DISCOVER INDIA
A GATEWAY TO GLOBAL GROWTH

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

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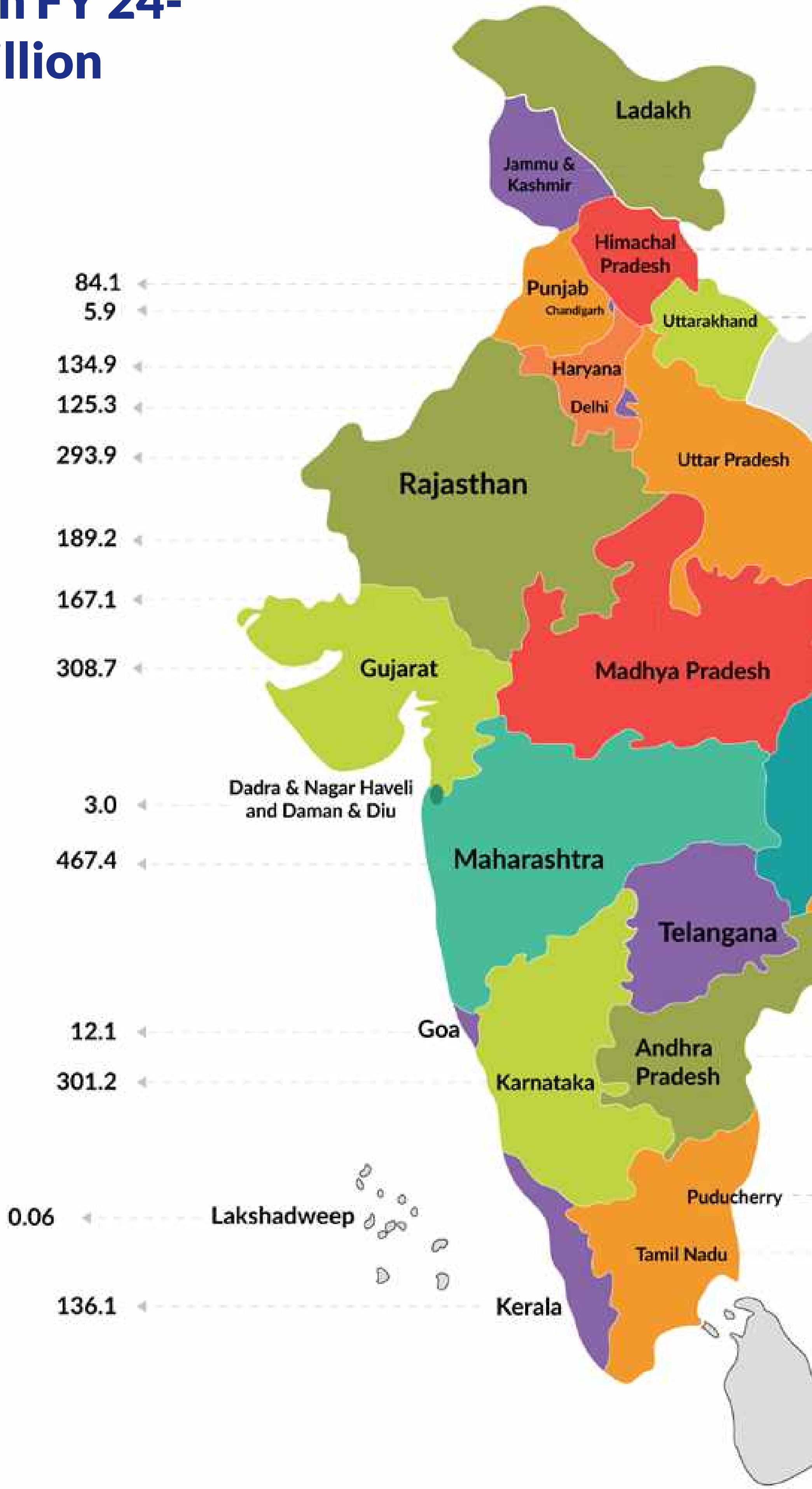
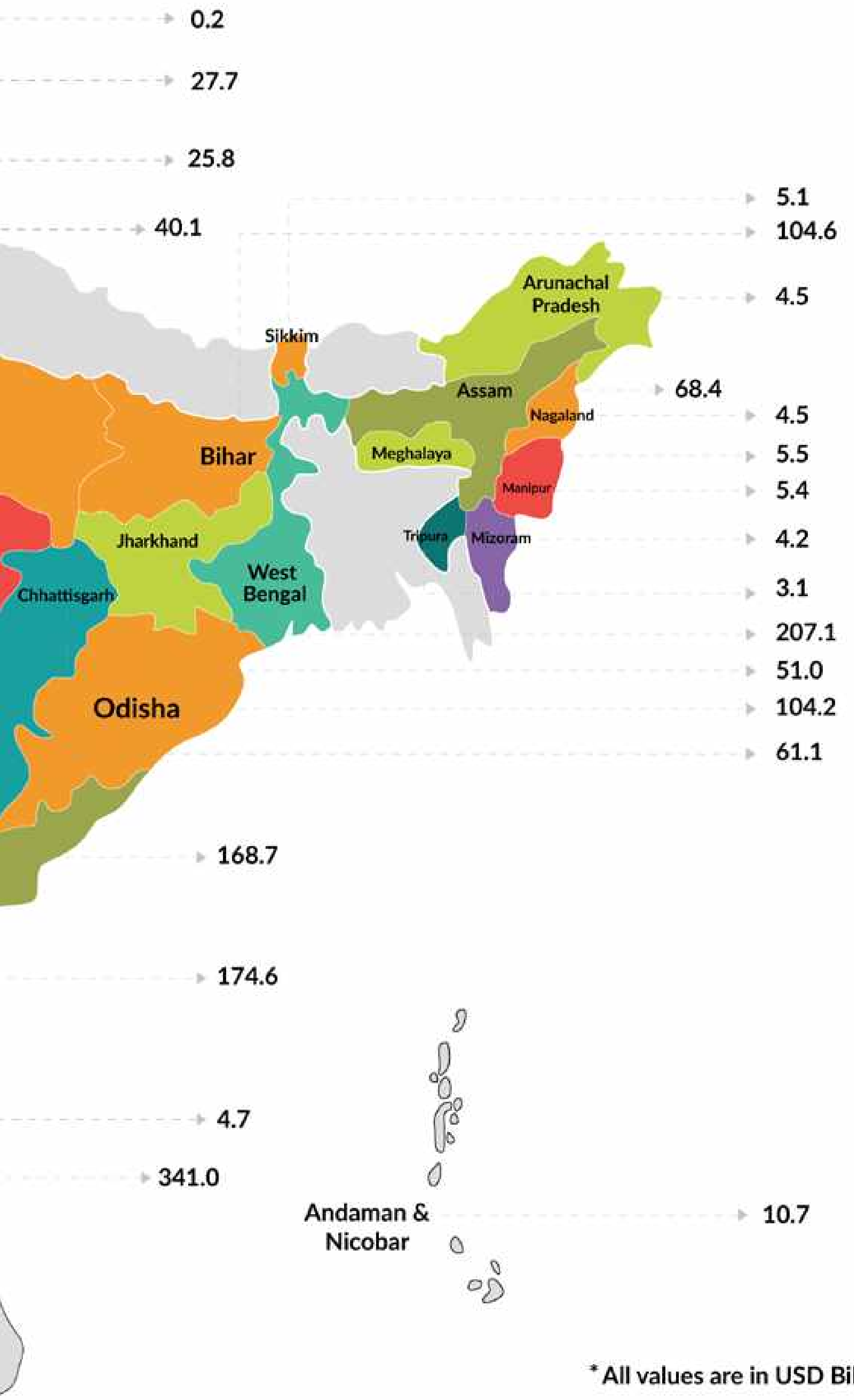
India's GDP in FY 24-USD 3,540 billion





* All values are in USD Billion

CHAPTER 1

BACKGROUND OF INDIA

India a Snapshot

India, with its remarkable journey of economic liberalization, became a USD 4.2 trillion economy in 2025 and is currently ranked as the fourth-largest economy in the world. It is the seventh-largest country by area, the most populous country, and the world's largest democracy.

The Indian peninsula is separated from mainland Asia by the Himalayas. The Bay of Bengal encircles the country 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 97° 25' East)

Language

With no designated national language, India recognizes 22 official languages of which Hindi is the most widely spoken.

English is recognized as a **"Subsidiary Official Language"** in India. Official languages are identified on a regional basis. For example, in the region of Assam, the official spoken language is Assamese.

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

Population

According to the UN Demographic Report 2025, India has the world's largest population, with 1.46 billion people, followed by China, which has over 1.41 billion. 62% of the population in India belongs to the working-age group, and 54% is below 25 years of age. This **makes India one of the youngest countries in the world,** accounting for 17.7% of the world's population. The population is divided into urban and rural segments, with 35% living in urban and 65% living in rural areas.

Geography

Based on its geographical area, **India ranks 7th in the world.** Its mountains, deserts, and coastal areas set it apart from the rest of

Asia. The Himalayan Mountain ranges in the north, the Thar Desert in the West, and the Indian Ocean bordered by 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.km.**

Currency

In India, the currency is regulated by the Reserve Bank of India, which is officially the currency issuer. All other banks operate under the RBI, which the Governor heads. The official currency of India is the Indian rupee, with the currency code INR and the currency symbol ₹. Further, the currency of India, the Rupee, is **divided** into paisa. **100 paise becomes one rupee.**

Economic System

India stands as one of the fastest growing and most dynamic economies in the world. With a **nominal GDP of USD 4.2 trillion,** it is currently the **fourth-largest economy in the world.** In terms of **Purchasing Power Parity (PPP)**, India ranks **third**, behind only the United States and China, with a PPP-adjusted GDP of **USD 17.7 trillion.**

The country recorded one of the strongest growth trajectories during the mid-2000s and continues to be among the world's fastest developing economies. India's economy is projected to reach **USD 7 trillion by 2030**, driven by a **rapidly expanding middle class, a large and skilled workforce, and robust foreign investment inflows.**

As of 2024, India ranked **10th globally in total exports and 7th in total imports**, underscoring its strong integration into global trade. It also secured **39th position on the Global Innovation Index** and ranked **41st in the 2025 IMD World Competitiveness Report**, reflecting steady progress in business reforms and competitiveness.

Over the years, India has evolved into **a vibrant, innovation-driven market economy**, offering extensive investment and business expansion opportunities. Key sectors attracting both domestic and foreign investors include **renewable energy, healthcare, defense, FMCG, education, automotive, oil and gas, civil aviation, banking and finance, e-commerce, real estate, textiles, telecommunications, infrastructure, and IT/AI-enabled services (ITES).**

Legal Framework

The legal framework of India is anchored in the Constitution, which defines the nation as a Sovereign, Socialist, Secular, and Democratic Republic committed to ensuring justice, liberty, equality, and fraternity for all citizens. It establishes a mixed federal framework of governance that allocates powers between the Union and State Governments through the Union, State, and Shared Legislative List. These constitutional lists determine the legislative competence of each level of government. The governance structure is supported by three core institutions of democracy: the Legislature, responsible for law-making; the Executive, tasked with implementation; and the Judiciary, which interprets the Constitution, upholds the rule of law, and maintains equilibrium among the various organs of the state.

India's judicial architecture operates through a three-tier system comprising the Supreme Court, High Courts, and District Courts, ensuring judicial access and consistency across jurisdictions. The Supreme Court functions as the highest judicial authority, safeguarding fundamental rights and adjudicating disputes between the Union and the States. High Courts exercise supervisory and appellate jurisdiction within their respective States or Union Territories, while District Courts address civil and criminal matters at the subordinate level. Complementing this structure are specialized tribunals and regulatory bodies such as the National Company Law Tribunal (NCLT), National Company Law Appellate Tribunal (NCLAT), Income Tax Appellate Tribunal (ITAT) and Goods and Services Tax (GST) Tribunal, which handle sector-specific adjudications. Collectively, these institutions uphold a transparent, efficient, and accountable legal system that reinforces the principles of constitutional governance in India.

Foreign Trade Policy

- The Foreign Trade Policy (FTP) 2023 marks a strategic shift in India's trade framework, moving from traditional export incentives to a remission-based system that focuses on reducing duties and enhancing global competitiveness. The policy emphasizes ease of doing business through digitization, automation, and paperless approvals, while also promoting exports at the district level to foster inclusive growth.

- Key focus areas include boosting e-commerce exports, encouraging green technologies, and streamlining export–import procedures via integrated digital platforms. The establishment of District Export Hubs aims to strengthen local manufacturing and connect small businesses to global value chains.

- The Foreign Trade Policy 2023 sets an ambitious target of achieving USD 2 trillion in exports by 2030, encompassing both goods and services. It introduces several new initiatives to empower Indian SMEs, helping them expand their international presence and gain greater access to global markets.

Main European Trading Partners

Top 5 European Trading Partners (Values in USD Billion), FY 2025

Rank	Country	Exports (in USD billions)	Imports (in USD billions)	Trade Balance (in USD billions)
1	Germany	10.6	18.9	29.6
2	Netherlands	22.8	5.0	27.8
3	Switzerland	1.5	21.8	23.3
4	United Kingdom	14.5	8.6	23.1
5	France	8.0	7.2	15.2

Top 3 Global Trading Partners (Values in USD Billion), FY 2025

Rank	Country	Exports (in USD billions)	Imports (in USD billions)	Trade Balance (in USD billions)
1	United States	86.5	45.6	132.1
2	China	14.3	113.4	127.7
3	UAE	36.6	63.4	100.0

India's stand on Investment or Free Trade Agreements

India sees these trade agreements as an important step toward development and the creation of successful relations between the two countries, based on equality and mutual benefit. In fact, India is one of the top countries in Asia with the most FTAs either in operation, under negotiation, or proposed.

The major trade agreements include:-

- India UK – CETA
- India EFTA - TEPA
- India Malaysia – CECA
- India Mauritius – CECPA
- India UAE – CEPA
- India Australia – ECTA
- India Thailand – EHS
- India Singapore - CECA
- India South Korea – CEPA
- India Japan – CEPA
- India ASEAN – AICECA
- South Asian Free Trade Area (SAFTA)

CHAPTER 2

FOREIGN INVESTMENTS & FREE TRADE AGREEMENT

Foreign investment by any person residing outside India in an Indian entity is considered **Foreign Direct Investment (FDI)**. The legal framework governing such investments is primarily defined under the Foreign Exchange Management Act, 1999 (FEMA), along with its related circulars, notifications, master directions, press notes, and the Consolidated FDI Policy. FDI must also comply with other applicable laws, including the Companies Act, 2013, SEBI Regulations, and sector-specific legislations such as those for **Mining, Defence, Civil Aviation, and Media.**

The **Department for Promotion of Industry and Internal Trade (DPIIT)** is the nodal authority responsible for FDI policy formulation and data management, based on remittances reported by the **Reserve Bank of India (RBI)**, and for ensuring compliance with FEMA. Following the abolition of the **Foreign Investment Promotion Board (FIPB)**, the approval process has been streamlined, with respective ministries or departments now handling FDI applications directly. The **DPIIT** acts as a single-point interface for investors through the **National Single Window System (NSWS)** portal — https://www.nsws.gov.in/ — facilitating FDI applications under the approval route.

1. Eligible Entities for Receiving FDI

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

A. Indian Companies

Any type of Indian company, whether public or private, can issue capital to foreign investors under FDI.

B. Partnership Firms/Proprietary Concerns

- **Eligible Investors:** Non-Resident Indians (NRIs) or Persons of Indian Origin (PIOs) residing outside India. Other non-residents require prior RBI approval.
- **Mode:** Investment through inward remittance or from NRE/FCNR(B)/NRO accounts maintained with authorized dealers/banks on a non-repatriation basis, unless approved otherwise by the RBI.
- **Restriction:** Investment not permitted in firms or concerns engaged in agricultural/plantation activities, real estate business, or print media.

C. Limited Liability Partnerships (LLPs)

- FDI permitted under the automatic route in sectors where 100% FDI is allowed without government approval.
- LLPs can be converted into companies or vice versa under the automatic route.

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2. FDI by Non-Resident Indians (NRIs) / Overseas Citizens of India (OCIs)

An **NRI** is an individual residing outside India who is a **citizen of India**, while an **OCI** is an **Overseas Citizen of India cardholder.** Both can invest in Indian entities as outlined below:

A. On Non-Repatriation Basis

- **NRIs or entities (companies, trusts, partnership firms) owned** and controlled by NRIs may invest without limit in:
    a. Capital instruments of Indian companies
    b. Units of investment vehicles
    c. Capital of LLPs
    d. Convertible notes of startup companies (subject to FEMA conditions)

Such investments are treated as **domestic investments** and can be **made up to 100%**.

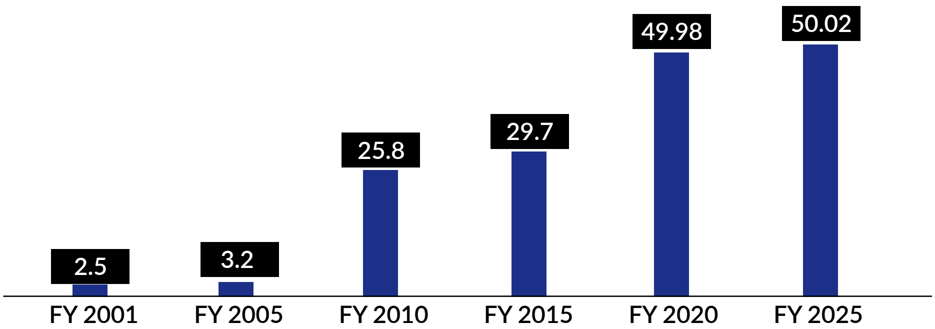
B. On Repatriation Basis

- NRIs may invest in equity instruments of listed Indian companies through a designated authorized dealer branch.
- The following limits apply:
  - Individual NRI holding ≤ 5% of paid-up equity capital or each series of debentures/preference shares/warrants.
  - Aggregate NRI and OCI holding ≤ 10% of the total paid-up capital on a fully diluted basis (can be raised to 24% with board and shareholder approval).

3. Prohibited Sectors

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

Figure: FDI Inflows in India (in billion USD), FY 2001 – FY 2025



Source: Department for Promotion of Industry and Internal Trade & Reserve Bank of India

Table: Country-wise FDI Equity Inflows into India (April 2000 – March 2025)

Country	FY 2024 (million USD)	FY 2025 (million USD)
Mauritius	7,970	8,344
Singapore	11,774	14,942
U.S.A.	4,998	5,457
Netherlands	4,924	4,620
Japan	3,177	2,478
United Kingdom	1,216	795
U.A.E.	2,924	4,345
Cayman Islands	342	371
Cyprus	806	1,203
Germany	505	469
Total	**44,423**	**50,018**

Source: Department for Promotion of Industry and Internal Trade

Table: Sector-wise FDI Equity Inflows into India (April 2000 – March 2025)

Sector	FY 2024 (million USD)	FY 2025 (million USD)
Services Sector	6,640	9,347
Computer Software & Hardware	7,973	7,814
Trading	3,865	4,176
Telecommunications	282	746
Automobile Industry	1,524	1,586
Construction (Infrastructure) Activities	4,232	2,245
Construction Development	255	529
Drugs & Pharmaceuticals	1,064	891
Chemicals (Other than Fertilizers)	844	1,060
Non-Conventional Energy	3,764	4,012

Source: Department for Promotion of Industry and Internal Trade

Table: State Attracting the Highest FDI Inflows (April 2000 – March 2025)

State	FY 2024 (million USD)	FY 2025 (million USD)
Maharashtra	15,116	19,589
Karnataka	6,571	6,619
Gujarat	7,300	5,711
Delhi	6,523	6,091
Tamil Nadu	2,436	3,681
Haryana	1,908	3,147
Telangana	3,029	2,994
Rajasthan	265	374
Uttar Pradesh	334	436

Source: Department for Promotion of Industry and Internal Trade

Few Notable Free Trade Agreement Recently Entered by India

India – UK Free Trade Agreement (FTA)

On 6 May 2025, India and the United Kingdom took a significant step in their bilateral relations by finalizing a landmark **Free Trade Agreement (FTA).** This historic deal, described by the Indian government as "ambitious" and "transformative", aims to substantially boost employment, exports, and economic growth for both nations.

The FTA eliminates tariffs on **99% of Indian tariff lines**, covering nearly **100% of trade value**, and reduces tariffs on **90% of UK tariff lines**. The agreement is projected to deliver an **annual economic boost of USD 6.4 billion** for the UK by 2040.

Key Sector Impacted

1. Sectors in the UK

- **Beverages (Whisky & Gin):** Tariff reductions boost Scotch whisky exports to India — the world's largest whisky market.
- **Automotive:** Lower tariffs improve competitiveness for UK vehicles and auto components.
- **Advanced Manufacturing:** Reduced barriers for electrical machinery, optical products, and aerospace components.
- **Life Sciences:** Medical device firms benefit from tariff cuts and simplified rules of origin.
- **Clean Energy:** Easier access to India's renewable energy market supports UK investment in sustainable technologies.
- **Services:** Greater market access for financial, professional, and business service providers.

2. Sectors in INDIA

- **Textiles & Apparel:** Zero duty on shirts, trousers, dresses, and bed linen enhances exports and job creation.
- **Leather & Footwear:** Tariff elimination fuels growth and employment.
- **Agriculture & Marine Products:** Competitive edge for grapes, mangoes, and seafood exports.
- **Sports Goods & Toys:** Duty-free access expands new market opportunities.
- **Gems & Jewellery:** Strengthened access enhances India's global leadership in jewellery exports.

- **Engineering & Auto Parts:** Growth in exports of machinery, auto parts, and engines.
- **Organic Chemicals:** Tariff concessions boost product competitiveness.
- **IT & Services:** Stronger cooperation in IT/ITeS, financial, professional, and educational services drives employment and innovation.

India – EFTA Trade and Economic Partnership Agreement (TEPA)

The India–EFTA TEPA, came into effect **from 1 October 2025**, represents a landmark achievement as India's first free trade agreement with four developed European nations: **Switzerland, Norway, Iceland, and Liechtenstein.**

TEPA includes 14 comprehensive chapters covering market access, trade facilitation, rules of origin, investment promotion, intellectual property, sustainable development, and legal provisions, making it the most holistic FTA signed by India.

Key Commitments:

- EFTA pledges USD 100 billion investment in India over 15 years, targeting the creation of 1 million direct jobs, marking India's first binding investment commitment in a trade pact.
- A dedicated India–EFTA Desk ensures smooth investment flows, supports joint ventures, fosters SME collaborations, and promotes technology partnerships in renewable energy, life sciences, engineering, and digital innovation.
- Investment targets focus on manufacturing, innovation, research, renewable energy, and digital transformation, aligning with India's industrial growth strategy.

Market Access:

- EFTA grants tariff concessions on 92.2% of its tariff lines, covering 99.6% of India's exports, while India reciprocates on 82.7% of tariff lines (covering 95.3% of EFTA's exports).
- Sensitive sectors such as dairy, soya, coal, and agriculture remain protected.
- Basmati and non-basmati rice gain duty-free access, while gold, a major EFTA export, remains outside immediate tariff liberalization.
- Tariff reductions follow a phased schedule, with implementation timelines of 3, 5, 7, or 10 years, balancing domestic industry interests and export competitiveness.

India - Australia Economic Cooperation and Trade Agreement (ECTA)

Operational since 29 December 2022, the Australia–India ECTA has delivered substantial economic gains and set the stage for a deeper partnership.

Economic Achievements:

- Over 85% of Australian goods exports to India are tariff-free, expected to reach 90% by January 2026.
- 96% of Indian exports already enjoy duty-free access to Australia, projected to reach full liberalization by 2026.
- India has liberalized 40% of its tariff lines immediately, with another 30.3% to be phased out over 3–10 years, while Australia applies nil duty on 98% of its tariff lines.
- Bilateral merchandise trade has grown from USD 12.2 billion (2020–21) to USD 26 billion (2022–23), maintaining strength at USD 24 billion in 2023–24, with India's exports rising by 14%.

2025 Bilateral Roadmap:

- A new roadmap identifies 50 growth opportunities across defense, space, technology, sports, culture, and education.
- The agreement ensures preferential access for Indian exports in labor-intensive sectors such as textiles, gems, leather, furniture, food, and engineering.
- Collaboration extends to skill development, including health workforce training, circular economy startups, and knowledge-sharing programs.

Expanded Trade and Investment:

- New export categories include calcined petroleum coke, high-capacity diesel generators, and air liquefaction machinery, highlighting broader trade diversification.
- Strategic import facilitation covers raw materials such as metalliferous ores, cotton, and wood, strengthening industrial supply chains.
- Joint ventures in critical minerals and priority industries receive targeted support, including US$2.5 million in 2025 government funding allocations.
- Defense and maritime cooperation have also been reinforced, supporting security and resilience across the Indo-Pacific.

Operational Efficiency:

- Preferential trade utilization rates reached 79% for exports and 84% for imports in FY 2023–24.
- Both nations are advancing towards a Comprehensive Economic Cooperation Agreement (CECA) for expanded economic engagement.

India – UAE Comprehensive Economic Partnership Agreement (CEPA)

Celebrated its third anniversary in February 2025, the India–UAE CEPA, effective since May 2022, has significantly deepened trade and investment ties between both nations.

Trade Expansion:

- Bilateral trade nearly doubled from USD 43.3 billion in FY 2020–21 to USD 83.7 billion in 2023–24, with non-oil trade surpassing USD 57.8 billion.
- The CEPA targets USD 100 billion in goods trade and USD 15 billion in services trade by 2030.
- Tariffs have been reduced or eliminated on over 80% of products, and technical barriers to trade have been simplified.

Export and MSME Growth:

- Over 2,40,000 Certificates of Origin have been issued since implementation, supporting exports worth USD 19.87 billion.
- MSMEs have achieved notable success, with dedicated support programs helping double exports in gems and jewellery and over 8,000 new Certificates of Origin issued.
- Key sectors include gems and jewellery, electrical machinery, chemicals, refined petroleum, and smartphones, with smartphone exports reaching USD 2.57 billion in FY 2023–24.

Institutional and Policy Features:

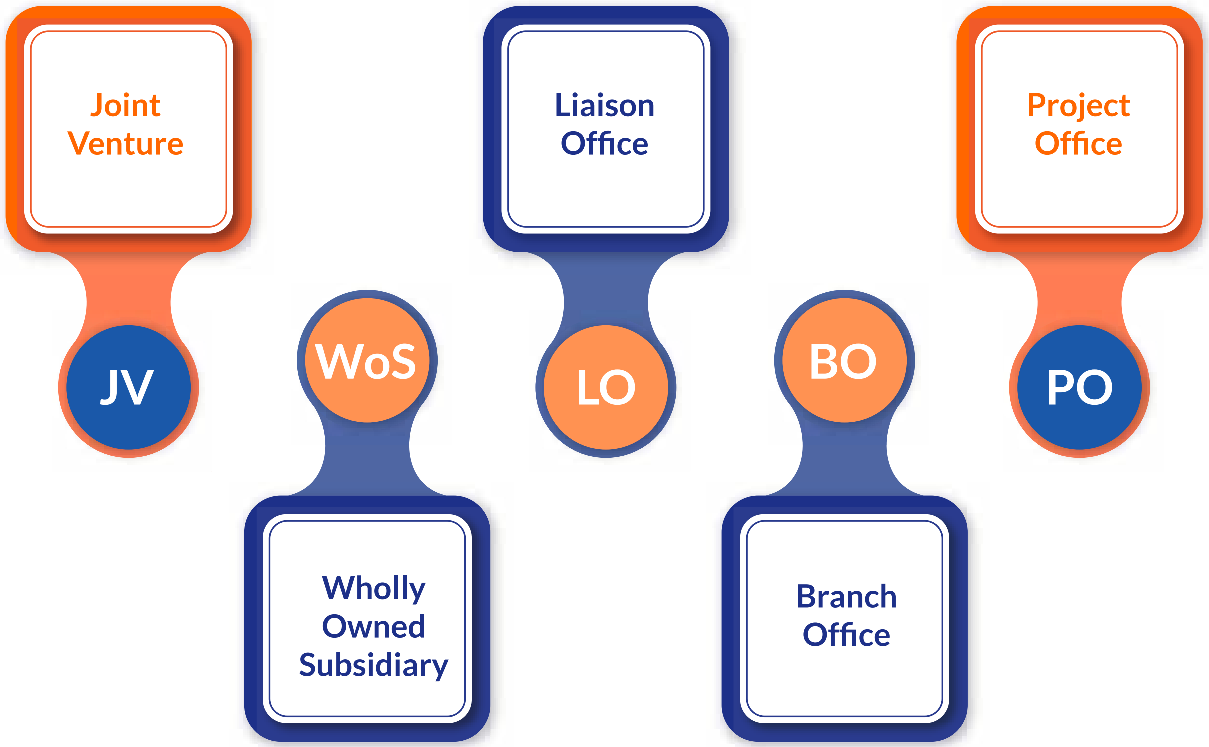
- CEPA includes 18 chapters and 11 annexes covering goods, services, investment, government procurement, standards, and MSME facilitation.
- Regular joint committee meetings and sectoral sub-groups monitor progress, address issues, and propose amendments.
- Rules of origin ensure that benefits apply exclusively to qualifying Indian products.
- The agreement prohibits anti-dumping investigations for trans-shipped UAE goods, fostering trade confidence.
- UAE service providers gain preferential access across 11 sectors and more than 100 sub-sectors.
- A 10% price preference in Indian government tenders supports increased UAE business participation.
- Competitive online gold quota bidding reforms further simplify export processes.

Note: FTA negotiations between India–EU and India–USA are progressing well and are in their final stages, signaling an upcoming phase of strengthened economic collaboration and broader market access.

INDIA: A GATEWAY TO BUSINESS OPPORTUNITIES

How Can Foreign Companies Be Incorporated in India?

A foreign national or entity can establish a Private Limited Company in India, which is the fastest way to set up a company in India. FDI of up to 100% in a Private Limited Company is permitted under the FDI policy, via the automatic route under permitted sectors. A foreign national can incorporate a **Private Limited Company** as a joint venture or as a wholly owned subsidiary. A foreign entity can also establish its extension in the form of **Liaison Office (LO), Branch Office (BO) & Project Office (PO).**



Business Structure	Ownership/Control	Scope of Activities	Taxation	Key Features
Joint Venture (JV)	Shared between foreign and Indian partners	As agreed in the JV agreement, it depends on the business sector	Taxed as an Indian company	Foreign entity partners with an Indian company, governed by an MoU or JV Agreement consistent with Indian and international laws
Wholly Owned Subsidiary (WOS)	100% owned by a foreign company	Can carry out full commercial operations	Taxed as an Indian company	The foreign company holds 100% FDI and is treated as a separate legal entity incorporated in India.
Liaison Office (LO)	Fully controlled by a foreign parent	Limited to liaison activities – communication, market research, coordination	Not taxable (no income-generating activity allowed)	Cannot earn income in India; all expenses met via foreign remittance
Project Office (PO)	Fully controlled by a foreign parent.	Can execute specific projects awarded by Indian companies	Taxed at a higher rate on income from the project in India	Set up for the duration of a particular project; project-based presence
Branch Office (BO)	Fully controlled by a foreign parent	Can undertake export/ import, consultancy, professional services, etc	Taxed on a higher rate as a foreign company	Can earn income in India; must be a profitable foreign business

CHAPTER 4

A VIBRANT STARTUP ECOSYSTEM

The government of India launched a flagship initiative in January 2016 that aims to nurture innovation and generate large-scale employment opportunities by fostering start-ups.

To meet the objectives of the initiative, the Government of India announced the Startup India Action Plan that addresses all aspects of the Startup ecosystem.

Eligibility for Recognition:

Applicable to Private Limited Companies, One Person Companies (OPC), LLPs, and Registered Partnerships if they:

1. Work on innovation, development, or scalable business models with high employment/wealth creation potential.
2. Have turnover ≤ INR 100 crores (USD 11.4 million) in any financial year.
3. Are not formed by the splitting/reconstruction of existing businesses.
4. Are not subsidiaries of any Indian/foreign entity.
5. Are incorporated within the last 10 years.

Table: Key Benefits for Startups

Benefit	Details
Self-Certification (Labour & Environment Laws)	Startups can self-certify compliance with 6 labour laws and 3 environmental laws. Labour inspections are exempt for 5 years, except on verified complaints.
Startup India Hub	Online platform connecting startups with investors, mentors, and ecosystem stakeholders; assists in financing, feasibility testing, marketing, technology commercialization, and management evaluation.
Intellectual Property Rights (IPR)	Fast-tracking of patents, facilitators for applications, 80% rebate on patent filing, 50% rebate on trademarks.
Relaxation in Public Procurement	Exemption from prior experience & turnover requirements in tenders; eligible for purchase preferences in public procurement.
RBI Incentives	Relaxed norms for external borrowing (up to USD 3M), foreign currency accounts, FDI facilitation, deferred consideration on ownership transfer, and simplified remittance reporting.
Startup India Seed Fund Scheme (SISFS)	INR 495 Crores for 4 years; supports 3600 entrepreneurs with proof-of-concept, prototype, product trials, market entry, and commercialization.
Acceptance of Deposits	Startups can accept deposits from members for 10 years, provided they comply with Form DPT-3.
Faster Exit	Recognized as fast-track firms; can wind up operations in 90 days vs. 180 days for other companies—insolvency resolution within 6 months under IBC.
Tax Benefits (Section 80-IAC)	100% profit deduction for 3 consecutive years out of 10, exemption from capital gains tax if invested in notified funds, angel tax exemption, and carry-forward of losses even after shareholding change.

Recognition Process:

- Apply online via the Department of Industrial Policy & Promotion.
- Submit Certificate of Incorporation/Registration and business write-up.
- Application reviewed and approved if compliant.

Eligibility Criteria for Tax Benefits (Section 80-IAC)

An “Eligible Startup” is a company or LLP engaged in an eligible business that meets the following conditions:

1. Incorporation: On or after 1st April 2016 but before 1st April 2030.

2. Turnover: Does not exceed INR 100 crores (USD 11.4 million) in the financial year for which the deduction is claimed.

3. Certification: Holds a certificate of eligible business from the Inter-Ministerial Board of Certification.

Eligible Business: Involves innovation, development, improvement of products/processes/services, or a scalable business model with high employment or wealth generation potential.

Table: Tax Benefits for Eligible Startups

Benefit	Details/Conditions
Profit Deduction	100% deduction of profits for any 3 consecutive years within 10 years from incorporation.
Capital Gains Tax Exemption (Company/ Startup Fund)	Exemption if long-term capital gains are invested in a government-notified fund within 6 months of asset transfer. Max investment: INR 50 lakh; must remain invested for 3 years. Early withdrawal revokes the exemption.
Capital Gains Tax Exemption (Individual/HUF)	Long-term capital gains invested by individuals or HUFs in units of a notified startup fund are exempt.

CHAPTER 5

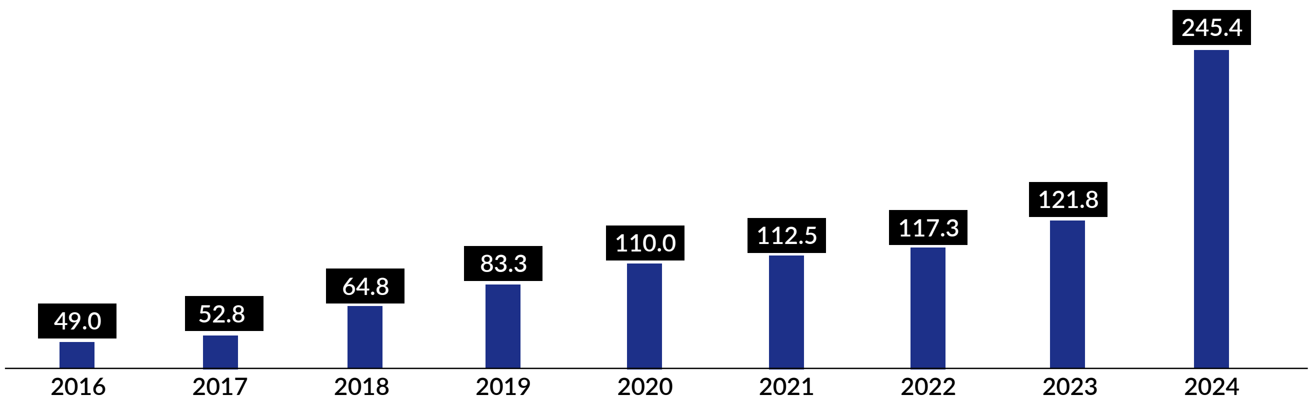
MAJOR GROWTH SECTORS

1. FMCG Sector

India's FMCG sector, the country's fourth largest, employs around 3 million people and plays a vital role in the economy, with household and personal care products accounting for 50% of total sales. Growth is fueled by rising incomes, a young and aspirational population, increasing brand awareness, and supportive government policies. FMCG spending reached USD 2.07 billion by April 2025, driven by both staples and non-staples, with rural demand emerging as a significant growth engine.

Companies are strengthening their presence through efficient manufacturing, robust supply chains, consumer insights, and digital-first strategies. The direct selling industry is also expanding, with USD 2.58 billion in FY24, with women comprising 44% of its workforce. Leading companies continue to perform steadily, supported by urban recovery and rural expansion. Overall, the sector is expected to grow 6–8% in FY26, with semi-urban and rural markets increasingly narrowing the urban–rural spending gap, offering strong opportunities for investment and innovation.

Fig: India FMCG Sector Revenue (in billion USD), 2016 - 2024



2. IT, BPM, and Advanced Technology

The Indian technology industry continues to demonstrate robust growth and strategic resilience, with **FY 2025 (E)** revenues estimated at USD 282.6 billion (including hardware), marking an incremental growth of USD 13.8 billion and a 5.1% growth rate. The sector is on track to achieve the USD 300 billion revenue milestone in FY2026, driven by key segments like IT Services, Business Process Management (BPM), and Advanced Technology (Engineering R&D and Software Products).

A. IT Services

- IT Services remain the most significant contributor to the tech industry, with estimated revenues of USD 137.1 billion in FY2025. Digital transformation initiatives across sectors such as BFSI, Healthcare, and Retail mainly fuel this growth.
- Increasing adoption of enterprise software, cloud computing, and AI-driven solutions.
- Significant investments from Global Capability Centres (GCCs), which now number over 1,750 and are emerging as high-value technology and product engineering hubs.
- IT Services continue to balance export-led growth and domestic technology adoption, with the latter growing at 7% annually, reflecting the rising importance of the Indian digital economy.

B. BPM Sector

- The BPM segment, with revenues of USD 54.6 billion, is expanding alongside IT Services. The segment providers are increasingly integrating AI, Cloud, Data, and GenAI into service offerings, improving efficiency and enabling intelligent automations.
- With a near equal split in revenue between Indian service providers and Global MNCs, BPM continues to support both domestic and international business operations.

C. Advanced Technology: Engineering R&D and Software Products

- Advanced Technology, comprising Engineering R&D (USD 55.7 billion) and Software Products (USD 16.1 billion), is emerging as a critical growth hotspot.
- Engineering R&D is expanding into high-value domains, including product engineering, digital engineering, and innovation-led services. GCCs are central to this growth, driving long-term co-creation partnerships with enterprises globally.
- Software product companies are increasingly adopting AI and generative technologies to deliver scalable solutions. Around 55% of AI activities focus on developing solutions with future-ready applications, while 10–15% of GenAI PoCs are transitioning into full-scale production.

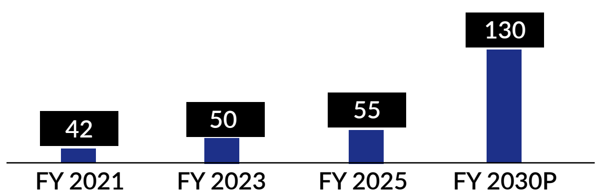
3. Healthcare & Pharmaceuticals

India is a global leader in generic drug production and a hub for outsourced manufacturing, drug discovery, and development. The country supplies over 50% of the world's vaccine demand, more than 40% of generic drugs in the United States, and 25% of all medicines in the United Kingdom. In terms of volume, India ranks as the world's third-largest producer of pharmaceuticals and 14th-largest by value.

Indian MedTech market, valued at USD 12 billion in FY 2024, is projected to reach USD 50 billion by 2030. India's global market share is expected to grow from 1.65% to 12 % over the next 25 years. Indian MedTech exports reached USD 3.8 billion in 2023-24, with the US as the primary market. The domestic pharmaceutical industry includes a network of over 3,000 medicinal businesses and 10,500 manufacturing units. The Indian pharmaceutical market is projected to reach USD 130 billion by 2030 and grow to USD 450 billion by 2047.

India's cost-effective manufacturing capabilities and favourable regulatory framework have established it as a global leader in generic drug production. This has fueled export growth, driven by the increasing demand for affordable medicines in developed markets.

Fig: India Pharmaceutical Sector Revenue (in billion USD), 2016 - 2024



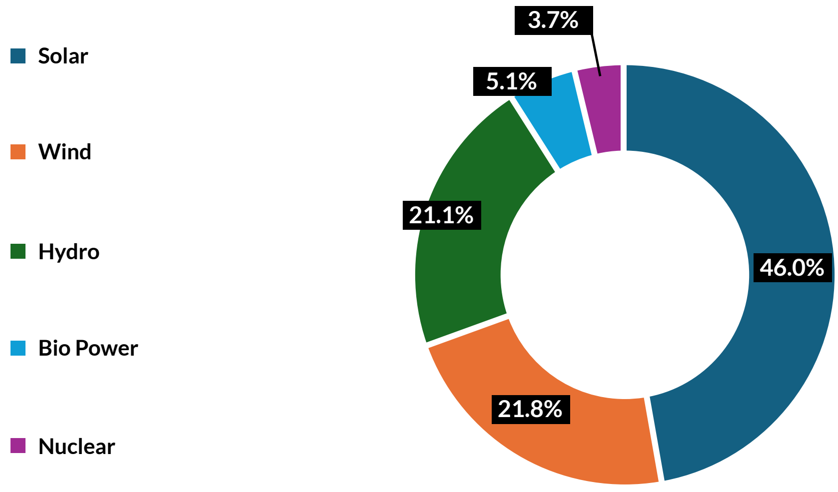
Source: Indian brand equity foundation

4. Renewable Energy

India's total electricity generation capacity has reached 470 GW, with renewable energy contributing a significant portion of the overall power mix. As of February 2025, renewable energy-based electricity generation capacity stood at 222.9 GW, accounting for 47.4% of the country's total installed capacity. This marks a significant shift in India's energy landscape, reflecting the country's growing reliance on cleaner, non-fossil fuel-based energy sources.

Furthermore, the country's renewable energy mix is led by solar power, at 102 GW, followed by wind, at 48.6 GW, and hydroelectric, which contributes 47 GW from large projects and 5 GW from small ones. Biopower, including biomass and biogas, adds 11.3 GW. The total renewable energy cumulative installed capacity reached 222.9 GW in FY 2024 from 81 GW in FY 2015.

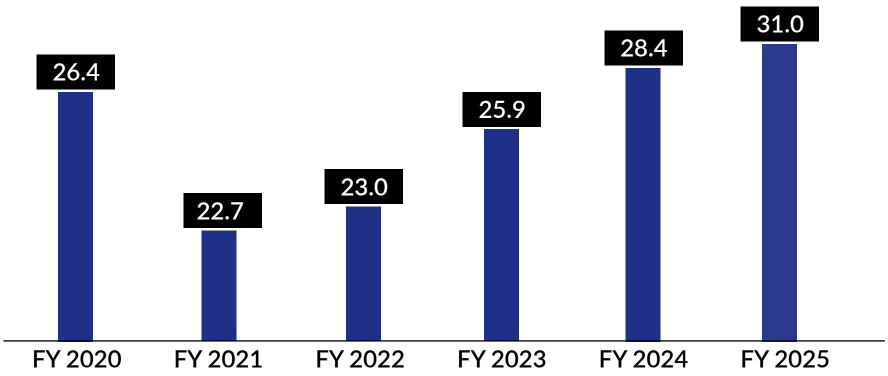
Fig: India Renewable Energy Capacity (In %)



5. Automobile Sector

India's auto market is set to reach USD 300 billion by 2026, driven by rising incomes, urbanization, and a growing middle class. From April–September FY25, total vehicle production reached 15.62 million units, while the auto component industry recorded a turnover of USD 74.1 billion in FY24, growing 9.8% from the previous year. The sector contributes 2.3% to GDP, employs over 1.5 million people, and is expected to account for 5–7% of GDP by 2026, highlighting strong growth and investment opportunities.

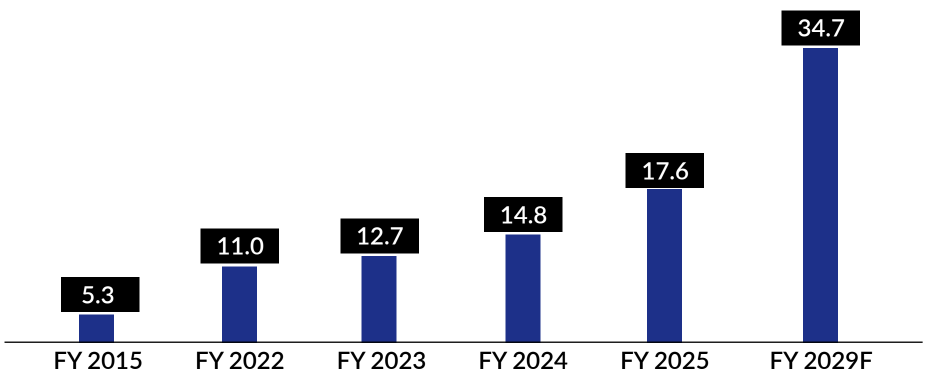
Fig: Automobile Production in India (million)



Source: Society of Indian Automobile Manufacturers (SIAM)

6. Defence Sector

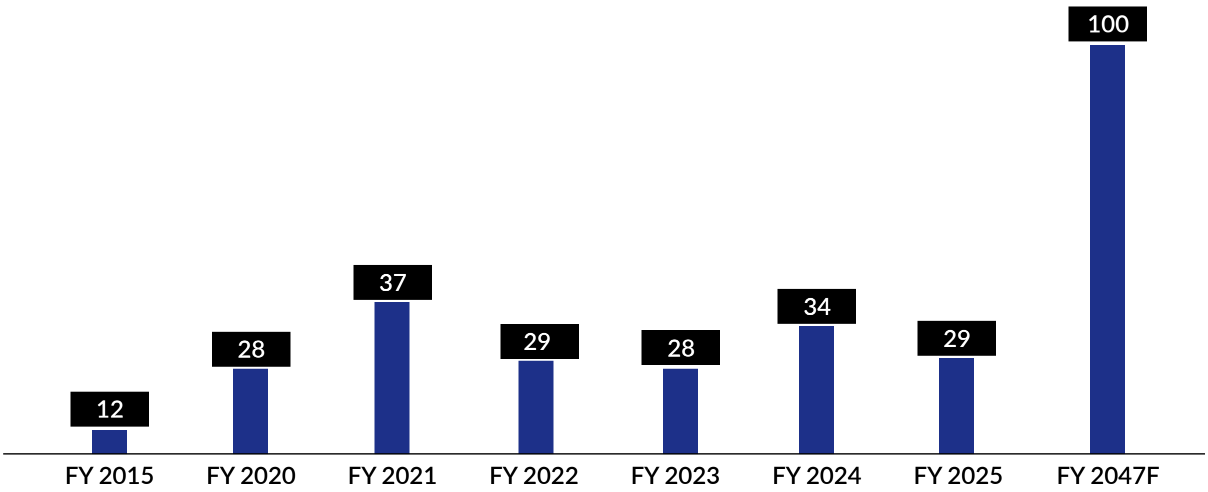
India's defence sector has seen an extraordinary transformation over the past decade, marked by rapid growth in both budget and production. The defence budget expanded from USD 29.1 billion in FY 2014 to USD 78.3 billion in FY 2026, underscoring the nation's commitment to strengthen its military and achieving self-reliance. Defence production too has surged, reaching a record USD 14.6 billion in FY 2026, a sharp rise from USD 5.3 billion in FY 2015. This growth reflects India's focused shift from import dependence to indigenous manufacturing, driven by strategic reforms, strong private sector participation, and innovation in defence technologies.



7. Infrastructure Sector

India's infrastructure sector is expanding rapidly, with the 2025–26 capital investment outlay at USD 128.6 billion, or 3.1% of GDP. Initiatives like the Second Asset Monetization Plan aim to reinvest USD 115.3 billion over 2025–30, attracting private investment. The National Highways network has grown from 65,569 km in 2004 to 1,46,145 km in 2024, with 13,000 km of new roads expected by March 2025. With ambitious plans to connect 120 new airports over the next decade and continued investments in industrial parks, highways, and skill development, India's infrastructure sector presents strong growth potential and attractive opportunities for investors and private stakeholders.

Fig: India Road Construction per Day (in Km), FY 2015 – FY 2047F



CHAPTER 6

CHOOSING THE RIGHT LOCATION FOR YOUR BUSINESS

India offers a range of strategic manufacturing locations, driven by factors such as strong infrastructure, skilled workforce, and proximity to markets.

Key Regions Include: -

- Maharashtra (Mumbai, Pune), Haryana (Gurugram, Manesar), and Tamil Nadu (Chennai, Coimbatore), which are known for their automotive, electronics, and engineering hubs.
- Karnataka (Bangalore) is ideal for high-tech manufacturing, including aerospace and electronics.
- Gujarat (Ahmedabad, Surat) is a preferred location for the chemical, textile, and pharmaceutical industries due to robust industrial policies and a strong supply chain.
- Uttar Pradesh (Noida), Andhra Pradesh (Visakhapatnam, Srikakulam), and Telangana (Hyderabad) are emerging hubs for electronics and IT hardware manufacturing.

These developments are supported by favorable incentives under government schemes such as PLI (Production Linked Incentive) and various industrial policies by the states that include investment subsidies, land subsidies, SGST reimbursements, stamp duty exemptions, and electricity subsidies.

Additionally, states like Madhya Pradesh offer cost-effective options with growing infrastructure and connectivity. Initiatives such as Make in India and the National Industrial Corridor Development, which aim to attract domestic and foreign investment across sectors, further support India's manufacturing landscape.

1. Andhra Pradesh

Overview

Located on the eastern coast of India, Andhra Pradesh is a logistical powerhouse. With a 975 km coastline, the second-longest in the country, the state offers abundant business opportunities. It boasts 1 major port, 9 airports, 7,087 km of national highways, 14,714 km of state highways, and 3,703 km of rail routes.

Andhra Pradesh also has a power surplus, with an installed generation capacity of 27 GW, of which over 40% comes from renewable sources. The state experiences minimal power transmission losses and has been ranked No. 1 by the World Bank for implementing energy efficiency and conservation programs.

Major Incentives under State Policies

The Andhra Pradesh Industrial Incentive Scheme provides incentives for establishing new industrial units or expanding existing ones in the manufacturing and service sectors. The scheme's main objective is to offer essential infrastructure to support sustained industrial growth in the state.

Particulars	MSME	Large
Investment Subsidy + SGST Reimbursement	**Micro and Small:** 15% of FCI* limited to INR 2 million (USD 23,800) and 100% net SGST reimbursement for 5 years **Medium:** 15% of FCI limited to INR 25 million (USD 297,000) in 5 equal annual instalments or 50% net SGST reimbursement for 5 years	100% net SGST reimbursement for five years up to 50-100% of FCI (excluding land cost).
Interest Subsidy	Micro and Small: 3% p.a. limited to INR 2.5 million (USD 29,700) for 5 years	-
Stamp Duty Reimbursement	Micro and Small: 100% for 5 years	-
Electricity Duty Subsidy	Micro and Small: INR 1 (USD 0.012) per unit for 5 years	-

2. Gujarat

Overview

Gujarat, the most industrialized state in Western India, leads the country in both industrial output and exports. The state accounts for 33.5% of India's total exports, ranking first among Indian states. Furthermore, it also accounts for ~90% of global diamond cutting and polishing.

There are 21 operational SEZs, 26 SEZs (Special Economic Zones) with formal approvals, and 8 notified SIRs (Special Investment Regions). The Delhi-Mumbai Industrial Corridor (DMIC) enhances industrial growth, with 38% of the corridors passing through the state. Additionally, Gujarat International Financial Tec-City (GIFT City) in Ahmedabad is the country's first International Financial Services Centre (IFSC) that caters to customers outside the domestic economy's jurisdiction.

Incentives under State Policy

Incentives	MSME	Large	Thrust	Mega
Net SGST Reimbursement	80-100% of net SGST for 10 years subject to a cap of 5-7.5% of eFCI** p.a.	80-100% of net SGST for 10 years subject to a cap of 5-7.5% of eFCI p.a.	80-100% of net SGST for 10 years subject to a cap of 5.5-8% of eFCI p.a.	100% of net SGST subject to a cap of 0.9% of eFCI p.a. for 20 years and 100% of input SGST paid on capital goods
Interest Subsidy on Term Loan	Upto 5-7% subject to a cap of INR 2.5-3.5 million (USD 29.7K – 41.6K) p.a. for 5-7 years	Upto 7% subject to a cap of 1% of eFCI p.a. for 6-10 years	Upto 7% subject to a cap of 1-1.2% of eFCI p.a. for 8-10 years	7% subject to a cap of 1.2% of eFCI p.a. for 10 years
Capital Investment Subsidy	10-25% subject to a cap of INR 1-3.5mn (USD 11,890-41,600)	Up to 10% of eFCI (cap- INR 400 million (USD 4.8)/year)	Up to 12% of eFCI (cap- INR 400 million (USD 4.8)/year	-
Stamp Duty & Registration Fees Reimbursement	-	100% reimbursement of Stamp Duty for purchase/lease of land		

Size of Enterprises: MSME, Large, Mega
Thrust: Priority industries include mobility, healthcare, metal, chemical, and healthcare.

3. Haryana

Overview

Haryana is one of India's most industrialized and developed states, boasting the highest per capita income. The entire state lies within the reach of major industrial corridors, including the Delhi-Mumbai Industrial Corridor (DMIC), Amritsar-Kolkata Industrial Corridor (AKIC), and the Kundli-Manesar-Palwal (KMP) Expressway. Furthermore, the state surrounds the national capital, New Delhi, on three sides, with nearly 57% of its area falling within the National Capital Region (NCR), a key hub for trade and consumption.

Haryana is exceptionally well-connected, with access to 2 international airports, 5 civil airports, and a 1,703 km rail network. With a strong emphasis on efficient logistics and a thriving manufacturing sector, Haryana has become a leading exporter of automobiles, textiles, and agro-based products.

Major Incentives

Incentives	MSME	Large	Mega	Thrust
Investment Subsidy (Net SGST)	50-75% for the first 5-10 years; 25-35% for the next 3 years, subject to a cap of 100-150% of FCI	30-75% of net SGST for the first 5 years; 15-35% for the next 3 years, subject to a cap of 100-125% of FC		50-100% for 7-10 years, subject to a cap of 100-150% of FCI
Interest Subsidy on Term Loan	5-8% subject to a cap of INR 2 million p.a. for 3-5 years			6-7% subject to a cap of INR 2 million p.a. for 5-7 years (Only applicable to MSMEs)
Employment Generation Subsidy	Up to INR 36,000 (USD 428.2) per annum per employee for up to 7 years for employing persons belonging to Haryana (skilled/semi-skilled/unskilled)			
Electricity Duty Exemption	100% for 7-12 years	100% for 5-10 years		100% for 10-20 years
Stamp Duty Reimbursement on Land Purchase	60-100%	60-100%		80-100%
Power Tariff Subsidy	INR 2 (USD 0.024)/unit up to a load of 30-40 kW	-	-	-

4. Karnataka

Overview

Karnataka leads India's technology sector in both investments and exports, offering diverse business opportunities across automotive, electronics, food processing, heavy machinery, and textiles. Additionally, Karnataka accounts for around 70% of India's aerospace and defence supplier base.

The state boasts excellent connectivity to major markets with 2 international airports, 47 national highways, 145 state highways, and 3,818 km rail network. Its 320 km coastline includes 13 minor ports and a major port in Mangaluru.

Additionally, the Bengaluru-Mumbai Economic Corridor and Chennai-Bengaluru Industrial Corridor pass through the state, further enhance industrial development.

Major Incentives

Category	Incentive Type	Description
Base Subsidy	Capital Subsidy or PLI	- Capital Subsidy: % of VFA (value for fixed assets) over 5 years – up to 25% - PLI: % of Net Sales for 7 years – up to 3%
Tax & Land Benefits	Exemptions & Concessions	- Stamp duty: Upto 100% - Land Conversion fee: Upto 100%
Sustainability Incentives	Green Investments	- 50% subsidy for EV conversion, pollution control, zero liquid discharge, energy efficiency
MSME Support	Capital & Tax Incentives	- Stamp duty exemption, tax benefits, power subsidy - 50% reimbursement for quality & export certifications
Booster Subsidy	Employment Booster	Additional incentive on Capital Subsidy/PLI based on employment generated: - 3x-4x minimum employment → 7.5% additional subsidy - 4x-5x minimum employment → 10% additional subsidy - 5x+ minimum employment → 15% additional subsidy
	Co-location of R&D and Manufacturing	Booster for Co-location of R&D and Manufacturing Units: - 10% additional Capital Subsidy or PLI for companies establishing both R&D and manufacturing in Karnataka. - 5% increase in VFA limit if PLI is selected.
Fiscal Incentives for Logistics & Warehousing	Capital Subsidy for Logistics & Warehousing	- Available for warehouses, logistics parks, cold storage, and truck terminals. - Subject to minimum area and investment criteria
Affordable Industrial Dormitory Subsidy	Subsidy for Ultra Mega Investors	- Capital Subsidy or PLI for dormitory construction - Capped at INR 1 cr. (USD 111,000) per 1,000 people - Specific conditions on ownership & location apply

5. Maharashtra

Overview

The state of Maharashtra, located on the western coast of India, is the largest contributor to the country's GDP, accounting for 13.9% of the total. In 2023-24, the state economy is projected to grow by 7.6%, aligning with India's anticipated growth rate. The industrial and services sectors are forecasted to grow by 7.6% and 8.8%, respectively.

The state boasts excellent connectivity to major markets, with three international and seven domestic airports, the largest network of National Highways covering 17,757 km, and over 6,400 km of rail routes. Its 720 km coastline and 50 ports —2 major and 48 non-major —handle over 20% of India's total cargo. The state is administratively divided into 36 districts and six revenue divisions, facilitating better governance.

Major Incentives

<table>
<tr><th>Incentive</th><th>MSME</th><th>Special LSI</th><th>LSI</th><th>Mega & Ultra Mega</th></tr>
<tr><td>Industrial Promotion Subsidy (IPS) *</td><td>100% of Gross SGST (Excluding Region A)</td><td>30-75% of net SGST for the first 5 years; 15-35% for the next 3 years, subject to a cap of 100-125% of FC</td><td>50% of Gross SGST</td><td rowspan="5">Customised package of incentives will be provided by the High-Power Committee on a case-to-case basis</td></tr>
<tr><td>Exemption from Electricity Duty</td><td>100% Exemption (For A & B Region – Exemption available only to 100% Export Oriented Units (EOU) + IT/BT units for a period of 7 years)</td><td>-</td><td>100% Exemption (For A & B Region – Exemption available only to 100% Export Oriented Units (EOU) + IT/BT units for a period of 7 years)</td></tr>
<tr><td>Stamp Duty Exemption (For acquiring land & term-loan purposes)</td><td>100% Exemption (For A & B Region, 75-100% exemption available only to IT /BT manufacturing units in IT & BT Parks)</td><td>-</td><td>100% Exemption (For A & B Region, 75-100% exemption available only to IT/BT manufacturing units in IT & BT Parks, 50% for other units only on first lease/ conveyance deed)</td></tr>
<tr><td>Power Tariff Subsidy</td><td>INR 0.5-1 per unit for a period of 3 years (Excluding Region A)</td><td>-</td><td>-</td></tr>
<tr><td>Interest Subsidy</td><td>Up to 5% p.a. on term loan (Not exceeding the bills paid for electricity consumed during the relevant year) (Excluding Region A)</td><td>-</td><td>-</td></tr>
</table>

**IPS in the form of State Goods and Services Tax (SGST) is applicable on the first sale of eligible products billed and delivered to the same entity within Maharashtra.*

6. Telangana

Overview

Telangana, located in southern India, is one of the country's youngest states, formed in 2014. Since its inception, the state has led the way in development, introducing innovative policies that attract business ventures and investments. Telangana consistently ranks as a top performer in the Government of India's 'Ease of Doing Business' index.

The state's strong policy framework, infrastructure, and skilled talent have made Hyderabad a top tech and pharma hub. The state contributes 30% to India's pharmaceutical production and hosts 19 Life Sciences & MedTech incubators. Hyderabad is set to grow its pharma and life sciences sector. Key hubs like Hyderabad Pharma City, Genome Valley, Medical Devices Park, and the Biopharma Hub drive this growth, with Telangana accounting for nearly one-third of India's pharmaceutical production and one-fifth of its exports.

Major Incentives

Benefits	Micro and Small Enterprises (MSEs)	Medium Enterprises & Large Industries
Stamp Duty & Transfer Duty	100% reimbursement of stamp duty and transfer duty on purchase of land for industrial use	
Stamp Duty on Lease	100% reimbursement of stamp duty on Lease of Land/Shed/Buildings, mortgages, and hypothecations	
Rebate on Land Cost	25% rebate on land cost, limited to INR 10 Lakhs in Industrial Estates/Industrial Parks	
Land Conversion Charges	25% Land conversion charges for industrial use, limited to INR 1 million (USD 11.89K)	
Power Cost Reimbursement	Fixed power cost reimbursement of INR 1.00 (USD 0.012) per unit for 5 years	
Investment Subsidy	15% investment subsidy on fixed capital, up to a maximum of INR 20 Lakhs	N/A
Reimbursement of SGST	100% reimbursement for 5 years from the start of commercial production	75% reimbursement for Medium Enterprises or up to 100% of fixed capital investment; 50% for Large Enterprises
Interest Subsidy (Pavala Vaddi Scheme)	Interest subsidy on term loan, 3% p.a. for 5 years (Max reimbursement of 9% p.a.)	N/A
Seed Capital Assistance for Entrepreneurs	10% of Machinery cost for First Generation Entrepreneurs	N/A
Skill Upgradation and Training Subsidy	50% reimbursement of costs, up to INR 2000 (USD 23.79) per person	
Infrastructure Support	N/A	50% cost contribution from IIDF for standalone units (roads, power, water), with a ceiling of INR 1 Crore

7. Tamil Nadu

Overview

Tamil Nadu has the second-largest state economy in India and hosts the highest number of factories. The state boasts a well-developed infrastructure, including an extensive road and rail network and seven airports. With a coastline is 1,076 km, the second-longest in India, Tamil Nadu is the home of three major ports that enhances its trade and logistics. Recognized as an "Achiever" among coastal states by the DPIIT in the Logistics Ease (LEADS 2023), Tamil Nadu also ranks first in the Export Preparedness Index 2022.

Additionally, the state has a diversified manufacturing sector, positioning itself as a leader in industries such as automobiles, pharmaceuticals, textiles, leather products, and chemicals.

Furthermore, Tamil Nadu is India's largest tyre manufacturer and home to over 80 auto component manufacturers. The state government has planned a mega-cluster in Thirumudivakkam to bolster precision engineering and support auto component manufacturing.

Major Incentives

Particulars	Large	Mega	Ultra-Mega	Sub-Large
Investment Promotion Subsidy	The company can choose one of the following options.			-
A. SGST Reimbursement	100% reimbursement of SGST payable on the sale of final products manufactured and sold in Tamil Nadu for 15 years			-
B. Fixed Capital Investment	10-12% of EFA Disbursed equal over 10 years	10-15% of EFA disbursed equally over 10-12 years	20-25% of EFA disbursed equally over 15 years	-
C. Flexible Capital Subsidy	5-40% of EFA disbursed equally over the incentive disbursal period (2.5 times the investment period). The range is dependent on four factors: employment generation, export revenue, ecosystem creation, and thrust sector			-
D. Turnover-based Subsidy	-	1.5-2% of turnover, subject to a cap of 4% of EFA p.a. for 10 years		-
Capital Subsidy	Up to USD 120K	-	-	INR 10mn (USD 0.12 mn), 5% of EFA disbursed equally over 5 years

8. Uttar Pradesh

Overview

Uttar Pradesh is one of the fastest-growing states in India, boasting the second-longest road network with the most operational expressways, totaling 1,500 km across eight expressways as of 2023. The state is strategically positioned, with 38% of its area falling under the influence of India's two dedicated freight corridors—the Western Corridor (Delhi to Mumbai) and the Eastern Corridor (Ludhiana to Kolkata)—ensuring connectivity to remote parts of the country.

The state is also home to several locally specialised business clusters, including sports goods in Meerut, brassware in Moradabad, perfumes in Kannauj, leather in Kanpur, shoes in Agra, embroidered sarees in Varanasi, hand-knotted carpets in Bhadohi, and chikankari embroidery in Lucknow.

Major Incentives

Incentives	Large	Mega	Super Mega	Ultra Mega
Stamp Duty Exemption	50-100% exemption			
Investment Promotion Subsidy	The company can choose one of the following options:			
(A) Capital Subsidy with Boosters OR	10-15% of ECI* over a period of 10 years with an annual ceiling of USD 600K	18-22% of ECI over a period of 12 years with an annual ceiling of USD 1.19 mn (INR 150 million with boosters)	20-25% of ECI over a period of 15 years with an annual ceiling of USD 5.95 mn (INR 750 million with boosters)	22-30% of ECI over a period of 20 years with an annual ceiling of INR 1,500 mn (INR 2,100 mn with boosters)
(B) Net SGST Reimbursement OR	100% of the net SGST reimbursement for a period of 6 years with an annual ceiling of 16-20% of ECI and an overall ceiling of 80-100% of ECI	100% of the net SGST reimbursement for a period of 12 years with an annual ceiling of 7-25% of ECI and an overall ceiling of 80-300% of ECI	100% of the net SGST reimbursement for a period of 14 years with an annual ceiling of 6-21% of ECI and an overall ceiling of 80-300% of ECI	100% of the net SGST reimbursement for a period of 16 years with an annual ceiling of 5-19% of ECI and an overall ceiling of 80-300% of ECI
(C) PLI Top-up	30% of the Production Linked Incentives (PLI) of the disbursed amount, sanctioned by the Government of India (GOI), capped at 100% of ECI			

9. Other Major States

A. Himachal Pradesh

Economy & Key Sectors:

Himachal Pradesh's Economic Survey 2024-25 shows 10.2% growth, driven by the tourism and agriculture sectors, with stable inflation. Key sectors include manufacturing, pharmaceuticals, food processing, textiles, and light engineering. Furthermore, the Baddi-Barotiwala-Nalagarh industrial belt is among India's largest pharmaceutical hubs, while horticulture and agro-based industries continue to strengthen the state's economic base.

Policy & Investment Environment:

The state's Industrial Investment Policy promotes ease of doing business through digital approvals and transparent procedures. Himachal has identified eight priority sectors — manufacturing, food processing, and pharmaceuticals — to attract domestic and foreign investment through fiscal and non-fiscal incentives.

B. Madhya Pradesh

Economy & Key Sectors:

Madhya Pradesh is one of India's most diversified state economies, driven by strong growth in manufacturing, mining, textiles, food processing, and automobiles. It benefits from abundant natural resources, a strategic central location, and rapidly developing industrial corridors.

Policy & Investment Environment:

The Industrial Promotion Policy 2025, along with sector-specific policies for renewable energy, electric vehicles, textiles, and food processing, provides targeted fiscal support. The state emphasizes the availability of industrial land, improved logistics, and simplified regulatory systems to attract large-scale investments.

C. Punjab

Economy & Key Sectors:

Punjab's economy is driven by the services sector, which accounts for nearly half of its GSVA, followed by agriculture and manufacturing. Key sectors include agro-processing, textiles, engineering goods, handlooms, and pharmaceuticals. Despite a slowdown in agricultural growth, industrial diversification is progressing steadily.

Policy & Investment Environment:

The Industrial and Business Development Policy (IBDP-2022) focuses on fostering entrepreneurship and investment through fiscal incentives and streamlined procedures. The state has digitized investment approvals under the "Invest Punjab" initiative, making it easier for businesses to operate.

D. Rajasthan

Economy & Key Sectors:

Rajasthan's economy is led by services and industry, which collectively contribute around 73% of GSVA. The state has strong potential in renewable energy (especially solar), mining and minerals, automotive components, IT/ITeS, petrochemicals, and textiles. Its strategic location and connectivity make it a preferred investment destination in North India.

Policy & Investment Environment:

The state has launched progressive policies, including the Logistics Policy 2025, Textile and Apparel Policy 2025, and Data Centre Policy 2025. These aim to enhance industrial infrastructure, promote exports, and attract high-value investments. The "Developed Rajasthan@2047" vision outlines long-term goals for sustainable industrial growth.

E. Uttarakhand

Economy & Key Sectors:

Uttarakhand's economy is expanding rapidly, supported by strong performance in manufacturing, construction, and services. The industrial sector contributes around 45% to the GSDP, driven by auto components, electronics, and pharmaceuticals. Other significant industries include tourism, renewable energy, and wellness.

Policy & Investment Environment:

The state has introduced a Service Sector Policy aiming to achieve USD 27 billion in service-sector output by 2030, offering subsidies for healthcare, education, and IT investments. Its food and agro-processing policy supports cluster-based development, cold-chain facilities, and single-window approvals, encouraging investor confidence.

CHAPTER 7

BUSINESS ENABLERS IN INDIA: SPECIAL ECONOMIC ZONES (SEZs), GIFT CITY, AND GLOBAL CAPABILITY CENTERS (GCCs)

1. Special Economic Zones (SEZs)

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 overcoming the shortcomings arising from the multiplicity of controls and clearances, the absence of world-class infrastructure, and an unstable fiscal regime, and 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 SEZs operational in various states and union territories in India.

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

The Central Government, the State Government, or any person may establish an SEZ for the manufacture of goods, 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 established for the manufacturing, services, and trading of export goods. As per SEZ regulations, "manufacture" includes making, producing, fabricating, assembling, processing, or bringing into existence a new product with a distinct name, character, or use. It also covers processes such as refrigeration, cutting, polishing, blending, repair, and re-engineering, and extends to activities such as agriculture, aquaculture, floriculture, horticulture, poultry, sericulture, viticulture, and mining.

- Permitted services in SEZs include trading (import for export), warehousing, R&D, IT and IT-enabled services (e.g., software development, call centers, animation, data processing), engineering and design, offshore banking, financial and professional services, healthcare, education, tourism, logistics, and transport services. Retail trading and legal/accounting services are excluded.

Advantages of SEZ

SEZs offer multiple incentives to resident businesses. Some of them are 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 the Developer of SEZ and Units in SEZ is exempted from any customs duty by the SEZ Act.

Income Tax

- Rebate from capital gain tax in the event of shifting an industrial undertaking from an urban area to an SEZ.
- Deduction of income available to Offshore Banking Units in SEZ, 100% for the first 10 years.
- Deduction of income available to the Unit of an International Financial Services Centre in SEZ, 100% for 10 years.
- As per the Sunset Clause in SEZ Act, tax benefits to developers of SEZ ended on March 31st, 2017, and for occupiers the tax benefits ended on March 31st, 2020. (Except IFSC in GIFT City)

Goods & Service Tax

Another significant benefit of operating as an SEZ unit is that the entire supply chain for SEZ units is zero-rated, i.e., there is no tax burden on either the input or output side. An SEZ unit may supply goods or services without payment of IGST and claim a 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 made with consensus.

Others

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

State	No. of SEZs
Tamil Nadu	51
Maharashtra	38
Telangana	38
Karnataka	37
Andhra Pradesh	25
Gujarat	21
Kerala	20
Uttar Pradesh	14
Haryana	8
West Bengal	7
Madhya Pradesh	6
Odisha	5
Punjab	3
Rajasthan	3
Chandigarh	2
Chhattisgarh	1

2. GIFT City – India's Global Financial Gateway

Established in April 2015, the Gujarat International Finance Tec-City (GIFT City) is India's first International Financial Services Centre (IFSC), envisioned to position India as a global financial hub. Strategically located between Ahmedabad and Gandhinagar on the banks of the Sabarmati River, GIFT City spans 886 acres, integrating world-class infrastructure, cutting-edge technology, and progressive regulations.

The city comprises two zones: a Multi-Service SEZ (261 acres) and a Domestic Tariff Area (625 acres). It is managed by GIFTCL and GIFT SEZ Ltd., offering streamlined operations through single-window clearances and ready-to-use business infrastructure.

GIFT City provides seamless global connectivity, located just 20 km from Ahmedabad International Airport. It features advanced urban systems such as a District Cooling System (DCS), Automated Waste Collection System (AWCS), and an Underground Utility Tunnel. Complementing its business environment are social amenities including an international school, medical facilities, and a proposed hospital.

As part of the Ahmedabad–Gandhinagar–GIFT City tri-city ecosystem, the region harmonizes heritage, governance, and innovation—making GIFT City a model for future-ready urban and financial development in India.

	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

3. Global Capability Centers (GCCs)

India, one of the world's fastest-growing economies, is on track to achieve high middle-income status by 2047. Its GDP is projected to nearly double from USD 3.9 trillion in 2024 to USD 7.3 trillion by 2030 **(World Bank, Indian Express)**. Despite global uncertainties, India's political stability, robust regulatory framework, and consumption-driven domestic market continue to attract multinational corporations.

Global Capability Centers (GCCs) have emerged as key drivers of this growth, evolving from cost-saving hubs to centers of excellence for innovation, R&D, and digital transformation. India hosts over 1,800 GCCs, employs 1.5 million professionals, and accounts for more than 55% of the world's operational centers. The Indian GCC market, valued at USD 46 billion in 2023, is expected to reach USD 110 billion by 2030.

India's GCC ecosystem benefits from a large pool of STEM graduates, technical expertise, cost competitiveness, and supportive government policies. Leading cities include Bengaluru, Hyderabad, Delhi NCR, Mumbai, Pune, and Chennai, while over 200 GCCs operate in Tier-II and Tier-III cities such as Ahmedabad, Kochi, Thiruvananthapuram, and Coimbatore, reflecting regional diversification and growth potential.

Major Sectors Attracting GCCs in India

- Information Technology & Software Development
- Banking, Financial Services & Insurance (BFSI)
- Healthcare & Pharmaceuticals
- Engineering, Manufacturing & Automotive
- Retail, E-commerce & Consumer Goods
- Telecommunications & Media
- Energy & Utilities

India's GCC Portfolio

CHAPTER 8

ESTABLISHING A PRESENCE

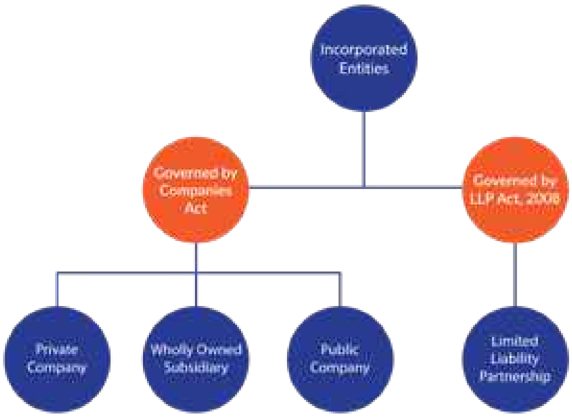
On being aware about the foreign exchange regulations, foreign investor can initiate the process of setting up an Indian entity. Decision about choosing the type of entity must be taken well in advance as foreign exchange regulations are different for different type of entities. After completing the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

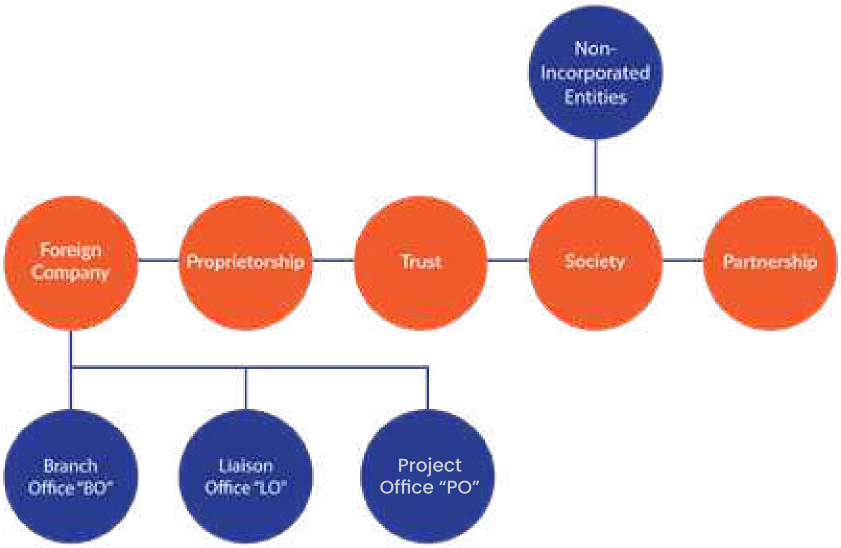
- These entities requires Central Government approval for obtaining a license to be registered as a limited company without the addition to its name of the word “Limited”, or as the case may be, the words “Private Limited”.
- The charter documents are Memorandum and **Articles of Association** (no stamp 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:

Basis	Branch Office "BO"	Liaison Office "LO"	Project Office "PO"
Registration requirement from AD Bank/RBI	▪ 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.		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.
Situations where prior approval of RBI is required	▪ 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.		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.

Validity	It has perpetual existence till it is closed	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.	Till the project is completed.
Extension	It has perpetual existence till it is closed	Can be extended, if approved by RBI	Can be extended on extension of project or some other special situation and if approved by RBI
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.

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.

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.

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

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

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.

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 9

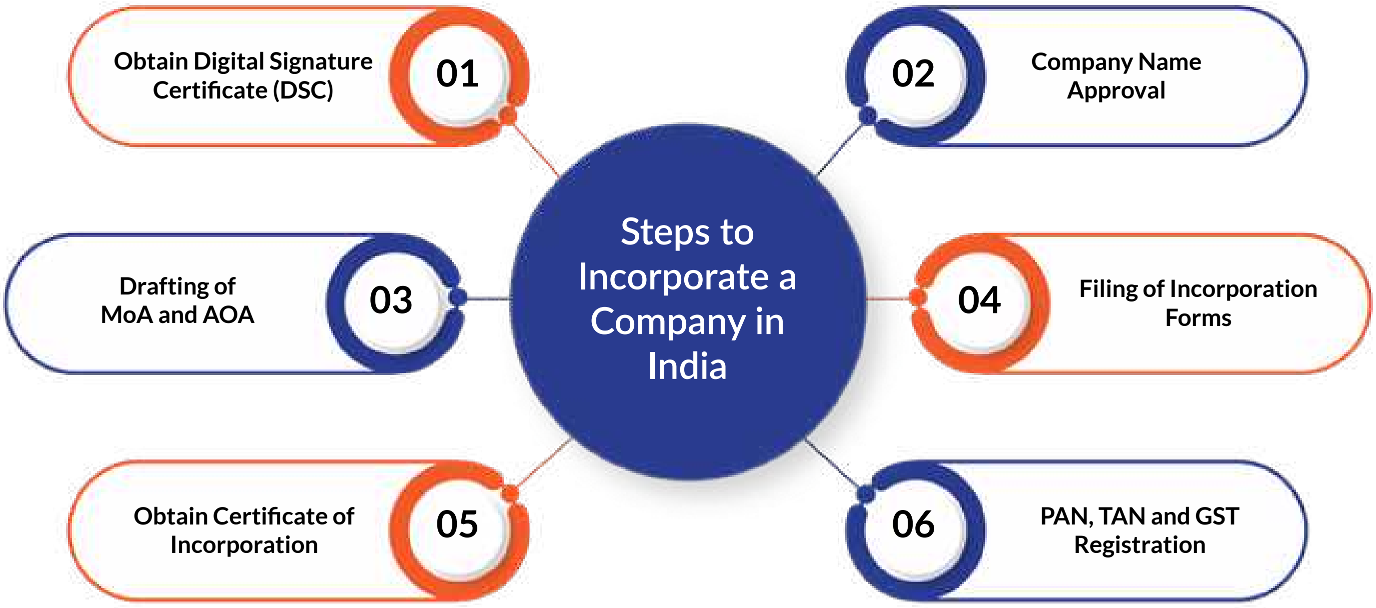
COMPANY FORMATION & ADMINISTRATION

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:



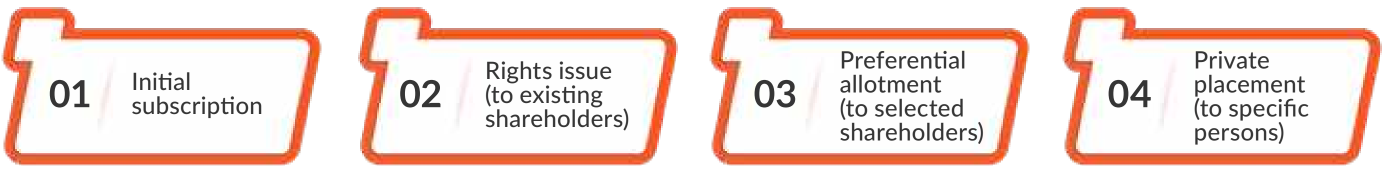
II. Shares and Capital Structures

Under the Companies Act, 2013, a company may be limited by shares or by guarantee. A company limited by shares has a share capital, which consists of authorised capital (the maximum capital permitted by its memorandum) and paid-up capital (the amount received from shareholders).

There is no minimum capital requirement for incorporating a company. Share capital is classified into equity share capital and preference share capital.

Issuance of Share Capital

Shares may be issued through:



Allotment and Share Certificates

Shares must be allotted after receiving the subscription amount, and a return of allotment must be filed with the Registrar of Companies (RoC) within 30 days. Share certificates must be issued to shareholders within 60 days of allotment.

III. Directors

The Board of Directors serves as the strategic and managerial authority of a company, responsible for its governance and overall direction.

Composition of the Board

- Private Company: Minimum 2 directors
- Public Company: Minimum 3 directors
- Maximum Limit: Up to 15 directors, extendable through a special resolution passed in a shareholders' meeting.

Eligibility Requirements

- Be at least 21 years of age
- Hold a valid Director Identification Number (DIN)
- Not be disqualified under the Companies Act, 2013

Categories of Directors

Based on their roles and responsibilities, directors can be classified as follows:

- Managing Director – responsible for overall management of company affairs
- Whole-time Director – involved in full-time management functions
- Director – a person appointed to the board of a company, or any person who holds the position of director
- Additional Director – appointed by the Board for a limited term
- Alternate Director – acts in place of a director who is temporarily unavailable
- Nominee Director – represents an institution or shareholder
- Independent Director – provides impartial oversight, as defined under the Act
- Non-Executive Director - is not involved in the company's day-to-day operations.

Appointment Procedure

- Directors are generally appointed by shareholders in a general meeting.
- The Board may appoint an Additional Director, subject to applicable conditions.
- Each appointee must submit a written consent to act as a director.
- The company must file a return of appointment with the Registrar of Companies (RoC) within the prescribed time.

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 & Statutory **Audit.**
- **Goods and Service Tax Returns.**
- Filing of return on **Significant Beneficial Ownership (SBO).**

V. Meetings

A company operates under two principal bodies: the shareholders, who are the owners, and the directors, who are responsible for its management. Key decisions of the company are taken through meetings conducted by these bodies.

Board meetings are held by the directors: At least four meetings must be convened during each financial year, and the interval between two meetings cannot exceed 120 days. At least two directors must be present for the meeting to be valid.

General meetings are held by shareholders and are classified as Annual General Meetings (AGM) and Extra-ordinary General Meetings (EGM). The AGM is conducted once every year, while an EGM is called whenever necessary under applicable law.

For a valid quorum, a private company requires at least two shareholders, whereas a public company requires five members personally present and entitled to vote.

CHAPTER 10

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.

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)

<table>
<tr><th>Particulars</th><th colspan="2">Funding by way of External Commercial Borrowings (ECB)</th></tr>
<tr><td>Meaning</td><td colspan="2">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.</td></tr>
<tr><td>Governed by</td><td colspan="2">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.</td></tr>
<tr><td>Limit on an ECB</td><td colspan="2">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.</td></tr>
<tr><td>Eligible borrowers and lenders</td><td>Eligible borrowers

i. All entities eligible to receive FDI;
ii. Port Trusts
iii. Units in SEZ
iv. SIDBI
v. EXIM Bank of India</td><td>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).</td></tr>
<tr><td>Maturity period</td><td colspan="2">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.</td></tr>
<tr><td>Utilisation of ECB</td><td colspan="2">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</td></tr>
</table>

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.

CHAPTER 11

DOUBLE TAX AVOIDANCE TREATIES

India has entered into double taxation avoidance agreements (DTAA) and information exchange agreements with various countries to prevent double taxation and tax evasion. Further, India has entered into memoranda of understanding, CEPA agreements, joint communiques, commercial dialogues, study reports, and development programs for free trade and economic cooperation with various countries and regions. The list of countries with which India has a DTAA is provided below for reference:

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

CHAPTER 12

MERGERS & ACQUISITIONS (M&A)

Overview

India is one of the world's fastest growing and most dynamic economies. While private deals have traditionally driven the country's M&A market, recent years have also seen a rise in public M&A activity, particularly in stressed-asset sales and sector consolidations. Even though the number of transactions has dipped, the total deal value has gone up, mainly due to large insolvency-driven mergers under the Insolvency and Bankruptcy Code, 2016.

Legal Framework

- **Contract Act, 1872:** Sets the foundation for agreements, including clauses like non-compete, indemnity, and warranties.
- **Companies Act, 2013:** Regulates mergers and amalgamations through the National Company Law Tribunal (NCLT) under Sections 230–232. Listed company mergers require SEBI and stock exchange approvals.
- **Competition Act, 2002:** Ensures mergers don't harm competition. Large combinations need CCI approval.
- **Income Tax Act, 1961:** Mergers and demergers are tax-neutral unless there's a sale for consideration. Capital gains arise only when shares are sold.
- **SEBI Takeover Code (2011):** Protects shareholder rights during acquisitions and ensures transparency in public takeovers.
- **FDI Rules:** Cross-border mergers require RBI approval and must comply with fair valuation and pricing norms.

Types of Mergers

- **Horizontal Merger:** Between companies in the same industry
- **Vertical Marger:** Between companies along the supply chain
- **Conglomerate Marger:** Between unrelated businesses
- **Friendly or Hostile Merger:** Based on management consent
- **Bailout/Downstream Merger:** Rescue or internal mergers

Other Key Points

- **Demergers:** Businesses split into separate entities for better focus or value creation.
- **Fast Track Merger (FTM):** A simplified merger process for small or wholly owned companies under Section 233, cutting time, cost, and court involvement.

Notable examples: Zee–Sony, Vodafone–Idea, Tata–Corus, and Walmart–Flipkart.

CHAPTER 13

TAXATION & TRANSFER PRICING

Tax System in India

India's modern tax framework was first established in 1860 when Sir James Wilson introduced income tax during British rule. Today, the Constitution of India assigns the power to impose and collect taxes to three levels of government: the Central Government, State Governments, and Local Authorities, creating a balanced system of fiscal responsibility. The overall tax structure is divided into Direct Taxes and Indirect Taxes, forming the core of the country's revenue system.

Direct taxes are paid directly by individuals or organizations responsible for the payment and include Income Tax, Gift Tax, Stamp Duty, and Securities Transaction Tax. In contrast, Indirect taxes are collected through goods and services, with the cost ultimately passed on to consumers. These include Goods and Services Tax (GST), Customs Duty, Value Added Tax (VAT), and Excise Duty. Additionally, India's taxation and trade environment is influenced by its Foreign Trade Policy and various Free Trade Agreements (FTAs) that guide cross-border transactions and tariff structures.

Direct Tax Framework

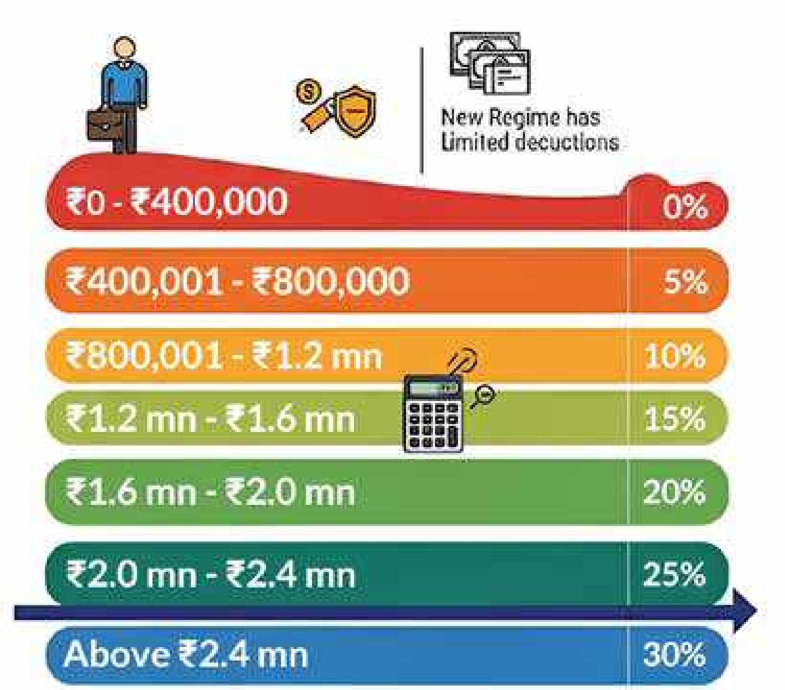
Income Tax is the most significant form of direct taxation in India and follows a progressive rate structure. It is issued based on the residential status of the taxpayer, such as Individual, Hindu Undivided Family (HUF), Firm, or Company, for each financial year beginning on 1 April and ending on 31 March.

- Residents are liable to pay tax on their global income.
- Non-residents are liable to pay tax only on income earned or received in India.

The total income of a taxpayer is categorized under five heads of income: Salary, House Property, Profits and Gains from Business or Profession, Capital Gains, and other sources. The Income Tax Act outlines the procedures for computation, deductions, and applicable tax rates. Corporate entities are taxed at a fixed rate, while individual taxpayers are subject to slab-based rates depending on their income levels.

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

India's Personal Income Tax Slab (New Regime)



**Standard Deduction under the new tax regime will be INR 75,000.

Domestic Company & Partnership Firm (Including LLP)

Domestic Companies (Revenues < INR 4 billion/USD 45 million)

Tax Rate (<INR10 million (~USD 112,700)	26%
If Income over ₹10 million	27.82%
If Income over ₹100 million (~USD 1.12 million)	29.12%

Cess: 4% | Surcharge: 7%-12%, Included in the above rates

Domestic Companies (Revenues > INR 4 billion/USD 45 million)

Tax Rate (<₹10 million (~USD 112,700)	31.20%
If Income over ₹10 million	33.38%
If Income over ₹100 million (~USD 1.12 million)	34.94%

Cess: 4% | Surcharge: 7%-12%, Included in the above rates

Domestic Companies (Lower Tax Rates under New Regime)

Tax Rate	25.17%

Cess: 4% | Surcharge: 10%, Included in the above rates

Domestic Manufacturing Companies (Subject to Sunset Clause)

Tax Rate	17.16%

Cess: 4% | Surcharge: 10%, Included in the above rates

Partnership Firms (Including LLPs)

Tax Rate	17.16%
If Income over ₹10 million (~USD 112,700)	31.20%

Cess: 4% | Surcharge: 10%, Included in the above rates

Foreign Company

Foreign Companies

Tax Rate (<₹10 million (~USD 112,700)	36.40%
If Income over ₹10 million	37.13%
If Income over ₹100 million (~USD 1.12 million)	38.22%

Cess: 4% | Surcharge: 2%-5%, Included in the above rates

Foreign Companies Deriving income from – Royalty/Dividends, or Fee for Technical Services

Tax Rate (<₹10 million (~USD 112,700)	20.80%
If Income over ₹10 million	21.22%
If Income over ₹100 million (~USD 1.12 million)	21.84%

Cess: 4% | Surcharge: 7%-12%, Included in the above rates

Due Dates of Income Tax Return

1. Non-Corporate Entities not liable for Tax Audit – 31st July
2. Tax Payer liable for Tax Audit or a Company – 31st October
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.

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/Annual Tax Statement or TDS certificate issued by the deductor. There are various withholding tax (TDS) rates for various category of payments made by Payer to Payee ranging from 0.1% 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.

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 0.1% to 20%.

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 354,000) 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 **co-exist.**

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 Price 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 Features 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 central 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, Nonresident 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.

E-way Bills

E-Way 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 E-way Bill Number (EBN) is allocated and is available to the supplier, recipient, and the transporter.

VAT & Excise Tax

- 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 tax 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.

CHAPTER 14

FOREIGN TRADE POLICY

Foreign Trade Policy of India

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, the South Asian Free Trade Area (SAFTA), and recently finalized agreements such as the India-UK Free Trade Agreement (FTA) in 2025. These agreements aim to reduce tariffs and boost trade between India and its partner countries. The Foreign Trade Policy focuses 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 by a dynamic and open-ended framework called the Foreign Trade Policy 2025, which superseded the interim FTP 2023. This policy is currently 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 the Payment Settlement Framework introduced by the RBI in July 2022. This is 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:

- **Incentive to Remission:** These benefits include duty refund schemes, the export growth capital equipment plan, the pre-clearance scheme, and free trade agreements (FTAs).

- **Export promotion through collaboration:** Exporters, States, Districts, Indian Missions: The policy assists in identifying the challenges and devising strategies for increasing exports. It encourages collaboration among the exporters, districts, states and Indian missions abroad.

- **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, leveraging digital platforms for automated approvals and minimal touch processes.

- **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. FTP 2025 encourages recognition of new towns through the "Towns of Export Excellence Scheme" and exporters through the "Status Holder Scheme."

Foreign Trade Policy is facilitating exports by streamlining popular schemes like Advance Authorization and Export Promotion Capital Goods (EPCG), expanding merchant trade from India, and continuously updating to improve export competitiveness.

Key Features Under the Foreign Trade Policy :

Process Re-Engineering and Automation

India's Foreign Trade Policy 2025 emphasizes efficiency through automated IT systems, aiming to reduce paperwork and streamline processes. Continued implementation of schemes like Advance Authorisation and EPCG ensures easier access to export benefits, particularly benefiting MSMEs with simplified procedures and reduced fees.

Towns of Export Excellence

The policy includes new Towns of Export Excellence like Faridabad, Mirzapur, Moradabad, and Varanasi, focusing on enhancing exports in sectors such as handlooms, handicrafts, and carpets. These TEEs receive priority access to export promotion funds and benefit from support services provided by Common Service Providers under the EPCG Scheme.

Recognition of Exporters

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

Promoting Export from 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 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 help 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 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.

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.

CHAPTER 15

VISA REQUIREMENTS

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

1. Registration Requirements for Foreign Nationals (Foreigners)

- All foreigners (including those of Indian origin) on long-term visas—Student, Medical, Research, Employment, Missionary, or Project—must register with the FRRO/FRO of their area of stay within 14 days of arrival. Business visa holders must register if their total stay exceeds 180 days in a calendar year.
- Other long-term visa holders do not need to register if their continuous stay is less than 180 days. If they plan to stay longer, registration must be completed within 180 days of arrival. Children under 12 are exempt.

2. Major Visa Categories

Type	Purpose	Validity
e-Visa	Includes e-Tourist, e-Business, e-Medical, e-Conference, etc.	30 days to 5 years, depending on type
Business Visa	For business visits, trade meetings, or exploring ventures	Up to 5 years, multiple entry
Employment Visa	For paid employment or intra-company transfers	1 year or duration of contract
Conference Visa	To attend seminars or official events	Duration of event + travel days
Research Visa	For academic or research purposes	Up to 3 years or project duration

Other visas include Transit, Tourist, Medical, Student, Journalist, Film, Diplomatic, and Intern visas.

3. Period of validity of the passport and visa

The applicant's passport should have at least 6 months of validity at the time of applying for a visa. It should have at least two blank pages for stamping by the Immigration Officer. The validity of all visas commences on the date of issuance.

4. 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 exceptional cases.

5. Business Visa Details

A Business Visa is issued for:

- Establishing or exploring industrial/business ventures.
- Buying/selling products or attending trade fairs.
- Board meetings or technical discussions.
- Recruiting manpower or training staff.
- Participating in commercial sports or cultural events.

Conditions:

- Applicant must have sound financial standing.
- Cannot engage in petty trade or employment.
- Must comply with tax and regulatory requirements.
- If total stay exceeds 180 days in a year, registration with FRRO/FRO is mandatory.

6. Permanent Residency Status (PRS)

Foreign investors may be granted PRS if they:

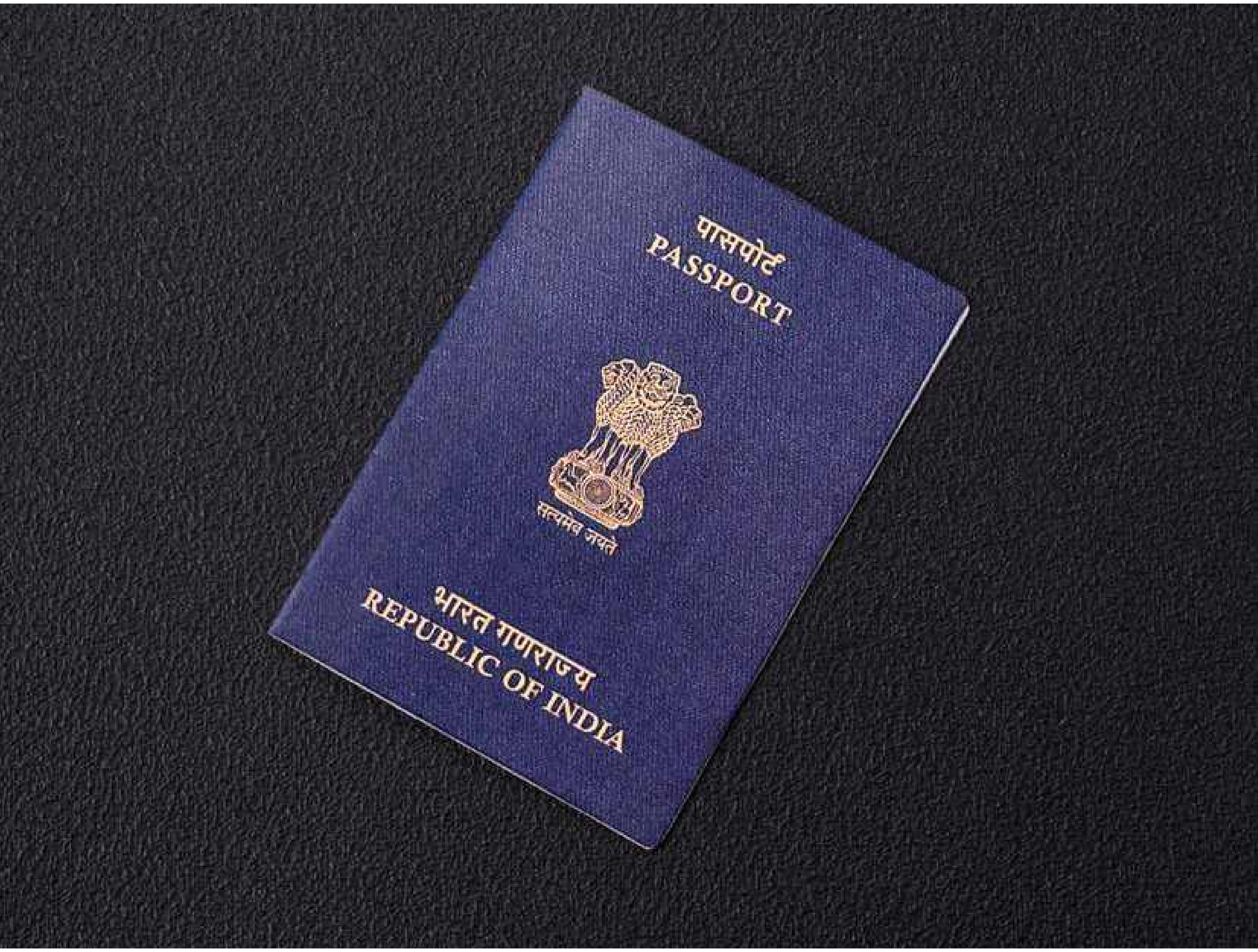
- Invest at least INR 10 crore (within 18 months) or INR 25 crore (within 36 months) through FDI, and
- Generate employment for at least 20 Indian residents annually

Benefits:

- Multiple-entry visa without stay limits.
- Eligibility to purchase one residential property.
- Spouse/dependents can work or study in India without separate visas.
- Exemption from minimum salary limits applicable to employment visas.

Reporting:

PRS holders must annually submit FDI and tax compliance documents and employment generation details to FRRO/FRO.



CHAPTER 16

CAPITAL MARKET

Securities and Exchange Board of India (SEBI), established on April 12, 1992, under the SEBI Act, 1992, and the Securities Contracts (Regulation) Act (SCRA), 1956, which regulate stock exchanges, prevent undesirable transactions, and ensure transparency.

Major Stock Exchanges

- NSE (National Stock Exchange): Founded in 1994, the National Stock Exchange of India (NSE) is the country's largest exchange by equity turnover and was the fourth largest globally in 2015. It pioneered electronic trading in India and offers a wide range of services, including listing, trading, clearing, indices, market data, and investor education.
- As of October 2025, the total market capitalization of companies listed on the NSE stands at approximately USD 5.32 trillion. This represents the aggregate market value of all listed equities, which fluctuates in line with market movements.
- BSE (Bombay Stock Exchange): Established in 1875, Asia's first stock exchange, BSE, offers trading in equity, currencies, debt, derivatives, and mutual funds. It operates platforms like BSE SME and BSE Star MF.
- Commodity Exchanges: e.g., ICEX, SEBI-regulated, providing nationwide online commodity derivative trading.

Types of Capital Market

Primary Market	Deals with new securities (IPOs, rights issues)
	Companies raise capital for new ventures or expansion
Secondary Market	Trades securities after initial issuance
	It includes stock exchanges and intermediaries for clearing and settlement

Alternative Investment Options

- **Venture Capital Funds (VCF):** Registered with SEBI under VCF Regulations, raise capital from Indian/foreign investors, and invest as per defined objectives.
- **Alternative Investment Funds (AIF):** Private pooled investment vehicles raising at least INR 20 crore (USD 2.28 million) per scheme; cannot solicit funds publicly; max 1,000 investors per scheme.
- **Depository Receipts (GDRs/ADRs):** Issued to non-residents by Indian companies via Overseas Depository Banks for raising foreign funds. Prior permission from the Ministry of Finance is required; companies barred by SEBI cannot issue these instruments.

Key Features

- SEBI ensures transparency, investor protection, and regulatory compliance.
- Primary and secondary markets provide avenues for capital raising, trading, and investment.
- VCF, AIF, and Depository Receipts enable alternative investment and access to foreign capital while maintaining regulatory oversight.

CHAPTER 17

HUMAN RESOURCE AND ENVIRONMENTAL REGULATIONS IN INDIA

India's regulatory framework ensures responsible and sustainable business operations by integrating human resource management with environmental protection. It promotes fair labour practices, safe workplaces, and eco-friendly industrial growth.

Key Highlights

Unified Labour Framework	• Twenty-nine laws have been consolidated into four labour codes for easier compliance. • These cover wages, social security, industrial relations, and occupational safety. • The framework safeguards workers' rights, ensures gender equality, and promotes welfare benefits.
Environmental Responsibility	• Oversight by the Ministry of Environment, Forest and Climate Change (MoEFCC), Central Pollution Control Board (CPCB), and State Pollution Control Boards (SPCBs). • Major laws include the Environmental Protection Act (1986), Air Act (1981), Water Act (1974), and Hazardous Waste Rules. • Industries are classified by Pollution Index (PI) into Red, Orange, Green, and White categories, determining the level of control and permit requirement.
Sustainability and Compliance	• Regular audits and permits regulate emissions, waste, and resource management. • The National Green Tribunal (NGT) resolves environmental disputes and ensures enforcement of standards.

CHAPTER 18

DATA PRIVACY, INFORMATION TECHNOLOGY, AND INTELLECTUAL PROPERTY IN INDIA

India has established a strong legal framework to ensure secure digital operations and protect innovation. The system covers data privacy, cyber regulations, and intellectual property rights, aligning with global business and technology standards.

Information Technology and Data Privacy

- The Information Technology Act, 2000 governs e-commerce, cybercrime, and electronic communication. It gives legal recognition to digital transactions, regulates data management, and penalizes misuse.
- Current privacy rules protect sensitive personal data such as financial, biometric, and health information. Companies must maintain privacy policies, secure user data, and follow due diligence under intermediary guidelines.
- The Digital Personal Data Protection Act (DPDP) modernizes privacy law by addressing data sharing, localization, and user consent, aligning India's framework with global norms like the GDPR.

Intellectual Property Rights

India's IPR regime encourages innovation and brand protection under the World Intellectual Property Organization (WIPO). Key laws include:

Patents Act, 2005	Protects inventions for 20 years
Trademarks Act, 2010	Secures brand identity for 10 years
Copyright Act, 1957	Covers creative works for 60 years
Designs Act, 2000	Safeguards industrial designs for 10 years
Geographical Indications Act, 1999	Identifies products by origin for 10 years
Plant Variety Act, 2001	Protects new agricultural varieties
Trade Secrets	Preserved through contractual and common law

Integrated Impact

Together, India's IT, data, and IPR frameworks ensure digital security, legal certainty, and protection of intellectual assets, creating a safe and innovation-driven business environment.

CHAPTER 19

DISPUTE RESOLUTION MECHANISMS IN INDIA

India provides a comprehensive legal framework for resolving disputes across various domains, including direct tax, indirect tax, capital markets, corporate, and civil matters. The system includes judicial, quasi-judicial, and alternative mechanisms to ensure fairness, efficiency, and transparency.

1. Direct Tax Dispute Resolution

The Income Tax Act establishes a five-tier structure for resolving income tax disputes between taxpayers and revenue authorities:

Hierarchy:

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

Additional Mechanisms:

- **Dispute Resolution Panel (DRP):** For transfer pricing and international tax cases.
- **Advance Pricing Agreement (APA):** For determining future pricing of international transactions.
- **Mutual Agreement Procedure (MAP):** For resolving cross-border double taxation issues under tax treaties.
- **Advance Ruling Authority:** For obtaining clarity on the tax implications of a proposed transaction.
- **Settlement Commission:** For settlement of complex tax disputes.

2. Appeals and Review Mechanism under Goods & Services Tax (GST)

The GST framework provides a structured appellate hierarchy:

1. Commissioner (Appeals)
2. Goods and Services Tax Appellate Tribunal (GSTAT)
3. High Court
4. Supreme Court

Advance Ruling under GST

The Advance Ruling Authority helps avoid future disputes by clarifying GST treatment for specific transactions relating to:

- Classification of goods/services
- Applicability of notifications
- Time and value of supply
- Input tax credit eligibility
- Tax liability determination
- Registration requirements
- Whether an activity constitutes a taxable supply

3. Advance Ruling in Direct Tax

An Advance Ruling is a written opinion by an authorized authority on the tax consequences of a transaction, actual or proposed.

Eligible Applicants:

- Non-residents
- Residents involved in transactions with non-residents
- Residents undertaking transactions exceeding INR 100 crore (USD 11.3 million)
- Notified Public Sector Companies
- Any person (resident or non-resident) seeking a ruling on the applicability of General Anti-Avoidance Rules (GAAR)

4. Capital Market Dispute Resolution

Securities Appellate Tribunal (SAT)
Established under the SEBI Act, 1992, SAT is a statutory body comprising a Presiding Officer and two members, appointed by the Central Government in consultation with the Chief Justice of India.

Powers & Jurisdiction:

- Hears appeals against orders passed by SEBI, IRDAI, and PFRDA
- Functions with powers equivalent to a civil court
- Appeals against SAT's decisions lie only to the Supreme Court, and solely on questions of law

5. National Company Law Tribunal (NCLT)

The NCLT is a quasi-judicial body established under the Companies Act, 2013 to resolve civil corporate disputes and protect company stakeholders.

Functions:

- Handles cases of corporate insolvency and liquidation
- Addresses oppression and mismanagement issues
- Adjudicates mergers, amalgamations, and restructuring matters
- Exercises powers under the Insolvency and Bankruptcy Code (IBC), 2016

6. Alternative Dispute Resolution (ADR) Mechanisms

Arbitration and Conciliation Act, 1996
Arbitration offers a private, faster, and confidential alternative to court litigation.
The 2019 Amendment to the Act introduced:

- **Arbitration Council of India (ACI):** To promote and grade arbitral institutions.
- **Institutional Arbitration Framework:** Empowers Supreme Court and High Courts to designate arbitral institutions for appointment of arbitrators.
- Encouragement of Mediation and Conciliation as parallel mechanisms.

Consumer Disputes Redressal Forums

Consumer courts operate at three levels — District, State, and National — under the Consumer Protection Act. They handle cases of unfair trade practices, defective goods, or deficient services, based on the claim value.

Lok Adalat

Established under the Legal Services Authorities Act, 1987, Lok Adalat provide speedy resolution of minor cases and reduce the judicial backlog.

They function as people's courts, resolving disputes through mutual settlement.

Mediation

The Mediation Act, 2023, effective since September 14, 2023, promotes mediation as an institutional mechanism to reduce court pendency and encourage community and online mediation.
It aims to make mediation a cost-effective, time-bound, and legally recognized method of dispute resolution.

CHAPTER 20

EXIT OPTIONS FOR BUSINESSES IN INDIA

Starting a business involves both profit and loss risks. When losses occur or strategic decisions arise, investors may choose to exit the Indian market. The primary exit routes include:

1. Slump Sale (Sale with Lump-Sum Consideration)

A slump sale involves transferring a going-concern business undertaking for a lump-sum amount, without assigning individual values to assets and liabilities.

- Legal impact: The entity continues to exist and must be closed separately.
- Profits or gains from a slump sale are treated as capital gains in the year of transfer.

2. Buy-Back of Shares

Foreign investors can exit if the Indian company offers a buyback, in which the company repurchases its shares from shareholders.

- Tax implication: For unlisted shares, the company isn't liable to tax; receipts from the buy-back are treated as deemed dividends under Section 2(22)(f) in the hands of shareholders.

3. Transfer of Shares

Exiting via share transfer involves selling control by transferring shares to another party for consideration, as per Indian laws.

- Requirements: Execution of the transfer deed, payment of stamp duty, and FEMA/RBI compliance.
- Tax implication: Gains on share transfer are taxable as capital gains; indirect transfers may also attract tax under certain conditions.

4. Strike Off (Removal from Registrar of Companies)

Striking off is the simplest way to close a defunct or non-operational company by removing its name from the Registrar of Companies (RoC).

- Applicable to: Both Companies and LLPs.
- Tax implication: All pending income tax dues must be settled before the strike-off.

5. Winding Up of a Company

Winding up ends a company's legal existence, and its assets are liquidated to pay off debts. This process follows the Companies Act, 2013, and the Insolvency and Bankruptcy Code, 2016.

- Tax implications:
  - Company: No capital gains arise on the distribution of assets to shareholders.
  - Shareholders: Receipts during liquidation are taxable as capital gains after deducting the dividend portion.

6. Winding Up of LLP

An LLP can be wound up voluntarily or by a Tribunal under the Insolvency and Bankruptcy Code, 2016.

- Requires approval of 3/4th partners and a declaration confirming no outstanding debts or fraudulent intent.
- A liquidator oversees the process and files the final report for dissolution with the Registrar.
- LLPs can also opt for strike-off if non-operational.

7. Dissolution of Partnership Firm

A partnership firm can be dissolved by the mutual consent of partners as per the partnership deed.

- For NRIs/PIOs: Investments can be made on a non-repatriable basis under FEMA.
- Upon dissolution, assets and liabilities are settled and disposed of among partners.

CONCLUSION

India stands as one of the world's most dynamic economies, solidifying its position as the fourth-largest economy by nominal GDP at USD 4.2 trillion and the third-largest by purchasing power parity at USD 17.7 trillion. Its robust growth trajectory projects the nation's GDP to reach USD 7 trillion by 2030, driven by a rapidly expanding consumer base, accelerating urbanization, and sustained foreign investment. India's economy is projected to reach USD 7 trillion by 2030, creating unprecedented opportunities for global investors.

India is actively reshaping its global value chains and attracting sustained international capital across diverse sectors including renewable energy, healthcare, defense, FMCG, education, automotive, oil and gas, civil aviation, banking, e-commerce, real estate, textiles, telecommunications, infrastructure, and IT/AI-enabled services and more. The country's cost-competitive manufacturing base, progressive regulatory framework, and commitment to digital transformation ensure an enabling environment for innovation, scale, and long-term success.

For global enterprises, India presents an unmatched blend of opportunity, stability, and strategic potential. Its business ecosystem combines scale with sophisticated infrastructure, consistent pro-business reforms, and an abundant talent pool. Companies seeking to establish operations, capture new consumer markets, or advance sustainability and innovation initiatives will find India an ideal destination.

Engaging with India means participating in one of the world's most promising growth stories—a marketplace defined by its scale, complexity, and remarkable resilience. By leveraging India's sectoral incentives, skilled human capital, and vibrant consumer demand, businesses can achieve sustained profitability, compliance, and global reach.

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 Kingedom
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- Free Trade Agreements
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 Centers
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

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