

# ICELAND – INDIA BUSINESS GUIDE 2016



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## **Foreword**

India is one of Iceland's priority countries when it comes to foreign economic policy. Trade relations between Iceland and India are good, but neither country is taking the full advantage of their mutual business and investment opportunities.

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. Furthermore, a broad-based Free Trade Agreement is being negotiated between India and the European Free Trade Association (EFTA) of which Iceland is a member along with Norway, Switzerland and Liechtenstein. The trade agreement will serve as a catalyst for increased bilateral trade and investment between Iceland and India.

There are ample business opportunities in targetted areas in both our countries. To mention a few, they include renewable energy, in particular hydro and geothermal energy, food processing technology, biotechnology, information technology, gaming and health related technologies. And then, there is of course the film industry and tourism. Iceland start-up industry is also fast growing and provides an attractive market, especially in cutting-edge sectors like digital technology and biotechnology.

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 proved to be a useful aid as we look for ways to enable the relationship between Iceland and India to realise its full potential.

Thorir Ibsen  
Ambassador of Iceland  
New Delhi

## GENERAL INFORMATION

### 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 182,900 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 a one-third of the size of the USA
- **Capital:** New Delhi. Population 25,000,000 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.

## GENERAL INFORMATION

### 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:** 329,100 (2015)
- **Population Growth:** 1.01 %
- **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:** 1,236,344,631 (2014)
- **Population Growth:** 1.25%
- **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 79.8%, Muslim 14.2%, Christian 2.3%, Sikh 1.7%, others 2 %

## GENERAL INFORMATION

### 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, Pirate Party, Bright Future, Citizens' 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 29 states and 7 union territories. The President of India is the titular head of state and government.

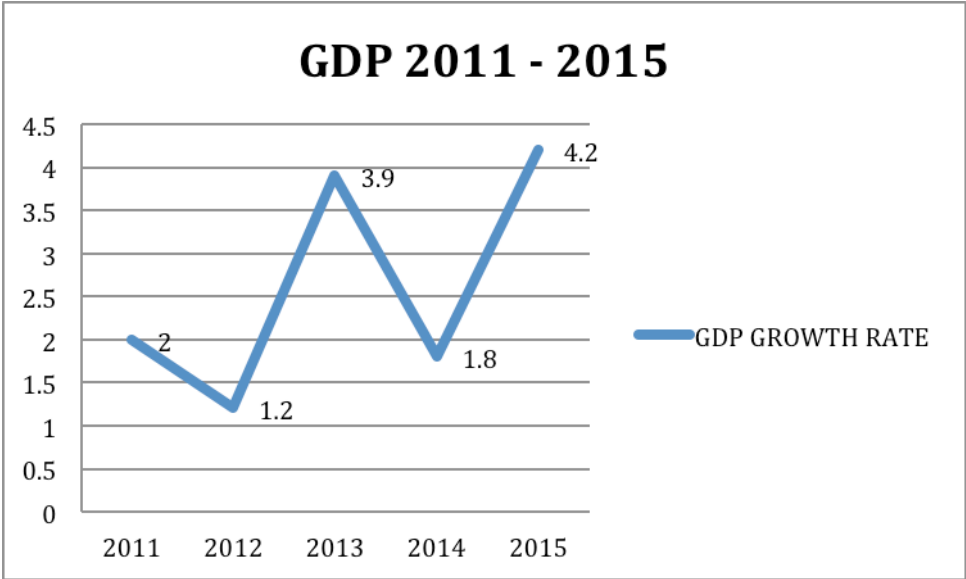
- **Government:** The Prime Minister is the leader of the government. The cabinet is appointed by the President on the recommendation of the Prime Minister. India's bicameral Parliament consists of the Council of the States, Rajya Sabha (250 members) and Peoples' Assembly, Lok Sabha (545 members).
- **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 parties.
- **National Day:** 26 January, Republic Day of India.

# GENERAL INFORMATION

## Economic Growth – Iceland

The Icelandic economy continues its robust recovery. Strong household income growth and investment will fuel domestic demand in 2016. However, as investment slows and interest rates increase growth will begin to moderate. Lifting the capital controls introduced during the financial crisis is planned to begin in 2016. The substantial depreciation of the króna from its pre-crisis level went a long way towards rebalancing the economy and helping the recovery, and more recently the large fall in oil prices and rise of marine product prices have improved the terms of trade and helped to reduce external imbalances. Exports of goods have also changed, with less reliance on the traditional exports of fish and aluminium and more on services, notably related to the tourism boom.

- GDP US\$ 16.74 billion (2015)
- GDP (PPP) US\$ 15.01 billion (2015)
- GDP per capita (PPP) US\$ 46,600 (2015)
- GDP Growth (%) 4.2% (2015)



Year	GDP Growth (%)
2011	2.0
2012	1.2
2013	3.9
2014	1.8
2015	4.2

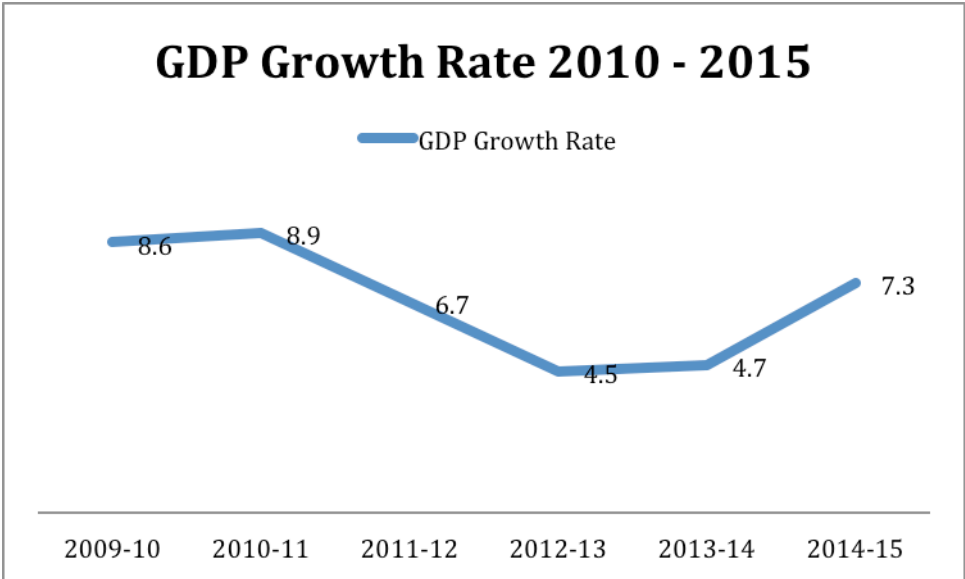
Source: Statistics Iceland

# GENERAL INFORMATION

## Economic Growth – India

India experienced strong economic growth between 2003 and 2011 as a result of gains from past structural reforms, strong capital inflows and expansionary fiscal and monetary policies. This growth engines begins to falter in 2012 due to high inflation, large current and fiscal deficits as well external factors. Reversal of capital inflows from abroad and difficulties of passing reforms to remove growth bottlenecks further weighed on India’s economic performance. In 2014-15, the economy has shown signs of a turn around and is projected to accelerate. Fiscal consolidation at the federal government level has been accompanied by a decline in both inflation and current account deficit. Confidence has been boosted by on-going reforms and the large depreciation in the rupee has also helped in reviving exports. Business sentiment has also surged, triggered by a decline in political uncertainty.

- GDP US\$ 2.18 Trillion (2015)
- GDP (PPP) US\$ 8.03 Trillion (2015)
- GDP per capita (PPP) US\$ 6,300 (2015)
- GDP Growth (%) 7.3% (2015)



Year	GDP Growth (%)
2009-10	8.6
2010-11	8.9
2011-12	6.7
2012-13	4.5
2013-14	4.7
2014-15	7.3

Source: Planning Commission, World Bank

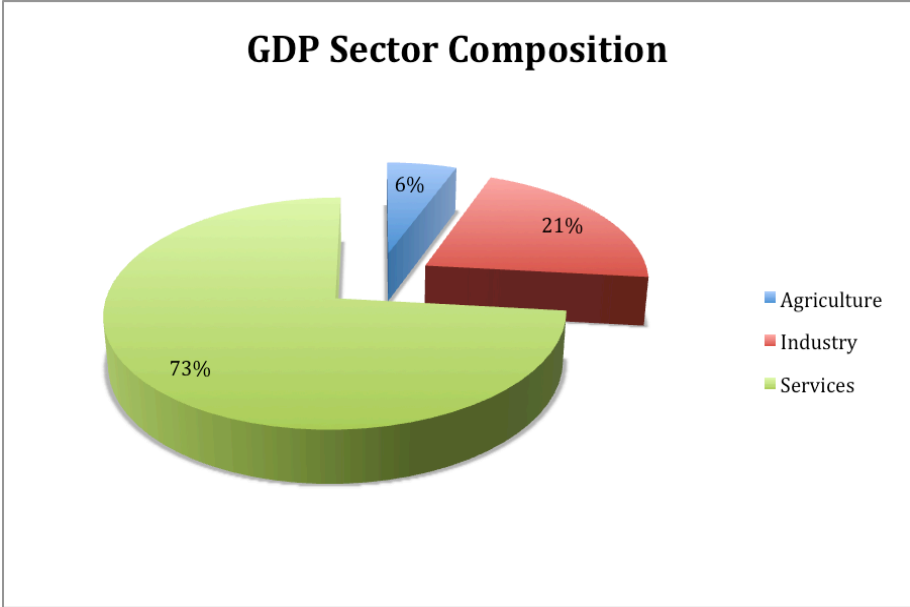


# GENERAL INFORMATION

## Main Sectors of the Economy – Iceland

Iceland’s economy has been diversifying into manufacturing and service industries in the last decade, particularly within the fields of tourism, ICT, biotechnology, medical devices and food processing technology. The tourism sector is now the biggest contributor to the country’s export revenue surpassing even the fishing sector. Abundant geothermal and hydropower sources have attracted substantial foreign investment in the power intensive sectors such aluminium smelting, data center, etc.

### Figures from 2015



Source: The World Fact Book

### Labour Force 190,500 (2015)



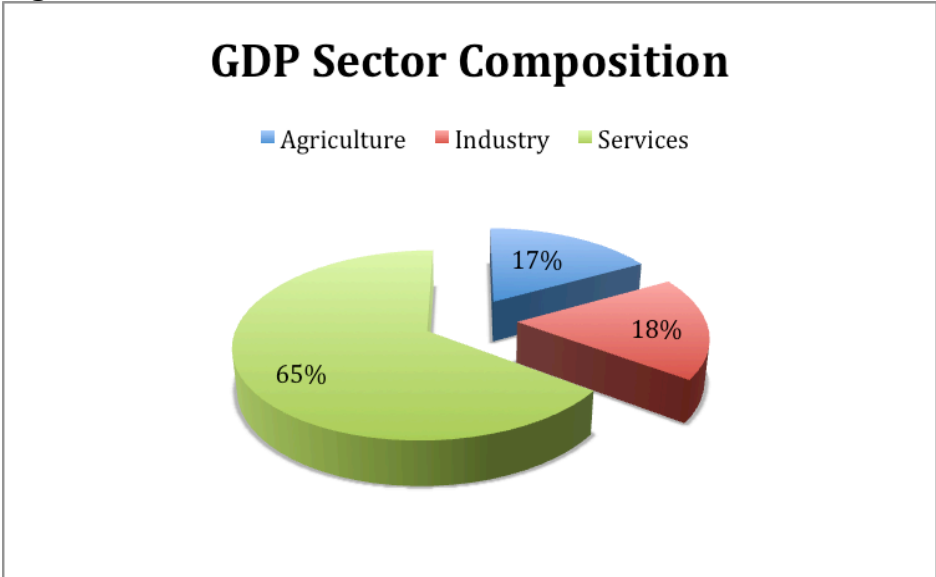
Source: The World Fact Book

# GENERAL INFORMATION

## Main Sectors of the Economy – India

The macroeconomic situation in India has improved significantly during the current year. Also, acceleration in services and manufacturing growth in the face of subdued global demand conditions point to the strengthening of domestic demand.

### Figures from 2015



Source: [www.indiabusiness.nic.in](http://www.indiabusiness.nic.in)

### Labour Force 502.1 million (2015 est.)



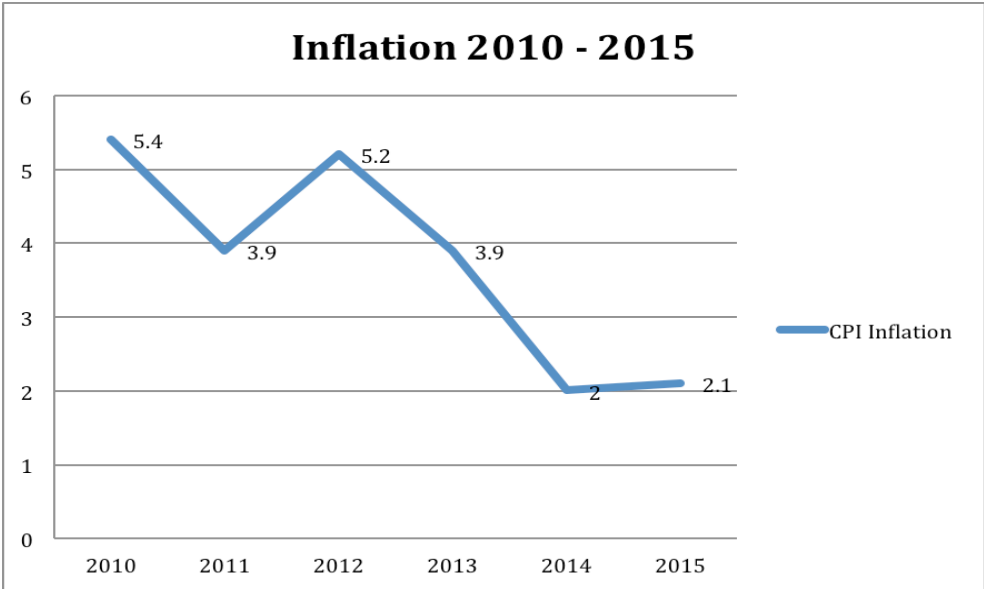
Source: World Fact Book

# GENERAL INFORMATION

## 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. However, considerable progress was made in 2014 and early 2015 in bringing down inflation. Annual consumer price inflation has dipped below the Central Bank’s inflation target of 2.5 per cent. The labour market has improved considerably. Job gains have been large, especially in the tourism sector, and the unemployment rate has dropped sharply.

- Inflation: 2.1% (2015)
- Unemployment: 3.8 % (2015)
- Public Debt: 81.9 % of GDP in 2015
- Currency Code: Icelandic Krona (ISK)
- Exchange Rate: 1 US\$ = 125.5 ISK (2016)



Year	Inflation (CPI)
2010	5.4
2011	3.9
2012	5.2
2013	3.9
2014	2.0
2015	2.1

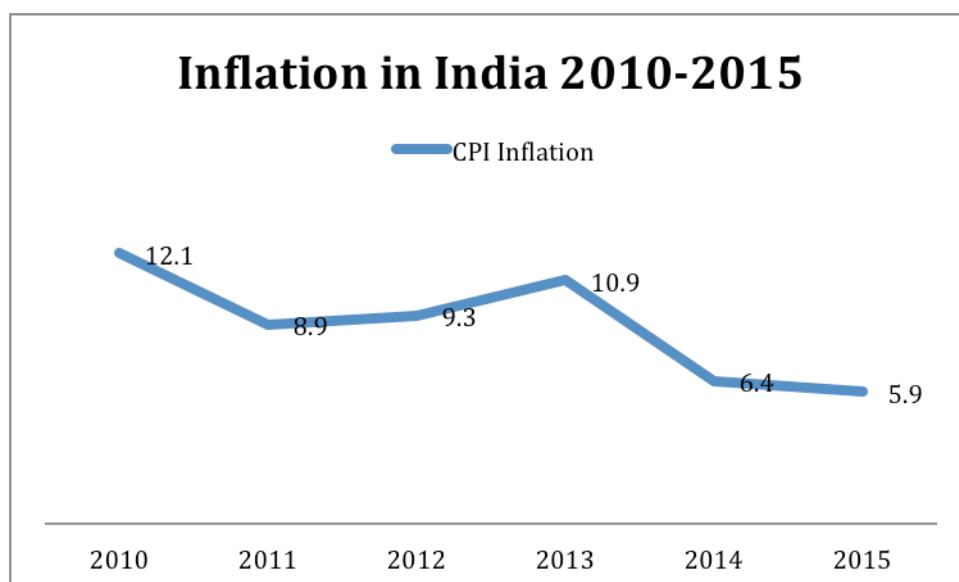
Source: oecd.org

## GENERAL INFORMATION

### Economic Data – India

In 2013, the consumer price index replaced the wholesale price index as a main measure of inflation in India. Consumer price changes in India can be very volatile due to dependence on energy imports, the uncertain impact of monsoon rains on its large farm sector, difficulties transporting food items to market because of its poor roads and infrastructure and high fiscal deficit. The Reserve Bank expects retail inflation to be around 6 per cent in January 2016 and lower further to 5 per cent by March 2017.

- Inflation: 5.9 % (2015)
- Unemployment: 7.1 % (2015)
- Public Debt: 51.7 % of GDP (2015)
- Currency Code: Indian Rupee (INR)
- Exchange Rate: 1 US\$ = 66.8 INR (2016)



Year	Inflation (CPI)
2010	12.1
2011	8.9
2012	9.3
2013	10.9
2014	6.4
2015	5.9

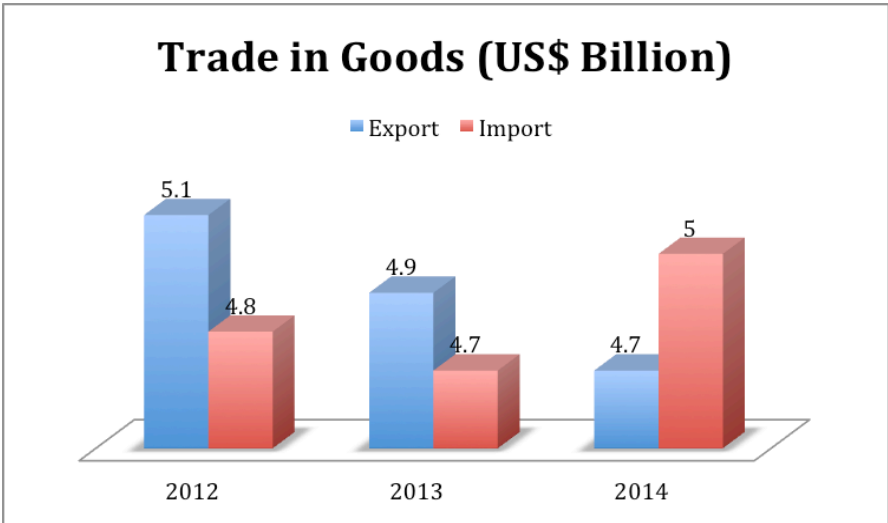
Source: [www.inflation.eu](http://www.inflation.eu)

# TRADE RELATIONS

## Export/Import – Iceland

### Trade in Goods:

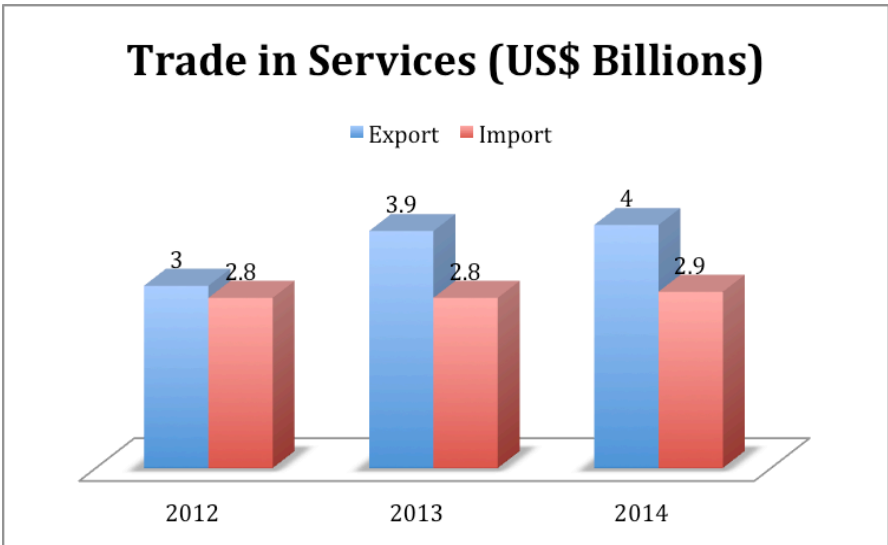
In recent years Icelandic exports of manufactured goods have been growing rapidly, led by aluminium, medical and pharmaceutical products. The value of Icelandic goods exported in 2014 amounted to US\$ 4.7 billions. After sharp drop in 2009, Iceland's imports started picking up along with the stabilizing efforts of the country, especially the effort to attract more investment projects. The value of goods imported to Iceland in 2014 was US\$ 5 billions as compared to US\$ 4.7 billions in 2013.



Source: Statistics Iceland

### Trade in Services:

The value of services exported from Iceland has increased from US\$ 2.9 billions in 2013 to US\$ 4 billions in 2014, while the services imported remains around US\$ 2.8 - 2.9 billions over the last three years.



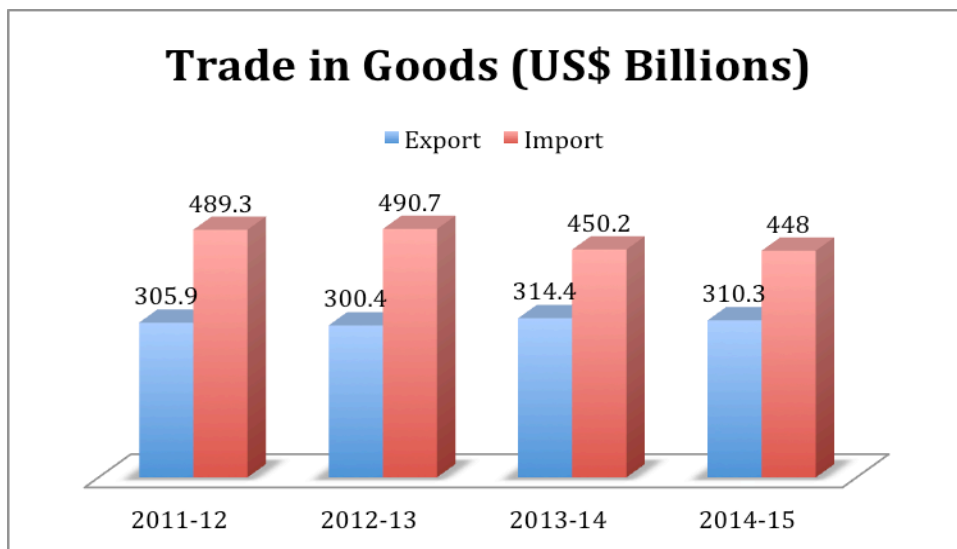
Source: Statistics Iceland

## TRADE RELATIONS

### Import/Export – India

#### Trade in Goods:

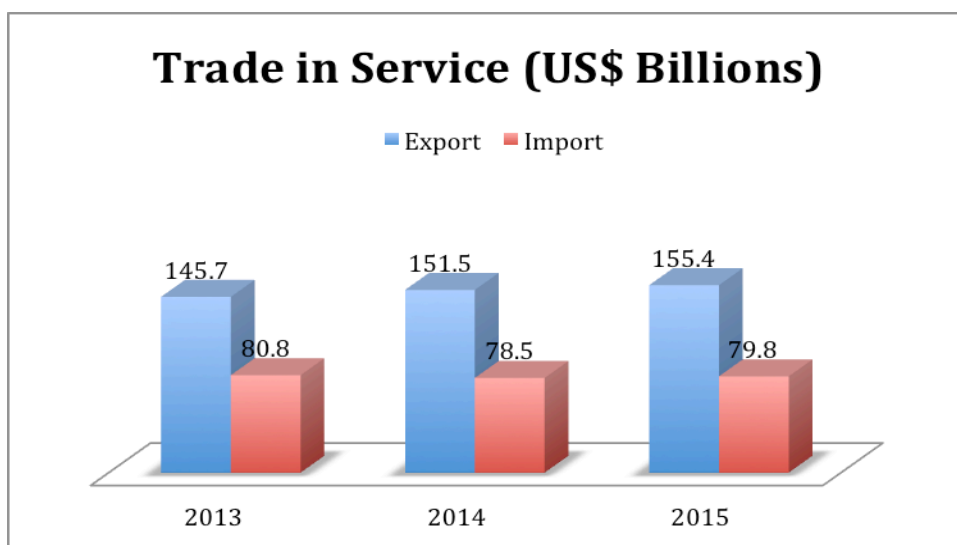
In the financial year (FY) 2014-15, the total value of goods exported was US\$ 310.3 billions while the total value of goods imported in the same period was US\$ 448 billions. One of the reasons for India's negative trade balance is its dependence on imported fuel oil. India imports over 70 per cent of its fuel oil requirements. The direction of India's international trade is now moving towards developing countries in Asia, Africa and Latin American countries buttressed by Government of India policies.



Source: [commerce.nic.in](http://commerce.nic.in)

#### Trade in Services:

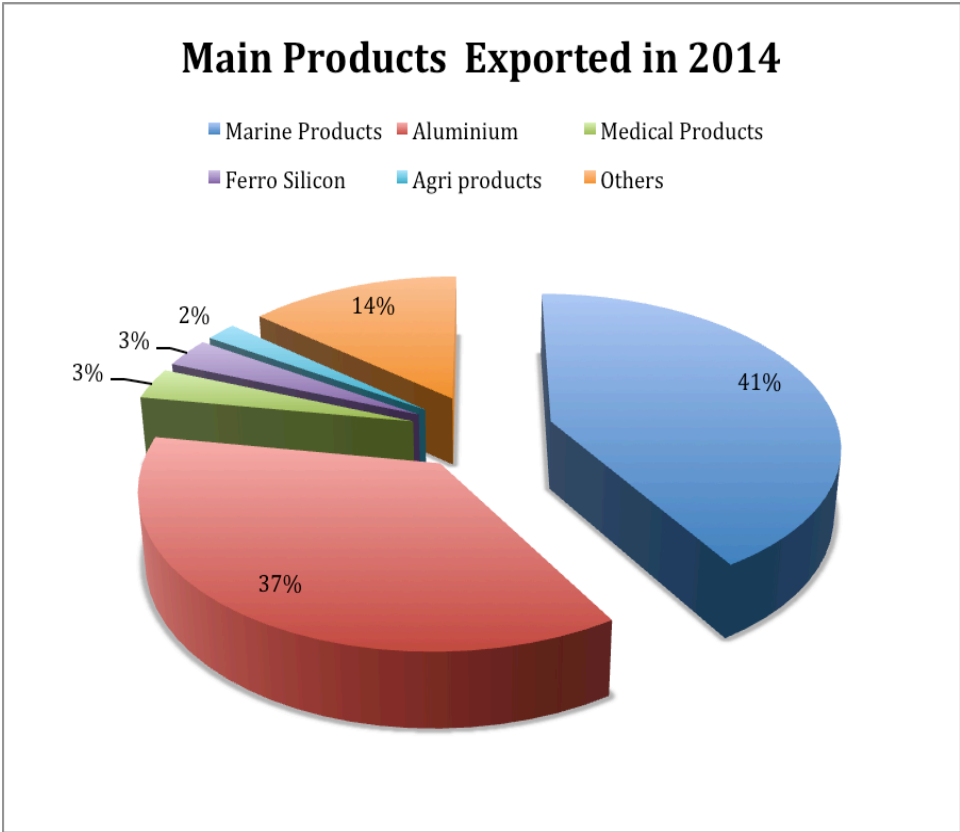
India's services exports touched US\$ 155.4 billions in 2015 while services imported amounted to US\$ 79.8 billions during the same period.



Source: [www.eximbankindia.in](http://www.eximbankindia.in)

# TRADE RELATIONS

## Export/Import – Iceland



**Main Products Exported From Iceland in 2014**

Products	Value (US\$ Millions)	Percentage
Marine Products	1,951.7	41.3
Aluminium	1,718.7	36.4
Medical Products	154.5	3.3
Ferro Silicon	147.4	3.1
Agri Products	93.5	2.0
Others	658.2	13.9

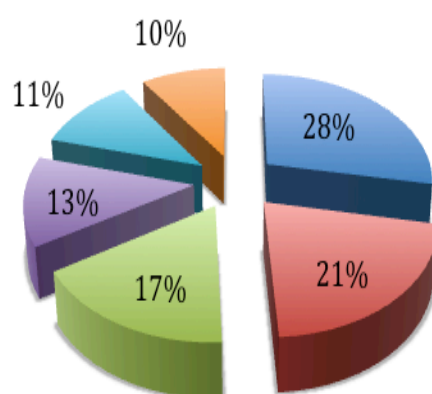
Source: Statistics Iceland

## TRADE RELATIONS

### Export/Import – Iceland

#### Main Products Imported in 2014

- Industrial Supplies
- Capital Goods
- Fuel & Lubricants
- Consumer Goods
- Transport Equipment
- Food & Beverages



#### Main Products Imported to Iceland in 2014

Products	Value (US\$ Millions)	Percentage
Industrial supplies	1,397.7	27.9
Capital goods	1060.9	21.2
Fuel & lubricants	854.6	17.0
Consumer Goods	638.9	12.7
Transport equipment	566.4	11.3
Food & Beverages	479.8	9.6

Source: Statistics Iceland

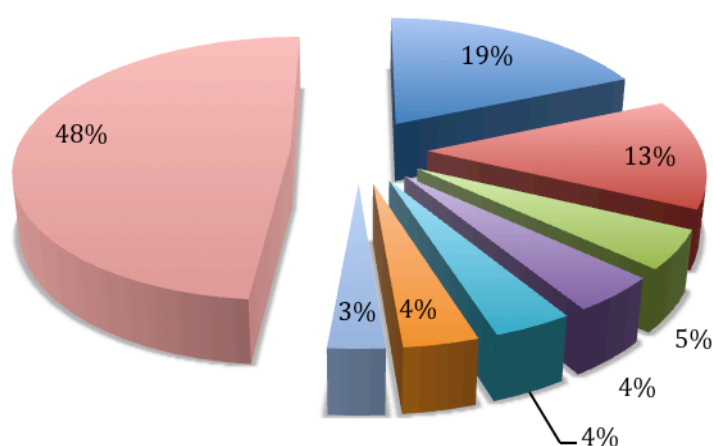


## TRADE RELATIONS

### Export/Import - India

#### Main Products Exported in 2014-15

- Mineral fuel & oils
- Precious & semi precious stones
- Vehicle, parts, accessories
- Machinery & Mechanical Appl
- Organic Chemicals
- Pharmaceutical Products
- Elect machinery & equip, parts
- Others



#### Main Products Exported From India in 2014-15

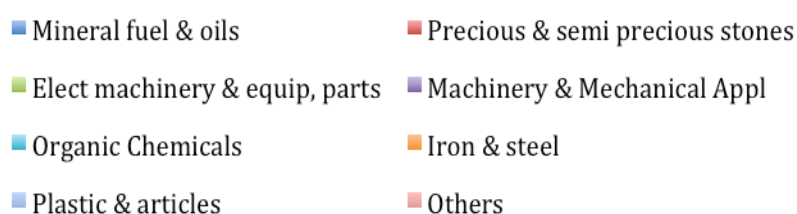
Products	Value (US\$ Millions)	Percentage
Mineral fuels, mineral oils	57,620	18.6
Precious & semi precious stones, etc.	41,549.7	13.4
Vehicles, parts, etc.	14,473.8	4.7
Machinery & mechanical appliances, parts, etc.	13,802.9	4.4
Organic chemicals	11,948.9	3.9
Pharmaceutical products	11,584.6	3.7
Electrical Machinery & Equipments, parts, etc.	8,696.8	2.8

Source: Directorate General of Foreign Trade, India

## TRADE RELATIONS

### Export/Import - India

#### Main Products Imported in 2014-15



#### Main Products Imported to India in 2014-15

Products	Value (US\$ Millions)	Percentage
Mineral fuels & oil	156,400.0	34.9
Precious & semi precious stones, etc.	62,379.9	13.9
Electrical Machinery and equipments & parts	33,149.4	7.4
Machines & Mech. Appl.	31,730.7	7.1
Organic Chemicals	17,746.4	3.9
Iron & steel	12,342.0	2.7
Plastic & articles	11,690.8	2.6

Source: Directorate General of Foreign Trade, India

## TRADE RELATIONS

### Main Trading Partners – Iceland

EU and EFTA countries are major destinations for Icelandic exports in 2014. The United States and Russia are becoming important markets for Icelandic exports. The main products exported from Iceland are marine products, aluminium, medical products, ferro silicon and agricultural products.

The bulk of Iceland's imports came from Europe, followed by the United States, China and Brazil. The main imports to Iceland are industrial supplies, capital goods, fuel and lubricants, consumer products, transport equipments and food and beverages.

### Iceland's major export partners in 2014

	Countries	Million (US\$)	%
1	Netherlands	1379.4	29.2
2	United Kingdom	529.1	11.2
3	Spain	349.6	7.4
4	Germany	283.4	6.0
5	France	236.2	5.0
6	United States	231.5	4.9
7	Russia	231.5	4.9
8	Norway	212.6	4.5

Source: World Fact Book

### Iceland's major import partners in 2014

	Countries	Million (US\$)	%
1	Norway	737.2	14.7
2	United States	506.5	10.1
3	Germany	381.1	7.6
4	Denmark	381.1	7.6
5	China	371.1	7.4
6	Netherlands	330.9	6.6
7	United Kingdom	300.9	6.0
8	Brazil	270.8	5.4

Source: World Fact Book

## TRADE RELATIONS

### Main Trading Partners – India

India's main export partners include the USA, the UAE, Hong Kong, China, Saudi Arabia, Singapore and United Kingdom absorbing 42.2 per cent of total exports. The main exports from India are gems and jewellery, electrical and mechanical appliances, Chemicals, pharmaceutical products, vehicles and parts and cotton.

The main imports to India are petroleum and petroleum products, electrical and mechanical goods, precious and semi precious stones, organic chemicals, iron and steel and plastic articles. India's main import partners include China, Saudi Arabia, the United Arab Emirates, Switzerland, the USA, Indonesia, Qatar, Iraq, Nigeria and South Korea.

### India's major exports partners in 2014-15

	Countries	Million (US\$)	%
1	United States	42,448.7	13.6
2	United Arab Emirates	33,028.1	10.6
3	Hong Kong	13,599.9	4.4
4	China	11,934.3	3.8
5	Saudi Arabia	11,161.4	3.6
6	Singapore	9,809.4	3.2
7	United Kingdom	9,319.7	3.0
8	Germany	7,537.3	2.4

Source: Department of Commerce, GOI – Export-Import Data Bank

### India's major imports partners in 2014-15

	Countries	Million (US\$)	%
1	China	60,413.2	13.5
2	Saudi Arabia	28,107.6	6.3
3	United Arab Emirates	26,139.9	5.8
4	Switzerland	22,133.2	4.9
5	United States	21,814.6	4.9
6	Indonesia	15,004.6	3.3
7	Qatar	14,604.7	3.3
8	Iraq	14,247.7	3.2

Source: Department of Commerce, GOI – Export-Import Data Bank

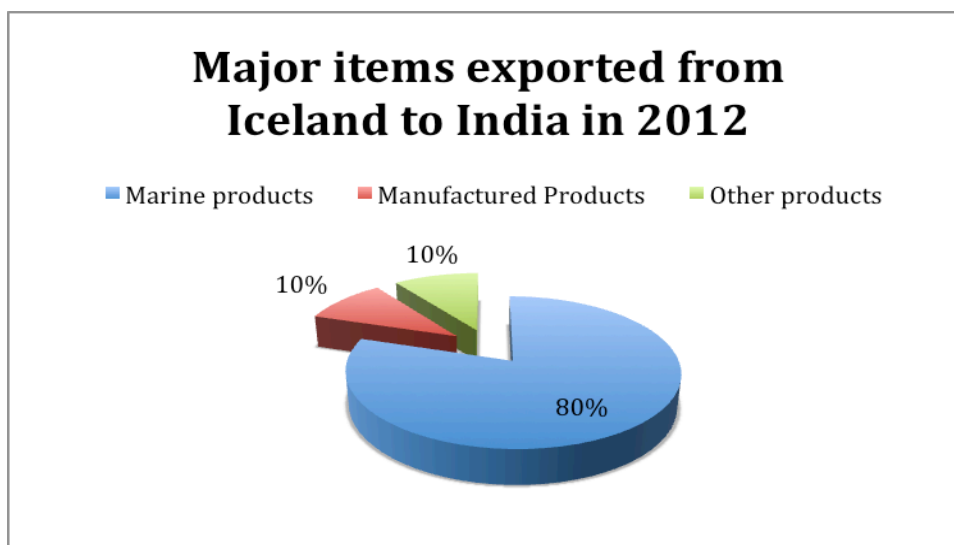
## TRADE RELATIONS

### Exports of Goods from Iceland to India

Iceland exported goods amounting to US\$ 1.1 million in 2014 to India. The major products exported include marine products, manufactured goods and medical products.



Source: Statistics Iceland



### Main items exported from Iceland to India in 2012

	Product	US\$ Million	%
1	Marine products (cod, demersal fish, etc.)	0.8	76.7
2	Manufactured products (pharmaceuticals, mechanical weighing machines, metal products, etc.)	0.1	13.9
3	Other products	0.1	9.4

Source: Statistics Iceland

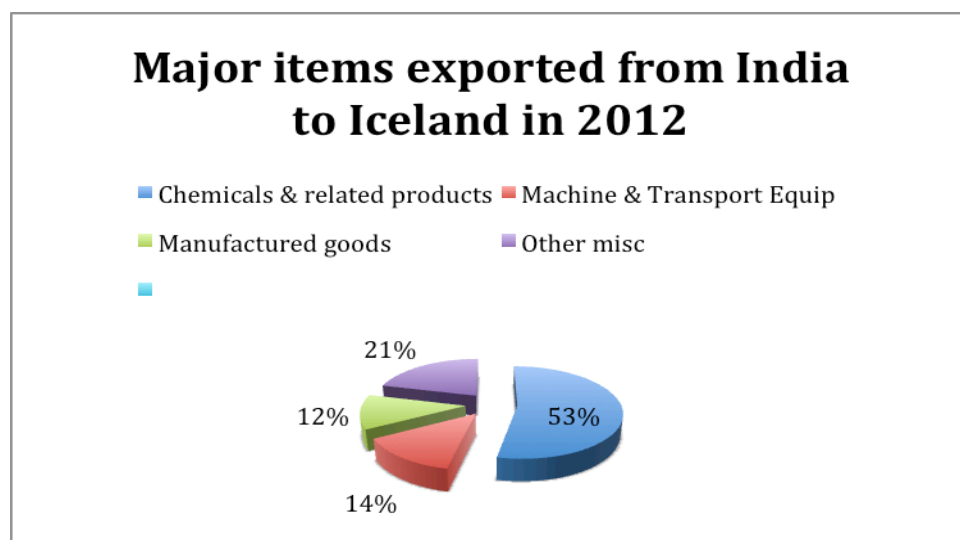
## TRADE RELATIONS

### Exports from India to Iceland

India exported US\$ 27.9 million worth of goods to Iceland in 2014. Chemical products formed a major part followed by machinery and transport equipment and manufactured goods. The trade between the two countries are limited and has considerable growth potential.



Source: Statistics Iceland



### Main Items Exported from India to Iceland in 2012

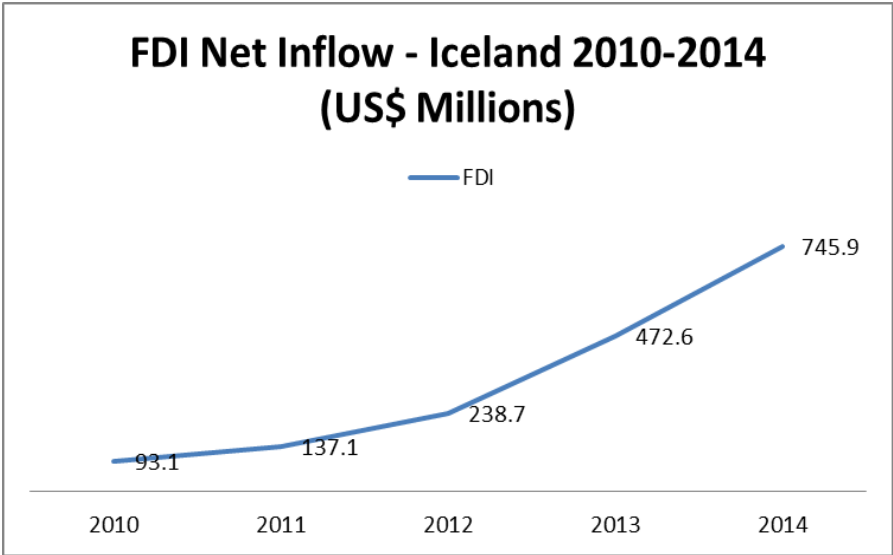
	Product	US\$ Million	%
1	Chemicals & related products	18.7	53.3
2	Machinery & transport equip (electric appliances, machines, telecom equip, road vehicles, power gen. mach, etc.)	4.8	13.6
3	Manufactured goods (leather & leather wears, metal articles, textile yarns, wood & wood manufactures, etc.)	4.2	12.1
4	Other misc	7.2	21.0

Source: Statistics Iceland

# TRADE RELATIONS

## Foreign Direct Investment – Iceland

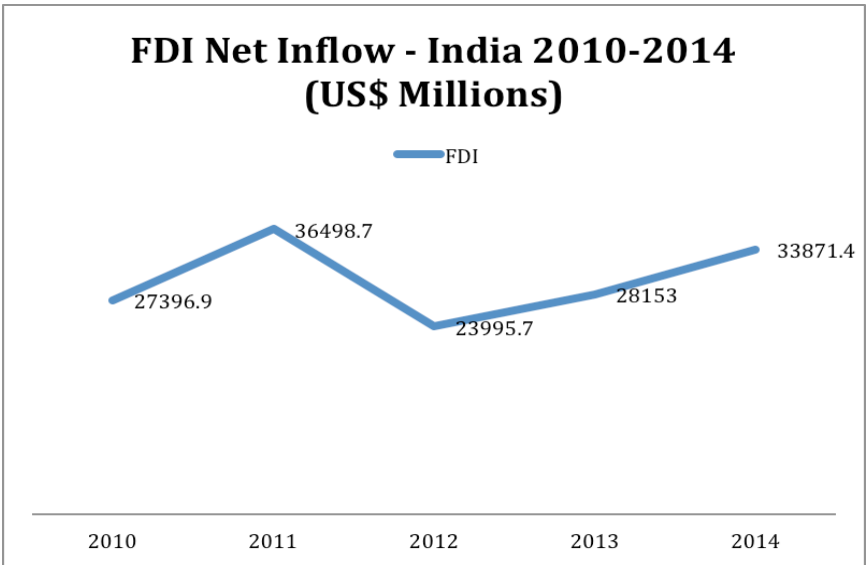
The financial crisis severely affected inflows and outflows of investment to and from Iceland. Restrictions on foreign exchange transactions was put in place in 2008 to bring stability to the Icelandic currency and also to prevent flight of valuable foreign exchange abroad. Icelandic government is now preparing to lift capital controls as it is confident that the economy has recovered sufficiently to end controls.



Source: databank.worldbank.org

## Foreign Direct Investment – India

Foreign Direct Investment in India has been consistently rising from US\$ 24 billion in 2012 to US\$ 33.9 billion in 2014. The FDI inflows is expected to pick up further in 2016, driven by an improving domestic growth outlook, recent liberalisation of FDI limits and government efforts to improve the ease of doing business.



Source: databank.worldbank.org

## **PRACTICAL INFORMATION**

### **Visa Information – Iceland**

Iceland is a part of the Schengen Agreement; this for instance secures unrestricted passage for individuals within the Schengen area. Those who enter the Schengen area go through passport control in the first country they arrive in, and then there is no further inspection. It can therefore be said that when a visa is issued for a trip to Iceland, the visa is not issued exclusively for Iceland as it gives access to all other Schengen countries.

In India, the Embassy of Denmark handles visa applications for Iceland through VFS Global in New Delhi, Chennai, Mumbai, Kolkata and Bengaluru. Information on visas and applications can be found on the website of the Danish Embassy in New Delhi:  
<http://indien.um.dk/en/travel-and-residence/Information-for-Indians/short%20term>

### **Visa Information – India**

#### **Procedures for getting a business visa for India**

All foreign nationals entering India are required to possess a valid international travel document in the form of a national passport with a valid visa obtained from an Indian Mission or Post abroad. The Indian Embassy in Reykjavik issues visas to Icelandic citizens travelling to India.

All relevant information for visa application procedures are available on the following Indian Embassy webpage: <http://indianembassy.is/visa-services/>



## **PRACTICAL INFORMATION**

### **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 is 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 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 +354 - 534 9955.
- The weather is unpredictable in Iceland. It is cold all year round by Indian standards. Houses in Iceland are centrally heated.

## **PRACTICAL INFORMATION**

### **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.
- The Indian currency 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, 10 lakhs is one million 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 +91-11-4353 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).

## **PRACTICAL INFORMATION**

### **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. Biotechnology, ICT and gaming sectors are fast becoming major players in the Icelandic economy.

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](http://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.

## **PRACTICAL INFORMATION**

### **General Business Climate – India**

India is the largest democracy and third 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 has reached over 250 millions
- 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](http://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.

## **PRACTICAL INFORMATION**

### **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.

## **PRACTICAL INFORMATION**

### **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.

## **BILATERAL RELATIONS**

### **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); Speaker of the Icelandic Parliament, Ms. Asta R. Johannesdottir & delegation, (November 2012); Mr. Ogmundur Jonasson, Minister of the Interior, (February 2013); Mr. Gunnar Bragi Sveinsson, Minister of Foreign Affairs (April 2016).

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); Minister of State for Shipping, Communication & IT, Mr. Milind Deora, July 2013.

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 are currently negotiating a broad-based Free Trade Agreement.

## **BILATERAL RELATIONS**

### **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)



## **BUSINESS DIRECTORY**

### **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, South Africa, Sri Lanka.

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](mailto:emb.newdelhi@mfa.is)  
Website: <http://www.iceland.is/iceland-abroad>

#### **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](mailto:icelandcg@gmail.com)

#### **Honorary Consulate General Tamil Nadu, Andhra Pradesh, Odisha and Puducherry**

Mr. Kumaran Sitaraman  
Hon. Consul General  
9, First Main Road, CIT Colony  
Mylapore, Chennai 600004, India.  
Tel: +9144 24988201  
Fax: +9144 24988227  
Email: [kumar.sitaraman@cg-iceland-chennai.com](mailto:kumar.sitaraman@cg-iceland-chennai.com)

#### **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.

## **BUSINESS DIRECTORY**

### **Useful Contacts**

Indo Icelandic Business Association  
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.

Invest in Iceland  
Sundagarðar 2 IS-104,  
Reykjavík, Iceland  
Tel: +354 511 4000  
Fax: +354 511 4040  
Email: [info@invest.is](mailto:info@invest.is)  
Web: [www.invest.is](http://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.

Promote Iceland  
Sundagarðar 2 IS-104  
Reykjavík, Iceland  
Tel: +354 511 4000  
Fax: +354 511 4040  
Web: [www.promoteiceland.is](http://www.promoteiceland.is)  
E-mail: [info@promoteiceland.is](mailto:info@promoteiceland.is)

## **BUSINESS DIRECTORY**

### **Useful Contacts**

#### **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.

Film in Iceland  
Sundagarðar 2 IS-104  
Reykjavík, Iceland  
Tel: +354 511 4000  
Fax: +354 511 4040  
E-mail: [info@filminiceland.com](mailto:info@filminiceland.com)  
Website: <http://www.filminiceland.com>

#### **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.

Iceland Chamber of Commerce  
Borgartun 35, 105 Reykjavík  
Tel. +354 510 7100  
Email: [mottaka@vi.is](mailto:mottaka@vi.is)  
Website: <http://chamber.is>

#### **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.

#### **Hus verslunarinnar**

Kringlan 7, 103 Reykjavík, Iceland  
Tel: + 354 588 89 10  
E-mail: [ift@ift.is](mailto:ift@ift.is)  
Website: [www.atvinnurekendur.is](http://www.atvinnurekendur.is)

#### **Central Bank of Iceland (Sedlabanki Islands)**

Kalkofnsvegi 1, 150 Reykjavík, Iceland  
Tel.: +354-569 9600 Fax: +354-569 9605  
Email: [sedlabanki@sedlabanki.is](mailto:sedlabanki@sedlabanki.is)  
Website: [www.sedlabanki.is](http://www.sedlabanki.is)

#### **Statistics Iceland (Hagstofa Íslands)**

Borgartún 21a, 150 Reykjavík, Iceland  
Tel.: +354-528 1000 Fax: +354-528 1099  
Email: [information@statice.is](mailto:information@statice.is)  
Website: [www.statice.is](http://www.statice.is)

## **BUSINESS DIRECTORY**

### **Icelandic Companies/Indian Partners**

#### **Marel India Pvt. Ltd.**

JP Classic # 157/1

Total Environmental Campus  
EPIP-Phase II, Whitefield  
560066 Bangaluru, Karnataka

Tel: +91-80-3081 5603

Fax: +91-80-3081 5604

Email: [info.in@marel.com](mailto:info.in@marel.com)

Website: <http://marel.in>

#### **Össur India**

Paharpur Business Centre, Building No. 21,  
Nehru Place Greens,  
New Delhi-110019, India

Tel: +91-11-26207384

Fax: +91-11-26207575

Email: [ossurindia@ossur.com](mailto:ossurindia@ossur.com)

Website: <http://www.ossur.in>

#### **Quizup - Plain Vanilla**

Bangaluru, Karnataka

Web: <https://www.quizup.com/en>

#### **Bird Group**

General Sales Agent for Icelandair

E-9, Connaught House,

Connaught Place,

New Delhi 110011

Tel: +91-11-41517121

Website: [www.bird.in](http://www.bird.in)

#### **LS Retail**

LS Retail ehf.

Katrinartun 2, 105 Reykjavik Iceland

Tel: +354 414 5700

Website: [www.lsretail.com](http://www.lsretail.com)

#### ***Indian Partner:***

Dynamic Vertical Solutions

H.O.: 6th Floor, Plot No. 80, Sector 44,  
Behind Ramada Hotel, Gurgaon - 122003,  
Haryana, India

Tel: +91- 124- 4581000

Fax: +91- 124- 4581026

Email : [sales@dynamicverticals.com](mailto:sales@dynamicverticals.com)

## **BUSINESS DIRECTORY**

### **Icelandic Companies/Indian Partners**

#### **GB-AAA (Architect)**

10 St. Martin Street,  
1st Floor, White Town,  
Pondicherry 605001, India  
Tel: +91-880 047 9457

#### **EC Software India**

No. 1B & C, Ist 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](http://www.ecsoftware.is)