DOING BUSINESS IN INDIA

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“Focus on what matters.
We’ll handle the rest.”

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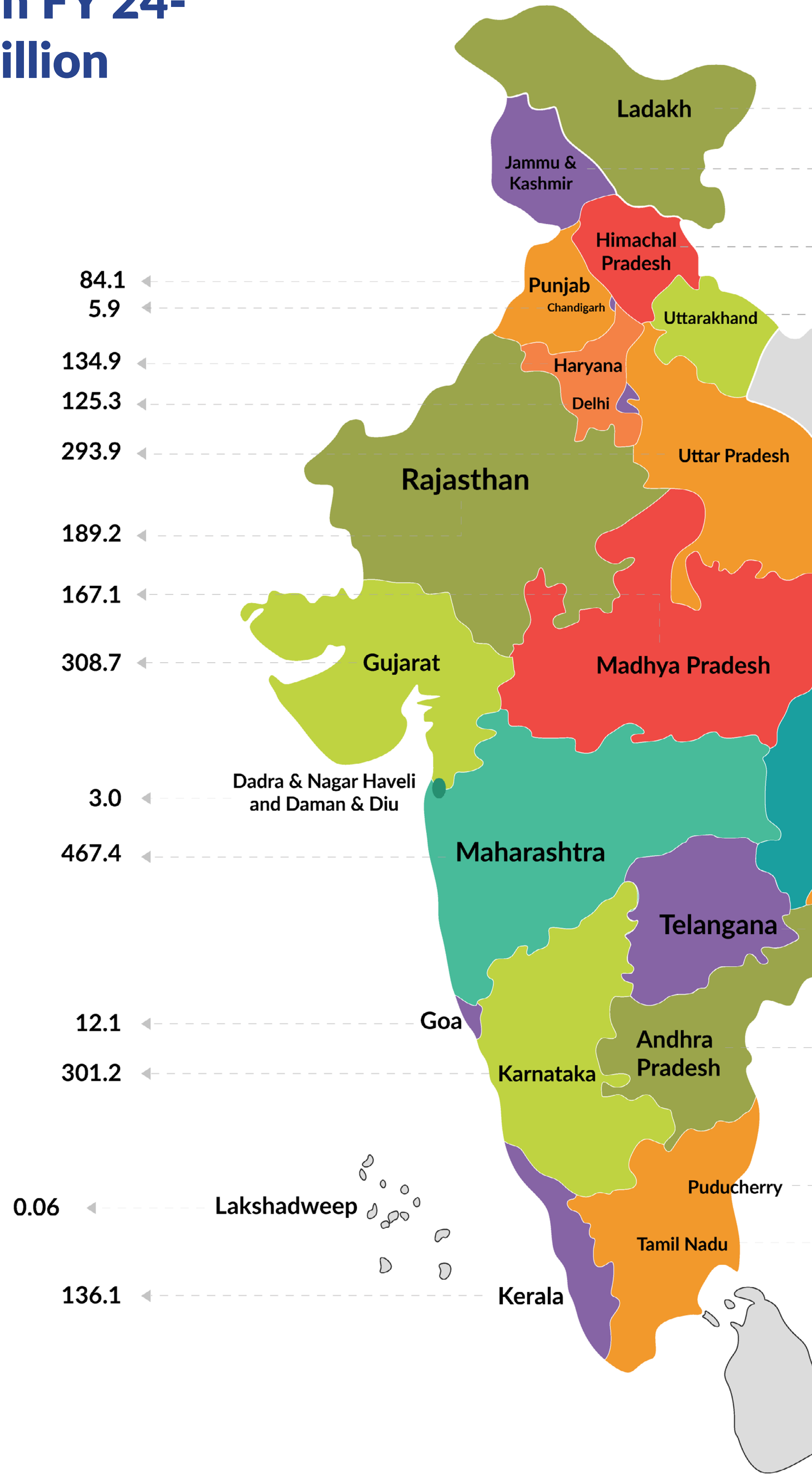
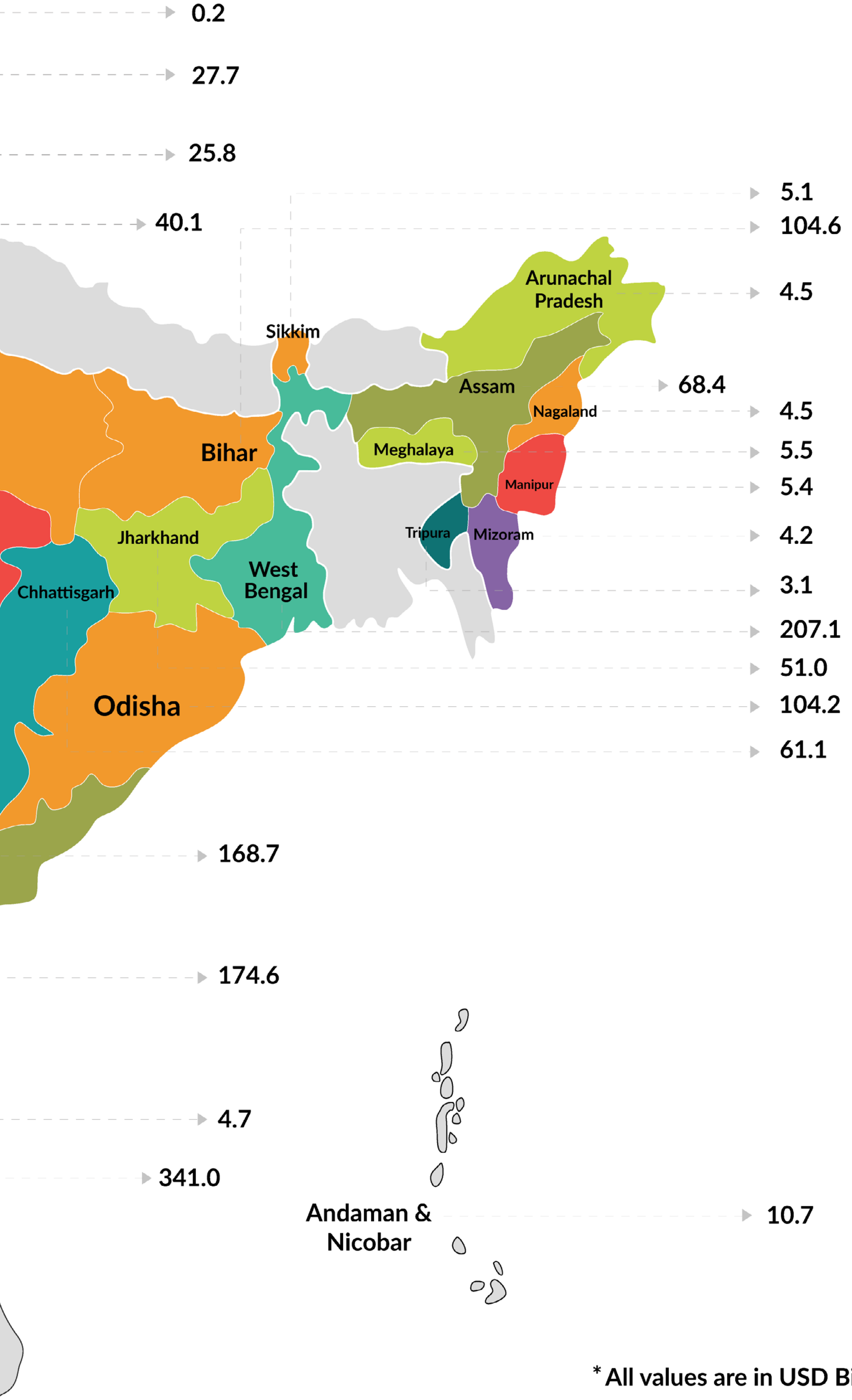
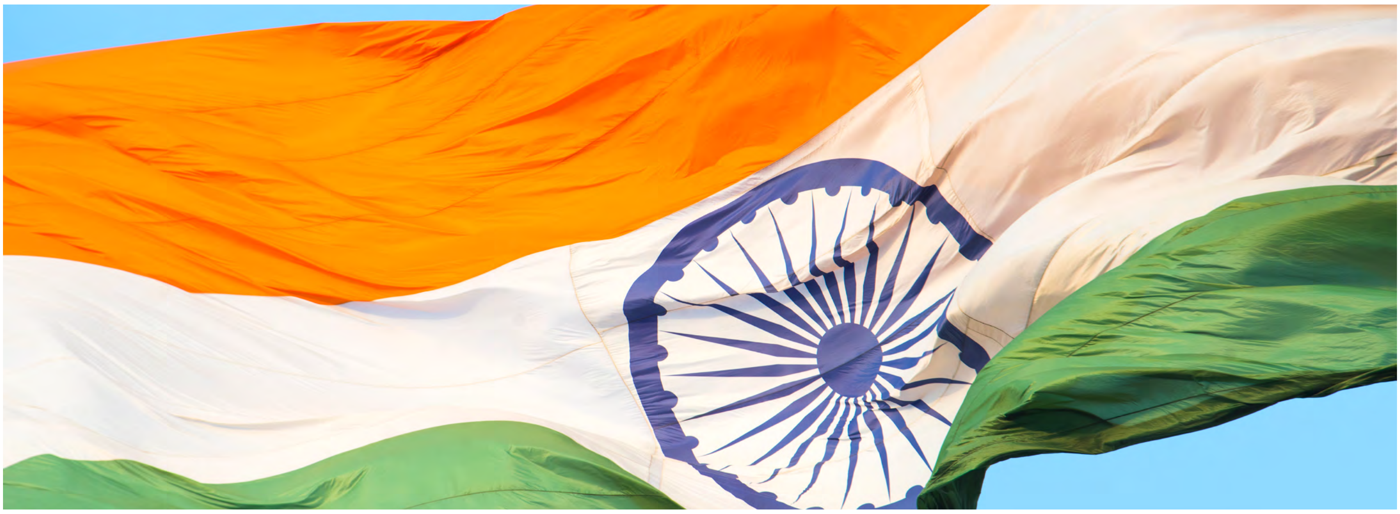
India's GDP in FY 24- USD 3,540 billion





* All values are in USD Billion

CHAPTER 1: Introduction



India is a land of diversity, complexity, and opportunity. In the bygone era, it was a golden bird, and with current macroeconomic indicators, its path to glory has again been laid by facts, geopolitics, numbers, and demographics working in its favor.

India is the seventh-largest country by area and has recently become the most populous country in the world. It is a land of many languages and cultures, climates, traditions, etc. India firmly believes that its biggest strength lies in its diversity, which provides enormous market opportunities to the business world globally.

Global headwinds and challenges in international economies resulting from uncertainties such as the Ukraine-Russia war, and the Israel-Palestine conflict have had little effect on the Indian economy, with India's GDP growth for FY 2023-24 being 8.2% and projected GDP growth for 2024-25 being 7.2%.

Indian economy is the fourth largest in the world by nominal GDP and third largest by Purschasing power Parity (PPP) is now set to become the fourth largest economy by 2026 by surpassing Japan. India currently has only four nations ahead of it: the United States of America, China, Japan, and Germany. Indian GDP is snowballing in both real and nominal terms. India may become a USD 5 trillion economy by 2028-29 if GDP grows 8 to 9% per annum.

Despite uncertainties in major world economies, global confidence in the Indian economy has improved, as reflected in growing inflows of net foreign direct investment (FDI) and an all-time high accumulation of foreign exchange reserves. This is evident from India receiving FDI worth USD 991 billion through FY 2000- 2024. It is expected that by FY 2025, India will receive FDI between USD 120 to 160 billion. In FY 2024, India has created as many as 117 unicorns who have attracted investments of more than USD 100 billion and are valued at around USD 350 billion. The number of Unicorns is expected to increase to 122-130in two to four years.

India is promoting 'Make in India' aggressively; with China's economy feeling various pressures, global investors are looking towards India to set up their manufacturing base. To cater to such demands for manufacturing, India is heavily investing in infrastructure, introducing ease-of-doing business reforms, further introducing production-linked investment schemes, and relaxing its FDI policies. The most recent example is the food processing sector which has attracted INR 50,000 crores in foreign direct investment in the past nine years. Indian advantage in manufacturing comes from reasons such as supply chain diversification, sectoral advantages, Governmental initiatives, Infrastructure growth, Mergers, and private equity related investments. Manufacturing sectors to be watched are Chemicals, Pharmaceuticals, Industrial Machinery, Electronics, Automobiles, and Textiles & Apparel.

India is a services powerhouse with IT, ITES, and Knowledge process outsourcing services leading the pack. It has the highest number of skilled talent pool and is the talent factory of the world leading to creation of GCC's, with even China not being able to compete with India when it comes to services. In 2024 , Services contributed 53% of the Gross Value Added (GVA). India's services sector GVA increased to a CAGR of 4% to USD 23.93 billion in FY24 from USD 20.5 billion in 2020. The Indian services sector received the maximum FDI inflows worth USD 109 billion between April 2000 and March 2024 and was ranked first in FDI inflow. India's service exports stood at USD 339.6 billion, and imports stood at USD 177.79 billion in FY24. India's software service industry is expected to reach USD 1 trillion by 2030.The sectors that need to be watched are financial, Banking, Insurance, IT & ITES, Non-Financial / Business, Outsourcing, R&D, Courier & Logistics, and Tech Testing and Analysis India has emerged as an important player in the world due to high GDP growth and the government's announcement/ implementation of critical measures in the current year and the last few years. As per the National Statistical Office, the real GDP growth was 8.2 percent in FY24, as compared to 7% in FY23. The IMF also forecasts that the Indian GDP will grow by 6.5 % percent in the FY25. This booklet will help you understand India's business and investment scenario helping to further understand the enormous growth that India offers, even in this uncertain economic world.

This booklet gives you a flavor of background of India, sector opportunity analysis, Indian Legal system, Investments in India, establishing a presence in India, company formation and administration, Merger and Acquisition, startup India scheme, Visa requirements in India, capital markets in India, financing your Indian entity, tax, human resource laws, Intellectual property laws, environmental laws, Data privacy and IT laws, dispute resolution and Exit options.

Hope you will enjoy reading our analysis of doing business in India.

Happy reading!

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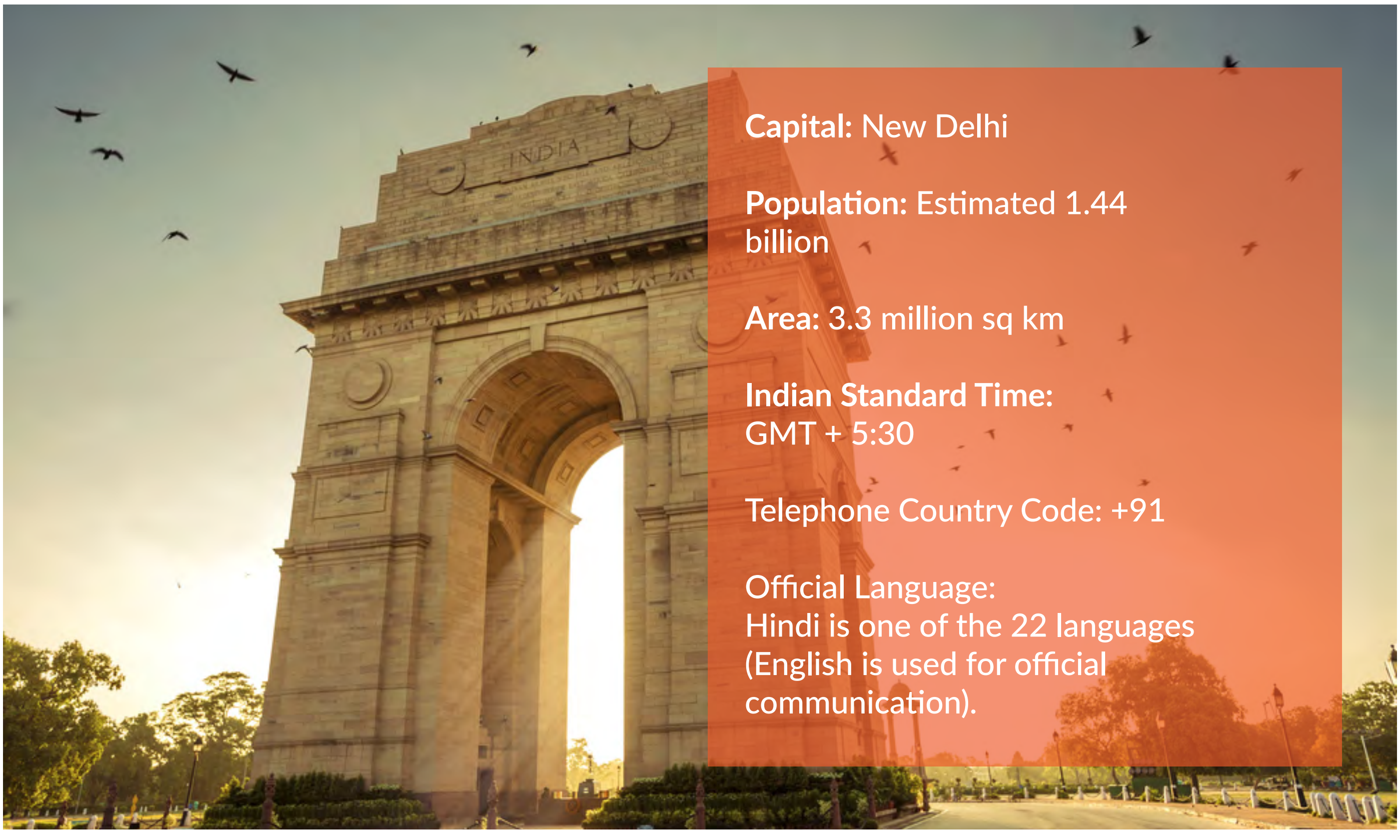
CHAPTER 2: Background of India

India a Snapshot

India with its remarkable journey and economic liberalization made a USD 3 trillion economy in 2019 and is currently ranked 5th largest economy in the world. It is the seventh-largest country by area, the second-most populous country, and the most populous democracy in the world.

The Indian peninsula is separated from mainland Asia by the Himalayas. The Country is encircled by the Bay of Bengal in the east, the Arabian Sea in the west, and the Indian Ocean toward the south. (Latitude: 8° 4' to 37° 6' North; Longitude: 68° 7' to 9[7° 25' East)



Business Hours

The Indian corporate world generally works on 8 hour shift. The business hours are usually 9 AM to 5:30 PM IST (GM +5:30), which includes a 30 minute lunch break between 01: PM and 01:30 PM. The standard work week in India is 6-days, Monday to Saturday, with a holiday on Sunday. However, most of the corporate companies in India follow a 5-day work weeks, while Saturday and Sunday are holidays

Public Vacation Days

In India Public vacations are categorized in 3 categories:

1. National Holidays
2. Gazette Holidays
3. Restricted Holidays

National Holidays: In India there are 3 national holidays every year.

1. Republic Day – 26th January
2. Independence Day – 15th August
3. Gandhi Jayanti – 2nd October

In addition, the official public vacation day calendar includes 16 gazette vacation days and 31 restricted holidays. The central and state governments set these public vacations each year.

Language

With no national language, India stands strong with its 22 official languages, of which Hindi is widely used.

English is only known as a **"Subsidiary Official Language" in India. In India, official languages are identified region-wise, for example, the official language of the Assam Region is Assamese.**

Other Indian languages recognized by the Constitution of India are Assamese, Bengali, Gujarati, Kannada, Kashmiri, Malayalam, Marathi, Nepali, Odia, Punjabi, Sanskrit, Tamil, Telugu, Urdu, Sindhi, Santali, Manipuri, Maithili, Konkani, Dogri, and Bodo.

Currency

In India, the currency is controlled by the Reserve Bank of India (RBI), which is officially the currency issuer. All the other banks work under RBI, which is headed by the Governor. The currency in India is recognized by INR, which is the currency code for India, and the currency sign is ₹. Further, the currency of India is the Rupee, which is divided into Paise. 100 paise make up one rupee.

Population

India has recently overtaken China as the most populous country in the world, with an estimated population of 1.4 billion. 62% of the population in India belongs to the working age group, and 54% of the population is below 25 years of age; based on this, India is considered one of the youngest countries in the world, with a 17.7% population share of the world. In India, the population is categorized into Urban and Rural categories, whereas Urban holds 35% of the total population, and 65% of the population lives in Rural areas of the country.

Geography and Climate

India holds the 7th position in the world based on its geographical area. The mountains, deserts, and seas make India stand apart from the rest of Asia. The Himalayan Mountain ranges in the north, the Thar Desert in the West, and the Indian Ocean between the Arabian Sea in the west and the Bay of Bengal in the east give the country a distinct geographical identity. The total geographical area of India is 3,287,263 Sq kms.

India has an unprecedented assortment of climates, Nation has 4 types of climates,

1. Winter (December to February)
2. Summer (March to June)
3. Monsoon (June to September)
4. Post Monsoon (October to November)

As per the geographical area there are mild changes in the above climate i.e. Winters are Mild in desert area but heavy in Mountains area, Summers are mild in Mountains but heavy in desert areas.

Economic System

India is one of the quickest rising and dynamic economies in the present financial world. It is the fifth largest with a nominal GDP of $3.5 trillion and ranks third behind the US and China in purchasing power parity at USD13.1 trillion.

India recorded the strongest trajectory development rates in the mid-2000s, is one of the fastest developing economies on the planet, and will become a high-middle income country by 2030. The development was driven fundamentally by an immense increase in the size of middle-class consumers, an enormous workforce power, and significant foreign investments.

In 2024, India is ranked at number 13 in total exports and number 7 in total imports. The economic growth rate is projected at 7% for the financial year 2024-2025.

India has evolved into a market economy with enough investment opportunities in renewable energy, HealthCare, Defence, FMCG, Education, Automobile, Publishing, Oil & Gas, Civil Aviation, Banking & finance, E-commerce, Real estate, Textile, Telecom, Infrastructure, healthcare, ITES / AI and many other dynamic sectors.

Thus, India offers huge prospective for business establishment for any foreign entity looking tremendous development and economic
dynamism.

Political System

Governance & Administration

With a population of 1.4 billion, out of which 900 million are electors, India holds the world's largest democracy in terms of voters.

The current constitution of India came into force on 26 January 1950, when the first general elections took place in 1951-52. India has the longest written constitution, which contains 444 articles, 12 schedules, and 98 amendments.

India's political system is divided into three branches: -

1. The Legislative Branch
2. The Judicial Branch
3. The Executive Branch

The Legislative Branch: India's supreme legislative body is parliament, which comprises the President and two Houses (Rajya Sabha and Lok Sabha). The president of India holds the power to dissolve the Lok Sabha.

- Rajya Sabha (Council of States): It is also known as the Council of States or Upper House. The maximum number of members can be 250, including 12 members selected by the President of India, and state and territorial legislatures indirectly elect 238 members. Rajya Sabha is a permanent house and can't be dissolved. Every member of the Rajya Sabha has a tenure of 6 years. Every two years, one-third of the members get re-elected in Rajya Sabha.

- The Lok Sabha (House of People) is composed of representatives of people called members of Parliament (MPs) chosen by the ordinary people eligible to vote during the general election. The total tenure of the Lok Sabha is five years. After five years, the Lok Sabha dissolves, and elections are called for.

Judicial Branch: The Judicial branch of India comprises the Supreme Court, High Court, District Courts, and Subordinate Courts. The Supreme Court is the highest authority in India for Civil, Criminal, and Constitutional cases. The judge of the Supreme Court is appointed by the President of India on the recommendation of multiple aspects. The high courts are divided state wise and have jurisdiction over Particular state.

Executive Branch: The nation is headed by the President of India, who is supported by the vice president. The current President is Mrs. Draupadi Murmu, and the current vice president is Mr. Jagdeep Dhankar. The president and Vice President are elected by nearly 500 members of the national parliament and state legislators.

The Prime Minister of India is the leader and executive of the government of India. The Prime Minister is the chief adviser to the President of India and the head of the Union Council of Ministers. The de facto executive authority rests with the Prime Minister. The prime minister can be a member of any of the two houses of the Parliament of India but must be a member of the political party having a majority in the Lok Sabha (House of People).

The Union Cabinet, headed by the prime minister, is appointed by the president of India to assist the latter in administering the executive's affairs. The Union cabinet is collectively responsible to the Lok Sabha.

The Prime Minister is the senior-most member of the cabinet in the executive branch of government in a parliamentary system. The prime minister selects and can dismiss members of the cabinet, allocates posts to members within the government, and is the presiding member and chairperson of the cabinet. Currently, Mr. Narendra Modi holds the position of Prime Minister of India.

States follow the same constitution for an executive in India; the Chief Minister of a state is the leader of the executive of the elected Government of that state (28 states) and sometimes a union territory (currently, only the UTs of Delhi and Puducherry have serving Chief Ministers). The Chief Minister is the chief adviser to the governor of that state and the head of the State Council of Ministers. The de facto executive authority rests with the chief minister. The chief minister is a member of the elected legislative assembly of that state.

Main Trade Partners

There are twenty-five of India's largest trading partners, representing 78% of India's trade for 2023-24.

Values in USD billion

Rank	Country	Export	Import	% of Export	% of Import
1	China	16.66	101.75	3.8%	15.1%
2	USA	77.52	40.77	17.7%	6.0%
3	UAE	35.63	48.02	8.2%	7.1%
4	Russia	4.26	61.43	1.0%	9.1%
5	Saudi Arabia	11.56	31.81	2.6%	4.7%
6	Singapore	14.41	21.20	3.3%	3.1%
7	Iraq	3.35	30.00	0.8%	4.4%
8	Indonesia	5.99	23.41	1.4%	3.5%
9	Hong Kong	8.24	20.45	1.9%	3.0%
10	Republic of Korea	6.42	21.14	1.5%	3.1%
11	Netherlands	22.37	4.97	5.1%	0.7%
12	Germany	9.84	16.27	2.3%	2.4%
13	Australia	7.94	16.16	1.8%	2.4%
14	Japan	5.16	17.70	1.2%	2.6%
15	Switzerland	1.53	21.24	0.3%	3.1%
16	U K	12.92	8.42	3.0%	1.2%
17	Malaysia	7.26	12.75	1.7%	1.9%
18	South Africa	8.71	10.54	2.0%	1.6%
19	Belgium	7.84	7.24	1.8%	1.1%
20	Thailand	5.04	9.91	1.2%	1.5%
21	Vietnam	5.47	9.35	1.3%	1.4%
22	Italy	8.77	5.80	2.0%	0.9%
23	Qatar	1.70	12.38	0.4%	1.8%
24	France	7.14	6.24	1.6%	0.9%
25	Bangladesh	11.06	1.84	2.5%	0.3%
	Total Of Top 25 Countries	306.78	560.79	70.2%	83%
	India's Total	437.11	675.43		

Foreign Trade Policy

India's foreign trade policy provides the basic framework for promoting trade. It is periodically reviewed to adapt to changing domestic and international scenarios. India's Foreign Trade Policy 2023 aims to boost exports and further integrate the country into global supply chains.

India's stand on Investment or free trade agreements

India sees these trade agreements as an important step for development and to create successful relations between the two countries based on equality and mutual benefits. In fact, India is one of the top countries in Asia with the maximum number of FTAs either in operation, under negotiation, or proposed.

The major trade agreements are:-

India-Sri Lanka Free Trade Agreement (FTA)	Agreement on South Asian Free Trade Area (SAFTA) (India, Pakistan, Nepal, Sri Lanka, Bangladesh, Bhutan, the Maldives and Afghanistan)	India-Nepal Treaty of Trade
India-Bhutan Agreement on Trade, Commerce and Transit	India-Thailand FTA - Early Harvest Scheme (EHS)	India-Singapore Comprehensive Economic Cooperation Agreement (CECA)
India-ASEAN CECA - Trade in Goods, Services and Investment Agreement (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam)	India-South Korea Comprehensive Economic Partnership Agreement (CEPA)	India-Japan CEPA
India-Malaysia CEC	India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CEPA)	India-UAE CEPA
India-Australia Economic Cooperation and Trade Agreement (ECTA)	India-Mercosur PTA	India-EFTA TEPA

States & Union Territories

India has 28 states and 8 Union Territories, each with distinct governance. States manage areas like education, health, and law enforcement through their own governments. Union Territories, directly administered by the central government, often have smaller populations or strategic significance. Delhi, the capital, is a Union Territory with legislative powers. Major states like Maharashtra, Uttar Pradesh, and Tamil Nadu are economically and demographically significant, while smaller Union Territories like Lakshadweep and Chandigarh serve specific administrative or geographic roles. This system balances regional autonomy with central oversight.

CHAPTER 3: State & Union Territories

Andhra Pradesh

Capital
Amravati

Population
53.4 million

Area
160,205 sq km

Language
Telugu, Hindi, English & Tamil

Temperature

Mar- Jun	July- Sep	Feb
45°C	23°C	45°C

Major Companies Situated

- Foxconn
- Gamesa
- Isuzu
- LG
- Bharat Biotech
- Hindustan Shipyard
- Dr. Reddy's Laboratories

Main Business Cities

- Visakhapatnam
- Vijayawada
- Anantapur

GDP
USD 174.58 billion (FY 2023-24)

Main Industry Activities

- Agro and Food Based
- Biotechnology
- Pharmaceuticals
- IT and ITeS
- Textile and Leather
- Tourism

Stats

- Merchandise exports from Andhra Pradesh grew from USD 19.32 billion in FY23 to USD 19.76 billion in FY24.
- Top Exporter of Marine Products: Andhra Pradesh is significant in India's seafood exports, contributing substantially to value terms. In FY22, the state led marine exports from India, accounting for 38% of the total marine export value, which was USD 7.74 billion.
- High Economic Growth: The economic growth is led by agriculture and allied sectors, with a share in GVA of 29.75% in FY24, followed by manufacturing at 15.51%.
- In FY24, the Visakhapatnam port processed 81.09 million tonnes of cargo. This was a record-breaking achievement, surpassing the previous record of 73.75 million tonnes in the 2022-2023 fiscal year.

Arunachal Pradesh

Capital
Itanagar

Population
1.6 million

Area
83,743 sq km

Language
Assamese, Bengali, Hindi & English

Temperature

Apr-Jun	Jul-Sep	Oct-Mar
35°C	24°C	2°C

Main Industry Activities

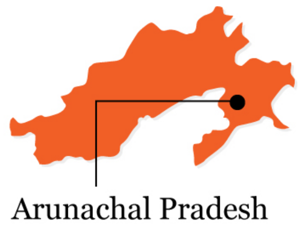
- Arts and Crafts
- Weaving, Cane & Bamboo
- Carpet Weaving
- Wood Carving
- Ornaments
- Tourism & Horticulture

Major Companies Situated

- Jindal Steel & Power
- Tata Power
- NTPC
- NHPC

Main Business Cities

- Itanagar
- Tezu
- Naharlagun
- Tawang



GDP
USD 4.46 billion
(FY 2023-24)

Stats

- Arunachal Pradesh is home to Tawang Monastery, which is the India's largest and the world's 2nd largest monastery.
- India's largest producer of Kiwis.
- Owns 1,817 km. Longest international border in North-East India
- The state is a potential powerhouse in the Northeast due to its hilly terrain and abundant rivers.
- The state's geographic location makes trading with Asian nations like Myanmar, Bhutan, and China possible.
- In FY24, the state's export of goods totaled USD 2.90 million.
- Improving Logistics: The Ministry of Railways has approved eight new railway lines to connect various cities in the state, including routes from Itakhola to Seijosa (18 km), Doomdooma to Namsai to Wakro (96 km), Dangri to Roing (60 km), Naharkatia to Deomali (20 km), Lekhapani to Nampong to New Khamlang to Deben (75 km), and Tinsukia to Pasighat via Kanubari (300 km).

Assam

Capital
Dispur

Population
36.2 million

Area
78,438 sq km

Language
Assamese, English

Temperature

Apr-June 38°C
Jul-Sep 32°C
Oct-Mar 8°C

Major Companies Situated

- British Paints
- Emami
- Eveready
- Amalgamated Plantations
- Jindal Saw Ltd
- Patanjali
- Sun Pharma
- Fortum

Main Business Cities

- Guwahati
- Dispur

GDP
USD 68.43 billion
(FY 2023-24)

Main Industry Activities

- Tea, Coal, Oil and Gas
- Limestone and Cement
- Agriculture
- Horticulture
- Food Processing
- Tourism

Stats

- Largest producer of onshore natural gas in India.
- India's oldest operating oil refinery is located at Digboi.
- Assam produces Muga silk (also known as golden silk) with 95% production globally.
- The state is a leading producer of tea and in FY23, the tea production was 698.38 million kg
- Assam is India's gateway to the Northeast and a key channel for trade with Southeast Asian nations. It has excellent train, road, port, and airport connectivity.

Bihar

Capital
Patna

Population
129.2 million

Area
94,163 sq km

Language
Hindi, English, Urdu & Bhojpuri

Temperature

Apr-Jun	Jul-Sep	Oct-Mar
35°C	20°C	16°C

Major Companies Situated

- Britannia
- Alstom
- Niko Resources
- Apollo Hospitals
- Berger

Main Business Cities

- Patna
- Muzaffarpur
- Begusarai

GDP
USD 104.62 billion (FY 2023-24)

Main Industry Activities

- Food and Beverages
- Rubber and Plastics
- Transport Equipment
- Chemicals
- Tobacco
- Textile
- Leather
- Dairy

Stats

- 80% of the fox nut in the world is produced in Bihar, India.
- Bihar produces 1.58 million metric tonnes of mangoes, making it the third-largest producer in the country.
- Husk Power Systems, the first enterprise in India to use rice husks to generate clean energy for rural electrification, is established in Bihar.
- Total merchandise exports from the state amounted to USD 2.1 billion in FY24
- Major exported items included petroleum products, buffalo meat, cereals, and non-basmati rice.

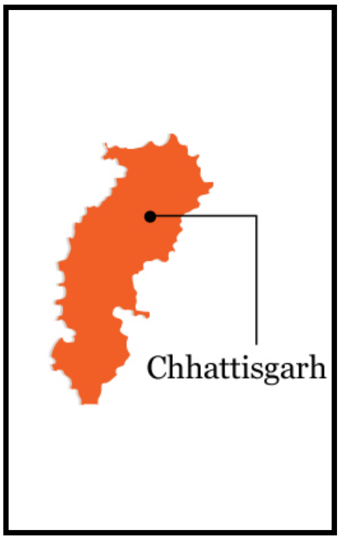
Chhattisgarh

Capital
Raipur

Population
30.6 million

Area
136,034 sq km

Language
Chhattisgarhi, Hindi & English



Temperature

Mar-May	Jun-Aug	Nov-Feb
42°C	28°C	16°C

Major Companies Situated

- Hyatt
- Tata Power
- Aditya Birla
- Ambuja Cement
- Jindal Steel & Power
- Jaypee Group
- JSW
- GMR

Main Business Cities

- Durg
- Rajnandgaon
- Raipur

GDP
USD 61.08 billion (FY 2023-24)

Main Industry Activities

- Mining
- Iron and Steel
- Cement
- Power
- IT and ITeS
- Biotechnology

Stats

- In the last four years, the state has attracted investment proposals exceeding USD 10.94 billion and secured USD 501.8 million in capital investment for establishing new units.
- In FY24, Chhattisgarh's combined exports of aluminum and products, iron and steel, iron ore, and iron and steel products totaled USD 1.35 billion.
- Key exports included non-basmati rice, iron and steel, and aluminum products, contributing approximately 42.7%, 23.4%, and 20.5% of the state's merchandise exports, respectively.
- As of 2024, Chhattisgarh's total installed power generation capacity was 13,869.09 MW, including 8,978.9 MW from private utilities, 1,971.05 MW from state utilities, and 2,919.14 MW from central utilities.
- Total merchandise exports from Chhattisgarh were USD 2 billion in FY24.
- Contributes 17% to India's export of herbs and medicinal plants.

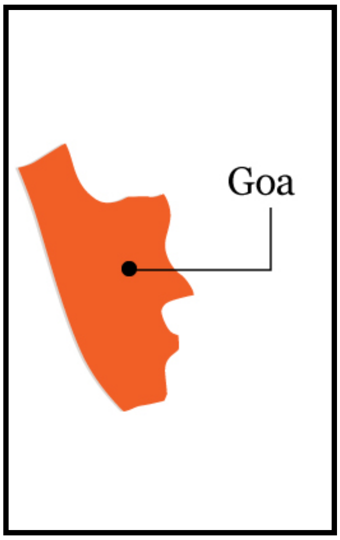
Goa

Capital
Panaji

Population
1.6 million

Area
3,702 sq km

Language
Konkani, Marathi, Portuguese, Hindi & English



Temperature

Mar-Jun	Jun-Sep	Oct-Mar
30°C	24°C	23°C

Major Companies Situated

- IFB
- Cadila Healthcare
- Unilever
- MRF
- Automobile Corporation of Goa Ltd.

Main Business Cities

- South Goa

GDP
USD 12.05 billion (FY 2023-24)

Main Industry Activities

- Tourism
- Food Processing
- IT & ITeS, Mining
- Biotechnology
- Pharmaceuticals
- Fishing

Stats

- Goa has a low population, high literacy rate, high digital penetration, high per capita internet, and smartphone usage, high per capita NSDP (Net State Domestic Product), very small population below the poverty line, very
- low crime rate, and a high number of industrial estates and high human development index.
- Goa has about 62.2% urban population.
- 3rd highest literacy rate amongst Indian states.
- 3rd most significant iron ore concentrate in India.
- F24 merchandise exports were valued at USD 2.4 billion

Gujarat

Capital
Gandhinagar

Population
72.7 million

Area
196,024 sq km

Language
Gujarati, Hindi and English

Temperature

Mar-May 45°C

Jul-Sep 38°C

Nov-Feb 29°C

Main Industry Activities

- Agro and Food Based
- Dairy
- Chemicals & Petrochemicals
- Textiles & Apparels
- Engineering & Auto
- Gems & Jewellery
- Oil & Gas
- Pharmaceuticals & Biotechnology
- IT
- Minerals
- Ports
- Power Including Renewable Power & Tourism

Major Companies Situated

- Amul
- Honda
- IBM
- Oracle
- Suzuki Motor Gujarat
- Essar
- Ajanta Group
- Adani Group

Main Business Cities

- Ahmedabad
- Amreli
- Jamnagar
- Surat
- Vadodara

GDP
USD 308.67 billion
(FY 2023-24)

Stats

- Eight out of 10 diamonds in the world are polished in Surat, Gujarat. The state is the world's largest producer of processed diamonds, representing 72% of global processed diamond production and 80% of India's diamond exports.
- Gujarat has 42 ports, 17 domestic and 3 international airports.
- In June 2023, Google set up a Global FinTech Operations Center in Gujarat's Gift City.
- The Government of Gujarat has set a target to achieve a USD 500 billion economy by 2026-27.
- The state hosts 106 product clusters and 60 notified Special Economic Zones (SEZs). Significant investment is anticipated in Gujarat as part of the USD 90 billion Delhi-Mumbai Industrial Corridor (DMIC).
- According to DPIIT, Gujarat attracted FDI worth USD 7.3 billion in FY24. The state ranks second in India for FDI received, with a 55% increase compared to the previous year.

Haryana

Capital
Chandigarh

Population
30.7 million

Area
44,212 sq km

Language
Hindi, Punjabi and English

Temperature

Mar-Oct	Jul-Sep	Nov-Feb
45°C	38°C	29°C

Major Companies Situated

- Accenture
- Benetton
- BMW
- Microsoft
- Suzuki
- Siemens

Main Business Cities

- Faridabad
- Gurugram
- Bhiwani
- Panipat
- Manesar
- Panipat
- Manesar

GDP
USD 134.94 billion
(FY 2023-24)

Main Industry Activities

- Automotive
- Agro-based Industry
- IT and ITeS
- Textiles
- Oil Refining
- Biotechnology & Petrochemicals

Stats

- Haryana's Gurugram has the highest concentration of ITeS workforce in the world.
- Preferred destination for auto majors and auto-component manufacturers.
- The state manufactures two-thirds of the country's passenger cars, 50% of its tractors, and 60% of its motorcycles.
- Merchandise exports from Haryana totaled USD 17.6 billion in FY24.
- Haryana is poised to become the largest software exporter, having registered 4,119 startups to lead in the sector. Gurugram is emerging as a key destination for the IT industry.
- According to the Department for Promotion of Industry and Internal Trade (DPIIT), Haryana received FDI inflows of USD 1.9 billion in FY24.

Himachal Pradesh

Capital
Shimla

Population
7.5 million

Area
55,673 sq km

Language
Hindi, English & Mahasu

Temperature

Mar-Jun	Jul-Sep	Nov-Feb
22-37°C	15-25°C	0-29°C

Main Industry Activities

- Textiles, Pharmaceuticals
- Food Procurement & Processing
- Light Engineering
- IT & Electronics
- Cement
- Tourism & Hydropower

Major Companies Situated

- Godrej
- Nestle
- Philips
- CIPLA
- Dabur
- Dr. Reddy's
- Gini & Jony
- Lafarge
- Indo Farms
- Ranbaxy

Main Business Cities

- Shimla
- Sirmaur
- Solan

GDP
USD 25.78 billion
(FY 2023-24)

Stats

- 26% of total hydel power capacity of India.
- Himachal Pradesh is the 2nd largest producer of apples in India.
- Agriculture contributes nearly 45% to Himachal Pradesh's GDP and supports 93% of the population directly.
- The tourism sector in Himachal Pradesh contributes 7% to the state's GDP. In 2023, domestic tourist inflows reached 15.9 million, while foreign tourist arrivals totaled 62,806.
- The state is rapidly emerging as a major player in India's pharmaceutical industry, thanks to incentives provided by the state's Industrial Policy, 2004.
- In FY24, the state's exports of drug formulations and biologicals totaled USD 1.6 billion, representing 67% of its total exports.

Jharkhand

Capital
Ranchi

Population
40.1 million

Area
79,714 sq km

Language
Hindi, Santali, Urdu, Bengali & English

Temperature

Mar-Jun	Jul-Sep	Oct-Mar
20-31°C	25-31°C	5-25°C

Major Companies Situated

- Tata
- Timken
- Jindal Steel & Power
- RSB
- Tata Pigments
- ACC
- JMT Auto ltd.
- Allied Minerals

Main Business Cities

- Ranchi
- Seraikela
- Kharsawan
- East Singhbhum
- Bokaro

GDP
USD 50.96 billion
(FY 2023-24)

Main Industry Activities

- Mining and Mineral Extraction
- Engineering
- Iron & Steel
- Chemicals
- Handloom
- Food & Beverages
- Automotive & Cement

Stats

- Around 40 percent of the country's mineral wealth.
- Largest producer of Tasar silk in India, with 76.4% share in the total output.
- According to the state economic survey, the Jharkhand economy is projected to grow 7.7% in the 2024-25 fiscal year.
- From 2018-19 to 2021-22, according to a study by COII and the MSME Export Promotion Council, Jharkhand attracted investment proposals of over USD 13 billion and completed projects worth USD 6.45 billion. It revived pending proposals valued at USD 35.1 million.

Karnataka

Capital
Bengaluru

Population
68.3 million

Area
191,791 sq km

Language
Kannada, English

Temperature

Mar-Oct	Jul-Sep	Nov-Feb
24°C	30°C	22°C

Main Industry Activities

- IT and ITeS
- Biotechnology
- Engineering
- Electronics & Telecom
- Automotive
- Textiles & Apparel
- Aerospace
- Animations
- Tourism & Renewable Energy

Major Companies Situated

- Cisco
- Oracle
- Saint-Gobain
- Dreamworks
- Intel
- NVIDIA
- Qualcomm
- Texas Instruments
- Rolls Royce
- Toyota
- Infosys
- Mindtree

Main Business Cities

- Bangalore
- Mysore
- Mallappuram

GDP
USD 301.20 billion
(FY 2023-24)

Stats

- Largest software exporter in India.
- Ranked 2nd as the largest Chip Designing Hub.
- Largest producer of aerospace and defence equipment in India.
- Karnataka aims to become a USD 1 trillion economy by 2032, targeting a sustained growth rate of 18%.
- The state's merchandise exports were USD 26.6 billion in FY24. Petroleum products, iron and steel, and organic chemicals were key contributors to overall exports.
- According to an EXIM Bank report, Karnataka's merchandise exports are projected to reach USD 35.3 billion by 2024-25, while software and services exports could reach USD 150 billion.
- The state plans to introduce a new clean mobility policy to attract EV manufacturing. Karnataka aims to become a global manufacturing hub and has experienced a 62% increase in per capita income over the past five years.

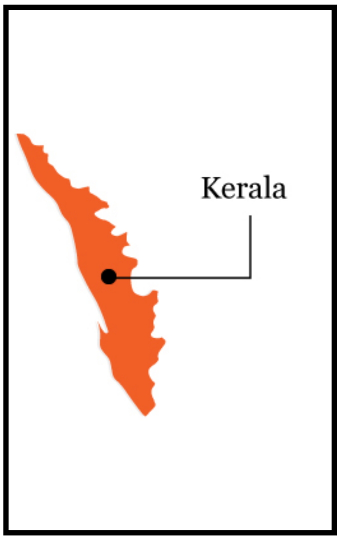
Kerala

Capital
Thiruvananthapuram

Population
36.0 million

Area
38,863 sq km

Language
Malayalam, Hindi, English and Tamil



Temperature

Apr-june	Jul-Aug	Sep-Mar
32-36°C	19-30°C	18-29°C

Main Industry Activities

- Handlooms & Power Looms
- Rubber
- Bamboo
- Coir
- Khadi
- Sericulture
- Seafood & Other Marine Products
- Cashew
- Mining
- Tourism
- Food Processing
- Spice & Spice Extracts
- IT & Electronics

Major Companies Situated

- Xerox
- RootsInfosys
- Collabera
- Nissan

Main Business Cities

- Thiruvananthapuram
- Kochi
- Kottayam
- Mallappuram
- Ernakulam

GDP
USD 136.14 billion (FY 2023-24)

Stats

- Largest producer of coir and coconut in India.
- Kerala is the largest producer of pepper in India.
- Highest teledensity and penetration of optic fiber cable in India.
- Total marine product exports from Kerala amounted to USD 0.9 billion in FY24.
- A travel survey has rated Kerala as foreign travelers' top favorite tourist destination.
- In FY24, the Cochin port, a major port in Kerala known for its strategic location on the southwest coast of India, handled 36,200 thousand tonnes of cargo traffic.
- The state features a Technopark in Thiruvananthapuram that has been crucial in attracting global electronics manufacturers, an InfoPark in Kochi and a CyberPark in Kozhikode.

Madhya Pradesh

Capital
Bhopal

Population
88.0 million

Area
308,000 sq km

Language
Hindi, English & Marathi

Temperature

Apr-June	Jul-Sep	Oct-Mar
34°C	30°C	15°C

Main Industry Activities

- Auto & Auto Components
- Textiles
- Cement
- Agro-based Industries
- Forest-based Industries
- Pharmaceuticals
- Mineral-Based Industries
- Manufacturing
- Tourism
- IT & ITeS
- Logistics & Warehousing
- Biotechnology

Major Companies Situated

- Coke
- Pepsi
- Unilever
- Gamesa
- Kraft
- Man
- Bridgestone
- Cadbury
- Eicher
- Force Motors
- P&G
- Prism Cement

Main Business Cities

- Bhopal
- Indore
- Jabalpur
- Ujjain

GDP
USD 167.11 billion (FY 2023-24)

Stats

- The state's exports totaled USD 7.9 billion in FY24.
- Accounts for 14% of India's total cement production.
- The state is one of the major cotton-producing states of India.
- Madhya Pradesh is the only diamond-producing state in the country.
- The state is the country's #1 producer of agricultural products—soybeans, pulses, and garlic—and ranks 2nd in floriculture production.
- From April to September 2023-24, Indore airport handled 1,657,457 passengers and 15,737 aircraft movements, while Bhopal airport saw 655,970 passengers and 6,598 aircraft movements during the same period.

Maharashtra

Capital
Mumbai

Population
127.8 million

Area
307,713 sq km

Language
Marathi, Hindi & English

Temperature

Mar-Oct 45°C
June-Sep 38°C
Nov-Feb 29°C

Major Companies Situated

- BSE
- NSE
- FIAT
- HP
- L&T
- TCS
- Schindler
- Bharat Forge
- RBL Bank
- Finolex Group
- Godrej Infotech

Main Business Cities

- Mumbai
- Nagpur
- Pune
- Thane
- Ratnagiri
- Nasik

GDP
USD 467.35 billion (FY 2023-24)

Main Industry Activities

- Pharmaceuticals
- Biotechnology
- IT & ITeS
- Electronics
- Engineering
- Auto & Auto Components
- Oil & Gas
- Food & Agro Processing
- Gems & Jewellery
- Banking
- Financial Services & Insurance (BFSI)
- Textiles

Stats

- Bollywood is based out of Mumbai and is known as the world's largest film industry in terms of viewership.
- Maharashtra accounts for approximately 35.1 percent of the country's output of automobiles by value.
- Pune has been evolving as an educational hub.
- Largest producer of crude oil (offshore) in India at Bombay High.
- Mumbai is the commercial capital of India and has evolved into a global financial hub.
- Home to world-class educational and IT institutions with a literacy rate of 82.91%.
- Some startup unicorns in Mumbai are Purplle, PharmEasy, and Nykaa.
- The state is India's largest attracter of FDI, with an FDI inflow of USD 15 billion in FY24.

Manipur

Capital
Imphal

Population
3.3 million

Area
22,327 sq km

Language
Meitei, English & Hindi

Temperature

Apr-Jun 26°C | July-Sep 23°C | Nov-Feb 8°C

Major Companies Situated

- Patanjali
- Manidco
- MSPDCL
- Manipurstate Power Company Limited

Main Business Cities

- Imphal
- Moreh
- Nambol

GDP
USD 5.42 billion (FY 2023-24)

Main Industry Activities

- Handlooms
- Handicrafts
- Sericulture
- Food Processing
- Bamboo Processing
- Information Technology
- Hydro Power
- Tourism & Mineral-Based Products

Stats

- Handlooms are the largest cottage industry in Manipur and it ranks fourth in the number of looms in India.
- Manipur has the highest number of skilled and semi-skilled handicraft artisans in the northeastern region.
- Manipur is the first state in India to have set up the 4-core infrastructure of the National e-Governance Plan.
- Entrepreneurs get easy access to the market for various rare, medicinal, and aromatic plants grown in Manipur.

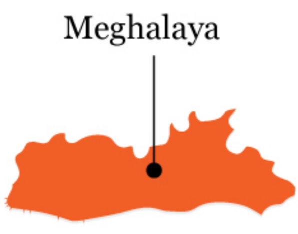
Meghalaya

Capital
Shillong

Population
3.4 million

Area
22,429 sq km

Language
English, Khasi, Pnar and Garo



Temperature

Apr-Jun	July-Sep	Oct-Mar
15-28°C	15-20°C	4-16°C

Main Industry Activities

- Agriculture & Food Processing
- Floriculture, Horticulture
- Mining
- Cement
- Tourism
- Hydroelectric Power
- Handlooms
- Handicrafts & Sericulture

Major Companies Situated

- Meghalaya Industrial Development Corporation Ltd.
- Meghalaya Handloom and Handicraft Development Corporation Ltd.

Main Business Cities

- Shillong

GDP
USD 5.54 billion (FY 2023-24)

Stats

- One of the highest producers of strawberries in India.
- Meghalaya produces the finest quality turmeric in the world.
- Literacy rate of 74.4% and a strong higher education infrastructure.
- Leading Producer of Horticulture Crops - Brinjal, Cabbage, Sweet Potato, Cashewnut.
- Favorable agro-climatic conditions that support agriculture, horticulture and forestry.

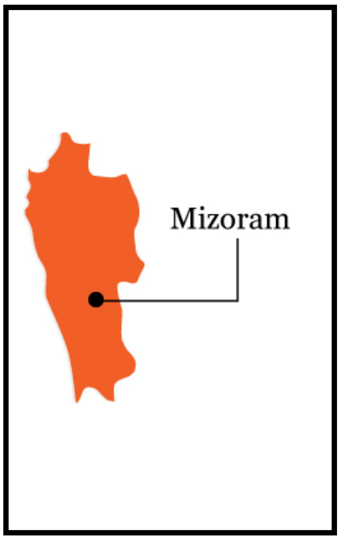
Mizoram

Capital
Aizawl

Population
1.3 million

Area
21,081 sq km

Language
Mizo and English



Temperature

Mar-June
33-38°C

June-Sep
23-32°C

Nov-Mar
10-15°C

Main Industry Activities

- Bamboo
- Energy
- Sericulture
- Agriculture & Horticulture
- Tourism
- Food Processing
- IT & Medicinal Plants
- Oil & Gas

Major Companies Situated

- ONGC
- Indian Oil
- NEEPCO
- NHPC
- NTPC

Main Business Cities

- Aizawl

GDP
USD 4.22 billion
(FY 2023-24)

Stats

- Largest producer of flowers (loose) in India.
- 2nd largest producer of strawberries in India.
- Contributes 14 % of the country's bamboo production.
- Offers a gateway for engaging in international trade with Southeast Asian countries.
- Mizoram has a highly literate workforce, with 91.33 percent. Knowledge of English is an added advantage for the Mizo workforce.
- The state's blue economy, such as fisheries, aquaculture, has accelerated in line with the growth of modern infrastructure in Mizoram.

Nagaland

Capital
Kohima

Population
2.3 million

Area
16,579 sq km

Language
English and Sino-Tibetan

Temperature

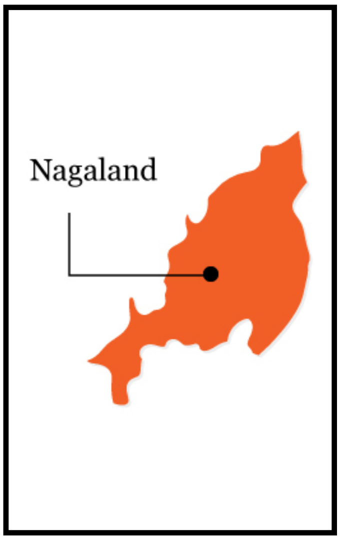
Mar-Apr	May-Sep	Oct-Feb
22°C	28°C	14°C

Major Companies Situated

- Avon
- Hindustan Papers
- ONGC

Main Business Cities

- Kohima



GDP
USD 4.46 billion
(FY 2023-24)

Main Industry Activities

- Bamboo
- Agriculture & Allied Industries
- Horticulture
- Sericulture
- Tourism
- Minerals & Mining

Stats

- Bamboo is found extensively in Nagaland, with bamboo growing stock covering nearly five per cent of the total stock in the country.
- 3rd highest producer of cobalt in India.
- Nagaland has the capacity of 600mn MT of crude oil.

Odisha

Capital
Bhubaneswar

Population
46.7 million

Area
1,55,707 sq km

Language
Oriya, Hindi & English

Temperature

Mar-May	Jun-Aug	Oct-Feb
20-37°C	25-31°C	5-25°C

Major Companies Situated

- Essar
- Wipro
- Vedanta
- Infosys
- IFFCO
- Nalco
- Tata Steel

Main Business Cities

- Puri
- Sambalpur
- Cuttack

GDP
USD 104.22 billion
(FY 2023-24)

Main Industry Activities

- Iron
- Steel
- Ferroalloy
- Aluminium
- Handloom
- Mining, IT & ITeS
- Electronics & Tourism

Stats

- 2nd Largest Producer of Tiger Shrimps in India.
- Odisha's Industries Carries More Than 35% Of National Natural Resources.
- At Paradip, Odisha Owned 2nd Largest Publicly Port in Cargo-Handling Capacity.
- Leading Producer of Horticulture Crops - Brinjal, Cabbage, Sweet Potato, Cashewnut.
- Electric vehicle policy – Odisha targets to achieve 20% battery electric vehicles in all vehicle registrations by 2025.
- Envisions to create an environment conducive to public/private/community participation, research and development (R&D) and investment in renewable energy.

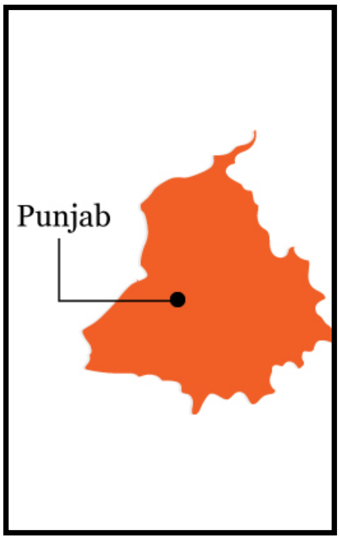
Punjab

Capital
Chandigarh

Population
31.0 million

Area
50,362 sq km

Language
Punjabi, Hindi & English



Temperature

Apr-June 42°C | July-Sep 18°C | Oct-Mar 10°C

Major Companies Situated

- Cremica
- Emerson
- Fujitsu
- GSK
- Hindustan
- Petroleum
- ISUZU
- Pepsi

Main Business Cities

- Amritsar
- Jalandhar
- Ludhiana
- Patiala

GDP
USD 84.10 billion (FY 2023-24)

Main Industry Activities

- Tractors & Auto Components
- Agro-based Industries
- Bicycles & Bicycle Parts
- Chemical Products
- Food Products
- Light Engineering Goods
- Pharmaceuticals & Textiles

Stats

- Largest producers of cotton and blended yarn as well as mill-made fabrics in India.
- The state is also known as the 'Bread Basket of India' and led to the first Green Revolution in the country.
- Largest producer of machines, hand tools, and bicycle components in India.
- In FY24, Punjab's total merchandise exports were USD 6.7 billion.
- In FY24, the state's basmati rice exports totaled USD 682 million.

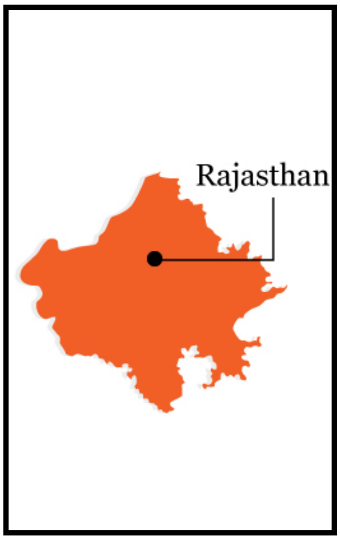
Rajasthan

Capital
Jaipur

Population
82.2 million

Area
3,42,239 sq km

Language
Hindi, English & Mahasu



Temperature

Apr-June	July-Sep	Oct-Mar
24°c - 45°c	21- 35°c	10- 27°c

Major Companies Situated

- Honda
- Hero
- Ambuja Cement
- Saint Gobain
- Hindware
- Kajaria
- Daikin
- Adani
- Genpact

Main Business Cities

- Bikaner
- Jaipur
- Udaipur
- Bhiwadi
- Alwar
- Kota

GDP
USD 189.16 billion (FY 2023-24)

Main Industry Activities

- Cement
- Tourism
- IT & ITeS
- Ceramics
- Handicrafts
- Chemicals
- Textile
- Marble
- Copper and Zinc

Stats

- 2nd largest producer of milk in India.
- Total merchandise exports USD 10.1 billion in FY24.
- Zinc and zinc products exports USD 370 million in FY24.
- Plywood and allied engineered products exports USD 3.41 billion in FY24.
- Highest reserve of marble resources, limestone, and sandstone.
- The state is one of the leading tourist destinations in India.
- Rajasthan offers a variety of unexploited agricultural and mineral resources.
- Largest producer of guar gum, mustard seeds, spices, and coarse cereals in India.
- The state is developing sector-specific infrastructure, such as special-purpose industrial parks and special economic zones to export handicrafts, IT, and electronic goods.

Sikkim

Capital
Gangtok

Population
0.7 million

Area
7,096 sq km

Language
English, Lepcha, Bhutia & Nepali

Temperature

Apr-June	July-Sep	Oct-Mar
24°c - 45°c	21- 35°c	10- 27°c

Main Industry Activities

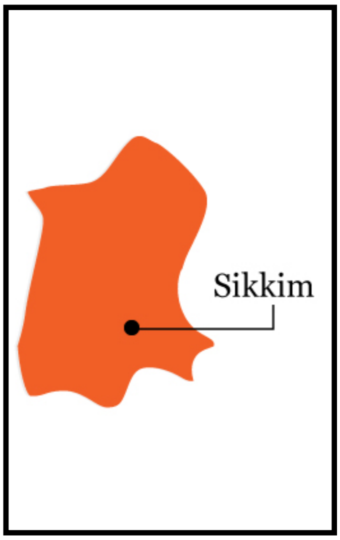
- Tourism
- Agriculture
- Floriculture
- Agro-processing
- Hydroelectric Power
- Tea
- Large Cardamom
- Minerals
- Electronics
- Pharmaceuticals

Major Companies Situated

- Sun Pharma
- Cipla
- Micro Labs Limited
- Glenmar
- Epitome
- Temi Tea

Main Business Cities

- Gangtok



GDP
USD 5.06 billion
(FY 2023-24)

Stats

- Major exporter of Black cardamom, tea, ginger, and mandarins.
- Certified as the first fully organic state in India by the Ministry of Agriculture and Farmers' Welfare.
- In 2024, Sikkim is expected to attract 1.2 million tourists thanks to its rich cultural heritage, favorable weather, and stunning natural beauty.

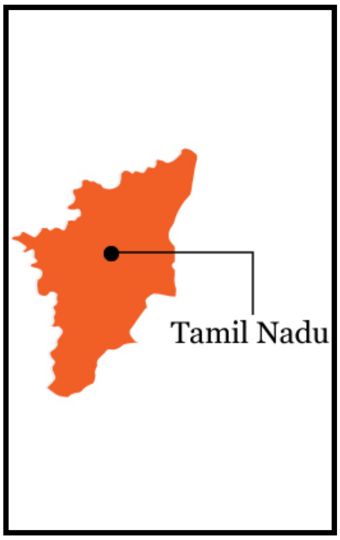
Tamil Nadu

Capital
Chennai

Population
77.2 million

Area
1,30,058 sq km

Language
Tamil and English



Temperature

Mar-Jun	Jul-Sep	Nov-Mar
30°C	27°C	25-45°C

Major Companies Situated

- Murgappa Group
- Matsushita Group
- TVS Group
- Ford, BHEL
- Ashok Leyland

Main Business Cities

- Chennai
- Coimbatore
- Madurai

GDP
USD 340.96 billion
(FY 2023-24)

Main Industry Activities

- Textiles
- Heavy Commercial Vehicles
- Automobile & Auto Components
- Engineering
- IT & ITeS
- Cement
- Banking & Financial Services
- Drugs & Pharmaceuticals
- Agro & Food Processing
- Leather Tanning Industries
- Electronic Hardware & Tourism

Stats

- It is one of the first states in India to have 100% metaled road connectivity.
- In FY24, the state's total merchandise exports amounted to USD 43.56 billion, making it the third largest exporters state in India.
- Tamil Nadu is the largest producer of cotton yarn, accounting for 41 percent of India's production.
- As of July 2024, the state had 57 SEZs with formal approval, 54 SEZs that were notified, and five SEZs with in-principle approval.
- With India's 3rd highest installed power capacity, the region boasts an extensive network of roads, airports, railways, and seaports, ensuring seamless connectivity.
- The state aims to create the most vibrant ecosystem for MSMEs and startups to thrive and scale up. It also aims to attract new investments worth Rs. 2 lakh crore (USD 27.55 billion) by 2025.
- The state economy is projected to grow between 8.08% and 10.69% during the 2024-25 fiscal year. Furthermore, Tamil Nadu plans to achieve a USD 1 trillion economy by 2030. It ranks first among the states in terms of the number of factories and industrial workers.

Telangana

Capital
Hyderabad

Population
38.3 million

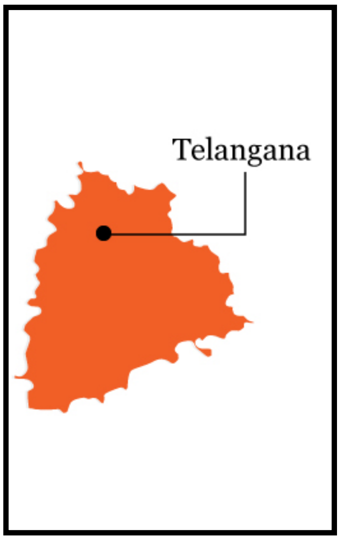
Area
1,12,077 Sq km

Language
Telugu, Hindi & English

Temperature

Apr-Jun	Jul-Oct	Nov-Mar
34°C	21°C	15°C

Main Industry Activities
- Information Technology
- Pharmaceuticals Manufacturing
- Tourism
- Textile
- Mines & Minerals



Major Companies Situated
- Samsung
- Microsoft
- Facebook
- Amazon
- Ferring Pharmaceuticals
- Cisco
- Google
- Dr. Reddy's Laboratories
- Indian Immunological Limited
- Hyderabad Gems SEZ

Main Business Cities
- Hyderabad
- Warangal
- Nizamabad

GDP
USD 168.67 billion
(FY 2023-24)

Stats

- Telangana has a whopping number of operational SEZs (35) in India.
- Bharat BioTech and Darwin Box are some startup unicorns in Telangana.
- The Telangana Electric Vehicles Policy 2020-30 aims to make Telangana a hub for Electric Vehicles and Energy Storage Systems.
- It is becoming a pharmaceutical manufacturing hub in the country, attracting over USD 7.49 billion in investments in the last 3 years.
- Easy access to capital and infrastructure benefits the state's major multinational companies with production bases in Hyderabad.
- Hyderabad is set to triple its data center capacity by 2027, adding 66 MW. This includes 8 MW in 2021 and 29 MW each in 2022 and 2023.

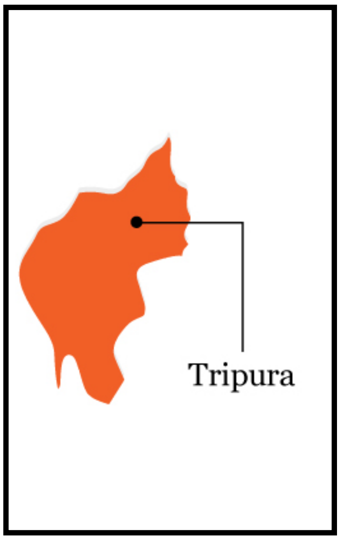
Tripura

Capital
Agartala

Population
4.2 million

Area
10,491.69 Sq km

Language
English, Bengali, Kokborok



Temperature

Apr-June 29°C
July-Sep 24°C
Oct-Mar 15°C

Major Companies Situated

- Neepco
- Pran
- OTPC

Main Business Cities

- Agartala

Main Industry Activities

- Rubber
- Food Processing
- Tea
- IT Sector
- Bamboo

GDP
USD 3.13 billion
(FY 2023-24)

Stats

- 5th largest tea-producing state in India.
- Abundant availability of natural gas with high methane content (97%).
- The state offers tourists attractions such as historical Hindu and Buddhist sites.
- Tripura is an ideal place for knowledge sectors, with an 87.8 % literacy rate.
- 66 medicinal plants, 379 species of trees, 581 herbs, 320 shrubs, and 165 climbers Tripura has several potential sectors such as organic spices, bio-fuels, and ecotourism.
- Tripura has a large skilled labor base, making it an ideal destination for knowledge sectors. At 87.8%, its literacy rate is higher than the national average rate.

Uttar Pradesh

Capital
Lucknow

Population
238.9 million

Area
2,40,928 sq km

Language
Hindi, English & Urdu

Temperature

Mar-May	Jun-Sep	Nov-Feb
35°C	25°C	10°C

Major Companies Situated

- Asian Paints
- Arihant Industries
- Bharat Electronics Ltd
- Birla Cement
- Bisleri
- Raymonds
- Red Chief

Main Business Cities

- Noida
- Greater Noida
- Ghaziabad
- Agra
- Kanpur
- Lucknow
- Varanasi
- Meerut

GDP
USD 293.86 billion (FY 2023-24)

Main Industry Activities

- Information Technology & ITES
- Agro Processing
- Tourism
- Mineral-based Industries
- Textiles
- Handloom & Handicrafts
- Food Processing & Sports Goods

Stats

- Largest producer of food grains in India.
- Uttar Pradesh is the Key Hub for IT & ITeS industries.
- Merchandise exports from Uttar Pradesh reached USD 20.57 billion in FY24.
- The state has also become a hub for the semiconductor industry, with several major players having their offices and R&D centers in Noida.
- In 2020, the state government introduced the New Electronics Manufacturing Policy and the Uttar Pradesh Startup Policy to boost local manufacturing and support new startups.
- In FY24, Uttar Pradesh attracted FDI inflows totaling USD 334 million, ranking 10th in India for such investments.

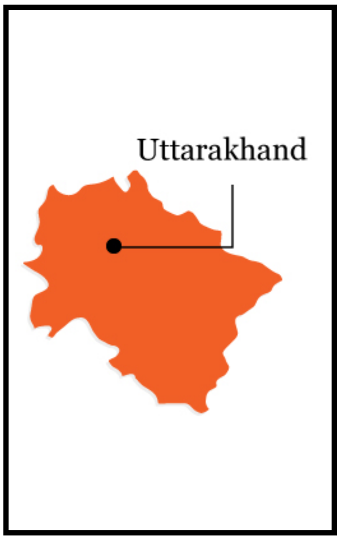
Uttarakhand

Capital
Dehradun

Population
11.8 million

Area
53,484 sq km

Language
Hindi, Garhwali, Kumaoni, English



Temperature

Mar-June	July-Sep	Oct-Feb
20-35°C	15-25°C	3-15°C

Main Industry Activities

- Agro-based & Food Processing
- Information & Communications Technology (ICT)
- Floriculture
- Horticulture
- Pharmaceutical & Biotechnology
- Hydropower
- Tourism
- Engineering & Allied Industries and Fast Moving Consumer Goods (FMCG)

Major Companies Situated

- Hero
- Patanjali
- ITC limited
- Unilever
- Pepsi
- Nestle

Main Business Cities

- Dehradun
- Haridwar

GDP
USD 40.12 billion
(FY 2023-24)

Stats

- Leading producer of apples and walnuts in India.
- 2nd largest producer of magnesite mineral in India.
- Uttarakhand established India's first 1st agricultural university.
- proximity to the national capital of Delhi, a leading country market.
- Envisions to attract more public and private investment in solar power and hydropower projects.

West Bengal

Capital
Kolkata

Population
99.7 million

Area
88,752 sq km

Language
Bengali, English, Hindi & Nepali

Temperature

Mar-Jun	Jul-Sep	Oct-Feb
35°C	28°C	15°C

Major Companies Situated

- Cognizant
- Pepsico India
- Unilever
- ITC limited
- Indian Oil
- Steel Authority of India Limited

Main Business Cities

- Kolkata
- Salt Lake
- Haldia
- Asansol-Durgapur & Kharagpur

GDP
USD 207.11 billion (FY 2023-24)

Main Industry Activities

- Tea, Petroleum & Petrochemicals
- Leather, Iron & Steel
- Information Technology
- Mineral Resources
- Automobile & Auto Components
- Biotechnology
- Fisheries
- Jute Products & Textiles

Stats

- 3rd largest in terms of road coverage in India.
- Largest producer of rice & ranks second for potato production.
- The state aims to position West Bengal as a sustainable transportation infrastructure hub.
- The state is also a significant fish producer, generating 2.04 million tonnes in 2023.
- Excellent connectivity to the rest of India regarding railways, roadways, ports, and airports.
- West Bengal is India's leading rice producer, with a total rice production of 11.52 million tonnes in FY24.

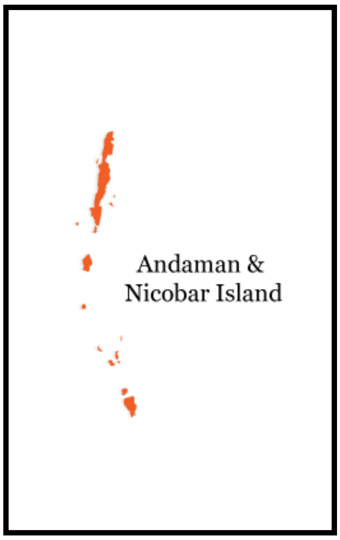
Andaman & Nicobar Island

Capital
Port Blair

Population
0.4 million

Area
8,249 sq km

Language
Tourism & Handicraft Industry



Temperature

Apr-Jun	Jul-Sep	Oct-Mar
32°C	25°C	20°C

Major Companies Situated

- Andaman Timber Industries
- Kitply

Main Business Cities

- Port Blair

Main Industry Activities

- Tourism
- Handicraft Industry

GDP
USD 10.72 billion (FY 2023-24)

Stats

- The Islands are home to 2,400 MSME units.
- The annual marine fish stock is over 240,000 tonnes.
- The state aims to develop a startup ecosystem and extensive employment by 2026.
- The Indian government has set a target for Andaman and Nicobar to attain its energy needs through 100% renewable energy.

Chandigarh

Population
1.2 million

Area
114 sq km

Language
Hindi, Punjabi, English

Temperature

Mar-May	June-Sep	Nov-Feb
40°C	16°C	12°C

Major Companies Situated

- Infosys
- ON Digital Zone
- Essen Deinki
- Him Overseas
- Groz-beckert

GDP
USD 5.90 billion (FY 2023-24)

Main Industry Activities

- IT
- Electronics
- Pharmaceuticals
- Machine Tools
- Plastics

Stats

- Presence of over 1,150 ancillary units producing components for tractor industries.
- The city is home to five government colleges, six private colleges, ten engineering colleges and two polytechnic institutes.
- The city attracts over 1.5 million tourists each year.
- To facilitate ease of doing business in the state, the Union territory aims to reduce cost of doing business to attract a greater number of players and focus on MSMEs.

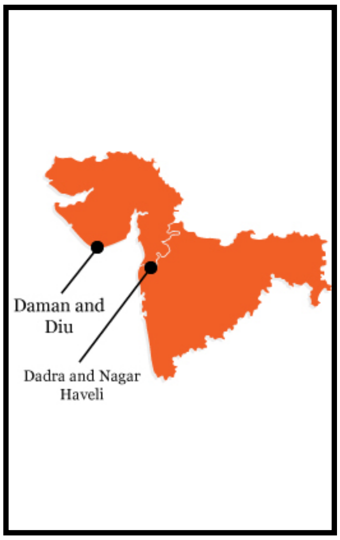
Dadra and Nagar Haveli and Daman and Diu

Capital
Daman

Population
1.4 million

Area
16,579 sq km

Language
Gujarati, Hindi



Temperature

Mar-May	July-Sep	Oct-Feb
32°C	25°C	18°C

Main Industry Activities

- Agriculture
- Tourism

Major Companies Situated

- Anchor by Panasonic
- AYM Syntex
- Cello
- Gini & Jony
- Gulf
- Suzlon

Main Business Cities

- Diu
- Daman
- Vapi

GDP
USD3.0 billion

Stats

- The region contributes 28% to India's plastic production.
- 80% of India's polyester yarn is produced in this UT.
- It's a big tourist spot with an arrival of 1.5 million people every year.
- Around 85% of Industrial units lies in the MSME sector.
- Strong IT policy to enable the Union Territory to be IT enabled and responsive.

Delhi (Capital of India)

Capital
New Delhi

Population
21.9 million

Area
1,483 sq km

Language
Hindi, Punjabi, Urdu & English

Temperature

Mar-June	July-Sep	Dec-Feb
24-40°C	26-35°C	8-24°C

Major Companies Situated

- DLF
- MakeMyTrip
- Supertech
- Unitech
- Mother Dairy
- Kohinoor Foods Limited
- Indian Oil Corporation
- BharatPe
- Religare

GDP
USD 125.30 billion
(FY 2023-24)

Main Industry Activities

- Banking, Financial Services & Insurance (BFSI)
- Agri & Processed Food
- Construction & Real Estate
- IT & ITeS
- Tourism & Logistics

Stats

- The National Capital Region (NCR) is India's biggest milk market.
- BharatPe, Shiprocket, and Lenskart are startup unicorns in New Delhi.
- Delhi scored 97.5% in urbanization rate, making it India's most urbanized region.
- In FY24, Delhi's merchandise exports reached USD 10.23 billion, up from USD 8.14 billion in FY23.
- Delhi's economy is projected to grow by 9.17% in FY24, with per capita income increasing significantly by 22% to Rs 4.61 lakh.
- In 2023, Delhi saw six Investment Expansion Memorandums (IEMs) with proposed investments totaling Rs. 400 crore (USD 48.6 million).
- The Department for Promotion of Industry and Internal Trade (DPIIT) reports that cumulative foreign direct investment (FDI) in Delhi amounted to approximately USD 6.5 billion in FY24.

Jammu & Kashmir

Capital

Srinagar (Summer)
Jammu (Winter)

Population

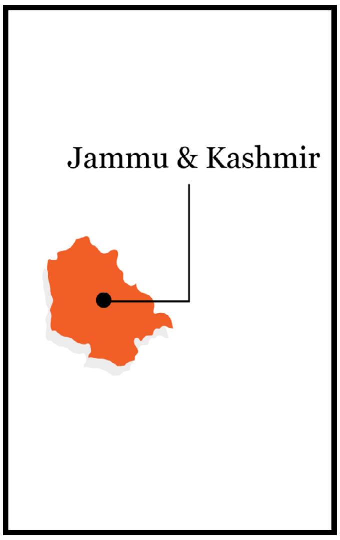
13.7 million

Area

222,236 sq km

Language

English,Urdu,Dogri, Kashmiri, Pahari, Ladakhi, Balti, Gojri & Dari



Temperature

Mar-May	June-Aug	Dec-Feb
14-30°C	8-13°C	2-12°C

Major Companies Situated

- Dabur
- Cadila Pharmaceuticals
- Nilkamal
- J&k Bank

Main Business Cities

- Jammu
- Srinagar
- Gulmarg
- Pahalgam
- Udhampur

GDP

USD 27.71 billion
(FY 2023-24)

Main Industry Activities

- Horticulture
- Floriculture
- Handlooms & Handicrafts
- Tourism
- Mineral-based Industry
- Gems & Jewelry
- Sericulture
- IT & Pharmaceuticals

Stats

- Leading producer of wool in India.
- Largest producer of apples, walnuts, and cherries in India.
- Raw silk production stood at 98 MT in FY24 in Jammu & Kashmir
- India's largest producer of saffron, one of the most expensive spices globally.
- In FY24, J&K saw 11 million tourist arrivals. The state has Asia's largest tulip garden, an ideal climate for floriculture, and an enormous assortment of flora and fauna.

Ladakh

Capital
Leh

Population
0.3 million

Area
59,146 sq km

Language
Hindi, English, Urdu, Ladakhi

Temperature

Apr-Jun	Jul-Sep	Oct-Mar
15°C	3°C	-2°C

Major Companies Situated
- Cognizant
- Ladakh Travel Mart

Main Industry Activities
- Tourism
- Horticulture

Stats

- Favorable hotspot for solar power generation in India.
- Major crops grown in the area include barley and wheat.
- Export of plush pashmina products and dried apricots is done by Ladakh.

Lakshadweep Island

Population
0.1 million

Area
32 sq. km

Language
English, Malayalam, Jeseri (Dweep Bhasha) & Mahal

Temperature

Mar-May	Jun-Sep	Oct-Feb
30°C	32°C	25°C

Main Industry Activities

- Agriculture
- Tourism

Main Industry Activities

- Fisheries
- Shipping & Aviation
- Tourismss
- Information Technology

Stats

- India's smallest Union Territory Lakshadweep is an archipelago consisting of 36 islands.
- High availability of fish with highest fish catch in Minicoy.
- The Lakshadweep Information Technology Services Society is formed for the development of Information Technology infrastructure.
- Coconut fibre extraction and conversion into fibre products is the main industry in the islands.
- The abundance of Lakshadweep Islands has provided India with 20,000 sq. km. of territorial waters and 400,000 sq. km. of Exclusive Economic Zone (EEZ).

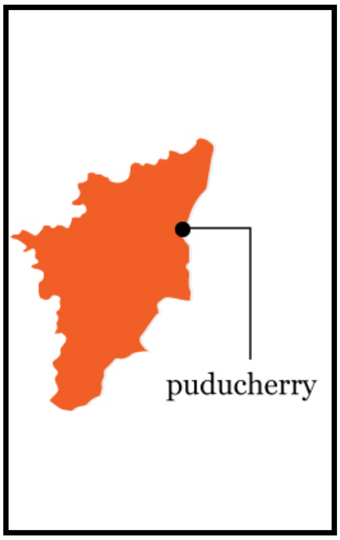
Puducherry

Capital
Pondicherry

Population
1.7 million

Area
479 sq km

Language
Tamil, Telugu, Malayalam, English & French



Temperature

Mar-May	Jun-Sep	Oct-Feb
32°C	25°C	18°C

Major Companies Situated

- Wipro
- Nilkamal
- MRF
- Marico
- Lenovo
- Jyothy Laboratories
- India Nippon Electricals Ltd
- Unilever
- HCL

Main Business Cities

- Pondicherry city

GDP
USD 4.70 billion
(FY 2023-24)

Main Industry Activities

- Chemicals
- Textiles
- Leather
- Electronics
- Light Engineering
- Metals
- Tourism & Food Processing

Stats

- The State Government is committed to creating a progressive business environment.
- Puducherry ranked as the Emerging Business Ecosystem category in BRAP 2020
- Leather products are the largest item exported from this region.
- Presence of over 1,700 units producing chemicals and chemical-based products
- Puducherry has a well-developed industrial infrastructure with nine industrial estates.

Major Ports

Major Ports

Andhra Pradesh

- Visakhapatnam port

Goa

- Mormugao

Kerala

- Kochi
- Vizhinjam Port

Tamil Nadu

- V. O. Chidambaram Port
- Kamarajar Port
- Chennai Port

Karnataka

- New Mangalore Port

Maharashtra

- Mumbai Port
- Jawaharlal Nehru Port

Karnataka

- New Mangalore Port

Gujarat

- Deendayal Port
- Mundra Port
- Adani Hazira Port

Odisha

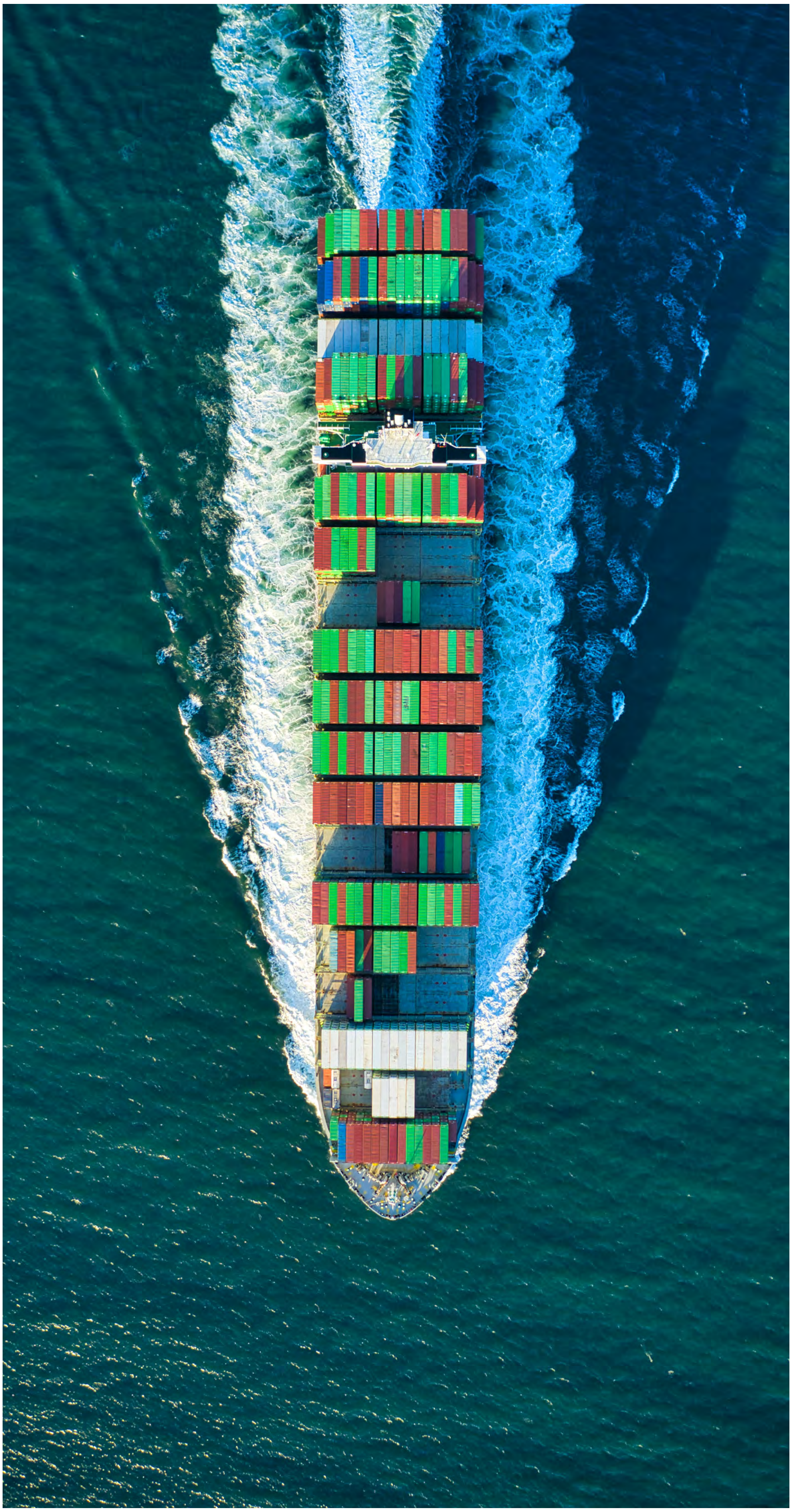
- Paradip Port

West Bengal

- Dr. Syama Prasad Mukherjee Port

Andaman & Nicobar

- Port Blair port



Major Airports

Major Airports

Uttar Pradesh

- Chaudhary Charan Singh International Airport (Lucknow)

Noida

- International Airport (Jewar)

Tamil Nadu

- Chennai International Airport

Andaman & Nicobar

- Veer Savarkar International Airport (Port Blair)

Andhra Pradesh

- Rajiv Gandhi International Airport (Hyderabad)

Assam

- Lokpriya Gopinath Bordoloi International Airport (Guwahati)

Bihar

- Jay Prakash Narayan International Airport (Patna)

Chandigarh

- Chandigarh International Airport

Delhi

- Indra Gandhi International Airport

Goa

- Goa International Airport (Dabolim)

Gujarat

- Sardar Vallabhbhai Patel International Airport (Ahmedabad)

Karnataka

- Kempegowda International Airport (Bengaluru)

Kerala

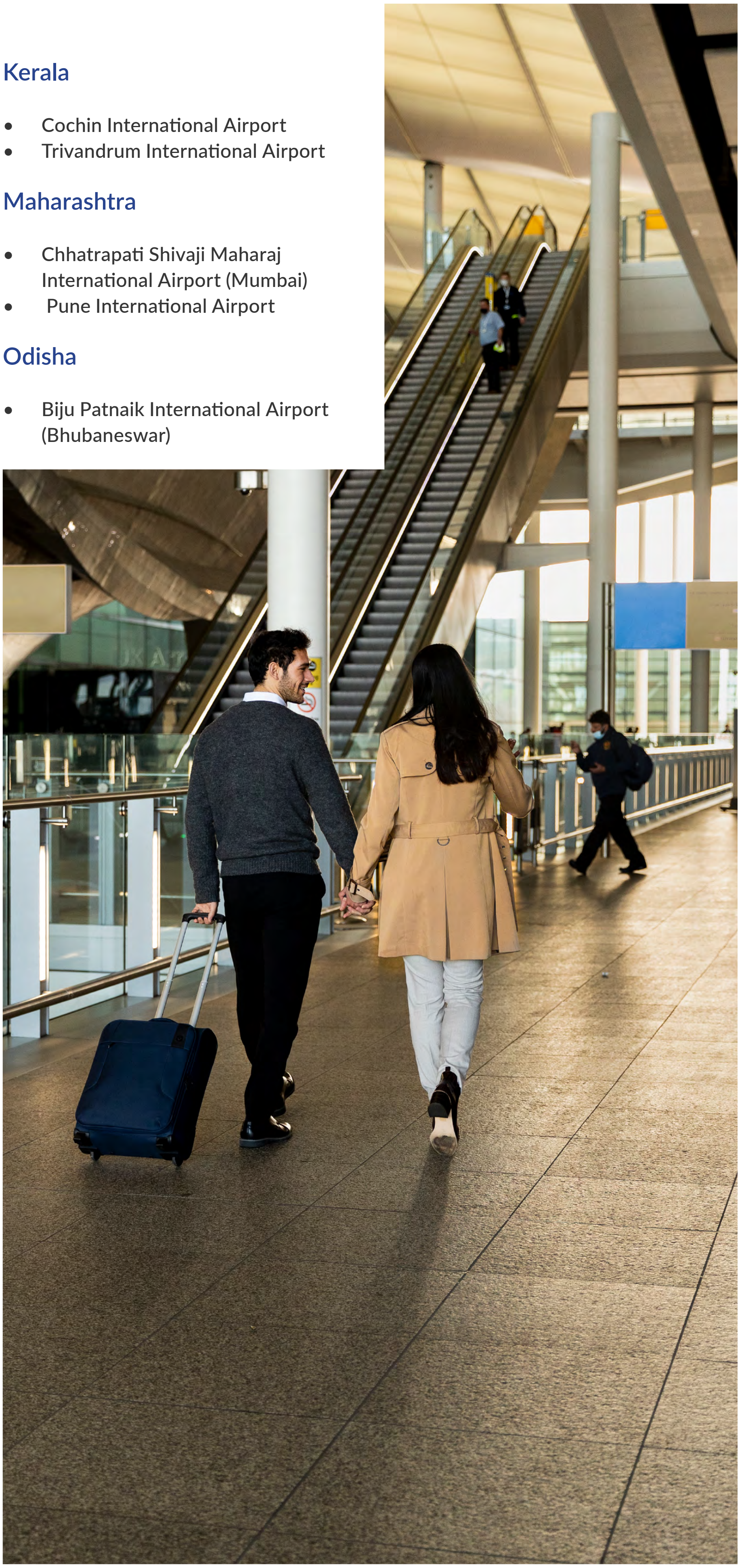
- Cochin International Airport
- Trivandrum International Airport

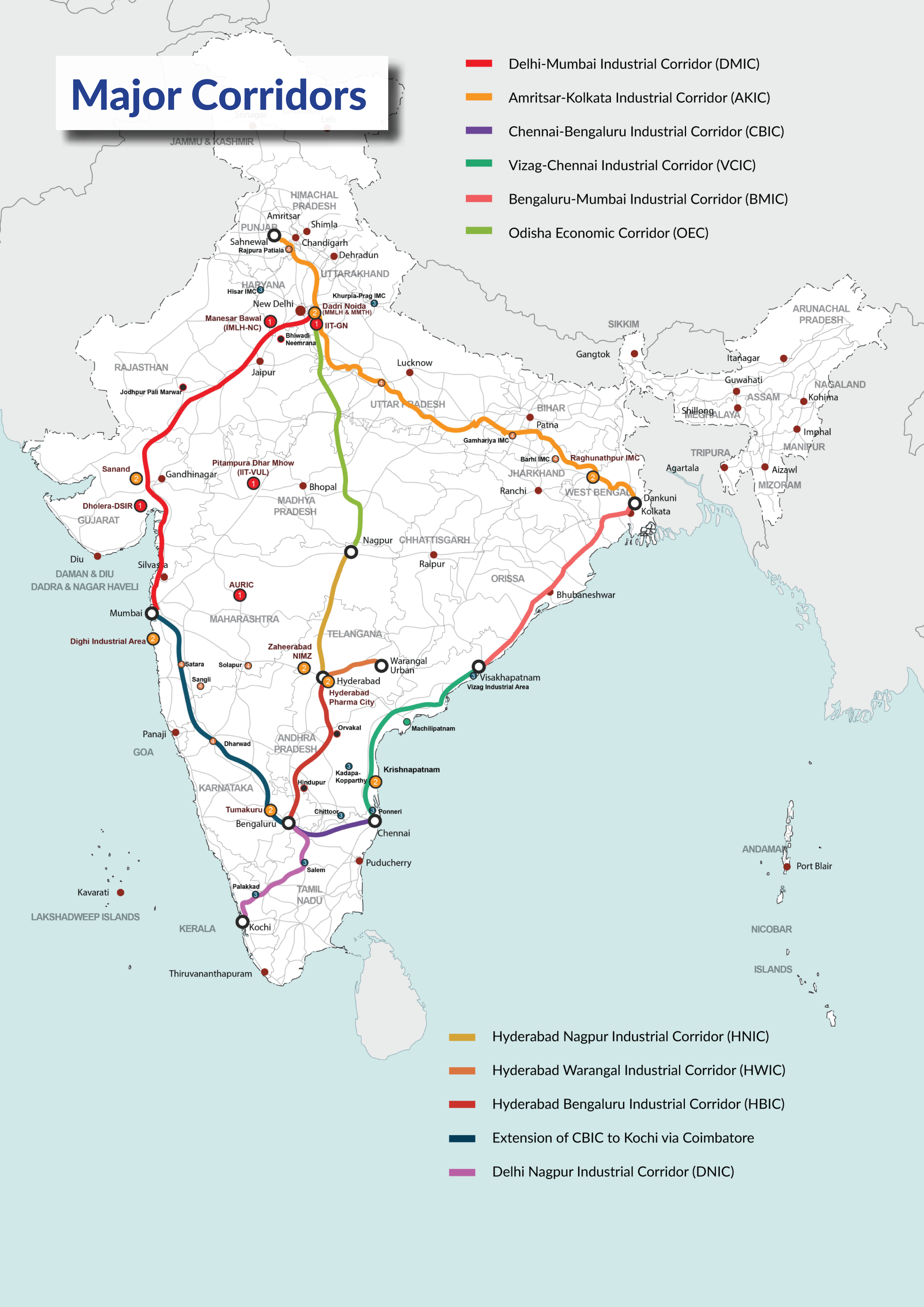
Maharashtra

- Chhatrapati Shivaji Maharaj International Airport (Mumbai)
- Pune International Airport

Odisha

- Biju Patnaik International Airport (Bhubaneswar)





Major Corridors
Delhi-Mumbai Industrial Corridor (DMIC)
Amritsar-Kolkata Industrial Corridor (AKIC)
Chennai-Bengaluru Industrial Corridor (CBIC)
Vizag-Chennai Industrial Corridor (VCIC)
Bengaluru-Mumbai Industrial Corridor (BMIC)
Odisha Economic Corridor (OEC)
Hyderabad Nagpur Industrial Corridor (HNIC)
Hyderabad Warangal Industrial Corridor (HWIC)
Hyderabad Bengaluru Industrial Corridor (HBIC)
Extension of CBIC to Kochi via Coimbatore
Delhi Nagpur Industrial Corridor (DNIC)
JAMMU & KASHMIR
HIMACHAL PRADESH
Amritsar
Shimla
PUNJAB
Sahnewal
Rajpura Patiala
Chandigarh
Dehradun
UTTARAKHAND
HARYANA
Hisar IMC
Khurpia-Prag IMC
New Delhi
Dadri Noida (MMLH & MMTH)
Manesar Bawal (IMLH-NC)
IIT-GN
Bhiwadi Neemrana
RAJASTHAN
Jaipur
Jodhpur Pali Marwar
Lucknow
UTTAR PRADESH
SIKKIM
Gangtok
ARUNACHAL PRADESH
Itanagar
Guwahati
NAGALAND
Kohima
ASSAM
Shillong
MEGHALAYA
Imphal
MANIPUR
TRIPURA
Agartala
Aizawl
MIZORAM
BIHAR
Patna
Gamhariya IMC
Barhi IMC
Raghunathpur IMC
JHARKHAND
Ranchi
WEST BENGAL
Dankuni
Kolkata
Sanand
Gandhinagar
Pitampura Dhar Mhow (IIT-VUL)
Bhopal
MADHYA PRADESH
Dholera-DSIR
GUJARAT
Diu
DAMAN & DIU
DADRA & NAGAR HAVELI
Silvassa
Nagpur
CHHATTISGARH
Raipur
ORISSA
Bhubaneshwar
AURIC
Mumbai
MAHARASHTRA
Dighi Industrial Area
TELANGANA
Zaheerabad NIMZ
Warangal Urban
Hyderabad
Hyderabad Pharma City
Satara
Solapur
Sangli
Visakhapatnam
Vizag Industrial Area
Machilipatnam
Panaji
GOA
Orvakal
Dharwad
ANDHRA PRADESH
Kadapa-Kopparthy
Krishnapatnam
KARNATAKA
Hindupur
Tumakuru
Bengaluru
Chittoor
Ponneri
Chennai
Puducherry
Salem
Palakkad
TAMIL NADU
Kavarati
LAKSHADWEEP ISLANDS
KERALA
Kochi
Thiruvananthapuram
ANDAMAN
Port Blair
NICOBAR
ISLANDS

Industrial Corridors

- Delhi Mumbai Industrial Corridor (DMIC)
- Chennai Bengaluru Industrial Corridor (CBIC)
- Amritsar Kolkata Industrial Corridor (AKIC)
- East Coast Economic Corridor with phase-1 as Vizag-Chennai Industrial Corridor (VCIC)
- Bengaluru Mumbai Industrial Corridor (BMIC)
- Hyderabad Warangal and Hyderabad Nagpur Industrial Corridor
- Hyderabad Bengaluru Industrial Corridor (HBIC)

Freight Corridors

Eastern Dedicated Freight Corridor (EDFC)

Total route length of 1856 km consists of two distinct segments: an electrified double-track segment of 1409 km between Dankuni in West Bengal &Khurja in Uttar Pradesh & an electrified single-track segment of 447 km between Ludhiana (Dhandarikalan) - Khurja - Dadri in the state of Punjab, Haryana and Uttar Pradesh.

Western Dedicated Freight Corridor (WDFC)

Total distance of 1504 km of double line electric (2 X 25 KV) track from JNPT to Dadri via Vadodara-Ahmedabad-Palanpur-Phulera-Rewari.

Petroleum Investment Regions

- Andhra Pradesh (Vishakhapatnam)
- Gujarat
- Odisha (Paradip)
- Tamil Nadu (Cuddalore — Nagapattinam)

Major Industry

India's industrial landscape is marked by diversity and dynamism, with each sector contributing uniquely to the nation's robust economic growth. From traditional industries like textiles and oil and gas to emerging sectors like renewable energy and e-commerce, India has carved a prominent position on the global industrial map.

Rapid advancements in infrastructure and technology have driven sectoral expansion. At the same time, favourable government policies, such as the Make in India initiative, have further strengthened manufacturing, investment, and exports across various industries. As a result, India is attracting substantial domestic and foreign investments, fueling a steady rise in production capabilities and employment opportunities across the country.

Automobile

CHAPTER 4: Sector Opportunities

Automobile Industry

The Indian automotive industry is a significant economic contributor to India's GDP and one of the world's largest automobile markets. It encompasses passenger cars, commercial vehicles, two-wheelers, and electric vehicles, with major players such as Tata Motors, Mahindra & Mahindra, Maruti Suzuki, and Hyundai leading the sector. The growth is driven by increasing disposable income, supportive government policies, advances in electric and hybrid technologies, and substantial investments in infrastructure. The industry also plays a crucial role in employment, offering millions of jobs. Furthermore, the Indian automobile market is anticipated to propel in coming years.

Current Market Overview

- India's automobile market is experiencing rapid growth, driven by its expanding population and increasing disposable income.
- In 2022, domestic vehicle sales surpassed Japan for the first time, making India the third-largest automobile market globally.
- In FY24, India's automobile industry showcased its versatility, producing 28,434,742 units across various vehicles, including passenger, commercial, three-wheelers, two-wheelers, and quadricycles.
- During this period, India also marked a significant achievement by selling 1.7 million electric vehicles (EVs), mainly two—and three-wheelers.
- Additionally, in September 2021, the Indian government announced a Production-Linked Incentive (PLI) scheme for automobiles and auto components, with a total allocation of USD 3.49 billion.

Growth Drivers

- **Strong Government Support:** The Government of India aims to establish the country as a global hub for automobile manufacturing and R&D. To achieve this, the Indian government is focusing on investing in infrastructure development, enhancing safety standards, and promoting the adoption of electric vehicles.
- **Rising Disposable Income:** India's growing middle class and rising disposable income drive demand for personal vehicles, particularly two-wheelers and entry-level cars. Moreover, India provides significant cost advantages, enabling automotive companies to save 10-25% in operational costs compared to their counterparts in Europe and Latin America.
- **Favorable Demographics:** India's young and expanding population is boosting demand for personal vehicles. This demographic, which is brand-conscious and keen to explore new choices, is significantly fueling growth in the automobile industry.

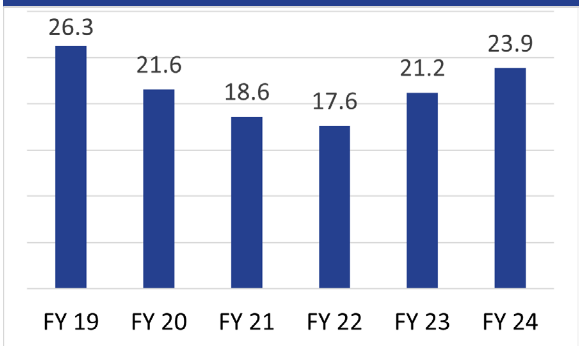
FDI

- 100% FDI permitted under the automatic route

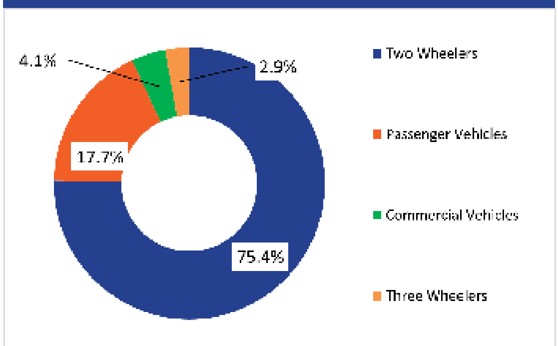
Opportunities

- **High Demand for Electric Two-Wheelers & Cars:** Electric two-wheelers are at the forefront of India's electric vehicle (EV) market, with total EV sales surpassing 1.7 million units in FY2024. The report highlights that E2Ws accounted for more than 55% of sales.
- Additionally, the Indian government has committed to ensuring that 30% of all new vehicle sales in India will be electric by 2030.

Number of Automobile Sold in India (million)



Segment-wise Domestic Automobile Market Share in FY23



Road Ahead

- The Indian automotive industry is projected to reach USD 300 billion by 2026, propelled by several factors, such as the low cost of skilled labor, advanced R&D centers, and steel production.

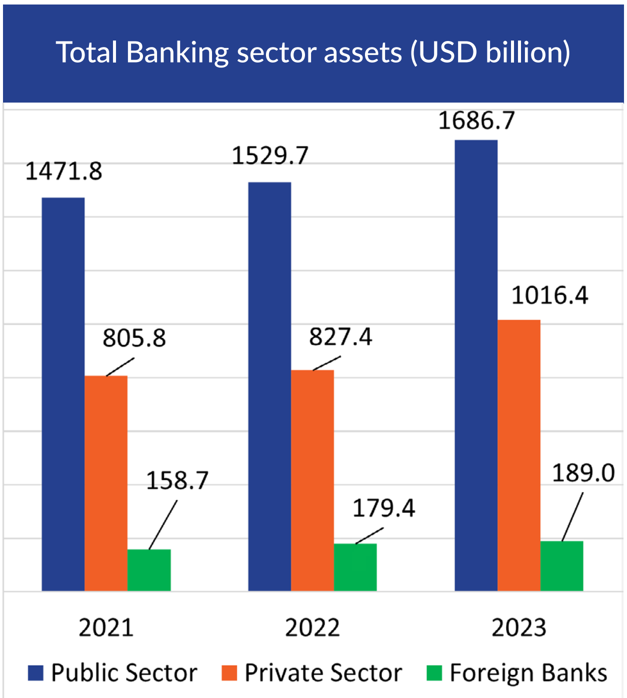
Finance and Banking Industry

Finance and Banking Industry

Banking and financial services are vital pillars of the Indian economy. The banking sector accounts for approximately 7.7% of the country's GDP. Globally, India ranks sixth in cost ratios and seventh in profitability in the banking sector. The industry's continuous evolution is supported by government initiatives such as the Digital India program and new financial products, which aim to improve accessibility and efficiency in financial services.

Current Market Overview

- The Indian banking system includes 12 public sector banks, 21 private sector banks, 45 foreign banks, and 11 small finance banks.
- By April 2024, the total number of micro-ATMs in India had reached 1,736,972, with 126,593 on-site ATMs and Cash Recycling Machines (CRMs) and 91,826 off-site ATMs and CRMs.
- India's digital lending market has experienced a compound annual growth rate (CAGR) of 39.5% over the past decade. The Indian digital consumer lending market is expected to surpass USD 720 billion by 2030, accounting for nearly 55% of the country's total USD 1.3 trillion digital lending market opportunity.
- BCG forecasts that India will evolve into a digital payment economy, with 65% of transactions anticipated to be digital by 2026, compared to 40% in 2022.
- Furthermore, The Indian Fintech industry is projected to reach USD 150 billion by 2025, making it the world's third-largest Fintech market.



Opportunities

- **Wealth Management:** Increasing affluence drives demand for advanced wealth management products and services.
- **FinTech Innovation:** The rapidly growing FinTech sector provides cutting-edge solutions for payments, wealth management, and lending, appealing to a tech-savvy audience.
- **Growing Digital Lending:** India's digital lending platform market is expected to grow at a compound annual growth rate (CAGR) of 27.95%, rising from USD 731.22 million in 2022 to USD 2,507.55 million by 2027.

Growth Drivers

- **Financial Inclusion Efforts:** Government programs like Pradhan Mantri Jan Dhan Yojana (PMJDY) bring millions of previously unbanked individuals into the formal financial system, creating a new group of potential customers.
- **Economic & Growth Drivers:** Economic stability and credible monetary policy benefit the sector. Rural lending targets the 60% underbanked population, with all new accounts opened digitally.

Road Ahead

- The payments landscape in India is projected to reach USD 100 trillion in transaction volume and USD 50 billion in revenue by 2030.
- **Cybersecurity is of the utmost importance:** As the sector becomes increasingly digital, implementing strong cybersecurity measures is crucial to safeguarding customer data and maintaining trust.
- **Consolidation and Restructuring:** To compete effectively in the dynamic market, consolidation among smaller players or Public Sector Banks (PSBs) may be necessary.

FDI

- **Banking in the Public sector:** 20 % of the public sector is permitted under the government.
- **Banking in the private sector:** In aggregate, 74% FDI is allowed, up to 49% of which will be under the automatic route, and 49- 74% will fall under the government Route.

Civil Aviation

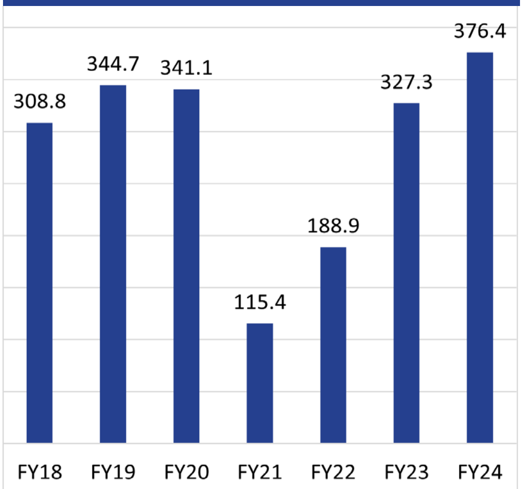
Civil Aviation Industry

India's aviation industry is experiencing strong growth due to rising passenger demand and expanding air travel networks. The sector is poised to become one of the largest global markets, supported by investments in infrastructure and fleet expansion. Innovations in technology and improved regulations are also driving its advancement.

Current Market Overview

- India is now the third-largest domestic aviation market in the world. This growth is fueled by advanced infrastructure, modern airports, and a 43% annual increase in domestic passengers. The aviation sector contributes 5% to the country's GDP and supports 4 million jobs.
- In FY24, Indian airports reported domestic passenger traffic of 306.79 million, marking a 13.5% year-over-year increase.
- Additionally, international passenger traffic reached 69.64 million, reflecting a 22.3% growth compared to the previous year.
- Akasa Air, Air India, and IndiGo, three Indian carriers, have collectively ordered 1,120 planes in less than a year to expand in India's fast-growing civil aviation market. Akasa Air, a two-year-old airline, has placed an order for 150 Boeing 737 Max planes. In 2023, Air India and IndiGo ordered 970 planes from Boeing and Airbus. Tata Group-owned Air India ordered 470 planes, while IndiGo ordered 500 narrow-body planes.

Air passenger traffic in India (million)



3rd largest aviation market

376.4 million air traffic passenger in FY 2024

153 operational Airports as of 2023

In 2024, freight handled reached 3,365 thousand tonnes.

Opportunities

- **Maintenance, Repair, and Overhaul (MRO):** India has significant potential to become an MRO hub, with the industry expected to expand from USD 800 million in 2018 to over USD 2.4 billion by 2028.
- **Huge Investments:** Over Rs 40,000 crores from public and private sources, including greenfield airports, are expected to invest in airport development during the Eleventh Plan.
- **Cargo Transportation:** The air cargo market in India is poised for significant growth due to increasing e-commerce activity and international trade.

Growth Drivers

- **Rising Disposable Income:** Growing economic activity also increases disposable income levels; as a result, the demand for air travel has increased in recent years.
- **Government Initiatives:** Government policies such as the "Udaan" scheme promoting regional connectivity and initiatives to improve airport infrastructure are contributing to growth.
- **Favorable Demographics:** India's young population is a significant driver of travel demand, particularly for leisure and business purposes.

Road Ahead

- India's commercial aviation market is projected to be among the world's top three by 2041, with its fleet size nearly quadrupling from 2019. The domestic carriers are expected to receive over 1,600 planes in the coming years, with the fleet size of Indian airlines projected to reach 1,500 to 2,000 by 2030.
- According to Boeing's 2023 Commercial Market Outlook, South Asia is expected to receive over 2,700 new airplanes in the next two decades, with 90 percent destined for India.
- This growth will also require around 37,000 pilots and 38,000 mechanics in the region, with India leading the demand.

FDI

- 100% permitted under Automatic route with conditions. Government approval beyond 49% is required for certain Air Transport Services except for NRIs and OCIs.

Healthcare

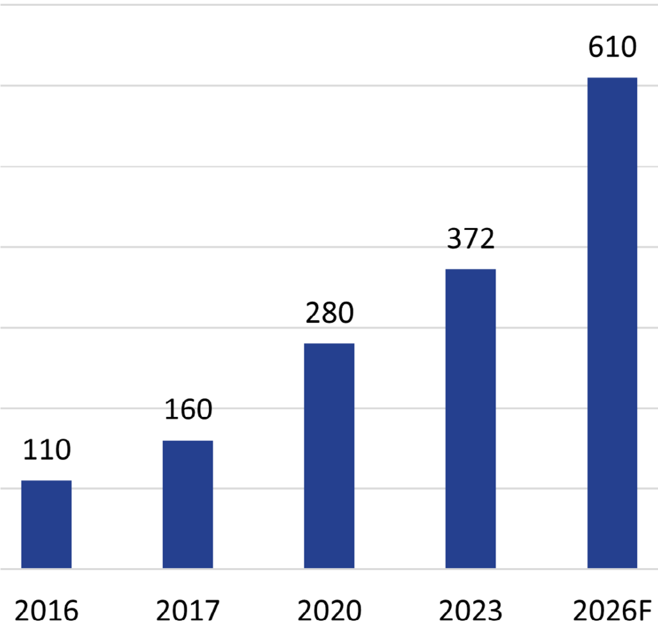
Healthcare Industry

Healthcare has become one of India's most important industries in terms of revenue and employment. This rapidly expanding industry is currently valued at USD 372 billion and is growing at a rate of 15% annually. It has transformed from a loosely connected social sector supported solely by the Government of India to a thriving industry.

Current Market Overview

- The Indian healthcare industry surpassed USD 372 billion in 2023, and it is expected to exceed USD 610 billion by 2026, driven by the growing demand for specialized and higher-quality healthcare facilities.
- The budgeted health sector spending by the federal and state governments was 2.1% of GDP in FY23 and 2.2% in FY22, up from 1.6% in FY21. The government plans to raise public health spending to 2.5% of GDP by 2025.
- Furthermore, the Government of India has approved the continuation of the National Health Mission with a budget of USD 4.44 billion for the Union Budget 2023-24.

Indian Healthcare Market (USD billion)



Opportunities

- **Tier II & III:** The growth of hospitals in tier-II and tier-III regions is boosting opportunities for healthcare providers, medical device makers, and pharmaceutical companies, with demand for healthcare products and services likely to rise significantly.
- **Medical Tourism:** India's affordable and high-quality medical care makes it an attractive destination for medical tourism. Furthermore, the number of medical tourists in India is expected to surpass pre-pandemic levels in CY24.
- **Healthcare Innovation:** The sector, valued at USD 30 billion and led by pharma services and healthtech, is seeing more investment in MedTech and biotech. As consumer demand for health services rises, global value chains evolve, and regulations become more supportive, the market is expected to expand to USD 60 billion by FY 2028.
- **Increasing Demand for E-health:** The e-health market, which includes digital health services like telemedicine, online pharmacies, and health apps, is expected to grow significantly and reach a value of USD 10.6 billion by 2025.

Growth Drivers

- **Government Initiatives:** Policies like Ayushman Bharat aim to expand health insurance coverage and enhance healthcare infrastructure. Furthermore, under the Interim Union Budget 2024-25, the government allocated USD 10.93 billion to the Ministry of Health and Family Welfare, a 1.69% increase from USD 10.75 billion in 2023-24.
- **Rising Health Awareness:** Growing public awareness of health issues drives increased demand for preventive and curative healthcare services.
- **Increased Insurance Penetration:** Broader health insurance coverage offers financial security and motivates people to seek timely medical care.

Road Ahead

- India's healthcare market is projected to reach USD 610 billion by 2026. To maintain a 1:1,000 doctor-to-population ratio by 2030, India will need approximately 2.07 million more doctors.
- The hospital industry is expected to grow to USD 132 billion by 2023. The Indian government plans to increase public health spending to 2.5% of GDP by 2025.

FDI

- 100% permitted under Automatic route, subject to obtainment of necessary licenses from central and state authority, related to commence the healthcare business.

E-commerce

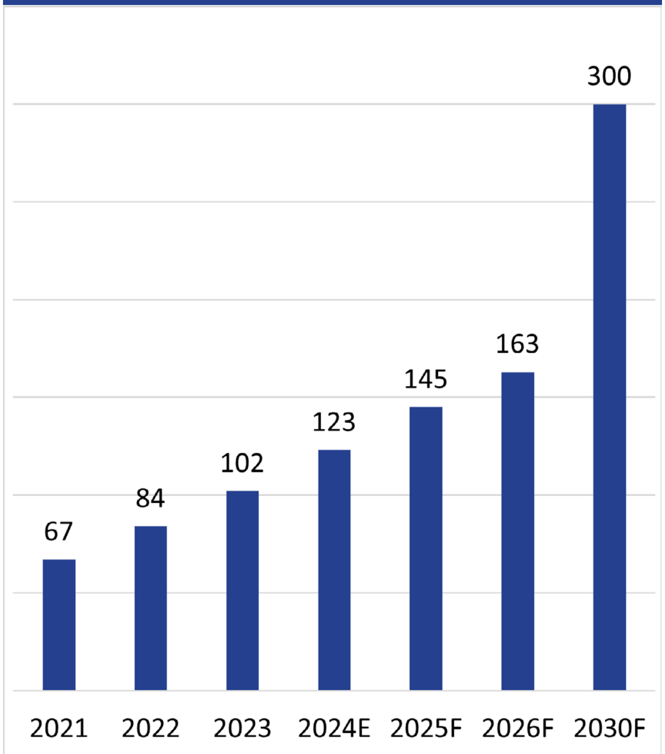
E-Commerce Industry

India's e-commerce sector has thrived due to the country's rapid internet and online infrastructure growth. Rising internet penetration and the expansion of the organized retail industry have provided a strong foundation for e-commerce, and government policies have further supported this growth.

Current Market Overview

- The Indian e-commerce market reached USD 102 billion in 2023 and is projected to reach a staggering USD 300 billion by 2030, reflecting a Compound Annual Growth Rate (CAGR) exceeding 17.54%.
- E-commerce giants like Flipkart, Amazon, and Meesho lead the market, while smaller players and niche retailers are also gaining ground. Additionally, online sales of products, including healthcare and beauty products, have experienced rapid growth in recent years.
- The e-retail market in India is expected to exceed USD 160 billion by 2028. In 2023, it is estimated to be valued between USD 57 billion and USD 60 billion, reflecting a substantial increase from previous years.

Indian E-Commerce Market (USD billion)



Opportunities

- **Social Commerce:** Social commerce in India is expected to grow tenfold by 2030, reaching a market value of USD 55 billion. This growth is robust in Tier 2 and Tier 3 cities, where the focus should be on affordable products in the fashion and home improvement categories. Moreover, integrating social media platforms with e-commerce offers substantial user engagement opportunities and new product discovery.
- **Tier II & III Fueling the growth of E-commerce:** In 2023, nearly 60% of orders were shipped to buyers in Tier II cities, and orders from Tier III markets surged by 65%.
- **Increased Adoption of Online Grocery Shopping:** The shift towards online grocery shopping presents a growing market, mainly as consumers prioritize convenience.

Growth Drivers

- **Increasing Disposable Income:** The burgeoning middle class with rising disposable income represents a significant customer base for online shopping.
- **Increasing Internet Penetration:** India's internet penetration rose from 4% in 2007 to 55% by 2023. By June 2023, internet connections had soared to 895 million, a significant increase fueled mainly by the 'Digital India' program.

Road Ahead

- The Indian online grocery market is projected to grow from USD 3.95 billion in FY21 to USD 26.93 billion by FY27, with a compound annual growth rate (CAGR) of 33%.
- **Emerging Technologies:** E-commerce platforms must embrace technologies like Artificial Intelligence (AI) for personalized recommendations and improved user experience.

FDI

- The Equity/FDI cap on e-commerce activities is set at 100% through the automatic route.

Defence Industry

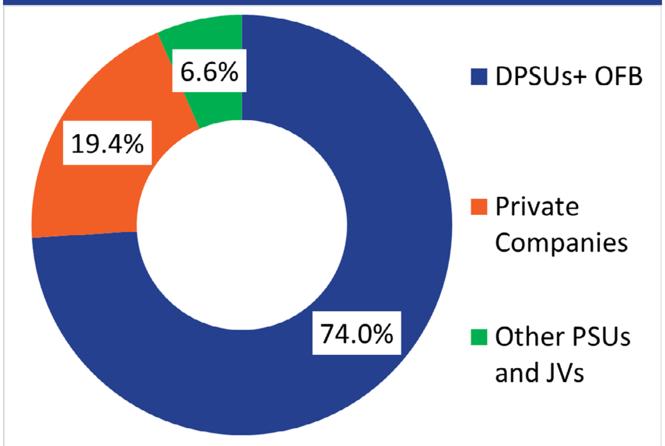
Defence Industry

India's defence industry is essential for national security and military enhancement, primarily driven by PSUs such as DRDO and HAL. The industry develops and manufactures defence equipment, including aircraft, missiles, and naval vessels. There has been a significant push towards increasing private sector involvement in recent years. The Indian government has introduced policies to encourage private investment, enhance indigenous manufacturing, and foster innovation. This shift aims to reduce dependency on foreign defence imports and promote self-reliance.

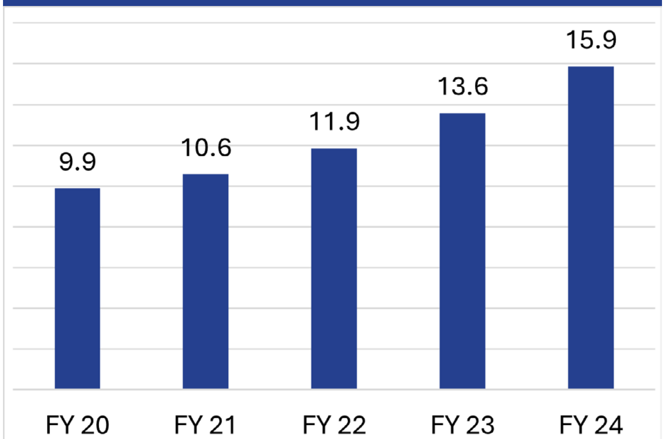
Current Market Overview

- India ranked fourth in global military spending in 2023, with USD 83.6 billion spent. Additionally, in the fiscal year 2023-24, the country's total defence production value reached USD 8.98 billion, with Public Sector Units (PSUs) contributing USD 4.95 billion.
- The sector is primarily led by PSUs such as DRDO and HAL, but private sector involvement is on the rise and is expected to accelerate shortly.
- Furthermore, the modernization of the armed forces and the indigenous development of fighter jets, warships, and other critical military equipment are key priorities of the government and Indian armed forces.

Defence Production in India by Sector



India Defense Production (USD billion)



Opportunities

In the Indian Defence Sector, investment opportunities are in the following areas:

- Supply chain sourcing opportunity
- Modernization of armed forces
- Infrastructure development
- Research and Development
- **'Make in India' Initiative:** The government's 'Make in India' initiative presents immense opportunities for domestic defence equipment manufacturers to cater to the growing demand for military equipment.
- **Export Potential:** India aims to become a net exporter of defence equipment, targeting lucrative markets in Africa and some East Asian countries for its indigenous platforms.

Road Ahead

- Government data indicates that India has approximately 194 defence start-ups developing innovative technological solutions. The government has set a target of achieving USD 21.3 billion in defence production by 2025, including USD 4.3 billion in exports.
- **Local Designing & Production:** The Indigenous production of defence equipment is central to the 'Make in India' program.

FDI

- The maximum Foreign Direct Investment (FDI) limit in defence manufacturing under the automatic route has been increased from 49% to 74% for new investments requiring an industrial license. This policy adjustment permits foreign firms to establish manufacturing units with enhanced ownership and control.

FMCG Industry

FMCG Industry

The FMCG industry ranks as the fourth largest sector in the Indian economy. Government initiatives, such as permitting 51% foreign direct investment (FDI) in multi-brand retail and 100% FDI in food processing, have significantly accelerated the sector's growth. These policies have streamlined product manufacturing and sales, generated employment, and enhanced brand visibility. The industry provides jobs for approximately 3 million people, accounting for around 5% of India's factory workforce. For the fiscal year 2022-23, FMCG sales were projected to increase by 7-9% in revenue.

Current Market Overview

- In the April-June 2023 quarter, the consumer goods sector in India saw a 7.5% increase in volume, marking the highest growth in eight quarters.
- The FMCG sector in India was valued at USD 207 billion in 2024 and is projected to reach USD 900 billion by 2032. This growth is driven by rising consumer demand for high-quality goods.
- In 2024, urban areas accounted for 65% of total annual FMCG sales, while rural regions contributed over 35%. Furthermore, in the fourth quarter of FY24, the FMCG sector experienced a year-on-year value growth of 6.0%.

Growth Drivers

- Rising per capita income in India has boosted purchasing power, leading to increased demand for FMCG products.
- **Increasing Rural Demand:** Rural demand for FMCG products increased by 7.6% in the March quarter, outpacing the 5.7% year-on-year growth reported in urban markets.
- **Strong Government Policies:** The Union Budget 2023-24 allocates USD 976 million for PLI schemes to reduce import costs, enhance the competitiveness of domestic goods, boost capacity, and promote exports. It also revives rural demand by increasing disposable income, funding agriculture, and improving rural infrastructure, connectivity, and mobility to create long-term jobs.

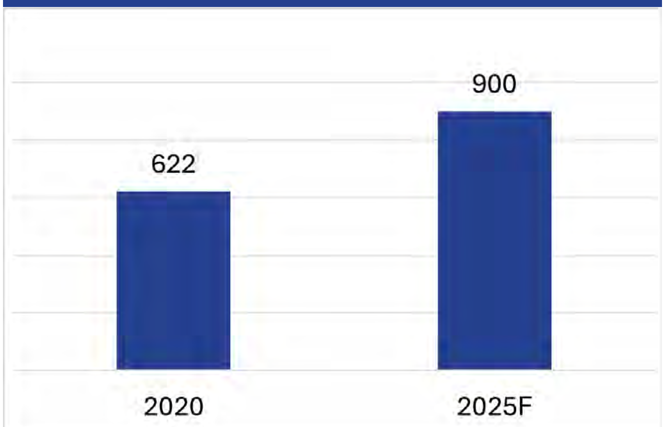
Road Ahead

- Adapting to Digital Landscape: In 2020, companies with dedicated websites saw an 88 percent increase in consumer demand year over year. Since then, more firms have begun to follow the D2C model, and India today has over 800 D2C brands, with a market potential of USD 101 billion by 2025.
- Focus on Rural Markets: It is crucial to develop effective distribution networks and marketing strategies to tap into the vast rural market potential.
- Supply Chain Optimization: Improving efficiency and cost-effectiveness in the supply chain will be critical for maintaining affordability and profitability.

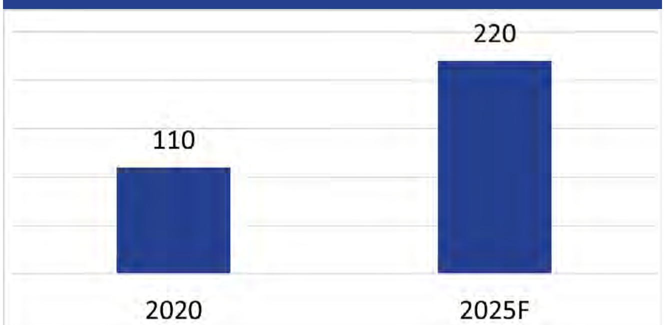
Opportunities

- The growing Demand for Indians is expected to increase consumption to nearly USD 6 trillion by 2030.
- Tier-II and Tier-III City Expansion: Reaching the vast population residing in smaller cities and towns presents a significant growth prospect as internet penetration and disposable income increase.
- E-commerce Integration: Leveraging e-commerce platforms for broader reach and convenience, particularly in rural areas, can be a game-changer for FMCG companies.

Online Users in India (In million)



Indian FMCG Market (USD billion)



FDI

- The government has approved 100 percent FDI in food processing and single-brand retail, as well as 51 percent FDI in multi-brand retail.

Education

Education Industry

India's education sector is rapidly expanding, with significant private sector collaboration with the government to drive development. The government is taking numerous measures to enhance the quality of education. Primary education is rising, and many international schools are establishing a presence in India. Moreover, parents are increasingly enrolling their children in international schools from the primary level to ensure a high-quality education.

Current Market Overview

- India's education sector offers significant growth opportunities, with approximately 26.31% of the population in the 0-14 age group. The industry is projected to expand from USD 117 billion in FY20 to USD 225 billion by FY25.
- Furthermore, The Study in India (SII) program aims to attract over half a million international students for higher education in India by 2047.
- The Indian ed-tech market is expected to expand from USD 700-800 million in 2021 to USD 30 billion by 2031, with over USD 4 billion in private equity investments in the last five years.

Growth Drivers

- **Rising Aspirations**
- **Increasing Disposable Income:** A growing middle class with higher disposable income is willing to invest in quality education.
- **Government Initiatives:** Government policies and programs, such as the National Education Policy (NEP) 2020, drive reforms and investments in the education sector.

Road Ahead

The education sector is on a growth trajectory that will transform drastically by 2030. It is estimated that by then, the industry, significantly higher education, will:

- Transform and become innovative.
- Achieve an approximate Gross Enrolment Ratio (GER) of 50%.
- Reduce state-wise, social, and gender disparities by around 5%.
- Emerge as the largest global provider of talent.
- Be among the world's top five countries in research output.

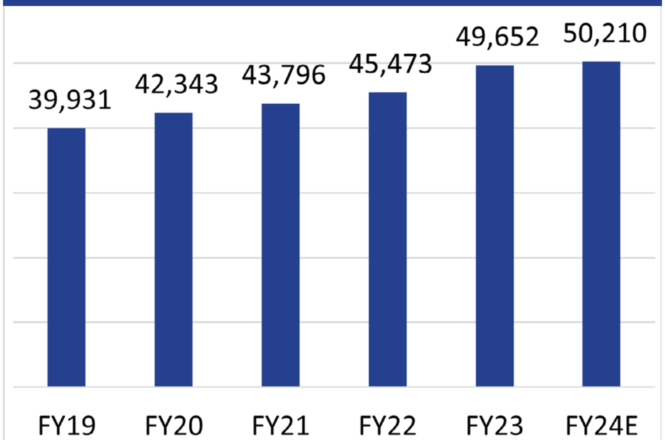
FDI

- 100% permitted under Automatic route.

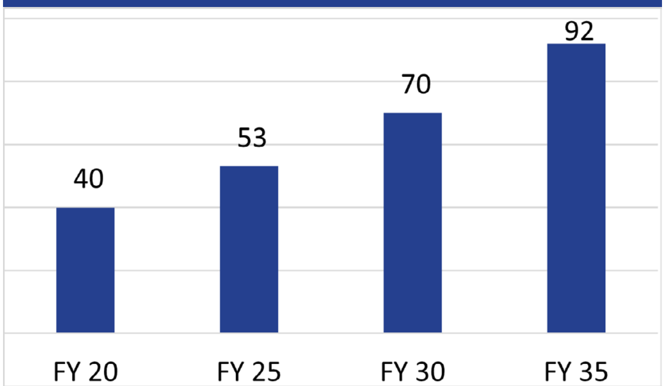
Opportunities

- **Online Education:** Leveraging technology to provide accessible and affordable education to a broader student base, especially in rural areas, would create significant growth opportunities. Additionally, India's online education industry is expected to reach USD 3.6 billion by 2027, growing at a compound annual growth rate (CAGR) of approximately 22.26% from 2022 to 2027.
- **Higher Education:** The expansion of private universities, vocational training institutes, and online education can cater to the growing demand for higher education.
- **Skill Development and Vocational Training:** Aligning courses with industry requirements can bridge the skill gap and create employment opportunities.

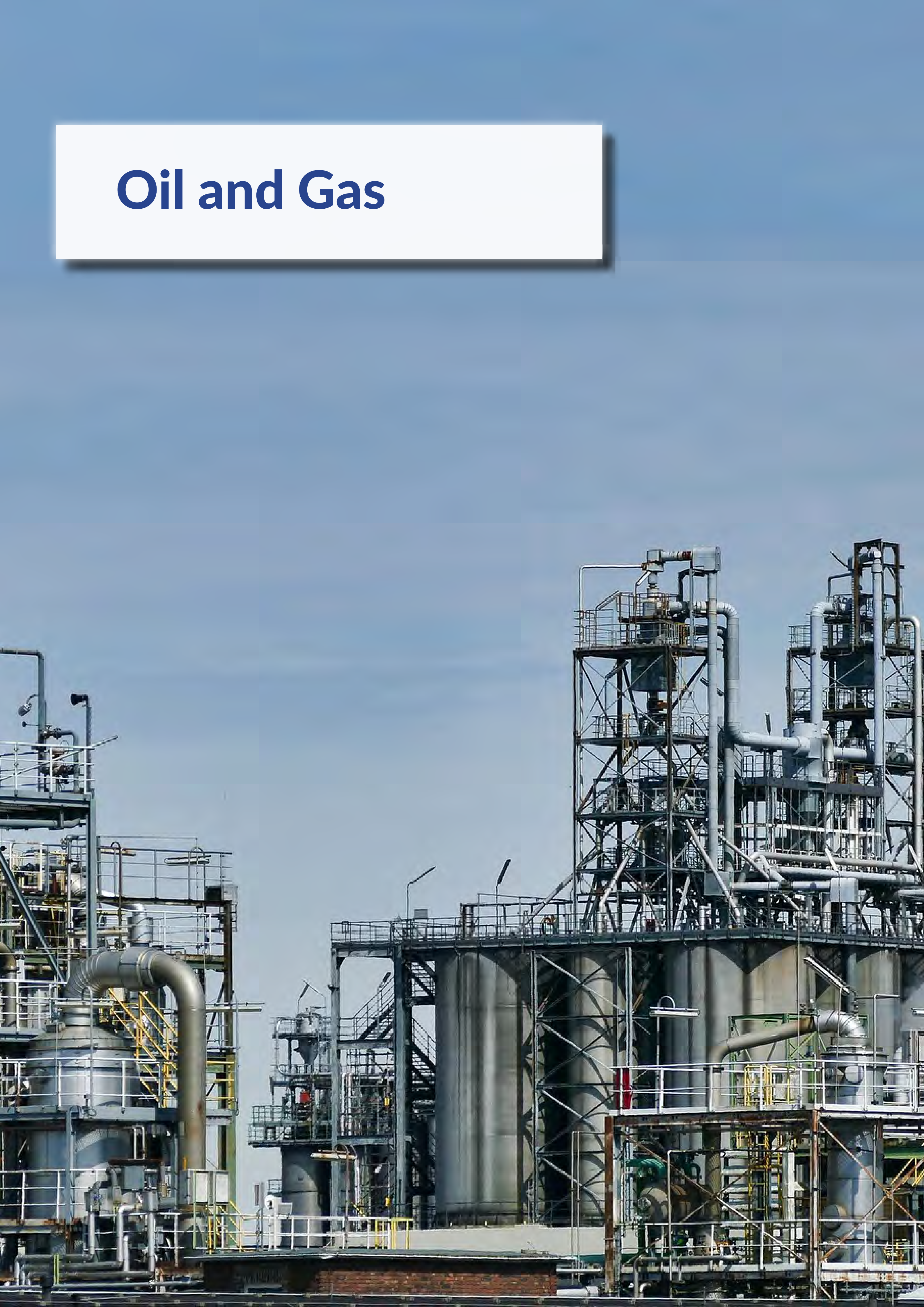
Number of Colleges in India



Student Enrollment in Higher Education, (million)



Oil and Gas



Oil and Gas

The oil and gas sector is considered one of India's eight essential industries and significantly influences decision-making in other critical sectors of the economy. India's economic growth is closely tied to its energy demand, and the demand for oil and gas is projected to rise, making the industry an attractive investment opportunity.

Current Market Overview

- According to OPEC, India's oil demand is expected to increase from 5.37 million barrels per day (b/d) in 2023 to 5.59 million b/d in 2024, reflecting a growth of 4.1%.
- Additionally, the oil demand is anticipated to reach 6.6 million barrels daily. At the same time, natural gas consumption is expected to grow by 25 billion Cubic Meters (BCM) at an annual rate of 9% until 2024.
- In May 2022, the government approved changes to the Biofuel Policy, advancing the target for 20% ethanol blending with petroleum to 2025-26 from 2030.

Growth Drivers

- Rising Energy Demand: India's growing population and expanding economy are leading to a steady increase in energy consumption. As a result, crude oil imports increased by 5.7% in January 2024 and by 0.9% from April 2023 to January 2024 compared to the previous year.
- Government Reforms: Liberalizing the oil and gas sector, including exploration and marketing, has attracted private investments and boosted domestic production.
- Infrastructure Development: Expanding the pipeline network, refining capacity, and improving storage facilities enhance the sector's efficiency and resilience.

Road Ahead

- Reducing Import Dependency: Increasing domestic oil and gas production is crucial to reduce the country's vulnerability to global price fluctuations.
- Infrastructure Development: Enhancing transportation and storage infrastructure is essential for efficient and cost-effective operations.
- Increasing Refining Capabilities: India aims to double its refining capacity to 450-500 million tonnes by 2030.

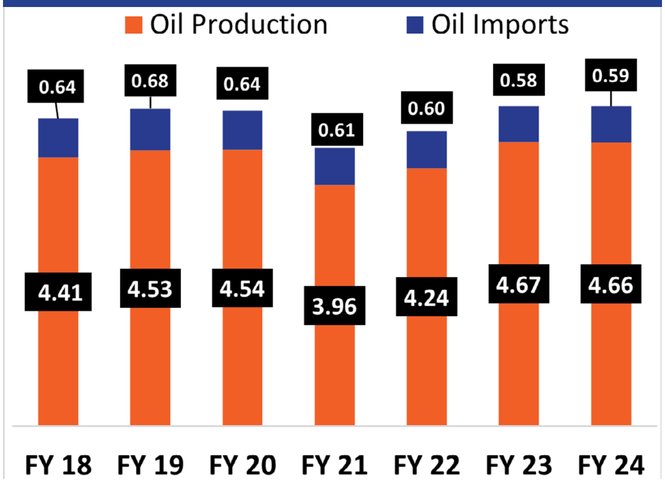
FDI

- 100% permitted under Automatic route for petroleum refining and other activities by private sector, subject to applicable laws or regulations, sector specific policies and other conditionalities.

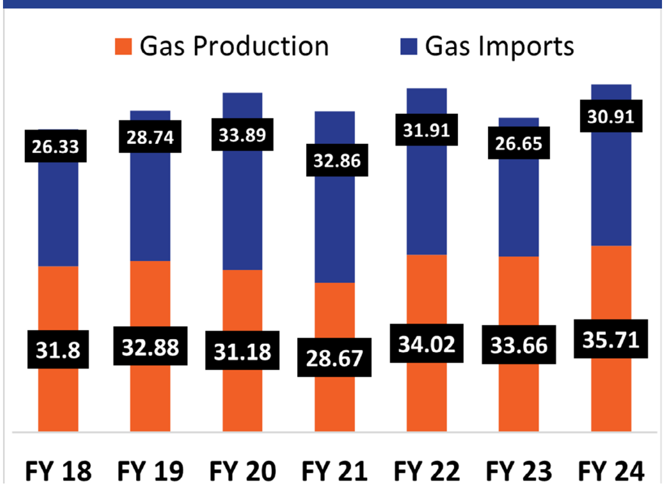
Opportunities

- **Exploration and Production:** Exploring untapped onshore and offshore hydrocarbon reserves offers significant potential. Additionally, the Union Minister of Oil & Gas announced that India presents an investment opportunity of at least USD 100 billion in energy exploration and production by 2030.
- **Natural Gas Infrastructure:** India is enhancing growth in the gas sector by investing USD 4.95 billion in pipeline infrastructure. This investment will expand the distribution network and increase natural gas use across industries in northeastern states and northern federal territories.
- **Petrochemicals:** India's chemical and petrochemical industry is projected to reach USD 300 billion by 2025. The Ministry of Petroleum estimates petrochemical demand will triple by 2040, hitting USD 1 trillion.

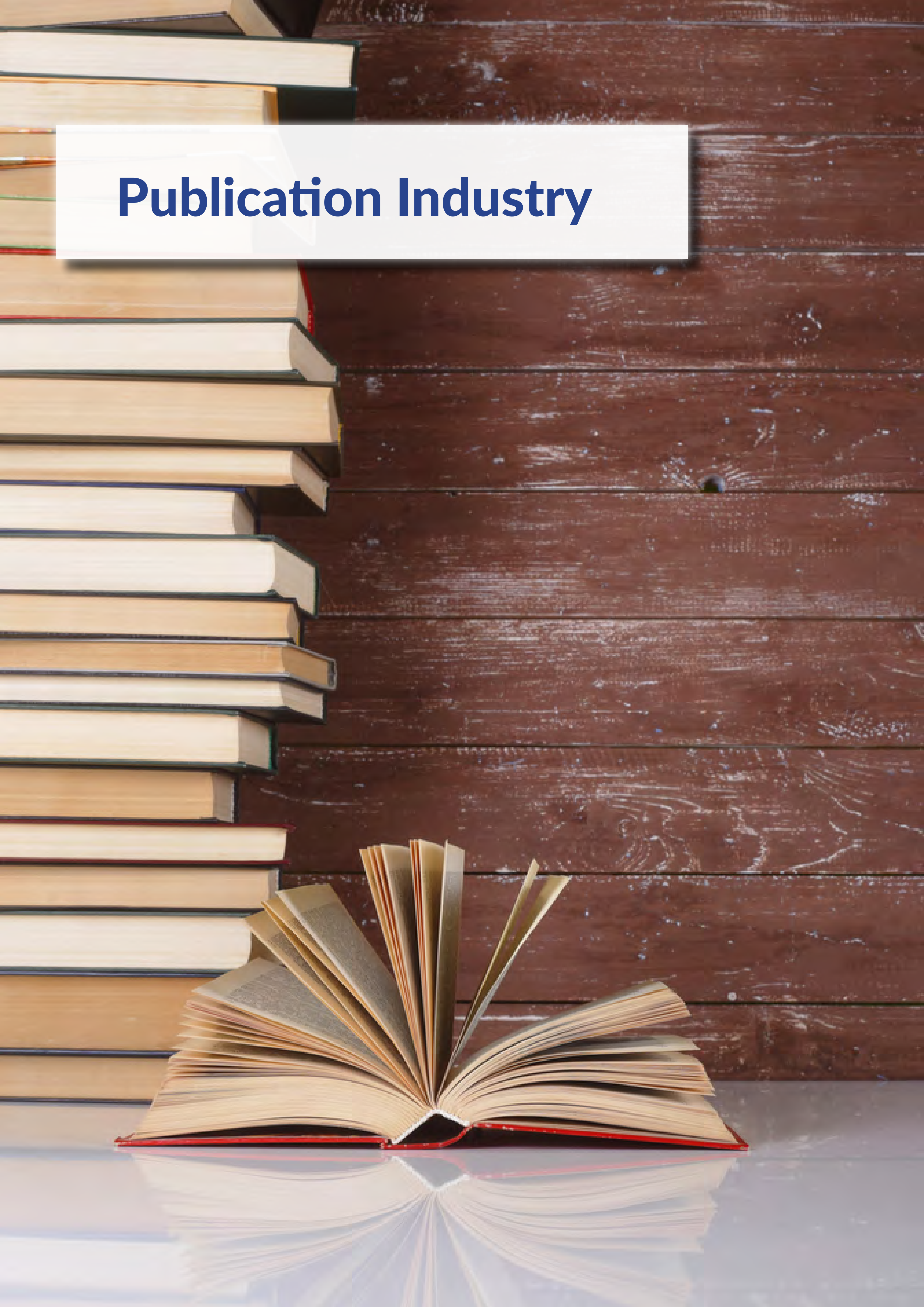
Domestic Gas Production and Imports (BCM)



Imports and domestic oil production in India (MBPD)



Publication Industry



Publication Industry

The Indian publishing industry is the sixth largest in the world and the second largest in the English language. India is one of the few markets that experiences growth in both print and digital publishing. The country is home to approximately 9,000 publishing houses, with an estimated worth of USD 2 billion. The digital publishing sector in India has experienced rapid growth.

Current Market Overview

- In 2019, the Indian publishing market was valued at approximately USD 6 billion and is projected to grow to USD 9 billion by 2025.
- As the third-largest publisher of English language books, foreign publishers in India hold an estimated 10–15% of the market.
- The publishing industry in India is both fragmented and competitive, comprising over 9,000 publishers and 21,000 retailers, primarily focused on educational books.
- Additionally, a sizeable unorganized segment exists within the market. Factors such as low consumer affordability and the prevalence of regional languages limit publishers' ability to expand.

Growth Drivers

- **Increasing Literacy Rates:** According to the latest data, the literacy rate in India increased by 5% in 2023 to 77.7 % compared to the last census (2011). This enhancement has stimulated demand for diverse reading materials and expanded the publication market.
- **Expanding Internet Access:** With internet use in India reaching 820 million in 2023 and more people using smartphones, digital content consumption has become more accessible and widespread.
- **Rising investment in Education:** The National Education Policy 2020 aims to boost public investment in education to around 6% of GDP. With a growing middle class and government support, this is expected to drive higher spending on education and boost the publishing industry.

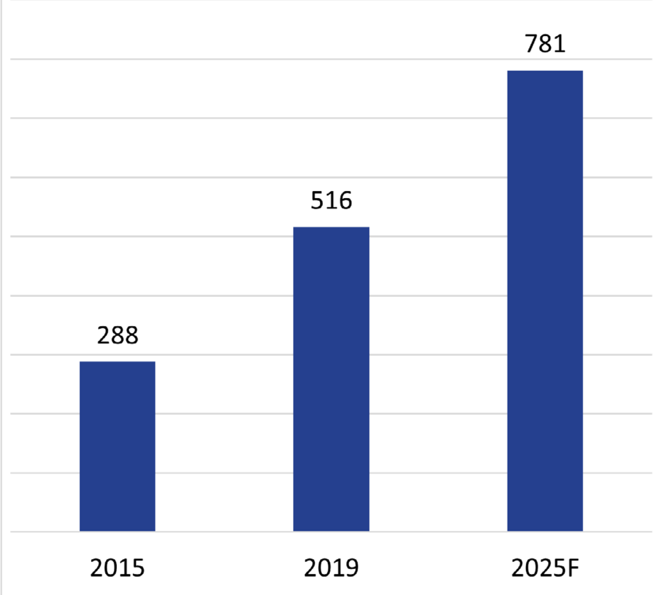
Road Ahead

- **Adapting to Digital:** Publishers must continue adapting to digital trends, optimizing content for various digital platforms, and leveraging data analytics to understand reader preferences.
- **Enhancing Distribution:** Expanding digital distribution channels and improving accessibility to remote and underserved areas can help reach a larger audience.
- **Quality Content Creation:** Focusing on high-quality content, including interactive and multimedia content, that meets readers' evolving needs will be crucial.

Opportunities

- **Digital Growth:** There is substantial potential in digital publishing, e-books, audiobooks, and online subscriptions, which are gaining popularity, offering new revenue streams and broader reach.
- **Regional Content:** There is a rising demand for content in regional languages, providing opportunities for publishers to cater to diverse linguistic audiences.
- **Educational Content:** With the increasing focus on quality education and digital learning tools, there is a growing demand for educational content, including e-learning resources and interactive textbooks.

India Publishing Market Size (INR billion)



FDI

- FDI in uplinking Non-'News & Current Affairs' TV Channels/ Down-linking of TV Channels is allowed up to 100% under automatic route.

- Print Media (Publication/ printing of scientific and technical magazines/specialty journals/ periodicals and facsimile edition of foreign newspapers) - upto 100% under government approval route."

Textile Industry

Textile Industry

The Indian textile industry is the second largest industry in India after agriculture. Over 35 million people in the country are directly employed in the sector, while around 60 million are provided indirect employment in producing raw materials and other related trades. The industry covers various sub-industries, including traditional handlooms, wool, silk, handicrafts, and the organized textile industry. Furthermore, favorable government policies and demographics, phenomenal growth in retail, and rising spending powers have escalated the sector's position as an imposing contributor to the national economy.

Current Market Overview

- India's textiles and apparel market is projected to grow at a 10% CAGR, reaching USD 350 billion by 2030. As the world's third-largest exporter of textiles and apparel, India ranks among the top five global exporters in several categories, with exports expected to hit USD 100 billion in FY25.
- The textiles and apparel industry currently contributes 2.3% to India's GDP, 13% to industrial production, and 12% to exports. By the decade's end, its GDP contribution is expected to increase to approximately 5%.

Growth Drivers

- **Domestic Consumption:** India's growing middle class drives demand for high-quality textiles and apparel, presenting a significant opportunity for domestic players.
- **Robust Investment:** The textile sector benefits from 100% FDI, with foreign investments expected to reach USD 140 billion. Government investment schemes, such as TCIDS and APES, support this growth.
- **Favorable Government Policies:** The government's establishment of SITPs and mega cluster zones and increasing loans under the Technology Upgradation Fund (TUF) Scheme are driving improvements in the industry.

Road Ahead

- The slowdown in China has created a significant opportunity for India to capture a larger share of the global export market.
- India currently holds a 5% share in global textile exports, compared to China's 38%.
- The Indian textiles industry has a promising future due to strong domestic and international demand. Additionally, Africa and Latin America are expected to become crucial markets for Indian textiles over the next decade owing to higher quality and lower cost.

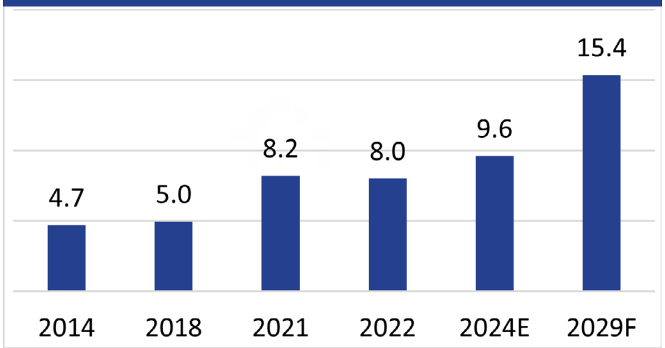
FDI

- 100% permitted under Automatic route.

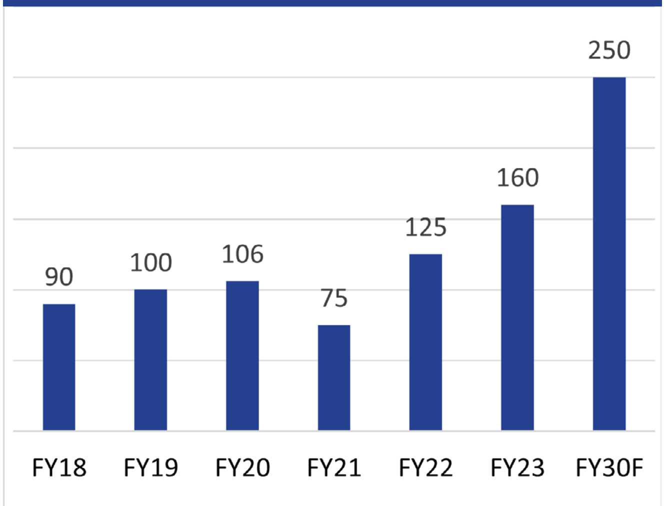
Opportunities

- **High demand for technical Textiles:** The technical textiles industry, which supplies products such as thermal protection, blood-absorbing fabrics, seatbelts, and adhesive tapes, is highly demanded by the healthcare and infrastructure sectors.
- The automotive textiles market is set to grow from USD 2.4 billion in 2020 to USD 3.7 billion by 2027, while the industrial textiles market is expected to rise from USD 2 billion to USD 3.3 billion during the same period, with an 8% CAGR.
- **Focus on Exports:** Exploring new markets and diversifying export destinations can help mitigate risks and tap into new growth opportunities.

Indian home textile industry (USD billion)



Domestic textile and apparel industry in India (USD billion)



Infrastructure Industry

Infrastructure Industry

India has emerged as one of the fastest-growing economies, offering numerous investment opportunities in the infrastructure sector. Infrastructure development is crucial for both Tier I and Tier II cities in India. There are prospects for investments in new toll roads, airports, townships, bridges, power, bridges, dams, roads, water and sewerage systems, hill areas, and smart cities. The increasing population in India relies on modern infrastructure for efficient delivery of services. Consequently, the government is initiating various projects to build and upgrade infrastructure using the public-private partnership model.

Current Market Overview

- India's road network is about 63.73 lakh km, making it the second largest in the world. In FY24, the total length of National Highways was 146,145 km, up from 91,287 km in 2013-14. The construction pace has also improved, increasing from 12.1 km per day in 2014-15 to 28.3 km per day in FY24.
- Furthermore, the Indian Railways anticipates a total revenue of USD 31.8 billion by 2023-24. During this period, traffic revenue is expected to reach USD 32.17 billion, a 9% increase from the previous year.
- Freight revenue is projected to reach USD 21.8 billion, while passenger revenue is expected to be USD 8.51 billion, reflecting a 9% growth over the previous year.

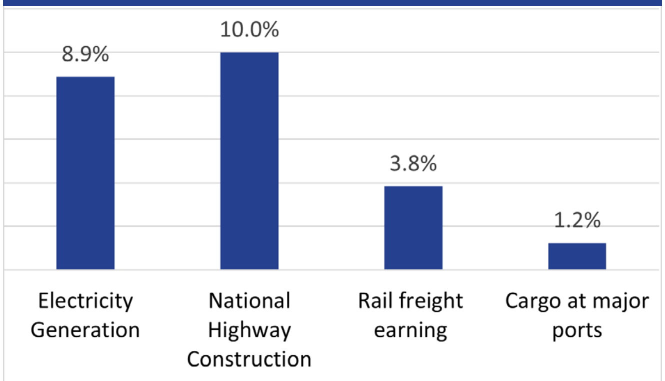
Growth Drivers

- **Transport Upgrades:** India's growth demands better transport infrastructure, including roads, railways, aviation, shipping, and inland waterways.
- **Increased Infrastructure Investment:** The Interim Budget 2024-25 has increased the capital investment outlay for infrastructure by 11.1%, totaling USD 133.86 billion, which is 3.4% of GDP.
- **Favorable Government Policies:** The Budget for 2023-24 extends the interest-free loan program for state governments by another year and increases the total amount to USD 16 billion to support more infrastructure investments. The National Infrastructure Pipeline (NIP) includes projects worth USD 1.3 trillion at various stages of development.

Opportunities

- **Urban Infrastructure:** The growing demand for urban infrastructure includes metro rail, smart cities, and affordable housing projects. According to the World Bank, India must invest over USD 840 billion in urban infrastructure over the next 15 years.
- **Digital Infrastructure:** Investments in digital infrastructure, including 5G networks, data centers, and fiber optic connectivity, are crucial for economic growth and digital transformation.
- **Renewable Energy:** The growing emphasis on renewable energy presents opportunities for developing renewable infrastructure such as solar and wind power plants.
- **Logistics and Warehousing:** Improving logistics infrastructure, including highways, inland waterways, and warehousing facilities, is essential for efficient goods movement.

Growth in infrastructure-related activities in FY23 (in %)



Road Ahead

- India needs to invest an estimated USD 840 billion in urban infrastructure over the next 15 years to meet the demands of its growing population.
- This investment will be rational and sustainable if it also focuses on the long-term maintenance and durability of buildings, bridges, ports, and airports.

FDI

- Infrastructure Companies in Securities Market- 49% is permitted under automatic route.
- For others, 100% permitted for infrastructure under Automatic route.

Telecom Industry

Telecom Industry

India, the world's second-largest telecommunications market, had a telephone subscriber base of around 1.2 billion as of March 2024, demonstrating substantial growth over the past decade. The country's overall teledensity stands at 85.76%. Within this, the rural market, which remains largely untapped, has a teledensity of 59.4%, while the urban market boasts a higher teledensity of 133.42%.

Current Market Overview

- The telecom sector ranks fourth in FDI inflows, accounting for 6% of the total and generating 2.2 million direct and 1.8 million indirect jobs.
- From 2014 to 2021, FDI inflows in this sector grew by 150%, rising to USD 20.72 billion from USD 8.32 billion between 2002 and 2014.
- The rise in wireless subscriptions has significantly increased wireless teledensity. As of March 2024, the total wireless subscriber base reached 1.165 billion.
- Among the providers, Jio led with 469.73 million subscribers, followed by Bharti Airtel with 265.50 million, Vodafone Idea with 127.69 million, and BSNL with 20.65 million.

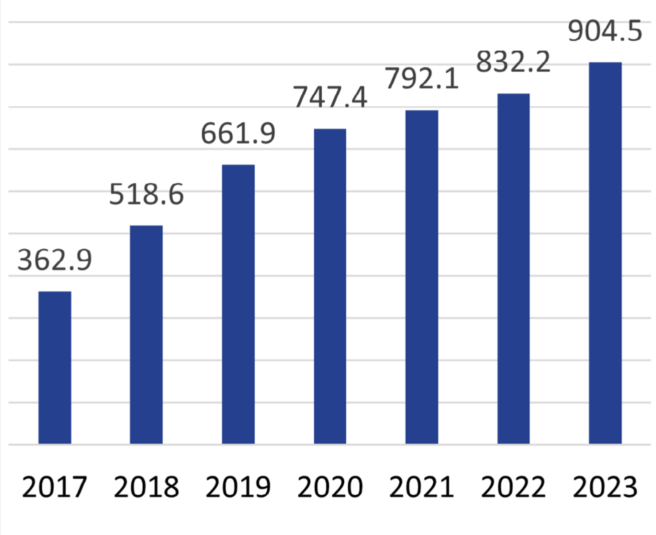
Opportunities

- **Focus on 5G:** In India, 5G technology is expected to add around USD 450 billion to the economy from 2023 to 2040, and 5G subscriptions are expected to reach 350 million by 2026, accounting for 27% of all mobile subscriptions. This technology will improve consumer experiences with faster internet, drive digital adoption through AR and VR, and expand smart device usage.
- **Opportunities in Ferberization:** According to the National Broadband Mission and COAI, India requires approximately ₹2.2 lakh crore for fiberizing 70% of its towers and an additional ₹2.5 lakh crore to establish 15 lakh more towers by 2025. Investing in fiber-optic networks will facilitate high-speed internet access and enhance support for emerging technologies.

Growth Drivers

- **Increasing Smartphone Penetration:** The increasing number of smartphone users drives telecom growth, fueling data consumption and the demand for various digital services. As a result, smartphone penetration is projected to reach 1 billion by 2026.
- **Strong Government Policies:** The government's focus on digital India and infrastructure development creates a conducive environment for telecom expansion. Furthermore, India's Bharat 6G Alliance and the European telecom industry organization are planning a partnership to develop 6G technology.
- **Digital Payments and Financial Inclusion:** The telecom sector drives digital payments and financial inclusion through mobile wallets and UPI services. These services help further to increase the penetration of mobile internet and smartphones.

Broadband subscriptions in India (million)



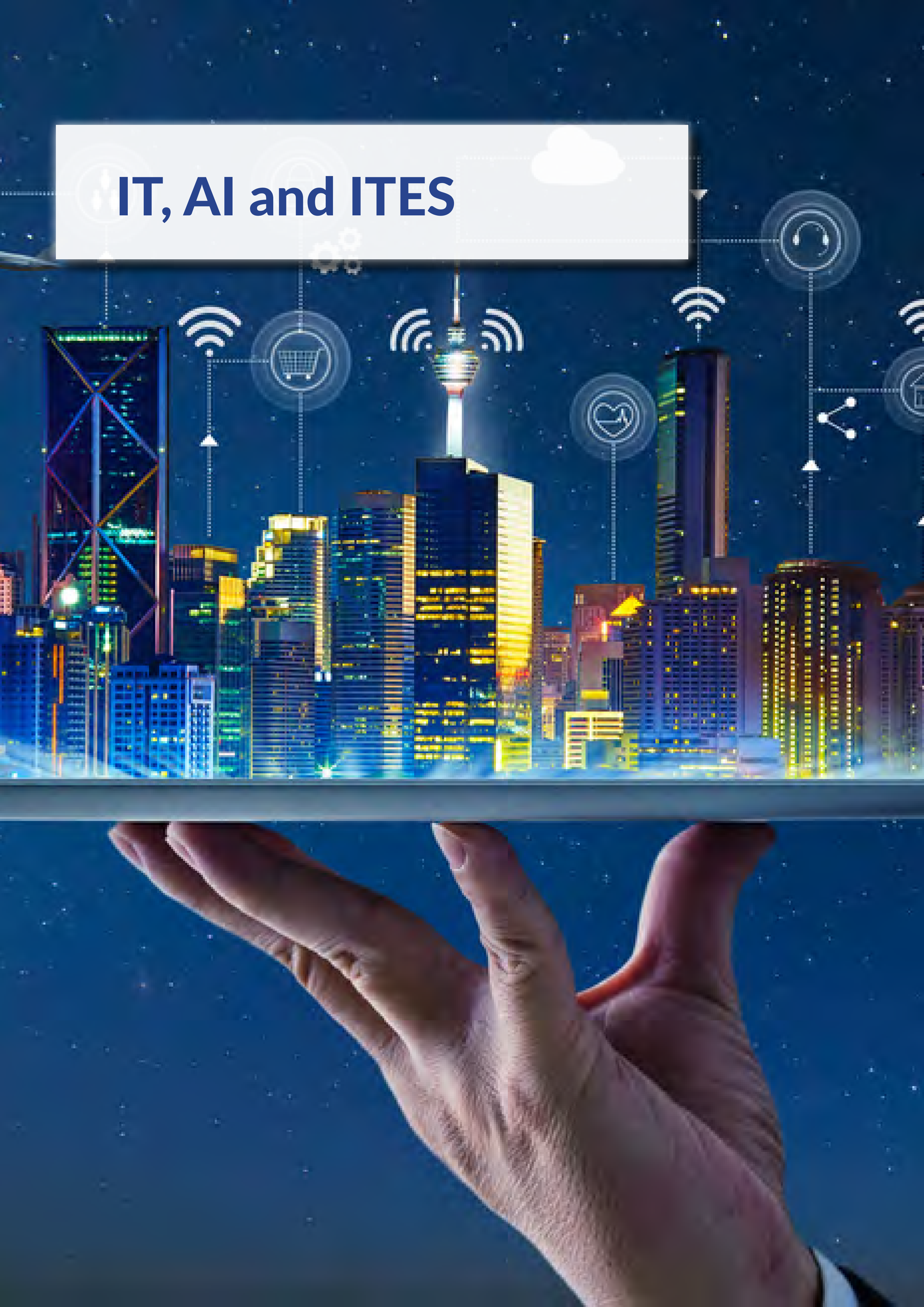
Road Ahead

- **Focus on Rural Connectivity:** Providing affordable and reliable connectivity solutions for rural areas is crucial for inclusive growth. In addition, Bharat Net aims to deliver high-speed broadband service to 1.15 lakh gram panchayats.

FDI

- 100% Foreign Direct Investment (FDI) has now been allowed in the Telecom sector under the automatic route

IT, AI and ITES



IT, AI and ITES

Indian IT, AI, and ITES industry comprises of software products, engineering services, IT services, Business Process Management (BPM), and hardware. The industry is undergoing rapid evolution and is reshaping business operations in a big way. IT spending in India was forecasted to be USD 81.89 billion in 2021 and further increase to USD 101.8 billion in 2022, a 24.31% YoY increase. The data annotation market in India stood at USD 250 million in FY20, of which the US market contributed 60% to the overall value. The market is expected to reach USD 7 billion by 2030 due to accelerated domestic demand for AI.

Current Market Overview

- The IT & BPM sector is a significant driver of India's economy, contributing 7.5% to the GDP in FY23 and is expected to reach 10% by 2025. Additionally, the IT & BPM sector is projected to reach USD 350 billion by 2026
- India's IT spending is expected to grow by 11.1% in 2024, reaching USD 138.6 billion, up from USD 124.7 billion last year. Moreover, the Indian software product industry is anticipated to reach USD 100 billion by 2025.
- The government of India has allocated USD 11.8 billion to the IT and telecom sector under the Union Budget for 2023-24.

Growth Drivers

- **Digital India Initiative:** The government's push for digitalization has created a conducive environment for the IT sector, driving demand for digital solutions across industries.
- **Favorable Demographics & Government Support:** India's young and tech-savvy population provides a rich talent pool for the IT industry, complemented by government support for skill development, infrastructure, and ease of doing business, fostering a thriving IT ecosystem.
- **Technological Advancements:** The rapid adoption of emerging technologies like AI, machine learning, and cloud computing is driving innovation and growth within the sector.

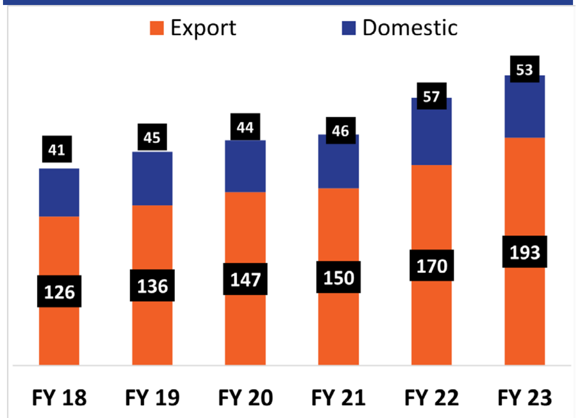
Road Ahead

- The Cabinet approved over USD 1.2 billion for the IndiaAI Mission, which will fund initiatives like IndiaAI Compute Capacity, Innovation Centre, Datasets Platform, Application Development, FutureSkills, Startup Financing, and Safe & Trusted AI over five years.
- **Sustainability:** Adopting sustainable practices and focusing on environmental impact can enhance the sector's reputation and attract eco-conscious clients.
- **Digital Transformation:** Helping businesses across sectors in their digital transformation journey can create new growth avenues for IT companies.

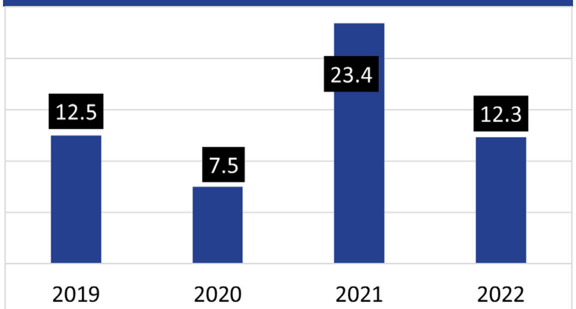
Opportunities

- **Export Potential:** Demand for exports from new verticals grew strongly. In FY22, the top three Indian IT companies, TCS, Wipro, and Infosys, anticipated creating approximately 105,000 job opportunities due to increased demand for talent and skills.
- **AI and Machine Learning:** India can become a global leader in AI and machine learning, with AI talent recruitment up 16.8% in 2023. NITI Aayog predicts AI will boost India's annual growth rate by 1.3% by 2035.
- **Cybersecurity:** The growing digital landscape demands robust cybersecurity solutions, offering opportunities for IT companies.

Revenue growth of IT-BPM sector (In USD billion)



Private Equity investments in IT & BPM (USD billion)



FDI

- 100% Foreign Direct Investment (FDI) has now been allowed in the IT sector.

Pharmaceutical Industry

Pharmaceutical Industry

India is a leading global generic drug supplier and hub for outsourced manufacturing, drug discovery, and development. The country meets over 50% of the world's vaccine demand and supplies more than 40% of generic drugs in the United States and 25% of all medicines in the United Kingdom. Regarding volume, India is the world's third-largest producer of pharmaceuticals and the fourteenth-largest producer by value. The domestic pharmaceutical sector comprises 3,000 medicinal businesses and 10,500 manufacturing units.

Current Market Overview

- The Indian pharmaceutical industry, now ranked third globally in pharmaceutical production volume, has thrived with a 9.43% CAGR over the past nine years.
- Furthermore, India ranks as the third-largest producer of APIs globally, holding an 8% share in the API industry. Over 500 APIs are manufactured in India, contributing 57% of APIs listed in the WHO prequalification list.
- In the coming year, the Indian pharmaceutical market is anticipated to reach USD 130 billion by 2030 and expand to USD 450 billion by 2047.

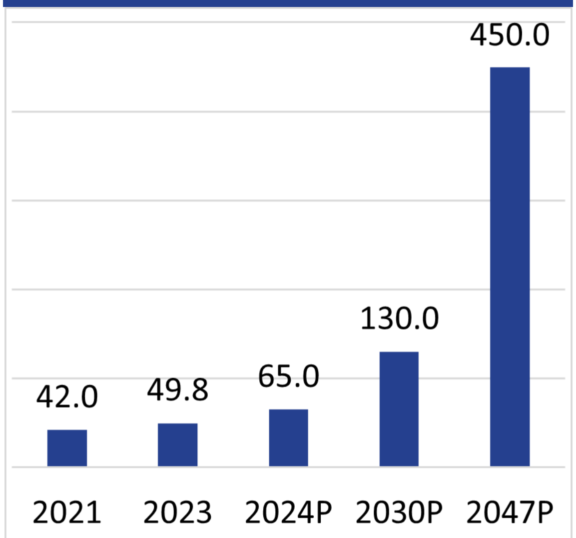
Opportunities

- **Potential in Biosimilars and API Manufacturing:** India's robust capabilities in generic drug manufacturing position it strongly to become a global hub for biosimilar production. Enhancing India's status as the world's largest API manufacturer would boost exports and promote value-added activities.
- **Penetration in Rural Market:** India's pharmaceutical sector benefits from significant opportunities in rural areas, where 70% of the population resides. The growing demand for generic medicines has prompted companies to enhance their regional distribution networks.

Growth Drivers

- Rising Exports & Demand of Generic Medicines: India's cost-effective manufacturing capabilities and favorable regulatory environment have positioned it as a global leader in generic drug production, driving increasing exports due to rising demand for affordable medicines in developed markets.
- High FDI Inflow: The cumulative FDI equity inflow in the Drugs and Pharmaceuticals industry from April 2000 to March 2024 totals USD 22.52 billion, comprising approximately 3.4% of the total inflows received across sectors.
- Government Support: Government initiatives like the 'Pharma Vision 2020' and 'Make in India' have provided a conducive industry growth environment.

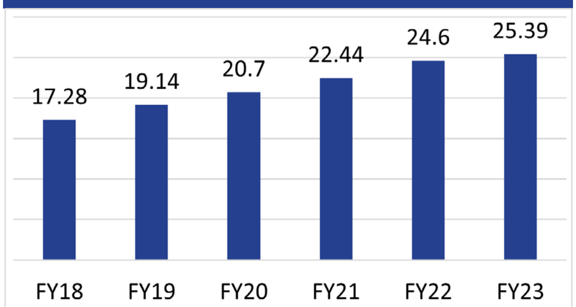
Indian Pharmaceutical Market (USD billion)



Road Ahead

- **Digital Transformation:** Adopting digital technologies for supply chain management, clinical trials, and patient engagement would improve efficiency and patient care.
- **Global Expansion:** Exploring new markets and strengthening presence in existing ones will be crucial for sustained growth.
- **Bio Economy:** In 2022, India's Bio economy was valued at USD 137 billion and is projected to reach USD 300 billion by 2030.

Drugs & Pharmaceuticals Exports from India (USD billion)



FDI

- Up to 100%, FDI has been allowed through automatic route for Greenfield pharmaceuticals projects

Real Estate Industry

Real Estate Industry

India's real estate sector is a significant driver of economic growth, fueled by urbanization, a rising middle class, and supportive government policies. It encompasses residential, commercial, and industrial properties, with critical developments in cities like Mumbai, Delhi, and Bengaluru. The recent trends highlight increased demand for affordable housing and sustainable buildings. Regulatory frameworks such as the Real Estate (Regulation and Development) Act (RERA) and initiatives like the Pradhan Mantri Awas Yojana (PMAY) have improved market transparency and consumer trust.

Current Market Overview

- The real estate sector currently contributes approximately 6-7% to India's GDP. Projections indicate that this could rise to 13% by 2025.-
- The Indian real estate market is expected to reach USD 1,000 billion by 2030. Despite recent challenges and the rising geopolitical uncertainties, the sector has shown resilience and remains the second-largest contributor to the Indian economy.
- Despite market fluctuations and regulatory complexities, the sector remains robust and poised for continued expansion, reflecting the country's growing infrastructure and evolving consumer needs.

Growth Drivers

- **Increasing Urban Population:** The urban population is projected to reach 675.5 million by 2035, driving increased demand for residential spaces in major cities.
- **Strong Government Policies:** Government policies such as the Real Estate (Regulation and Development) Act (RERA), Smart Cities Mission, Pradhan Mantri Awas Yojana – Urban, and affordable housing schemes are boosting investor confidence and facilitating growth.

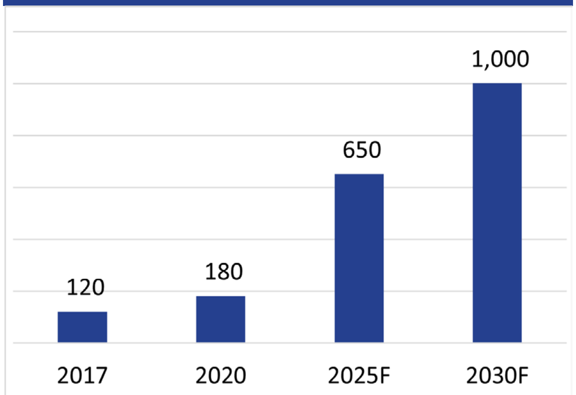
Road Ahead

- **Affordable Housing:** The government's focus on affordable housing presents significant opportunities for developers and investors.
- **Tier-II and Tier-III Cities:** These cities offer untapped potential with growing populations and relatively affordable land prices.
- **High demand for Commercial Space:** India's office space requirements are primarily propelled by Global Capability Centers (GCCs), which constituted 37% of all lease activities in the first quarter of 2024. Moreover, demand for office space is expected to reach between 50 and 55 million square feet this year across the top six cities.
- The Real Estate Investment Trusts (REITs) are expected to generate revenue of USD 19.65 over the years, supported by increased FDI, which has encouraged transparency and accountability in real estate operations.
- India's real estate market is predicted to grow to USD 1 trillion by 2030, up from USD 200 billion in 2021, contributing 13% of the Country's GDP by 2025.

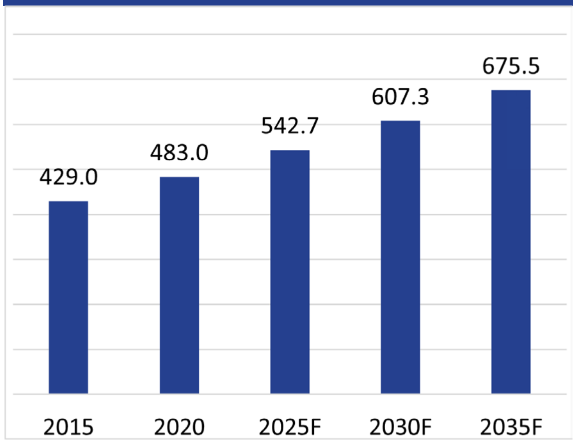
Opportunities

- The real estate sector is of considerable significance in the Indian economy. It contributes about 6-8 percent to the Indian gross domestic product (GDP) and is expected to contribute about 13 percent by 2025.
- To meet the country's urban population growth, an additional 25 million affordable housing units are required by 2030. This will contribute about 13 percent by 2025.

Market size of real estate in India (USD billion)



Urban Population in India (million)



FDI

- 100% FDI is allowed under automatic route in Contruction Sector.

Renewable Energy Industry

Renewable Energy Industry

India's renewable energy business is the world's fourth most appealing renewable energy market. As of 2020, India was rated fourth in wind energy, fifth in solar energy, and fourth in renewable energy installed capacity. The sector has grown more appealing to investors as a result of increasing government assistance and improved economics.

Current Market Overview

- India aims to achieve 500 GW of installed renewable energy capacity by 2030, producing 5 million tonnes of green hydrogen. This ambitious goal is supported by plans to develop 125 GW of renewable energy capacity.
- In the Budget for 2024-2025, the Government of India doubled the funding for the National Green Hydrogen Mission to USD 72 million.
- Furthermore, USD 2.10 billion was allocated to both the Green Hydrogen Mission and the Strategic Interventions for Green Hydrogen Transition (SIGHT) Programme, reflecting a significant commitment to advancing a sustainable energy transition.

Growth Drivers

- **Failing Cost:** As the costs for technologies and equipment such as solar panels, wind turbines, and energy storage systems fall, renewable energy is becoming more economically viable and competitive than traditional fossil fuels.
- **Rising Power Demand:** According to the International Energy Agency, electricity demand in India increased by 7% in 2023 and is expected to grow at an average annual rate of 6% through 2026, driven by higher economic activity.
- **Government Policies and Initiatives:** The Indian government has set ambitious targets for renewable energy. The National Solar Mission aims to achieve 100 GW of solar power by 2030, and there are also targets for wind and other renewable sources. Supportive policies like tax incentives, subsidies, and green bonds help attract investment.

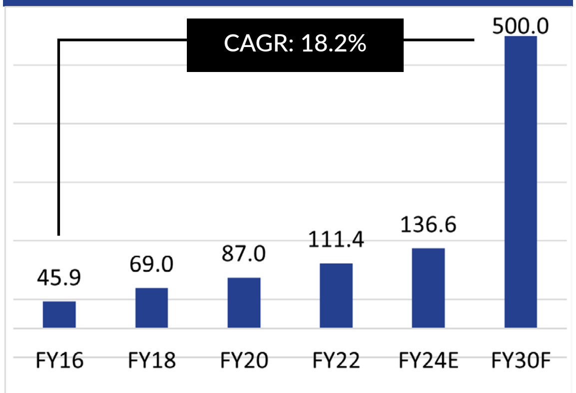
Road Ahead

- 500 GW of renewable energy capacity by 2030.
- Meeting 50% of its energy requirement from renewable sources by 2030.
- Reducing the total projected carbon emissions by 1 Bn Tonnes by 2030.
- Reducing the carbon intensity of its economy by under 45%.
- Becoming a net zero carbon country by 2070.

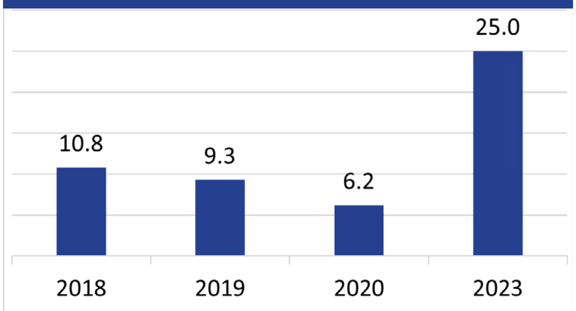
Opportunities

- **Solar Energy Potential:** The Central Electricity Authority (CEA) estimates India's power requirement will reach 817 GW by 2030.
- **Green Hydrogen Mission:** The government's emphasis on green hydrogen production, aiming for a target of 5 million metric tonnes per annum by 2030, creates significant opportunities for advancing clean energy generation and storage.
- **Huge Potential of Renewable Energy:** India's renewable energy potential from commercially viable sources is estimated at 900 GW, including 750 GW from solar energy, 102 GW from wind power, 25 GW from bio-energy, and 20 GW from small hydro.

Installed Renewable Energy Capacity (GW)



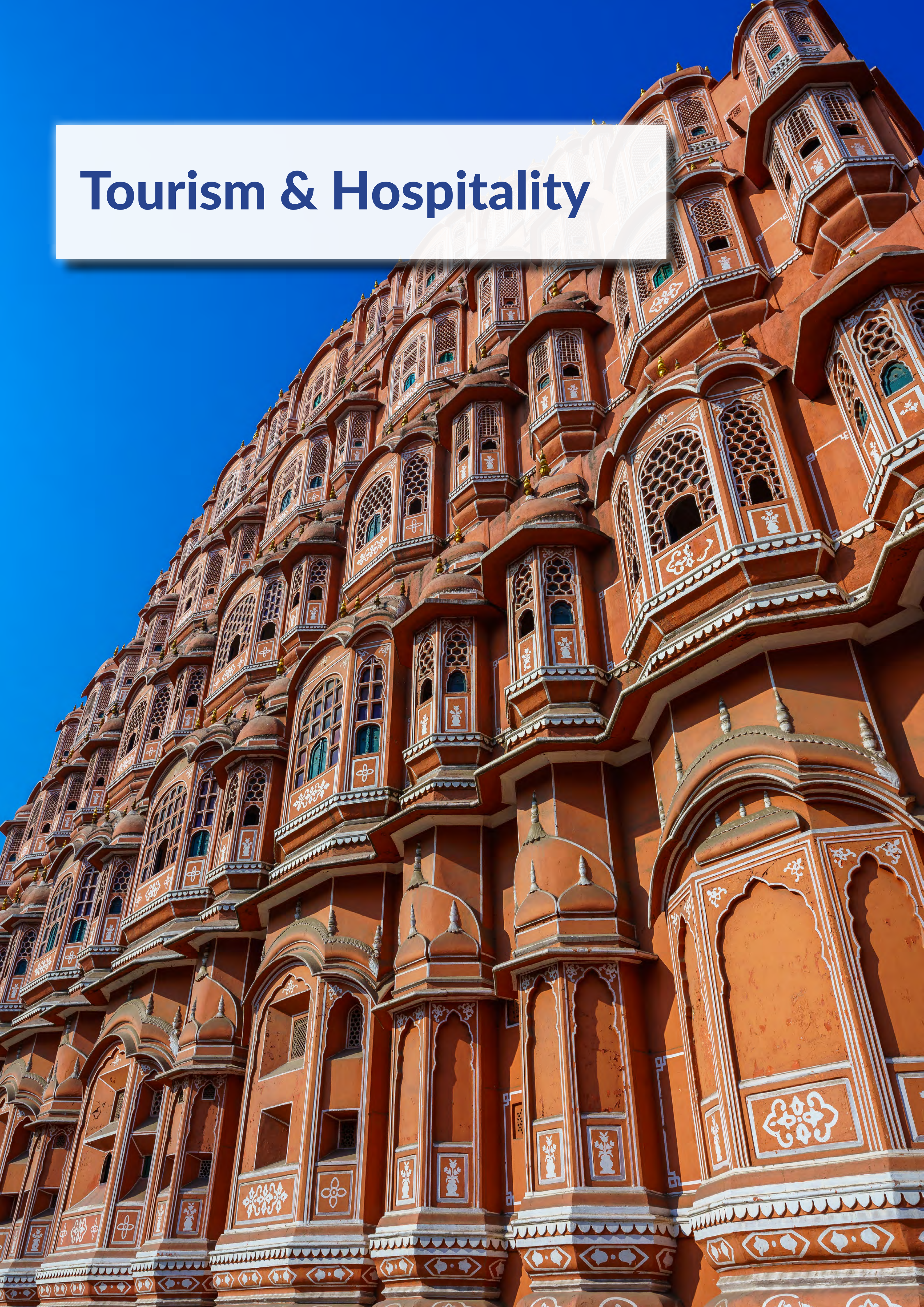
New Investments in Clean Energy in India (USD billion)



FDI

- Up to 100% FDI is allowed under the automatic route for renewable energy generation and distribution projects subject to provisions of The Electricity Act 2003.

Tourism & Hospitality



Tourism & Hospitality Sector

- In 2023, the travel & tourism industry is estimated to have contributed over USD 231 billion to India's GDP. The Government aims to raise this number to reach USD 850 billion by 2034. The sector also directly supports over 43 million jobs in India.
- Furthermore, India's tourism and hospitality sector is projected to generate revenue surpassing USD 59 billion by 2028. Additionally, Foreign Tourist Arrivals (FTAs) which is currently are at 9.2 million arrivals is expected to reach 30.5 million by the same time.
- The government has taken steps to boost investment in spiritual tourism, with Uttar Pradesh and Bihar developing tourist circuits and Uttarakhand and West Bengal enhancing infrastructure to support pilgrims.

Growth Drivers

- **Growing Demand & Spending:** Domestic tourism spending is set to rise with growing incomes. By 2029, India's tourism sector is expected to reach USD 488 billion, growing at 6.7% and comprising 9.2% of the economy.
- **Strong Policy Support:** In the 2024 Budget, the government allocated USD 294.8 million to tourism, a 44.7% increase from the previous year. This includes USD 30.25 million for the PRASHAD Scheme to develop pilgrimage destinations.

Road Ahead

- **Untapped Potential:** Tier-II and Tier-III cities, rich in cultural heritage and natural beauty, present exciting opportunities for tourism development.
- **Medical Tourism:** India's robust and affordable healthcare system positions it as a potential medical tourism hub. Additionally, the industry is expected to flourish in the coming years, with projections estimating 7.3 million medical tourists in 2024 itself, a 15% rise from 6.1 million in 2023.
- **High Growth in Spiritual Tourism:** Being the birthplace of Hinduism, Buddhism, Jainism, and Sikhism, India has always attracted scores of spiritual tourists. Religious tourism accounts for about 30% of India's overall tourism revenues. In fact, almost 60% of all the domestic tourism in India can be attributed to religious visits.

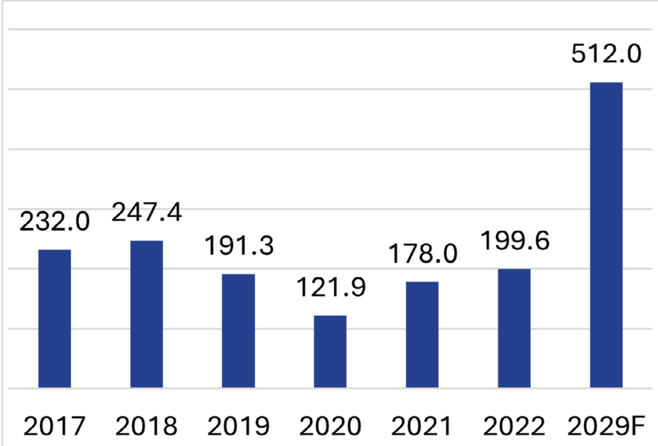
FDI

- 100% Foreign Direct Investment (FDI) in the tourism industry under the automatic route.

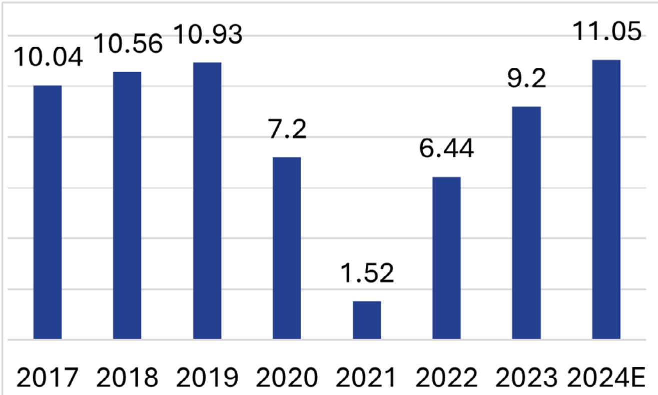
Opportunities

- **Connectivity Boost:** Enhancing regional connectivity through improved transportation infrastructure will unlock tourism potential in remote areas, making these destinations more accessible and boosting growth in the sector.
- **Marketing and Branding:** Targeted marketing campaigns showcasing India's unique experiences can attract a broader range of international tourists.

Total Contribution of Travel and Tourism to GDP (USD billion)



Foreign tourists arriving in India (million)



Indian Regulatory Analysis

CHAPTER 5: Indian Legal System

Constitution of India

The preamble of the Indian Constitution specifies India as a Sovereign, Socialist, Secular, Democratic Republic which provides its citizens Justice, Liberty, Equality and Fraternity.

The nature of Indian Constitution is Quasi federal which means there is a dual system of Governance in India i.e. Union Government and State Government. Both the Union Government and State Government receive its power from the Constitution. It contains the following List which specifies the subject matter on which the legislation can be made:

1. **Union List:** It contains a list of 97 items on which only Union Government has been authorized to make legislation.
2. **State List:** It contains a list of 66 items on which State Government can pass the legislation.
3. **Concurrent List:** It contains a list of 47 items on which Union Government and State Government both can pass the legislation.

Pillars of democracy-which defines the legal structure in India

1. The Legislative power describes the authority given by the Constitution to make/repeal the Laws prevailing in the country.
2. The Executive power is the power to execute those laws; direct the apparatus of the state and to a great extent shape and implement policy.
3. The Judicial branch interprets the Constitution and scrutinizes the acts of the legislature or the executive. It acts like a guardian that protects the fundamental rights of the people and also balances the conflicting exercise of power between the Union and State or among states, as specified to them by the Constitution.

Legislation Formation in India

The process of making legislations in India starts with introduction of a Bill passed by the government's cabinet in either House of Parliament–Lok Sabha (Lower House) or Rajya Sabha (Upper House) along with the detailed note and annexure to support the same.

After the approval of the bill (with or without modification) from both house of parliament and assent of the President of India, the proposed bill comes into effect as a legislation. The respective executive branch of government (Union or State) is responsible for implementation of legislation while the disputes, concerns, non-compliances etc. are addressed by their respective executive/ judiciary branch constituted for the same.

Judicial System in India

The judiciary being one of the pillars of the democracy, has the power to line up the judicial system for structured enforcement of law. The judicial system in India has three layers of procedure and authorities:

Supreme Court

- The Supreme Court of India is the highest forum and Court for appeals under the Constitution of India.
- It protects the fundamental rights of citizens.
- Provides the resolution mechanism for dispute between Union and State Government or among various states.
- It is the only court in which appeal can be final against the order of High Court.

High Court

- There are total 25 High Courts at the State and Union Territory level of India.
- Each State or Union Territory is headed by a High court for that State/Union Territory and they enjoy complete jurisdictions throughout that State.
- Any person aggrieved by the decisions of courts at a lower level may appeal to High Court in both civil and criminal cases.
- It has also the power of superintendence over all Courts and Tribunals in that state/Union Territory.

District Court

- Considered as subordinate courts.
- They look after the issues related to both civil and
- criminal cases.
- Appeals related to non-acceptance of order of district courts can be appealed before High Courts.

There are also different tribunals and adjudicating authorities to penalize or adjudicate the matters relating to non-compliances or disputes for business concerns i.e. National Company Law Tribunal (NCLT), National Company Law Appellant Tribunal (NCLAT), Income Tax Appellant Tribunal, GST tribunals, Advance ruling authorities, Regional Director adjudication authorities, Income Tax or GST Commissioners, Enforcement Directorate, Competition Commission of India etc.

Due Diligence of Indian laws by Foreign Investors

Legal framework is of utmost importance while doing the due diligence of the area where an investor seeks to establish its business. Similarly, setting up a business in India attracts many fiscal and economic regulations, which one should go through for better planning. Below is the inclusive list of major economic and fiscal laws, prevailing in India which governs the setting up/existence of any business entity in India:

Regulatory Laws	
The Companies Act, 2013	Regulates formation/compliances/closure of a company.
Partnership Act 1932	Regulates formation/compliances/closure of a partnership firm.
Limited Liability Partnership Act, 2008	Regulates formation/compliances/closure of a Limited Liability Partnership.
Indian Trust Act, 1882	Regulates formation/compliances/closure of a trust
The Foreign Exchange Management Act, 1999 (FEMA)	Regulates the transactions which are incurred in foreign currency
The Insolvency and Bankruptcy Code, 2016	Specifies the procedures & regulations which are required to be complied to wind up/close
The Competition Act, 2002	Prohibits anti-competitive agreements, abuse of dominant position by enterprises and regulates combinations, which causes or likely to cause an appreciable adverse effect on competition within India.

Tax Laws	
The Income Tax Act, 1961	Regulates the direct taxation and its structure of the business entities and taxable persons in India.
The Goods and Service Tax (GST) Act, 2017	Regulates the indirect taxation and the structuring of supply of goods or services or both.
Exise Act and VAT	Excise and VAT are levied on liquor for human consumption and petroleum.
Customs Act	The Customs Act, is a law that grants the Indian government the power to collect and levy customs duties on goods imported or exported from the country.

Labour Laws	
The Shops and Establishment Act	Covers registration of business entity under this act to regulate conditions of work environment and employment.

The Factories Act, 1948	Provides promotes health, welfare and safety measures of the workers employed in factories
The Code on Social Security, 2020	This code will replace nine laws related to social security, including the Employees' Compensation Act, 1923; Employees' State Insurance Act, 1948, Employees' Provident Funds and Miscellaneous Provisions Act, 1952; Maternity Benefit Act, 1961; Payment of Gratuity Act, 1972; Mine Workers Welfare Fund Act, 1981; Building and Other Construction Workers Cess Act, 1996 and Unorganized Workers' Social Security Act, 2008. Will ensure measures to access to health care and provision of income security to workers. Not yet enforced, till that all the above laws will remain in action.
Sexual Harassment of Women at Workplace Act 2013	Provides protection to women against sexual harassment at every workplace and promotes their right to gender equality, and liberty at the workplace.
The Code on Wages 2020	Regulates the provision of minimum wages and timely payment of wages to all employees irrespective of the sector and wage ceiling.
Workmen's Compensation Act, 1923	Provide the employee and their dependent family, payment in compensation, in case of accidents arising out of and in course of employment.
Industrial Disputes Act, 1947	Provides investigation and settlement provisions in case any industrial dispute conflict or disagreement between the employers and employees.
Child Labour (Prohibition and Regulation) Act, 1986 & The Child Labour (Prohibition And Regulation) Rules, 1988	Prohibits the employment of child labour in factories, mines and the hazardous establishment and to regulate their working conditions

IT Laws	
Information technology and Privacy legislation	Information Technology Act: It is the primary law in India dealing with cybercrime and transactions carried out by means of electronic data interchange and other means of electronic communication. Personal Data Protection Act: India has also enacted the much awaited Digital Personal Data Protection Bill, 2023 which seeks to protect the privacy of personal data.

Main Sector Specific Laws
The Banking Regulation Act, 1949 is a legislation in India that regulates all banking firms in India
The Electricity Act, 2003 is an Act of the Parliament of India covers generation, distribution, transmission and trading in power.
Reserve Bank of India Act, 1934 is the legislative act under which the Reserve Bank of India was formed and is meant to provide a framework for the supervision of banking companies in India
Telecom - Indian telegraph rule, Indian telegraph act 1885, Indian Telegraph Act, Indian wireless act, 1933 and Telcom regulatory authority of India act 1997

Insurance Regulatory and Development Authority Act, 1999 is tasked with regulating and licensing the insurance and re-insurance industries in India.
Securities and Exchange Board of India Act, 1992 is an act that was enacted for regulation and development of securities market in India.

CHAPTER 6: Foreign Investment in India

Foreign investment by any person, residing outside India, in any Indian entity is considered as Foreign Direct Investment "FDI". The legal framework for making foreign investment in India is embodied in various laws and departments. Primary Law governing such transactions is Foreign Exchange Management Act, 1999 (FEMA) read with its various circulars, master directions, notifications, press notes and other delegated legislations which majorly includes consolidated FDI Policy and amendments to it. FDI should be in line with other laws and regulations such as Companies Act, 2013, SEBI regulations and other sector specific laws like that for Mining, Defence, Civil Aviation, Media etc.

Department for Promotion of Industry and Internal Trade (DPIIT) is the nodal Department for formulation of policy of the Government on Foreign Direct Investment (FDI). It is also responsible for maintenance and management of data on inward FDI into India, based upon the remittances reported by the Reserve Bank of India, which acts as an administrator to ensure that FEMA provisions are being complied. Additionally, all other regulations related to respective departments go hand in hand.

Further, after the abolition of the erstwhile Foreign Investment Promotion Board (FIPB), the process for granting FDI approvals has been simplified wherein the work relating to the processing of applications for FDI and approval of the Government thereon as per the FDI Policy and FEMA, is now handled by the concerned Ministries/Departments. However, DPIIT is a single point interface of the Government to facilitate investors for FDI through the approval route. In this regard, a new portal (https://www.nsws.gov.in/) has been created, which is administered by this Department and the portal continues to facilitate as the single window clearance of applications which are through the approval route.

The salient features of FDI are discussed below-

A. FDI Limits

As per the FDI policy, there are some limits/restrictions with respect to making investment by non-residents in an Indian entity can be divided into the following categories:

I. Prohibited Sectors

Lottery business including Government or private lottery, online lotteries, etc.	Chit funds	Trading in Transferable Development Rights	Manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes
Gambling and betting including casinos, etc	Nidhi company	Real estate business or construction of farmhouses	Activities or sectors not open to private sector investment e.g. (I) Atomic energy and (II) Railway operations

Foreign technology collaborations in any form including licensing for franchise, trademark, brand name, management contract is also prohibited for lottery business and gambling and betting activities.

II. Permitted Sectors

Investments in Indian entity is permitted in certain sectors/ activity with entry conditions. Such conditions may include norms for minimum capitalization, lock-in period, etc. In addition to the entry conditions, the investors are also required to comply with all relevant sectoral laws, regulations, rules, security conditions, and state/local laws/regulations.

FDI up to the limit indicated against each sector/activity is allowed, subject to applicable laws/regulations; security and other conditionalities. In sectors/activities not listed below, FDI is permitted up to 100% on the automatic route, subject to applicable laws/regulations; security and other conditionalities.

Under Government Route, prior approval from the concerned Ministries/Departments can be taken via a single window – National Single Window System(NSWS) administered by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India.

The sectoral FDI caps are as follows :

S.N	Sector/Activity	FDI Cap[1]	Route (Automatic/Government)
1	Agriculture	100%	Automatic with Conditions
	100% FDI under automatic route is allowed in following sectors a) Floriculture, Horticulture, and Cultivation of Vegetables & Mushrooms under controlled conditions; b) Development and Production of seeds and planting material; c) Animal Husbandry (including breeding of dogs), Pisciculture, Aquaculture, Apiculture; and d) Services related to agro and allied sectors		
2	Plantation Sector	100%	Automatic with Conditions
	100% FDI under automatic route is allowed in following sectors (i) Tea sector including tea plantations (ii) Coffee plantations (iii) Rubber plantations (iv) Cardamom plantations (v) Palm oil tree plantations (vi) Olive oil tree plantations		
3	Mining of metal and non-metal ores	100%	Automatic with Conditions
4	Mining – Coal & Lignite	100%	Automatic with Conditions
5	Manufacturing	100%	Automatic with Conditions
6	Food Product Retail Trading	100%	Automatic with Conditions
7	Broadcasting Carriage Services (Teleports, DTH, Cable Networks, Mobile TV, HITS)	100%	Automatic with Conditions
8	Broadcasting Content Service - Up-linking of Non-'News & Current Affairs' TV Channels/ Down-linking of TV Channels	100%	Automatic with Conditions
9	Airports – Greenfield	100%	Automatic with Conditions
10	Airports – Brownfield	100%	Automatic with Conditions
11	Air Transport Service - Non-Scheduled	100%	Automatic with Conditions
12	Air Transport Service - Helicopter Services/ Seaplane Services	100%	Automatic with Conditions
13	Ground Handling Services	100%	Automatic with Conditions
14	Maintenance and Repair organizations; flying training institutes; and technical training institutions	100%	Automatic with Conditions
15	Construction Development	100%	Automatic with Conditions
16	Industrial Parks -new and existing	100%	Automatic with Conditions
17	Trading – Wholesale	100%	Automatic with Conditions
18	Trading – B2B E-commerce	100%	Automatic with Conditions
19	Duty Free Shops	100%	Automatic with Conditions
20	Railway Infrastructure	100% Upto 49% in sensitive areas from security point of view	Automatic with Conditions
21	Asset Reconstruction Companies	100%	Automatic with Conditions
22	Credit Information Companies	100%	Automatic with Conditions
23	White Label ATM Operations	100%	Automatic with Conditions
24	Other Financial services	100%	Automatic with Conditions
25	Pharma – Greenfield	100%	Automatic with Conditions
26	Petroleum & Natural Gas - Exploration activities of oil and natural gas fields	100%	Automatic with Conditions
27	Petroleum refining by PSUs	49%	Automatic with Conditions
28	Infrastructure Company in the Securities Market	49%	Automatic with Conditions
29	Commodity Exchanges	49%	Automatic with Conditions

The sectoral FDI caps are as follows :

S.N	Sector/Activity	FDI Cap	Route (Automatic/Government)
30	Insurance Company	74%	Automatic with Conditions
31	Insurance intermediatory	100%	Automatic with Conditions
32	Pension	49%	Automatic with Conditions
33	Power Exchanges	49%	Automatic with Conditions
34	Mining and mineral separation of titanium bearing minerals and ores	100%	Govt. Approval upto 100%
35	Food Product Retail Trading	100%	Govt. Approval upto 100%
36	Defence	100%	Govt. Approval beyond 74%
37	Publishing/printing of scientific and technical magazines/specialty journals/ periodicals	100%	Govt. Approval upto 100%
38	Publication of facsimile edition of foreign newspapers	100%	Govt. Approval upto 100%
39	Print Media - Publishing of newspaper and periodicals dealing with news and current affairs	26%	Govt. Approval upto 26%
40	Print Media - Publication of Indian editions of foreign magazines dealing with news and current affairs	26%	Govt. Approval upto 26%
41	Air Transport Service – Scheduled, and Regional Air Transport Service	100%	Govt. Approval beyond 49% Automatic upto 100% for NRIs
42	Investment by Foreign Airlines	49%	Govt. Approval upto 49%
43	Satellites- establishment and operation	100%	Govt. Approval upto 100%
44	Telecom Services	100%	Govt. Approval beyond 49%
45	Trading –Single Brand Retail Trading	100%	Automatic with conditions
46	Pharma – Brownfield	100%	Govt. Approval beyond 74%
47	Banking- Private Sector	74%	Govt. Approval beyond 49%
48	Banking- Public Sector	20%	Govt. Approval upto 20%
49	Private Security Agencies	74%	Govt. Approval beyond 49%
50	Broadcasting Content Service a. FM Radio b. Uplinking of 'News & Current Affairs' TV Channels	49%	Govt. Approval
51	Trading-Multi Brand Retail Trading	51%	Govt. Approval upto 51%
52	Investing companies registered as NBFC's	100%	Automatic with conditions

B. FDI In Various Entities

A non-resident can invest in any of the following entities subject to fulfilment of compliance requirements specified for them

Indian Company	Any type of Indian Company viz. Public, Private can issue capital against FDI.
Partnership Firm/ Proprietary Concern	• Eligible Investors: A Non-Resident Indian or a Person of Indian Origin resident outside India. Other non-residents to seek RBI approval. • Mode: inward remittance or out of NRE/FCNR(B)/NRO account maintained with Authorized Dealers/Authorized banks on non-repatriation basis unless approved by RBI. • Restriction: not allowed to invest in a firm or proprietorship concern engaged in any agricultural/ plantation activity or real estate business or print media.
Limited Liability Partnerships (LLPs)	• Route: Automatic for investment in LLPs in sectors where 100% FDI is allowed-through automatic route. • Investor can convert such LLP into Company or a Company into LLP under automatic route.
Startup Companies	• Start-ups can issue securities to FVCI irrespective of the sector it is operating in and it can issue convertible notes to person resident outside India subject to the conditions specified under FEMA Regulations. ▪ The startup company issuing convertible notes shall be required to furnish reports as prescribed by Reserve Bank of India. ▪ PROI may purchase convertible notes issued by startup company for an amount of twenty-five lakh rupees or more in a single tranche. ▪ Startup company, engaged in a sector where Government approval is required, may issue convertible notes to a PROI only with such approval. Further, issue of equity shares against such convertible notes shall be in compliance with the entry route, sectoral caps, pricing guidelines.

C. FDI By Non-Resident Indian (NRI) / Overseas Citizen of India (OCI)

NRI means an individual resident outside India who is a citizen of India, OCI is an individual who is an 'Overseas Citizen of India' cardholder. They are allowed to invest in capital of Indian entities on either of the basis as summarized below-

Non-Repatriation Basis	A NRI or a company, trust, partnership firm owned and controlled by NRI may purchase without any limit: a. any capital instrument issued by a Company; b. units issued by an investment vehicle; c. capital of a Limited Liability Partnership; d. convertible notes issued by a startup company subject to prescribed conditions. The investments mentioned above can be done upto 100% and will be deemed to be domestic investment.
Repatriation Basis	NRI may purchase the equity instruments of a listed Indian company on repatriation basis, subject to following conditions: a. Purchase should be done through a designated authorized dealer branch; b. The total holding by any NRI should not exceed five percent of the total paid-up equity capital on a fully diluted basis or should not exceed five percent of the paid-up value of each series of debentures or preference shares or warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together should not exceed ten percent of the total paidup equity capital on a fully diluted basis or should not exceed ten percent of the paid-up value of each series of debentures or preference shares or warrants;

D. Reporting Requirement

FDI Policy encompasses reporting norms for various transactions viz. Reporting of Inflow, for issue of shares, for transfer of shares, for non-cash transactions, for issue of FCCB/ DR etc.Salient features of the reporting requirement for receiving Foreign Direct Investment in India are:

Event based compliances	
For receiving FDI for issue of securities	• Indian Company which has received investment for issue of securities shall within 30 days from the date of issue, file Form FCGPR to AD Category I Bank.
For transfer of securities	• Reporting in case of transfer to or by foreign investor needs to be performed by way of submitting with the AD Category-I Bank, Form FC-TRS, within 60 days of the transfer of capital instruments or receipt/ remittance of funds whichever is earlier. • The onus of submission of the Form FC-TRS within the given time frame would be on the transferor/transferee, resident in India.

Event based compliances
Every Indian company which has received FDI or an LLP which has received investment by way of capital contribution in the previous year(s) including the current year, should submit Annual Return on Foreign Liabilities and Assets (FLA) to the Reserve Bank on or before the 15th day of July of each year. Year for this purpose shall be reckoned as April to March.

A. FDI from Neighboring Countries

A non-resident entity can invest in India, subject to the FDI Policy except in those sectors/activities which are prohibited. However, an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the Government route. Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the Government route, in sectors/activities other than defence, space, atomic energy and sectors/ activities prohibited for foreign investment

Through a a notification of 22 April 2020 issued by the Department of Economic Affairs of the Ministry of Finance and amending the Foreign Exchange Management (Non-Debt Instrument) Rules 2019, the government has introduced measures to curb opportunistic takeovers (direct or indirect) of Indian companies by persons or entities of any country which shares a land border with India ('bordering countries'). While not specifically listed in the notification, the following countries constitute 'bordering countries':

- Pakistan;
- Bangladesh;
- Afghanistan;
- Nepal;
- Bhutan;
- Myanmar; and
- China.

B. Foreign Portfolio Investors and Foreign Venture Capital Investor (FVCI)

Foreign Portfolio Investors and Foreign Venture Capital Investors are also one of the eligible investors to invest in India. Such Investors should be registered with Securities and Exchange Board of India ("SEBI") and must comply with applicable provisions.

Key points for investment by such investors are given below.

Event based compliances	Foreign Portfolio Investor (FPI)	Foreign Venture Capital Investor (FVCI)
Governance	'Foreign Portfolio Investor (FPI)' means a person registered in accordance with the provisions of Securities Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014. Also governed by Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations.	FVCI means an investor incorporated and established outside India and registered with Securities and Exchange Board of India under Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000;
Investment	• The aggregate limit of invesment by FPI in an Indian Company is 24%. • The ceiling of 24% can be increased by the Indian Company by obtaining approval of Board of Directors and special resolution passed by the shareholders. However, increase in such ceiling should be upto the sectoral cap, as applicable. • FPIs may invest through public offers/ private placements made by the Company	• FVCI can make investment in securities issued by a startup, units of a Venture capital fund, securities issued by an Indian company engaged in such sectors as may be prescribed and securities are not listed at the time of issue. • The FVCI may acquire the securities, by purchase or from transfer or otherwise from any person resident in or outside India at a price that is mutually acceptable to the buyer and the seller/ issuer. • Other Conditions as may be prescribed by RBI and SEBI in this regard have to be complied accordingly.

CHAPTER 7: Establishing A Presence

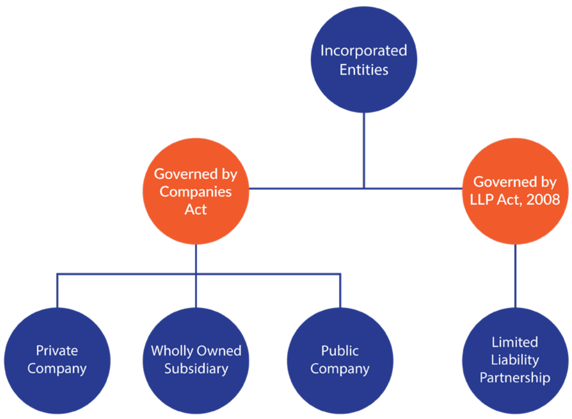
On being aware about the foreign exchange regulations, foreign investor can initiate the process of setting up an Indian entity. Decision about choosing the type of entity must be taken well in advance as foreign exchange regulations are different for different type of entities. After completing the compliance requirement of FEMA, one can start business operations of new entity.

Types of Entities in India

It is very important for every foreign investor to choose right type of entity keeping in consideration its purpose, its liabilities and tax regulations. An investor can choose the following entities:

I. Incorporated Entities

It is very important for every foreign investor to choose right type of entity keeping in consideration its purpose, its liabilities and tax regulations. An investor can choose the following entities:



Governed by Companies Act 2013

The Companies Act is an Act which lays down the provisions relating to incorporation of a company, duties and responsibilities of a company, directors and dissolution of a company.

Various Companies governed by the provisions of Companies Act, 2013 are as follows:

Private Company

1. A company which by its articles:

   a. Restricts the right to transfer its shares;
   b. Limits the number of its members to two hundred:
   c. Prohibits any invitation to the public to subscribe for any securities of the company;

2. Highlights of a private company are:

   - Minimum of two subscribers/shareholders and 2 Directors (one of whom should be a resident of India).Subscribers can be companies, individuals or combination of both.
   - Charter documents are: Memorandum of Association (States name of the Company, Objects, Liability of members of company, Share capital of the Company and Subscriber details) and Article of Association: Contains the regulations of management of the company.
   - Company Name Availability and Company Incorporation is regulated by Central Registration Centre, Ministry of Corporate Affairs
   - A certificate of incorporation is issued to every company which acts as proof of the incorporation of the company.
   - Investment in Indian company by a non-resident will be subject to FDI policy and certain pricing & valuation guidelines under FEMA, 1999.
   - Period/Duration of the approval- The company has perpetual existence, until it decides to close down its operation.

   - Exit can be through:
     » Sale of shares
     » Buy-Back of Shares (upto a specified limits)
     » Strike off (if the Company does not commence its business since incorporation or last two Financial Year)
     » Winding up including voluntary winding up through bankruptcy code.

Wholly Owned Subsidiary

A Wholly Owned Subsidiary (WOS) company is an incorporated entity formed and registered under the Companies Act, 2013 (Co Act 2013) and it could be structured as a private limited company or a Public limited company. Wholly owned subsidiary is the company where the holding company owns beneficial ownership of 100% of the equity share capital having total voting power.

Criteria for Setting up a wholly owned subsidiary

- All the terms and conditions for forming a WOS is based upon the structure it is intended to incorporate i.e. either private company or public company.

- In case of Wholly owned subsidiary 100% shares will be held by the holding company but for statutory purposes there is a requirement of minimum two shareholders. Accordingly for Wholly owned subsidiary of a foreign company, it is advisable (assuming minimum capital of INR 1,00,000 i.e. 10,000 shares of Rs 10 each) that one shareholder holding 9999 shares can be foreign company which shall be registered as well as a beneficial owner of 9999 shares and the second shareholder can hold one share and shall only be a registered owner of one share. Beneficial ownership of this one share shall remain with the foreign company.

Public Company

1. Public company means a company which is not a private company.
2. A company which is a subsidiary of a Indian company, not being a private company, shall be deemed to be public company for the purposes of this Act even where such subsidiary company continues to be a private company in its articles.
3. It can be listed or unlisted, where Listed Company means a company which has any of its securities listed on any recognized stock exchange and can be freely traded on a stock exchange or over-the-counter. Such companies are also known as a publicly traded company, publicly held company, or public corporation.

Highlights of a public company are as follows:

a. Minimum of seven subscribers/shareholders.
b. Minimum three directors on the board.
c. Charter documents: Memorandum of Association (States name of the Company, Objects, Liability of members of company, Share capital of the Company and Subscriber details) and Article of Association: Contains the regulations of management of the company.

Investment in Indian company by a non-resident will be subject to FDI policy issued by RBI and certain pricing & valuation guidelines under FEMA, 1999.

Companies with Charitable Objects

It means a Company formed under Section 8 of Companies Act, 2013 and having charitable objects etc. Such charitable objects can be for promotion of commerce, art, science, sports, education, research, social welfare, religion, charity, protection of environment or any such other object.

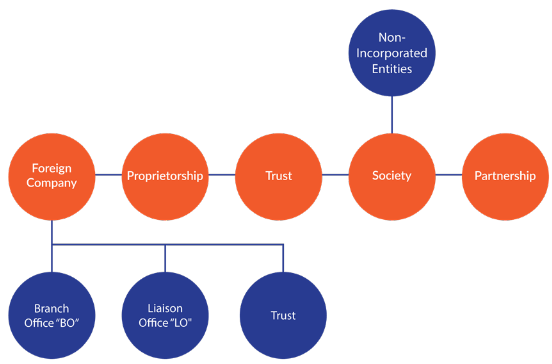
- These entities requires Central Government approval for obtaining a license to be registered as a limited company without the addition to its name of the word “Limited”, or as the case may be, the words “Private Limited”.
- The charter documents are Memorandum and articles of association (no stamp paper required).
- Such companies are required to apply its profits, if any, or other income in promoting its objects and shall not make any payment of dividend to its members.
- Section 8 Companies are recognized under Foreign Contribution Regulation Act for receiving foreign contribution and funds for carrying on charitable and religious activities.
- These entities are eligible to receive fund from corporates for meeting their Corporate Social Responsibility obligation.

Governed by LLP Act

The Limited Liability Partnership Act, 2008 is an Act which lays down the provisions relating to incorporation of a LLP, duties and responsibilities of a LLP, partners and dissolution of a LLP. Highlights of LLP as governed under this Act:

1. LLP is an alternative corporate business form that gives the benefits of limited liability of a company and the flexibility of a partnership.
2. It is a distinct legal entity, apart from its partners.
3. Highlights of Limited Liability partnership are as follows:
   a. Minimum two partners.
   b. Also required at least two designated partners who shall be individuals only and out of them at least one designated partner shall be resident in India.
   c. The Partners can be companies, individuals or combination of both.
   d. The LLP can be incorporated with any amount of capital but it is advisable that it should be incorporated with a minimum capital of INR 10,000/-.
   e. The charter document is the LLP agreement executed between partners
   f. The liability of the partners is limited to their agreed contribution in the LLP, subject to the terms and conditions mentioned in LLP agreement.
   g. The mutual rights and duties of the partners of LLP are governed by an agreement (LLP agreement) between the partners or between the partners and the LLP.
   h. LLP Name Availability and LLP Incorporation is regulated by Central Registration Centre, Ministry of Corporate Affairs
   i. A certificate of incorporation is issued to every LLP which acts as proof of the incorporation of the LLP.
   j. Investment in LLP by a non-resident will be subject to FDI policy issued by RBI and certain pricing & valuation guidelines under FEMA, 1999.
   k. Exit can be through:
      - Sale of contribution
      - Strike off (if the LLP does not commence its business since incorporation or last one Financial Year)
      - Winding up including voluntary winding up through Indian bankruptcy code.

II. Non-Incorporated Entities



Foreign Company

It means any company or body corporate incorporated outside India which:

- has a place of business in India whether by itself or through an agent, physically or through electronic mode; and
- conducts any business activity in India. Different forms through which a foreign company operate in India are liaison office (LO), branch office (BO) and project office (PO).

LO, BO, PO are registered as per the provisions of Companies Act and FEMA guidelines.As per FEMA guidelines, features of BO, LO & PO is as given below:

<table>
<tr><th>Basis</th><th>Branch Office “BO”</th><th>Liaison Office “LO”</th><th>Project Office “PO”</th></tr>
<tr><td>Registration requirement from AD Bank/RBI</td><td colspan="2">▪ A body corporate incorporated outside India, including a firm or other association of individuals are allowed to setup BO/ LO with specific approval of Authorized Dealer Category-I bank as per the guidelines given by Reserve Bank of India where 100 % Foreign Direct Investment (FDI) is permissible under the automatic route.
▪ In case it does not fall under those sectors where 100 % FDI is not permissible under the automatic route, application shall be considered by RBI in consultation with the Ministry of Finance, Government of India.</td><td>It means a place of business in India to represent the interests of the foreign company executing a project in India but excludes a Liaison Office.</td></tr>
<tr><td>Situations where prior approval of RBI is required</td><td colspan="2">▪ The parent company is registered/incorporated in Pakistan;
▪ The parent company is registered/incorporated in Bangladesh, Sri Lanka, Afghanistan, Iran, China, Hong Kong or Macau and the application is for opening a BO/ LO in Jammu and Kashmir, North East region and Andaman and Nicobar Islands;
▪ The principal business of the applicant falls in the four sectors namely Defence, Telecom, Private Security and Information and Broadcasting.
▪ The applicant is a Non-Government Organization (NGO), Non-Profit Organization, Body/Agency/Department of a foreign government.</td><td>Approval required where they have not met below conditions:
▪ They have not secured a contract from an Indian company to execute a project in India,
▪ not complied with certain conditions as provided by RBI.</td></tr>
<tr><td>Validity</td><td>It has perpetual existence till it is closed</td><td>The validity period of an LO is generally for three years, except in the case of Non-Banking Finance Companies (NBFCs) and those entities engaged in construction and development sectors, for whom the validity period is two years only.</td><td>Till the project is completed.</td></tr>
<tr><td>Extension</td><td>It has perpetual existence till it is closed</td><td>Can be extended, if approved by RBI</td><td>Can be extended on extension of project or some other special situation and if approved by RBI</td></tr>
</table>

Permitted Activities	• Export/import of goods. • Rendering professional or consultancy services. • Carrying out research work in which the parent company is engaged. • Promoting technical or financial collaborations between Indian companies and parent or overseas group company. • Representing the parent company in India and acting as buying/ selling agent in India. • Rendering services in Information Technology and development of software in India. • Rendering technical support to the products supplied by parent/group companies. • Representing a foreign airline/ shipping company	• Representing the parent company/group companies in India. • Promoting export/import from/to India. • Promoting technical/ financial collaborations between parent/group companies and companies in India. • Acting as a communication channel between the parent company and Indian companies.	It is permitted to undertake activities in relation to and incidental to execution of project for which it is established.

Basis	Branch Office "BO"	Project Office "PO"
Registration requirement from AD Bank/RBI	▪ The non-resident entity should have a financially sound track record viz: ▪ For Branch Office – a profit making track record during the immediately preceding five financial years in the home country and net worth of not less than USD 100,000 or its equivalent. ▪ Net Worth [total of paid-up capital and free reserves, less intangible assets as per the latest Audited Balance Sheet or Account Statement certified by a Certified Public Accountant or any Registered Accounts Practitioner by whatever name called]. ▪ For Liaison Office – a profit making track record during the immediately preceding three financial years in the home country and net worth of not less than USD 50,000 or its equivalent. An applicant that is not financially sound and is a subsidiary of another company may submit a Letter of Comfort (LOC) from its parent/ group company, subject to the condition that the parent/ group company satisfies the prescribed criteria for net worth and profit.	RBI approval shall be required where they have not met below conditions: • They have not secured a contract from an Indian company to execute a project in India, AND • not complied with certain conditions as provided by RBI.

Proprietorship

1. A business structure owned and managed by one natural person who is called as a sole proprietor.
2. The owner does not have a separate distinct entity from its business and all assets and liabilities of business are considered to be assets and liabilities of sole proprietor.
3. A sole proprietor needs to only register his or her name, open bank account and secure local licenses.
4. Liability of the owner is unlimited as there in no distinction between owner and business.
5. A Non-Resident Indian (NRI) or a Person of Indian Origin (PIO) resident outside India can invest on non repatriation basis in the capital of a proprietary concern in India which are not engaged in any agricultural or plantation activity or print media or real estate business.
6. A person resident outside India other than NRIs/PIO may make an application and seek prior approval of Reserve Bank of India for making investment in the capital of a proprietorship concern on a non-repatriable basis. NRIs/PIO may seek prior permission of Reserve Bank for investment in sole proprietorship concerns with repatriation option. The application will be decided in consultation with the Government of India.

Trust

Trust is the obligation or responsibility imposed on one in whom confidence or authority is placed; it is a confidence reposed in a person by conveying to him/her the legal title to property which he/she, is to hold for the benefit of another.

1. **Types of Trust:**

    - **Public charitable or religious trusts-** Income from these trusts is applied to charitable or religious purposes.
    - **Private trusts-** Income from private trusts is available to specified beneficiaries and not the public at large. In some cases, the shares of the individual beneficiaries are fixed or ascertainable, according to the provisions of the trust deed. In others (discretionary trusts), the trustee has the power to apply the income among a class or group of beneficiaries in proportions determined entirely at the trustee's discretion.

2. **Trusts are often used as vehicles to hold property for present or future needs of dependents and family members, and sometimes they are used to reduce the burden of tax.**

3. **A Trust can be created by any of the following methods:**

    - By Trust Deed
    - By Will
    - By Transfer of Property

4. **Example:** a trust that provides for the accumulation of income and capital for children. Similarly, Retirement trusts are commonly set up by employers to provide retirement benefits to employees.

5. **FDI is not permitted in Trusts other than in 'VCF' registered and regulated by SEBI.**

Society

These are membership organizations that may be registered for charitable or educational institutions purposes.

1. Societies are usually managed by a governing council or a managing committee.
2. It is considered as an association of persons united together by mutual consent to deliberate, determine and act jointly for same common purpose.
3. Minimum seven persons, eligible to enter into a contract and can form society.
4. The charter documents are Memorandum and bye laws of the society.
5. Unlike trusts, societies may be dissolved.
6. FDI is not permitted in society.

Partnerships

"Partnership" is the relation between persons who have agreed to share the profits of a business. Persons who have entered into partnership with one another are called individually, "partners" and collectively "a firm", and the name under which their business is carried on is called the "firm-name".

1. Partnership is governed by Indian Partnership Act, 1932
2. The relationship between the partners and manner of conduct of business of firm is governed by the Partnership deed executed between two or more Partners.
3. Profit or Loss sharing ratio is pre determined between the Partners.
4. Term of Partnership may be indefinite (called as Partnership at will) or may be based on completion of the project (called as Particular Partnership)
5. A Partner may be Active/Dormant/Nominal/Partner by holding out.
6. A Partnership firm may cease to exist on mutual consent/death/retirement/insolvency of a partner.
7. As per the FEMA Regulations in India, a Non-Resident Indian (NRI) or a Person of Indian Origin resident outside India can invest in the capital of a partnership firm in India on a non-repatriable basis. NRIs/PIO may seek prior permission of Reserve Bank for investment in sole proprietorship concerns/partnership firms with repatriation option. The application will be decided in consultation with the Government of India.

CHAPTER 8: Company Formation & Administration

An organized manner of investing in India is the formation of a company registered under Companies Act, 2013. The Companies incorporated under the Act are regulated by Registrar of companies "RoC" and Central Registration Centre "CRC" governed by the Ministry of Corporate Affairs.

Below is the summary related to the company formation and its administration.

I. Forming a Company

It is very important for every foreign investor to choose right type of entity keeping in consideration its purpose, its liabilities and tax regulations. An investor can choose the following entities:

Step 01

Obtaining Digital Signature Certificate "DSC"

DSC's provides ease in authenticating electronic documents by a person and is the first step.

Step 02

Filing name application and Registration of Company along with Obtaining Director Identification Number "DIN"

The next step is name application and registration of the company:

1. **Name Reservation**
   Proposed name should be according to the Company Incorporation Rules. Two names can be proposed with their preference and significance of particular name.

2. **Registration**
   This involves detailing all the information as required by CRC for registering the company. The combined registration process is:

   - DIN Application
   - Company Incorporation.
   - PAN Application
   - TAN Application
   - GST Registration
   - Opening of Bank Accounts
   - Issuance of ESIC Registration
   - Issuance of EPF Registration
   - Registration for Profession Tax only in respect of new companies incorporated in the State of Maharashtra

Step 03

Issuance of Certificate of Incorporation

After examination of registration application, the ROC allots Corporate Identification Number "CIN" by way of assurance of Certificate of Incorporation "COI". This acts as proof of existence.

Step 04

Issuance of Certificate of Commencement of business

The Act requires every company to file a declaration through e form on commencement of business before commencing its business operation or exercising borrowing powers. For applying the certificate, one needs to file form INC-20A, within 180 days from the date of incorporation of the company.

II. Shares and Capital Structures

A company registered under the Companies Act, 2013 can be limited by shares or by guarantee. The company which is limited by shares are the companies which have share capital. Share Capital is structured as authorised capital and paid up capital. Authorised share capital is the capital authorised by the memorandum of a company to be the maximum amount of share capital of the company. The paid up capital is that amount of capital against which some required value is received for shares.
There is no limitation or a minimum cap on the share capital for the incorporation of the company.

This share capital can be divided into two types i.e. Equity share capital and Preference share capital

Structuring of share capital

Issuance of capital	This can be done by any of the ways: a. Initial Subscription b. Rights Issue (shares are issued to existing shareholders) c. Preferential Allotment (shares are issued preferentially to the existing shareholder) d. Private Placement (shares are issued to a specific person)
Allotment of shares	Shares are to be allotted after receipt of allotment money and a return of allotment is to be filed with RoC within 30 days of allotment.
Issuance of share Certificates	Share certificates are to be issued by the company to its shareholders upon 60 days of allotment.

III. Directors

The Board of directors are said to be the caretakers of the business as well as the backbone of the company. The overview of directors is briefed in the below table:

Maximum and Minimum Limit	Every Private Company is required to have minimum 2 directors whereas every Public Company is required to have minimum 3 directors on its board. Maximum Limit for both Private and Public Company is 15 directors. A company may appoint more than fifteen directors after passing a special resolution in its shareholders meeting.
Pre-requisites for being a director	• Attained 21 years of age • Must have obtained Director Identification Number "DIN". • Should not be disqualified to be appointed as the director in ways such as must not be of unsound mind, insolvent and others as prescribed under the Act.
Types of directors	Directors can be categorized as executive/non-executive/independent, which can be further bifurcated as following- • Managing Director • Whole-time Director • Director-This can be either executive/non-executive • Additional Director- who is appointed by the board of the company with limited tenure • Alternate Director- who is appointed as an alternate to unavailable director • Nominee Director- who is appointed as a nominee to any institution/share holder. • Independent Director- who is independent in the way as stated in the companies Act 2013

Appointment of director	Generally, any director is to be appointed by the shareholders. Exceptionally, additional directors, Additional director can be appointed by the board subject to some conditions. Every director willing to be appointed as director has to provide a declaration stating his consent. Every company shall file with the RoC a return of appointment after a director is appointed made.

IV. Other Statutory Requirements

There are many other compliances/reporting which a company needs to comply with. These reporting are based on the day to day events which are created out of the events of business and subsequent compliance requirements.

Some of the major compliances are as below-

- Maintenance of statutory registers
- Annual return and Annual accounts filing with RoC.
- Filing of half yearly return of payment of Micro and Small enterprises
- Filing of annual return on Outstanding deposits or exempted deposits.
- Various event based returns to be filed with RoC.
- Income Tax Returns
- Goods and Service Tax Returns
- Filing of return on Significant Beneficial Ownership (SBO),
- Statutory Audit

V. Meetings

There are two pillars of the company which guide the company in their own way, the shareholders and the directors. The share-holders are owners of the company. The Directors are care takers of the company. All actions of the companies depend upon the decisions taken in the meetings conducted by them. The salient features of such meetings are:

Particulars	Board Meetings	General Meetings
Meaning	Meeting of board of directors	Meeting of shareholders They are of two types: Annual General Meeting "AGM" Extra-ordinary General Meeting "EGM"
Frequency	Minimum 4 meetings in a financial year and the gap between two meetings shall not be more than 120 days.	AGM is held once in a year EGM- when circumstances as per law are required.
Quorum	Minimum two directors to attend the meeting	Minimum two shareholders in case of a private company. In public Company, a minimum of five Members personally present and entitled to vote.

VI. Corporate Social Responsibility (CSR)

In December 2009, the Ministry of Corporate Affairs introduced CSR Voluntary Guidelines. The guidelines were served as a statement of intent by the Government to encourage businesses to adopt responsible business practices. These guidelines were and translated into a mandatory provision of CSR in Section 135 of Companies Act, 2013.

CSR Rules, enumerates the activities that can be taken, manner in which the Company can comply with these provisions and the reporting to be made in this regard. These provisions came into effect from 1st April, 2014.

Below is the overview of some of the relevant CSR provisions as provided under the Companies Act

Applicability	Every company having a. Net worth of INR 500 crore ($ 67.6 million) or more, or b. Turnover of INR 1000 crore ($135 million) or more, or c. A net profit of INR 5 crore ($0.68 million) or more during the immediately preceding financial year, shall contribute to CSR
Policy	CSR policy is to be implemented which dictates the actions to be done by CSR committee
Amount to be spent in CSR	At least two percent of the average net profits of the company made during the three immediately preceding financial years
Committee	CSR committee having a. three or more directors, out of which one independent director (where there is independent director), or b. two directors (in case of private companies having only two directors.)
Impact Assessment	Companies with average CSR obligation of 10 Crore or more in the 3 immediately preceding financial years, are required to undertake impact assessment through an independent agency for projects of 1 crore or more which have been completed not less than 1 year before undertaking the impact study. The impact assessment report shall be placed before the Board and shall be annexed to the Annual Report on CSR.
Filing of form CSR-1 and CSR-2	Every entity who intends to undertake any CSR activity (as specified above) is required to register itself with the Central Government by filing the Form CSR-1 with effect from the 01st day of April 2021. The CSR-2 form is a Web based form and is required to be separately filed after the filing of for AOC-4, AOC-4 (XBRL), AOC-4 (NBFC). Earlier the form was required to filed as an attachment to AOC-4, AOC-4 (XBRL), AOC (NBFC).

CHAPTER 9: Mergers & Acquisitions

India is one of the fastest developing, large and complex economies in the world. Historically, the Indian M&A Market has been led by private deals. However, public M&A has also been boosted by activity in the stressed assets and consolidation deals across various sectors. In past years, while there has been a decrease in aggregate M&A transaction volume, there has been an increase in aggregate deal value. This is because of increased sale of stressed assets pursuant to the Insolvency resolution process as per Insolvency and Bankruptcy Code, 2016. Further, India's rank in World Bank's ease of doing business has also jumped 14 places in 2019 and is ranked 63rd position, making it one of the top 10 most improved countries for third consecutive time giving boost to M & A activity.

Legal Framework for M&A in India

Principal statutes governing the M&A are briefly explained below:

1. The Contract Act

The Contract Act sets the regulations for definitive agreements. It governs the contracts and the rights that parties can agree to contractually. Some of the important clauses of a contract includes, non-compete clause, indemnity clause, representations and warranties of each party etc.

2. The Companies Act 2013

The Act covers applicable provisions and related issues for compromises, arrangements and amalgamations; however, other offers are also attracted to different stages of the process. Amalgamation means integration in accordance with the provisions of the Act. In a consolidation function that includes assets, assets and liabilities of one (or more) company are incorporated and transferred to an existing company or to a new company. Simply put, the transferor meets the transferee and the former loses its business and melts away without finishing. The 2013 law created a new regulator, the National Company Law Tribunal ("Tribunal") which, in its constitution, have taken power for mergers and amalgamation (the High Courts no longer have jurisdiction) in a court of law.

Merger & Amalgamation applications can be filed with the tribunal (NCLT). Both the transferer company and the transferee company shall lodge an application/ scheme of merger with the tribunal under Sections 230-232 of the Companies Act, 2013 for a proposal to approve a merger scheme.

Additionally, the compromise or arrangement may include take-over offer made in such manner as may be prescribed. In case of listed companies, scheme offer shall be as per the regulations framed by the Securities and Exchange Board (SEBI) and shall require SEBI and stock exchange approval period to making of application.

3. Competition Act 2002

The term Merger has been used broadly in the competition act as to include amalgamation and acquisition of shares and control over the assets and the voting rights of an enterprise.

But there are certain mergers which are considered detrimental and adversely affect the competition. The most negative impact of merger is that it leads to the reduction of competition in the market by reducing the number of entities in the market.

Accordingly, approval from Competition Commission of India (Competition Commission) is required for a combination if the assets or turnover of the entities proposing to combine exceed prescribed thresholds. In the case of a business or asset transfer, an exemption from approval of the Competition Commission is available if the value of the relevant assets being transferred or the turnover attributable thereto is within the thresholds.

The Competition Commission publishes a summary of every notice of a combination received for stakeholders to review and submit their comments. It approves a combination based on, inter alia, the actual and potential levels of competition in the market, barriers to entry, market share, perceived benefits and the perceived adverse impact of the combination.

Acquisitions/Takeover

Acquisition means, directly or indirectly, acquiring or agreeing to acquire shares or voting rights in, or control over, a target company;

Takeover means gaining control over the target company by either acquiring assets, shares or gaining control over the board without physically combining the businesses.

Types Of Mergers/Takeover

Mergers occur when two or more companies combine to form a single entity. A merger is defined as 'transaction involving two or more companies in the exchange of securities and only one company survives'.

Different types of mergers and takeover are:

a. **A horizontal merger/takeover** takes place when two or more companies with similar business or activity combine. This means that they have the same products and belong to the same sector. This reduces the competition and acquirer enjoys a larger market share and profits by achieving economies of scale.

b. **A vertical merger/takeover** means a company either merge backward with a company that provides raw material or forward in the direction of the consumers. Vertical merger results in reduction in expenses and an increase in profits since the cost at the middle stage is eliminated.

c. **A Conglomerate merger/takeover** is when two companies with a completely different set of activities or services come together. It enable the companies to diversify and reap benefits.

d. **A friendly merger/takeover** is when the acquiring company captures the target company by will and mutual consent. Biggest benefit of this kind of merger is pricing. The price offered is almost always higher than the price in the market.

e. On the other hand, **a Hostile takeover** happens when the acquiring company takes over the target company against the wish of the management. Hostile mergers take place in the form of tender offer where the shareholders of the target company engage to replace the current management. A variety of strategies are carried out for a hostile takeover.

f. **A bailout takeover** is when a financially stable company or government organization takes over a weak company to regain its strength. The main advantage of this merger is that it avoids liquidating its assets.

g. **Downstream Merger** is when a parent company acquires its subsidiary.

These are most common types of Merger. However there are other types of mergers as well.

Demergers

A demerger is a process in which a business is broken into components, either to operate on their own, or to be sold or to be liquidated as a divestiture. A demerger (or "demerger") allows a company to split off segments or units to invite or prevent an acquisition, to raise capital by selling off segments/ units that are no longer part of the main line, or to create separate legal entities to handle different operations or for any other strategic decision.

Some examples of recent Indian mergers/take overs are:

- Zee Entertainment – Sony India Merger
- Indus Tower – Bharti
- Vodafone Idea Merger
- Arcelor Mittal
- Tata and Corus Steel
- Walmart Acquisition of Flipkart
- Vodafone Hutch-Essar

Income Tax Act

Any type of merger/demerger may give rise to incidence of capital gain tax, but as per the Income Tax Act, a transaction of merger/demerger per se has no tax implication on the shareholders unless transfer for consideration is involved.

Hence, when the shareholders are allotted the new shares in each of the two companies, there would be absolutely no Income tax implication whatsoever.

The tax implication will only arise when either the shares of merged company or the shares of the new resulting company are sold. The pricing is subject to valuation. Further stamp duty may be payable on such transfers.

SEBI Takeover Code

Securities Exchange Board of India (SEBI) is a market watchdog in India.SEBI in year, 2011 had notified the much awaited SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

This code is applicable to public limited companies and by way of this code, SEBI ensures that the target company is treated fairly and is not denied an opportunity to decide on the merits of a takeover and that rights of shareholders in the target company of the same class are paripassu with the shareholder of acquirer. The Code also provides an orderly framework within which takeovers are conducted.

SEBI Amends Rules To Make Mergers And Acquisitions Easier

To make mergers and acquisitions transactions easier for listed entities, markets regulator Securities and Exchange Board of India (SEBI) has amended rules related to it.The rules pertaining to delisting of equity shares of a company following an open offer have been amended in an effort to make merger and acquisition transactions for listed companies more convenient. To implement these rules, SEBI has amended the SAST (Substantial Acquisition of Shares and Takeovers) Regulations.

FDI Exchange Control Regulations – Acquisition through FDI

Companies Act 2013 includes provisions for Merger and Amalgamation of Company with foreign Companies after obtaining prior approval of the Reserve Bank of India.

All FDI received in India must be reported through the government's online FIRMS portal. FDI is subject to pricing guidelines. These guidelines require the purchase price of shares to be at least the fair value (in the case of an Indian selling shares) or not more than the fair value (in the case of an Indian acquiring shares) determined by any internationally accepted pricing methodology. The valuation must be concurrent with the transaction.

Fast Track Merger

Fast Track Merger ("FTM") is a new concept that has been introduced in India to facilitate the ease of doing business. Through this, the time and cost required for the merger process have been significantly reduced by the elimination of any court intervention.

Section 233 of the Companies Act, 2013 ("the Act") read with Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("Rules") provides the concept of a simplified merger.

Basis	Particulars
Governing section	Section 233 of Companies Act, 2013
Applicability	Small companies whose paid-up share capital does not exceed Rupees 50 Lakhs or such higher amount as may be prescribed which shall not be more than ten crore rupees and the turnover as per the profit and loss account for the immediately preceding financial year does not exceed Rupees 2 Crore or such higher amount as may be prescribed which shall not be more than one hundred crore rupees. Further, following companies are not considered small companies: a. a holding company or a subsidiary company; b. a company registered under section 8; or c. a company or body corporate governed by any special Act;
Advantages	• No Mandatory approval of NCLT required. • No Need of Issuing Public Advertisement. • No requirement of Court Convened Meeting. • Less Administrative Burden. • Series of Hearing may be avoided. • Registration of scheme shall be deemed to have the effect of the dissolution of transferor companies without the process of winding up. • Comparatively less cost.
Stamping	Mergers attract stamp duties. Stamp duty is a state subject and its applicability is determined on the following two grounds: • The state where the registered office of the company is situated: • The status of the properties being transferred under the scheme.

CHAPTER 10: Visa Requirements

All foreign nationals entering India are required to possess a valid international travel document in the form of a national passport with a valid visa from an Indian Mission/Post or eVisa (Limited Categories) from Bureau of Immigration, Ministry of Home Affairs.

Visa requirement in India is governed by Bureau of Immigration (BoI), Ministry of Home Affairs, Government of India

I. Registration Requirements for Foreign Nationals (Foreigners)

a. All foreigners (including foreigners of Indian origin) visiting India on long term (more than 180 days) Student Visa, Medical Visa, Research Visa, Employment Visa, Missionary Visa and Project Visa are required to get themselves registered with the Foreigners Regional Registration Officer (FRRO)/ Foreigners Registration Officer (FRO) concerned having jurisdiction over the place where the foreigner intends to stay, within 14 days of arrival. However, all Business Visa holders must register themselves with the FRRO/ FRO concerned in case the aggregate stay in India on Business Visa exceeds 180 days during a calendar year.

b. Foreigners, other than those mentioned above, will not be required to register, even if they have entered India on a long-term visa provided their continuous stay in India does not exceed 180 days. If the intention of the foreigner is to stay for more than 180 days, he/she should get himself/herself registered within 180 days from the date of arrival with the Foreigners Registration Officer concerned. However, children under the age of 12 years are exempt from the requirement of registration.

c. Pakistani nationals are required to register within 24 hours of their arrival (except in cases where they are granted EPR (Exemption from Police Reporting) visas and on Medical Visa. In the case of Medical Visa, a Pakistani national is required to register within 7 days of arrival.

d. If a foreigner is departing within 14 days of arrival on his/ her first visit on that particular visa, no registration is required

II. Visa Application Process

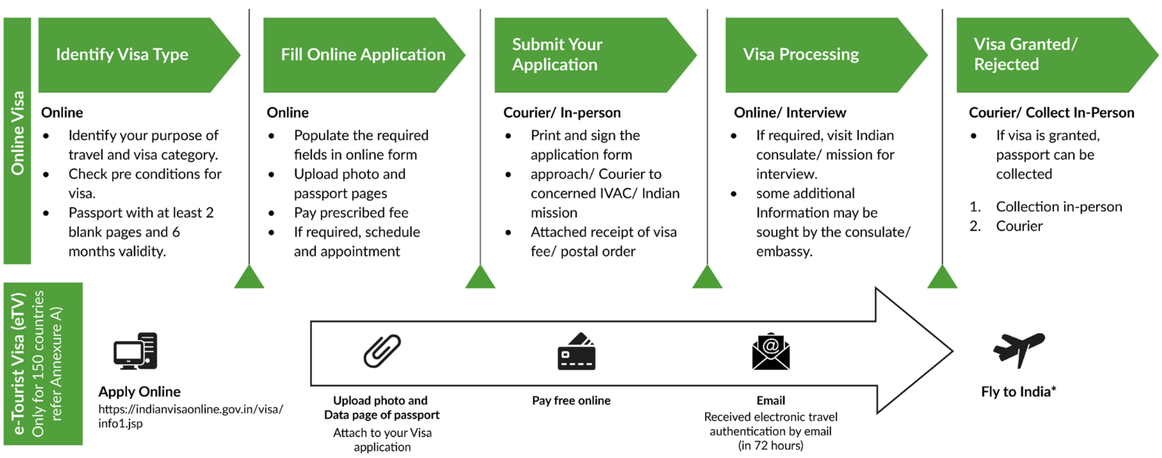
For Regular/Paper Visa

For Applying regular/paper visa three step process is involved:

- Applicant shall file application online by login on to https://indianvisaonline.gov.in
- Once the form is filled and submitted, applicant must print the completed application form and sign and submit the physical
- copy along with the supporting documents and the Passport to the concerned Indian Visa Application Center (IVAC) or
- directly at the Indian Mission on the scheduled appointed date.
- Applicant can Collect passport/visa from Indian Mission/Visa Application Center or by post.

E-VISA Application Process

- Applicant shall file application online by log on to https://indianvisaonline.gov.in.
- Pay e-visa fee online
- Electronic Travel Authorization/ETA Will be sent to your e-mail
- Print ETA and present at Immigration Check Post where e-Visa will be stamped on passport



III. Visa Application Process

Foreign nationals planning to travel to India are required to possess a valid passport of their home country and a valid India visa.

Some of the important categories of visa are given below;

Sr. No.	Category	Description	Period for which granted
1	**e-Visa**	E-Tourist Visa/E-Business Visa/E-Medical Visa/ E-Medical attendant Visa/e-conference visa For a foreign national to undertake recreation, sightseeing, casual visit to meet friends or relatives and attending a short term yoga programme/ or for the business purpose/ or for undertaking medical treatment.	e-Conference Visa-validity would be 30 days from the date of arrival in India with Single entry. e-Medical Visa-validity would be 60 days from the date of first arrival in India and triple entry will be allowed within the e-Visa validity period stamped on your Passport e-Medical Attendant Visa- validity would be 60 days from the date of first arrival in India and triple entry will be allowed within the e-Visa validity period stamped on your e-Tourist Visa (01 year / 05 years- the validity would be 365 days / 05 years from the date of grant of ETA with Multiple entries and continuous stay during each visit which shall not exceed 90 days except nationals of USA, UK, Canada and Japan. In case of nationals of USA, UK, Canada and Japan, continuous stay during each visit shall not exceed 180 days. e-Tourist Visa (30 days)- validity would be 30 days from the date of your first arrival in India. Double entries will be granted within the e-Visa validity period stamped on your Passport. e-Business Visa-validity would be 365 days from the date of grant of ETA with Multiple entries and continuous stay during each visit, which shall not exceed 180 days, and no registration would be required if the stay is for less than 180 days. However, if the intention is to stay for more than 180 days, then the foreigner shall get himself/ herself registered with the FRRO/FRO concerned.
2.	**Business Visa**	Business Visitor coming for business purposes	Valid for five years with multiple entries and is extendable.
3.	**Employment Visa**	For short-term/long-term remunerative employment/ intracompany transfers etc. The employee's salary must be in excess of US $25,000 per year. This does not apply to ethnic cooks, language teachers (other than English)/ translators, or staff working for the concerned embassy/ high commission in India.	1 year/ period of contract with multiple entries and is extendable.
4.	**Conference Visa**	For foreigners whose sole objective of visiting India is to attend a conference/seminar or workshop being held in India. Conference Visa shall not be issued for events that involve politically and/ or socially sensitive subjects.	A conference visa will be issued for the duration of the conference and the traveling time.

5.	**Tourist Visa**	For individual tourist/ for group tourist/ for cruise tourism	Granted for 5 years with multiple entry.
6.	**Research Visa**	A Research Visa is issued to a foreign research scholar In cases that involve research on subjects related to the foreigner's own country, the research scholar will be required to furnish a brief synopsis of the research proposal in about 150 words and give full justification (including the benefit he/she would get) for doing the research in India.	For a period of 3 years or for the duration of the research project, whichever is earlier
7.	**Transit Visa**	It is granted to a foreigner for the sole purpose of enabling him/ her to travel through India to a destination outside India.	A transit visa will ordinarily be valid for a single journey and for entry within 15 days from the date of issue. A fresh transit visa will be required if the journey is not performed within this period.
8.	**Missionaries**	A Missionary visa is granted to a foreigner whose sole objective of visiting India is Missionary work not involving proselytization.	This visa has a maximum period of one year and multiple entry facility. The FRRO/ FRO concerned may extend it on a year-to-year basis for a maximum period of five years.
9.	**Tourist Visa on arrival**	The Government of India has introduced this Scheme for the nationals of eleven countries, namely, Japan, Singapore, Philippines, Finland, Luxembourg, New Zealand, Cambodia, Laos, Vietnam, Myanmar and Indonesia.	Tourist Visa-on-Arrival with a maximum validity of 30 days with single entry facility will be granted at Delhi, Mumbai, Chennai and Kolkata airports only.

Other categories of visa are medical visa, medical attendant visa, intern visa, films visa, student visa, mountaineering visa, journalist visa, entry visa, diplomatic visa, official visa, UN diplomat visa, UN official visa, Pakistan specific visa, Bangladesh specific visa, etc.

IV. Period of validity of passport and visa

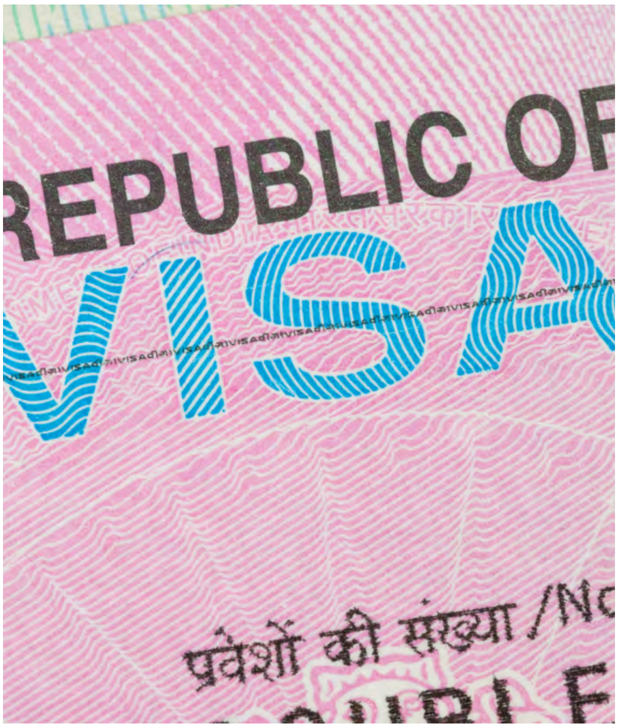
Applicant's passport should have at least six months of validity at the time of making an application for a visa. It should have at least two blank pages for stamping by the Immigration Officer. The validity of all visas will commence from the date of issue of the visa.

V. Visa Processing Time

Upon receipt of the Visa Application through the Indian Visa Application Centre or directly through the Indian Mission/ Post, it takes a minimum of three working days to process the case and issue a visa, depending on the nationality and excluding special cases.

VI. Business Visa

A Business visa is granted to a foreigner for the following purposes –



a. Foreign nationals who wish to visit India to establish an industrial/ business venture or to explore possibilities to set up an industrial/ business venture, other than Proprietorship Firms and Partnership Firms, in India.
b. Foreign nationals coming to India to purchase/sell industrial products or commercial products or consumer durables.
c. Foreign nationals coming to India for technical meetings/ discussions, attending Board meetings or general meetings for providing business services support.
d. Foreign nationals coming to India for recruitment of manpower.
e. Foreign nationals who are partners in the business and/or functioning as company directors.
f. Foreign nationals coming to India for consultations regarding exhibitions or participation in exhibitions, trade fairs, business fairs, etc.
g. Foreign buyers who come to transact business with suppliers/ potential suppliers at locations in India to evaluate or monitor quality, give specifications, place orders, negotiate further supplies, etc., relating to goods or services procured from India.
h. Foreign experts/specialists on a short visit in connection with an ongoing project to monitor the progress of the work, conduct meetings with Indian customers, and/or provide technical guidance.
i. Foreign nationals coming to India for pre-sales or post-sales activity not amounting to the actual execution of any contract or project.
j. Foreign trainees of multinational companies/corporate houses coming for in-house training in the regional hubs of the concerned company located in India.
k. Foreign nationals coming as tour conductors and travel agents and/or conducting business tours of foreigners or related businesses, etc.
l. Foreign academicians/ experts coming under GIAN (Global Initiative for Academic Networks).
m. Crew members of scheduled/ non-scheduled flights operated by scheduled airlines, nonscheduled and chartered flights operated by non-scheduled airlines, and special flights.
n. Foreign nationals intending to visit India to participate in cultural events/ activities with remuneration. [Such foreign nationals intending to visit India to participate in cultural events/ activities for short duration without remuneration may be granted Entry (X-Misc.) Visa.]
o. Foreign nationals engaged in commercial sports events in India on contract (including coaches) like Indian Premier League, Indian Soccer League, etc., with remuneration. They may be granted a 'B-Sports' Visa with a multiple entry facility for 13 appropriate periods. Such a foreign national shall comply with all the statutory obligations like payment of taxes, etc.

Conditions for grant of business visa

- The foreign national should be a person of assured financial standing (sufficient proof of his/her financial standing and expertise in the field of intended business will be checked thoroughly while granting the visa).
- The foreign national should not be visiting India for the business of money lending or for running a petty business or petty trade or for full time employment in India, etc.
- The foreign national shall comply with all other requirements like payment of tax liabilities etc.

Registration

All Business Visa holders are required to register themselves with the FRRO/ FRO concerned in case the aggregate stay in India on Business Visa exceeds 180 days during a calendar year.

VII. Grant of Permanent Residency Status (PRS)

Preconditions

- Foreign investors making an investment under Foreign Direct Investment (FDI) route not being less than Rs. 10 crores to be brought within 18 months or Rs. 25 crores to be brought within 36 months.
- This scheme will not be available to Pakistani citizens or third country nationals of Pakistani origin. Other condition is the generation of employment of at least 20 resident Indians in every financial year.
- This scheme will be available only to foreign investors fulfilling the above mentioned eligibility conditions or to his/her spouse and dependents.
- Top management executives will not be covered by this scheme and they will have to come on normal Employment Visa.

Benefits

- PRS will serve as a multiple entry visa without any stay stipulation.
- Will be allowed to purchase one residential property for dwelling purposes. Transfer of immovable property acquired by PRS holder under the PRS Scheme must comply with FEMA Regulations' provisions.
- Spouses/dependents of the investor who are granted PRS will be allowed to take up employment in the private sector based on the PRS with the permission of the FRRO/FRO concerned.
- The minimum salary limit of USD 25,000 (Rs. 21 lakhs) per annum prescribed for granting Employment visa to foreign nationals will not be applicable in such cases.
- Spouses/dependents of the investor granted PRS can undertake studies in India without a separate Student Visa. The FRRO/FRO concerned will require no specific permission for this purpose. However, prior to undertaking studies in India, they shall intimate the concerned FRRO/FRO about the institution's details wherein they are seeking admission along with the duration & subject of the course.

Reporting requirement for PRS holders

Foreign investors holding PRS will be required to submit to the FRRO/FRO concerned every year a copy of the Form FC-GPR, the Annual Return on Foreign Liabilities and Assets filed with RBI by the Indian company receiving FDI & the RBI's acknowledgment letter to that effect and the Income Tax Return filed before the Income Tax Department so to ensure that he/she is fulfilling the conditions regarding investment. He/she will also be required to submit details regarding employment generation for resident Indians to the FRRO/FRO concerned every year based certification by the statutory auditor of the Indian investee company.

CHAPTER 11: Capital Markets

The Capital Market in India was reformed in the year 1991 by the process of economic liberalisation. This was necessitated because of depleting foreign currency reserves, complete control of the state over financial market, Capital Issues Control Act, lack of transparency, lack of competition, high intermediation cost, restricted opportunities for new banks etc.

Securities and Exchange Board of India (SEBI)

The Capital Market in India is governed by SEBI which is The Securities and Exchange Board of India, which was established on April 12, 1992 in accordance with the provisions of the Securities and Exchange Board of India Act, 1992.

Securities Contracts (Regulation) Act 1956 (SCRA)

Another important regulation for Capital Market is SCRA Act i.e. Securities Contracts (Regulation) Act, 1956 An Act which aims to prevent undesirable transactions in securities by regulating the business of dealing therein and by providing for certain other matters connected therewith. SCRA Act contains provisions for making an application for recognition of stock exchanges, granting recognition to stock exchanges, reporting to be made by stock exchanges, lays down procedures and powers of Securities Appellate Tribunal etc.

Major Stock Exchanges in India

NSE: The National Stock Exchange of India Ltd. (NSE) is the leading stock exchange in India and the fourth largest in the world by equity trading volume in 2015, according to World Federation of Exchanges (WFE). NSE was the first exchange in India to implement electronic or screen-based trading. It began operations in 1994 and is ranked as the largest stock exchange in India in terms of total and average daily turnover for equity shares every year since 1995, [based on SEBI data].

NSE has a fully-integrated business model comprising our exchange listings, trading services, clearing and settlement services, indices, market data feeds, technology solutions and financial education offerings. NSE also oversees compliance by trading and clearing members with the rules and regulations of the exchange.

NSE is a pioneer in technology and ensures the reliability and performance of its systems through a culture of innovation and investment in technology. NSE believes that the scale and breadth of its products and services, sustained leadership positions across multiple asset classes in India and globally enable it to be highly reactive to market demands and changes and deliver innovation in both trading and non-trading businesses to provide high quality data and services to market participants and clients.

Established in 1875, **BSE (formerly known as Bombay Stock Exchange)**, is Asia's first & the Fastest Stock Exchange in world with the speed of 6 micro seconds and one of India's leading exchange groups. Over the past 143 years, BSE has facilitated the growth of the Indian corporate sector by providing it an efficient capital-raising platform. Popularly known as BSE, the bourse was established as 'The Native Share & Stock Brokers' Association' in 1875. In 2017 BSE become the 1st listed stock exchange of India.

Today BSE provides an efficient and transparent market for trading in equity, currencies, debt instruments, derivatives, mutual funds. BSE SME is India's largest SME platform which has listed over 530 companies and continues to grow at a steady pace. BSE StAR MF is India's largest online mutual fund platform which process over 27 lakh transactions per month and adds almost 2 lakh new SIPs every month. BSE Bond, the transparent and efficient electronic book mechanism process for private placement of debt securities, is the market leader with more than 4.06 lakh crore of fund raising from 801 issuances. (F.Y. 2023-2024).

Commodity Stock Exchange: Indian Commodity Exchange Limited (ICEX) is SEBI regulated online Commodity Derivative Exchange. Headquartered at Mumbai, the Exchange provides a nationwide trading platform through its appointed brokers.

Types of Capital Market in India

Capital Market in India is mainly of two types: The Primary Market and Secondary Market

Primary Market	Secondary Market
• It deals with new securities i.e securities which are offered to the investing public for the first time. • It is the market for raising fresh capital in the form of shares and debentures. • It provides the issuing company with additional funds for starting a new enterprise or for the other expansion of diversification of an existing one. • This new offering by the companies are made either as an initial public offering or rights issue	• It deals with securities that are traded after being initially offered to the public in the primary market and/or listed on the stock exchange. • The stock exchanges along with a host of other intermediaries provide the necessary platform for trading in the secondary market and also for clearing and settlement. • The securities are traded, cleared and settled within the regulatory framework prescribed by the Exchanges and the Securities and Exchange Board of India (SEBI). • With the increased application of information technology, the stock exchange platform is accessible from anywhere in the country through its trading terminals.

Initial Public Offer (IPO)

Companies have a choice to raise funds in primary market through IPO process. The IPO process is according to SEBI related regulations and stock exchange rules and involve the following major steps:

- Hiring of Investment Bank / Underwriter
- IPO registration – DRHP/ RHP
- SEBI Clearance
- Application to Stock exchange
- IPO Marketing
- Pricing of IPO - Fixed Price IPO or by Book Binding Offer
- Issue and allotment of shares

VCF, AIF and Depository Receipts

In addition to investing and trading in equities, debt and commodities, SEBI also recognises investing in SEBI registered Funds viz. Venture Capital Fund and Alternative Investment Form.

Another type of instruments which can be issued directly to a non-resident are depository receipts. Its main feature is that it is created by Overseas Depository Bank outside India.

Key features of such investments route in the Indian context have been explained below:

	ALTERNATIVE INVESTMENT FUNDS (AIF)	DEPOSITORY RECEIPTS
Meaning	It means any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which is a privately pooled investment vehicle which collects funds from investors, whether Indian or foreign, for investing it in accordance with a defined investment policy for the benefit of its investors.	"Global Depositary Receipts" means any instrument in the form of a depositary receipt or certificate created by the Overseas Depositary Bank outside India and issued to non-resident investors against the issue of ordinary shares or Foreign Currency Convertible Bonds of issuing company;
Grant of Certif-icate/ Permis-sion	A Company or trust or an LLP or body corporate proposing to carry on any activity as an AIF must file its application for grant of certificate to SEBI. The AIF shall continue to be regulated by the said regulations till the existing fund/ scheme is wound up; such funds does not launch any new scheme; existing fund/scheme has not increased the targeted corpus of the fund/scheme	An issuing company desirous of raising foreign funds by issuing Foreign Currency Convertible Bonds or ordinary shares for equity issues through Global Depositary Receipt is required to obtain the prior permission of the Department of Economic Affairs, Ministry of Finance, Government of India.
Investment	• Alternative Investment Fund may raise funds from any investor whether Indian, foreign or non-resident Indians by way of issue of units; • each scheme of the Alternative Investment Fund shall have corpus of atleast twenty crore rupees; • the Alternative Investment Fund shall not accept from an investor, an investment of value less than one crore (1 crore) rupees:	An Indian company may issue its Rupee denominated shares to a person resident outside India being a depository for the purpose of issuing Global Depository Receipts (GDRs) and/ or American Depository Receipts (ADRs) on receipt of approval from the Ministry of Finance and on fulfilling other statutory conditions.
Prohibitions	no scheme of the AIF shall have more than one thousand investors and the fund shall not solicit or collect funds except by way of private placement.	Such companies which are not eligible to raise funds from the Indian capital market including a company which has been restrained from accessing the securities market by SEBI will not be eligible to issue (i) Foreign Currency Convertible Bonds and (ii) Ordinary Shares through Global Depositary Receipts.

CHAPTER 12: Human Resource Regulations

Human Resource Regulations

The growth in business is aided by the overall development of human capital. There are human resource laws in India which are implemented for overseeing and managing duties related to hiring, firing, employee benefits, wages, paychecks, overtime, workplace safety, privacy; and preventing discrimination and harassment. In India, human resource regulations are divided into various categories relating to wages, industrial disputes, women and children, social security, terms of employment. An overview of all such regulations is provided below for better understanding. For ease of doing business in India various labor laws are being subsumed in four wage codes, which are being operationalized over the period:-

I. Employment Regulations

Regulations	Overview
Industrial Employment (Standing Orders) Act, 1946	• Defines conditions of employment in industrial establishments. • Applicable to all 'industrial establishments' employing 100 or more workmen. • Industrial Establishments is establishment where any type of industrial activity takes place and includes factory, transport service, construction work, mines, plantation, workshop, building activity, transmission of power etc.
Contract Labour (Regulation and Abolition) Act, 1970	• Applicable to every establishment in which 20 or more workmen are employed or were employed on any day of the preceding twelve months as contract labour and also to every contractor who employees or who employed on any day of the preceding twelve months twenty or more workmen. • Not applicable to establishments in which work only of an intermittent or casual nature is performed.
Factories Act, 1948	• The law regulating labour in factories. • Applicable to factories where manufacturing is done with the aid of power and without the aid of power. The factories where manufacturing is done with the aid of power, it is applicable where ten or more workers are/were working on any day of the preceding twelve months and factories where manufacturing is done without the aid of power, it is applicable where twenty or more workers are/were working on any day of the preceding twelve months. • Not applicable for a mine or a mobile unit belonging to the armed forces of the union, a railway running shed or a hotel, restaurant.
Shops and Commercials Establishments Act (S&E Acts)	• To regulate the conditions of work of persons employed in shops, commercial establishments. • These are state specific and regulates the Shops and commercial establishments located within a state. • It undertakes various aspects like working hours, rest intervals, opening and closing hours, overtime and overtime wages, holidays and leave, rules for employment of children, termination of services etc.
Employment exchange Act 1959	• All Establishments in Public Sector and such establishments in private Sector excluding Agriculture, where ordinarily 25 or more persons are employed come within the purview of the Act. These establishments are required to notify all vacancies (other than those exempted) to the appropriate Employment Exchange as notified in the official Gazette by the State Government in the prescribed format. This Act shall not apply in relation to vacancies,- a. in any employment in agriculture (including horticulture) in any establishment in private sector other than employment as agricultural or farm machinery operatives; b. in any employment in domestic service; c. in any employment the total duration of which is less than three months; d. in any employment to do unskilled office work; e. in any employment connected with the staff of Parliament

II. Employment Regulations

Regulations	Overview
Industrial Disputes Act, 1947	• Defines conditions of employment in industrial establishments. • Applicable to all 'industrial establishments' employing 100 or more workmen. • Industrial Establishments is establishment where any type of industrial activity takes place and includes factory, transport service, construction work, mines, plantation, workshop, building activity, transmission of power etc.
Trade Unions Act 1926	• Provides for the registration of Trade Unions. • Offers certain privileges and protection to the registered trade unions.

III. Wages and Social Security Regulations

Regulations	Overview
Minimum Wages Act, 1948	• Law fixing minimum rates of wages in certain employments. • Applicable to persons engaged in scheduled employments or in specified class of work in respect of which minimum wages have been fixed. • No employer has the right to pay wages less the minimum rate. • Prevents exploitation of the workers. • It secures the welfare of workers in a competitive market and provides for a minimum limit of wages in both organized and unorganized sectors. • The minimum rates of wages may be fixed at a) time rate, b) piece rate, c) guaranteed time rate and d) overtime rate and are reviewed /revised for every five years by the appropriate govt.
Payment of Wages Act, 1936	• Regulates the payment of wages to certain classes of employed persons. • Applicable to the contract labour employed by factories, railways, motor transport companies, ports, docks, mines, quarries and oil fields, workshops and establishments as notified by appropriate government.
Payment of Bonus Act, 1965	• Provides for the payment of bonus to persons employed in certain establishments on the basis of profits or on the basis of production or productivity. • Applicable to every factory and establishment that employs 20 or more persons on any day during an accounting year.
The Payment of Gratuity Act, 1972	• Provides for a scheme for the payment of gratuity to employees engaged in factories, mines, oilfields, plantations, ports, railway companies, shops or other establishments and offices. • Applicable to every establishment as mentioned above, in which 10 or more persons are or were employed on any day in the preceding 12 months. • The gratuity shall be paid to an employee on the termination of his employment after she/he has rendered continuous service of at least 5 years (interpreted as 4 years and 240 days) on superannuation, retirement, resignation, death or disablement due to accident or disease. • The period of service can be less than 5 years if the termination of the employee is because of death or disablement.
Pension and Insurance Regulations	There are regulations which provide the pension and insurance benefits and regulates the related matters thereof like The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and The Employees' State Insurance Act, 1948.
Equal Remuneration Act	It provides for the payment of equal remuneration to men and women workers and for the prevention of discrimination, on the ground of sex, against women in the matter of employment and for matters connected therewith or incidental thereto.
The Employees' Provident Funds and Miscellaneous Provisions Act, 1952	It is an Indian law that provides financial security for employees. It establishes a mandatory provident fund, pension fund, and deposit-linked insurance fund for employees in factories and other establishments
The Employees' State Insurance Act, 1948 (ESI Act)	It is a social security law that provides benefits to employees in the event of sickness, maternity, disablement, or death due to employment injury. The ESI Act also provides medical care to insured employees and their families

There are some other regulations which also needs attention like the Apprentices Act, 1961, Weekly Holidays Act 1942, Beedi and Cigar Workers Act 1967, Child Labour (Prohibition and Regulation) Act, 1986.

IV. Health & Safety Regulations

Regulations	Overview
The Workmen's Compensation Act 1923	• Provides for the payment by certain classes of employers to their workmen of compensation for injury by accident. • Applicable to industrial establishments as defined under the Act where compensation is to be paid only in case of an injury and not in any other case. • The injury is categorized into two parts as partial disablement and total disablement. • Safeguards the interest of the workers who are working in hazardous industry.
The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013	• Provides protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment. • Applicable to all establishments. • Every establishment where more than 10 workers are employed needs to constitute "Internal Complaints Committee" to report incidents of sexual harassment at their place of work.
The Maternity Benefit Act, 1961	• Regulates the employment of women in certain establishments for certain periods before and after child-birth and to provide for maternity benefit. • Applicable to all establishments employing 10 or more persons.

There are all other laws which safeguard the health and working conditions of employees and provides relief thereof like Factories Act 1948 consolidated existing factory safety laws.

Recent Changes in Labour Regulations

In the strive towards ease of doing business in India, labour laws have been reformed by way of introducing 4 new codes viz. The Code on Social Security, 2019, The Industrial Relations Code, 2019, The Code on Wages 2019 and The Occupational Safety, Health and Working Conditions Code, 2019. These have been briefly explained here under:

Particulars	The Code on Social Security, 2019	The Industrial Relations Code, 2019	The Code on Wages 2019	The Occupational Safety, Health and Working Conditions Code, 2019
Legislative Status	The code has been passed by the Parliament. Received assent of President of India on September 28, 2020.	The code has been passed by Parliament. Received assent of President of India on September 28, 2020.	The code has been Passed by Parliament. Received assent of President of India on August 08, 2019.	The code has been passed by Parliament. Received assent of President of India on September 28, 2020
Laws Replaced	Replaces nine laws related to social security, including the Employees' Provident Fund Act, 1952, the Maternity Benefit Act, 1961, and the Unorganised Workers' Social Security Act, 2008.	It seeks to replace three labour laws: i. the Industrial Disputes Act, 1947, ii. the Trade Unions Act, 1926,and iii. (the Industrial Employment (Standing Orders) Act, 1946.	The Code replaces the following four laws: i. the Payment of Wages Act, 1936, ii. the Minimum Wages Act, 1948, iii. the Payment of Bonus Act, 1965, and (iv) the Equal Remuneration Act, 1976.	It subsumes and replaces 13 labour laws relating to safety, health and working conditions. These laws include: Factories Act, 1948; Mines Act, 1952; Dock Workers Act, 1986; Contract Labour Act, 1970; and Inter-State Migrant Workers Act, 1979.

Objective	To amend and consolidate the laws relating to social security of the employees and workers either in the organized or unorganized or any other sectors and for matters connected therewith or incidental thereto. It includes the measures of protection afforded to employees, inclusive of unorganised workers, gig workers and platform workers to ensure access to health care and to provide income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a breadwinner by means of rights conferred on them and schemes framed, under the Code on Social Security, 2020.	To consolidate and amend the laws relating to Trade Unions, conditions of employment in industrial establishment or undertaking and all other related matters.	It seeks to regulate wage and bonus payments in all employments where any industry, trade, business, or manufacture is carried out and to consolidate the existing laws relating to wages and bonus.	To consolidate and amend the laws regulating the occupational safety, health and working conditions of the persons employed in an establishment. The 2020 Bill provides that women will be entitled to be employed in all establishments for all types of work under the Bill. It also provides that in case they are required to work in hazardous or dangerous operations, the government may require the employer to provide adequate safeguards prior to their employment. Certain other features are health checkup, format of appointment letter, safety officer , working and overtime hours , working on holiday conditions, leave encashment etc

As Labour is a concurrent list item under the Constitution of India, consensus between the Central and State governments is required. Central Government has published rules under the 4 Codes, however several State Governments are in the process of finalizing their respective rules. Therefore the 4 Codes are yet to be activated.

Employment Documentation

To comply with the above mentioned regulations, the organizations are required to constitute proper Human Resource department which manages the employment documentation and retains record of employment terms and conditions or should outsource such function to an entity which can manages such compliances for them. It includes documents required by company policies and best Human Resources practices, formal and informal recordkeeping about various employment events and compliances.

CHAPTER 13: Data Privacy & Information Technology

Businesses conduct the majority of their transactions through information technology accordingly they are always concerned about the Information Technology laws of the Country with respect to cybercrime, electronic commerce and data privacy laws for the better and easy functioning of the business and providing protection to data on the organization and personal level.

India's technology and privacy law framework revolve around an Informational technology act and a work in progress privacy bill which is being reworked and being introduced as fresh bill, would soon lead to comprehensive legal framework, that will be designed to address all of the contemporary and future challenges of the digital ecosystem.

Information Technology Act

This is the only law which governs the issues related to information technology in India:

- It provides legal recognition for transactions carried out by means of electronic data interchange and other means of electronic communication.
- It deals with issues relating to collecting, storing, and disseminating electronic information in the global marketplace.
- It regulates any fines, penalties and prosecution related to any non-compliance.
- Cyber Regulatory Appellant Tribunal is enacted under this act, which handles all appeals made against the order of the Controller or Adjudicating Officer.

Current Data Privacy Regulations

- Data Privacy Regulations are there for protection, safety and security of sensitive personal information of an individual. These rules are applicable to a body corporate or any person located within India. These rules provide a list of items that are to be treated as "sensitive personal data", and includes inter alia information relating to passwords, credit/debit cards information, biometric information (such as DNA, fingerprints, eye retinas, voice patterns, facial patterns etc. that are used for authentication purposes), physical, physiological and mental health condition, etc. It further imposes duty on Body Corporates seeking sensitive personal data to draft a privacy policy and make it easily accessible for people who are providing the information. It also lays other practices, procedures and policies to be taken care of by body corporates for security of individual's information.

- There are certain Intermediary Guidelines which prohibit users from hosting certain content on its platform (e.g. obscene content). These Guidelines further lays down the due diligence to be followed by intermediary and it also requires intermediary to publish the rules and regulations, privacy policy and user agreement for access of intermediary's computer resources by any person; Intermediary is also required to provide information or any such assistance to Government Agencies.

The Digital Personal Data Protection Act

With the digitalization of the economy, the use of electronic data is considered as critical means of communication among people and thus it is necessary to protect personal data as an essential facet of informational privacy. The Information Technology Act, 2000 lacks the structuring related to data privacy laws which urged the government to establish and introduce a specific law which single handedly deals out with the questions of data privacy and protection thereof. The government has introduced the Digital Personal Data Protection Act which is the single Act covering privacy, data protection and data sharing and covers issues such as non-personal data, data localization etc.

This is a new initiative by the government of India to promote the ease of doing business and to protect the fundamental right to privacy and to be sync with word data protection laws such as GDPR (General Data Protection Regulation) etc.

CHAPTER 14: Intellectual Property

India being part of WIPO, has specific laws to govern its intellectual property rights. The IPR's and related regulations in India are:

"IPR"	Brief Description	Governing Law	Authority	Validity
Patent	Right for protecting the new innovations, methods that are new to the industry and exclusive in its properties	Patents (Amendment) Act 2005 and rules there under	Controller of Patents & Designs	Twenty years
Trademark	The trademark is a symbol or mark used by the entities for distinguishing their products and for branding the products in the market	TradeMarks (Amendment) Act 2010 and the rules there under as amended	Registry of trademarks	Ten years
Copyright	Right for the uniqueness of literary works (e.g. novels, poems, plays, writings and books), Artistic works (e.g. paintings, sculptures, drawings and photographs), musical, dramatic works and sound recording	Copyrights Act, 1975 which was further amended by Copyright (Amendment) Act,1999 and the rules there under as amended	Registrar of Copyrights	Sixty years
Industrial Designs	The shapes or patterns or combination of both which are unique in their nature and was specifically used by the companies for their finished products	Design Act, 2000	Controller of Patents & Designs	Ten years
Geographical Indications	The name or sign used on products indicating their uniqueness which occurs due to their origin of place	Geographical Indications of Goods (Registration and Protection) Act, 1999 (GI Act).	Registrar of Geographical Indications	Ten years
The Protection Of Plant Variety And Farmers Rights Act, 2001	This is new IPR to give breeders of new plant varieties an exclusive right for their innovation in the agriculture sector	The Protection of Plant Variety and Farmers Rights Act, 2001	The Protection of Plant Varieties and Farmers' Rights Authority	Different for different crops
Trade Secrets	As per jurisprudence, Trade Secret has been defined as formulae, technical know how or a method of business adopted by an employer which is unknown to others and such information has a reasonable impact on the organizational expansion and economic interests.	There is no such specific authority or act governing it and protection of trade secrets is handled on a case to case basis principally through contractual agreements. They are protected and prosecuted on the principles of equity and common law for breach of confidence/ contractual obligations.		

CHAPTER 15: Environmental Laws

The constitutional framework of India and its international commitments necessitate the Indian society to protect and conserve the environment and make sustainable use of natural resources. Environmental regulations in India consciously adhered to the protection of the environment and measures taken to reverse climate change and achieving a zero-carbon economy.

Salient features of the main environmental laws are as follows:

Law	The Environmental Protection Act, 1986	Air (Prevention and Control of Pollution) Act 1981	Water (Prevention and Control of Pollution) Act, 1974
Applicability	Considered as an umbrella law to prevent, control and abate environmental pollution and includes	To prevent, control and abate air pollution.	To prevent, control and abate water pollution.
Regulatory Authorities	• Ministry of Environment, Forests and Climate Change (MoEFCC). • Central Pollution Control Board. • State Pollution Control Boards. • District Level Authorities (that is, municipal corporations).	• Central Pollution Control Board "CPCB" • State Pollution Control Boards "SPCB"	• State Pollution Control Board "SPCB" • Central Ground Water Board "CGWB" • Municipal Corporations/ State Public Works Department.
Permits/License	The Ministry of Environment, Forests, and Climate Change has classified the industries as white, red, orange and green. These have been classified basis the size of industries and Pollution Index (PI) for emissions (air pollutants), effluents (water pollutants) and hazardous waste generated apart from the consumption of resources. Details on these have been provided below. Now, there exists an integrated permit system where a single permission suffices for a various consents and permits.	A Consent to Establish (CTE) and subsequent Consent to Operate (CTO) is required to be obtained from relevant SPCB and their renewals thereof.	A Consent to Establish (CTE) and subsequent Consent to Operate (CTO) is required to be obtained from relevant SPCB and their renewals thereof.
Penalties for contraventions	Whoever fails to comply with the provisions of this Act, shall be punishable with imprisonment for a term which may extend to five years with fine which may extend to one lakh rupees, or with both, and if the contravention of the offence continues for one year the punishment can extend up to seven years.	• Certain specific penalties have been prescribed in the Regulations. • Whoever fails to comply with the provision of this Act , shall be punishable with imprisonment for a term which may extend to Six years and with fine which may extend to ten thousand rupees or with both, and some additional fee is charged in case of continuing contravention	• Certain specific penalties have been prescribed in the Regulations. • For contravention of certain provisions of the Act for which no penalty has been elsewhere provided in this Act, shall be punishable with imprisonment for a term which may extend to three months or with fine which may extend to ten thousand rupees or with both, and some additional fee is charged in case of continuing contravention.

The white industries are considered as "non-polluting" and do not require permit or consent and they just have to notify the relevant State Pollution Control Board whereas all the other industries such as red, orange and green, requires certain environmental permits/licenses.

Classification of Industries based on Pollution Index (PI) for air pollutants, water effluents and hazardous waste is as follows:

- **Red category:** PI score of 60 and above. This category covers 60 sectors (for example: asbestos, nuclear power plants, shipbreaking, oil and gas extraction, and so on). Initial CTO for this category is generally valid for 5 years.
- **Orange category:** PI score of 41 to 59. This category lists 83 types of industries (for example: food and food processing, printing ink manufacturing, paint blending and mixing, and pharmaceutical formulations). Initial CTO for this category is generally valid for 10 years.
- **Green category:** PI score of 21 to 40. This category identifies 63 sectors (for example: saw mills, tyres/tube retreating, polythene and plastic products). Initial CTO for this category is generally valid for 15 years.
- **White category:** PI score up to 20. This lists 36 types of industries (for example: solar power generation through solar photovoltaic cells, wind power, and mini hydro-electric power less than 25 megawatts). This category does not need to obtain a Consent to Operate (CTO).

Other environmental laws are briefly described below:

LAW	DESCRIPTION
Wildlife Protection Act, 1972	This Act provides for the conservation, protection and management of wildlife and for matters connected therewith with a view to ensuring the ecological and environmental security of the country.
The Forest Conservation Act, 1986	This act was brought into existence to provide for the conservation of forests. The Act provides restriction on use of forest land for non-forest purposes.
Biological Diversity Act, 2002	India is rich in biological diversity and to provide protection to such diversity, sustainable use of its components and fair and equitable sharing of the benefits arising out of the use of biological resources, knowledge and for matters connected therewith or incidental thereto, this Act was enacted.
Hazardous & Other waste (Management and Transboundary Movement) Rules	These rules lay down procedures for management of hazardous and other waste, import and export of hazardous and other waste, treatment, storage, disposal facility, packaging, labelling and transport for such waste.
Manufacture, Storage & Impport of Hazardous Chemical Rules	These rules were enacted in 1989 by the Ministry of Environment & Forests (MoEF) and later amended. It regulates the manufacture, storage and import of hazardous chemicals in India. The transport of hazardous chemicals must meet the provisions of the Motor Vehicles Act.
Coastal Regulation Zone Notification	It was implemented for the regulation of activities in the coastal area by the Ministry of Environment and Forests (MoEF). As per the notification, the coastal land up to 500m from the High Tide Line (HTL) and a stage of 100m along banks of creeks, estuaries, backwater and rivers subject to tidal fluctuations, is called the Coastal Regulation Zone
Wild Life (Protection) Act	This Act is enacted by the Parliament of India which ensures protection of plants and animal species. The Act provides for the protection of wild animals, birds and plants; and for matters connected there with or ancillary or incidental thereto

Forest (Conservation) Act	This act is enacted by the parliament of India which ensures the conservation of forests and its resources and in order to control the ongoing deforestation of the forests of India
Biological Diversity Act	This is an Act for preservation of biological diversity in India, and provides mechanism for equitable sharing of benefits arising out of the use of traditional biological resources and knowledge.
The ozone-depleting substances (regulation and control) rules, 2000.	These rules prohibit the use of CFCs, halons, ODSs such as carbon tetrachloride and methyl chloroform, and SFC except in metered-dose inhalers and for other medical purposes.

Environmental disputes and measures taken there of.

With the growing pace of environmental disputes, the government of India in 2010 brought into action National Green Tribunal Act, 2010 for effective and expeditious disposal of cases relating to environmental protection, conservation of forests and other natural resources including enforcement of any legal right relating to environment and giving relief and compensation for damages to persons and property and for matters connected therewith or incidental there to.

National Green Tribunal

The National Green Tribunal is a specialized body equipped with the necessary expertise to handle environmental disputes involving multi-disciplinary issues and to give relief and compensation for any damage caused to persons and properties.. the Principal Bench of the NGT has been established in the National Capital – New Delhi, with regional benches in Pune (Western Zone Bench), Bhopal (Central Zone Bench), Chennai (Southern Bench) and Kolkata (Eastern Bench). The environmental regulatory authorities (that is, the Central Pollution Control Board (CPCB) and the State Pollution Control Boards (SPCBs)) are also regulated by NGT.

Environmental Insurance

The Public Liability Insurance Act 1991 is an act to provide immediate relief to the persons affected by accident occurring while handling any hazardous substance or other related matters. It requires every owner of the business to take out insurance policies before he starts handling any hazardous substance.

An insurance policy taken shall not be for an amount less than the paid-up capital of the undertaking handling any hazardous substance and owned or controlled by that owner, and more than the amount, not exceeding fifty crore rupees.

CHAPTER 16: Start Up India

A doorway to business opportunities

- A flagship initiative was launched by the government of India in January 2016 which aims at nurturing innovation and generating large scale employment opportunities, by way of establishing start ups.
- To meet the objectives of the initiative, Government of India announced Startup India Action Plan that addresses all aspects of the Startup ecosystem. The Action Plan was based on three pillars:

Simplification & Handholding

Funding Support & Incentives

Industry Academia Partnership & Incubation

Private Limited Company, OPC, LLP and Registered Partnership can Apply for Startup Recognition subject to fulfilment of below conditions

- Working towards innovation, development or improvement or of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.
- Whose turnover not exceeds Rs 100 crores in any Financial Year since incorporation/registration.
- Entity should not formed by splitting up or reconstruction of an existing business
- Entity was neither incorporated/registered as a subsidiary of any Indian or foreign entity nor is a subsidiary of any Indian or foreign entity.
- It has been incorporated not prior to ten years.

Process of Recognition

Every entity willing to get recognized as a 'Startup' shall follow the process as set up by the Department of Industrial Policy and Promotion.

- Entities are required to submit the online application along with the Certificate of Incorporation/ Registration and other relevant details as may be sought. In addition to this, they have to submit a write-up about the nature of business highlighting the reason of being a start up. Application shall be analyzed and approved, if good in all terms.

Particulars	Benefits
Self-certification under Labour & Environment laws	Self-certification means start-ups are permitted to self-certify compliance with 6 (Six) existing labour laws and 3 (Three) environmental laws. This self-certification can be done online. In case of the labour laws, no inspections will be conducted for a period of 5 (Five) years. Startups may be inspected only on credible and verifiable complaints relating to violation and such complaint should be approved by at least one level senior to the concerned inspecting officer. 6 labour laws which are covered in this regard are: • The Building and Other Construction Workers' (Regulation of Employment & Conditions of Service) Act, 1996; • The Inter-State Migrant Workmen (Regulation of Employment & Condition of Service) Act, 1979; • The Payment of Gratuity Act, 1972;The Contract Labour (Regulation and Abolition) Act, 1970; • The Employees' Provident Funds and Miscellaneous Provisions Act, 1952; and • The Employees' State Insurance Act, 1948
Startup India Hub	• Ministry of Commerce & Industry launched the Startup India Virtual Hub, an online platform for all the stakeholders in the entrepreneurial ecosystem in India to discover & connect with each other. • It also provides a platform to assist startups through their lifecycles with specific focus on important aspects like obtaining financing, feasibility testing, business structuring advisory, enhancement of marketing skills,technology commercialization and management evaluation.

Particulars	Benefits
Intellectual Property	• Fast-tracking of startup patent applications.
Rights (IPR) benefits	• Panel of facilitators to assist in IP applications. • 80% Rebate filing an application of patents and 50% rebate in filing of trademark application, this helps them cut down on costs in their early years.
Relaxation in public procurements norms	• Exemption in respect of past experience a part of qualifying requirements of the tender • Exemption in respect of past turnover as part of qualifying requirements of the tender • Startups will also be eligible for purchase preferences accruing to all industries in the State in the public procurement (Preference to Make in Punjab) Order, 2019
Incentives by Reserve Bank of India (RBI)	• RBI has issued relaxed norms for startups for external borrowing upto USD 3 million for minimum average maturity of three years. Lenders can be resident of FATF 7 member countries • Startup with overseas subsidiary may open a foreign currency account with a bank outside India. • Payments received in foreign exchange by an Indian startup arising out of sales/ export made by the startup or its overseas subsidiaries will be a permissible credit to the Exchange Earners Foreign Currency (EEFC) account maintained in India by the startup. • Enabling start-up enterprises, to receive foreign venture capital investment and also explicitly enabling transfer of shares from Foreign Venture Capital Investors to other residents or non-residents. • Startup India Seed Fund Scheme (SISFS) was notified on January 21, 2021 for the period of four years. SISFS has an outlay of INR 495 Crores. SISFS aims to assist 3600 entrepreneurs. The Scheme aims to provide financial assistance for proof of concept, prototype development, product trials, market entry and commercialization. • Permitting, in case of transfer of ownership of a start-up enterprises, receipt of the consideration amount on a deferred basis as also enabling escrow arrangement or indemnity arrangement up to a period of 18 months; • Enabling online submission of A2 forms for outward remittances on the basis of the form alone or with document(s) upload/submission, depending on the nature of remittance; and • Simplifying the process for dealing with delayed reporting of Foreign Direct Investment (FDI) related transaction by building a penalty structure into the regulations itself
Acceptance of Deposits	• A private company which is a start-up, for ten years from the date of its incorporation can accept any amount as deposits from its members, provided it does necessary compliances and files the details of monies so accepted to the Registrar of companies in Form DPT-3.
Faster exit for Startups	• MCA considers startups as 'fast track firms' enabling them to wind up operations within 90 days vis-à- vis 180 days for other companies • Under IBC Code, 2016 an insolvency professional shall be appointed for the Startup, who shall be in charge of the company for liquidating its assets and paying its creditors within 6 months of filing winding up application.

Government Departments, in order to encourage entrepreneurship in India have issued over 100 schemes the benefit and growth of startup entities.

Tax benefits under the Indian Income Tax Act

As per Income tax act-Section 80-IAC "Eligible start-up" means a company or a limited liability partnership engaged in eligible business which fulfils the following conditions, namely: —

1. it is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, 2025;
2. the total turnover of its business does not exceed one hundred crore rupees in the financial year under which deduction is claimed and
3. it holds a certificate of eligible business from the Inter-Ministerial Board of Certification as notified in the Official Gazette by the Central Government;

Eligible Business means a business carried out by an eligible start up engaged in innovation, development or improvement of products or processes or services or a scalable business model with a high potential of employment generation or wealth creation.

The tax Benefits subject to certain conditions are

- Deduction of 100% of profit for any 3 consecutive year out of 10 years beginning from the year in which eligible start-up incorporated.
- Exemption from capital gains tax if the long term capital gains proceeds are invested in a fund notified by the Central Government within a period of six months from the date of transfer of the asset.
- The maximum amount that can be invested in the long-term specified asset is Rs 50 lakh. Such amount shall be remain invested in the specified fund for a period of 3 years. If withdrawn before 3 years, then the exemption will be revoked in the year in which money is withdrawn.
- Exemption from capital gains tax if the long term capital gains proceeds are invested by individual or HUF in units of such specified startup fund.
- Exemption from angel tax,where a company receives any consideration for issue of shares above its Fair Market Value (FMV) of the shares.
- In the case of a company being an eligible start-up, the loss shall be carried forward and set off against the income of the previous year, even if a change in shareholding has taken place in a previous year.

Financing your Indian Entity

CHAPTER 17: Financing your Indian Entity

Once an Indian entity is legally established, its next step is to commence its business in order to fulfill its objective. For the same, every entity requires financing of its Indian operations. The same can be done by various means.

Key Funding Options

The most commonly used funding options and their regulatory features are:

I. Funding by way of equity shares

Particulars	Funding by way of equity shares
Meaning	As per Companies Act, 2013 equity capital comprises securities representing the equity ownership in a company, providing voting rights and entitling the holder to share the company's success through dividends or capital appreciation or both.
Governing Laws	Companies Act, 2013 and Foreign Exchange Management Act, 1999
Company Law compliances	• The equity share capital can be brought in upto the limit specified under the capital clause of Memorandum of Association of Company • Equity funding can be by way any mode a. Subscription at the time of allotment b. Rights Issue c. Private Placement d. Preferential Allotment • Valuation certification by Registered Valuer is required in case of Private Placement/Preferential Allotment. (Using any international accepted valuation methodology).
FEMA compliances	• Equity funding attracts FEMA when there is funding by non-resident entities/individuals, which shall be thus considered as Foreign Direct Investment (FDI). • FDI is regulated by the guidelines laid in FDI policy. It can be brought in by: a. Automatic Route (no government approval is required) b. Approval Route (government approval is required) • Valuation certification by Chartered Accountant is required in each case except for the subscription shares. (Using any international accepted valuation methodology).
Return on Investment	Dividend can be paid out to equity holders in case of profit. There is no fixed dividend payout obligation.
Governing Laws	Companies Act, 2013 and Foreign Exchange Management Act, 1999

II. Funding by way of preference shares

Particulars	Funding by way of Compulsorily convertible preference shares "CCPS"
Meaning	• It is the capital which provides certain preferences to the holder of this capital. • Under FEMA, 1999 investment by non-resident can be made in preference shares which are compulsorily convertible into equity shares. If investment is made in Preference shares that are not compulsorily convertible into equity shares, then these are considered as External Commercial Borrowings .
Governing Laws	Companies Act, 2013 and Foreign Exchange Management Act, 1999
Meaning	• The preference share capital can be brought in upto the limit specified under the capital clause of Memorandum of Association of Company. • Valuation certification by Registered Valuer is required using any international accepted valuation methodology. • Issue of CCPS shall be considered as FDI and is regulated by the guidelines laid in FDI policy.
Return on income	The fixed rate of Dividend shall be paid to preference share holders. This dividend can be paid either cumulatively (one-time at maturity) or non-cumulatively (at fixed period).

III. Funding by way of External Commercial Borrowings (ECB)

Particulars	Funding by way of External Commercial Borrowings (ECB).
Meaning	External Commercial Borrowings are commercial loans widely used by eligible resident entities who raise ECBs from recognised non-resident entities. ECBs should adhere to the criteria like minimum maturity period, maximum all-in-cost ceiling, permitted and non-permitted end- uses, etc.
Governed by	FEMA, 1999 and Reserve bank of India. The RBI has on 8th August, 2019 unveiled the new framework for ECB, replacing the existing guidelines by subsumed the existing regulations into one consolidated regulation. It is advised to look into facts and circumstances of each requirement while interpreting these new guidelines.
limit on an ECB	All eligible borrowers can raise an ECB up to USD 750 million or equivalent, per financial year, under the automatic route. Further, in case of FCY denominated ECB raised from a direct foreign equity holder, an ECB liability-equity ratio for the ECB raised under the automatic route cannot exceed 7:1.
Eligible borrowers and lenders	**Eligible borrowers** i. All entities eligible to receive FDI; ii. Port Trusts iii. Units in SEZ iv. SIDBI v. EXIM Bank of India **Eligible lenders** i. Resident of FATF or IOSCO compliant country. ii. Multilateral and Regional Financial Institutions where India is a member country. iii. Individuals only if they are foreign equity holders or for subscription to bonds/ debentures listed abroad. iv. Foreign branches/subsidiaries of Indian banks are permitted as recognised lenders only for FCY ECB (except FCCBs and FCEBs).
Maturity period	The new regulations have prescribed a standard Minimum Average Maturity Period (MAMP) of 3 years for all types of ECB irrespective of the amount, except: • Manufacturing companies raising ECB up to USD 50 million per financial year to have MAMP of 1 year. • Foreign equity holder raising ECB for working capital purposes, general corporate purposes or for repayment of Rupee loans to have MAMP of 5 years. • ECB raised for (i) working capital purposes or general corporate purposes (ii) on-lending by NBFCs for working capital purposes or general corporate purposes; ECB raised for (i) repayment of Rupee loans availed domestically for capital expenditure and i. on-lending by NBFCs for the same purpose to have MAMP of 10 years ii. repayment of Rupee loans availed domestically for purposes other than capital expenditure and (iv) on-lending by NBFCs for the same purpose to have MAMP of 7 years.
Utilisation of ECB	**The negative list, for which the ECB proceeds cannot be utilised, would include the following:** a. Real estate activities b. Investment in capital market. c. Equity investment. d. Working capital purposes, except in case of ECB described above in point related to maturity period. e. General corporate purposes, except in case of ECB described above in point related to maturity period . f. Repayment of Rupee loans, except in case of ECB described above in point related to maturity period. g. On-lending to entities for the above activities, except in case of ECB raised by NBFCs

Particulars	Funding by way of External Commercial Borrowings (ECB).
Reporting requirements	The borrowers are required to report the actual ECB transactions by Form ECB 2 Return through the AD Category I Bank monthly within seven working days from the close of month to which it relates. Changes, if any, in ECB parameters should also be incorporated in Form ECB 2 Return.
Benefits of an ECB	• Interest rates are lower, compared to the domestic funds • ECBs provides an opportunity to borrow a large volume of funds • The funds are available for a relatively long term • Corporates can raise ECBs from internationally recognised sources, such as banks, export credit agencies, international capital markets etc. • ECBs are in the form of foreign currencies. Hence, they enable corporates to have foreign currency to meet the import of machineries etc.

IV. Funding by way of Compulsorily Convertible Debentures

Particulars	Funding by way of Compulsorily Convertible Debentures
Meaning	Debenture, as defined under the Companies Act, 2013 (the "Act"), means any instrument of a company evidencing debt, whether constituting a charge on the assets of the company or not. Under the FDI regime, investment can only be made into equity, fully and fully and compulsorily convertible debentures ("CCDs"). Instruments which are not fully and convertible instruments are considered to be external commercial borrowing ("ECB") and therefore, are governed by ECB regime. Also, any such instrument having a 'put option' in favour of a non-resident shall not be FDI compliant unless in consonance with the conditions laid down by RBI, wherein the valuation norms for such optionality clauses are prescribed which prohibit any assured returns to the non-resident. Investment though subscription of CCDs will be subjected to the sectorial cap applicable, if any, as it is essentially an equity route in as much as there is definite commitment to convert into common equity shares.
FEMA compliances	• Fully, compulsorily and mandatorily convertible debentures and fully, compulsorily and mandatorily convertible preference shares under FDI scheme, subject to the following conditions: (a) There is a minimum lock-in period of one year which shall be effective from the date of allotment of such capital instruments. (b) After the lock-in period and subject to FDI Policy provisions, if any, the non-resident investor exercising option/right shall be eligible to exit without any assured return, as per pricing/valuation guidelines issued under FEMA from time to time. • Pricing has to be worked out as per any internationally accepted pricing methodology on arm's length basis in case unlisted securities; • Disclosure for the financial year, in which the transaction took place, is required in the balance sheet of the investee company, with the details of valuation of CCDs, the pricing methodology adopted for the same as well as the agency that has given/certified the valuation by (necessarily a chartered accountant/ cost accountant./ merchant banker) • Upon investment, the allotment details, pricing, valuation certificate has to be intimated to RBI within 30 days of allotment.
Company Law compliances	• The Companies Act 2013 requires that securities shall be issued through private placement process by issuance of a Private Placement Offer Letter ("PPOL"). The PPOL has to be approved by the board and the shareholders of the investee company and filed with the Registrar of Companies. • Upon investment, the Board will allot and issue CCD and CCD certificates to each investor.
Shareholding rights to debenture holder	• To accrue upon conversion of CCDs into shares in the capital of the investee company.

V. Funding by way of raising loan from Indian Financial Institutions/Banks

The Company can also opt to raise a term loan/business loan/working capital loan from Indian Banks or non-banking finance companies to meet its day-to-day expenses, fund their working capital requirements and expansion, etc. A couple of examples could include infrastructure finance, working capital finance, term loans, letter of credit etc.

Tax, Transfer Pricing & Foreign Trade Policy

CHAPTER 18: Tax, Transfer Pricing & Foreign Trade Policy

Tax System in India

The basis for the modern tax system in India was laid by the British when Sir James Wilson introduced income tax in 1860.

The power to levy taxes and duties is distributed among the three tiers of Government, in accordance with the provisions of the Indian Constitution, namely; the Central government, the State governments and the local governing and civic bodies.

Tax System is mainly classified into:

- **Direct taxes:** Tax incidence is born by the payer of tax and includes income tax, gift tax, stamp duty, security transaction tax, etc.

- **Indirect taxes:** Tax incidence is not born by the payer of tax and transferred to consumer of goods and services. It includes GST, Custom duty VAT, Excise duty etc. India also has its foreign trade policy and Foreign Trade Agreements (FTA).

Direct Tax

Under Direct tax, Income tax is a type of progressive tax, has the widest applicability. Income tax is charged on the basis of the residential status of the taxpayer (i.e. Individual, HUF, Partnership Firm, Company etc.) in respect of the total income of a financial year staring from 1st April and ending with 31st March.

Taxpayers resident in India are be liable to pay income tax on their global income. Non-resident taxpayers in India would be liable to pay income tax only on income received or deemed to receive in India or accrue or arise or deemed to accrue or arise in India.

Total income of the taxpayer is categorized under 5 heads of income, viz

- Salary
- House property
- Profits and gains from business or profession
- Capital gains
- Other sources

Income Tax Act gives comprehensive procedures and rules for the calculation of income subject to tax and rates at which income is to taxed. Corporate firms have flat rate of tax, the income of other taxpayers is taxable as per the applicable slab rate.

Tax Rates

a. Individual, HUF (AOP, BOI)

Income Slab (Existing Tax Scheme INR)	Tax rates Under Existing Regime with Deduction	Income Slab (New Tax Scheme	New Tax rates Under New Regime without Deduction
0 - 250,000	NIL	0 to 3,00,000	NIL
250,000 - 500,000	5% + 4% Cess= 5.2%	3,00,001 to 7,00,000	5% + 4% Cess= 5.2%
500,000 – 750,000	20% + 4 % Cess = 20.8%	7,00,001 to 10,00,000	10% + 4% Cess= 10.4%
750,000 – 1,000,000	20% + 4 % Cess = 20.8%	10,00,001 to 12,00,000	15% + 4% Cess= 15.6%
1,000,000 – 5,000,000	30% + 4% Cess= 31.2%	12,00,001 to 15,00,000	20%+ 4% Cess = 20.8%
		Above 15,00,000	30% + 4% Cess = 31.2%

Standard Deduction in new tax regime will be 75,000.

Income Slabs INR	Tax Rates under Old Regime	Tax rate Under New regime
5,000,000 – 10,000,000	30% + 10 % Surcharge + 4% Cess = 34.32%	30% + 10 % Surcharge + 4% Cess = 34.32%
10,000,000 – 20,000,000	30% + 15 % Surcharge + 4% Cess = 35.88%	30% + 15 % Surcharge + 4% Cess = 35.88%
20,000,000–50,000,000	30% + 25 % Surcharge + 4% Cess = 39%	30% + 25 % Surcharge + 4% Cess = 39%
Above 50,000,000	30% + 37 % Surcharge + 4% Cess = 42.74%	30% + 37 % Surcharge + 4% Cess = 42.74%

b. Partnership Firm (including LLP)

The Partnerships Firms are taxed on net taxable income @ 30% + surcharge @12% (if taxable income exceeds INR 1 Crores) + Cess @4%.

c. Domestic Company

Company	Tax Rate
Domestic Company having turnover less than INR 400 Crores in FY 2020-21 then tax rate on net income for current financial year 2022-23 would be :	25% + Cess 4% = 26% 25% + Surcharge @ 7% (if taxable net income exceeds INR 1 Crore) + Cess 4% = 27.82% 25% + Surcharge @ 12% (if taxable net income exceeds INR 10 Crore) + Cess 4% = 29.12%
Domestic Company having turnover more than INR 400 Crores in FY 2020-21 then tax rate on net income for current financial year 2022-23 would be :	30% + Cess 4% = 31.2% 30% + Surcharge @ 7% (if taxable net income exceeds INR 1 Crore) + Cess 4% = 33.384% 30% + Surcharge @ 12% (if taxable net income exceeds INR 10 Crore) + Cess 4% =34.944%
Domestic Company availing option us 115BAA (Option for existing domestic Companies for lower taxation)	22% + Surcharge @ 10% + Cess @ 4% = 25.168%
Domestic Company availing option us 115BAB (Option for new manufacturing domestic Companies for lower taxation)	15% + Surcharge @ 10% + Cess @ 4% = 17.16%

d. Foreign Company

Company	Tax Rate
Foreign Company having income from Royalty or Fee for Technical Services	20% + Cess @4% = 20.8.4% 20 % + Surcharge @ 2% (If Income exceeds INR 1 Crore) + Cess @ 4 % = 21.216% 20 % + Surcharge @ 5% (If Income exceeds INR 10 Crore) + Cess @ 4 % = 21.84%
Foreign Company having Interest Income and TDS deducted u/s 194LC	5% + Cess @4% = 5.2% 5 % + Surcharge @ 2% (If Income exceeds INR 1 Crore) +Cess @ 4 % = 5.304% 5 % + Surcharge @ 5% (If Income exceeds INR 10 Crore) + Cess @ 4 % = 5.46% 5% under 194LC if money borrowed by Indian Company in foreign Currency and Loan agreement time on and after 01st July 2012 and before 01st July 2023.
Foreign Company	35% 35 % + Surcharge @ 2% (If Income exceeds INR 1 Crore) +Cess @ 4 % = 37.128% 35 % + Surcharge @ 5% (If Income exceeds INR 10 Crore) + Cess @ 4 % = 38.22%

Due Dates of Income Tax Return

1. Individual not liable for Tax Audit – 31st July
2. Tax Payer liable for Tax Audit or a Company – 31stOctober
3. Tax Payer liable for Transfer Pricing – 30th November

Employee Taxes

Employers are required to withhold tax, under Income Tax Act, on taxable salary and deposit the same on a monthly basis. Credit of the tax withheld and deposited by the employer will be available to the employee at the time of filing of return.

For income to be regarded as 'salary', it is imperative to have an employer-employee relationship. Salary will include all amounts, whether in cash or in kind, arising from an office of employment. The income under the head 'salary' is liable to tax either on a receipt basis or accrual basis, whichever event is earlier. It would also include arrears of salary. While calculating the income of the employee, the applicable deductions and exemptions are also considered.

However, the deductions and exemptions will not be available for concessional rates of taxes.

Tax Losses

The Income Tax Act deals with losses arising under the various head of income and provides relief of intra and inter head adjustments, with certain exceptions. The losses which could not be set of within the same year are allowed to be carried forward for setting off in subsequent years subject to limit with respect to number of years.

Withholding Taxes

a. Tax Deducted at Source (TDS)

The concept of TDS was introduced with an aim to collect tax from the very source of income. As per this concept, a person (deductor) who is liable to make payment of specified nature to any other person (deductee) shall deduct tax at source and remit the same into the account of the Central Government. The deductee from whose income tax has been deducted at source would be entitled to get credit of the amount so deducted on the basis of Form 26AS or TDS certificate issued by the deductor. There are various with holding tax (TDS) rates for various category of payments made by Payer to Payee ranging from .1% to 20%. Further to bring "income in kind" under tax net, a new withholding tax regime has been introduced. Also TDS has also been introduced on virtual digital assets such as bitcoin etc. Also, TDS provision for payment made by firm to partner by way of salary, remuneration, interest, bonus or commission. Also, TDS provisions for buy back of shares are also introduced.

b. Tax Collected at Source (TCS)

Tax collected at source (TCS) is the tax payable by a seller which he collects from the buyer at the time of sale. Section 206C of the Income-tax act governs the goods on which the seller has to collect tax from the purchasers. There are various TCS rates for various category of goods ranging from .1% to 5%.

The TDS and TCS payments are required to be monthly deposited to the Central Government by the 7th of next month except for the month of March for which due date is April 30.

TDS and TCS returns deadlines

The TDS and TCS returns are required to be submitted on the following due dates

Period	Due date of TCS Return	Due date of TDS Return
April to June	July 15th	July 31st
July to September	October 15th	October 31st
October to December	January 15th	January 31st
January to March	May 15th	May 31st

There is late fees of INR 200/day upto the total amount of tax for late filing of TDS/TCS return.

Tax Audit

If the revenue of the taxpayer in a particular Indian financial year exceeds the specified limit, then it is liable for audit under the income tax act. This audit is conducted by a Chartered accountant.

Tax Assessments

The tax assessments are conducted by Indian revenue authorities periodically based on certain criteria. After the tax assessment by the tax authorities the taxpayer is issued with an assessment order. Any tax payer aggrieved from such order can further appeal such order with various appellate forum's defined by the law.

General Anti avoidance Rules (GAAR)

GAAR is an anti-tax avoidance regulation in India and is effective from financial year 2017-2018. The GAAR is meant to applied by tax authorities in India to transactions which are prima facie legal but result in tax mitigation either through evasion or avoidance. The threshold to invoke GAAR is INR 3 crore (USD 376,000) of tax benefit in one tax year. Please note apart from GAAR Indian income tax have numerous specific anti voidance rules (SAAR), which continue to remain effective and coexist.

Transfer Pricing

Commercial transactions between the different parts of the multinational groups may not be subject to the same market forces shaping relations between the two independent firms. Thus, the effect of transfer pricing is that the parent company or a specific subsidiary tends to produce insufficient taxable income or excessive loss on a transaction. Therefore, Indian taxation system has laid down various 6 method for comparing the transaction value (transfer price) with the price that would have been there when the same transaction must have taken place between the unrelated entities.

- Comparable uncontrolled method (CUP method)
- Resale Price method
- Cost Plus Method
- Profit Split Method
- Transactional net margin method
- Any Other Method

Documentation and Filings

There is a requirement of robust documentation in terms of maintenance of local file, master file and planning documentation. There is also an annual requirement of filings related to master file, country by country reporting and accountants report for arms-length transactions.

Safe Harbor Rules

In order to curb the transfer pricing disputes in India, **Safe Harbor Rules ("SHRs")** prescribes minimum return/price for certain international transactions between associated enterprises for specific transaction and specific industries.

Where actual transaction price of such international transactions is as per such minimum return/price then such price shall be considered as arm's length price.

Penalties Under Transfer Pricing & Income Tax

Various penalties and prosecutions have prescribed under the Income tax law for various non compliances with its provisions and regulations in relation to tax and transfer pricing.

Goods and Service Tax (GST)

GST was introduced in India in 2017 with the moto of one nation one tax. Government has provided a common portal and developed a simple compliance system for the ease of doing business in India. GST is a destination-based tax.

Salient Feature of GST

There is a concept of supply where the tax is levied on the supply of goods and services or both.

GST is destination-based tax hence there are three types of tax involved in GST.

a. **Integrated Tax (IGST) –** This tax is levied on all interstate supplies, where buyer or seller belongs to different state. The import and export of goods and services are considered as interstate supplies.

b. **Central Tax (CGST)** - This tax is levied by central government on all intra-state supplies, where buyer and seller belong to same state.

c. **State/Union Territory Tax (SGST/UTGST)** - This tax is levied by state government on all intra-state supplies, where buyer and seller belong to same state.

- **Place of Supply:** GST is a destination based tax, i.e., the goods/services will be taxed at the place where they are consumed and not at the origin. So, the state where they are consumed will have the right to collect GST. Place of supply of goods under GST defines whether the transaction will be counted as intra-state or inter-state, and accordingly levy of SGST, CGST & IGST will be determined. There are separate rules for good and services and for place of supply within India and outside India

- **Time of Supply** means the point in time when goods/ services are considered supplied'. When the seller knows the 'time', it helps him identify due date for payment of taxes. CGST/ SGST or IGST must be paid at the time of supply. Goods and services have a separate basis to identify their time of supply

The Indian GST regime is divided into various rules and regulations related to taxable events, chargeability of relevant tax i.e. CGST & SGST/ UTGST or IGST, mixed & composite supplies, reverse charge, composition scheme, registration, e-commerce operators, Input Service Distributor, Non-resident and casual taxable person, valuation of taxable supply, input tax credit, Zero rated supplies, time of supply & payment of tax, tax invoice, returns and compliances, refund, penalties & prosecution, transition provisions, assessment & audits, appeals, advance ruling, anti-profiteering measures, exemptions & tax rates etc.

GST rates for goods have been categorized into Nil, 0.1%, 0.25%, 1%, 1.5%, 3%, 5%, 6%, 7.5%, 12%, 18% and 28%, while for services there are six rates i.e. 1.5%, 5%, 7.5%, 12%, 18% & 28%. TDS and TCS have also been introduced under GST where certain persons in the whole transactional value chain have been made liable to deduct (TDS) or collect (TCS) the same and deposit the same with tax authorities. The rate for GST TDS is 2% and rate for TCS is 1%.

GST Reconciliation Statement

Reconciliation under GSTR-9C: Every registered person under GST whose revenue during a financial year exceeds specified limit shall require to prepare and submit a reconciliation statement under Form GSTR-9C along with annual return under form GSTR-9. GSTR-9C is a reconciliation of turnover as reported in GST returns and the revenue as per financial statement. There are also specific audits conducted by tax authorities on the basis of certain specified criteria

E- Invoicing

E-invoicing is a system of getting invoice registered at the common portal in order to bring standardization and uniformity in invoicing format. The Government has introduced an Invoice Registration Portal (IRP) **(i.e. https://einvoice1.gst.gov.in)** where from the details of invoices are to be transferred to GST portal and e-way bill portal on real-time basis. Currently E-invoicing is applicable on all those taxpayers whose revenue exceeds USD 0.59 Million (INR 5 Cr) in any preceding financial year.

GST Assessments

GST assessments are conducted by Indian revenue authorities periodically based on certain criteria. After the GST assessment by the tax authorities the taxpayer is issued with an assessment order. Any taxpayer aggrieved from such order can further appeal such order with various appellate forum's defined by the law.

Penalties under GST

Various penalties and prosecutions have prescribed under the GST law for various non-compliances with its provisions and regulations.

Eway Bills

EWay Bill is an Electronic Way bill for movement of goods to be generated on the eWay Bill Portal. A GST registered person cannot transport goods in a vehicle whose value exceeds INR 50,000 (Single Invoice/bill/delivery challan) without an e-way bill that is generated on ewaybillgst.gov.in. When an eway bill is generated, a unique **Eway Bill Number (EBN)** is allocated and is available to the supplier, recipient, and the transporter.

Vat & Excise

- Value added tax (VAT) is a transaction tax which is currently applicable on petrol and Liquor for human consumption. This is regulated by the state government.
- Excise in levied on the manufacture of goods and is currently applicable on the manufacture of petrol and Liquor for human consumption. This is regulated by the central government.

Customs

Customs duty refers to the duty imposed on goods when they are transported across international borders. In simple terms, it is the tax that is levied on import and export of goods. The government uses this duty to raise its revenues, safeguard domestic industries, and regulate movement of goods. The rate of Customs duty varies depending on where the goods were made and what they were made of. Custom duty in India is regulated under the Customs Act, 1962, and all matters related to it falls under the Central Board of Excise & Customs (CBEC).

Types of custom duty

- Basic Customs Duty (BCD)
- Countervailing Duty (CVD)
- Additional Customs Duty or Special CVD
- Protective Duty
- Anti-dumping Duty

Special Valuation Branch

The Special Valuation Branch ("SVB") is a unit of the Indian custom authorities that investigates valuation of goods during imports between related parties. A special relationship between an Indian importer and a foreign supplier may impact the transaction price of the import and thereby affect the customs duty imposed on such transaction. SVB's function is precisely to examine the impact of such relationship on the invoice value of the imported goods. The SVBs have been constituted to monitor the valuation of goods in such cases in accordance with rules and regulations of Central Board of Excise and Customs ("CBEC") issued from time to time.

Foreign Trade Policy

India's Foreign Trade Policy (FTP) provides the basic framework of policy and strategy for promoting exports and trade. It is periodically reviewed to adapt to the changing domestic and international scenario.

Furthermore, India has Free Trade Agreements (FTAs) with several countries and regions, including ASEAN, Japan, South Korea, Sri Lanka, and the South Asian Free Trade Area (SAFTA). These agreements aim to reduce tariffs and boost trade between India and its partner countries.

The Foreign Trade Policy focusses on improving India's market share in existing markets and products as well as exploring new products and new markets. India's Foreign Trade Policy also envisages helping exporters leverage benefits of GST, closely monitoring export performances, improving ease of trading across borders, increasing realization from India's agriculture-based exports and promoting exports from MSMEs and labour-intensive sectors. The Department of Commerce has also sought to make states active partners in exports. Consequently, state governments are now actively developing export strategies based on the strengths of their respective sectors.

The previous Foreign Trade Policy, has been replaced with a new flexible framework, the Foreign Trade Policy 2023. In 2024, this policy is still in place.

The policy aims at process re-engineering and automation to facilitate ease of doing business for exporters. It also focuses on emerging areas like dual use high end technology items under Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET), facilitating e-commerce export, collaborating with States and Districts for export promotion.

The government aims to increase India's overall exports to USD 2 trillion by 2030, with equal contributions from the merchandise and services sectors. The government also intends to encourage the use of the Indian currency in cross-border trade, aided by a new payment settlement framework introduced by the RBI in July 2022. This could be particularly advantageous in the case of countries with which India enjoys a trade surplus.

The Key Approach to the policy is based on these 4 pillars:

1. Incentive to Remission These benefits include duty refunds, the export growth capital equipment plan, the pre-clearance scheme, and free trade agreements (FTAs).
2. Export promotion through collaboration - Exporters, States, Districts, Indian Missions The policy assists in identifying the challenges and devising strategies for increasing exports. Also, it encourages collaboration among the exporters, districts, states and Indian missions outside.
3. Ease of doing business, reduction in transaction cost and e-initiatives The policy simplifies paperwork and documentation processes to make exporting cost-effective and simplified for businesses.
4. Emerging Areas – E-Commerce Developing Districts as Export Hubs and streamlining SCOMET policy The policy seeks to position India as a leading manufacturing, pharmaceutical, and e-commerce player.

The FTP 2023 encourages recognition of new towns through "Towns of Export Excellence Scheme" and exporters through "Status Holder Scheme". The FTP 2023 is facilitating exports by streamlining the popular Advance Authorization and EPCG schemes and enabling merchant trade from India.

Key Features Under the FTP 2023

Process Re-Engineering and Automation

India's Foreign Trade Policy 2023 emphasizes efficiency through automated IT systems, aiming to reduce paperwork and streamline processes. Continued implementation of schemes like Advance Authorisation and Export Promotion Capital Goods (EPCG) ensures easier access to export benefits, particularly benefiting MSMEs with simplified procedures and reduced fees.

Towns of Export Excellence

The policy introduces Faridabad, Mirzapur, Moradabad, and Varanasi as new Towns of Export Excellence alongside existing ones. These TEEs focus on enhancing exports in sectors such as handlooms, handicrafts, and carpets. They will receive priority access to export promotion funds and benefit from support services provided by Common Service Providers (CSP) under the EPCG Scheme.

Recognition of Exporters

Exporter firms recognized for their performance will participate in capacity-building initiatives. Exporters with a 2-star and above status will contribute to India's skilled workforce through trade-related training programs, thereby supporting economic growth.

Promoting Export from the Districts

Collaborating with state governments, the policy promotes district-level exports through the Districts as Export Hubs (DEH) initiative. This involves identifying export opportunities and addressing concerns through the State and District Export Promotion Committees.

Streamlining SCOMET Policy

Enhanced understanding and compliance with SCOMET regulations strengthen India's adherence to international treaties. This facilitates controlled exports of advanced goods and technologies under SCOMET, supporting Indian exporters.

Facilitating E-Commerce Exports

The policy includes plans for e-commerce hubs and simplified procedures to boost e-commerce exports. Increasing caps on courier exports and establishing Dak Niryat Facilitation Centers will aid artisans, weavers, and MSMEs in accessing international markets.

Facilitation under the EPCG Scheme

Rationalization of the EPCG Scheme includes exemptions for the dairy sector and reduced obligations for green technology products. The addition of the PM MITRA scheme expands benefits under EPCG, supporting exporters in adopting modern technologies.

Facilitation under the Advance Authorisation Scheme (AAS)

The Advance Authorisation Scheme offers duty-free imports for manufacturing export items, with special provisions for prompt execution of export orders. Benefits are extended to exporters holding a 2-star and above status.

Merchanting Trade

Introducing merchanting trade allows for the trade of restricted items without routing through Indian ports, aiming to position India as a global merchanting trade hub.

Amnesty Scheme

The one-time Amnesty Scheme addresses defaults on export obligations, providing relief from duty and interest costs. Regularization of pending cases offers exporters a fresh start with capped interest payments.

Streamlining SCOMET Policy

Enhanced understanding and compliance with SCOMET regulations strengthen India's adherence to international treaties. This facilitates controlled exports of advanced goods and technologies under SCOMET, supporting Indian exporters.

Facilitating E-Commerce Exports

The policy includes plans for e-commerce hubs and simplified procedures to boost e-commerce exports. Increasing caps on courier exports and establishing Dak Niryat Facilitation Centers will aid artisans, weavers, and MSMEs in accessing international markets.

India-Sri Lanka Free Trade Agreement (FTA)	Agreement on South Asian Free Trade Area (SAFTA) (India, Pakistan, Nepal, Sri Lanka,Bangladesh, Bhutan, the Maldives andAfghanistan)	India-Nepal Treaty of Trade
India-Bhutan Agreement on Trade, Commerce and Transit	India-Thailand FTA - Early Harvest Scheme (EHS)	India-Singapore Comprehensive Economic Cooperation Agreement (CECA)
India-ASEAN CECA- Trade in Goods, Services and Investment Agreement (Brunei,Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam)	India-South Korea Comprehensive Economic Partnership Agreement (CEPA)	India-Japan CEPA
India-Malaysia CEC	India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CEPA)	India-UAE CEPA
India-Australia Economic Cooperation and Trade Agreement (ECTA)	India-Mercosur PTA	India-EFTA TEPA

CHAPTER 19: Special Economic Zones

India was one of the first countries in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ set up in Kandla, Gujarat in 1965. With a view to overcome the shortcomings experienced on account of the multiplicity of controls and clearances; absence of world-class infrastructure, and an unstable fiscal regime and with a view to attract larger foreign investments in India, the Special Economic Zones (SEZs) Policy was announced in April 2000. Thereafter, the Special Economic Zones Act, 2005, was passed, supported by SEZ Rules. At present, there are SEZ operational in various states and union territories in India.

Special Economic Zone (SEZ) in India is a specifically delineated duty-free enclave which are deemed to be foreign territory for the purpose of trade operations, duties and tariffs. Goods and services going into the SEZ area from Domestic Tariff Area (DTA) are treated as exports and goods coming from SEZ area to DTA are treated as imports.

A SEZ may be established by the Central Government, State Government or any person for manufacture of goods or services or both.

The main objectives of the SEZ Act are:

- Generation of additional economic activity
- Promotion of exports of goods and services
- Promotion of investment from domestic and foreign sources
- Creation of employment opportunities
- Development of infrastructure facilities

Permitted Activities in a SEZ

- SEZ Units can be set up for Manufacture of export goods, rendering Services & Trading of goods. As per the SEZ definition, 'Manufacture' means: to make, produce, fabricate, assemble process or bring into existence by hand or by machine, a new product having a distinctive name, character or use and shall include processes such as refrigeration, cutting, polishing, blending, repair, re-making, re-engineering and includes agriculture, aquaculture, animal husbandry, floriculture, horticulture, pisciculture, poultry, sericulture, viticulture & mining.
- Services permitted in SEZ include: Trading (imports for the purpose of exports), warehousing, research and development services, computer software services, including information enabled services such as back-office operations, call centers, content development or animation, data processing, engineering and design, graphic information system services, human resources services, insurance claim processing, legal data bases, medical transcription, payroll, remote maintenance, revenue accounting, support centers and web-site services, off-shore banking services, professional services (excluding legal services and accounting) rental/leasing services without operators, other business services, courier services, audio-visual services, construction and related services, distribution services (excluding retail services), educational services, environmental services, financial services, hospital services, other human health services, tourism and travel related services, recreational, cultural and sporting services, entertainment services, transport services, services auxiliary to all modes of transport, pipelines transport.

Advantages of SEZ

SEZs offer multiple incentives to resident businesses. Some of them being competitive infrastructure, duty free exports, tax incentives etc. However, every SEZ is unique and is supported by incentives provided by the State Government.

Customs

Import of goods by Developer of SEZ and Units in SEZ is exempted from any duty of customs by the SEZ Act.

Income Tax

- Rebate from capital gain tax in the event of shifting industrial undertaking from urban area to an SEZ.
- Deduction of income available to Offshore Banking Units in SEZ, 100% for first 10 years.
- Deduction of income available to Unit of an International Financial Services Centre in SEZ, 100% for 10 years.

Goods & Service Tax

Another important benefit in operating as a SEZ unit is that the entire supply chain for SEZ units have been made zero rated i.e. there is no burden of tax either on the input side or on output side. An SEZ unit may supply goods or services without payment of IGST and claim refund of unutilized input tax.

Single Window Clearance

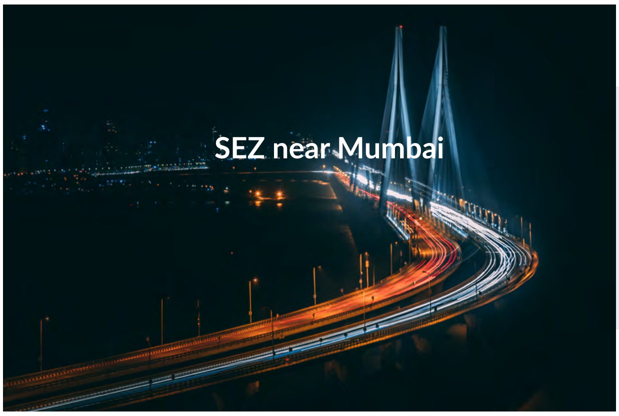
A Single Window SEZ approval mechanism has been provided through a 19 member inter-ministerial SEZ Board of Approval (BoA). The applications recommended by the respective State Governments/UT Administration are considered by this BoA periodically. All decisions of the Board of approvals are with consensus.

Others

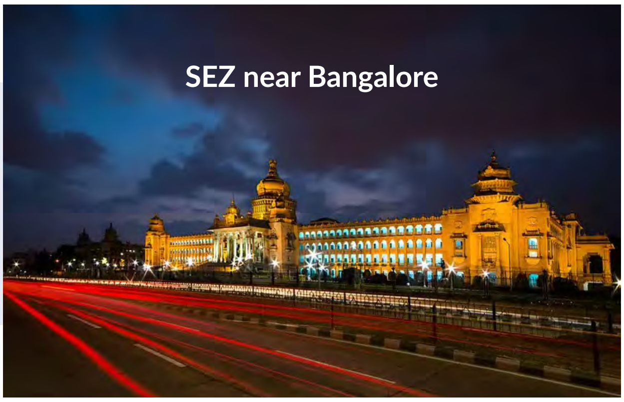
Additionally, rebate in respect of stamp duty on purchase of land by SEZ units and availability of power supply at concessional rates are also available. Moreover, EPCG scheme benefit shall apply for Capital Goods imported by SEZ units.

SEZ Locations in India

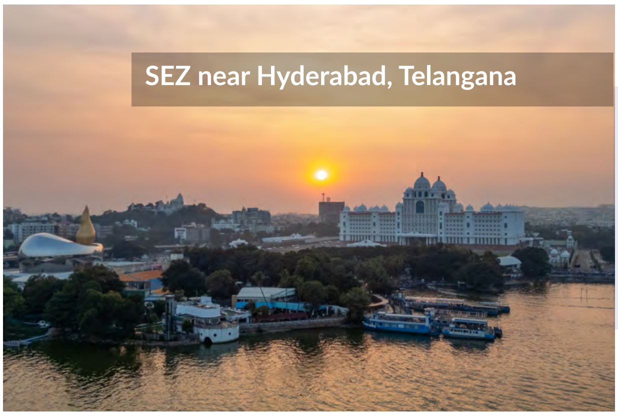
The SEZ location must be chosen as per one's business requirements, the process involved and viability of supply chain.



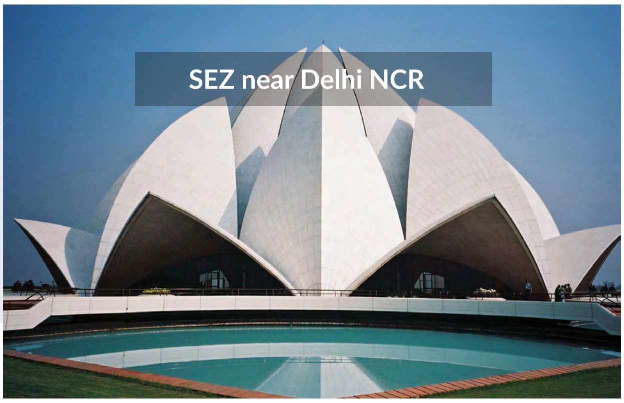
There are 38 operational SEZs in Mumbai, Navi Mumbai and Thane and 25 in Maharashtra



There are about 37 operational SEZ in Bangalore. and 25 in Karnataka



There are 38 operational SEZ in Telangana.



There are 14 operation SEZs in Delhi NCR, majorly in Gurgaon and Noida.

The gambit of service sector units. Currently, only specified services such as IT, ITeS are allowed in special economic zones.

State-wise Distribution of SEZs in India

States/UTs	Total Notified SEZs	Total Operational SEZs
Andhra Pradesh	30	25
Chandigarh	2	2
Chhattisgarh	1	1
Gujarat	24	21
Haryana	22	8
Jharkhand	2	1
Karnataka	50	37
Kerala	23	20
Madhya Pradesh	8	6
Maharashtra	45	38
Odisha	5	5
Punjab	3	3
Rajasthan	6	3
Tamil Nadu	59	51
Telangana	57	38
Uttar Pradesh	23	14
West Bengal	8	7
GRAND TOTAL	**375**	**280**

GIFT City, An SEZ, and India's First IFSC

In April 2015, India established its pioneering International Financial Services Centre (IFSC) at Gujarat International Finance Tec-City (GIFT City). This ambitious project aimed to create a globally competitive financial hub to facilitate international financial services and transactions.

Strategically located in Gujarat, GIFT City is envisioned as a world-class smart city, providing a robust infrastructure, advanced technology, and regulatory support to foster a vibrant financial ecosystem. The IFSC at GIFT City spans 886 acres and is designed to attract global financial institutions and professionals, enhancing India's position in the international economic landscape.
GIFT City streamlines the process with single-window clearances and approvals, offering ready-to-use infrastructure that enables businesses to grow rapidly. The two corporate companies that operate GIFT City are Gujarat International Finance Tec-city Company Ltd. (GIFTCL) and GIFT SEZ Ltd.

GIFT City features a Multi-Service SEZ (261 acres) and a Domestic Tariff Area (625 acres), along the Sabarmati River between Ahmedabad and Gandhinagar. It offers seamless transport and international connectivity via Ahmedabad International Airport, just 20 km away.

The city boasts advanced infrastructure, including a District Cooling System (DCS), an Automated Waste Collection System (AWCS), and an Underground Utility Tunnel. Social amenities include an international school, medical facilities, a proposed hospital, and more.

Location

GIFT City is the heart of a tri-city approach, situated on the banks of the Sabarmati River between Ahmedabad and Gandhinagar, each just a 30-minute drive away. Ahmedabad embodies a rich historical legacy. Gandhinagar is the pivotal center for policy and decision-making, while GIFT City emerges as the economic powerhouse. These cities offer unique and complementary ecosystems, providing easy access to the past, present, and future within a short distance.

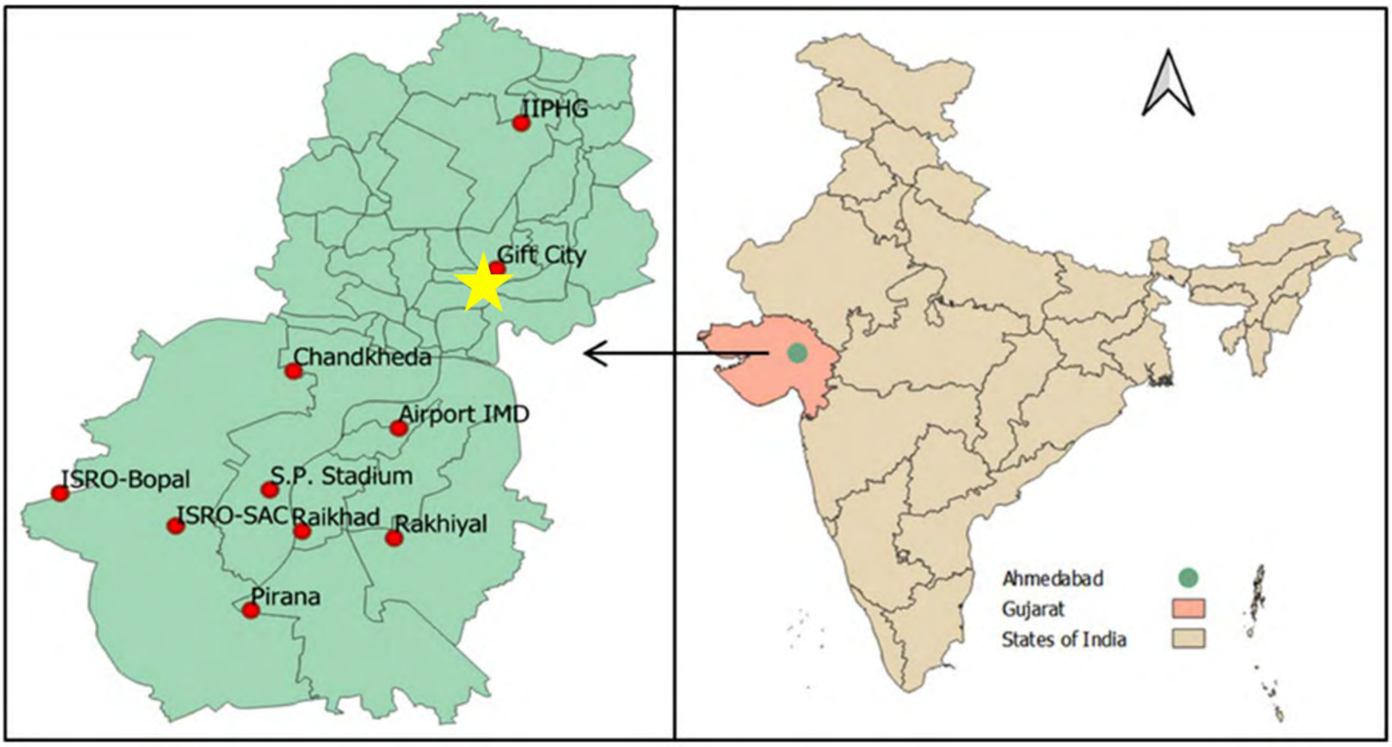
Alongside National Highway 48

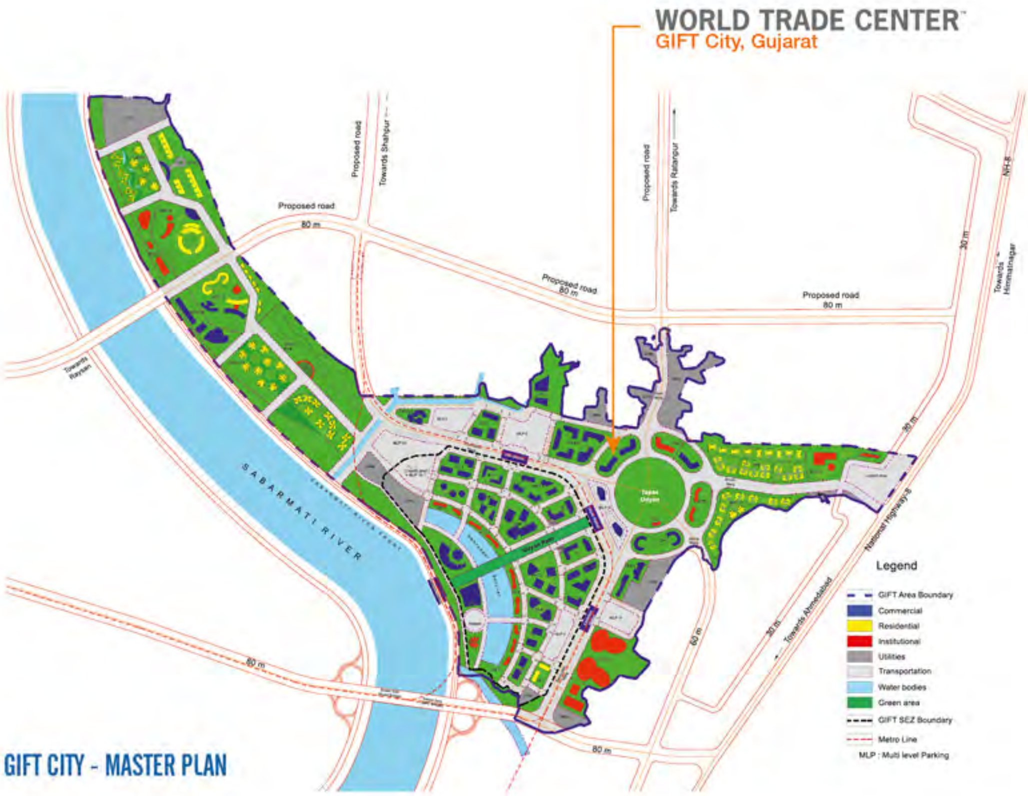
15 minutes from the upcoming bullet train terminus

Metro connectivity to Ahmedabad

20 minutes from Ahmedabad International Airport

GIFT City Location





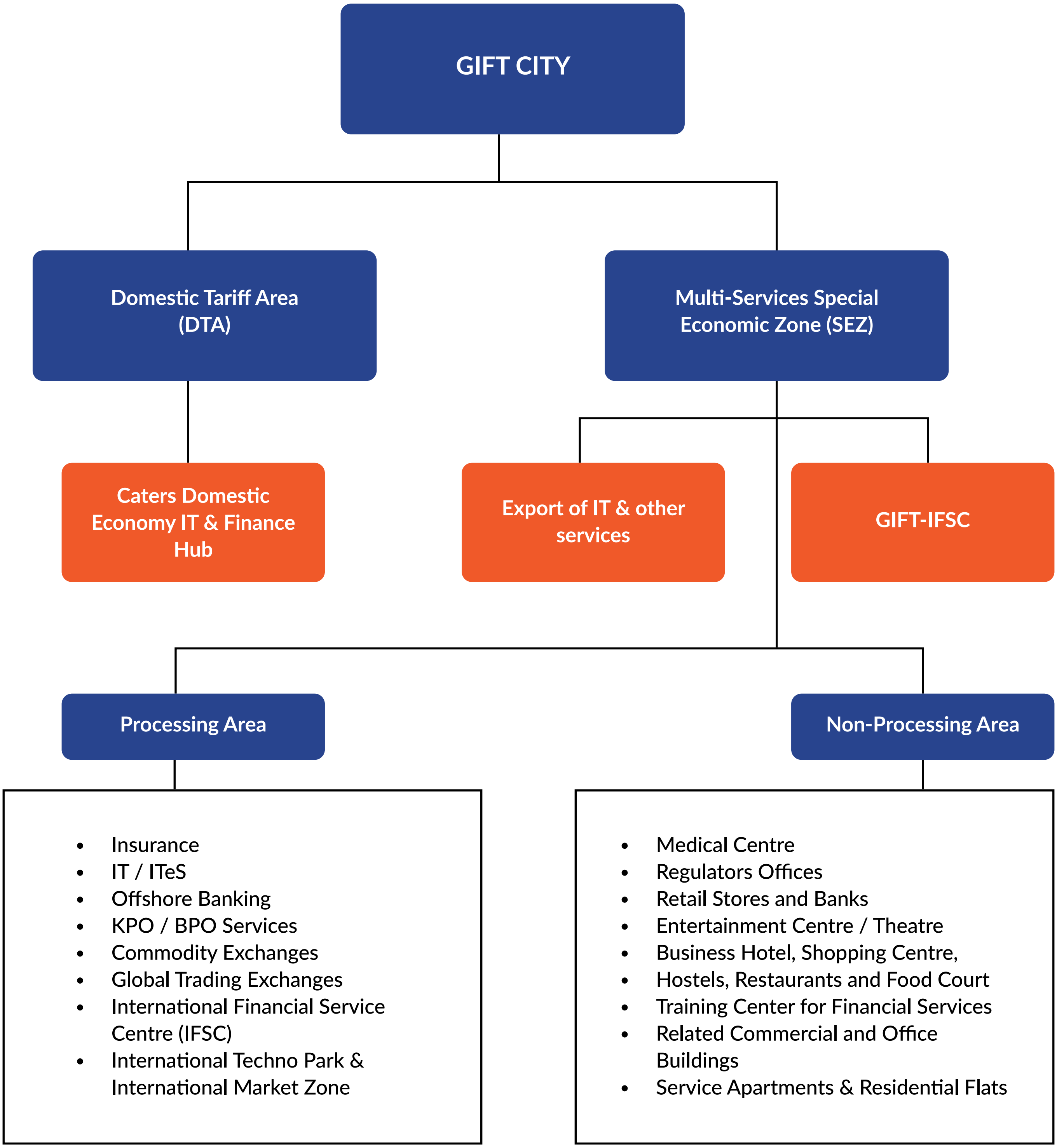
GIFT City Comparison with Major Financial District of the world.

	Paris (La Defense)	Tokyo (Shinjuku)	London (Dockyards)	Pudong (Lujiazui)	GIFT City
Land Area (sq km)	1.6	1.6	1.05	1.7	3.58
Construction Scale (in mn sq m)	2.5	1.6	1.1	4.5	8.5
Greenbelt (in thousand sq m)	40	120	50	363	1,183
Permissible Height (m)	200	250	250	490	410

Target Business Sectors		
Banking	Financial	IT & AI
Fintech	Capital Market	Maritime Cluster
Insurance	Engineering Back Office	Automobiles Back Office
Accounting & Bookkeeping	Foreign University	Biotech Back Office
Accounting & Bookkeeping		

Operational Flexibility in GIFT City

Although the GIFT City was envisioned as an SEZ, businesses can choose between the Domestic Tariff Area (DTA) and the Multi-Services Special Economic Zone (SEZ) with IFSC status. Hence, it offers them more flexibility in choosing their mode of operation.



Comparison between Domestic Tariff Area (DTA) and Multi-Services SEZ at GIFT City

Particulars	GIFT SEZ	GIFT DTA
Area Distribution	216 acres designated as Multi-Service SEZ in GIFT City	625 acres designated as DTA area in GIFT City
Area of Operations	Within the SEZ area	Within the DTA area
Approval of Authority	1. IFSC regulations by IFSC Authority 2. SEZ regulations by the Development Commissioner of the SEZ	IFSC regulations by IFSC Authority
Imports	All imports are duty-free (BCD, SWS, IGST, Cess, etc.)	Imports are subject to applicable customs duties
Export	IGST is payable with a refund option	IGST is payable with a refund option
Procurement from DTA	Procurements can be made without GST (under LUT) or with GST (refundable)	GST payable on procurements (ITC available)
DTA Clearances	DTA clearances require customs duties; a Bill of entry is needed	GST is payable on clearances; only tax invoices are required
Authorities to Deal With	SEZ Authority, IFSC Authority, GST Authorities, Customs Authorities, Income Tax Authorities	GST Authorities, Customs Authorities, Income Tax Authorities
Compliances	Compliance with SEZ laws (APRs, QPRs, MPRs, ID Cards) and regular DTA rules	Compliance with GST, ROC, and Income Tax laws
Applicable Laws	SEZ Act, IFSC Regulations, Income Tax Act, GST Act, Customs Act, Companies Act	Income Tax Act, GST Act, Customs Act, Companies Act
Income Tax Benefits	Various benefits and relaxations are available	No benefits
STT (Securities Transaction Tax) & CTT (Commodities Transaction Tax)	Exemption from STT/CTT for IFSC exchange transactions	No STT/CTT exemption
Stamp Duty	No stamp duty for transactions in RSE and depositories in IFSC	No exemption from stamp duty
ROC Relaxations	Various relaxations for ROC compliance	No relaxations
Currency for Transactions	Indian Rupees for administrative/ statutory expenses; foreign currency for other transactions	All transactions in Indian Rupees

RSE: Recognized Stock Exchange, **BCD:** Basic Customs Duty, **IGST:** Integrated Goods and Services Tax
SWS: Social Welfare Surcharge, **ROC:** Registrar of Companies, **APRs:** Annual Performance Reports
QPRs: Quarterly Progress Reports, **MPRs:** Monthly Progress Reports

The choice between the DTA and Multi-Services SEZ depends on a company's strategic goals, market conditions, and growth strategy. Each zone provides unique opportunities tailored to diverse business needs and goals.

Tax Incentives IFSC – GIFT City

A leader in tax-friendly policies among international financial services centers worldwide, GIFT IFSC is a standout example. Its dedication to enabling success for individuals and enterprises is demonstrated by its provision of a favorable taxation framework. The following tax perks and exemptions are provided by the GIFT ISFC, which are outlined below:

Direct Tax Benefits

Units in IFSC:

- Income Tax Exemption – 100% tax exemption for 10 consecutive years out of the first 15 years.
- MAT / AMT @ 9% of book profits applies to Company / others setup as a unit in IFSC. MAT not applicable to companies in IFSC opting for new tax regime.
- From 01 April 2020, dividend income distributed by Company in IFSC to be taxed in the hands of the shareholder.
- Dividend received by non-residents from an IFSC unit taxable at a concessional rate of 10% plus applicable surcharge and cess.
- Surcharge and health and education cess not applicable on certain incomes earned by specified funds in the IFSC.

Investors in IFSC

- Interest income paid to non-residents on loans to IFSC units is not taxable.
- Interest on long-term bonds and rupee-denominated bonds listed on a recognized stock exchange in the IFSC:
  - Issued before 1 July 2023: Taxable at 4%
  - Issued on or after 1 July 2023: Taxable at 9%.

- Transfer of specified securities listed on IFSC exchanges by non-residents or Category III AIFs in IFSC is not considered a transfer; gains are not taxable in India. Specified securities include bonds, GDRs, foreign currency-denominated bonds, rupee-denominated bonds of Indian companies, derivatives, units of mutual funds, business trusts, AIFs, and foreign currency-denominated equity shares.
- Income of non-residents from the transfer of non-deliverable forward contracts, offshore derivative instruments, or over-the-counter derivatives with an Offshore Banking Unit of an IFSC is tax-exempt.
- Income received by non-residents from a portfolio managed by an Offshore Banking Unit of an IFSC is exempt from tax, provided the income accrues outside India and is not deemed to accrue in India.

Indirect Tax Benefits:

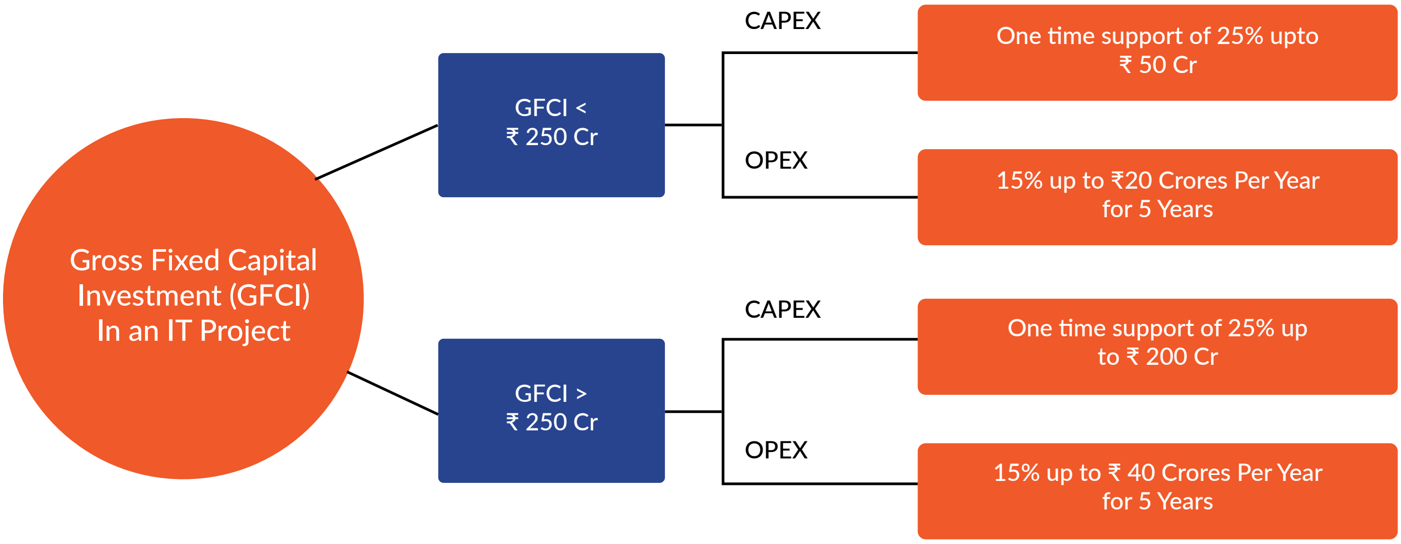
- No GST on services received by unit in IFSC.
- GST applicable on services provided to DTA.
- No GST on transactions carried out in IFSC exchanges.
- Exemption from Securities Transaction Tax (STT), Commodities Transaction Tax (CTT), and stamp duty in respect of transactions carried out on IFSC exchanges.

State Incentives

In addition to the tax benefits offered by the GIFT City SEZ and the IFSC, the State of Gujarat offers additional incentives to specific business sectors and types of organizations for further ease of doing business. These incentives are in the form of capital/ fiscal incentives and non-fiscal incentives. Moreover, the state government of Gujarat has formulated a special policy for IT/ITeS companies to promote further investment in the sector in Gujarat. In addition to the IT/ITeS policy, the state government has also released separate policies for Industries, Startups & Innovators. These state incentives are available to the DTA units and the SEZ units.

Benefits under Gujarat IT / ITeS Policy 2022-2027 for IT/ITeS Units

1. **Fiscal Incentives - The CAPEX-OPEX Model**



Note:

a. **GFCI (Gross Fixed Capital Investment):** This refers to the expenditure on constructing buildings, computers, software, networking hardware, and other related fixed assets required for producing products or services by an eligible unit. It excludes the cost of land and the expenditure on purchasing buildings.

b. **Capping of GFCI for New Buildings:** Under GFCI, expenditures on constructing new buildings are capped at ₹3,000 per square foot of built-up area. This cap applies based on a built-up area computation of 60 square feet per employee on the payroll of the eligible IT/ITeS unit.

2. **Non-Fiscal Incentives for IT/ITeS Units**

No.	Incentive Category	Description
1	Employment Generation Incentive ('EGI')	Special incentives for IT/ITeS units that hire and retain new local employees for at least one year. One-time financial support for hiring new employees: • **Male Employee:** 50% of one month's CTC (Cost to Company) up to ₹ 50,000 • **Female Employee:** 50% of one month's CTC up to ₹ 60,000
2	Interest Incentive	Eligible IT/ITeS units will receive an interest subsidy of 7% on term loans or the actual interest paid, whichever is lower, with a ceiling of 1 Crores per annum for a maximum period of five years.
3	Atmanirbhar Gujarat Rojgar Sahay (Gujarat Self-Sufficiency Employment Support)	Reimbursement of employer's contribution to Employees' Provident Fund (EPF) for five years. • Male Employee: 75% reimbursement • Female Employee: 100% reimbursement • There will be a per-employee ceiling of 12% of the basic salary plus the Dearness Allowance and retaining allowance. In the case of an expansion unit, this assistance will be available for an incremental employee count beyond that existed before undertaking expansion.
4	Electricity Duty Incentive (EDI)	Eligible units can claim the entire electricity duty paid to Gujarat's government for five years.
5	Stamp Duty & Registration / Conversion fee	• No Stamp duty or registration/conversion fee • Wherever cost is incurred, 100% reimbursement of Stamp Duty and Registration Fee paid

Additional definitions:

1. **EPF:** Employees' Provident Fund is a retirement benefits scheme provided by the Employees' Provident Fund Organization (EPFO). The employee and the employer contribute to the EPF India scheme monthly in equal proportions of 12% of the basic salary and dearness allowance.
2. **Basic Salary:** Basic Salary refers to the amount of money an employee receives before any extras are added or payments are deducted. It excludes bonuses, overtime pay, or any other potential compensation from an employer.
3. **Dearness Allowance:** The government offers dearness allowance as a cost-of-living adjustment to public sector employees. It is a component of an employee's salary that helps fulfill the accommodation requirements. Only public sector employees are eligible for dearness allowance.
4. **Stamp Duty:** Stamp duty is a tax paid to the government on executing legal documents, such as property transactions, agreements, and share transfers. The duty is proof of the transaction's legality and ensures the document is legally enforceable.

CHAPTER 20: Double Tax Avoidance Treaties and Multilateral Instruments

India has entered into double taxation avoidance agreement and information exchange agreements with various countries to avoid incidence of double taxation and tax evasion.

The list of countries with whom India has DTAA has been reproduced below for ready reference:		
Albania	Israel	Qatar
Armenia	Italy	Romania
Australia	Japan	Russian Federation
Austria	Jordan	Saudi Arabia
Bangladesh	Kazakhstan	Serbia
Belarus	Kenya	Singapore
Belgium	Korea	Slovak Republic
Bhutan	Kuwait	Slovenia
Botswana	Kyrgyzstan	South Africa
Brazil	Latvia	Spain
Bulgaria	Libya	Sri Lanka
Canada	Lithuania	Sudan
China, People's Republic of	Luxembourg	Sweden
Colombia	Macedonia	Switzerland
Croatia	Malaysia	Syria
Cyprus	Malta	Tajikistan
Czech Republic	Mauritius	Tanzania
Denmark	Mexico	Thailand
Egypt	Mongolia	Trinidad and Tobago
Estonia	Montenegro	Turkey
Ethiopia	Morocco	Turkmenistan
Fiji	Mozambique	Uganda
Finland	Myanmar	Ukraine
France	Namibia	United Arab Emirates
Georgia	Nepal	United Kingdom
Germany	Netherlands	United States
Greece	New Zealand	Uruguay
Hong Kong	Norway	Uzbekistan
Hungary	Oman	Vietnam
Iceland	Philippines	Zambia
Indonesia	Poland	
Ireland	Portugal	

List of limited agreements between India and other countries		
Afghanistan	Lebanon	Peoples Democratic Republic of Yemen
Ethiopia	Maldives	Yemen Arab Republic
Iran	Pakistan	

Tax information exchange agreements (TIEAs) between India and other countries		
Argentina	Cayman Islands	Macau, China
Bahamas	Gibraltar	Maldives
Bahrain	Guernsey	Marshall Islands
Bermuda	Isle of Man	Monaco
Belize	Jersey	Saint Kitts and Nevis
British Virgin Islands	Liberia	San Marino
Brunei Darussalam	Liechtenstein	Seychelles

Multilateral Instruments (MLI)

Multilateral Instruments (MLI) are the result of the OECD/G20 project to deal with the issues pertaining the **Base Erosion and Profit Shifting (BEPS).** In order to curb the issues related to BEPS, OECD/G20 suggested 15 Action Plans, out of which few action plans suggested changes to **tax treaties/Double Taxation Avoidance Agreements (DTAA)** among various nations. These action plans are:

1. **Action Plan 2:** Hybrid Mismatch
2. **Action Plan 6:** Prevention of Treaty abuse
3. **Action Plan 7:** Avoidance of Permanent Establishment Status
4. **Action Plan 14:** Making Dispute Resolution more effective

The MLI came into effect for any treaty from 1 April 2020 (i.e. financial year 2020-21) and is applicable if:

1. India has listed that tax treaty in its final MLI position as a covered tax agreement(CTA);
2. The tax treaty partner is a signatory to MLI;
3. The tax treaty partner has also deposited its instrument of ratification on or before 30th June 2019;
4. The tax treaty partner has also listed India in its final MLI position as a CTA.

The Multilateral Instrument ("MLI") helps the fight against Base Erosion and Profit Shifting (BEPS) by implementing the tax treaty related measures developed through the BEPS project in existing bilateral tax treaties in a synchronized and efficient manner. These measures will prevent treaty abuse, improve dispute resolution, prevent artificial avoidance of PE status and neutralized the effect of hybrid mismatch arrangements.

As of 2023, over 100 jurisdictions have signed the MLI, and 79 have ratified it. The latest updates in 2024 focus on new countries adopting the MLI or changes in its application. For instance, Mexico's MLI provisions will become effective as of January 1, 2024, impacting how tax treaties are applied within the country and ensuring compliance with BEPS standards.

Globally, the MLI's provisions are being implemented progressively. For most jurisdictions, including those that have already ratified the instrument, the MLI is operational and influencing tax treaties by preventing treaty abuse and ensuring better tax transparency.

As of 2024, the MLI is still a critical component of international tax reform. Countries continue to adopt and implement the MLI provisions as they review and update their tax treaty networks. Changes in 2024 may include updated signatories, new reservations, or additional measures addressing emerging international tax challenges like digital economy taxation.

CHAPTER 21: Dispute Resolution

Direct Tax Related Disputes

The Income tax act provides a five-tier structure for income-tax dispute resolution mechanism in cases of conflict between the Revenue officer and a taxpayer. A numerical representation of the hierarchical structure of the normal dispute resolution system is given below :

1. Supreme Court
2. High Court
3. Income Tax Appellate Tribunal
4. Commissioner of Income Tax (Appeals)
5. Assessing Officer

In income tax, Dispute resolution panel, Advance Pricing Agreement, Mutual Agreement Procedure, Advance Ruling and Settlement Commission may also be explored by tax payer for respective tax disputes.

Appeals & Review Mechanism under Goods & Service Tax

Typically, Goods and service tax has following appellate mechanism

1. The Commissioner (Appeals)
2. Appeals before Tribunal
3. Appeal to the High Court
4. Appeal to the Supreme Court

Advance ruling in Direct Tax

Advance Ruling means written opinion or authoritative decision by an Authority empowered to render it with regard to the tax consequences of a transaction or proposed transaction or an assessment in regard there to. An advance ruling can be obtained by the following persons :

- Non-resident
- A resident undertaking or proposing to undertake a transaction with a non-resident can obtain advance ruling in respect of any question of law or fact in relation to the tax liability of the non-resident arising out of such transaction
- A resident who has undertaken or proposes to undertake one or more transactions of value of INR100 crore or more in total.
- A notified public sector company
- Any person, being a resident or non-resident, can obtain an advance ruling to decide whether an arrangement proposed to be undertaken by him is an impermissible avoidance arrangement and may be subjected to General Anti Avoidance Rules or not.

Advance ruling Indirect Tax

This is a tool in the GST law, which will help to avoid any ambiguity in law and will help to mitigate future litigation. It is obtained in relation to the supply of goods or services or both being undertaken or proposed to be undertaken by the applicant. In GST, Advance ruling can be obtained with respect to following :-

- classification of any goods or services or both;
- applicability of a notification issued under the provisions of GST;
- determination of time and value of supply of goods or services or both;
- admissibility of input tax credit of tax paid or deemed to have been paid;
- determination of the liability to pay tax on any goods or services or both;
- whether applicant is required to be registered ;
- whether any particular thing done by the applicant with respect to any goods or services or both; amounts to or results in a supply of goods or services or both, within the meaning of that term.

Capital Markets Related Dispute Resolution

Securities Appellate Tribunal (SAT): SAT is a statutory body established under the Securities and Exchange Board of India Act, 1992.

SAT consists of a Presiding Officer and Two other members. The Presiding officer of SAT shall be appointed by the Central Government in consultation with the Chief Justice of India or his nominee.

Powers:

It has the same powers as vested in a civil court. Further, if any person feels aggrieved by SAT's decision or order, he/she can appeal to the Supreme Court.

Function

-To hear and dispose of appeals against orders passed by the SEBI or by an adjudicating officer under the SEBI Act,1992.

-To hear and dispose of appeals against orders passed by the Pension Fund Regulatory and Development Authority (PFRDA).

-To hear and dispose of appeals against orders passed by the Insurance Regulatory Development Authority of India (IRDAI).

Any person aggrieved by any decision or order of the SAT can file an appeal to the Supreme Court. The appeal can be filed only on a question of law

National Company Law Tribunal

it is a quasi-judicial body in India that resolves civil corporate disputes and protects registered Indian companies.

The NCLT's work includes:

- Resolving disputes related to the winding up of companies, insolvency, and mismanagement
- Addressing claims of oppression
- Adjudicating proceedings
- Performing powers listed under the Companies Act of 2013

Other Dispute Resolution Mechanisms

Arbitration and Conciliation Act 1996-

Arbitration, a form of alternative dispute resolution (ADR), is a way to resolve disputes outside the judiciary courts. The dispute will be decided by one or more persons (the 'arbitrators', 'arbiters' or 'arbitral tribunal'), which renders the 'arbitration award'. The arbitral proceedings are often faster than litigation and are generally non-public in nature and can be made confidential. This is the type of mechanism where parties get an opportunity to choose their arbitrator themselves. In India, the Arbitration and Conciliation Act 1996 has been modelled on lines of the UNCITRAL (United Nations Commission on International Trade Law) framework of laws with the idea to modernize Indian arbitration law.

The recent 2019 amendment seeks to provide the framework for institutionalized arbitration in India. It mandates the creation of the Arbitration Council of India, which has the duty to "take all such measures as may be necessary to promote and encourage arbitration, mediation, conciliation or other alternative dispute resolution mechanism. The 2019 Amendment has also introduced a tiered system of referring disputes to arbitral institutions. As per the 2019 amendment, arbitral institutions will now be graded by the Arbitration Council of India. The 2019 Amendment also empowers the Supreme Court of India (in the case of an International Commercial Arbitration) and the High Courts (in cases other than international commercial arbitration) to designate such graded arbitral institutions for appointment of arbitrators.

Consumer Court/Consumer Disputes Redressal Agencies

There are three forums for Consumer Disputes Redressal i.e at the district level, at state level and at the national level. Consumer Court is a special purpose court in India that deals with cases regarding consumer disputes, conflicts and grievances. The complaint can be made by the aggrieved in any one of such forums depending on the value of a claim in the com- plaint.

These forums have been constituted to protect the consumers' rights. Its main function is to maintain fair practices & contracts by sellers parties.

Lok Adalat

'Lok Adalat' is yet another form of ADR created as per the requirements of people in particular areas. Camps of Lok Adalat were initially started at Gujarat in 1982 and now they have been extended to all over India. The main purpose of establishment of Lok Adalats is to diminish the heavy burden of pendency of cases in the Courts which were of petty nature. The seekers of justice are in millions and it is becoming rather a heavy burden on the courts to dispose off such matters keeping in view the ever increasing litigation.

Mediation

The bill was introduced in Rajya Sabha in December 2021, with an aim to reduce the pendency of cases in courts.

The Bill received the assent of President of India on September 14, 2023. The object of the Act is to facilitate and promote mediation in India, particularly institutional mediation for the resolution of disputes. It also aims to encourage community mediation and make online mediation an accept- able and cost-effective process.

CHAPTER 22: Exit Options

When a business is started it always comes with a risk of profit and loss. If the profit is earned, it flourishes and if the loss is incurred then the investors or entrepreneurs always seek the easiest way of exiting the market and closing the entity. There may be many other reasons to exit a business as well which can be strategic and can also be with the intent to earn a supernormal profit. There are different ways as detailed below to exit an Indian market-

Slump Sale - "Sale with lump-sum consideration"

The Investors can exit the Indian market by way of sale of a business undertaking which is running on a going concern basis (i.e. on an 'as is where is' basis), and when the whole of a business/undertaking is sold to any other party for a lump sum consideration then that defined to be as a "Slump sale". It can be done either voluntarily or obligatory (court order). In the case of Slump sale, the legal entity holding the business undertaking does not cease to exist and has to be separately closed.

In Indian income tax "Slump sale" means the transfer of one or more undertakings as a result of the sale for a lump sum consideration without values being assigned to the individual assets and liabilities in such sales. Any profits or gains arising from the slump sale effected in the previous year shall be chargeable to income tax as capital gain in the year in which transfer took place.

Buy-back of Shares

Foreign entity or individual investor for exiting the Indian market can opt for the buy-back, only if an option is provided by the Indian Company. The buy-back is the method of reduction of capital by the company by purchasing back its own shares from its shareholders subject to certain conditions.

In Indian Income tax, the buy back Of unlisted shares is treated as follows :-

In case of Buy-back of unlisted shares, company is not liable to pay tax amount Receipt from buyback of share will be treated as deemed dividend U/S 2(22)(f) in the hand of shareholders.

Transfer of Shares

In the case of a company, one can exit the company by passing on the control held by way of transfer of shares, thereby, selling the shares to any other party for consideration as ascertained according to the Indian laws. This requires execution of transfer deed between the transferor and transferee and payment of stamp duty as prescribed. Additional compliance related to FEMA and in relation to the Reserve Bank of India may also be required.

Tax implication on transfer of controlling interest

Where shareholders of Indian company transfer its controlling interest by transferring its shares, any gain arising on such transfer shall be chargeable to capital gain tax. Indirect transfers are also taxable subject to certain conditions.

Strike off- "Removal of name from the Registrar of Companies"

Striking off of company simply means closing of a defunct company, in faster way. It is simplest way to close a company. it is the process of removing the name of the entity from the register of Companies kept by the governing statutory agency i.e. Registrar of Companies "RoC" subject to certain conditions as prescribed in the Companies Act 2013. Strike off is either by the order of the authority or voluntarily by the entity. In case the entity is non- operational for a certain period of time then the entity can apply for removal of the name from the RoC by making an application as per prescribed provisions of the law. This option can be availed by both Company or LLP and is governed by the provisions of the respective laws.

Income tax implications in case of strike off

When a company name is removed from register or roll kept by ROC, then it has to be ensured that the company has paid all its Income tax dues.

Winding up of Company- "Ending or Dissolving a Business"

Winding up of a company is defined as a process by which the life of a company is brought to an end and its property administered for the benefit of its members and creditors. It is the process of liquidation of the Company by collecting the assets of the company and thereby selling the same for paying off the debts/ liabilities subject to certain conditions as prescribed under the provisions of Companies Act, 2013 read with liquidation as per the Insolvency and Bankruptcy Code, 2016, which deals in reorganization and insolvency resolution of corporates and maximization of value of their assets.

Tax implications on winding up of the company:-

In the hands of company

As per section 46 of the Income Tax Act, where assets of the company are distributed to its shareholders on its liquidation, such distribution shall not be regarded as a transfer and accordingly no capital gains shall arise on such distribution. Thus, no capital gains tax liability would arise in the hands of the company, being wound up on the distribution of assets to shareholders.

In the hands of shareholders

Where a shareholder on the liquidation of a company receives any money or other assets from the company, he shall be chargeable to income-tax under the head "Capital gains", in respect of the money so received or the market value of the other assets on the date of distribution, as reduced by the amount assessed as dividend within the meaning of sub-clause (c) of clause (22) of section 2 and the sum so arrived at shall be deemed to be the full value of the consideration for the purposes of section 48.

Winding up of LLP

Winding up of LLP may be done either voluntarily or by the Tribunal in accordance to the provisions of Insolvency bankruptcy Code, 2016.

The LLP voluntarily winding-up process can be easily initiated with the approval of 3/4th of the partners. To begin with the liquidation process for the LLP the designated partners need to make a declaration that the LLP does not have any debt or that the LLP will pay the debts totally within not more than 1 year from the process of winding up of an LLP.

Also, the LLP partners need to declare that the LLP is not winding up because of any frauds. This statement of the declaration must be prepared along with the statement of the assets and the liabilities until the most recent practicable date right before making the declaration for winding up of the LLPs.

Also, a valuation of the assets that are relevant to the LLP should be prepared and submitted, in case of any assets. Voluntary winding up the LLP will be effective from the start date of passing the resolution for the reason of voluntary winding up of the LLP. Liquidator shall be appointed who shall take over the affairs of LLP.

Liquidator shall be appointed who shall take over the affairs of LLP. The Liquidator, thereafter, seeks the approval on its report from partners and creditors. On receipt of necessary approvals, the Liquidator shall file application with the Registrar for dissolution of the LLP along with final winding up accounts, explanations and report. On being satisfied, the Registrar shall dissolve the LLP. LLP may also be closed through stike off process.

Dissolution of Partnership Firm

As per the FEMA Regulations in India, a Non-Resident Indian (NRI) or a Person of Indian Origin resident outside India can invest in the capital of a partnership firm in India on a non-repatriable basis.

For a partnership firm to cease to exist, it needs to be dissolved. The dissolution of a partnership firm is the decision of all partners as per the terms of the partnership deed, who collectively decide to terminate the partnership agreement made between them. In this case, all the assets and liabilities are settled and appropriately disposed.

CHAPTER 23: Conclusion

India is the fifth largest economy in the world. India's foreign direct investment (FDI) inflows increased 20 times from 2000-01 to 2023-24, and accordingly, India received FDI of about USD 900 billion during this period.

Indian economic & regulatory landscape outlines a comprehensive plan for economic growth and development, emphasizing next-generation reforms. By focusing on improving productivity, enhancing market efficiency, and leveraging technology, the government aims to create a robust and inclusive economic framework. India has enormous prospects; some of the exciting changes to expect in the near future are:

- The National Highways network is being expanded at a breakneck pace, including projects like Delhi-Mumbai Industrial Corridor and the Chennai-Bengaluru Industrial Corridor.
- Defence R&D is now open for industry, startups, and academia.
- For ease of doing business, the Centre for Processing Accelerated Corporate Exit (C-PACE) will be established to facilitate and speed up the voluntary winding-up of companies.
- To facilitate domestic manufacturing for the ambitious goal of 280 GW of installed solar capacity by 2030, an additional allocation of USD 2.44 billion for production-linked incentives for manufacturing high-efficiency modules, which were made in Budget 2023 and still have a validity of over a year remaining. Additionally, in the 2024-25 budget, the government allocated a further USD 1.19 billion towards solar power grid projects.
- Under India's new Education Policy, world-class foreign universities and institutions are being made free from domestic regulations to facilitate the availability of high-end human resources for financial services and technology. Australia's Deakin University and The University of Wollongong have become the first foreign universities to open their campuses in India at GIFT City. The upcoming campus of University of Southampton, UK in Gurugram is expected to commence operations in mid-2025.
- India is introducing Central Bank Digital Currency (CBDC), Digital Rupee which will give a big boost to the digital economy.

India welcomes companies that transfer new technologies, create jobs, upskill its working population, increase its FDI balance, and help in fiscal management. In return, India offers a huge consumer-based market, robust and alternative supply chains, a high rate of return on capital employed, huge B2B and B2C opportunities, infrastructure to develop your business, a vast talent pool, and a skilled workforce.

The only way to be successful in India is to be aware of the Indian market, conduct enough market research to help identify the correct product or service and develop a go-to-market strategy, understand the culture of the Indian people, and choose the correct partners, advisors, vendors, and people who work for your Indian entity.

Glossary

1. GDP- Gross Domestic Product
2. FY- Fiscal year
3. USD- United States Dollar
4. UK- United Kingdom
5. FDI- Foreign Direct investment
6. IT- Information Technology
7. ITES- Information Technology Enabled Services
8. CAGR- Compound Annual Growth Rate
9. GVA- Gross Value Added
10. FMCG- Fast Moving Consumer Goods
11. AI- Artificial Intelligence
12. UT- Union Territories
13. FTAs- Foreign Tourist Arrival
14. EHS- Early Harvest Scheme
15. CECA- Comprehensive Economic Cooperation Agreement
16. CEPA- Comprehensive Economic Partnership Agreement
17. ECTA- Economic Cooperation and Trade Agreement
18. NSDP- Net State Domestic Product
19. DMIC- Delhi-Mumbai Industrial Corridor
20. SEZ- Special Economic Zone
21. DPIIT- Department for Promotion of Industry and Internal Trade
22. MSME- Micro Small and Medium Enterprises
23. IEM- Investment Expansion Memorandums
24. CBIC- Chennai Bengaluru Industrial Corridor
25. AKIC- Amritsar Kolkata Industrial Corridor
26. VCIC- Vizag Chennai Industrial Corridor
27. BMIC- Bengaluru Mumbai Industrial Corridor
28. HBIC- Hyderabad Bengaluru Industrial Corridor
29. EDFC- Eastern Dedicated Freight Corridor
30. WDFC- Western Dedicated Freight Corridor
31. PLI- Production Linked Incentive
32. PMJDY- Pradhan Mantri Jan Dhan Yojana
33. PSUs- Public Sector Units
34. DRDO- Defence Research and Development Organisation
35. TCIDS- Textile Centre Infrastructure Development
36. TUF- Technology Upgradation Fund
37. BPM- Business Process Management
38. WHO- World Health Organization
39. PMAY- Pradhan Mantri Awas Yojana
40. GCC- Global Capability Centres
41. SIGHT- Strategic Interventions for Green Hydrogen Transition
42. NCLT- National Company Law Tribunal
43. NCLAT- National Company Law Appellant Tribunal
44. DPIIT- Department for Promotion of Industry and Internal Trade
45. FIPB- Foreign Investment Promotion Board
46. NRI- Non-Resident Indian
47. FVCI- Foreign Venture Capital Investor
48. SEBI- Securities and Exchange Board of India
49. WOS- Wholly Owned Subsidiary
50. AGM- Annual General Meeting
51. EGM- Extraordinary General Meeting
52. SAST- (Substantial Acquisition of Shares and Takeovers\
53. JV- Joint Venture
54. FTM- Fast Track Merger
55. FRRO- Foreigners Regional Registration Officer
56. FRO- Foreigners Registration Officer
57. IVAC- Indian Visa Application Centre
58. GIAN- Global Initiative for Academic Networks
59. NSE- The National Stock Exchange
60. WFE- World Federation of Exchanges
61. BSE- Bombay Stock Exchange
62. ICEX- Indian Commodity Exchange Limited
63. GDPR- General Data Protection Regulation
64. FMV- Fair Market Value
65. TCS- Tax Collected at Source
66. GAAR- General Anti avoidance Rules
67. SHR- Safe Harbour Rules
68. EBN- E-way Bill Number
69. SVB- Special Valuation Branch
70. CBEC- Central Board of Excise and Customs
71. FTP- Foreign Trade Policy
72. EPCG- Export Promotion Capital Goods
73. CSP- Common Service Providers
74. DEH- Districts as Export Hubs
75. SCOMET- Special Chemicals, Organisms, Materials, Equipment and Technologies
76. AAS- Advance Authorisation Scheme
77. EPZ- Export Processing Zone
78. SEZ- Special Economic Zone
79. DTA- Domestic Tariff Area
80. BOA- Board of Approval
81. DTAA- Double Taxation Avoidance Agreement
82. BEPS- Base Erosion and Profit Shifting
83. CTA- Covered Tax Agreement
84. MLI- Multilateral Instrument
85. IRDAI- Insurance Regulatory Development Authority of India
86. UNCITRAL- United Nations Commission on International Trade Law
87. DESH- Development of Enterprise and Service Hubs
88. CBDC- Central Bank Digital Currency
89. STATS- Statistics

Industry Expertise

- Automobile
- Banking & Financial Services
- E- commerce
- Education
- Infrastructure
- IT & AI
- Real Estate
- Renewable Energy
- Civil Aviation
- Defence
- FMCG
- Healthcare
- Pharmaceuticals
- Oil and gas
- Textile
- Telecom
- Alcohol
- Tobacco

J P Chawla & Co. LLP

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