

Doing Business in India in 2024



Doing Business in India in 2024

**Visak Financial Services Private
Limited**

Doing Business in India in 2024

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Doing Business in India in 2024

Preface

Welcome to our guide on Doing Business in India for Businesses in 2024!

India, a land of diverse cultures and rich heritage, stands as a beacon for global business opportunities. As we delve into the 2024 edition of the "Doing Business in India" guide, we embark on a journey through a country that blends tradition with modernity, offering a unique tapestry for investment and growth.

In recent years, India's macroeconomic indicators have painted a positive picture, showcasing robust GDP growth, soaring exports, and a favorable business environment. The nation's focus on digitization and simplification has significantly reduced the time and cost associated with exporting and importing, making it an attractive hub for international trade.

Investors eyeing India are met with a plethora of sectors ripe for investments, from digital communication infrastructure to 5G services and electronics system design. However, navigating India's diverse market requires a nuanced understanding of its cultural nuances. Conducting thorough cultural due diligence and building strong relationships with local suppliers are crucial steps for success in this vibrant market.

In this guide, we unravel the layers of doing business in India, offering insights into the regulatory landscape, cultural intricacies, and investment opportunities that define this dynamic market. Join us as we explore the myriad facets of conducting business in one of the world's fastest-growing economies.

Visak Financial Services Private Limited (VFSL) is a global firm engaged in providing Strategic Financial Advisory and Investment Banking services to clients across the world. We are Head Quartered in city of Ahmedabad -Gujarat ..Language of Money and Finance is common for all and so we provide our services to clients who are based in the remote locations as well as the clients based in the most developed countries of the world.. We are a team of experienced professionals who provide customized solutions to meet the unique needs of each client .

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Our company provides a range of financial advisory services to clients, including:

Investment banking

Corporate finance

Valuation and modeling

Transaction support

Restructuring and turnaround

Tax Planning & Advisory

GIFT City Advisory

India Entry Advisory

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India Poised to Stay the Fastest Growing Economy Among G20 Economies

India's economic trajectory for 2024 is promising, positioning the country as the fastest-growing G20 economy. Moody's Ratings raised India's GDP growth forecast for FY24 to around 8 per cent from 6.6 per cent on the back of strong domestic consumption and capital expenditure. S&P Global predicts India to overtake China's growth forecast, with even conservative estimates by the IMF suggesting that India could become the world's third-largest economy by 2027, surpassing Japan and Germany, with a GDP exceeding US\$5 trillion.

India is entering a pivotal phase of the S-curve characterized by significant acceleration in urbanization, industrialization, household incomes, and energy consumption. This phase typically spans several decades marked by rapid growth in these areas. India can aspire to become a USD 7 trillion economy in the next six to seven years (by 2030). This will be a significant milestone in the journey to delivering a quality of life and standard of living that match and exceed the aspirations of the Indian people. The government has, however, set a higher goal of becoming a 'Developed country' by 2047. Amrit Kaal is the Prime Minister vision 2047 for "New India".

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Why India:

India among to be fastest growing economies

According to the United Nation' s Latest World Economic Situation and Prospects 2024 Report India remains the fastest -growing large economy with Growth in India projected to be reach 6.2 percent in 2024.

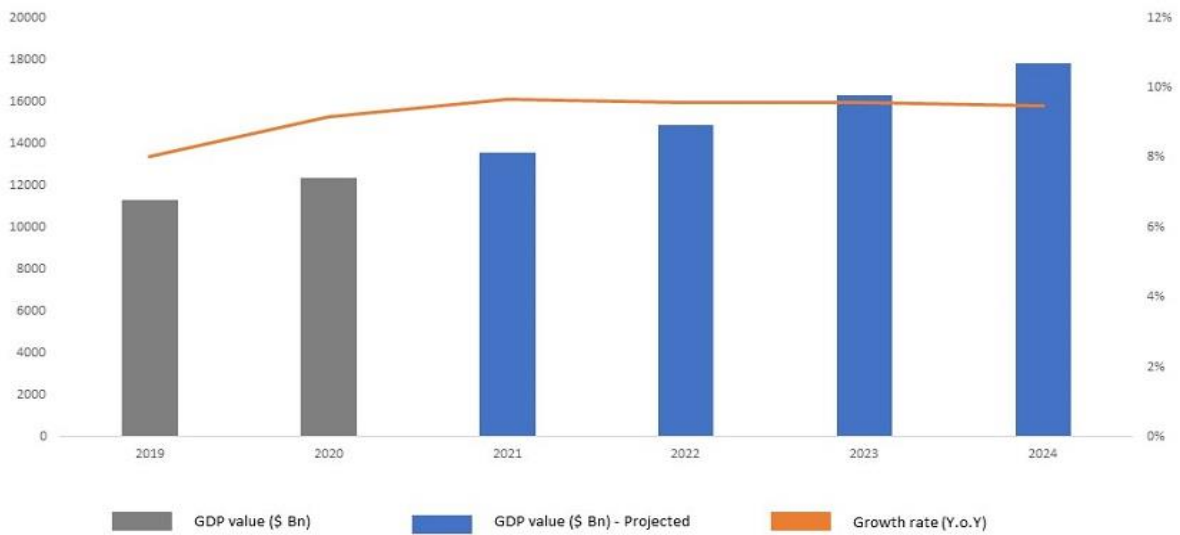
The Finance Ministry in a report on January 29 pegged India' s real GDP growth at closer to 7% in 2024-25 with 'considerable scope' to outpace 7% by 2030, adding that the economy will hit \$5 trillion in the next three years, making it the third largest in the world.

Total FDI inflows in the country in the FY 22-23 is \$953.143 billion (April 2000 to September 2023) and total FDI equity inflows stands at \$654.929 billion (April 2000 to September 2023).

Hon'ble PM Shri Narendra Modi announced a special economic and comprehensive package of more than \$270 billion - equivalent to 10% of India' s GDP, under the Atmanirbhar Bharat Abhiyan (Self-reliant India).

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India is projected to be the third largest economy
in Gross domestic product in Purchasing Power Parity terms measured at current prices



Source: International Monetary Fund

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Indian infrastructure Scenario

India is prioritizing Infrastructure growth to become \$5 trillion economy and a developed nation by 2047. India's Infrastructure is expected to become the biggest driver for the country's economic growth with plans to invest Rs. 143 trillion on infrastructure between 2024 and 2030.

The India Infrastructure Sector Market size is estimated at USD 204.06 billion in 2024, and is expected to reach USD 322.27 billion by 2029, growing at a CAGR of 9.57% during the forecast period (2024-2029). The National Infrastructure Pipeline first-of-its-kind initiative to provide world-class infrastructure across the country.

Nearly 7,000 projects across different sectors costing above INR 100 Cr per project and totaling INR 111 Lakh Cr have been identified.

Sectors such as Energy (24%), Roads (18%), Urban (17%) and Railways (12%) amount to around 71% of the projected infrastructure investments in India.

An equity infusion of INR 6,000 crores has been made in the National Investment and Infrastructure Fund (NIIFF) Infrastructure Debt Financing Platform to attract debt and equity investments in infrastructure.

India Industrial Land Bank (IILB), a GIS-based portal, is a repository of all industrial infrastructure related information containing approximately 4,000 industrial parks mapped across an area of 5.5 Lakh hectares of land.

Major plans of Indian Infrastructure: Roads: The Bharatmala Pariyojana is progressing with Phase-I focusing on developing 34,800 km of National Highways. It emphasizes corridor-based development and is set to conclude by 2027-2028, covering 31 States/UTs and over 550 districts.

National Industrial Corridor Programme



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Measures Aiding Ease of Doing Business in India

India has emerged as one of the most attractive destinations not only for investments but also for doing business. India jumps 79 positions from 142nd (2014) to 63rd (2019) in 'World Bank's Ease of Doing Business Ranking 2020. India is one of the top 10 improvers, for the 3rd time in a row, with an improvement of 67 ranks in 3 years. A high EoDB ranking means the regulatory environment is more conducive for starting and operating businesses. To further enhance the ease of doing business in the country more than 39,000 compliances have been reduced and more than 3,400 legal provisions have been decriminalized. Promoting trust-based governance at all levels, Hon' ble Finance Minister Nirmala Sitharaman introduced the Jan Vishwas Bill to amend 42 Central Acts. An integrated system of unified filing processes at the central and state-level departments will be set up to avoid repeated submission of documents, ensure the authenticity of the same and lead to quicker processing of requests.

Here are some of the transformative reforms by the Modi government that impact EoDB.

Digital Transformation	Emphasis on digitalization & services streamlined processes, reducing paperwork & hurdles of business
Simplified Regulations	Govt. Implemented to regularly frameworks, making it easier for business to start & operate
Tax Reforms	Efforts to simplify the tax system & reduce compliance burdens for business contributes to a more conducive environment for growth
Infrastructure Development	Investment in infrastructure, which improved accessibility & efficiency for Business
Trade Facilitation	Trade procedure & reducing barrier to enhanced India's competitiveness in the global market & smoother import-export processes
Startup Ecosystem Support	Support for startups through policies, funding initiatives & incubation programs fostered innovation & entrepreneurship
Labor reforms	Labor laws aimed to strike a balance between protecting worker's rights & creating a more flexible environment

These efforts contributes to a more favorable business environment in India, promoting investment, job creation and economic development.

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India Investment Climate

Foreign Direct Investment (FDI) stands as a pivotal catalyst for India's economic growth, constituting a substantial non-debt financial reservoir for the nation's developmental endeavors. International corporations strategically invest in India, capitalizing on the country's unique investment incentives, including tax incentives and relatively competitive labor costs. The Indian government has implemented a range of policies and initiatives to enhance Foreign Direct Investment (FDI) in the country.

FDI helps the economy grow by injecting capital into a variety of industries, boosting production, and generating job opportunities. In turn, this increases the country's GDP.



The Government has propagated an investor-friendly FDI policy, in which most sectors are open for 100% FDI under the automatic route. India's FDI policy is also reviewed on an ongoing basis to ensure that India remains an attractive and investor-friendly destination.

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Automatic Route :

Under the Automatic Route, the non-resident investor or the Indian company does not require any approval from Government of India for the investment.

Government Route :

Under the Government Route, prior to investment, approval from the Government of India is required. Proposals for foreign direct investment under Government route, are considered by respective Administrative Ministry/ Department.

The Foreign Investment Facilitation Portal (FIFP) is the new online single point interface of the Government of India for investors to facilitate Foreign Direct Investment and it acts as a single window clearance of applications which are through approval route. This portal is being administered by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry.

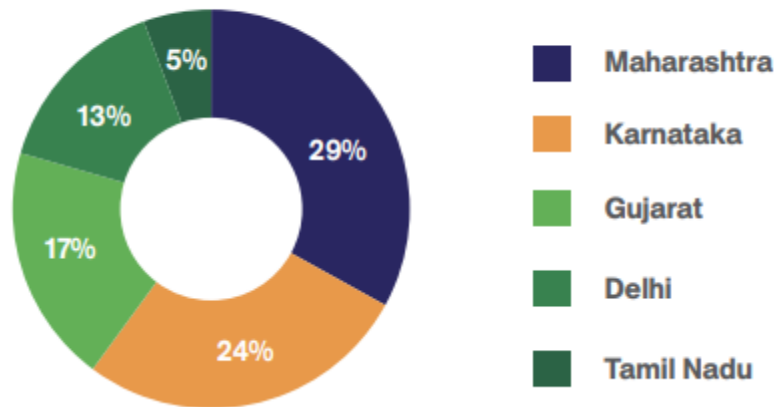
India received its highest-ever FDI inflow of US\$83.57 billion in the fiscal year 2021-2022. However, FY 2023 saw a drop in FDI inflows due to global uncertainties.

Total FDI inflows in FY 2023 amounted to US\$70.97 billion.

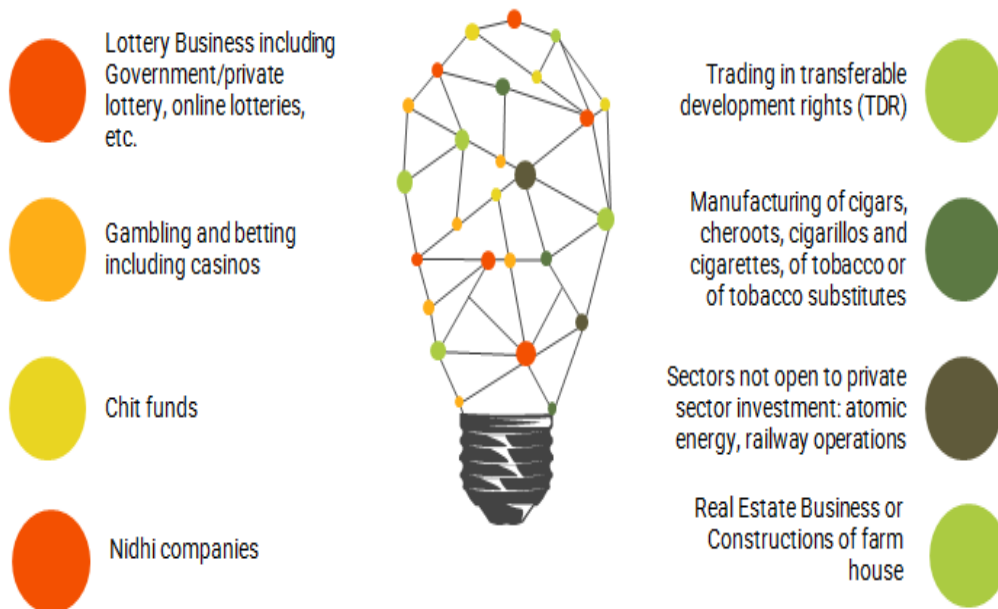
Top 5 Sectors receiving highest FDI Equity Inflow during FY 2022-2023 are Services Sectors (Finance, Banking, Insurance, Non Fin/Business, Outsourcing, Research &Development , Couriers, Tech testing and Analysis, Computer Software & Hardware, Telecommunications and Automobile Industry).

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Top Five Indian States with Highest FDI Inflow During FY 2023



Prohibited Sectors for FDI In India






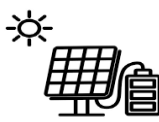






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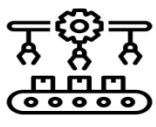





Investment opportunities in India

India offers a plethora of investment opportunities across 43 sectors and 114 sub-sectors. These are both brown field and green field opportunities. India Investment Grid (IIG) is an initiative of the Indian Government to showcase investment opportunities across states and sectors in India on a single interactive platform. All projects be it NIP Projects, Non-NIIP Projects, Stressed Assets, CSR are listed on this platform. As on date around 15588 projects totaling to around USD 2392.18bn Project Cost are listed.

Investment Opportunities in Different Sectors
















<p>Automotive</p>  <p>Opportunities : 108 Worth : US\$48.72mn</p>	<p>BFSI</p>  <p>Opportunities : 128 Worth : US\$6.81mn</p>	<p>Electricity Generation</p>  <p>Opportunities : 939 Worth : US\$334.88bn</p>	<p>CSR</p>  <p>Opportunities : 802 Worth : US\$3.82bn</p>	<p>Defense</p>  <p>Opportunities : 11 Worth : US\$489.93mn</p>
<p>Energy Storage</p>  <p>Opportunities : 1296 Worth : US\$393.43bn</p>	<p>Commercial Infrastructure</p>  <p>Opportunities : 768 Worth : US\$93.35bn</p>	<p>Materials</p>  <p>Opportunities : 1036 Worth : US\$4.32bn</p>	<p>IT/ITeS</p>  <p>Opportunities : 230 Worth : US\$3.63bn</p>	<p>Logistics & Infrastructure</p>  <p>Opportunities : 259 Worth : US\$10.92bn</p>

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<p>Food Processing & Agricultural</p>  <p>Opportunities : 436 Worth : US\$15.12bn</p>	<p>Tele Communication</p>  <p>Opportunities : 88 Worth : US\$21.38bn</p>	<p>Retail & E-commerce</p>  <p>Opportunities : 198 Worth : US\$0.39mn</p>	<p>Electronics Manufacturing</p>  <p>Opportunities : 586 Worth : US\$57 0.59mn</p>	<p>Manufacturing</p>  <p>Opportunities : 594 Worth : US\$572.84mn</p>
<p>Tourism</p>  <p>Opportunities : 588 Worth : US\$12.16bn</p>	<p>Urban Public Transport</p>  <p>Opportunities : 227 Worth : US\$99.11bn</p>	<p>Education</p>  <p>Opportunities : 1153 Worth : US\$42.36bn</p>	<p>Real Estate</p>  <p>Opportunities : 1734 Worth : US\$262.87bn</p>	<p>Healthcare</p>  <p>Opportunities : 571 Worth : US\$27.9bn</p>













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Investment opportunities in Indian States





<p>Andaman Nicobar</p>  <p>Opportunities: 125 Worth: US\$54.57bn</p>	<p>Andhra Pradesh</p>  <p>Opportunities: 798 Worth: US\$156.35bn</p>	<p>Arunachal Pradesh</p>  <p>Opportunities: 154 Worth: US\$25.32bn</p>	<p>Assam</p>  <p>Opportunities: 571 Worth: US\$39.56bn</p>	<p>Bihar</p>  <p>Opportunities: 398 Worth: US\$51.86bn</p>
<p>Chandigarh</p>  <p>Opportunities: 123 Worth: US\$1075bn</p>	<p>Chhattisgarh</p>  <p>Opportunities: 461 Worth: US\$40.46bn</p>	<p>Delhi</p>  <p>Opportunities: 1075 Worth: US\$51.89bn</p>	<p>Dadra & Nagar Haveli & Daman & Div</p>  <p>Opportunities: 48 Worth: US\$19.09bn</p>	<p>Goa</p>  <p>Opportunities: 140 Worth: US\$11.76bn</p>
<p>Gujarat</p>  <p>Opportunities: 969 Worth: US\$88.41bn</p>	<p>Haryana</p>  <p>Opportunities: 313 Worth: US\$40.4bn</p>	<p>Himachal Pradesh</p>  <p>Opportunities: 330 Worth: US\$24.84bn</p>	<p>Jammu & Kashmir</p>  <p>Opportunities: 302 Worth: US\$24.34bn</p>	<p>Jharkhand</p>  <p>Opportunities: 573 Worth: US\$53.81bn</p>

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<p>Karnataka</p>  <p>Opportunities: 790 Worth: US\$81.74bn</p>	<p>Kerala</p>  <p>Opportunities: 712 Worth: US\$44.14bn</p>	<p>Ladakh</p>  <p>Opportunities: 45 Worth: US\$8.64bn</p>	<p>Lakshadweep</p>  <p>Opportunities: 30 Worth: US\$6.02bn</p>	<p>Madhya Pradesh</p>  <p>Opportunities: 1270 Worth: US\$112.43bn</p>
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<p>Maharashtra</p>  <p>Opportunities: 1778 Worth: US\$203.9bn</p>	<p>Manipur</p>  <p>Opportunities: 125 Worth: US\$12.82bn</p>	<p>Meghalaya</p>  <p>Opportunities: 96 Worth: US\$10.59bn</p>	<p>Mizoram</p>  <p>Opportunities: 253 Worth: US\$17.48bn</p>
<p>Nagaland</p>  <p>Opportunities: 91 Worth: US\$12.17bn</p>	<p>Odisha</p>  <p>Opportunities: 685 Worth: US\$76.71bn</p>	<p>Puducherry</p>  <p>Opportunities: 89 Worth: US\$7.16bn</p>	<p>Punjab</p>  <p>Opportunities: 416 Worth: US\$31.33bn</p>
<p>Rajasthan</p>  <p>Opportunities: 1032 Worth: US\$60.37bn</p>	<p>Sikkim</p>  <p>Opportunities: 161 Worth: US\$17.42bn</p>	<p>Tamilnadu</p>  <p>Opportunities: 1138 Worth: US\$145.05bn</p>	<p>Telangana</p>  <p>Opportunities: 575 Worth: US\$88.06bn</p>

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Tripura	Uttar Pradesh	Uttarakhand	West Bengal
			
Opportunities: 115 Worth: US\$50.07bn	Opportunities: 1120 Worth: US\$131.57bn	Opportunities: 468 Worth: US\$21.91bn	Opportunities: 1059 Worth: US\$94.89bn

Initiatives to help strengthening in India

India offers the ideal blend of innovation, talent, financial, and renewable resources to help in business thrive. Indian Government has set up “Invest India” which acts as an advisor, guide, and facilitator to every investor looking to make a home in India. Visak Financial Services Private Limited (VFSL) in its capacity assists in this initiative of the GoI to act as a one-stop solution to global and domestic investors who are handheld throughout their journey into the world's most liberal investment destination from the day they start exploring India as an investment destination to the time of deployment of their investments and even beyond to make investing India a smooth and better express of business.

The Indian government has enacted several development schemes. These schemes provide for added momentum to development in India by attracting both national and international investors. They are sponsored through central, state specific, or joint mechanisms, and offer investment opportunities through public-private partnerships, procurement contracts and various other modes of development. Enlisting few Government Initiatives referred above.

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Bonded Manufacturing	To promote India as the manufacturing hb globally & allowing import of raw materials & capital goods without payment of duty for manufacturing
India Industrial Land Bank	It is a geographic information system database od Industrial areas/clusters developed by the Department for promotion of Industry & Internal Trade (DPIIT)
One District One Product	The idea is to select, branch & promote one product from each district of the country
The Indian Unicorn Landscape	These startups are not only developing innovative solutions & technologies but are generating large scale employment
Experience India Centre	The Experience India Centre is a dedictaed space to experience an immensive & enagaging experience
National Single Window Clearance	It is a digital platform to guide you in identifying & applying for approvals accoding to business requirement
Project Monitoring Group	It is a institutional mechanism for the expended resolution of issues & regulatory in projects with investments upward Rs 500 Cr
State IPA & Single Window Links	To facilitate the trading across in India, customs Dingle Window would allow importers & exporters, which their clearance documents online

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India at Davos 2024

India's proactive role in shaping a future built on trust, collaboration & sustainable development

AGNIi

It convenes India's finest technologies & their deployment ready technologies-from startups & laboratories-with top technology users from Indian & Global enterprise, govt & non-profit sectors

PM-STIAC

It facilitates the govt. Of India to assess the status in Science & Technology domains, comprehend challenges in hand, interventions, develop a futuristic roadmap

Startup India Hub

This is a flagship initiative of the govt. Of India, intended to catalyze startup culture & build a strong entrepreneurship in India

Atmanirbhar Niveshak Mitra

A dedicated digital investment promotion & facilitation cell, which aims to connect domestic investors with sector experts

SAHYOG – CSR Initiative

It is the social impact initiative of invest India, endeavors to ensure the invest India team is an active, positive contributor to society

Financial Investors Initiative

It is a team set up with the objectives of facilitating the greater allocation of capital to India by limited partners & increased deployment by general partners

PIO Investor Helpdesk

Aims to streamline & foster economic engagement with the Indian Diaspora, which has played a crucial role in promoting cultural exchange & making significant contributions globally

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Production Linked Incentive (PLI) Schemes

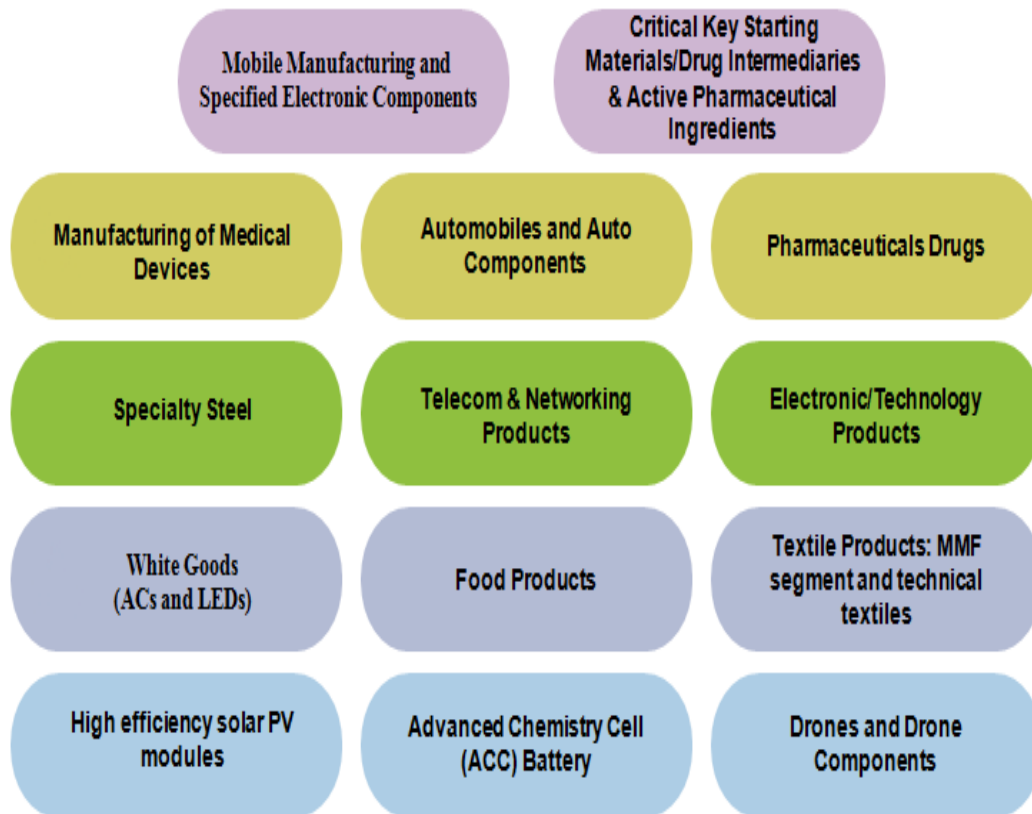
The PLI scheme is an initiative of the Government conceived with the idea of scaling up the manufacturing capability in India with an idea of import substitution and employment generation. This scheme extended to both Domestic and Foreign companies. Initially the PLI Scheme targeted only three industries .Now the PLI Scheme has been extended to 14 key sectors.

Hon'ble Finance Minister, Smt Nirmala Sitharaman has announced an outlay of INR 1.97 Lakh Crore for the Production Linked Incentive (PLI) Schemes across 14 key sectors, to create national manufacturing champions and to create 60 Lakh new jobs, and an additional production of 30 Lakh crore during next 5 years.

The purpose of the PLI Schemes is to attract investments in key sectors and cutting-edge technology; ensure efficiency and bring economies of size and scale in the manufacturing sector and make Indian companies and manufacturers globally competitive.

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The government has introduced the scheme for the 14 sectors include :



These schemes have the potential of significantly boosting production, employment and economic growth over the next five years or so.

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Setting Up Business in India

Foreign Investor can commence business in India as

1. Indian Company*

Joint Venture

Wholly Owned Subsidiary

JV/ Wholly Owned Subsidiary as (i) Private Limited or (ii) Public Limited Company, Companies Act, 2013

2. Foreign Company**

Liaison Office

To represent the parent company in India

Branch Office

To undertake activities such as Export, Import, research, consultancy etc.

Project Office

Activities as per contract to execute project

3. Limited Liability Partnership

LLP

Subject to provisions of LLP Act, 2008

FDI permitted under automatic route in LLPs operating in sectors/ activities where 100% FDI is allowed, through the automatic route and there are no FDI-linked performance conditions***

* Incorporation of a company in India is sectoral caps and requisite approvals

**RBI guidelines regarding the establishment of LO/ BO/ PO. As per Companies Act 2013, only a resident Indian with PAN to be appointed for receiving notices in India for foreign company.

***For detailed definitions, clarifications/ exceptions, please refer to Consolidated FDI Policy

Commencing Business in India as LO/BO/PO

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Eligibility

Liaison Office (LO)	Branch Office (BO)	Project Office (PO)
Profit making track record during the immediately preceding three financial years in the home country and net worth of not less than \$50,000 or its equivalent.	Profit making track record during the immediately preceding five financial years in the home country and net worth of not less than \$100,000 or its equivalent.	Nil

Permitted Activities

LO

LO can not undertake any commercial activity and acts as a channel of communication between the principal place of business or head office and entities in India. Its role is limited to collecting information about possible market opportunities and providing information about the company and its products to prospective Indian customers. It can promote export/import from/to India and also facilitate technical/financial collaboration between the parent company and companies in India. It cannot earn any income in India.

BO

BO can be set up by foreign companies. The permitted activities include 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 agents in India; rendering services in information technology and development of software in India; rendering technical support to the products supplied by the parent/ group companies and foreign airline/shipping company.

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There is a general permission to non-resident companies for establishing BO in the Special Economic Zones (SEZs) to undertake manufacturing and service activities subject to:

BOs are functioning in those sectors where 100% FDI is permitted

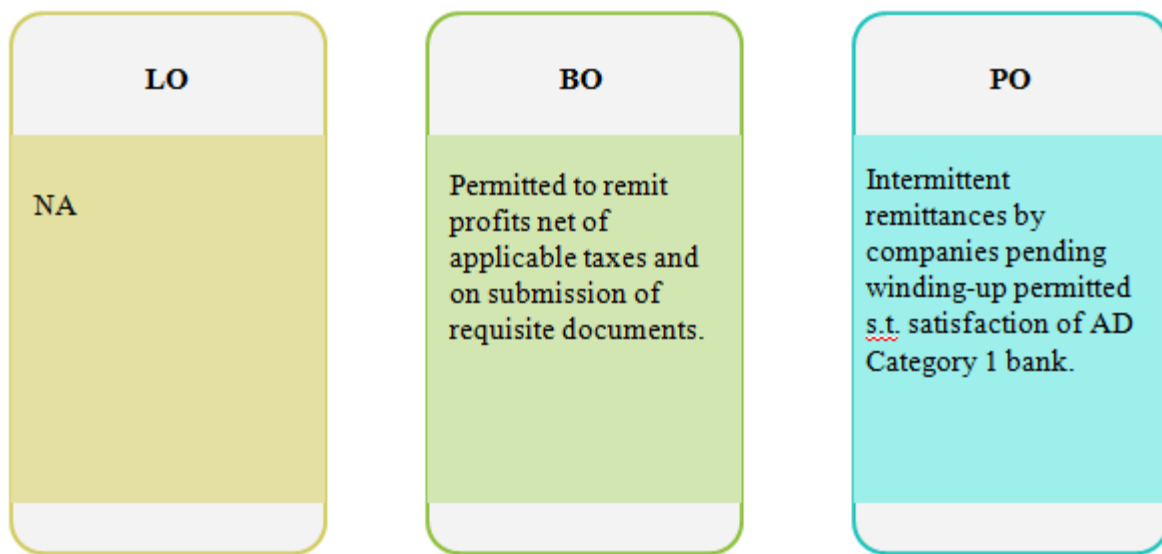
BOs comply with Chapter XXII of the Companies Act, 2013

BOs function on a stand-alone basis

PO

PO can be set up to execute specific projects in India and cannot undertake or carry on any activity other than the activity relating and incidental to the execution of the project.

Remittance



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Validity

LO	BO	PO
Generally for 3 years *except in the case of NBFCs and those entities engaged in the construction and development sectors, for whom the validity period is two years only	Nil	As per the tenure of the project

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Business Registration Process

AS A COMPANY



- Check availability of name/ registered trademark for the incorporation of the company. Further to this, reserve name of the proposed company through online service RUN on MCA website. The name can also be applied through SPICE+.

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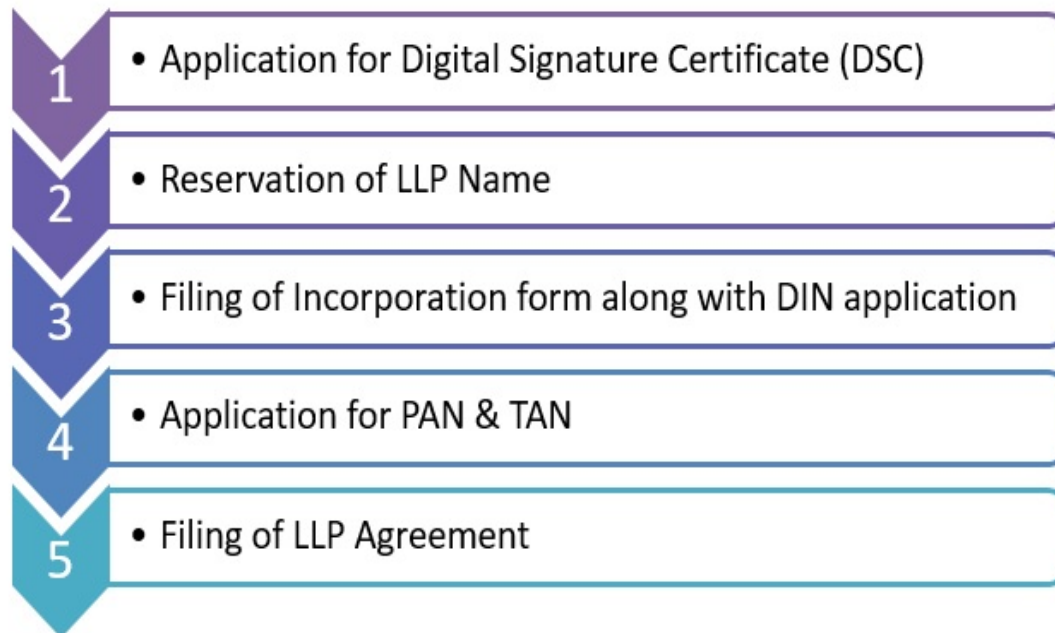
- Obtain Digital Signature Certificate (DSC) for at least one proposed designated Directors of the Company. DIN for proposed Directors can only be applied for through form SPICe+.
- Form INC 32 (SPICe+) are to be duly filled and submitted to RoC for the incorporation of the company. PAN and TAN are shall be auto-generated based on details filed in the SPICe+ form
- Filing of electronic Memorandum of Association (eMoA - INC 33) in SPICe+ . For foreign subscribers physical MoA to be executed and attached
- Filing of electronic Articles of Association (eAoA- INC 34) in SPICe +. For foreign subscribers physical AoA to be executed and attached
- SPICe+ upload and fee payment is confirmed by MCA
- Central Registration Centre (CRC) verifies/ scrutinizes all the documents and forms and may suggest few changes to be made in the attachments or form itself. One needs to make necessary changes accordingly
- Obtain the certificate of incorporation (CoI). CIN, PAN & TAN numbers are allotted at the time of registration.
- A company having share capital is required to file a declaration of receipt of subscription amount and verification of registered office within 182 days of incorporation and prior to commencement of business.

Note : Notarization & Apo stilling /legalization of documents mandatory in case of foreign subscribers / Directors. Some registrations would be applicable based on state in which the company is incorporating and nature of the business activity. *GSTIN, ESIC registration and EPFO registration may be obtained at the time of incorporation by filing AGILE form

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AS AN LLP

Incorporation of LLP



- Obtain class 2 or class 3 Digital Signature Certificate (DSC) for designated partners of LLP
- For a quick search on already existing names of LLP a facility is provided by MCA to check list of similar/closely resembling names of existing companies/LLPs. Trademark is also to be checked
- Filing the proposed name of LLP for approval from the Registrar of Companies through RUN – LLP and can also be done through FiLLiP
- FiLLiP is to be duly filled and submitted to RoC for incorporation of LLP. For Foreign LLP (FLLP) Form 27 is to be filed in and digitally signed by FLLP (DPIN must be obtained through FiLLiP).
- Form 3 (Information with regard to LLP agreement and changes, if any made therein) to be filled within 30days of incorporation of LLP.

Note : Some registrations would be applicable based on the state in which the company is incorporating and nature of the business activity. Any "defaulting LLP" is permitted to file belated documents, which were due for filing till 31st October 2019 in accordance with the provisions of the Scheme. Refer to the LLP Settlement Agreement 2020 for further updates. This scheme has come into force from 16 March 2020 and shall remain in force till 13 June 2020.

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Mergers and Acquisitions in India

India M&A: Trends and outlook

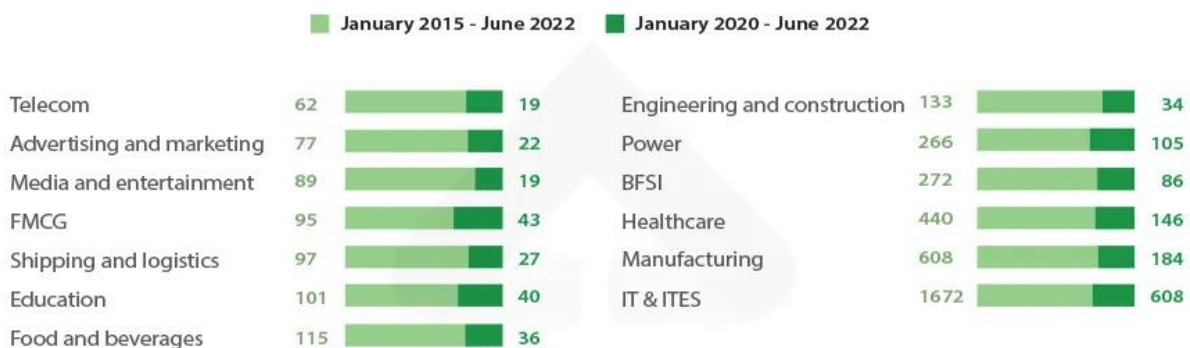
India's M&A landscape has experienced significant growth and momentum, supported by various factors including buoyant cash reserves, increasing FDI inflows, and strategic considerations. Pragmatic reforms, such as the introduction of the National Company Law Tribunal (NCLT), fast track merger processes, and permission for cross-border mergers, have made the monitoring landscape for M&A in India more facilitative.

In the rapidly transforming business landscape, C-suite executives are developing agile and adaptable techniques to embrace new disruptive business realities through acquisitions, amalgamations, and fundraising.

India has defied global downward trends by registering record M&A deals in the first nine months (January-September) of 2022. Factors behind the deal making surge include want for better technology know-how and strategizing value creation to expand market share, facilitative regulatory regime, as well as the global funding winter, which is expected to continue till the second quarter (Q2) of 2023.

Industry watchers are buoyant that the deal making activity will be further boosted through more consolidations across various sectors, such as financials, technology, healthcare, energy and power, and industrials for value creation and market share gain.

Top Sectors by Number of M&A Deals in India (January 2015 - June 2022)



*For 2022, data as of June 15, 2022.

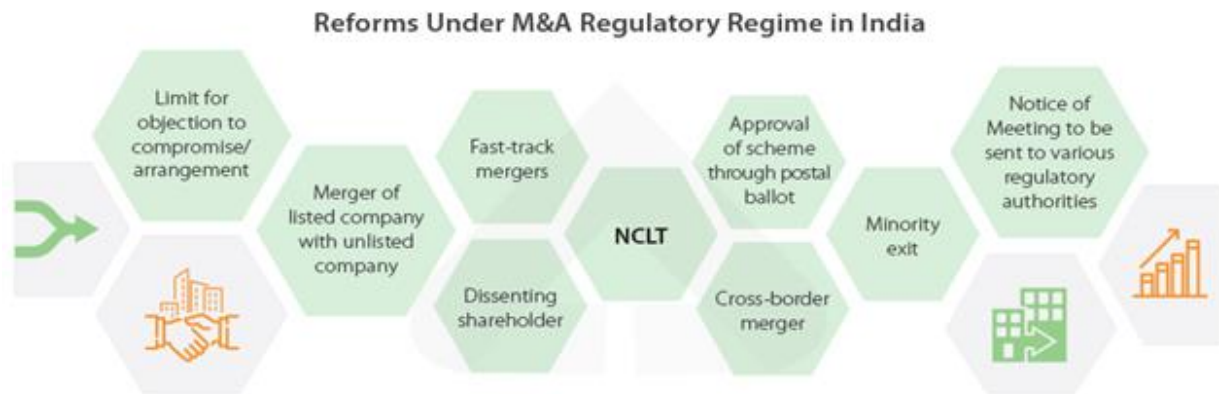
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India's enabling regulatory regime for M&A

The regulatory framework governing M&A includes the Companies Act, 2013, the Income-tax Act, 1961, and sector-specific laws and regulations. The Competition Commission of India (CCI) also plays a crucial role in regulating M&A deals, with the Competition Commission of India (Procedure in regard to the Transaction of Business relating to Combinations) 2011 (Combination Regulations) governing the manner in which the CCI will regulate combinations that have caused or are likely to cause a substantial lessening of competition in the market.

The monitoring landscape for mergers and acquisitions (M&A) in India has become facilitative due to pragmatic reforms, including the introduction of the National Company Law Tribunal (NCLT), a fast-track merger process, and permission for cross-border mergers. These reforms have streamlined the amalgamation process in India, benefiting sectors like finance, retail, technology, automotive, manufacturing, and logistics.



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Taxation

The taxation system in India is such that the taxes are levied by the Central Government and the State Governments. Some minor taxes are also levied by the local authorities such as the Municipality and Local Governments.

Consequently lead to India's meteoric rise to the top 100 in the World Bank's Ease of Doing Business (EoDB) ranking in 2022 as India jumps 79 positions from 142nd (2014) to 63rd (2022) in 'World Bank's Ease of Doing Business Ranking 2022'. The Goods & Services Tax (GST) reform is one such reform to ease the complex multiple indirect tax regime in India.

Major Central Taxes :

1. Income Tax
2. Central Goods & Services Tax (CGST)
3. Customs Duty
4. Integrated Goods & Services Tax (IGST)

Major State taxes :

1. State Goods & Services Tax (SGST)
2. Stamp Duty & Registration

There are two types of taxes in India

1. Direct Tax
2. Indirect tax.

The direct tax includes income tax, gift tax, capital gain tax, etc , while indirect tax includes value-added tax, service tax, goods and services tax, customs duty, etc.

Direct taxation, is one of the main sources of income for the government. It also affects inflation, demand and supply within the economy by regulating disposable incomes across the board.

Indirect tax, is a type of tax that is passed on to another individual or entity. Indirect taxes are generally levied on a manufacturer or supplier who then passes that tax to the final consumer.

Transfer Pricing

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Overview of Transfer Pricing in India

Transfer pricing law in India applies to both Domestic and International Transactions which fall above a threshold in terms of deal value. The "transfer pricing" includes the value attached to transfers of goods, services, and technology between related entities as well as value attached to transfers between unrelated parties with a common ownership or control.

The Transfer Pricing Regulations were introduced in India in the year 2001, in order to prevent erosion of India tax base.

The Indian transfer pricing regulations are contained of the Income Tax Act,1961 under the title "Special Provisions relating to avoidance of tax".

India's exchange rate rules apply to domestic and international transactions where the exchange rate exceeds a threshold. It is administered under sections 92A-92F of the 1961 Income Tax Act and relevant rules 10A-E of the 1962 Income Tax Act. Rules and Regulations are the long arm of income from AE's international trade or certain local businesses.

India's transfer pricing laws provide detailed guidelines for the calculation of reasonable, fair and equitable profits and taxes in India. The aim is to prevent the erosion of India's tax base by controlling tariffs or payments to replace profits in international trade.

Transfer Pricing Methods and Compliances

All income acquired by a company or AE by means of any international transaction is calculated at the arm's length price. Arm's length price means a price that is applied to transactions between persons other than AEs in uncontrolled conditions. The arm's length price will be determined under section 92C (1) of Income Tax Act, 1961 by using the most appropriate method, which is best suited to the facts and circumstances of each particular transaction. Section 92C prescribes following methods for the determination of the arm's length price and provides that such a price will be calculated using the most appropriate method.

Five Transferring methods which included :

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**Comparable uncontrolled price
(CUP)**

Resale price

Cost plus

**Transactional net Margin Method
(TNMM)**

Transactional Profit Split Method

Threshold for transfer pricing in India

Specified Domestic transactions (SDT) :

Transfer pricing regulations are applicable to domestic transactions that fall under domestic pricing only if the aggregate value is more than the threshold limit of INR 200 million (US\$2.7 million).

GST (Goods& Services Tax)

GST is one of the biggest indirect tax reforms in India.

GST is a comprehensive indirect tax levied on manufacture, sale and consumption of goods as well as services at the national level. It has replaced all indirect taxes levied on goods and services by the Central and State Governments.

The primary GST slabs for regular taxpayers are currently 0% (nil-rated), 5%, 12%, 18%, and 28%.

The Four Different Types of GST Tax in India are:

1. Integrated Goods and Services Tax (IGST)

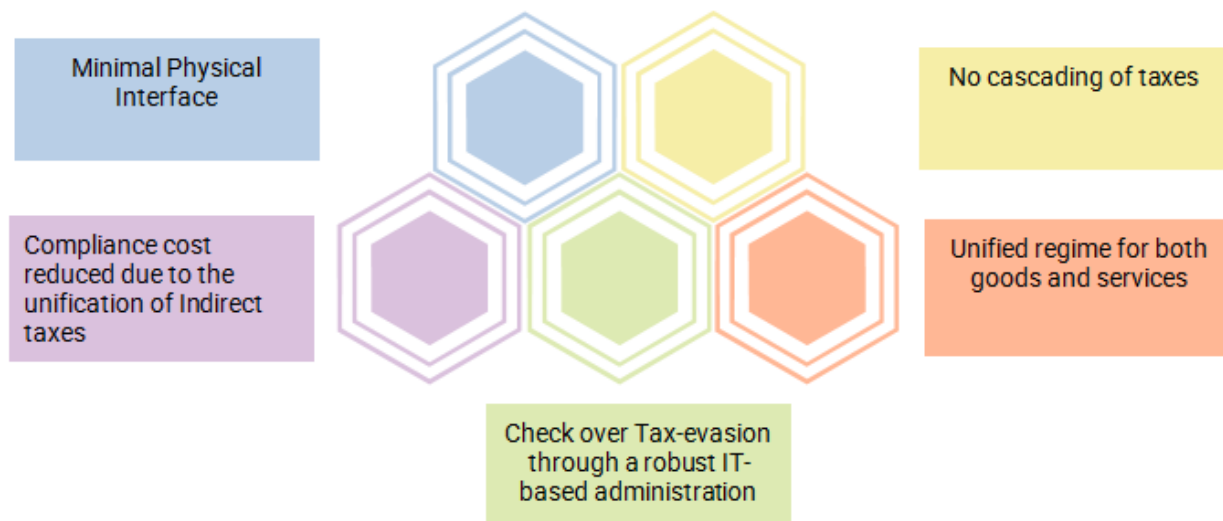
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2. State Goods and Services Tax (SGST)
3. Central Goods and Services Tax (CGST)
4. Union Territory Goods and Services Tax (UTGST)

GST Collection Update

The gross GST revenue collected in the month of January 2024 is INR 1,72,129,Cr of which CGST is INR 43,552 Cr, SGST is INR 37,257 Cr from IGST collection.

Benefits of GST



Custom Duty

Customs duty in India is a federal government levy imposed on the import and export of goods. The taxable event for this levy is the import/export process, with duties payable at that time. Notably, exports of goods and services are generally exempt from duties, and any duties paid on exported goods/inputs are often refunded. India follows the HSN classification rules to categorize goods based on their description, components, and use. The duties or taxes applicable on imports include Basic Custom Duty, Social Welfare Surcharge, and IGST at relevant rates.

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Types of Custom Duty

- 1) Basic Customs Duty (BCD)
- 2) Additional Customs Duty (ACD)
- 3) Education Cess and Secondary and Higher Education Cess
- 4) Anti-Dumping Duty

Capital Gain Tax

Capital gains taxes play a significant role in investment decisions and financial planning in India. Capital gains refer to the profits earned from the sale of capital assets, such as real estate, stocks, mutual funds and other investments. In India, these gains are categorized into short-term and long-term.

Types of Capital Gain

1. Long-term Capital Gain (LTCG) :

Capital gain is long-term, if the asset is held for greater than a specified period. This period is

2 years for real estate

1 year for stocks/equity mutual funds/listed debentures or govt. securities/zero-coupon bonds/units of UTI

3 years for debt funds/any other assets.

2. Short-term Capital Gain (STCG) :

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The gain in any asset sold before the expiry of a defined period is termed STCG. The holding periods for different assets are given above. Holding these assets for less than the periods mentioned will bring them under STCG.

For non-resident Indians (NRIs), long-term capital gains are subject to a flat tax* rate of 20%. Short-term capital gains are taxed at the applicable income tax slab rates based on the NRI's total taxable income in India.

Financial Reporting and Audit Requirements

Financial Reporting Requirements :

In India, financial reporting requirements for different types of entities are governed by relevant statutes. A brief summary of this is given below:

Preparation of Financial Statements: Compliance Mandate for Different Entities

Types of Entities	Is preparation of financial statements mandatory ?	Relevant statute	Remarks
Proprietorship	Yes	Income Tax Act, 1961	Application only if the turnover exceeds the limits specified under the relevant statute
Partnership Firm	Yes	Income Tax Act, 1961	Application only if the turnover exceeds the limits specified under the relevant statute

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Limited Liability Partnership (LLP)	Yes	Limited Liability Partnership Act, 2008	Only if the turnover exceeds the limits specified under the relevant statute
Listed Public Limited Company	Yes	Companies Act, 2013, Securities and Exchange Board of India (SEBI) Guidelines	In case the company falls under a special statute, then the requirements of such special statute shall prevail
Unlisted Public Company	Yes	Companies Act, 2013	In case the company falls under a special statute, then the requirements of such special statute shall prevail
Private Company	Yes	Companies Act, 2013	In case the company falls under a special statute, then the requirements of such special statute shall prevail
Liaison Office / Branch Office / Project Office	Yes	Companies Act, 2013 Foreign Exchange Management Act Insurance Regulatory and Development Act 1999	Six months from the end of the financial year

Types of Audit

The Companies Act 2013 requires certain classes of companies to appoint auditors to review the company's operations. The law prescribes four different types of company audits:

1. Internal Audit
 - Governed by section 138 of the Companies Act,2013

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- Applicability : Certain class or classes of companies as may be prescribe
2. Statutory Audit
 - Governed by Section 139 of the Companies Act,2013
 - Applicability : All companies registered under companies Act,2013 and erstwhile companies Act
 3. Cost Audit
 - Governed by Section 148 of the Companies Act,2013
 - Applicability :
Regulated Sectors : If overall turnover from product or service is INR 500 million or more and individually the limit is INR 250 million or more.
Unregulated Sectors : If overall turnover from product or service is INR 1 billion or more and individually limit is INR 350 million or more
 4. Secretarial Audit
 - Governed by Section 204 of the Companies Act, 2013
 - Applicability : Every listed Company
A public company that has paid-up share capital of INR 500 or more

Tax Audits in India

Apart from the above mentioned audits as prescribed by company law, the Income Tax Act,1961 also lays down the provisions for tax audit.

Provisioned by Income Tax Act,1961, tax audit evaluates whether an individual or company has accurately filed income tax returns for an assessment year and ensure proper maintenance and correctness of books of accounts and certifications of the same by a tax auditor. A tax audit is mandated on all companies, LLPs and individuals, whose turnover cross a particular threshold.

The major objective of tax audit are outlined below :

- Ensure proper maintenance and correctness of books of accounts and certifications of the same by a tax auditor
- To report prescribed information, compliance of various provisions of income tax act

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- Proper books maintenance, calculation and verification of total income, claim for deduction
- Reporting observations/discrepancies noted by tax auditor after methodical examinations of the books of account.

It also verifies if the individual has complied with various requirements of income tax law, such as filing income tax returns, and income tax deductions among others. The tax audit report is submitted along with the income tax return.

HR & Payroll in India

Establishing or operating foreign invested entities in India requires a comprehensive understanding of the country's laws and regulations governing human resources (HR) and payroll management. India's regulatory framework for HR processes involves federal labor laws and laws specific to states, industries, firm sizes and workforce skill levels.

Organizations in India are adapting their compensation and benefits strategies to prioritize employee well-being and rewards post-pandemic. Key HR policies gaining prominence include remote work options, flexible arrangements, employee assistance programs, health and wellness initiatives and professional development opportunities. Technology plays a crucial role in enabling HR departments to respond promptly to changing workplace demands.

Additionally, India's employment landscape is shifting, with Tier-2 cities emerging as new talent hubs, offering cost-effective locations for multinational companies to establish this presence.

HR Tech Trends

1. HR Technology to Ensure Data Protection
2. Hyper-Automation
3. Tech Systems to Enhance Employee Experience

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4. GIG Workforce Management
5. AI Driven Recruitment
6. Performance Management with HR Tech
7. Augmented People Analytics
8. AI in overall Process
9. Digital Learning Training and Development
10. Merging Healthcare with HR Tech
11. Hybrid/Remote Work Models

Labour Laws in India

Labour law also known as employment law, administrative rulings and precedents which address the legal rights of and restrictions on working people and their organizations. As such, it mediates many aspects of the relationship between trade unions, employers and employees.

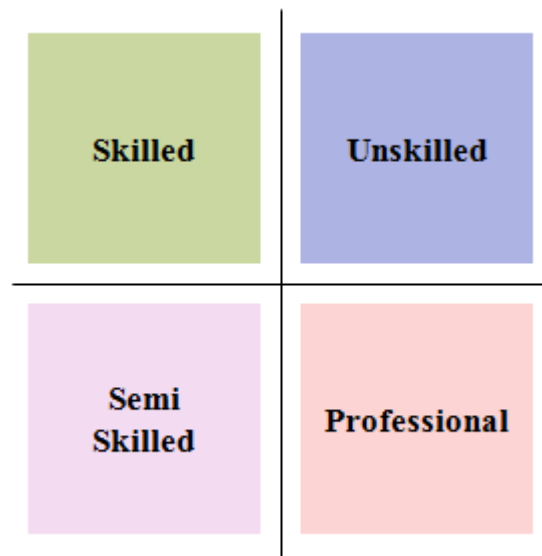
Labor economics is a force of production that refers to the work people do to produce goods and services. It includes all the physical and mental efforts that go into the productions of goods and services.

Generally, labour law covers :

- Industrial relations : Certification of unions, labour management relations, collective bargaining and unfair labour practices
- Workplace health and safety
- Employment standards, including general holidays, annual leave, working hours, unfair dismissals, minimum wage, layoff procedures and severance pay

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The four types of labor in economics which are,



There are listed of labor codes of India,

1. Code on Social Security 2020
2. Occupational Safety
3. Health and Working Conditions Code 2020
4. Industrial Relations Code 2020
5. Code on Wages 2019
6. Code on Wages (Central Advisory Board) Rules 2021

c

GIFT City - A new destination for Global Business

GIFT City is an emerging Global Financial and IT services hub established in the Gujarat. GIFT City presents an unprecedented ecosystem for crucial economic activities with globally benchmarked regulations, taxation, policies and more, supported by Govt. of India and Gujarat.

It is a world-class business district envisaged and built to cater to global and domestic business enterprises.

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The IFSC units setup in the GIFT City, India offers various tax benefits like exemptions on corporate tax, tax holiday for ten years, reduced Minimum Alternative Tax ("MAT") etc increasing the profitability and hence growth of the business houses.

Unique Offerings of GIFT City

World Class
Infrastructure

Quality of Life

Single Window
Clearance



Business Cost
Efficiency

Smart City

Employment & Fiscal
Incentive

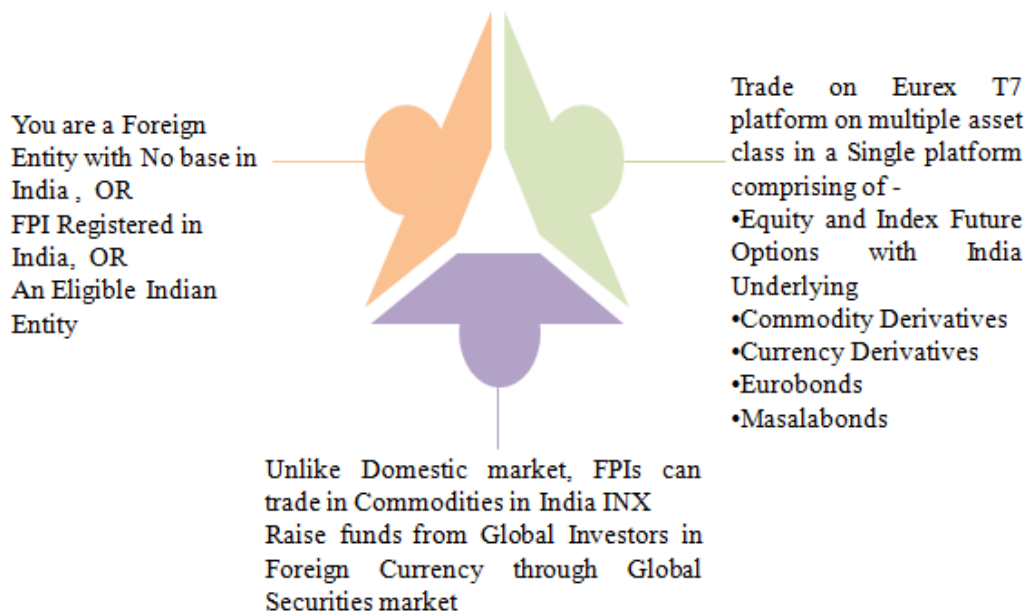
Diverse Businesses provided by GIFT City

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India International Exchange (INX) is India's first international exchange, located at the International Financial Services Centre (IFSC) in GIFT City. It offers investors 22 hours trading in a range of financial market products such as index and single stock derivatives, commodity derivatives, currency derivatives and debt securities.

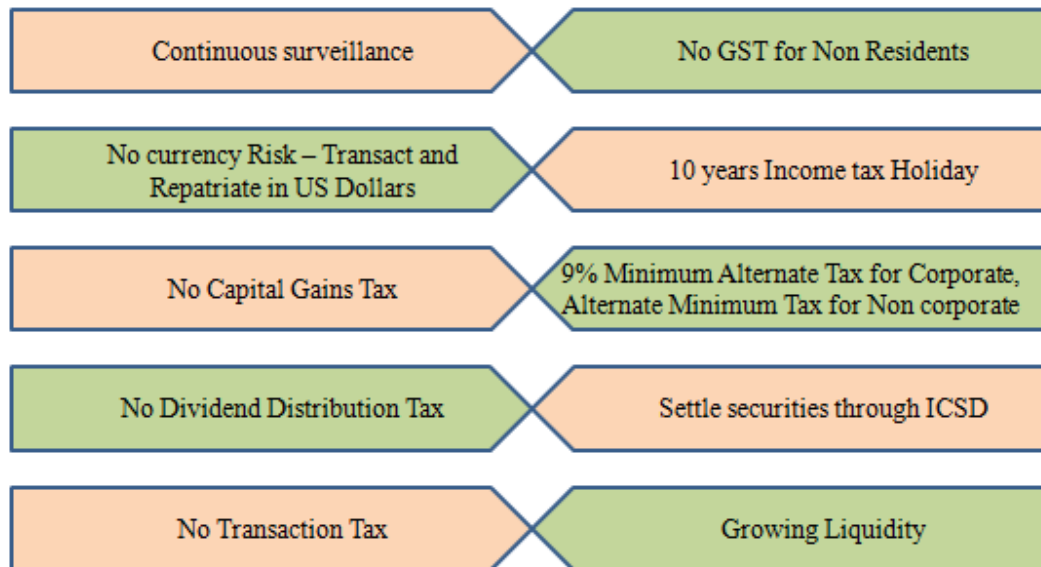
Stock Exchange Services



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India INX aims to be the offshore exchange of choice for global investors and market participants.

All trades cleared by India ICC



The Exchange, provides a state of the art electronic platform to facilitate trading, clearing and settlement of the widest range of global benchmark products across all major asset classes, including securities, equity derivatives, precious metals, base metals, energy and bonds.



Doing Business in India in 2024

Future perspective of India

Amrit Kaal - Realizing New India's Vision 2047

Amrit Kaal is the Prime Minister's vision 2047 for 'New India', a new dawn for the country which will bring with it the chance to fulfill the nation's aspirations.

Envisioned the coming 25 years to restructure all fragments of the Indian economy through rapid profitable growth, better living conditions for all, infrastructural and technological advancements, and re-awakening the world's trust in India.

The Panch Pran or the 5 fundamentals of Amrit Kaal include the goal of developing India, elimination of any trace of the colonial mindset, honour and pride in our roots, development of unity, and a sense of duty among citizens.

First Budget of Amrit Kaal

The budget aims to establish a robust foundation for macroeconomic stability, with an emphasis on the empowerment of women by including a technology-driven and knowledge-based economy for New India.

The objective is to lay the building blocks for the forthcoming 25 years of the Indian economy and bifurcate principal policies into 7 co-dependent departments- termed as Saptrishis or 7 sages.

Sustainable and Inclusive Development

The launch of 'Mission Life' - Lifestyle for Environment, further pushed all Indian citizens to come forward and take steps towards an environmentally conscious life setting a fertile base for India to grow sustainably in the coming future.

New India strongly believes in its youth and empowers them to perform to the best of their capability and allows them to nurture their interests and state their opinions.

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Technology and Innovation

India is taking huge leaps and making advances every day in the field of healthcare not only through infrastructure development but also by employing Artificial Intelligence (AI) to its best use.

The use of AI in agriculture has proved to be a game-changer. Over 7000 farmers are using AI to monitor the health of their crops, control quality and test their yield.

Way Ahead

The Amrit Kaal is a vision well-balanced and planned, which lays the roadmap for India's bright future by nurturing new possibilities, realizing new resolutions, and moving ahead with confidence.

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