business is appreciated.
- English is spoken everywhere in business fora.
- Understanding Icelandic names is important for business and social occasions. Most people have a patronymic, formed from their father's (or, less commonly, their mother's) first name with the ending 'son' or 'dottir' (e.g. Eythor Jonsson – son of Jon or Eyrun Jonsdottir – daughter of Jon). A woman does not take her husband's name on marriage.
- It is expected that you dress smartly for any formal occasion while doing business in Iceland.

 **Business Culture and Etiquette – India**

- An understanding of the cultural setting and business etiquette is important for all trade related activities in India. Knowledge of local customs also demonstrates respect and sends positive signals to a potential business partner.
- A visit to India is helpful, in order to get a better sense of the business environment. Personal interaction is perceived as an important factor for the building of any business relationship in India.
- In India, foreigners can normally expect to be treated with the utmost courtesy. Keep in mind that for reasons of politeness and diplomacy, many Indians have difficulty in saying “no” to a deal, even if this can cause them problems in fulfilling a contract.
- Due to administrative complexities, meetings in India are at times postponed, re-scheduled, cancelled or scheduled at short notice. However, professional businesses respect punctuality.
- Command of English is widespread, especially in business circles, as English is an associate official language in India. For official communication, letters, faxes and emails are used and it is always a good rule to follow up with a phone call.
- Bureaucratic overload can sometimes lead to delays in processing, excessive paperwork and other hurdles. Therefore, patience is a virtue when transacting business in India.
- Decision-making procedures in Indian companies are generally hierarchical (depending on the size of the company) and can be time consuming.
- Many Indians are vegetarians. No offence is taken if you have a non-veg meal while your counterparts are enjoying a vegetarian meal.

Diplomatic relations between Iceland and India

Diplomatic relations between Iceland and India were established in 1972 and the two countries enjoy a cordial relationship. The opening of the Icelandic Embassy on February 2006 in New Delhi and the Indian Embassy in Reykjavik in August 2008 has further strengthened diplomatic and business ties between the two countries.

Bilateral high-level visits of Icelandic and Indian dignitaries have served to strengthen the official ties between the two countries. Highlights were the official visit of H.E. Dr. A.P.J. Abdul Kalam, President of India, to Iceland in May 2005, and the official visit of H.E. Dr. Olafur Ragnar Grimsson, President of Iceland, to India in October 2000. The Icelandic President also visited India in February 2005, January 2007 and February 2008 to attend the Delhi Sustainable Development Summit. He also paid a State Visit to India from 11-17 January 2010 when he received the Jawaharlal Nehru Award for International Understanding for 2007.

Other important visits from Iceland: Minister of Science, Education and Culture, Mrs. Thorgerdur Katrin Gunnarsdottir (Feb/March 2006); President of Althingi, Mrs. Solveig Petursdottir (November 2006); Minister of Finance, Mr. Arni Mathiesen (November 2007); Minister of Industry, Energy and Tourism, Ms. Katrin Juliusdottir (October 2010); Foreign Minister, Dr. Ossur Skarphedinsson (April/May 2011).

Other important visits from India: Minister of Science and Technology, Bio-Technology and Ocean Development, Mr. Kapil Sibal (October 2005); Minister of Petroleum and Natural Gas and Panchayati Raj, Mr. Mani Shankar Aiyar (September 2005); Minister of State for Tourism, Mrs. Renuka Chowdhury (August 2005); Minister of Non-conventional Energy Sources, Mr. Vilas Muttemwar (June 2006); Minister of Finance, Mr. P. Chidambaram (June 2007); Minister of State for External Affairs, Mrs. Preneet Kaur (September 2010); Minister for New and Renewable Energy, Dr. Farooq Abdullah (September 2010); Minister for Parliamentary Affairs, Mr. P.K. Bansal (June 2011).

On the international stage, Iceland and India share the ideas of democracy, the rule of law and the peaceful settlement of disputes. Iceland and India are members of the United Nations and take part in the activities of its bodies and agencies, where they are ordinarily seated side by side, in accordance with the alphabetical seating order.

Iceland was the first Nordic country to publicly extend support to India's candidature for permanent membership of the United Nations Security Council (UNSC).

Iceland is a member of the European Free Trade Association (EFTA) together with Norway, Switzerland and Liechtenstein. The EFTA States and India launched negotiations on a broad-based Free Trade Agreement in 2008 and have held 11 rounds of negotiations, in addition to various intersessional meetings.

Bilateral Agreements

Iceland and India have concluded the following Agreements:

- Air Services Agreement (Jan 2010)
- Bilateral Treaty on the Avoidance of Double Taxation (Nov 2007)
- MOU on Indo-Icelandic Renewable Energy Cooperation (October 2007)
- MOU on Sustainable Fisheries Development Cooperation (July 2007)
- Bilateral Treaty on the Promotion and Protection of Investment (June 2007)
- MOU on Earthquake Prediction Research (April 2007)
- Agreement on Science and Technology (October 2005)
- Cultural Agreement (October 2005)

Useful Contacts

Embassy of Iceland, New Delhi

The main objective of the Embassy of Iceland to India is to promote political, economic and cultural relations between Iceland and India. The area of jurisdiction of the Embassy includes, in addition to India, the following countries: Bangladesh, Malaysia, Maldives, Mauritius, Nepal, Seychelles, Singapore, South Africa, Sri Lanka.

Address:

10, Munirka Marg, Vasant Vihar,
New Delhi 110057
Tel: +91 (0) 11 4353 0300
Fax: +91 (0) 11 4353 0311
Email: emb.newdelhi@mfa.is
Website: www.iceland.org/in

Honorary Consulates of Iceland in India

The role of Icelandic Honorary Consuls abroad is the protection and furthering of the interest of Iceland and Icelandic nationals.

Honorary Consulate General, Mumbai, Maharashtra

Mr. Gul Kripalani
Hon. Consul General
7, Elysium Mansion, Watton Road,
Colaba Causeway, Mumbai 400005
Tel: +91-22-22856161 & 22886688
Fax: +91-22-22048404
Email: icelandcg@gmail.com

Honorary Consulate General, Chennai, Tamil Nadu

Mr. Kumaran Sitaraman
Hon. Consul General
9, First Main Road, CIT Colony
Mylapore, Chennai 600004, India.
Tel: +9144 24988201, Fax: +9144 24988227

Indo Icelandic Business Association

The Indo Icelandic Business Association is an independent non profit organization established to promote trade, investment, cultural and bilateral relations between Iceland and India.

The members of the Association are individuals and business houses who are interested in furthering trade and investment between Iceland and India.

Address:

C-473, Defence Colony,
New Delhi 110024
Tel: +91-11-24339991, 24339992, 24339993

Invest in Iceland

Invest in Iceland is a one stop information centre for foreign investors and provides information on investment opportunities in Iceland and the business environment. Invest in Iceland is a part of Promote Iceland.

Invest in Iceland's team provides free of charge information and expert confidential service on all aspects of investments, arranges site visits and plans contacts with local authorities as well as local business partners and professional consultants.

Address:

Borgartun 35, IS 105 Reykjavík
Iceland
Tel.: +354 561 5200
Fax: +354 511 4040
Email: info@invest.is
Website: www.invest.is

Promote Iceland (Islandsstofa)

Promote Iceland or Islandsstofa has the objective of strengthening Iceland's good image and reputation abroad, bringing together in one voice the promotion of Iceland in addition to supporting the competitive standing of Icelandic industries in foreign markets and attracting foreign tourists and investments into the country. Other objectives include marketing for the local industry and promotion of Icelandic culture abroad.

Address:

Promote Iceland
Borgartun 35, IS-105 Reykjavík
Iceland, Tel: +354 511 4000
Fax: +354 511 4040
Website: www.promoteiceland.is
E-mail: info@promoteiceland.is

Film in Iceland

Film in Iceland is the Icelandic Film Commission, run by Invest in Iceland. The Commission assists foreign film makers to film in Iceland.

Address:

Borgartun 35, IS-105 Reykjavík
Iceland
Tel: +354 561 5200 Fax: +354 511 4040
E-mail: info@filmniceland.com
Website: www.film-in-iceland.org

Iceland Chamber of Commerce

The Iceland Chamber of Commerce is an association of enterprises, companies and individuals from all sectors of the Icelandic business community. It is an independent voluntary organization established in 1917.

Address:

Kringlan 7, 103 Reykjavik
Iceland
Tel: +354-510 7100 Fax: +354-568 6564
Email: info@chamber.is
Website: www.vi.is/english/about-us/

The Icelandic Federation of Trade

The Icelandic Federation of Trade is a trade association which represents companies involved in most types of business and trade, importing, exporting, wholesaling and retail distribution.

Address:

Kringlan 7, 103 Reykjavík, Iceland
Tel: + 354 5888910
E-mail: almar@atvinnurekendur.is
Website: www.atvinnurekendur.is

Central Bank of Iceland (Sedlabanki Islands)

Address:

Kalkofnsvegur 1,
150 Reykjavik, Iceland
Tel.: +354-569 9600 Fax: +354-569 9605
Email: sedlabanki@sedlabanki.is
Website: www.sedlabanki.is

Statistics Iceland (Hagstofa Íslands)

Borgartún 21a, 150 Reykjavik, Iceland
Tel.: +354-528 1000 Fax: +354-528 1099
Email: information@statice.is
Website: www.statice.is

Icelandic Companies/Indian Partners**Actavis Group**

210, 210, A,B Wing
Hirannadani Gardens, Powai,
Mumbai, Maharashtra 400 076
Tel: 91-22-2570 4381/82,
Fax: 91-22-2570 6658
Website: www.actavis.com

Promens India Pvt Ltd

A/71 Corporate House,
Bodakdev, Sarkhej, Gandhinagar Highway,
Ahmedabad, Gujarat 380 0154
Tel:+91-79 2684 1087/88,
Fax:+91-79 2684 1089

LS Retail

Armuli 7 – IS 108 Reykjavik, Iceland
Tel: +354-5509000
Website: www.lsretail.com

Indian Partner:**Dynamic Vertical Software Pvt. Ltd**

Paras Twin Tower, Tower B, 5th Floor,
Sector 54, DLF Golf Course Road,
Gurgaon, Haryana, India - 122002
Tel: +91-124- 4581000,
Fax: +91-124- 4581026
Website: www.dynamicverticals.com

Verkis

Armula 4, 108 Reykjavik, Iceland
Tel: +354-4228000
Website: www.verkis.is

Indian Partner:**Krishna Hydro Projects Pvt Ltd**

467, Khurbura, Dehra Dun,
Uttarakhand 248 001
Tel: 91-135-2721087

Reykjavik Geothermal

Kollunarklettsvegur 1
104 Reykjavik, Iceland
Tel: +354-4141250
Website: www.reykjavikgeothermal.com

Indian Partner:**Thermax Ltd**

D-13, MIDC INDL. Area, R.D. Aga Road
Chinchwad, Pune 411019
Tel: 91-020-27475676
Website: www.thermaxindia.com

AuroMannvit Infrastructure Development Company

9, 1st Main Road, CIT Colony
Mylapore, Chennai - 600 004.
Tamil Nadu, India.
Tel: +91 044 - 24988201

Icelandair

101 Reykjavik, Iceland, Tel: +354-5050 300
Website: www.icelandair.net

General Sales Agent for Icelandair in India:

Bird Group
E-9, Connaught House, Connaught Place,
New Delhi 110011, Tel: 91-11-41517121
Website: www.bird.in

Secret Garden (Hotel)

11/745 Bishop Garden Lane 2,
Kochi, Kerala, India – 682001
Tel: 91-484-2216658
Email: mail@secretgarden.in

Ossur

Grjothalsi 5, 110 Reykjavik, Iceland
Tel: +354-151300, Website: www.ossur.is

Indian Partner:

Velocity Healthcare India Pvt. Ltd
C-86, 1st floor, Sector-2, Noida, U.P. 201301
Phone: 91-120-4543 090 Fax: 91-120-4543
091, Website: www.velocityhealthcare.in

EC Software India

No. 1B & C, 1st Floor, Sivanandham Apts.
East Park Road, Shenoy Nagar, Chennai, Tamil
Nadu, Tel: 91-44-4218 2978, Fax: 91-44-4265
8479, Website: www.ecsoftware.is

Marel

Austurhraun 9, IS-210 Gardabaer
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Tel: +354-562800, Fax: +354-5638001
Website: www.marel.com

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