Summary

Imports of cosmetics into India are currently not regulated and registration of imported cosmetics is not mandatory. Effective, October 1, 2011, however, India plans to introduce a new compulsory registration system for imported cosmetics products. This new mandatory requirement to register all imported cosmetics will represent important costs in terms of time and money, and administrative requirements for foreign companies to market their products in India. This new requirement is primarily a result of dumping of beauty and personal care products from a few countries, which were found to contain hazardous materials. Lack of regulations on imported cosmetics contributed to the proliferation of sub-standard and spurious cosmetics in the Indian market, worth millions annually. This new regulation is reportedly to check the sale of spurious items and also to harmonize import requirements with those for domestic products.

Major Guidelines

All cosmetics imported into India from October 1, 2011 would need to be registered with the Indian licensing authority, which is the office of the Drug Controller General of India (DCGI) or his nominee. The Drug Controller's Office administers the Indian Drugs and Cosmetics Act of 1940, which governs the manufacture, sale, import, export and clinical research of drugs and cosmetics in India.

Cosmetics products imported into India in bulk for re-packaging and re-processing and 100 percent export to other countries are exempted from this new regulation and will not require registration. However, bulk imports of cosmetics into India for re-packaging and sale in the Indian market are not exempted and would need to be registered.

An Indian importer who can also be a manufacturer or an authorized agent or distributor would need to apply for the registration of the cosmetics being imported. An application for registration of a cosmetic product can also be made by a foreign manufacturer directly or by their subsidiary in India authorized by the manufacturer.

The fee for registration is U.S. $250 per brand of cosmetics applied for, which may include any number of variants or pack sizes. If an importer wants to import more than one brand, a fee of $250 for each brand has to be paid. An applicant would also be liable for the payment of testing fees directly to a testing lab approved by the Indian government if required for examination, test and analysis of a brand of cosmetics.

The time period for issuance of the registration certificate will be within six months from the date of submission of the application form and the required documents. The duration of a registration certificate will be for a period of three years from the date of its issue unless it is suspended or cancelled sooner for some reason.

Once the regulation comes into effect, the label of imported cosmetics would need to have the registration number of the product and the name and address of the registration certificate holder for sale of the product in India. No cosmetic product prohibited for manufacture, sale or distribution in its country of origin would be allowed to be imported in India except for the purpose of examination, test or analysis.

For existing imported products already being sold in India, the registration authority could review them on a fast track basis on a case to case basis and registration approvals may be granted faster.
Registration Procedure

The proposed application process for the issue of a registration certificate for an imported cosmetics brand is as under:

- An application for issue of a registration certificate has to be made in hard copy as well electronically in the prescribed Form 42 along with a cover letter to the office of the Drugs Controller General of India in the Indian Ministry of Health and Family Welfare in New Delhi. An application can be made either by the manufacturer themselves or by their authorized Indian agent/distributor/importer or by their subsidiary in India authorized by the manufacturer along with the prescribed fee of $250 or in equivalent Indian rupees for each cosmetics brand.

- The cover letter for the application should be on the letterhead of the importer or the authorized agent applying for the registration duly stamped and signed by an authorized person. An authorization by the manufacturer to his Indian agent would need to be duly authenticated either in India before a magistrate or in the country of origin before an equivalent authority.

- The office of the Drug Controller General will acknowledge the receipt of the application on a copy of the cover letter with a stamp specifying an acknowledgement number and date of receipt for tracking and future reference.

- The registration fee would need to be paid in designated branches of the Bank of Baroda either in U.S. $ or in equivalent Indian rupees and the original copy of the receipt submitted along with the application for registration. In case of direct payment of fees by a foreign manufacturer in the country of origin, fees can be made through electronic transfer from any bank in the country of origin to the Bank of Baroda branch in Kasturba Gandhi Marg, New Delhi. Proof of such payment would need to be submitted along with the application for registration.

- Following the application and review by the Drug Controller General’s office, a registration certificate valid for three years would be issued within six months of the date of application received.

- A single application may be made while applying for registration of more than one brand of cosmetics (including its different variants and pack sizes) and manufactured at one or more manufacturing locations by the same manufacturer. A single application in the prescribed form can therefore cover more than one brand and many manufacturing units corresponding to the product brands.

- In case of any importer already holding registration for a finished cosmetic product wanting to import the same product in bulk, the bulk product will be endorsed on the original registration on submission of an application with the relevant documents provided the brand is already registered.

List of documents: Below is an indicative list of documents that would be required while submitting an application for registration of a cosmetic product in India:

1. **Particulars of the manufacturer and manufacturing premises** – name and complete address of the manufacturer and manufacturing facilities along with contact numbers and email addresses; name, address and contact details of the of the applicant; and a brief profile of the manufacturer’s business activity in the domestic as well as global market.

2. **Proof of payment of the required registration fee**.

3. **Particulars of the cosmetics to be registered** - brand names of the cosmetics along with their category, variants and pack sizes to be imported for sale in India; particulars of the manufacturing licenses-registration/marketing authorization if any under which the cosmetics are being manufactured and sold in the country of origin issued by the regulatory authority of that country; list of countries where import permission of the cosmetic product has been granted.
4. **Chemical Information** – names of ingredients as per international nomenclature of standard cosmetic ingredients along with percentage contained in the product; specification and testing method of the product; specimen of the label; and package insert in any; and

5. Provide information if the product has already been selling in India and the period it has been selling in the Indian market.

**Market Entry**

Key factors to successfully entering the beauty and cosmetics market in India include careful research and analysis of existing sales channels and consumer preferences, which will allow U.S. companies to determine the pricing structure, the product mix and brand positioning; finding the right partners who have knowledge of the local market and procedural issues; good planning; maintain consistent follow-up and supply; aggressive due diligence to ensure that partners or distributors are credible and reliable; and perhaps more importantly, patience and commitment to the market. The U.S. Commercial Service (USCS) in India offers customized solutions to help your business enter and succeed in the Indian market. To identify potential agents or distributors in India, U.S. companies can take advantage of the Gold Key Service and the International Partner Search program offered by the U.S. Commercial Service through its seven offices in India. To conduct a background check on potential partners, U.S. companies can also take advantage of the Commercial Service’s International Company Profile service.

Developing innovative pricing strategies is also very important, as India is a very price sensitive market. Indian consumers want the best but many are not always willing to pay for it. Understanding the attitudes, preferences and aspirations of the different segments of India's consuming class is very crucial to achieving success in the Indian market. For example, given the price-sensitivity of the Indian consumers, many cosmetic and toiletries companies launched their products in smaller pack sizes to make them more affordable. Small pack sizes have proved to be very popular in the Indian market as it offers a consumer lower purchase cost that they can afford and at the same time the opportunity to try new products.

As India is a large country, it may also require multiple marketing and sales efforts. For this purpose, it may be necessary to have more than one distributor or importer covering different regions of the country.

Understanding the Indian skin types and color is also important.

**Import tariffs**: Indian import tariffs on cosmetics have been significantly reduced over the last several years. The total customs duty for cosmetics and beauty products classified under HS Code 3303 to 3307 is currently 26.84 percent, down from 31.7 percent last year and over 56 percent in 2005-06. The components of this total duty includes a basic custom duty of 10 per cent [applied on the cost insurance freight (CIF) value of goods]; an additional duty of customs popularly called countervailing duty or CVD of 10.30 per cent; and a special CVD of four percent. The special CVD of 4 percent is intended to represent the incidence of sales tax, value added tax and similar levies applicable on domestic goods. The countervailing duty is equivalent to the local excise tax on similar articles manufactured within the country.

**Labeling requirements**: In January, 2001, the Indian government made it mandatory for all pre-packaged goods (intended for direct retail sale) imported into India to bear the following labeling declarations: i) name and address of the importer; ii) generic or common name of the commodity packed; iii) net quantity in terms of standard unit of weights and measures; iv) month and year of packing in which the commodity is manufactured or packed or imported; and v) maximum retail sales price (MRP) at which the commodity in packaged form may be sold to the end consumer. The MRP includes all taxes, freight transport charges, commission payable to dealers, and all charges towards advertising, delivery, packing, forwarding and the like. Compliance of the above-stated requirements has to be ensured before the import consignments are cleared by customs in India. The import of pre-packaged commodities such as raw materials, bulk imports, etc., that need to undergo further processing before they are sold to end consumers are not included under this labeling requirement.
Specifically for cosmetics, a product shall carry on both the inner and outer labels:

a). Name of the cosmetic. b). Name of the manufacturer and complete address of the premises of the manufacturer where the cosmetic has been manufactured (Note: If the cosmetic is contained in a very small size container, where the address of the manufacturer cannot be given, the name of manufacturer and his principle place of manufacture along with zip code has to be indicated). c). The names of ingredients in the order of percentage of content.

On the outer label: a). A declaration of the net contents expressed in terms of weight for solids/ semi solids, fluid measure for liquids. (Note: In the case of package of perfume, toilet water or the like, the net content which does not exceed 60 ml or any package of solid or semi solid cosmetic where the net content doesn’t exceed 30 gms, the statement of net content need not appear). b). The names of ingredients in the order of percentage of content.

On the inner label: a). Where a hazard exists, adequate directions for safe use, warning, caution or special direction required to be observed by the consumer, statement of the names and quantities of the ingredients that are hazardous or poisonous. b). The names of ingredients in the order of percentage of content.

Batch number preceded by the letter “B” (Note: Any cosmetics containing less than 10 gms in solid form or semi solid form and 25 ml or less in the case of liquid cosmetics are exempted). In the case of soaps instead of batch number, the month and year of manufacture of the soap shall be indicated on the label.

Manufacturing license number preceded by the letter “M.” (Note: Where a package of a cosmetic has only one label such label shall contain all the information required to be shown on both the inner and outer labels).

Import procedure and documents required: The import procedure for importing cosmetics into India consists of the following standard steps:

1. The U.S. exporter provides the proforma invoice stating the offer price, which is inclusive of the insurance and freight cost. On reaching an agreement on the mode of payment (which can be wire transfer of funds or a letter of credit), the Indian importer places the order for the product.

2. Exporter sends the consignment by sea or uses airfreight. At the port of entry in India, the Indian importer or its customs clearing agent is responsible to clear the goods after the payment of import duties.

3. Before any cosmetics are imported, a declaration signed by or on behalf of the manufacturer or on behalf of the importer that the cosmetics comply with Chapter III of the Indian Drugs and Cosmetics Act and rules shall be supplied to the collector of customs at the port of entry. The contents of chapter III of this Act relate to general provisions on spurious cosmetics, misbranded cosmetics, prohibition of defective quality cosmetics and incorrectly labeled cosmetics, and banned cosmetics.

4. Besides the "bill on entry," which is to be submitted by the Indian importer in four copies, the following standard documents are required:
   
   - Signed invoice (original + 2 copies) or statement showing the name and quantities of each article of cosmetic included in the consignment and the name and address of the manufacturer along with itemized market value of all the contents
   - Packing list
   - Contract Copy (Purchase order and payment terms)
   - Bill of Lading if shipped by sea or Airway Bill if sent by air
   - Insurance document
   - Product catalogs
   - If products are considered as hazardous products (for example flammable products such as oils, sprays and other liquid products), importer will have to furnish a special import license.
Banned items: India prohibits the manufacture and import of any cosmetic products containing hexachlorophene, lead, arsenic or mercury compounds. In India, the permitted synthetic organic colors and natural organic colors used in the cosmetics shall not contain more than:
- 2 parts per million of arsenic calculated as arsenic trioxide.
- 20 parts per million of lead calculated as lead.
- 100 parts per million of heavy metals other than lead calculated as the total of the respective metals.

India allows import of cosmetics into the country only through specified ports of entry, which includes: Chennai, Kolkata, Mumbai, and Cochin sea ports; and Delhi, Mumbai, Chennai, Kolkata, and Ahmedabad airports. The officer appointed by the Indian government at the port of entry is empowered to take samples for analysis if required.

Market Issues & Obstacles

The term "cosmeceuticals" is not really recognized in India. Currently, if a cosmeceutical product cannot be sold as an over-the-counter item and claims any medical or health benefit, the product requires approval from the office of the Drug Controller of India in the Ministry of Health. The import of such products will only be allowed if the generic product category is registered with the Drug Controller's Office.

All enquiries on cosmetics product registrations should be addressed to:

Dr. Surinder Singh – Drug Controller
Dr. S. Eswara Reddy – Assistant Drug Controller
Central Drug Standard Control Organization (CDSCO)
FDA Bhavan, Kotla Road
New Delhi – 110 001
Phone: +91-11-2323 6965 (D)
Fax: 91-11-2323 6973
Email: dci@nb.nic.in ; dci@nic.in ; gmpro@rediffmail.com
Website: www.cdsco.nic.in ; http://www.cdsco.nic.in/cosmetic_division.htm

Trade Events

BeautyWorld India, October, 2011, Mumbai
Cosmoprof Asia, November 9-11, Hong Kong

Resources & Contacts

Drug Controller of India, Ministry of Health, Government of India
The Drug and Cosmetics Act, 1940
Reserve Bank of India
Ministry of Finance, Government of India

For More Information

The U.S. Commercial Service in Bangalore, India can be contacted via e-mail at: Manjushree.Phookan@trade.gov ; Phone: 91-80-2220 6404; Fax: 91-80-2220 6405; or visit our website: http://www.export.gov/india/

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