

Why Does an Indian Trader Want a Non-Circumvention Agreement?



Yash Khatri

Founder, SourcingFrom

Updated 18 Oct 2026 5 min read

An Indian supplier asking you to sign a non-circumvention agreement before naming the factory is almost always a trader or agent protecting its margin. That is a normal business model and not a red flag on its own. Indian traders openly advise each other to blur the maker's details on certificates and to ask buyers for an NCNDA. Sign a narrow, mutual agreement if the trader adds value, and in return ask for the things you need regardless of the maker's name: written responsibility for quality, certificates that cover your goods, origin evidence and inspection access.

The Short Version

- A non-circumvention request tells you that you are dealing with a trader or agent. That is information, not an accusation.
- Blurred or redacted certificates come from the same playbook, so a certificate with the maker hidden is a trader signal.
- Under India's Contract Act s.27, broad restraints on trade are void. Confidentiality and non-use terms are generally enforceable.
- You can protect the trader's margin and still get quality responsibility, certificate scope, origin evidence and inspection access.
- Where your own regulator or an FTA claim needs the maker named, say so before you sign.

The trader's business is the relationship with the factory, and a buyer who learns the factory's name can go round it. A non-circumvention agreement (often an NCNDA, non-circumvention and non-disclosure) is how traders and agents protect that margin. It isn't a red flag on its own. It's a clear sign you're dealing with a trader rather than the maker, and it changes what you should ask for.

In October 2025 an Indian food exporter asked an Indian business forum how to stop buyers going direct to his suppliers. The advice came back in two lines - "share copies of certificates (like FSSAI, IEC, ISO, FDA, etc.) but blur or cover details of manufacturer", and "Sign a Non-Circumvention / Non-Disclosure Agreement (NCNDA) with clients" ([r/IndiaBusiness, 2025](#)). That's the playbook you may be on the other side of. This page explains what it tells you, how India's contract law treats these agreements, and what to ask for instead of the name. The caveat - this is buyer guidance, not legal advice, so have a lawyer who knows Indian contract law read anything you sign.

SourcingFrom Intelligence

powered by [Kirnova](#) - the intelligence company

01 Indian traders describe hiding the maker as standard practice, through blurred certificates, NCNDAs and their own "packed and marketed by" labels. (*Our review of forum threads, 3 supplier-side voices, 2025*)

02 Agreements that restrain anyone from a lawful trade or business are void to that extent in India. Post-contract restraints generally fail, while confidentiality and non-use of confidential information are generally enforceable. (*Indian Contract Act 1872, s.27 · Verified. Case-law reading from our legal desk research*)

What we don't know yet

- ☐ How often foreign buyers actually go round a trader after learning the maker. One trader says rarely. Nobody has measured it.

1. Is a Non-Circumvention Request a Red Flag?

No. It's a label. A factory selling its own goods has little to protect this way. A trader, merchant exporter or agent has a margin built on the introduction. Trading is a normal way to buy from India, and for small or mixed orders often

the best one, because the trader gathers goods that a single maker won't sell you in that size (manufacturer vs trading company).

What would be a red flag is the request arriving with other things - no verifiable company, a personal bank account, pressure to pay fast, or a refusal to put anything about quality in writing. The NCNDA itself is just the trader telling you what it is. Our review of forum threads found buyers treat a trader as the default on Indian directories anyway, so the request mostly confirms it.

2. What Do Blurred or Redacted Certificates Mean?

The same thing. A certificate with the manufacturer's name or address covered is a trader showing you the factory's credentials without the factory. It's very rarely forgery. It does mean the certificate is about someone else, and a certificate covers only the entity and site named on it. If a trader shows you a mill's textile certificate, you've learnt the mill is certified, not that the trader's goods are, which is why the certificate route needs settling in writing (textile certifications).

So don't argue with the blur. Ask the trader to let the certificate be checked at the scheme's own database by you, or by an inspector you appoint, under the agreement.

3. Will a Non-Circumvention Clause Hold Up in India?

Partly, and it depends how it's written. Section 27 of the Indian Contract Act makes agreements that restrain anyone from a lawful trade or business void to that extent (Indian Contract Act, s.27). Indian courts generally strike down restraints that run after a contract ends, and the practitioner commentary in our legal desk research reports the same reading in supply contracts (we haven't read those judgments ourselves). Terms that protect specific

confidential information, designs or contacts from disclosure and misuse are generally enforceable.

That cuts both ways. A broad "never buy from any factory we introduce, forever" clause may not bind you in India, and the same goes for a clause you write to stop a supplier serving others. Which country's law governs the agreement matters as well. Have it read before you sign, and don't treat a sweeping clause as harmless just because it might not hold.

4. What Should I Sign?

If the trader adds real value, sign something narrow and fair.

- **Mutual.** It protects the trader's contacts and your designs, prices and customers alike.
- **Specific.** It names the introduced factory or factories, not "any business in the sector".
- **Time-limited,** to the relationship and a defined period after it, with that period agreed in writing.
- **With carve-outs** for factories you already knew or meet independently, such as at a trade fair. List them on signing.
- **Without penalty sums you'd never accept** if the roles were reversed.

5. What Should I Ask For Instead of the Factory's Name?

The things you need whoever makes the goods. A good trader can give you all of these without naming anyone.

1. **Written responsibility for quality.** The trader is the seller, so it answers for the goods meeting your spec, in the contract.

2. **Who does what.** Which unit makes each step, and whether any step is job work, even if the units aren't named ([job work and subcontracting in India](#)).
3. **Certificates that cover your goods**, checkable at source, as above.
4. **Inspection access.** Your inspector visits the production site under the agreement, and photos of your goods on the line partway through the run.
5. **Origin evidence.** If you'll claim a free-trade rate, the exporter has to stand behind the origin, and the evidence sits with the maker ([rules of origin](#)).

There's one limit to plan for. Some buyers need the maker named, because their own regulator asks for the producing facility, or because their origin claim does. A sourcing agent made the point in a 2026 forum thread on US origin rules. Buying through a trader is fine, he said, but you still need the real producer named (our review of forum threads, Reported). If that's you, say so before you sign, and offer the trader confidentiality on the name in return. If you'd like the maker checked on your behalf while the trader's relationship stays protected, [SourcingSync](#) verifies Indian suppliers before you pay.

Questions Buyers Ask

Will the trader lose the deal if I meet the factory? 

Not necessarily. One Indian trader in the same 2025 thread said "most importers do not really disintermediate", and that a maker who values the trader won't want to either ([r/IndiaBusiness, 2025](#)).

Should I refuse to sign and look for the factory myself? 

Can an agent ask for one too? 

