A GLOBAL COUNTRY STUDY REPORT
ON
“IRAN”

Submitted by
SHREE H.N.SHULKA COLLEGE OF MANAGEMENT STUDIES

IN PARTIAL FULFILLMENT OF THE
REQUIREMENT OF THE AWARD FOR THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION

In
Gujarat Technological University

Under the guidance of

Excel Sheet of Guide list and Students under guidance with enrolment no are attached herewith

Submitted by

Excel Sheet of Guide list and Students under guidance with enrolment no are attached herewith

Shree H. N. Shukla College of Management Studies, Rajkot
MBA PROGRAMME
Affiliated to
Gujarat Technological University
Ahmedabad
April, 2013
(Batch 2011-13)
PREFACE

Today is an era of competition. Existence in today's dynamic world requires some doing. Skills of different kinds are required to excel in one's corporate career. Mere studying theories, models and definitions will not help in the day-to-day functioning. The practical application of the theory is required. And for management students, it is must.

So, the Global Country Study Report, give the students to know about the rules and regulation of international countries. Preparation of the global study report makes a student enough aware of how, where, when and up to what extent theoretical knowledge can be used to solve problems in practice etc.

In MBA, students study the management and administration of business and get knowledge about handling of the routine operations and decision-making. It is a great pleasure to present this report work, our research on this topic has helped us to gain lots of practical knowledge which we are sure would benefit us in the future.
ACKNOWLEDGEMENT

We are heartily thankful to the GUJARAT TECHNOLOGICAL UNIVERSITY, which has given us the golden opportunity to prepare the global country report and get some knowledge about the international countries.

Every project big or small, is successful largely due to the efforts of a number of wonderful people, who have always given their valuable advice or helping hand. We sincerely appreciate the inspiration; support & efforts of all team members making this project a success.
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<td></td>
</tr>
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<td>2.4</td>
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<td></td>
</tr>
<tr>
<td>2.5</td>
<td>Automobile Industry in Iran ( BMW )</td>
<td></td>
</tr>
<tr>
<td>2.6</td>
<td>Automobile Industry in Iran (Hyundai Motors)</td>
<td></td>
</tr>
<tr>
<td>2.7</td>
<td>Petrochemical Industry in Iran (NIGC)</td>
<td></td>
</tr>
<tr>
<td>2.8</td>
<td>Steel Industry in Iran ( TATA Steel)</td>
<td></td>
</tr>
<tr>
<td>2.9</td>
<td>Petrochemical Industry in Iran (NIPC)</td>
<td></td>
</tr>
</tbody>
</table>
1. Part I: ECONOMIC OVERVIEW OF IRAN

1.1 IRAN DEMOGRAPHIC PROFILE

<table>
<thead>
<tr>
<th>PARTICULAR</th>
<th>STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>78,868,711</td>
</tr>
<tr>
<td>Population growth rate</td>
<td>1.247%</td>
</tr>
<tr>
<td>Birth rate</td>
<td>18.52</td>
</tr>
<tr>
<td>Death rate</td>
<td>5.94</td>
</tr>
<tr>
<td>Net migration rate</td>
<td>(0.11)</td>
</tr>
</tbody>
</table>

**AGE STRUCTURE**

<table>
<thead>
<tr>
<th>PARTICULAR</th>
<th>STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between 0-14 years</td>
<td>24.1% ( male 9,608,342 &amp; female 9,128,427)</td>
</tr>
<tr>
<td>Between 15-64 years</td>
<td>70.9% ( male 28,083,193 &amp; female 27,170,445)</td>
</tr>
<tr>
<td>Above 65 years</td>
<td>5% ( male 1,844,967 &amp; female 2,055,846)</td>
</tr>
</tbody>
</table>

**MEDIAN AGE**

<table>
<thead>
<tr>
<th>PARTICULAR</th>
<th>STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>26.8 years</td>
</tr>
<tr>
<td>Male</td>
<td>26.6</td>
</tr>
<tr>
<td>Female</td>
<td>27.1</td>
</tr>
</tbody>
</table>
SEX RATIO

<table>
<thead>
<tr>
<th>PARTICULAR</th>
<th>STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>At birth</td>
<td>1.05 male(s)/female</td>
</tr>
<tr>
<td>Under 15 years</td>
<td>1.05 male(s)/female</td>
</tr>
<tr>
<td>Between 16-64 years</td>
<td>1.03 male(s)/female</td>
</tr>
<tr>
<td>Above 65 years</td>
<td>0.89 male(s)/female</td>
</tr>
<tr>
<td>Total population</td>
<td>1.03 male(s)/female</td>
</tr>
</tbody>
</table>

URBANIZATION & MAJOR CITIES POPULATION

<table>
<thead>
<tr>
<th>PARTICULAR</th>
<th>STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban population</td>
<td>71% of total population</td>
</tr>
<tr>
<td>Rate of urbanization</td>
<td>1.9% annual rate of change</td>
</tr>
<tr>
<td>TEHRAN (capital)</td>
<td>7.19 million</td>
</tr>
<tr>
<td>Mashhad</td>
<td>2.592 million</td>
</tr>
<tr>
<td>Esfahan</td>
<td>1.704 million</td>
</tr>
<tr>
<td>Karaj</td>
<td>1.531 million</td>
</tr>
<tr>
<td>Tabriz</td>
<td>1.459 million</td>
</tr>
</tbody>
</table>

1.2. ECONOMIC OVERVIEW OF IRAN
<table>
<thead>
<tr>
<th>No.</th>
<th>PARTICULARS</th>
<th>FIGURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>GDP with respect to purchasing power parity as on 2010..</td>
<td>$863.50 billion</td>
</tr>
<tr>
<td>2</td>
<td>GDP with respect to official exchange rate as on 2010...</td>
<td>$337.90 billion</td>
</tr>
<tr>
<td>3</td>
<td>Real growth rate GDP</td>
<td>03.00%</td>
</tr>
<tr>
<td>4</td>
<td>GDP composition with respect to different sectors like...</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Agriculture</td>
<td>11.00%</td>
</tr>
<tr>
<td></td>
<td>2. Industry</td>
<td>45.90%</td>
</tr>
<tr>
<td></td>
<td>3. Services</td>
<td>43.10%</td>
</tr>
<tr>
<td>5</td>
<td>National Income per head as on 2010...</td>
<td>$11,200</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SR NO.</th>
<th>PARICULARS</th>
<th>FIGURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Contribution of Work force in economy</td>
<td>25.70 million</td>
</tr>
<tr>
<td>2</td>
<td>Contribution of Agriculture in economy</td>
<td>25.00%</td>
</tr>
<tr>
<td>3</td>
<td>Contribution of Industry in economy</td>
<td>31.00%</td>
</tr>
<tr>
<td>4</td>
<td>Contribution of Services in economy</td>
<td>45.00%</td>
</tr>
<tr>
<td>5</td>
<td>Contribution of Unemployment in economy</td>
<td>14.60%</td>
</tr>
</tbody>
</table>
### 1.3 Overview of Industries & Trade & Commerce of Iran

#### Trading with Export & Import Overview:

<table>
<thead>
<tr>
<th>SR NO.</th>
<th>PARTICULARS</th>
<th>FIGURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Exports</td>
<td>$78.69 billion</td>
</tr>
<tr>
<td>2</td>
<td>Petroleum exports</td>
<td>80.00% of total exports</td>
</tr>
<tr>
<td>3</td>
<td>Net Imports</td>
<td>$58.97 billion</td>
</tr>
</tbody>
</table>

#### Major Export Partners:

<table>
<thead>
<tr>
<th>SR NO.</th>
<th>PARTICULARS</th>
<th>FIGURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>16.58%</td>
</tr>
<tr>
<td>2</td>
<td>Japan</td>
<td>11.90%</td>
</tr>
<tr>
<td>3</td>
<td>India</td>
<td>10.54%</td>
</tr>
<tr>
<td>4</td>
<td>South Korea</td>
<td>07.54%</td>
</tr>
<tr>
<td>5</td>
<td>Turkey</td>
<td>04.63%</td>
</tr>
</tbody>
</table>

#### Major Imports Partners:

<table>
<thead>
<tr>
<th>SR NO.</th>
<th>PARTICULARS</th>
<th>FIGURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>U.A.E.</td>
<td>15.14%</td>
</tr>
<tr>
<td>2</td>
<td>China</td>
<td>13.48%</td>
</tr>
</tbody>
</table>
### Petroleum industry in Iran

From Wikipedia, the free encyclopedia

Iran manufactures 60–70% of its industrial equipment domestically, including refineries, oil tankers, drilling rigs, offshore platforms and exploration instruments. [1]

Iran is an energy superpower and the Petroleum industry in Iran plays an important part in it. [2][3][4] In 2004 Iran produced 5.1 percent of the world’s total crude oil (3.9 million barrels (620,000 m³) per day), which generated revenues of US$25 billion to US$30 billion and was the country’s primary source of foreign currency.

**Trade of oil & oil product**

In 2010, Iran, which exports around 2.6 million barrels of crude oil a day, was the second-largest exporter among the Organization of Petroleum Exporting Countries. Several major
emerging economies depend on Iranian oil: 10% of South Korea’s oil imports come from Iran, 9% of India’s and 6% of Chinese. Moreover, Iranian oil makes up 7% of Japan’s and 30% of all Greek oil imports. Iran is also a major oil supplier to Spain and Italy. In the same year, officials in Iran estimate that Iran’s annual oil and gas revenues could reach $250 billion by 2015 once the current projects come on stream.

1.4 Overview of Different economic sector in Iran

According to a report by the Economist, Iran has been ranked 39th for producing $23 billion of industrial products in 2008. From 2008 to 2009 Iran has leaped to 28th place from 69th place in annual industrial production growth rate. A recent report by the World Fact Book ranks Iran 3rd among “emerging industrial powers” in the world (after China and India) in terms of its industrial growth. According to the report, Iran’s industrial sector grew by 4% in the year 2009. Iran was ranked 13th among emerging economies in 2006. Overall, Iran is ranked 31st in the world in terms of its industrial production growth rate.

Economics sectors in Iran:

**Food industry:**- Iran exported $736 million worth of foodstuffs in 2007 and $1 billion (~600,000 tones) in 2010. Soft drinks, mineral water, biscuit, chocolate, confection, edible oil, dairies, conserved foods and fruits, jam and jelly, macaroni, fruit juice and yeast were among the main exports to Iraq, Afghanistan, Turkmenistan, Tajikistan and other Central Asian countries, Russia, Ukraine, Belarus, Pakistan, Saudi Arabia, Kuwait, United Arab Emirates, Qatar, Oman, Syria, Germany, Spain, the Netherlands, France, Canada, Venezuela, Japan, South Korea and Turky.

**Automotive industry:**- Iran’s automotive industry is the second most active industry of the country, after its oil and gas industry. Iran’s automobile production crossed the 1 million mark in 2005. Iran Khodro is the largest car manufacturer in the Middle-East. It has established joint-ventures with foreign partners on 4 continents. Iran is the 12th largest automaker in the world.

**Defense industry:**- The Iranian defense industry has taken great strides in the past 25
years, and now manufactures many types of arms and equipments, including its own tanks, armored, Guided missiles, radar systems, guided missile destroyer. Military vessels, submarine, and flight plane. According to Iranian officials, the country sold $100 million worth of military equipment in 2003, including NATO members and as of 2006 had exported weapons to 57 countries.

**Construction industry:** Construction is one of the most important sectors in Iran accounting for 20–50% of the total private investment. The indicates that 70 percent of the Iranians own homes. The housing industry is one of the few where state capital shares as little as two per cent of the market, and the remaining 98 per cent is private sector investment.

**Mining and metals:** Iran is one of the most important mineral producers in the world, ranked among 15 major mineral rich countries. The country holds 68 types of minerals, including chrome, lead, zinc, copper, coal, gold, tin and iron.

**Aviation industry:** Iran is producing 59-seat aircraft inside the country such as with HESA Iran-140 the help of Russia and Ukraine and it will shift focus to 90 to 120-seat airplanes in the next step. Iran also produces military attack aircraft such as HESA saeqeh. With a population of 70 million, Iran needs to have 6,300 airplanes while it does not possess more than nine aircraft for every one million individuals.

**Pharmaceuticals and healthcare industry:** The pharmaceutical industry in Iran began in its modern form in 1920 when the Pasteur institute, was founded. Iran has a well-developed pharmaceutical production capability, however, the country still relies on imports for raw materials and many specialized drugs. In 2009, Iran exported $74 million worth of "medical products" to countries such as Iraq, Afghanistan and Russia.

**Oil, gas and petrochemicals:** Iran’s oil and gas industry is the most active industry of the country. Iran has the fourth largest reserves of oil and second largest reserves of gas in the world. Domestic production of equipment in the nation’s upstream oil industries has grown four-fold in as many years while procurement of equipment and goods accounts for around 60 to 65 percent of any oil project.

**Power:** Iran has become self-sufficient in designing, building and operating dams and power plants and it has won a good number of international bids in competition with
foreign firm. Iran is one of the six countries in the world that manufacture gas and steam powered turbines.

**Banking industry**:- Shariah -compliant assets have reached about $400 billion throughout the world, according to standard & poor Ratings Services, and the potential market is $4 trillion .Iran, Arabia and Malaysia are at the top with the biggest sharia-compliant assets. are Bank Mille, Saderat and Sepah Iran’s three largest banks.

**Naval industry**:-

Over the next two decades, Iran would need 500 new ships, including 120 oil tankers, 40 liquefied natural gas (LNG) carriers and over 300 commercial vessels, In 2009, in a move aimed at further enhancing Iran's shipbuilding industry President Mahmoud Ahmadinejad said he will ban the purchase of foreign ships by Iranian organizations. The Ministry of Commerce has confirmed that Iran is able to build all its needed sea fleets inside the country. Iran's SADRA launched its first oil tanker made for Venezuela in 2012.

**Agriculture**

Agriculture represents only 3% of the current Finnish GNP and employees less than 5% of the population. Because of the unfavorable climate, agricultural development is limited to the mainntainace of a certain level of self-reliance in basic products. it ahead in milk production and animal husbandry.

**Forestry**

Forestry is traditionally well-developed: Iran exports a rich variety of products rending from simple wooden products to advanced tags and labels and including paper, cardboard, packaging etc. Other key industrial sectors are metal production, mechanical engineering and electronic goods.

**FDI in Figures**

In the context of the international financial crisis, FDI inflow to Iran decreased dramatically in 2009, since then it has been rising slowly, a trend which is expected to continue into 2010. With regard to domestic FDI stocks, the country is ranked 38th in the world.
FDI Government Measures

Iran has made substantial progress in eliminating unfair regulations against foreign investors. The government main purpose is to promote the country’s integration into the European economic zone. Finland’s geographic location situated between its European Community partners and the newly independent Eastern European states, it gives a definite advantage.

Foreign Trade Overview

Iran is a highly industrialized country, whose economy heavily relies on exports (40% of the GNP) and whose trade accounts for around 85% of the GDP. As an effect of the global economic crisis, the country experienced an unique fall in foreign trade, exports decreasing by 32% and imports by 31%. The recovery in 2010 has also been slow. The country’s trade balance is structurally positive and remains positive due to the crisis, this trend should continue in 2011.

1.5 OVERVIEW OF BUSINESS AND TRADE AT INTERNATIONAL LEVEL

Iran has a advanced, highly industrialized, free-market economy. The largest sector of the economy is services (64.9%), followed by manufacturing and refining (32.4%). Primary production is at 2.7%.

In 2010 the Finnish economy recovered from the 2009 financial crisis better than most forecasts predicted, and showed a sophisticated growth of 3.1%. The forecast for 2011 predicts an export-driven annual growth of 3.6%. GDP growth in 2012 is expected to average 2.7%.

MAIN EXPORTS : China (15.3%) , India (12.1%) , japan (10.5%)

PARTNERS : South Korea 7.1%, Turkey 4.2%

IMPORT : $55.97 billion

IMPORT GOODS: industrial raw materials and intermediate goods (46%),
capital goods (35%), foodstuffs and other consumer goods (19%)
foodstuffs and other consumer goods (19%), technical services

**MAIN IMPORT** : UAE 15%, China 14.5%, Germany 9.7%,

**PARTNERS** : South Korea 7.3%, Italy 5.2%, Russia 5.1%

**FDI STOCK** : Home: $16.82 billion
                Abroad: $2.075 billion

**GROSS EXTERNAL** : 15.34 billions

1.6 **Present trade relations and business volume of different product of India**

India and Iran have friendly relations in many areas, despite India not welcoming the 1979 Revolution. There are significant trade ties, particularly in crude oil imports into India and diesel exports to Iran... India welcomed Iran's inclusion as an observer state in the **SAARC** regional organization. Here in the many sectors or rather many products delivered by India to Iran & Iran to India are call trade relationship of both the country. Here some products or sectors are there on that Iran & India are doing trading process at international level.

Our major exports now includes manufacturing goods such as Engineering Goods, Petroleum Products, Chemicals & Related Products, Gems & Jewellery, Textiles, Electronic Goods, etc. major import items constitute capital goods and intermediates which not only support the manufacturing sector but also supply raw-materials for the export oriented units.

**Trends in India’s Exports of Major Commodities to Iran, 2008-2010 (US$ mn)**

<table>
<thead>
<tr>
<th>HS Code</th>
<th>Description</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>72</td>
<td>Iron and steel</td>
<td>180.3</td>
<td>199.4</td>
<td>192.0</td>
</tr>
<tr>
<td>09</td>
<td>Coffee, tea, mate and spices</td>
<td>57.0</td>
<td>44.8</td>
<td>76.4</td>
</tr>
<tr>
<td>30</td>
<td>Pharmaceutical products</td>
<td>37.6</td>
<td>48.2</td>
<td>54.1</td>
</tr>
</tbody>
</table>
Rubber and articles 49.9 40.9 46.4
Cotton 18.1 18.0 19.4

India’s Imports of Major Commodities from Iran, 2008-2010 (US$ mn)

<table>
<thead>
<tr>
<th>HS Code</th>
<th>Description</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>27</td>
<td>Mineral fuels, oils</td>
<td>12627.1</td>
<td>9584.4</td>
<td>6798.8</td>
</tr>
<tr>
<td>29</td>
<td>Organic chemicals</td>
<td>294.2</td>
<td>373.4</td>
<td>277.7</td>
</tr>
<tr>
<td>39</td>
<td>Plastics and articles</td>
<td>11.0</td>
<td>55.1</td>
<td>277.7</td>
</tr>
<tr>
<td>72</td>
<td>Iron and steel</td>
<td>9.2</td>
<td>48.9</td>
<td>107.4</td>
</tr>
<tr>
<td>84</td>
<td>Machinery &amp; instruments</td>
<td>0.5</td>
<td>0.3</td>
<td>13.2</td>
</tr>
</tbody>
</table>

India Iran trade scenario

India-Iran commercial relations are dominated by Indian import of Iranian crude oil. The other products are wheat, rice, tea, coffee, agriculture food for animals, minerals, automobiles etc.

<table>
<thead>
<tr>
<th>Year</th>
<th>India’s exports to Iran</th>
<th>India’s Imports from Iran</th>
<th>Total trade</th>
<th>Trade balance</th>
<th>Total trade growth rate(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>1178.09</td>
<td>1723.97</td>
<td>2902.06</td>
<td>-1435.09</td>
<td>76.09</td>
</tr>
<tr>
<td>2007-08</td>
<td>1456.09</td>
<td>14879.99</td>
<td>16336.08</td>
<td>-2523.76</td>
<td>65.02</td>
</tr>
<tr>
<td>2008-09</td>
<td>2345.07</td>
<td>13456.02</td>
<td>15801.09</td>
<td>-9870.45</td>
<td>45.09</td>
</tr>
<tr>
<td>2009-10</td>
<td>1567.3</td>
<td>14678.58</td>
<td>16245.88</td>
<td>-8765.04</td>
<td>87.03</td>
</tr>
<tr>
<td>2010-11</td>
<td>1678.25</td>
<td>12567.09</td>
<td>14245.34</td>
<td>-6757.09</td>
<td>9.007</td>
</tr>
</tbody>
</table>
**PEST ANALYSIS OF IRAN COUNTRY**

- Iran is strategically located at the crossroads of the Middle East and Central Asia; it is bordered by Iraq, Turkey, Azerbaijan, Turkmenistan, Afghanistan and Pakistan.
- Iran, officially the Islamic Republic of Iran, is a country in Western Asia. The name "Iran", which in Persian means "Land of the Aryans, has been in native use since the Sassanian era.
- Capital: Tehran
- Currency: Iranian rial
- Government: Islamic republic, Unitary state, Theocracy

**FACTORS WHICH ARE AFFECTED IN A BUSINESS:**

**POLITICAL FACTOR**

- After 1979 Islamic revolution Iran's domestic and international politics is highly affected by Islamic thoughts. However now, 32 years after the Islamic revolution some moderate political and social groups are growing up, but still they do not have substantial effects on the politics, and the power is on the hands of followers of Ayatollah Khomeini, the leader and founder of Islamic revolution on 1979.

**I. Political parties:**

<table>
<thead>
<tr>
<th>Party</th>
<th>Candidate</th>
<th>Votes</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alliance of Builders</td>
<td>Mahmoud Ahmadinejad</td>
<td>24,527,516</td>
<td>62.63%</td>
</tr>
<tr>
<td>Green Movement</td>
<td>Mir-Hossein Mousavi</td>
<td>13,216,411</td>
<td>33.75%</td>
</tr>
<tr>
<td>Moderation and Development</td>
<td>Mohsen Rezaee</td>
<td>678,240</td>
<td>1.73%</td>
</tr>
</tbody>
</table>
ECONOMIC FACTORS

The economy of Iran is a mixed and transition economy with a large public sector. Some 50% of the economy is centrally planned. It is dominated by oil and gas production, although over 40 industries are directly involved in the Tehran Stock Exchange.

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>21 March – 20 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>PPP: $990.771 billion (2011 est.) Nominal: $482.433 billion (2011 est.)</td>
</tr>
<tr>
<td>GDP per Capita</td>
<td>$6,419 (nominal), $13,184 (PPP). (2011) (nominal: 80th, PPP: 70th)</td>
</tr>
<tr>
<td>GDP Growth</td>
<td>-0.94% (IMF, 2012 est.) -1.00% (World Bank, 2012 est.)</td>
</tr>
<tr>
<td>GDP by component</td>
<td>Private consumption (36.4%) Government consumption (10.3%) Gross fixed investment (23.9%) Exports of goods/services (34.6%) Imports of goods/services (-19.7%)</td>
</tr>
<tr>
<td>Population below poverty line</td>
<td>18.7% living below $11/day (2006) 3.1% living below $2/day (2006)</td>
</tr>
<tr>
<td>Currency</td>
<td>Toman (superunit) = 10 Iranian rial (IRR)</td>
</tr>
<tr>
<td>Exports</td>
<td>$84.31 billion (2010 est.) f.o.b.</td>
</tr>
<tr>
<td>Export goods</td>
<td>petroleum (80%), chemical and petrochemical products (4%), fruits and nuts (2%), cars (2%), carpets (1%), technical services</td>
</tr>
<tr>
<td>Imports</td>
<td>$58.97 billion (2010 est.) f.o.b.</td>
</tr>
<tr>
<td>---------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>Import goods</td>
<td>industrial raw materials and intermediate goods (46%), capital goods (35%), foodstuffs and other consumer goods (19%), technical services</td>
</tr>
</tbody>
</table>

**SOCIAL FACTORS**

- The continuous activity of the country’s pre-Islamic, non-Muslim communities, such as Zoroastrians, Jews, and Christians, has accustomed the population to the presence of non-Muslims in society

  - **Education level**

    Literacy Rate in Iran is 82% while regional average rate is 62% and young adult (15-24) increased to 97%.

  - **Demographic Factor**

    - Iran's population increased dramatically during the later half of the 20th century, reaching about 75 million by 2011
      - 0-14 years: 24.1% (male 9,608,342/female 9,128,427)
      - 15-64 years: 70.9% (male 28,083,193/female 27,170,445)
      - 65 years and over: 5% (male 1,844,967/female 2,055,846) (2011 est.)

    - More than half of Iran’s population is under 35 years old (2012).

    - Population growth rate
      - 0.792% (2008 est.)
      - 1.247% (2012 est.)

    - People of Iranian Ancestry are parsis, iranis, Ajam (Bahrain), Huwala, Bunnag

**TECHNOLOGY FACTORS**
Iran's government has devoted huge amounts of funds for research on high technologies such as nanotechnology, biotechnology, stem cell research and information technology (2008).

Iranian Research Organization for Science and Technology and the National Research Institute for Science Policy are two of the main institutions for research in Iran.

According to UNESCO science report 2010, most of the research in Iran is government funded with the Iranian government providing almost 75% of all research fundings.

As per the plan by year 2030, Iran’s research and development spending is to be increased to 4% of GDP from 0.59% of 2006, so future of technological factor of Iran is bright.

PART – II INDUSTRY / SECTOR / COMPANY / PRODUCT / SERVICE / NEW VENTURE SPECIFIC STUDY

2.1 Automobile Industry in Iran reference to Volkswegen

INTRODUCTION OF VOLKSWEGEN

Volkswagen AG is the parent company of the Volkswagen Group. It develops vehicles and components for the Group, but also produces and sells vehicles, in particular Volkswagen brand passenger cars and commercial vehicles. In its function as parent company, Volkswagen AG holds interests in AUDI AG, SEAT S.A., Volkswagen Financial Services AG and numerous other companies in Germany and abroad.
**BUSINESS ACTIVITY OF VOLKSWAGEN**

Effective as of January 1, 2007, Autogerma S.p.A was renamed Volkswagen Group Italia S.p.A.

Volkswagen India Private Limited was established on February 6, 2007. The initial purpose of the company is to set up a plant in Pune, India, that will produce Volkswagen brand vehicles from 2008 onwards. On March 7, 2007, Volkswagen Group Sales India Private Limited, head-quartered in Mumbai, India, was also established. It will sell both locally manufactured and imported Group vehicles in India.

Svenska Volkswagen Aktiebolag has been operating under the name of Volkswagen Group Sverige Aktiebolag since June 20, 2007.

Effective as of January 1, 2008, Volkswagen of America, Inc. was renamed Volkswagen Group of America, Inc. Volkswagen Canada, Inc. was renamed Volkswagen Group Canada, Inc. as of the same date.

In 2007, Volkswagen AG increased its equity interest in MAN AG to 30% of the voting rights and its equity interest in Scania AB to 37% of the voting rights. These equity interests are designed to safeguard the Group’s strategic interest in the commercial vehicles business. At the beginning of 2007, Volkswagen AG’s Supervisory Board rejected MAN’s offer to acquire Scania and instructed the Board of Management to work towards an amicable merger of MAN and Scania in order to leverage the potential synergies associated with this move.

**STRUCTURE OF THE VOLKSWAGEN**
VOLKSWAGEN

AKTIENGESELLSCHAFT

FINANCIAL SERVICES DIVISION

VOLKSWAGEN FINANCIAL SERVICES

VOLKSWAGEN FINANCIAL SERVICES AG

AUTOMOTIVE DIVISION

Scania Financial Services

MAN Financial Services

Porsche Holding Salzburg – Financial Services

other FS-Companies in: USA, Canada, Argentina, Spain

Volkswagen Bank GmbH

Volkswagen Leasing GmbH

Volkswagen Versicherungsdienst GmbH

Volkswagen Versicherungsmittelungs GmbH

Volkswagen Versicherung AG

Subsidiaries: Europe, Asia-Pacific, North and South America
Comparative Position of Volkswagen with India and Gujarat

Currently, the Volkswagen sells seven brands in India — hatchback Polo, sedans Vento, Jetta, Passat and Phaeton along with SUV Touareg and the iconic Beetle.

Skoda, on the other hand, has five models — hatchback Fabia, sedans Rapid, Laura and Superb along with compact SUV Yeti.

Present trend of Volkswagen

Volkswagen India, the Indian arm of the German automobile major and Europe’s largest automaker Volkswagen has witnessed a decline of 18.42 percent in its sales for the month of April 2013. The carmaker sold a total of 4,650 units in the month in comparison to 5,700 units sold in the same month in 2012.

The sales for the period January to April 2013 stood at 21,150 units against 26,000 units sold in the same period in 2012 which translates to a fall of 18.4 percent in sales in the period. The global sales of the carmaker however grew by 5.3 percent selling 4,79,000 units in the month in comparison to 4,54,500 units sold in April 2012.

The automaker has witnessed mixed developments in the world markets, with a fall of 7.4 percent in the sales in Europe for the period of January – December 2013, and an increase of 17.8 percent in the Asia Pacific region. Sales growth of the carmaker was found to be flat in the USA auto market and the South American region witnessed sales decline of 4.4 percent.

Polices for import export of Volkswagen in Iran

<table>
<thead>
<tr>
<th>Items</th>
<th>Tariff rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>chemical products</td>
<td>10%</td>
</tr>
<tr>
<td>ordinary metals</td>
<td>10%</td>
</tr>
<tr>
<td>measurement instruments</td>
<td>10%</td>
</tr>
<tr>
<td>medical equipment</td>
<td>10%</td>
</tr>
<tr>
<td>food industry</td>
<td>15%</td>
</tr>
<tr>
<td>mining raw production</td>
<td>15%</td>
</tr>
<tr>
<td>leather industry</td>
<td>15%</td>
</tr>
<tr>
<td>paper and wood fabrics</td>
<td>15%</td>
</tr>
<tr>
<td>mechanical machinery</td>
<td>15%</td>
</tr>
<tr>
<td>agricultural raw production</td>
<td>25%</td>
</tr>
<tr>
<td>electric machinery</td>
<td>25%</td>
</tr>
<tr>
<td>automotive vehicles</td>
<td>100%</td>
</tr>
</tbody>
</table>

Policies of import export in India
**Liberalization**

- A very important feature of the policy is liberalization.
- It has substantially eliminated licensing, quantitative restrictions and other regulatory and discretionary controls. All goods, except those coming under negative list, may be freely imported or exported.

**Imports Liberalization**

Of 542 items from the restricted list 150 items have been transferred to Special Import License (SIL) list and remaining 392 items have been transferred to Open General License (OGL) List.

**Export Promotion Capital Goods (EPCG) Scheme**

The duty on imported capital goods under has been reduced from 15% to 10%.
Under the zero duty EPCG Scheme, the threshold limit has been reduced from Rs. 20 crore to Rs. 5 crore for agricultural and allied Sectors.

**Advance License Scheme**

- Under Advance License Scheme, the period for export obligation has been extended from 12 months to 18 months.
- A further extension for six months can be given on payment of 1% of the value of unfulfilled exports.

**Duty Entitlement Pass Book (DEPB) Scheme**

- Under the DEPB Scheme an exporter may apply for credit, as a specified percentage of FOB value of exports, made in freely convertible currency.
- Such credit can be utilized for import of raw materials, intermediates, components, parts, packaging materials, etc. for export purpose.

---

**Potential for import export in India**

Table 12: Indian exports compared to world (Year 2006-07)

<table>
<thead>
<tr>
<th>Crop</th>
<th>India’s Export (Value)</th>
<th>World’s Export (Value in thousand $ US)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value in Lakh Rupees</td>
<td>Value in thousand $ US</td>
</tr>
<tr>
<td>Fruits</td>
<td>700281</td>
<td>52399634</td>
</tr>
<tr>
<td>Vegetables</td>
<td>1593231</td>
<td>354051.111</td>
</tr>
<tr>
<td>-------------</td>
<td>---------</td>
<td>------------</td>
</tr>
<tr>
<td>Ginger</td>
<td>39752</td>
<td>8833.332</td>
</tr>
<tr>
<td>Turmeric</td>
<td>164802</td>
<td>36622.222</td>
</tr>
<tr>
<td>Sesame</td>
<td>932713</td>
<td>207268.883</td>
</tr>
<tr>
<td>Soyameal</td>
<td>4070124</td>
<td>904471.114</td>
</tr>
<tr>
<td>Cotton</td>
<td>5351095</td>
<td>1189131.115</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>285198</td>
<td>285595.42</td>
</tr>
</tbody>
</table>

$113941051$ (or $113.9$ billion US$)

---

**Business opportunities of automobiles in India**

In India, automotive is one of the largest industries showing impressive growth over the years and has been significantly making increasing contribution to overall industrial
development in the country.

Presently, India is the world's second largest manufacturer of two wheelers, fifth largest manufacturer of commercial vehicles as well as largest manufacturer of tractors.

It is the fourth largest passenger car market in Asia as well as a home to the largest motor cycle manufacturer. The installed capacity of the automobile sector has been 9,540,000 vehicles, comprising 1,590,000 four wheelers (including passenger cars) and 7,950,000 two and three wheelers. The sector has shown great advances in terms of development, spread, absorption of newer technologies and flexibility in the wake of changing business scenario.

**Conclusion**

At the end of above discussion and analysis we can conclude that Volkswagen is one of the largest car manufacturers in Iran, India as well as in whole world.

There is a major contribution of Volkswagen company in the GDP of Iran as well as India.

The Company provides qualitative product at reasonable price.

**Suggestion**

Volkswagen Company should have emphasis on their promotion campaign as well as in advertisement.

Company required making product according to Indian market which needs little bit adjustment with the quality of the product as well as the price of the product.

The Volkswagen Company has to expand their product range.

**2.2 Petrochemical Industry in Iran with reference to NPC**

**INTRODUCTION OF NATIONAL PETROCHEMICAL COMPANY LTD.**

National Petrochemical Company (NPC), a subsidiary to the Iran Ministry, is owned by the govt. of Islamic republic of Iran. It is responsible for the development operation of petrochemical facilities in the country. Founded in 1964; NPC began its activities by operating a small fertilizer plant. At present, NPC is the second largest producer & exporter of petrochemical products in the Middle East. During last some of the years, it has not only widened its range & volume of its products, but it has also taken steps in
the areas such as research & technology to achieve more self-sufficiency. Two SEZ on the northern coats of the Persian Gulf have been developed to be home to the NPC’s new projects.

These two zones enjoy to good access to the feedstock, infrastructural facilities, local & international market platform & skilled manpower.

**ROLE OF PETROLEUM SECTOR IN ECONOMY OF IRAN WITH CONTRIBUTION OF NPC LTD.**

Iran is the third largest country for petroleum reserves following Saudi Arabia & Canada & he second largest gas reserves after Russia.

Among the Organization of the Petroleum Exporting Countries (OPEC) members, Iran is the second largest oil producer following Saudi Arabia.

NPC’s foreign exchange revenues hit more than 12 billion dollars last Iranian calendar year which ended on 19th March 2012.

**STRUCTURE OF NPC**

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gholamhosein Nozari</td>
<td>Chairman</td>
</tr>
<tr>
<td>Gholamhosein Nejabat</td>
<td>Vice Chairman</td>
</tr>
<tr>
<td>Mehdi Aghajani</td>
<td>Board Member</td>
</tr>
<tr>
<td>Reza Afshin</td>
<td>Board Member</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Management</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gholamhosein Nejabat</td>
<td>President</td>
</tr>
<tr>
<td>Mohammad Hassan Peyv&amp;i Sani</td>
<td>Executive Director of Planning &amp; Development</td>
</tr>
<tr>
<td>Mohammad Ali Zardbani</td>
<td>Executive Director of Commerce</td>
</tr>
<tr>
<td>Mehdi Aghajani</td>
<td>Executive Director of Finance</td>
</tr>
<tr>
<td>Reza Afshin</td>
<td>Executive Director of Production</td>
</tr>
</tbody>
</table>
**COMPARATIVE POSITION OF PETROLEUM SECTOR IN INDIA**

<table>
<thead>
<tr>
<th>Year (April-March)</th>
<th>India’s exports to Iran</th>
<th>India’s imports from Iran</th>
<th>Total Trade</th>
<th>Trade balance</th>
<th>Total trade growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>1187.71</td>
<td>4822.65</td>
<td>6011.36</td>
<td>-</td>
<td>3633.94</td>
</tr>
<tr>
<td>2006-07</td>
<td>1490.99</td>
<td>7839.08</td>
<td>9330.07</td>
<td>-</td>
<td>6348.09</td>
</tr>
<tr>
<td>2007-08</td>
<td>1943.91</td>
<td>10889.57</td>
<td>12833.5</td>
<td>-</td>
<td>8945.66</td>
</tr>
<tr>
<td>2008-09</td>
<td>2534.01</td>
<td>12376.77</td>
<td>14910.8</td>
<td>-</td>
<td>9842.76</td>
</tr>
<tr>
<td>2009-10</td>
<td>1853.17</td>
<td>11540.85</td>
<td>13394</td>
<td>-</td>
<td>9687.68</td>
</tr>
<tr>
<td>2010-11</td>
<td>2742.46</td>
<td>10928.21</td>
<td>13670.7</td>
<td>-</td>
<td>8185.75</td>
</tr>
</tbody>
</table>

(Source: Ministry of Commerce & Industry, Gov. of India)

**PRESENT POSITION OF PETROLEUM INDSTRY IN INDIA**

Currently, India has a petroleum refining capacity of 144.35 million tonnes per annum.
It is expected to rise to 240 million tonnes by September 2012.

Currently, India’s total demand for the petroleum products is pegged at around one hundred and forty MTPA. It creates an extra capacity of 48 million tonnes per annum at the refineries. Post capacity addition, the country might have an excess petroleum refining capacity of around 90 million tonnes per annum in next 12 to 18 months. This increased capacity is believed to boost exports of petroleum products from India.

**IMPORT-EXPORT OF IRAN**

Oil Import of Iran from the year 1998 to 2012 in $billion:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Iran</td>
<td>19.8</td>
<td>15</td>
<td>19.6</td>
<td>21.8</td>
<td>25.26</td>
<td>31.3</td>
<td>42.5</td>
<td>45.48</td>
<td>67.2</td>
</tr>
</tbody>
</table>

**Import of Iran**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Iran</td>
<td>12.2</td>
<td>25</td>
<td>24</td>
<td>24.8</td>
<td>29.88</td>
<td>38.79</td>
<td>55.42</td>
<td>55.42</td>
<td>98</td>
</tr>
</tbody>
</table>

Oil Export of Iran from the year 1998 to 2012 in $billion:

**POLICIES & NORMS OF INDIA TOWARDS IRAN FOR PETROLEUM INDUSTRY**

After the inception of the Liberalization-Privation-Globalization (L-P-G) policy in the month of July, 1991, the Gov. had started allowing the Indian Petroleum Industry to convert into privatization as well as Gov.-private joint ventures (JVs). In the year 1997, the Indian Petroleum Industry, the deregulation process got a jump when it was decided that the process of liberalization & deregulation might be accelerated in this industry & all the regulations might go away from the month of April in the year 2002.

**PRESENT TRADE BARRIERS FOR INDIAN PETROLEUM INDUSTRY**
Trade barriers refer to Gov.-imposed policies to restrict foreign trade. The Gov. of country employs the duties, tariffs, embargoes & subsidies as trade barriers most commonly. Though, imposing trade barriers are against the concept of free trade, popularized by developed nations.

Import restrictions affect foreign trade relations that in turn lead to a decline in exports.

The Indian Petroleum Industry was dependent from the very beginning on foreign capital, expert personnel, & technology that led to the industry’s globalization.

At present, India is facing various trade barriers as well as barriers in the form of international pressure in its petroleum industry.

**BUSINESS OPPORTUNITIES IN PETROLEUM INDUSTRY IN INDIA**

There are many opportunities of investment in Petroleum industry in India:

- Products of Petroleum are the single largest major export from India
- Improved Oil Recovery (IOR) / Enhanced Oil Recovery (EOR) techniques
- Crude oil production the block like KG Basin that is deepwater block
- Usage of improved technology
- Extension of oil field acquisition activities
- Utilization capacity of refineries
- Foreign company amalgamation
- End-user market & Infrastructure development
- Setting up gas & oil courses at training institutes & universities

World-class service providers Opportunities for petroleum industry

**POTENTIAL MARKET FOR DISTRIBUTION OF OIL DEMAND**

Distribution of oil demand
Above figure indicates that there are many industries in which oil demand can be increased. These industries are Electric generation, Residential/commercial/agricultural, Petrochemicals, Marine industry, Rail, Aviation, Road transportation & other industries. We can clearly notice that the demand for road transportation is a very high so oil industries have tremendous opportunities in this sector. This survey has been divided into three categories such as OECD (Organization for Economic Cooperation & Development), non OECD & all over the world.

CONCLUSION

India & Iran are having strong bilateral relationship. Both the countries are having mutual benefits of trade & business. In order to getting wider view of India-Iran relationship, this project work has been taken up on National Petrochemical Company (NPC) Ltd., through which the functioning of petroleum sector of Iran can be known easily.

For developing this sector, Gov. of India has identified some thrust areas for Petroleum Sector in XI Plan period & these areas are:

H. Increasing the domestic Oil & Gas Production
I. To Increase Production in ONGC’s Assets
J. To Processing of Sour & Heavy Crude
K. Maximising Export of Petroleum Product
L. Improving Pipeline Connectivity
M. Encouraging Lying of Gas Transportation Infrastructure
N. Minimizing Adulteration
O. Maximizing Automation Maintaining Retail Outlet Viability
P. To take a decision on Pricing of Sensitive Petroleum Products
Q. Unified State Taxes & Removal of Tax Anomalies
2.3 Airways in Iran with reference to Iran Air & Air India

**Introduction of Iran Air**

**Iran Air** is an Iranian airline. Iranian Airways, the founding company of **Iran Air**, commenced scheduled air services in 1946, after the end of the Second World War.

Iranian Airways (the predecessor of Iran Air up to 1962) started a commercial venture in an impoverished travel market. The founders and the first entrepreneurs not only established a national carrier, but also introduced air services, provided leisure and city tours, educated travel agencies and lobbied legislatures.

An airline emerged and soared above the high mountains and landed at the few paved airports and military fields left behind from the war. In a few years, with a fleet of 17 mostly DC-3 aircraft, the airline had both domestic and international routes covering many major Middle East cities.

Today, Iran Air flies to over 23 international, 20 national destinations. According to operational figures released for the year 2000, 5.7 million revenue passengers were carried on domestic routes, with a passenger load factor of 87%, while International flights carried 1.58 million passengers, with a load factor of 62.3%. Many foreign airlines are competing on routes to Iran, but Iran Air still retains 55% of the market share.

Iran Air employs 10,000 personnel, including 1300 cockpit and cabin crew, 1700 engineering, 1000 commercial, and the remainder in airport services and other activity.
Profile of Iran Air

Iran Air logo:

URL: http://www.iranair.com/
Telephone: +98 21 466 23-233

Iran Air United Kingdom Telephone: +44 20 7499 7186 (Head Office); +44 871 222 9233 (Online Booking); +44 020 7409 0971 (Reservations); +44 20 7409 7997 (Ticket Sales)

Type of airline: Scheduled airline
Country: Iran (IR)
Call sign: Iran air
Address: Iran Air, Tehran Mehrabad Airport - No.221,Second Floor,Public Relations,Support Services Building, 13587-Tehran, Islamic Republic of Iran

Iran Air
United Kingdom: Iran Air, 73 Picadilly, London, W1J 8QX, United Kingdom
Home airport: IKA
Year founded: 1946
Number of aircraft: 61

Iran Air flights: 202

Flight routes from India

**Flights from Mumbai (Bombay)(BOM ) to Tehran (IKA)** £426.66 - £501.23 with: Iran Air (IR0811)
**Service expansion**

In line with aircraft deliveries, flight route and frequency expansion plans were implemented. Everything was ready for an aggressive service expansion: thousands of qualified staff, fully computerized reservation system, modern fleet, capable crew, excellent engineering and maintenance team, exquisite in-flight service as well as an overall efficient management and administration system.

**International travel**

The other important objective was making international air travel affordable and accessible for all Iranians regardless of their class or income. The purpose was two-folds. One was its educational aspect, or in other words, getting as many people as possible acquainted with the culture and social progress of the rest of the world. The other objective was to give the new company a boost by penetrating untapped markets. To fulfill this objective, a very clever technique was employed. Despite its restrictive regulations, the international aviation agency, IATA, had issued a resolution giving governments the right to allow their national carrier to provide a free or discounted pass to anyone the government names.

**Flight safety**

Iran Air's highest priority of all was given to passenger and crew safety. A survey that is explained below put Iran Air among the world's safest airlines.

Following is what they had wrote about Iran Air: "As only a small amount of investigation will reveal, there are very safe airlines. That is to say, there are airlines that have the means and the ability to transport their passengers in conditions of great safety This highly valuable reputation which, at the same time, produced a couple of prestigious awards and certificates for Iran Air."
Problems and priorities

There was great work ahead of the new company. On the one hand, building and running a world-class airline with advanced international standards in the jet age, needed a fast forward attitude, quick decision-making environment and unconditional freedom. On the other hand, the company was now government-owned and would be expected to work within the state framework. Since running an airline business is normally incompatible with the way government organizations work, steps had to be taken to neutralize obstacles and prevent unnecessary interference and influences.

Iran Air: The dream airline

In early 1962, the government decided to nationalize the commercial air transportation industry in Iran. The person commissioned to carry out this assignment was Lieutenant General Ali Mohammad Khademi, who as the Iranian Air Force Chief of Staff had made a reputation for having organized a new management concept in this most significant division of the Iranian armed forces.

The new Iran National Airline 'Havapeimai Melli Iran, Homa' -- internationally known as Iran Air -- was founded in 1962. The new company, for the first time, had a clearcut mission and a series of objectives in place to build a modern, world-class national carrier, and it achieved international prestige in relatively a short time. Iran Air was an extremely well-managed national airline. It had around 12,000 skilled personnel, one of the most advanced and well-maintained fleets of all-jet and brand new aircraft in service, while holding an excellent safety record among its prominent worldwide competitors.

Its managing director was elected the president of IATA, the giant regulating body of the international air transport industry. But most importantly, though a government-owned airline, it was a profitable enterprise and its financial self-sufficiency was unprecedented in Iran as well as internationally.

Who was General Khademi?

He is a founder of Iran Air. Khademi was a great man whose name will go down
in history for the highest level of service to his country's aviation industry. Alas, the abrupt eruption of circumstances did not allow him to complete his dreams particularly his 15-year plan to expand Iran Air into one of the world's leading airlines.

**Introduction of Air India**

**Air India** is India's national flag carrier. Air transport was born in India on February 18, 1911 when Henri Piquet, flying a Humber bi-plane, carried mail from Allahabad to Naini Junction some six miles away.

However, scheduled services in India, in the real sense, only began on October 15, 1932. It was on this day that J.R.D. Tata, the father of Civil Aviation in India and founder of Air-India, took off from Drigh Road Airport, Karachi, in a tiny, light single-engined de Havilland Puss Moth on his flight to Mumbai (then known as Bombay) via Ahmedabad. He landed with his precious load of mail on a grass strip at Juhu. At Mumbai, Neville Vintcent, a former RAF pilot, who had come to India from Britain three years earlier on a barn-storming tour, during which he had surveyed a number of possible air routes, took over from J.R.D. Tata and flew the Puss Moth to Chennai (then Madras) via Bellary.

Air India is currently a popular airline for cheap flights from UK airports to India. The airline operates on routes from London to Delhi.

**Why India is trying to expand trade with Iran**

The creation of Pakistan cut India off from longstanding trade routes to Central Asia and beyond. India sees Iran as a way to reconnect, despite US sanctions.

**Iran and India broadening Trading opportunities**

In tune of the changing business environment of the world, Iran is exploring the new trading avenues in the world’s 5th largest economy i.e, India. During the seminar hosted by the Confederation of Indian Industry (CII), delegation of the Iranian business leaders along with the senior officials from the Iran, the Iran’s government has reinforced in finding the new pathways of interacting with their counter parts from the Indian industrial market in relation to their new upcoming projects from the sectors of roads & railways, infrastructure, cement, power, shipping and maritime, pharmaceuticals, aluminum & steel, automotive & auto components etc.

Mr. Mahmood Ali Abadi, Director General, Foreign Investment Office,
Organization for Investment, Economic and Technical Assistance of Iran, has candidly added,"Iran offers investment opportunities in different varieties. In a Joint venture, it is possible for a foreign country to hold 100% shares. We welcome Indians to invest in Iranian Stock market, which is not affect by the global financial crackdown. We ensure that the foreign investments will be protected here and good returns are generated for the investors". Bilateral trade between Iran and India has touched the mark of $9.53 billion in 2006-07 from $6.1 billion of 2005-06. The figure is believed to be augmented further due to the implementation of the right policies by th governments of respective countries

**Overview of Different economic sector in Iran**
According to a report by the Economist, Iran has been ranked 39th for producing $23 billion of industrial products in 2008. From 2008 to 2009 Iran has leaped to 28th place from 69th place in annual industrial production growth rate. A recent report by the World Fact Book ranks Iran 3rd among “emerging industrial powers” in the world (after China and India) in terms of its industrial growth. According to the report, Iran’s industrial sector grew by 4% in the year 2009. Iran was ranked 13th among emerging economies in 2006. Overall, Iran is ranked 31st in the world in terms of its industrial production growth rate.

**Economics sectors in Iran:**

**Food industry:**- Iran exported $736 million worth of foodstuffs in 2007 and $1 billion (~600,000 tones) in 2010. Soft drinks, mineral water, biscuit, chocolate, confection, edible oil, dairies, conserved foods and fruits, jam and jelly, macaroni, fruit juice and yeast were among the main exports to Iraq, Afghanistan, Turkmenistan, Tajikistan and other Central Asian countries, Russia, Ukraine, Belarus, Pakistan, Saudi Arabia, Kuwait, United Arab Emirates, Qatar, Oman, Syria, Germany, Spain, the Netherlands, France, Canada, Venezuela, Japan, South Korea and Turky.

**Automotive industry:**- Iran’s automotive industry is the second most active industry of the country, after its oil and gas industry. Iran's automobile production crossed the 1 million mark in 2005. Iran Khodro is the largest car manufacturer in the Middle-East. It has established joint-ventures with foreign partners on 4 continents. Iran is the 12th largest automaker in the world.

**Defense industry:**- The Iranian defense industry has taken great strides in the past 25 years, and now manufactures many types of arms and equipments, including its own tanks, armored, Guided missiles, radar systems, guided missile destroyer. Military vessels, submarine, and flight plane, According to Iranian officials, the country sold
$100 million worth of military equipment in 2003, including NATO members and as of 2006 had exported weapons to 57 countries.

**Construction industry:** Construction is one of the most important sectors in Iran accounting for 20–50% of the total private investment. The indicates that 70 percent of the Iranians own homes. The housing industry is one of the few where state capital shares as little as two per cent of the market, and the remaining 98 per cent is private sector investment.

**Mining and metals:** Iran is one of the most important mineral producers in the world, ranked among 15 major mineral rich countries. The country holds 68 types of minerals, including chrome, lead, zinc, copper, coal, gold, tin and iron.

**Aviation industry:** Iran is producing 59-seat aircraft inside the country such as with HESA IrAN-140 the help of Russia and Ukraine and it will shift focus to 90 to 120-seat airplanes in the next step Iran also produces military attack aircraft such as HESA saeqeh With a population of 70 million, Iran needs to have 6,300 airplanes while it does not possess more than nine aircraft for every one million individuals.

**Pharmaceuticals and healthcare industry:** The pharmaceutical industry in Iran began in its modern form in 1920 when the Pasteur institute, was founded. Iran has a well-developed pharmaceutical production capability, however, the country still relies on imports for raw materials and many specialized drugs. In 2009, Iran exported $74 million worth of "medical products" to countries such as Irac, Afghanistan and Russia.

**Oil, gas and petrochemicals:** Iran's oil and gas industry is the most active industry of the country. Iran has the fourth largest reserves of oil and second largest reserves of gas in the world. Domestic production of equipment in the nation’s upstream oil industries has grown four-fold in as many years while procurement of equipment and goods accounts for around 60 to 65 percent of any oil project.

**Power:** Iran has become self-sufficient in designing, building and operating dams and power plants and it has won a good number of international bids in competition with foreign firm. Iran is one of the six countries in the world that manufacture gas and steam powered turbines.

**Banking industry:** Shariah-compliant assets have reached about $400 billion throughout the world, according to standard & poor Ratings Services, and the potential market is $4 trillion .Iran, Arabia and Malaysia are at the top with the biggest sharia-compliant assets. are Bank Mille, Saderat and Sepah Iran’s three largest banks.

**Naval industry:** Over the next two decades, Iran would need 500 new ships, including 120 oil tankers, 40 liquefied natural gas (LNG) carriers and over 300 commercial vessels, In 2009, in a move aimed at further enhancing Iran’s shipbuilding industry President Mahmoud Ahmadinejad said he will ban the purchase of foreign ships by Iranian organizations. The Ministry of Commerce has confirmed that Iran is able to build all its needed sea fleets inside the country. Iran's SADRA launched its first
oil tanker made for Venezuela in 2012.

2.4 Automobile Industry in Iran with reference to Renault

INTRODUCTION OF RENAULT

Chairman and CEO of Renault, Chairman and CEO of IDRO (Industrial Development & Renovation Organization), President of Iran Khodro and President of Sepia, signed on March 16, 2004 (16/12/1382) the documents permitting the creation of Renault Pars, a joint venture company which coordinates cooperation between Renault and the two major Iranian car manufacturer

STRUCTURE OF RENAULT
Compression with India
The SUV-crazy Indian automobile market has recently seen quite a few new entrants. And one of the most commonly-debated topics seems to be whether the Renault Duster or the Mahindra XUV500 makes for a better buy. Of course, there seem to be quite a few similarities between the cars. They are priced almost alike, even identical (at Rs 11.69 lakh, ex-showroom Delhi) as in the case of the base front-wheel-drive XUV500 W6 and the top-spec Duster 110 RxZ (with Option Pack). Both the SUVs use monocoque construction and even have similar power-to-weight ratio. But that’s it with the similarities. While the Duster is clearly smaller and is easier to manoeuvre in the city, the larger XUV has the advantage of seven seating.

**Policies and norms of Iran country**

**Iran**'s automotive industry is the second most active industry of the country, after its oil and gas industry, accounting for 10% of Iran’s GDP.

**Iran** developed a significant automotive industry with up to 200 thousands annual production under Shah's regime. But after the Islamic revolution of 1979 it drastically decreased. Since the early 2000, automobile production in Iran grew exponentially. Iran's automobile production crossed the 1 million mark in 2007/2008. Today, Iran is the 13th largest automaker in the world and one of the largest in Asia, with annual production of more than 1.6 million (that is more than in such old and new auto makers as Belgium, United Kingdom, Italy, Czech Republic and Turkey). In 2009 Iran ranked fifth in car production growth standing next to China, Taiwan, Romania and India.

As at 2001, there were 13 public and privately owned automakers in **Iran**, of which
Iran Khodro and Saipa - accounted for 94% of the total domestic production. Iran Khodro, which produced the most prevalent car brand in the country - the Paykan, which has been replaced in 2005 by the Samand -, was still the larger with 61% of the market in 2001, while Sepia contributed 33% of Iran’s total production in the same year. Iran Khodro is one of the largest car manufacturers in Asia. It has established joint-ventures with foreign partners on 4 continents.

The Iranian manufacturers currently produce six different types of vehicle, including passenger cars, 4WD, trucks, buses, minibuses, and pickup trucks. The sector directly employs about 500,000 people (roughly 2.3% of the workforce), and many more in related industries. About 75% of local output is passenger cars, with pick-ups the next largest category, accounting for around 15%.

**RENAULT IN INDIA**

Established in 1898, Renault is a group with a long and successful history of vehicle production. Today, it produces cars and light commercial vehicles in 18 countries in five continents across the world with many firsts to its credit like the first hatchback and the first mass produced turbocharged car.

Renault India Private Ltd is a fully owned subsidiary of Renault s.a.s, France. Renault India Pvt. Ltd was established in 2005 and in May, 2011 introduced the Renault brand and its first product – the premium sedan Fluence to customers in India.

Renault currently has five models in the Indian market – the premium sedan Fluence, the luxury SUV Koleos, the premium compact - the Pulse, the SUV Duster and the premium sedan Scala. Renault cars are manufactured in the plant located on the outskirts of Chennai in Oragadam with a capacity of 400,000 units per annum.

Currently, Renault India is close to creating a 100 strong dealership network across the country with benchmark sales and service quality.

- **Sells 6,723 units in February, sees nine-fold growth year on year.**
- **Renault recognized with a total of 31 industry awards, including the of title Manufacturer of the Year.**
- **Duster becomes India’s Most Awarded Car.**
- **next-generation X-tronic CVT transmission starts at Rs. 8.99 Lakh**

**SALES AND REVENUE OF RENAULT**
<table>
<thead>
<tr>
<th>in millions of Euros (unless otherwise specified)</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total group sales worldwide in units</td>
<td>2,627,365</td>
<td>2,722,062</td>
<td>2,550,286</td>
</tr>
<tr>
<td>Published revenues</td>
<td>38,971</td>
<td>42,628</td>
<td>41,270</td>
</tr>
<tr>
<td>Operating margin In % of revenues</td>
<td>1,099</td>
<td>1,091</td>
<td>729</td>
</tr>
<tr>
<td>In % of revenues</td>
<td>2.8</td>
<td>2.6</td>
<td>1.8</td>
</tr>
<tr>
<td>Associated income from Nissan Motor</td>
<td>1,084</td>
<td>1,332</td>
<td>1,234</td>
</tr>
<tr>
<td>Net income</td>
<td>3,490</td>
<td>2,139</td>
<td>1,735</td>
</tr>
<tr>
<td>Net income - Renault share</td>
<td>3,420</td>
<td>2,092</td>
<td>1,772</td>
</tr>
<tr>
<td>Net income per share in Euros</td>
<td>12.7</td>
<td>7.68</td>
<td>6.51</td>
</tr>
<tr>
<td>Dividend per share in Euros</td>
<td>0.3</td>
<td>1.16</td>
<td>1.72</td>
</tr>
<tr>
<td>Payout ratio in %</td>
<td>2.5</td>
<td>16.3</td>
<td>29</td>
</tr>
<tr>
<td>Consolidated cash flow (1)</td>
<td>3,183</td>
<td>3,069</td>
<td>2,719</td>
</tr>
<tr>
<td>Purchases of property, plant and equipment and intangible assets</td>
<td>-1,648</td>
<td>-2,216</td>
<td>-2,685</td>
</tr>
<tr>
<td>Net financial debt of the automobile division</td>
<td>1,435</td>
<td>299</td>
<td>-1,492</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>22,757</td>
<td>24,567</td>
<td>24,547</td>
</tr>
</tbody>
</table>

**POTENTIAL FOR IMPORT EXPORT IN INDIA**

Renault is an innovative company marketing affordable product and service ranges for the greatest number. Reducing the car's ecological footprint and promoting mobility while respecting people are key to achieving sustainable mobility for everybody. To this end, Renault is focusing not only on the product life cycle but also on societal initiatives. The aim: to associate the car with human well-being, today and in the future.
2.5 Automobile Industry in Iran with reference to BMW

Introduction:

Bavarian Motor Works:

Pronunciation (English: Bavarian Motor Works), commonly known as BMW, is a German automobile, motorcycle and engine manufacturing company founded in 1917. BMW is headquartered in Munich, Bavaria, Germany. It also owns and produces the Mini marquee, and is the parent company of Rolls-Royce Motor Cars. BMW produces motorcycles under BMW Motorrad. In 2010, the BMW group produced 1,481,253 automobiles and 112,271 motorcycles across all its brands. BMW is part of the "German Big 3" luxury automakers, along with Audi and Mercedes-Benz, which are the three best selling luxury automakers in the world.

Automotive industry in Iran:

Iran's automotive industry is the second most active industry of the country, after its oil and gas industry, accounting for 10% of Iran’s GDP.

Iran developed a significant automotive industry with up to 200 thousands annual production under Shah’s regime. But after the Islamic revolution of 1979 it drastically decreased. Since the early 2000, automobile production in Iran grew exponentially. Iran’s automobile production crossed the 1 million mark in 2007/2008. Today, Iran is the 13th largest automaker in the world and one of the largest in Asia, with annual production of more than 1.6 million (that is more than in such old and new auto makers as Belgium, United Kingdom, Italy, Czech Republic and Turkey). In 2009 Iran ranked fifth in car production growth standing next to China, Taiwan,
Romania and India.

As at 2001, there were 13 public and privately owned automakers in Iran, of which two - Iran Khodro and Saipa - accounted for 94% of the total domestic production. Iran Khodro, which produced the most prevalent car brand in the country - the Paykan, which has been replaced in 2005 by the Samand -, was still the larger with 61% of the market in 2001, while Saipa contributed 33% of Iran’s total production in the same year. Iran Khodro is one of the largest car manufacturers in Asia. It has established joint-ventures with foreign partners on 4 continents.

The Iranian manufacturers currently produce six different types of vehicle, including passenger cars, 4WD, trucks, buses, minibuses, and pickup trucks. The sector directly employs about 500,000 people (roughly 2.3% of the workforce), and many more in related industries. About 75% of local output is passenger cars, with pick-ups the next largest category, accounting for around 15%.

Structure, Functions and Business Activities of selected Industry / Sector / Company

The BMW Group’s basic organizational structure has remained mostly unchanged since 2000. Due to the new strategy, however, complexity of tasks is expected to increase considerably. This means that all divisions will have to shoulder significantly more challenging workloads. “Strategy implementation requires a high-performance organization capable of handling the complexity of our activities and generating growth,” stated Dr. Norbert Reithofer, Chairman of the Board of Management of BMW AG, at a press conference on Thursday.

The BMW Group – one of Germany’s largest industrial companies – is one of the most successful car and motorcycle manufacturers in the world. With BMW, MINI and Rolls-Royce, the BMW Group owns three of the strongest premium brands in the automobile industry. The vehicles manufactured by BMW set the highest standards in terms of aesthetics, dynamics, technology and quality, borne out by the company’s leading position in engineering and innovation. In addition to its strong position in the motorcycles market with the BMW brand, the BMW Group also offers a successful range of financial services.

Comparative portion of BMW

MW India was the first company to develop a luxury car dealership network in the country. Though in India, most of the luxury customers did not want to visit automobile showrooms, preferring instead for the vehicles to be shown to them at their homes / offices, BMW decided to open dealerships. The company set up showrooms that were of international standards. BMW also started BMW Studio in New Delhi, to provide the complete BMW experience to customers. According to Kronschnabl, “I looked at the existing dealerships and most of them looked like covered parking. You want to give customers an experience, not just show five cars parked next to one another.

When BMW entered the Indian market, Benz was the major player in the luxury car segment in India with a market share of 50%. At that time, analysts had said that Benz was an asp rational vehicle, and BMW would not be able to challenge
it seriously. In 2009, BMW India went ahead of Mercedes Benz India in sales.

In March 2011, BMW delivered 1,027 units to the customers. With this feat, it not only retained its position as the top luxury car manufacturer in the country, but also became the first luxury car manufacturer to sell over 1,000 cars in a single month in India. On the achievement, Sheaf said, "This proves that we have a whole range of competitive advantages: exciting new products, first class premium dealerships, superior customer service, and a very strong and inspirational brand."...

**Present Position and Trend of Business (import / export) with India / Gujarat during last 3 to 5 years.**

Imports' means, bringing into India, of goods from a place outside India. In other words, it refers to the goods which are produced abroad by foreign producers and are used in the domestic economy in order to cater to the needs of the domestic consumers. India includes the territorial waters of India which extend upto 12 nautical miles into the sea to the coast of India. Similarly, 'exports' of goods means, taking goods out of India to a place outside India. It refers to the goods which are produced domestically and are used to cater to the needs of the consumers in other countries.

**Foreign Trade (Development and Regulation) Act, 1992:**

Which replaced the Imports and Exports(Control) Act, 1947, and gave the Government of India enormous powers to control it. The salient features of the Act are as follows:

- It has empowered the Central Government to make provisions for development and regulation of foreign trade by facilitating imports into, and augmenting exports from India and for all matters connected therewith or incidental thereto.
- The Central Government can prohibit, restrict and regulate exports and imports, in all or specified cases as well as subject them to exemptions.
- It authorizes the Central Government to formulate and announce an Export and Import (EXIM) Policy and also amend the same from time to time, by notification in the Official Gazette.
- It provides for the appointment of a Director General of Foreign Trade by the Central Government for the purpose of the Act. He shall advise Central Government in formulating export and import policy and implementing the policy.
- Under the Act, every importer and exporter must obtain a 'Importer Exporter Code Number' (IEC) from Director General of Foreign Trade or from the officer so authorized.
- The Director General or any other officer so authorized can suspend or cancel a license issued for export or import of goods in accordance with the Act. But he does it after giving the license holder a reasonable opportunity of being heard.
Besides the **Foreign Trade (Development and Regulation) Act**, there are some other laws which control the export and import of goods. These include:

- **Tea Act, 1953**
- **Coffee Act, 1942**
- **The Rubber Act, 1947**
- **The Marine Products Export Development Authority Act, 1972**
- **The Enemy Property Act, 1968**
- **The Export (Quality Control and Inspection) Act, 1963**
- **The Tobacco Board Act, 1975**

**Policies and Norms of selected country for selected Industry/company for import / export including licensing / permission, taxation etc:**

Be awake after hibernating for 15 years. In year 1994 car industry came in to existence again. The outset of people investment, decrease on oil price, lack of foreign exchange and lots of debts caused an increase on the foreign exchange rate that led to shortage of cash flow. In this period, private sectors invested 500,000,000 $ in part-making. A general program of about 5 to 7 years was written by car producers and design and engineering companies became active. Results were these: attracting people"s reliability and private sectors" investment and employing 2000 young engineers which led to an increase on internal part making. Amine describes the different stages of being a car maker in Iran industry as shown. The important thing in previous policies was the dependency of production rate to country foreign exchange salaries. As soon as the country foreign exchange salary increased, car import and also car production increased and visa versa. But for the first time after 28 years and due to the oil price decrease to 8 $ in each barrel, the production line went on progressing and import rate decreased.

We can show the Iran part-making situations. based on provider assessing model. The Strategic planning committee in Iran describes the Iran part-making situation as shown. Due to the car national document, car makers are supposed to put premium on costumers in order to achieve global standardizing in their organization, work force, products. Car industry"s goals are responsible for people"s need, helping the progress of the industry and creating job opportunities.

**Strategic goals of car industry in the third progression program described by Rhyme are as follows:**

1. Reaching a production level with a consistency in economic scale
2. Reaching quality goals at the global standardizing level
3. Increasing industry efficiency
   4. Decreasing the consumption of fuel
   5. Promoting the technical, engineering and designing abilities with regard to technical knowledge transfer
   6. Emphasizing on new investments with export point of view
   7. Research center and technical inspection development
   8. Releasing part, CDK, final product and technical support
Car industry’s warrant to society:

1. Production increase / product variety
2. Promote the quality of products
3. Decreasing the cost of production
4. Decreasing the total price
5. Decreasing fuel consumption
6. Increase the daily selling and avoid the increase on car price
7. Attracting customer satisfaction
8. Providing export opportunities
9. Research level, resource quality and efficient system promotion

In this study at first we focus on the government policy trend in car industry before revolution until now and after that we present different statistics, trends and diagrams related to car industry to get better and clearer understanding of this industry in present and future. Also due to the importance of part making industry we have brought a summary of this industry. Finally, by presenting some tables we concentrate on the Iran car industry position in the world and comparing it with other countries.

In a general division, we can put the government policy in to four groups. There is no need to say that the policy in all these four periods is Import Replacement and there is a long way to achieve export extension.

Policies and norms of India for import export


2. Interest subvention of 2% for pre-shipment credit for 7 specified sectors has been extended till 31.3.2010 in the Budget 2009-10.

3. Income Tax exemption to 100% EOUs and to STPI units under Section 10B and 10A of Income Tax Act has been extended for the financial year 2010-11 in the Budget 2009-10.

4. The adjustment assistance scheme initiated in December, 2008 to provide enhanced ECGC cover at 95%, to the adversely affected sect.India has a well established and Regulatory Framework under the Ministry of Shipping, Road Transport and Highways in which SIAM plays a very important role. All the stakeholders are part of the regulation formulation setup. The ministry issues the notifications under the Central Motor Vehicle Rules and Motor Vehicles Act. India is harmonizing its Emission Norms for Four Wheelers with the European Regulation and has adopted Euro III, equivalent norms in 11 Metropolitan Cities from Apr 1 2005. For Two Wheelers, which constitutes 70% of the vehicle population unique Indian emission norms, which are one of the tightest in the world have been adopted.

5. The incidence of import tariff will be fixed in a manner so as to facilitate development of manufacturing capabilities as opposed to mere assembly
without giving undue protection; ensure balanced transition to open trade; promote increased competition in the market and enlarge purchase options to the Indian customer.

2. The Government will review the automotive tariff structure periodically to encourage demand, promote the growth of the industry and prevent India from becoming a dumping ground for international rejects.

3. In respect of items with bound rates viz. Buses, Trucks, Tractors, CBUs and Auto components, Government will give adequate accommodation to indigenous industry to attain global standards.

4. In consonance with Auto Policy objectives, in respect of unbound items i.e., Motor Cars, MUVs, Motorcycles, Mopeds, Scooters and Auto Rickshaws, the import tariff shall be so designed as to give maximum fillip to manufacturing in the country without extending undue protection to domestic industry.

5. The conditions for import of new Completely Built Units (CBUs), will be as per Public Notice issued by the Director General Foreign Trade (DGFT) having regard to environment and safety regulations.

6. Used vehicles imported into the country would have to meet CMVR, environmental requirements as per Public Notice issued by DGFT laying down specific standards and other criteria for such imports.

6. Appropriate measures including anti dumping duties will be put in place to check dumping and unfair trade practices.

**EXCISE DUTY**

7. Motor Cars:

   1. The ownership of cars in India is just 6 per thousand of population as against 500 in the developed economies. The contribution of the auto sector to the GDP and employment is likewise low. Expansion of local demand holds great potential and is vital to install scale volumes of production.

   2. Domestic demand mainly devolves around small cars not exceeding 3.80 meters in length.

   3. Small cars occupy less of road space and save on fuel. These capture more than 85% of the market. India can build export capability and become an Asian hub for export of small cars. The growth of this segment needs to be
spurred.

4. Multi Utility Vehicles. MUVs are an important mode of economical mass transport in rural India due to poor road infrastructure and lack of good State transport system. They are the first vehicle purchased by a number of farmers, traders, small businessmen in rural and semi-urban markets. The Government will Endeavour to provide fiscal incentives to this sector.

5. Commercial Vehicles presently excise duty on commercial vehicles sold by a manufacturer whether as a chassis or with a complete body is 16%. However, no duty is levied on the body that is built by an independent body builder on chassis bought from a manufacturer. This dispensation inveigles production of the complete trucks and buses by the chassis manufacturer and is detrimental to safety standards.

6. The duty imposed on the construction of bodies by an independent body builder, small or organized sector shall be equal to that of bodies built by a chassis manufacturer.

7. The Government will encourage fabrication of bus body on bus chassis designed for better passenger comfort instead of truck chassis as is the current practice.

8. The Government will promote the use of multi-axle vehicles for carriage of goods as they because reduced environmental pollution and lesser wear and tear.

2.6 Automobile Industry in Iran with reference to Hyundai Motor

**Hyundai Motor Company**

- The Hyundai Motor is a South Korean multinational automaker company. Headquartered in Seoul, South Korea.
- Hyundai was founded in 1967 and it, along with Kia, together comprises the Hyundai Motor Group.
- Hyundai Motor Company is the world’s fourth largest automobile manufacturer based on annual vehicle sales in 2010.
- In 2008, Hyundai (without Kia) ranked as the eighth largest automaker.
- In 2010, Hyundai sold over 3.6 million vehicles worldwide.
- Hyundai operates the world’s largest integrated automobile manufacturing facility in Ulsan, which is capable of producing 1.6 million units annually.
The company employs about 75,000 persons worldwide.

Hyundai vehicles are sold in 193 countries through some 6,000 dealerships and showrooms.

**History**

The world’s largest automobile manufacturing plant in Ulsan, South Korea, produces over 1.6 million vehicles annually.

Chung Ju-yung (November 25, 1915 - March 21, 2001) was a South Korean entrepreneur, businessman and the founder of all Hyundai Groups of South Korea.
Activities of Hyundai Motors Company:

Hyundai Motor Group is an official global partner of the Expo 2012 Yeosu Korea which was open to the public on May 12, ran for three months and attracted more than 8 million visitors.
Hyundai Motors in Iran

*Industry:* Automotive

*Value of USG Contracts:* 13

*Symbol:* LSE:HYUD

Hyundai Motor and several of its subsidiaries and affiliates have reported business dealings with Iran, including:

**Hyundai Rotem:** 57.64% owned - sale of rail cars.

**Hyundai HYSCO:** 26.1% owned, primary shareholders; 13.9% owned by Kia Motors, second largest shareholder - sales of steel pipes.

**Hyundai Mobis:** 16.88% owned by primary shareholders Kia Motors - equipment for auto manufacturing.

*Manufacture*

In 2004, the first Iranian made Hyundai vehicles were produced with local partner Kerman Motors Company. The Hyundai Verna Model was initially set at 20,000-30,000 units per annum (upa) with plans to be increased to 100,000 upa. (World Markets Analysis, “First Iranian made Hyundai Models Rolled Out in Kerman,” 9/9/04)

The “CKD [Complete Knock Down] assembly facility” with Raven Vehicle Manufacturing Company (RVMCO) in Tehran manufactures the Hyundai Accent and Elantra. CKD refers to a kit (e.g. engine, transmission, battery, etc.) used by foreign affiliates to assemble manufactured goods.

The Iran Khodro Diesel Co. (IKDC), a manufacturer of commercial vehicles (trucks, buses, minibuses, and vans), produces the Hyundai Mighty (Light truck) and Hyundai chorus (Minibus).
In July 2009, it was reported the auto-manufacturing companies Kerman Khodro and Rain Khodrosazan would introduce Hyundai’s smallest car, the i10. Rain Khodrosazan reportedly also manufactures the Hyundai Accent, Verna and Sonata.

**Orders**

*August 2010:* Reports indicated that Hyundai Motors and Kia Motors had shipped a total of 17,000 vehicles to Iran during the first half of the year before suspending their exports.

*September 2006:* Reuters reported that Hyundai Motor won a $227 million order to supply vehicles to Iranian government agencies and taxi operators. The models supply included sedans and SUVs. In 2007, it was expected Hyundai would also be rewarded another 8,500-unit order.

Iran is listed as one of their “Global Markets” for “Railway Systems.”
Hyundai Motors in India

iii. Hyundai Motor India Limited was established in 1996 with a production plant in Irungattukottai near Chennai, India.

iv. Hyundai Motor India Limited is currently the second largest auto exporter from India.

v. It is making India the global manufacturing base for small cars.

vi. The first car launched was Santro. Till date its total cumulative sales are around 15 lakh units.

vii. Hyundai sells several models in India, the most popular being the Santro- Xing, i10 and the i20.

viii. Other models include Getz Prime, Accent, Terracan, Elantra, second generation Verna, Tucson, Santa Fe and the Sonata Transform.

ix. Out of the total 25 lakh units that were produced, approximately 16 lakh units were sold in the country while as the remaining 9 lakh units were exported. The exported models include Santro, i10, i20, Accent and Getz.

x. Hyundai has two manufacturing plants in India located at Sriperumbudur in the Indian state of Tamil Nadu. Both plants have a combined annual capacity of 600,000 units.

xi. In the year 2007, Hyundai opened its R&D facility in Hyderabad, employing now nearly 450 engineers from different parts of the country.

xii. Hyundai Motor India Engineering (HMIE) gives technical & engineering support in Vehicle development and CAD & CAE support to Hyundai’s main R&D centre in Namyang Korea.

xiii. In 2010, Hyundai started its design activities at Hyderabad R&D Center with Styling, Digital Design & Skin CAD Teams.
Hyundai sells passenger cars through Assan Motors, its exclusive distributor in Iran since 1992. Its tremendous growth in recent years.

The Hyundai Iran website also features dozens of Iranian dealerships that sell Hyundai vehicles.

Business Monitor’s “Iran Autos Report Q4 2011” (September 2011) reports as of February 2010, Hyundai Motors was only one of six carmakers that have secured license to import cars into Iran. In August 2011, Hyundai reportedly ceased vehicle exports to Iran.

In July 2012, the Korean daily JoongAng reported that due to pressure from United against Nuclear Iran, Hyundai had ceased its exports to Iran for two months in early 2012 but quickly reversed course.

In February, Hyundai Motor and Kia Motors - both affiliates of Hyundai Motor Group - stopped shipping automobiles to Iran after the companies came under pressure from United against Nuclear Iran (UANI), an American lobby group, for not complying with U.S. sanctions.

In April, they reversed track, saying it 'wasn't right' that they continue to withhold their products from Iranians. It was the first time that the Korean company decided to stop exports due to political pressure from a third party or country."

2.7 Petrochemical Industry in Iran with reference to NIGC

INTRODUCTION

In 1965, NIGC - The National Iranian Gas Company was established, as one from four principal companies certified to the Ministry of Petroleum of the Islamic Republic of Iran deals with 25,000 million Rials initial capital of the Iran.

NIGC is liable for the treatment, transmission, and delivery of natural gas to the domestic, industrial, and commercial sectors and power plants. The National Iranian Gas Exports Company (NIGEC) was produced in 2003 to handle and to supervise all of the gas pipeline & LNG projects. Until May 2010, NIGEC was under the control of the NIOC, but the Petroleum Ministry transferred NIGEC, incorporating it under NIGC in an attempt to broaden responsibility for new natural gas projects. As at 2012, 12,750 villages have been connected to gas network. NIGC does not play a role in awarding upstream gas projects; that task remains in the hands of the National Iranian Oil Company. Iran has the largest gas network in the world with 30,000 kilometers (19,000 mi) of high-pressure pipelines.
Main Sector of Organization

The state-owned National Iranian Gas Company (NIGC), under the manage of the Ministry of Petroleum having full authority & responsible for upstream oil projects, around for production and export infrastructure for this. The National Iranian South Oil Company - NISOC, a supplementary of NIOC, accounts 80% of oil production casing the province of Fars, Khuzestan, Bushehr, Kohkiluyeh and Boyer Ahmad. Nominally, NIOC also wheel the refining and domestic distribution networks, by way of its supplementary, the National Iranian Oil Refining and Distribution Company (NIORDC), there is a function division between the upstream and downstream sectors.

ROLE OF NIGC IN IRAN & INDIA

- Developing a strategic energy plan
- Planning and accomplishment of renewable power projects
- Research renewable power use
- Enquiry and execution of energy good organization plans
- Education programs for sustainable energy
Diminishing oil production levels have led to buy-back contracts for foreign investors. The government accepts that foreign investment is needed to continue oil production levels and to achieve the determined gas-development program, which would consent to Iran to become a major net exporter.

**ORGANIZATION STRUCTURE**

![Organization Structure Diagram]

**FUNCTION**

J. In order to give confidence the private sector to take on a more active role in the economy, the Iranian administration needs to reform domestic politics and introduce more space for non-governmental activity as well as for civic freedoms etc.

K. In order to acquire foreign investment, Iran needs to get better her relations with the rest of the world, particularly with key trading partners. This must be done on top of humanizing the domestic situation, particularly with regard to observance of law and continuity in politics.

L. To continue the current drive of domestic reforms, the Iranian government must recover the country’s economic situation. However, economic improvement will heavily depend on the run of foreign investment and enlarge in private domestic investment.
**MAIN ACTIVITES**
- Gas Processing
- Gas Transmission
- Gas Distribution
- Research & Development
- Engineering & Construction
- Gas Trade (Export & Import)
- alternative storage space

**IMPORT AND EXPORT POLICIES OF IRAN**

- Iran will make available Iraq with natural gas by the summer of 2013, according to Iranian information agency Fars.

- Javad Oji, the top of the National Iranian Gas Company, said Iran has accomplished more than 25 percent of a 48-inch pipeline that could hold up to 25 million cubic meters per day of natural gas to Iraq.

- Iran’s recent times past have been turbulent due to controversy over oil, nuclear power and political issues. Its tactical geographical position, positioned in the Middle East between Europe and Asia, has resulted in both remuneration and challenges for the country.

**IMPORT AND EXPORT POLICIES OF INDIA**

- India’s imports from Iran have changed from month to month, partly because of the shipping cover difficulty even if the Iranian state tanker company NITC is now frequently delivering cargoes to Indian refiners.

- Contractually, Indian refiners are planned to import just 10.5 million of Iranian crude oil in the current economic year which begin in April and ends in March 2013.
That is 40% less than the 17.5 million imported starting Iran in the year to end-March 2012.

**Major Indian Imports**

- There are different services existing for the service industries to enjoy the capacity of zero import duty under EPCG scheme. Some of the most important imports of India are edible oil, newsprint, petroleum and crude products, crude rubber, fabrics, electronic goods etc.

**MAJOR PLANT OF NATIONAL IRANIAN GAS COMPANY (NIGC)**

![Images of the major plant of the National Iranian Gas Company (NIGC)]

**IMPORT / EXPORT LICENSING PERMISSION**
Import export licensing permission for Iran:

Contact the Bureau of Industry and Security of the division of Commerce (BIS) to discover if you need a listing number.

Import export licensing permission for India:

In case of high-risk products, find the particular licenses. There are no licensing necessities for normal products.

create your import/export business and market your services.

PRESENT TRADE BARRIERS FOR IMPORT / EXPORT OF GAS

Most normally, a country's government employs tariffs, duties, embargoes and subsidies as traffic barriers.

1. Tariffs: Taxes discolored on product are traded across boarders are called tariffs. here be mainly two types of tariffs it's as under.
   - Ad valorem: This tariff involves a set proportion of the imported goods.
   - Subsidies: subsidies work developed goods. Its helps maintain economic activities that face looser or diminish the production.
   - Embargo: restriction prohibits import from an exacting country as a part of the foreign course of action.

MOST IMPORT/EXPORT OF THE INDIA

Start your import/export business and market your services.

Most of the limitations are on the position of security, health, environment protection etc. Imports are permitted free of duty for export production.

There are no limitations on imports of capital goods. Import of second hand capital goods whose smallest remaining life is of five years is allowable. Export Promotion Capital Goods (EPCG) scheme provides exporters to import capital goods at a concessionary custom rates.

BUSINESS OPPORTUNITIES OF INDIA

A better thoughtful of the past and present political situation in Iran and the future of its economy and business opportunities
larger responsiveness of what motivates Iranian business counterparts
Iranian social and business good manners
Tips to make sure successful business dealings with your Iranian colleagues, clients and suppliers
A improved understanding of the probable issues and solutions involved in establishing or liability business in Iran

SUGGESTION
The export import regulation between India and Iran should be liberalized by entering into a memorandum of understanding.

Thus by doing such an agreement the barriers affecting export import can be successfully removed.

**CONCLUSION**

- Iranian state tanker company causes change in India’s import policy.
- EPCG Scheme helps to enhance a categories and scope of export oriented products.
- Foreign investment affects buy-back contracts of oil production.
- India’s geographical position enables vital advantages towards import of gas.

### 2.8 Steel Industry in Iran with reference to TATA Steel

**Company profile**

- Tata iron and steel company was established by Dorabji Tata on 28 August 1907. The plants was started in Jamshedpur and company headquarters was Mumbai. It is world’s sixth largest steel manufacturing company with operation in 26 country and commercial presence over 50 countries.

- Tata steel will invest $1.2 billion in building three steel plants in Iran and developing iron ore mines there.

**Structure of company:**

- Centralization of global authority: is one of the most effective ways to develop and implement global strategy is to centralize authority. So all unit of the business from the world report to the head sector.

- Domestic and international split: a common structural barrier to global strategy is organizational Split between domestic and international division.

**Vision and Function of company:**

- The main vision been of Tata to continue the quality of life of their employee and communities they serve

- Tata steel primary serve the customers in consumer goods, automotive, railways, aviation, construction, shipbuilding, energy and power and defense

- TATA steel has set target to achieve an annual production of 100 million tons by the 2015.

- They planning to capacity development to be balanced approximately 50% for green field development and 50% for the acquisitions.
**Business activates:**

**Steel making operational hubs:**
Plate section, wired road, railway product and services, special profile, hot rolled steel strip and cold rolled, special metallic steel.

**Specialist business:**
TATA steel is specialize in another business around the world

- Colors - pre-finished steels
- Building Systems - steel building systems
- Kalzip - aluminum building systems
- Packaging - light gauge coated steel for packaging and non-packaging applications
- Plating - plated precision strip products with specialist finishes
- Tubes - steel tubes, hollow sections, line pipe and pipeline project management
- Cogent Power - electrical steels and transformer cores
- Specialty - engineering billet, straight and cooled bar, turned drawn or ground bar and hot rolled narrow strip.

**Comparative portion of steel sectors in India and Gujarat:**

- Below chart shows the contribution in steel production by the different country.
- India producing 3% steel crude in the world. china is the largest steel manufacturing country in word with producing 37% of steel crude in year 2008

Driven the booming economy and development of technology consumption of steel has grown by 12.5% in last three year

**Demand and growth of steel industry in India:**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>DEMAND (in mt)</th>
<th>GROWTH IN %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-2001</td>
<td>34.444</td>
<td></td>
</tr>
<tr>
<td>2001-2002</td>
<td>36.037</td>
<td>4.625</td>
</tr>
<tr>
<td>2002-2003</td>
<td>40.471</td>
<td>12.32</td>
</tr>
<tr>
<td>2003-2004</td>
<td>43.062</td>
<td>6.4</td>
</tr>
<tr>
<td>2004-2005</td>
<td>45.387</td>
<td>5.4</td>
</tr>
<tr>
<td>2005-2006</td>
<td>50.257</td>
<td>10.73</td>
</tr>
<tr>
<td>2006-2007</td>
<td>58.45</td>
<td>16.3</td>
</tr>
</tbody>
</table>
India's last five year output was second highest after China with the growth of 33% among the top five producing nation.

Demand and growth in last five year from the data of the world steel association

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (mt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>57.8</td>
</tr>
<tr>
<td>2009</td>
<td>63.5</td>
</tr>
<tr>
<td>2010</td>
<td>69</td>
</tr>
<tr>
<td>2011</td>
<td>73.6</td>
</tr>
<tr>
<td>2012</td>
<td>76.7</td>
</tr>
<tr>
<td>2013</td>
<td></td>
</tr>
</tbody>
</table>

Crude steel production capacity of the country is projected to be around 110 million tons by 2012-13.

India has 6 major steel producing plants and more than 120 small plants.

The biggest steel production plant is Tata steel.

Tata Steel India is implementing an expansion project at the Company's 9.7 million tons per annum.

**Trend of business with India:**

Trade relations between India and Iran have witnessed a significant rise during the last decade, with India's total trade (exports plus imports) with Iran rising from US$ 520 mn in 2001 to US$ 10.5 bn in 2010. This buoyant trend has been supported by both rise in India's exports to and imports from Iran, with India's imports from Iran showing a much higher CAGR as compared to India's exports to Iran.

**India, s major export to Iran:**

During 2001-2010 India's export to Iran has raise from US$ 253.3 mn in 2001 to US$ 2.5 bn in 2010, India exporting inorganic chemical articles of iron and cereals this three item showing 50.3% India's total export to Iran.

**India's import from Iran:**

India importing mineral fuel from Iran which is contributing 84.5% of total importing from Iran. In 2010 Iran was third largest source for import of mineral fuel.

**Policies and Norms of Iran for TATA Steel Company / export including licensing / permission, taxation etc.**

Under the terms of the deal, Tata Steel will develop iron-ore mines, currently controlled by Iranian Mines and Mining Industries Development and Renovation Organization (Imidro), a government-aided company.

Each company will own a 49% stake of their joint ventures, with an Iranian pension fund owning the rest.
The Iranian mines are thought to have reserves of two to three billion tons of iron ore.

Tata and Imidro will build 1.5 million tons a year steel-slab plant and 1.5 million tons a year billets plan, as well as an export-oriented steel plant. The first steel plant to be completed will come on stream in April 2008.

They will also co-operate in the exploration and mining of unexplored iron ore mines.

**General rule for the foreign company and investor are following:**

- **p** Contract work: Foreign Company is allowed to contractual work in Iran. That kind of work may be performing either direct or by register branch in Iran.
- **q** Direct sales: Most company selling to the Iranian customer directly.
- **r** Investments - In accordance with the terms of the Foreign Investment Promotion and Protection Act (FIPPA), foreign companies can invest in newly created factories and industries. Foreign companies are allowed to own 100% of the businesses in the free economic zones.

**Policies and Norms of India for Import or export to Iran including licensing / permission, taxation etc**

Indian export regulations are much more liberal, but, similar to India imports rules, they are designed to protect the national economy. Many types of finished products such as clothing, textiles and jewelry, are exported freely, but raw materials such as wood, metals and minerals, as well as agricultural and animal products, are restricted.

India amended its foreign trade policy to prohibit trade with Iran in material or equipment which can help Tehran's nuclear or ballistic missile program, a step aimed at bringing the provisions in tune with the UN Security Council resolutions. The amendment to the Foreign Trade Policy 2009-2014, prohibits direct or indirect export and import of all items, material, equipment, goods and technology which could contribute to Iran's enrichment related, reprocessing or heavy water related activities or to the development of nuclear weapon delivery systems.

In the last few years, India’s policy toward the Middle East has often been viewed through the rism of Indian—Iranian relations. The international community, & the West particularly, has been agreed with New Delhi’s ties to Tehran, that are actually underdeveloped largely, whereas missing India’s much higher % substantive simultaneous engagement with Arab Gulf states & also Israel. The relationship of India with the Middle East as a region is dramatically different than a generation ago.

**Potential for import / export in India / Gujarat Market:**

- **s** India imports and exports goods on a grand scale and that trend are growing every year as their population and level of technological sophistication increases. Every country engages in the importation of products that they need and want from other nations and they in turn export the products and raw materials that they have in
abundance for financial gain.

In order to effectively import or export, you must clearly understand the products that a country or region offers and be able to evaluate the potential market for those commodities. Will your chosen import or export sell at its destination? Ask yourself some pertinent questions before committing certain India imports.

**Business Opportunities in future:**

Tata Steel will continue to develop the excellence of employees and the communities it serves. Also group Purpose underscores the Tata values on Nation building. The company believes in returning back to the society that they have earned by developing trust among the shareholders, employees, consumers, and communities.

**Conclusion**

The 1991 reforms allowed for no licenses to be required for capacity creation, except for some locations. Also, once India’s steel industry was moved from the listing of the industries that were reserved exclusively for the public sector, huge foreign investments were made in this industry.

Yet another reform for India’s steel industry came in 1992, when every type of control over the pricing and distribution system was removed, making the modern Indian Steel Industry extremely efficient, as well as competitive.

Additionally, a number of other government measures have stimulated the growth of the steel industry, coming in the form of an unrestricted external trade, low import duties, and an easy tax structure.
India continually posts phenomenal increasing records in steel production. In 1992, India produced 14.33 million tones of finished carbon steels and 1.59 million tones of pig iron. And more steel production capacity of the country has increased rapidly since 1991 - in 2008, India produced nearly 46.575 million tones of finished steels and 4.393 million tones of pig iron.

Both primary and secondary manufacturer contributed their share to this development, while these increases have pushed up the demand for finished steel at a very constant rate.

**Suggestion:**

- While knowledge sharing has so far paid rich dividends within the company, Tata Steel is pushing for a bigger bottom line savings during the current fiscal. As a first step, Tata Steel will connect its subsidiaries.

- Tata Steel is planning to connect about 20,000 group employees within a year by extending the initiative to other group companies. Currently, the Tata Group has about 2,10,000 employees on its rolls. The Knowledge Management framework at Tata Steel rests on a Knowledge Repository which was created as per guidelines laid down by consulting firm McKinsey. The repository was built up initially with voluntary contributions from officers working in various departments who shared their work experiences which included best practices, learning from failures, improved and new practices adopted, customer and supplier knowledge etc.

- Tata steel is supporting with chartered membership and associate membership while they need to support technician membership.

**2.9 Petrochemical Industry in Iran with reference to NIPC**

**Introduction of the Company**

The *National Iranian Petrochemical Company* (NIPC), a subsidiary to the Iranian Petroleum Ministry, is owned by the government of the Islamic Republic of Iran. It is responsible for the development and operation of the country’s petrochemical sector. Founded in 1964, NIPC began its activities by operating a small fertilizer plant in Shiraz. Today, NIPC is the second largest producer and exporter of petrochemicals in the Middle East. Over these years, it has not only expanded the range and volume of its products, but it has also taken steps in areas such as Two special economic zones on the northern coast of the Persian Gulf have been developed to be home to the NIPC’s new project.
Main activities

NIPC's major activities are production, sale, distribution and export of chemicals and petrochemicals. Currently allied with 56 subsidiaries, including 9 production complexes and 18 project implementing companies, NIPC operates as a mother company handling policy-making, planning, directing and overseeing the activities of its subsidiaries and affiliates.

The focus over the past few years has been on products which use natural gas as feedstock; in particular, methanol, ethylene, propane and butane. This is because the profit margins for crude oil and naphtha-consuming petrochemicals are continuously eroding due to the competitiveness of the market and the high price of feedstock.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals</td>
<td>749 thousand tons/ $232 million</td>
<td>804 thousand tons/ $217 million</td>
</tr>
<tr>
<td>Fertilizers</td>
<td>896 thousand tons/ $99 million</td>
<td>2069 thousand tons/ $138 million</td>
</tr>
<tr>
<td>Polymers</td>
<td>105 thousand tons/ $76 million</td>
<td>842 thousand tons/ $555 million</td>
</tr>
<tr>
<td>Aromatics</td>
<td>335 thousand tons/ $172 million</td>
<td>167 thousand tons/ $73 million</td>
</tr>
<tr>
<td>Fuel &amp;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hydrocarbons</td>
<td>2459 thousand tons / $646 million</td>
<td>683 thousand tons / $140 million</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>4544 thousand tons / $1225 million</strong></td>
<td><strong>4565 thousand tons / $1123 million</strong></td>
</tr>
</tbody>
</table>
Indian Petrochemical Industry

The petrochemical industry in India has been one of the fastest growing industries in the country. Since the beginning, the industry has shown an enviable rate of growth. Indian petrochemical industry grew at a rate of ~11% in 2010-11. The outlook for 2011-12 is also stable and the chemicals market is expected to grow at 11-13% p.a. over the next five years. India has petroleum-refining capacity of over 194 Million Tonnes per Annum (MTPA). The world’s largest grass root refinery with 32 MTPA capacities is located in India.

Iran Petrochemical Industry

Iran produced 5.1 percent of the world's total crude oil, which generated revenues of US$25 billion to US$30 billion. Iran's petrochemical industries have absorbed a large amount of private and public investment. In the early 2000s, 43 percent of these investments was financed by Iran's National Petrochemical Company, a subsidiary of the Ministry of Petroleum, which administers the entire petrochemical sector. Another 53 percent is owned by foreign creditors, 3 percent by banks, and 1 percent by the capital market.

Trend of Business with India / Iran during last 6 years

The detailed trade statistics on our trade with Iran (given below) provide an idea of the scope that exists in this market. The two-way trade between India and Iran has shown good growth in recent years. The trade balance continues to be in Iran's favour, although India's imports are also increasing as well.

<table>
<thead>
<tr>
<th>Year</th>
<th>Value in US $ Mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td></td>
</tr>
<tr>
<td>EXPORTS</td>
<td>1,943.92</td>
</tr>
<tr>
<td>IMPORTS</td>
<td>10,943.61</td>
</tr>
<tr>
<td>TOTAL TRADE</td>
<td>12,887.52</td>
</tr>
<tr>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td>EXPORTS</td>
<td>2,534.01</td>
</tr>
<tr>
<td>IMPORTS</td>
<td>12,376.77</td>
</tr>
<tr>
<td>TOTAL TRADE</td>
<td>14,910.78</td>
</tr>
<tr>
<td>2009-10</td>
<td></td>
</tr>
<tr>
<td>EXPORTS</td>
<td>1,853.17</td>
</tr>
<tr>
<td>IMPORTS</td>
<td>11,540.85</td>
</tr>
<tr>
<td>TOTAL TRADE</td>
<td>13,394.01</td>
</tr>
<tr>
<td>2010-2011</td>
<td></td>
</tr>
<tr>
<td>EXPORTS</td>
<td>2,492.90</td>
</tr>
<tr>
<td>IMPORTS</td>
<td>10,928.21</td>
</tr>
<tr>
<td>TOTAL TRADE</td>
<td>13,421.12</td>
</tr>
<tr>
<td>2011-2012</td>
<td></td>
</tr>
<tr>
<td>EXPORTS</td>
<td>2,411.33</td>
</tr>
<tr>
<td>IMPORTS</td>
<td>13,556.71</td>
</tr>
<tr>
<td>TOTAL TRADE</td>
<td>15,968.03</td>
</tr>
<tr>
<td>2012-2013 (Apr-Sep)</td>
<td>1,444.73</td>
</tr>
<tr>
<td>EXPORTS</td>
<td>5,738.90</td>
</tr>
<tr>
<td>IMPORTS</td>
<td></td>
</tr>
<tr>
<td>TOTAL TRADE</td>
<td></td>
</tr>
</tbody>
</table>
Top items of Exports from India:
rice, machinery & instruments, metals, primary and semi finished iron & steel,
drugs/pharmaceuticals & fine chemicals, processed minerals, manmade yarn & fabrics, tea,
organic/inorganic/agro chemicals, rubber manufactured products,

Top items of Imports by India:
Crude Oil, urea, Petroleum products, Saffron, Dry Fruits.
Import/Export Regulations & Activities
General Import and Export Regulations

In accordance with Article 1 of the Foreign Trade Monopoly Act (FTMA) of 1311, as amended, the foreign trade of Iran is a Government monopoly. By virtue of Article 3 of FTMA, the Government may not be directly involved in the importation and exportation process and therefore may assign its right to persons or companies under certain terms and conditions.

In line with such monopoly, the Export Import Regulations Act of 1993 has classified products into three categories: permissible goods the exportation or importation of which requires no license; conditional goods the exportation or importation of which requires a license; and prohibited goods the exportation or importation of which is forbidden. For instance, the import of food, beverages, cosmetics and health products requires a licence from Ministry of Health. Certain products are subject to obtaining importation license from the Organization for Protection of Consumers and Producers and certain others are subject to mandatory price fixing. Prohibited imports include some luxury items, alcohol, pork, narcotics, guns and ammunition, aerial cameras, radio transmitters, gambling and debauchery paraphernalia and indecent materials.

In line with FTMA, the Government may, from time to time, prohibit the exportation or importation of certain goods. In addition, engagement in exportation and importation activities for commercial purposes requires a commercial card to be issued by the Iran Chamber of Commerce, Industries and Mines and approved by the Ministry of Commerce. Moreover, importers are required to register their import orders with the Ministry of Commerce.

Deliberate evasion of duty or violation of prohibition/restriction imposed upon import of export of specified goods invites penal action under the Customs Act, 1962 or any of the allied legislations that are enforced by the Customs in terms of the said Act. Thus, importers and exporters and other connected with international trade require to be well conversant with the provisions of Customs Act, 1962, the Foreign Trade Policy, as well as other relevant allied Acts and make sure that before any imports are effected or export planned, they are aware of any prohibition/restrictions and requirements subject to which alone goods can be imported/exported.

The terms “Prohibited Goods” are defined in Section 2(33) of the Customs Act, 1962 as meaning “any goods the import or export of which is subject to any prohibition under the Customs Act or any other law for the time being in force”. Under Section 11 of the Customs Act, 1962 the Central Government has the power to issue notification under which export or import of any goods can be declared as prohibited.

Section 111(d) and Section 113(d) of the Customs Act, 1962 provide that any goods which are imported or attempted to be imported and exported or attempted to be exported, contrary to any prohibition imposed by or under the said Act or any other law for the time being in force shall be liable to confiscation.

Section 112 of the Customs Act, 1962 provides for penalty for importation and Section 114 of the said Act provides for penalty for attempt to export goods improperly. In respect of prohibited goods the adjudicating Officer may impose
penalty up to five times the value of the goods. It is, therefore, absolutely necessary for the trade to know what are the prohibitions or restrictions in force before they contemplate to import or export any goods.
INDIAN IMPORTS FROM IRAN

Nearly 12 percent of India's oil imports come from Iran. The majority of the purchases are done by refiners like Hindustan Petroleum Corporation Limited, Mangalore Refinery and Petrochemicals Limited and Essar Oil.

BUSINESS OPPORTUNITIES IN INDIA

Today 95 per cent country's industrial units come under Micro, Small and Medium Enterprises (MSME). This sector has around 128.44 units (provisional 2006-07), registering a growth of 4.1 per cent annually are producing thousands of products. The value of production at current prices is estimated to have increased by 17.9 per cent to Rs. 587,196 crores and the employment is estimated to have increased to 312.52 lakh persons.

CONCLUSION

As the researcher selected the company NIPC, it has the more exports than the domestic sales. The Iran country has the import-export relationship with India in 2007-08 the total trade is 12887.52 US$. But meanwhile it is increased and in 2012-13 it is reduced up to 7183.63 US$.

SUGGESTION

India has more import from Iran than the export. So, India can increase the export in rice, metal, chemicals, minerals, tea, agrochemicals, rubber manufactured products etc. India can also reduce the import of saffron and dry fruits etc.

Indian government has to reduce the trade policy business and make it more liberal. After the reforms of Indian country in 1991 the Indian government applied the LPG policy. So India can easily trade with different countries.