PROCURE

INDIA

A Monthly Newsletter
Dedicated to International Trade & Commerce

January 2026

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A Study by Inductus Global

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EDITOR'S NOTE

NAVIGATING A WATERSHED MOMENT FOR INDIAN TRADE

Welcome to the January 2026 edition of Procure India. As we step into a year that promises to be a historical pivot for Indian commerce, this issue captures a nation in the midst of a profound structural realignment. We are currently witnessing what many are calling the "Silicon Month" for the Indian industry, marked by the commencement of commercial production at four major semiconductor plants. This transition from "Assembly in India" to deep localization in high-value electronics represents a fundamental shift for international procurement.

Our "Logistics Spotlight" features a monumental achievement: India's logistics costs have finally hit a single-digit record of 7.97% of GDP. Driven by the PM Gati Shakti National Master Plan and the digital transparency of ULIP, this milestone effectively closes the competitiveness gap with advanced economies like the US and Germany.

In our "Product of the Month" segment, we explore the $2 billion pursuit of Black Tea. With global coffee stocks at a 25-year low, Indian Orthodox tea is emerging as a premium, stable alternative for markets in the UAE, Iran, and Kazakhstan. Finally, we delve into the "Surprise-Free" revolution of Delivered Duty Paid (DDP) shipping, which is becoming the strategic "gold standard" for the US-India trade corridor.

We hope this edition serves as your essential compass for navigating the vibrant and increasingly complex landscape of "Made in India" 2026.

FROM THE DESK OF THE CEO

THE RESILIENCE OF A GLOBAL ANCHOR

As we review the trade data for Q3 FY 2025–26, the narrative is unmistakable: India has transitioned from a peripheral participant to a central anchor in the global supply chain. Reaching $634.26 billion in cumulative exports for the April–December period, representing a 4.33% growth, demonstrates that our dual-engine growth across merchandise and services is remarkably resilient despite geopolitical volatility.

Our trajectory suggests that the $850 billion annual target is well within reach. Beyond the numbers, I am most inspired by our "Global Talent Reservoir". With a median age of 28.4 years and an annual output of 2.14 million STEM graduates, India is now the world's "R&D and Design Office". We are no longer just a destination for low-end labor; we are a center for high-tech innovation, hosting over 1,950 Global Capability Centers that perform core R&D for 80% of Fortune 500 companies.

As global businesses pursue "China+1" strategies, India offers a mature ecosystem defined by policy stability, improving infrastructure, and world-class quality standards. While new challenges like the EU's Carbon Border Adjustment Mechanism (CBAM) emerge, our diversification into semiconductors and specialized services provides a robust cushion.

At Procure India, we are proud to be your thought partner as we march toward our goal of **$2 trillion in total exports by 2030.** The momentum is favorable, and the opportunity is yours to seize.

ALOUK KUMAR

CEO AND MANAGING DIRECTOR, INDUCTUS GROUP

MARKET TRENDS

NAVIGATING THE $850 BILLION HORIZON: A STRATEGIC REVIEW OF INDIA'S EXPORT PERFORMANCE IN Q3 FY 2025-26

As the global trade landscape undergoes a structural realignment, India's positioning within the international supply chain has transitioned from a peripheral participant to a central anchor. The Ministry of Commerce and Industry recently released the trade data for the third quarter (October–December) of the fiscal year 2025–26, revealing a trajectory that places the nation within striking distance of its ambitious $850 billion total export target.

Despite persistent geopolitical volatility and softening demand in several traditional markets, India's dual-engine growth, comprising both merchandise and service,s has demonstrated remarkable resilience. This update provides an academic and statistical analysis of the Q3 performance, the underlying structural drivers, and the strategic implications for international procurement partners.

THE MILESTONE: PERFORMANCE AGAINST THE $850 BILLION MANDATE

According to official data from the Press Information Bureau (PIB) and the Department of Commerce, India's cumulative exports (merchandise and services combined) for the April–December 2025 period reached an estimated $634.26 billion. This represents a year-on-year (YoY) growth of 4.33% compared to the $607.93 billion recorded during the same period in the previous fiscal year.

The Commerce Secretary, Rajesh Agrawal, confirmed in a briefing on January 15, 2026, that the government remains confident in surpassing the $850 billion threshold by March 31, 2026. This confidence is underpinned by the consistent performance in December 2025, where total exports reached $74.01 billion.

Category	FY 2024–25 (USD Billion)	FY 2025–26 (USD Billion)	Growth (%)
Merchandise Exports	322.41	330.29	2.44%
Services Exports	285.52	303.97	6.46%
Total Exports	**607.93**	**634.26**	**4.33%**

SECTORAL ANALYSIS: THE DRIVERS OF RESILIENCE

The Electronics Revolution

The most significant shift in India's export basket is the continued ascendancy of Electronic Goods. Driven by the Production-Linked Incentive (PLI) schemes, electronics exports grew by 16.78% in December 2025 alone.

Smartphones have emerged as the "poster child" of this transformation. According to the India Cellular and Electronics Association (ICEA), mobile phone production is projected to hit $75 billion by the end of this fiscal, with exports exceeding $30 billion. Major global players like Apple and Samsung have successfully embedded Indian manufacturing into their global value chains (GVCs), with one in four smartphones produced in India now being exported.

Services: The Silent Growth Engine

While merchandise exports faced headwinds due to global commodity price fluctuations, the services sector maintained a robust growth rate of 6.46% over the nine-month period. Beyond IT and Business Process Management (BPM), there has been a significant surge in Global Business Services (GBS) and specialized consulting. The expansion into high-value R&D services and financial consulting has cushioned the trade deficit and provided a stable source of foreign exchange.

Engineering and Pharmaceuticals

Engineering goods remain the largest merchandise category, recording a steady 5.86% rise in the first half of the year. Key shipments include industrial machinery, IC engines, and automotive components, particularly to the USA, UAE, and Germany. Simultaneously, Drugs and Pharmaceuticals grew by 7.3%, reaching $12.76 billion in the April–August window and maintaining positive momentum through Q3. India's role as the "pharmacy of the world" continues to evolve from generic supply to complex specialty drugs and medical devices.

STRATEGIC ENABLERS: POLICY AND INFRASTRUCTURE

The Q3 performance is not an isolated statistical event but the result of deliberate policy interventions:

Free Trade Agreements (FTAs): 2025 has been a landmark year for trade diplomacy. The conclusion of the Comprehensive Economic and Trade Agreement (CETA) with the United Kingdom has provided duty-free access to 99% of Indian exports. Furthermore, the Trade and Economic Partnership Agreement (TEPA) with EFTA countries (Switzerland, Norway, Iceland, Liechtenstein) has opened high-tech European markets for Indian engineering and pharma.

Infrastructure and Logistics: The PM Gati Shakti National Master Plan has begun showing results in reducing logistics costs. Improved multi-modal connectivity at major ports and dedicated freight corridors have shortened the turnaround time for export shipments, making Indian goods more price-competitive on the global stage.

Quality and Compliance: The Department of Commerce has issued several Quality Control Orders (QCOs) to ensure that "Made in India" products meet stringent international standards. This focus on quality is critical for importers who prioritize ESG (Environmental, Social, and Governance) compliance and product reliability.

WHY THIS MATTERS FOR INTERNATIONAL IMPORTERS

For global procurement officers and businesses looking to diversify their supply chains, India's Q3 data presents a compelling case:

Supply Chain De-risking: As companies pursue "China+1" strategies, India's ability to scale manufacturing in electronics and engineering provides a reliable alternative with massive domestic capacity.

Cost Efficiency through FTAs: Importers from the UK, UAE, Australia, and EFTA nations can leverage preferential duties, significantly lowering the Total Cost of Ownership (TCO).

Innovation and Value Addition: India is moving up the value chain. Importers are no longer just looking for raw materials; they are increasingly sourcing finished high-tech products, from 5G telecom equipment to specialized medical devices.

"India's trade performance reflects an underlying structural strength. We are not just exporting more; we are exporting more complex, high-value products to more diverse markets."
Excerpt from Ministry of Commerce Year-End Review 2025.

CONCLUSION AND OUTLOOK FOR Q4

As India enters the final quarter of FY 2025–26, the trajectory suggests that the **$850 billion** target is well within reach. To cross the finish line, the nation needs to maintain an average monthly export value of approximately **$72 billion.** Given that December 2025 surpassed $74 billion, the momentum is favorable.

Challenges remain, particularly the implementation of the EU's **Carbon Border Adjustment Mechanism (CBAM) in January 2026,** which may impact steel and aluminum exports. However, the diversification of the export basket into electronics and services is expected to offset these sectoral pressures.

For the readers of Procure India, the message is clear: the Indian export ecosystem is maturing. It is characterized by policy stability, improving infrastructure, and a relentless focus on global quality standards. Navigating the $850 billion horizon is just the beginning of India's journey toward the **$1 trillion merchandise and $1 trillion services export goal by 2030.**

REGULATORY UPDATES

THE SILICON ASCENDANCY: INDIA'S STRATEGIC PIVOT TO HIGH-VALUE ELECTRONICS AND SEMICONDUCTORS

The global electronics value chain is witnessing a historic realignment as India transitions from a high-volume assembly hub to a high-value manufacturing powerhouse. According to the latest trade figures released in January 2026 by the Ministry of Electronics and Information Technology (MeitY) and the India Cellular and Electronics Association (ICEA), India's smartphone exports reached a monumental record of $30 billion for the calendar year 2025.

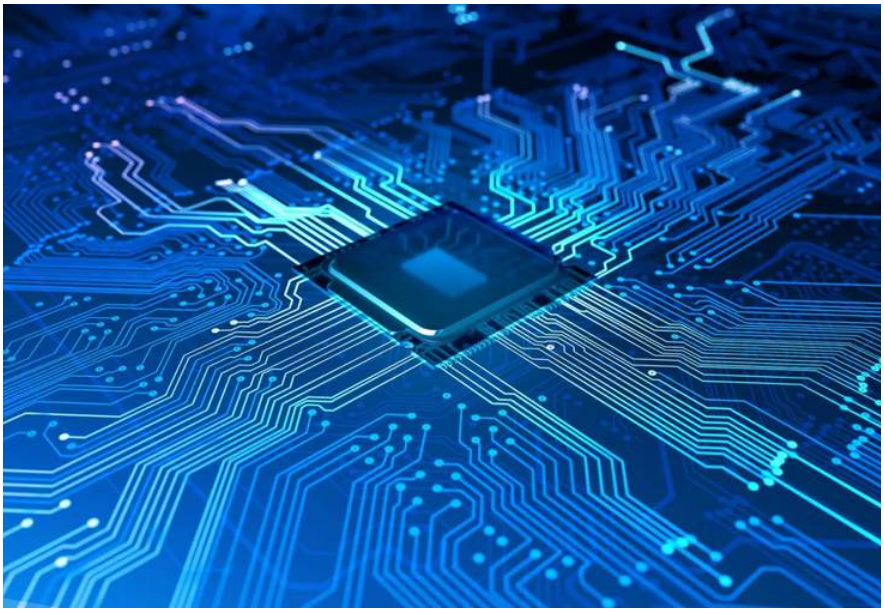
Perhaps more significantly, the month of January 2026 has been marked by the commencement of commercial production at four major semiconductor plants, signaling India's formal entry into the elite group of nations with end-to-end chip manufacturing and packaging capabilities. This shift from "Assembly in India" to "Deep Localisation" represents a fundamental change in the procurement landscape for international buyers.

THE $30 BILLION MILESTONE: UNPACKING THE SMARTPHONE EXPORT SURGE

India's smartphone export trajectory has outperformed even the most optimistic government projections. In 2021, the nation exported devices worth approximately $4.85 billion; by the close of 2025, that figure has surged to $30 billion, representing a staggering 47% year-on-year growth from the $20.45 billion recorded in 2024.

Calendar Year	Export Value (USD Billion)	Growth Rate (%)	Primary Driver
2021	4.85	—	Early PLI implementation
2022	9.43	94.40%	Operationalization of new Foxconn/Wistron units
2023	14.3	51.60%	Full-scale iPhone 14/15 production
2024	20.45	43.00%	Expansion of Tata Electronics and Google Pixel
2025	**30**	**46.70%**	**Mass-scale premium device exports**

While Apple's ecosystem, led by **Foxconn** and Tata Electronics, continues to contribute roughly **75%** of these exports (valued at $22.5 billion), the base has diversified significantly. Samsung and emerging domestic players like **Dixon Technologies** have expanded their export footprint to markets in the European Union, the Middle East, and North Africa.



THE SEMICONDUCTOR ERA: FROM VISION TO COMMERCIAL REALITY

January 2026 will be remembered as the "Silicon Month" for Indian industry. Under the India Semiconductor Mission (ISM) 2.0, four landmark facilities have officially moved from pilot phases to commercial-scale production this month:

Micron Technology (Sanand, Gujarat): The $2.75 billion ATMP (Assembly, Testing, Marking, and Packaging) facility has begun shipping high-density DRAM and NAND flash modules. These are the first indigenous memory products optimized for enterprise-grade AI servers.

Tata Electronics - PSMC (Dholera, Gujarat): India's first commercial mega-fab has initiated the first wave of commercial shipments of 28nm and 40nm logic chips, catering to the automotive and 5G infrastructure sectors.

CG Power & Industrial Solutions (Sanand, Gujarat): In partnership with Renesas (Japan), this facility has commenced production of specialized power management chips and microcontrollers.

Kaynes Technology (Gujarat/Karnataka): This unit has begun commercial production of high-performance computing (HPC) chips and specialized sensors.

"The first commercial shipments of 'Made in India' chips leaving factory floors this January marks a point of no return. We are no longer just the world's back office; we are the world's clean room." Union Minister for Electronics & IT, January 2026.

STRUCTURAL TRANSFORMATION: MOVING BEYOND SIMPLE ASSEMBLY

Printed Circuit Board Assembly (PCBA) and Motherboards

Previously, motherboards the "brain" of electronic devices were almost entirely imported. As of 2025-26, over **65% of the value addition** for smartphones exported from India is now domestic. This includes the local population of PCBAs and the manufacturing of complex multi-layered motherboards by firms like **Dixon and Sahara**.

WHY THE SEMICONDUCTOR SURGE BENEFITS GLOBAL IMPORTERS

The transition to a component-manufacturing ecosystem offers three strategic advantages for those importing from India:

Supply Chain Resilience: By producing semiconductors and core components domestically, India is less susceptible to global logistics disruptions and geopolitical bottlenecks in East Asia.

SPECIALIZED SUB-ASSEMBLIES

The ecosystem now includes robust domestic production for:

Camera Modules: High-resolution lens assemblies and sensor packaging.
Battery Packs: Lithium-ion cell assembly and battery management systems (BMS).
Enclosures and Mechanics: Precision-engineered glass and metal casing.

Cost Competitiveness: The shift toward manufacturing rather than importing parts significantly reduces the "Total Cost of Ownership" (TCO). For large-scale importers, this translates to stable pricing and reduced exposure to currency fluctuations.

IP Protection and Quality Control: With the government's Design Linked Incentive (DLI) 2.0 scheme, Indian firms are increasingly owning the intellectual property (IP) of the components they build, ensuring higher standards of quality and easier technical integration for global clients.

CONCLUSION: THE FUTURE OF "MADE IN INDIA"

As India surpasses the $30 billion smartphone export milestone, the focus is now shifting toward the $300 billion electronics production target by 2030. The successful launch of commercial semiconductor production this month provides the final missing piece of the puzzle.

For the global procurement community, the message is clear: India is no longer a destination for low-end labor; it is a center for high-tech innovation. Whether you are sourcing 5G telecom equipment, AI-ready servers, or premium consumer electronics, the Indian ecosystem now offers a level of vertical integration that was once the exclusive domain of a few East Asian neighbors.

LOGISTICS SPOTLIGHT: SHIPPING & FREIGHT

EFFICIENCY AT SCALE: INDIA'S LOGISTICS COSTS REACH THE 7.97% GDP MILESTONE

A defining bottleneck in India's export competitiveness high internal logistics costs has officially been dismantled. Data released and corroborated by the Department for Promotion of Industry and Internal Trade (DPIIT) and the **National Council of Applied Economic Research (NCAER)** in January 2026 confirms that India's logistics expenses have fallen to **7.97% of the Gross Domestic Product (GDP).**

For decades, the consensus among global economists and policymakers was that India's logistics costs hovered between 13% and 14%, nearly double the efficiency levels of developed economies. The new findings, based on a rigorous hybrid methodology and real-time tracking through the **Unified Logistics Interface Platform (ULIP),** signal that India has moved into the single-digit efficiency bracket, fundamentally altering the Total Cost of Ownership (TCO) for international importers.

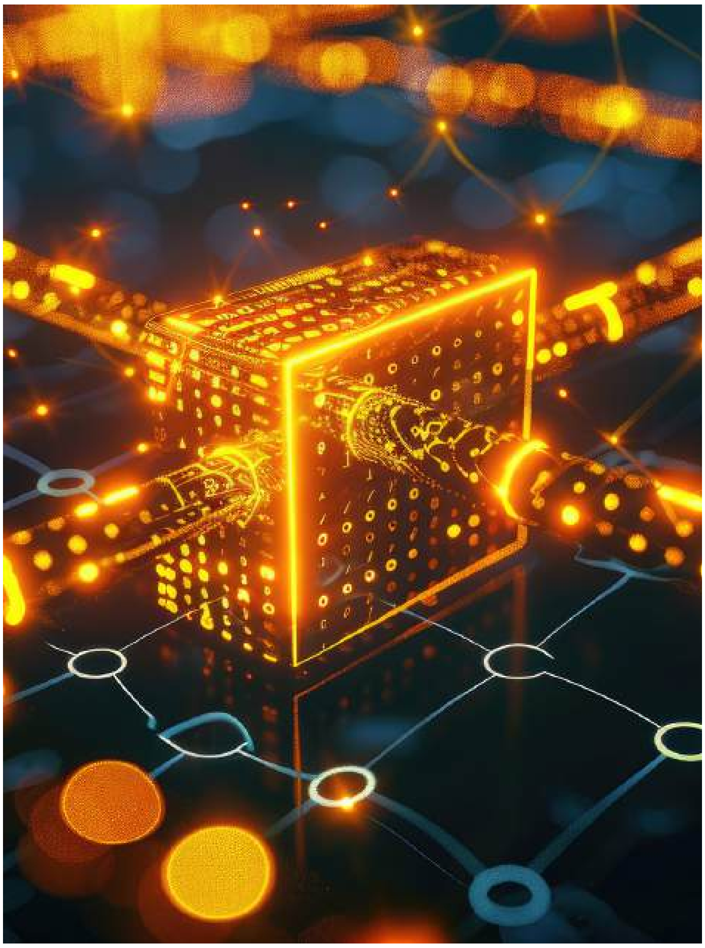
THE STATISTICAL REALIGNMENT: BEYOND THE 14% MYTH

The transition to a 7.97% cost structure is not merely a statistical revision but a reflection of systemic infrastructure upgrades. The NCAER report, "Assessment of Logistics Cost in India," provides a comprehensive breakdown of this shift. While the cost as a percentage of GDP stands at 7.97%, it is even more telling when measured against **non-services output** (agriculture, mining, and manufacturing), where it sits at **9.09%.**

Country/Region	Logistics Cost (% of GDP)	Trend
India	**7.97%**	**Declining (Structural)**
United States	7.5% – 8.2%	Stable
Germany	8.0% – 9.0%	Stable
China	14.0% – 14.5%	Moderating

The reduction is driven by a significant decrease in **freight costs**, which traditionally accounted for over 80% of total logistics expenditure. Rail logistics has emerged as the most cost-efficient mode at **₹1.96 per tonne-km**, compared to road transport at **₹3.78 per tonne-km** (excluding first/last-mile variables).

STRUCTURAL CATALYSTS: PM GATI SHAKTI AND THE DIGITAL BACKBONE



The achievement of this milestone is credited to the convergence of physical infrastructure and "soft" digital layers. Two primary engines have driven this optimization:

PM Gati Shakti National Master Plan

The Gati Shakti platform has replaced fragmented, siloed planning with a 1,700-layer GIS-based interface. By integrating 57 ministries and all 36 states/UTs, the government has optimized route alignments for freight.

Reduced Alignment Length: Strategic planning has led to an average 18% reduction in alignment length for new highway and rail corridors, directly cutting fuel consumption and transit time.

De-bottlenecking: The plan has identified and resolved over 1,200 "missing links" in the last-mile connectivity to ports and industrial clusters, ensuring that cargo does not languish in transit.

IMPLICATIONS FOR INTERNATIONAL PROCUREMENT

The shift to a single-digit logistics cost structure offers three immediate benefits to global businesses importing from India:

Lower Landed Costs: Lower logistics costs translate directly into more competitive FOB (Free on Board) and CIF (Cost, Insurance, and Freight) pricing. The gap that once made Indian goods 5-6% more expensive than those from competing nations has effectively closed.

Increased Predictability: Through the Logistics Data Bank (LDB) 2.0, over 75 million EXIM containers are tracked in real-time across 100+ Inland Container Depots (ICDs). This level of transparency reduces the "risk premium" often associated with sourcing from emerging markets.

The Unified Logistics Interface Platform (ULIP)

ULIP has become the "UPI of Logistics," integrating data from 34 digital systems across various ministries. This transparency has allowed for:

Reduction of "Empty Miles": By providing real-time visibility into truck and container availability, ULIP has significantly reduced the phenomenon of empty backhauls (empty miles). Logistics providers can now match freight with available capacity more accurately, increasing vehicle utilization by an estimated 22%.

Predictive Logistics: Importers can now access precise Estimated Time of Arrivals (ETAs), allowing for "Just-in-Time" inventory management and reducing the need for expensive safety stocks in warehouses.

Sustainability Gains: Route optimization and the shift toward rail and coastal shipping (which costs just ₹1.80 per tonne-km) have significantly reduced the carbon footprint of Indian exports. This is particularly beneficial for European and North American importers facing stringent ESG reporting requirements.

CONCLUSION: TOWARD A 5% TARGET

As India achieves the 7.97% milestone, the focus is now shifting toward the National Logistics Policy (NLP) target of reaching the top 25 in the World Bank's Logistics Performance Index (LPI) by 2030.

"We have moved from an era of infrastructure 'deficits' to an era of infrastructure 'intelligence'. The single-digit milestone is proof that India's geography is no longer a tax on its trade." Excerpt from the DPIIT Year-End Review, 2025.

For the international procurement community, this news marks a transition point. India is no longer just a source of high-quality goods; it is now a highly efficient node in the global supply chain, offering speed and cost-parity with the world's most advanced economies.

Advantage
INDIA

THE GLOBAL TALENT RESERVOIR: HARNESSING INDIA'S DEMOGRAPHIC DIVIDEND IN THE R&D ERA

By Procure India Editorial Desk January 19, 2026

As the industrialized world grapples with a "demographic winter" characterized by shrinking labor pools and aging populations India has emerged as the world's primary "Global Talent Reservoir." While the median age in regions like Europe and East Asia has climbed into the 40s, India's demographic profile remains remarkably youthful.

This surplus of working-age individuals, coupled with a massive surge in technical education, is fundamentally redefining India's role in the global economy: moving beyond the "factory floor" to become the "R&D and Design Office" for the world's leading brands.

Official data and strategic reports from January 2026 highlight that India's human capital is now its most potent export, providing the intellectual infrastructure for the next generation of global innovation.

THE DEMOGRAPHIC CONTRAST: A MEDIAN AGE ADVANTAGE

As of early 2026, India's median age stands at 28.4 years, significantly lower than that of its major economic peers. According to the United Nations Population Division and recent SBI Research reports, nearly 65% of India's population is currently in the working-age bracket (15–64 years).

This "youth bulge" is expected to persist until 2055, providing a unique four-decade window of economic opportunity.

Country/Region	Median Age (Years)	Demographic Status
India	**28.4**	**Peak Demographic Dividend**
China	39.5	Aging / Shrinking Workforce
United States	38.9	Moderate Aging
European Union	44.7	Advanced Aging / "Demographic Winter"
Japan	49.2	Hyper-Aging

A defining bottleneck in India’s export competitiveness high internal logistics costs has officially been dismantled. Data released and corroborated by the Department for Promotion of Industry and Internal Trade (DPIIT) and the National Council of Applied Economic Research (NCAER) in January 2026 confirms that India’s logistics expenses have fallen to 7.97% of the Gross Domestic Product (GDP).

FROM GRADUATES TO INNOVATORS: THE STEM POWERHOUSE

The true shift in India’s value proposition lies in the quality of its talent. India has officially become the world’s largest provider of STEM (Science, Technology, Engineering, and Mathematics) graduates. According to the latest All India Survey on Higher Education (AISHE) and industry estimates, India now produces approximately 2.14 million STEM graduates annually.

This massive output of technical talent has facilitated a transition in the export of services. We are no longer seeing just "Body Shopping" or basic IT support; instead, India is exporting **High-End Engineering Research & Development (ER&D).**

Gender Parity in STEM: Notably, India has one of the highest proportions of female STEM graduates globally, at approximately 43%, surpassing many Western economies.

Specialization: Of the 2.14 million graduates, a growing percentage is now specializing in "Deep Tech" fields such as AI, Quantum Computing, and Semiconductor Design, driven by the IndiaAI Mission and the National Quantum Mission.

THE RISE OF THE "ENGINEERING BRAIN": GCC MATURITY IN 2026

The most visible manifestation of this talent reservoir is the evolution of **Global Capability Centers (GCCs)**. As of January 2026, India hosts over **1,950 GCCs**, employing nearly 2 million professionals.

According to a 2026 outlook report by **Forvis Mazars,** these centers have moved past the "cost arbitrage" phase. They are now "Transformation Hubs" where global MNCs including 80% of Fortune 500 companies perform their core R&D.

Full Product Ownership: Indian GCCs for automotive and aerospace giants are now responsible for the entire product life-cycle, from conceptual design and architecture to simulation and testing.

Semiconductor Design: Industry estimates from January 2026 indicate that 20% of the world's semiconductor design engineers are now based in India. Global chipmakers are increasingly vesting their Indian teams with system-level engineering responsibilities, integrating silicon, software, and hardware boards into single, cohesive products.

AI Headquarters: Many multinational corporations have designated their Indian centers as their "Global AI Headquarters," leveraging local talent to build Large Language Models (LLMs) and automated financial systems.

"In 2026, the value of Indian talent is measured by product velocity and innovation, not just man-hours. India has become the engineering brain of the global enterprise." Strategic Review, Ministry of Electronics & IT (MeitY), 2026.

STRATEGIC IMPLICATIONS FOR GLOBAL IMPORTERS

For global businesses, India's demographic and educational trajectory offers three distinct strategic advantages:

Sustainable Innovation Pipelines: Partnering with Indian firms or setting up local R&D units ensures access to a continuous stream of young, tech-savvy talent that is increasingly scarce elsewhere.

Shift from "Made" to "Designed" in India: Importers can now source products that are not just manufactured in India but also designed and engineered locally, ensuring better integration with modern digital ecosystems.

Reduced R&D Costs: By leveraging India's high-density talent pools, companies can achieve "Innovation at Scale" at a fraction of the cost of traditional R&D hubs in Silicon Valley or Western Europe, without compromising on technical complexity.

CONCLUSION: THE WORKFORCE OF THE FUTURE

India's demographic dividend is transforming the nation into a Global Knowledge Economy. The transition from a factory floor to an R&D powerhouse is now supported by both a massive volume of STEM graduates and a mature ecosystem of global innovation centers.

As we move through 2026, India is no longer just a participant in the global supply chain; it is the intellectual anchor that will sustain global growth for the next several decades. For those importing from or partnering with India, the opportunity lies in tapping into this "talent reservoir" to drive their own digital and technical transformations.

KNOW YOUR MARKET

THE "SURPRISE-FREE" REVOLUTION: THE STRATEGIC TRANSITION TO DDP IN INDIA-US TRADE

In the rapidly evolving corridor of India-US trade, a fundamental shift in transaction dynamics is taking place. As Indian exports to the United States continue their upward trajectory surging toward the $80 billion mark for merchandise alone the technical framework of these shipments is moving away from traditional Port-to-Port terms toward a comprehensive Door-to-Door model. Central to this evolution is the adoption of Delivered Duty Paid (DDP), an Incoterm that is becoming the "gold standard" for American buyers seeking a seamless, "surprise-free" procurement experience.

The Seller's Comprehensive Mandate:

Export Clearance: Managing documentation and duties at Indian ports.

International Freight: Paying for sea or air transit.

Import Formalities: Acting as (or appointing) the Importer of Record (IOR) in the US.

According to data from the Directorate General of Foreign Trade (DGFT) and the Ministry of Commerce, the demand for DDP-based contracts from North American importers has seen a 35% increase over the last 18 months. This trend reflects a broader global movement toward customer-centric logistics, where the complexity of cross-border compliance is shifted from the buyer to the seller.

Taxes and Duties: Paying all US Customs duties, including the reciprocal tariffs (currently stabilized around 10-26% for various sectors following the 2025 trade negotiations).

UNDERSTANDING DDP: THE MAXIMUM OBLIGATION MODEL

Under the Incoterms® 2020 rules defined by the International Chamber of Commerce (ICC), DDP represents the maximum obligation for a seller. Unlike FOB (Free on Board) or CIF (Cost, Insurance, and Freight), where the buyer assumes the responsibility and cost of import customs clearance and duties upon the arrival of goods, DDP requires the Indian exporter to handle every link in the supply chain.

Last-Mile Delivery: Ensuring the goods reach the buyer's warehouse or doorstep.

THE CATALYST: WHY US BUYERS MANDATE "SURPRISE-FREE" DELIVERY

The preference for DDP is primarily driven by the American market's intolerance for "hidden costs." In a 2025 survey by the Federation of Indian Export Organisations (FIEO), US-based procurement officers cited "landed cost predictability" as their top priority when selecting vendors.

Elimination of "Landed Cost" Anxiety

For a US buyer, the primary risk in international sourcing is the variance between the quoted price and the final cost after duties, harbor maintenance fees, and brokerage charges. By using DDP, Indian sellers provide a single, all-inclusive invoice. This allows American firms to calculate their margins with 100% accuracy the moment the order is placed.

Mitigating Tariff Volatility

The trade environment of 2025 was marked by significant tariff fluctuations. Reports from The Economic Times and ICRA highlight that while US duties on certain Indian goods hit peaks of 50%, subsequent bilateral arrangements in late 2025 reduced these burdens. DDP shields the buyer from these fluctuations; the Indian exporter, often better equipped to navigate these bilateral trade nuances, manages the fiscal impact, ensuring the buyer’s price remains locked.

The "Amazon Effect" on B2B Trade

The expectations of B2B buyers have been permanently altered by the B2C e-commerce experience. Whether ordering industrial components or luxury textiles, American importers now expect a "click-and-receive" experience. DDP removes the "customs friction" where a buyer would otherwise have to coordinate with a local broker or receive unexpected calls from courier companies demanding payment before release.

THE EXPORTER'S EDGE: HOW DDP BUILDS MARKET SHARE

While DDP places a higher administrative burden on the Indian exporter, it has emerged as a powerful competitive tool.

Higher Conversion Rates: Indian MSMEs (Micro, Small, and Medium Enterprises) that offer DDP report a 20% higher conversion rate on leads from the US and EU. By removing the "hassle factor," they lower the barrier to entry for smaller US retailers who may not have dedicated import departments.

Brand Trust and Retention: "Surprise-free" delivery is the fastest way to build brand equity. When a shipment arrives without the buyer having to file a single piece of paperwork, the Indian seller transitions from a "vendor" to a "strategic partner."

NAVIGATING THE OPERATIONAL COMPLEXITY

Executing DDP requires a sophisticated digital and logistical setup. In 2026, Indian exporters are increasingly leveraging technology to manage these hurdles:

AI-Driven Duty Calculators

Platforms such as Zonos and Avalara, integrated with Indian export portals, now allow sellers to calculate real-time US duties and taxes with 99% accuracy. This prevents the "margin erosion" that historically deterred sellers from offering DDP.

The Role of GST and IGST Compliance

A critical component of DDP for Indian exporters is managing domestic tax credits. Under GST rules updated in late 2025, exporters using the Letter of Undertaking (LUT) can export without an upfront payment of IGST, preserving working capital. As ClearTax and PIB guidance notes, maintaining a "Zero-Rated Supply" status is essential when the exporter is also absorbing foreign duties, as it ensures their domestic margins remain protected through Input Tax Credit (ITC) refunds.

3PL and IOR Services

Many Indian firms now partner with global giants like DHL, FedEx, or specialized firms like TecEx, which provide "Importer of Record" services. These partners act as the legal entity in the US to clear the goods, paying the duties on behalf of the Indian seller and ensuring total compliance with US Customs and Border Protection (CBP).

CONCLUSION: THE STRATEGIC IMPERATIVE FOR 2026

As India moves toward its goal of $1 trillion in merchandise exports by 2030, the transition to DDP is no longer optional it is a strategic imperative. The 2025-26 performance data proves that the US market remains the most lucrative destination for Indian goods, but it is a market that demands convenience as much as it demands quality.

For the readers of Procure India, the lesson of Q3 is clear: the most successful exporters are those who sell "solutions," not just "products." By mastering DDP, Indian businesses are effectively removing the borders for their customers, ensuring that "Made in India" is synonymous with "Delivered Without Delay or Surprise."


PRODUCT
OF THE MONTH

BLACK TEA: THE $2 BILLION PURSUIT

The Indian tea industry has entered 2026 with a momentum that few predicted but many are now racing to capitalize on. According to the latest figures from the **Tea Board of India** and the Ministry of Commerce, tea exports witnessed a staggering **24.57% growth** surge in the first weeks of January 2026. This is not merely a seasonal uptick; it is a structural shift in global beverage consumption where India's "Black Gold" is the primary beneficiary.

At the heart of this surge is **Black Tea**, which now accounts for a dominant 96% of India's total tea shipments. As the nation pips competitors to solidify its position as the world's second-largest exporter, the path to a **$2 billion export valuation** by the end of the fiscal year is no longer a distant dream, it is a live pursuit.

The Story: The Global Beverage Pivot

The primary driver behind this sudden appetite for Indian Black Tea isn't just marketing; it's a global supply crisis in the coffee sector. For the first time in decades, international buyers are facing a "perfect storm" in the coffee market. USDA and International Coffee Organization (ICO) reports indicate that global coffee stocks have hit a 25-year low, with ending stocks dropping for the fifth consecutive year.

With coffee prices nearly tripling in some regions due to crop failures in Brazil and Vietnam, institutional buyers, hospitality chains, and retail giants in the West and the Middle East are pivoting toward Indian Black Tea as a high-quality, stable, and cost-effective alternative. Indian tea, particularly from the Assam and Nilgiri regions, offers the robust "cup-strength" that coffee drinkers crave, making it the ideal substitute in a high-inflation environment.

The January Update: Growth by the Numbers

The early 2026 data reveals a remarkable resilience in the Indian supply chain. Despite the geopolitical ripples of late 2025, the volume of tea leaving Indian shores has hit record highs

Export Metric (Jan 2026)	Value/Percentage
Growth Surge (YoY)	24.57%
Black Tea Share of Total Exports	96%
Target Export Valuation (FY26)	$2.0 Billion
Avg. Auction Price Realization	+12.5% vs. Jan 2025

The Directorate General of Foreign Trade (DGFT) notes that while CTC (Crush, Tear, Curl) tea remains the volume driver, the real value growth is coming from the premiumization of the portfolio. Indian exporters are no longer just selling a commodity; they are selling a "terroir-based" luxury product.

MARKET SPOTLIGHT: THE UAE, IRAN, AND KAZAKHSTAN TRIAD

January has seen a flurry of activity in three specific markets that have become the pillars of the Indian export strategy:

The Directorate General of Foreign Trade (DGFT) notes that while CTC (Crush, Tear, Curl) tea remains the volume driver, the real value growth is coming from the premiumization of the portfolio. Indian exporters are no longer just selling a commodity; they are selling a "terroir-based" luxury product.

The UAE (The Gateway): Currently India's largest importer with an 18.5% market share, the UAE is acting as a re-export hub for the entire MENA region. Dubai's tea blending facilities are operating at 100% capacity to process incoming Indian shipments.

Iran (The Orthodox Stronghold): Despite payment mechanism complexities in the past, new bilateral arrangements in early 2026 have cleared the way for massive shipments. Iran remains the premier destination for high-end Orthodox Tea, with orders in January surpassing 2024-25 averages by 15%.

Kazakhstan (The Rising Giant): Demand in Central Asia has spiked as consumers move away from Russian-processed blends toward direct-from-origin Indian tea. Kazakhstan's preference for heavy-bodied Assam CTC has made it a key partner for North Indian estates.

The Orthodox Revolution: Quality Over Volume

The most significant trend of January 2026 is the meteoric rise of Orthodox Tea. Unlike the machine-processed CTC tea used in tea bags, Orthodox tea is hand-rolled or produced using traditional methods that preserve the whole leaf and the complexity of its essential oils.

The Price Gap: Data from the Guwahati Tea Auction Centre (GTAC) and Kolkata Auctions shows that Orthodox tea is fetching nearly double the price of standard CTC tea this month. While premium CTC might auction at ₹220–250/kg, high-grade Orthodox invoices are frequently crossing the ₹450–500/kg mark.

“The shift toward Orthodox tea is a deliberate strategy by Indian planters to move away from the ’low-margin trap’ of bulk CTC,“ says a senior analyst at ICRA. “By focusing on hand-rolled, whole-leaf varieties, India is successfully competing with the specialty teas of Sri Lanka and Kenya.“

Strategic Outlook for Exporters

As we move through Q4 of the 2025-26 fiscal year, the mandate for Indian tea exporters is clear:

Diversify Processing: Estates in Assam and West Bengal are being encouraged via the Tea Development and Promotion Scheme to convert a higher percentage of their acreage to Orthodox production.

Leverage Coffee Volatility: Marketing campaigns in Europe and North America should continue to position Black Tea not just as a beverage, but as a "functional powerhouse" with lower caffeine and higher antioxidant profiles compared to coffee.

Quality Compliance: With stricter EU and US regulations on pesticide MRLs (Maximum Residue Levels) enacted in 2025, maintaining the "clean-label" status of Indian tea is paramount to retaining these record-breaking January gains.

CONCLUSION

The $2 Billion Pursuit is well on its way. With a 24.57% jump in a single month and a global market hungry for alternatives to expensive coffee, the Indian tea industry is standing at a historic crossroads. The "Black Tea Revolution" of 2026 is proving that when quality meets opportunity, even a centuries-old industry can find a fresh, high-growth bloom.

UPCOMING EVENTS

AAHAR 2026 – THE INTERNATIONAL FOOD & HOSPITALITY FAIR

Date
March 10–14, 2026

Venue
Bharat Mandapam, Pragati Maidan, New Delhi

Focus
Food processing, hospitality tech, and agri exports.

As India's flagship event for the F&B sector, the 40th edition of AAHAR is the primary destination for importers of processed foods, organic produce, and hospitality equipment. With over 1,700 exhibitors, it provides a comprehensive look at India's food value chain, which is currently benefiting from the global shift toward plant-based and high-protein alternatives.

BHARAT TEX 2026 – GLOBAL TEXTILE MEGA EVENT

Date
July 14–17, 2026

Venue
Bharat Mandapam & Yashobhoomi, New Delhi

Focus
Entire textile value chain (fiber, yarn, fabric, and apparel).

Bharat Tex is arguably the most significant event for the global fashion industry in 2026. Built on the "5F" vision (Farm to Fiber to Factory to Fashion to Foreign), it attracts over 7,000 international buyers. For those sourcing sustainable textiles, technical fabrics, or traditional handlooms, this event serves as the definitive annual roundup of India's manufacturing capabilities.

Our Procurement Process

After extensive research, our team has crafted a tested, structured procurement process that ensures top-quality products, competitive pricing, and seamless imports—backed by global standards. Our eight-step procurement framework ensures quality, compliance, and risk-free sourcing for maximum value.

Needs Identification

We begin with an in-depth consultation to understand your requirements, aligning procurement strategy with global quality standards like ISO 9001.

Supplier Selection & Evaluation

Leveraging a network of 11,000+ verified manufacturers, we conduct multi-stage audits to shortlist reliable, high-performing suppliers.

Quotation & Compliance Check

We obtain and analyze multiple quotes, ensuring cost efficiency, regulatory compliance, and supplier credibility before shortlisting the best options.

Negotiation & Sample Development

Beyond pricing, we focus on securing favorable terms, ethical compliance, and product excellence, ensuring prototypes meet exact specifications before mass production.

Contract Award & Final Compliance Check

Contracts are structured to uphold quality, ethical sourcing, and accountability, backed by globally recognized certifications.

Mass Production Management

We oversee production with on-site inspections, quality monitoring, and transparent updates to ensure flawless execution.

Quality Control & Pre-Dispatch Inspection

Multiple quality checks, factory audits, and third-party verifications ensure product excellence before shipment.

Logistics & Shipping

We manage end-to-end logistics with flexible freight options, ensuring timely, compliant, and sustainable deliveries worldwide.

At **Inductus Global**, we go beyond procurement—we build supply chain excellence with trust, transparency, and a commitment to global standards

For a detailed technical Explanation, Click Here

Our Services

1 PRODUCT SOURCING

Finding, vetting, and selecting retail vendors for the provision of goods and services.

2 PRODUCT DESIGN & DEVELOPMENT

Our design & Development process elevates your brand and boosts sales with functional, visually appealing products.

3 BUSINESS NEGOTIATION

Negotiation services to create favourable terms and help businesses acquire maximum value and quality.

4 MASS PRODUCTION MANAGEMENT

Focus on quality, time, and resources to ensure constant production line flow, competitiveness, and profitability.

5 PACKAGING MANAGEMENT

Offering tailored solutions to boost efficiency while reducing cost and creating a strong brand presence.

7 QUALITY CONTROL & INSPECTION

Quality control procedures to build investor confidence, reduce risks, and ensure legal compliance.

6 LOGISTICS & SHIPPING ARRANGEMENT

Providing end-to-end shipping solutions and regulating all aspects of packing, labelling, shipping, and documentation.

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Inductus ensures that each model is executed with precision, innovation, and strategic foresight—helping you unlock the full potential of your GCC in India.

Our deep expertise in GCCs, coupled with a strong network of industry partnerships and policy-level advisory, positions us as a trusted partner for driving transformational outcomes.

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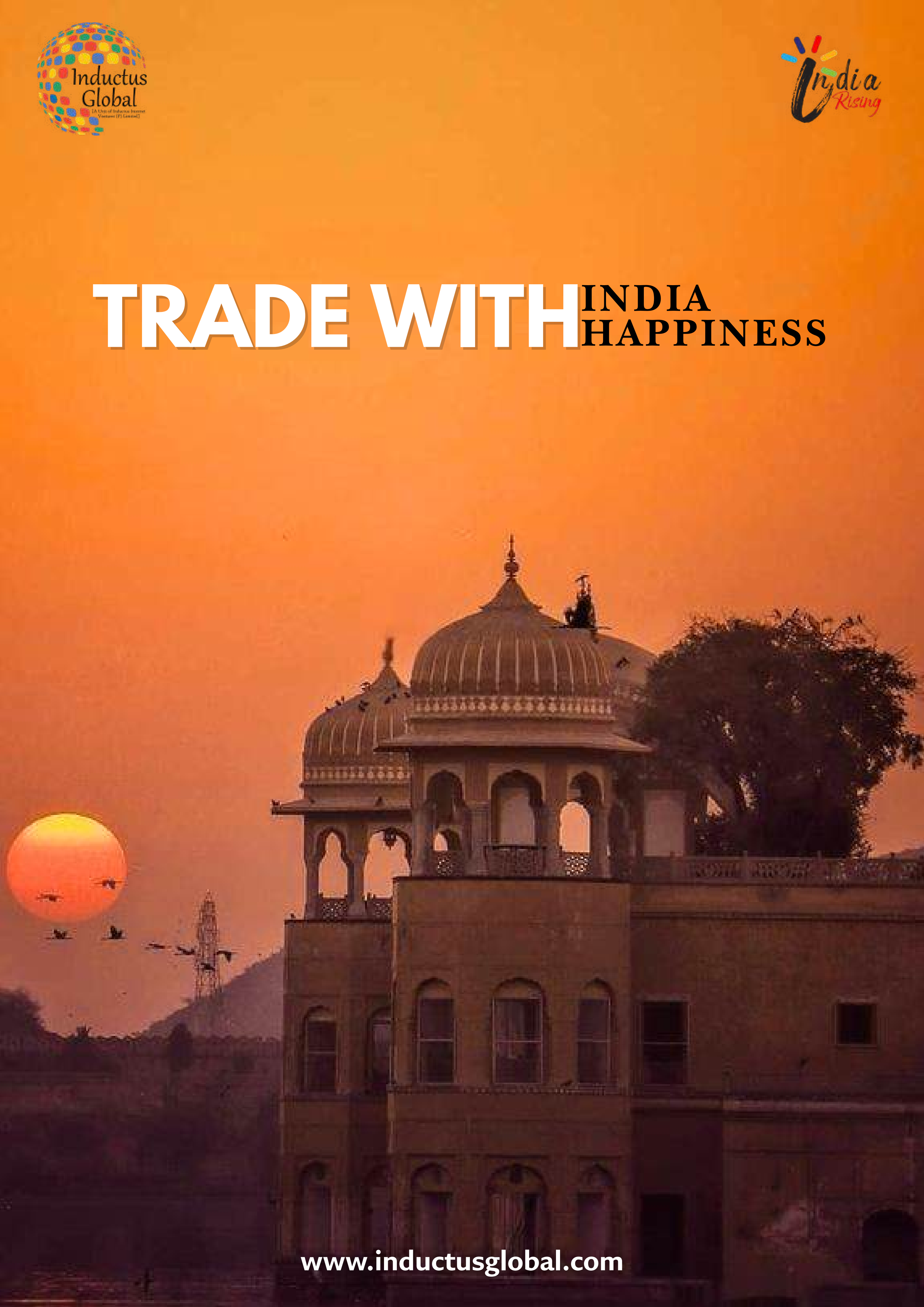
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