



# India Factsheet

January 2024



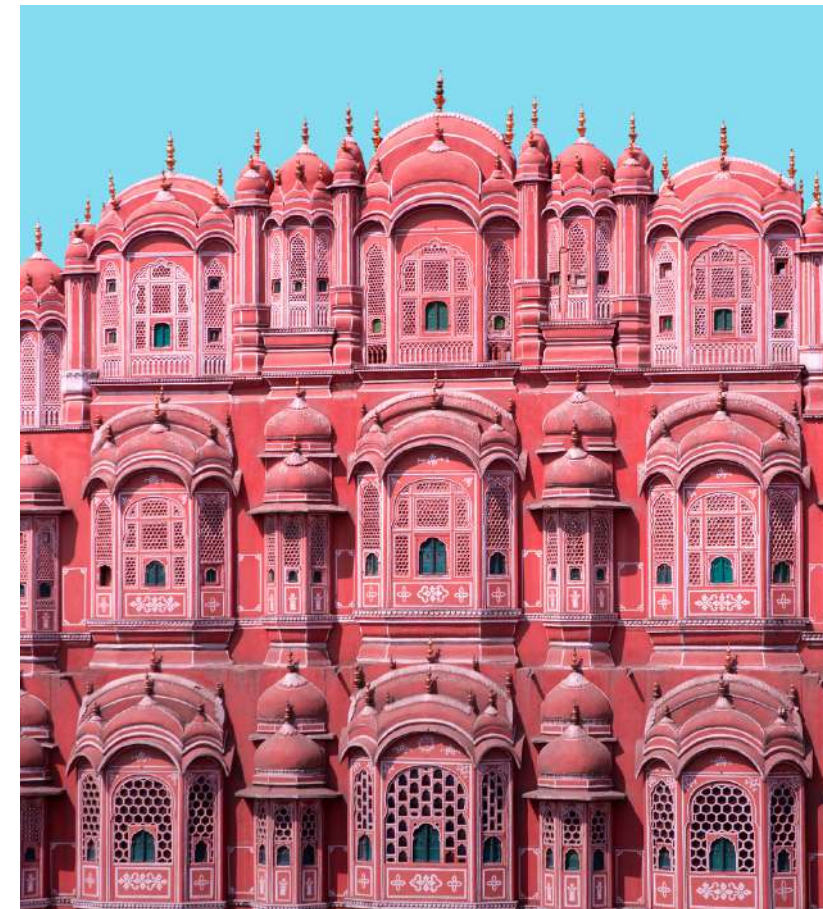
# ABOUT THIS COUNTRY GUIDE

India Helpdesk

This guide on India has been designed within the framework of the partnership between Altios and Syntec-Ingénierie, with the objective of supporting member companies in their international development.

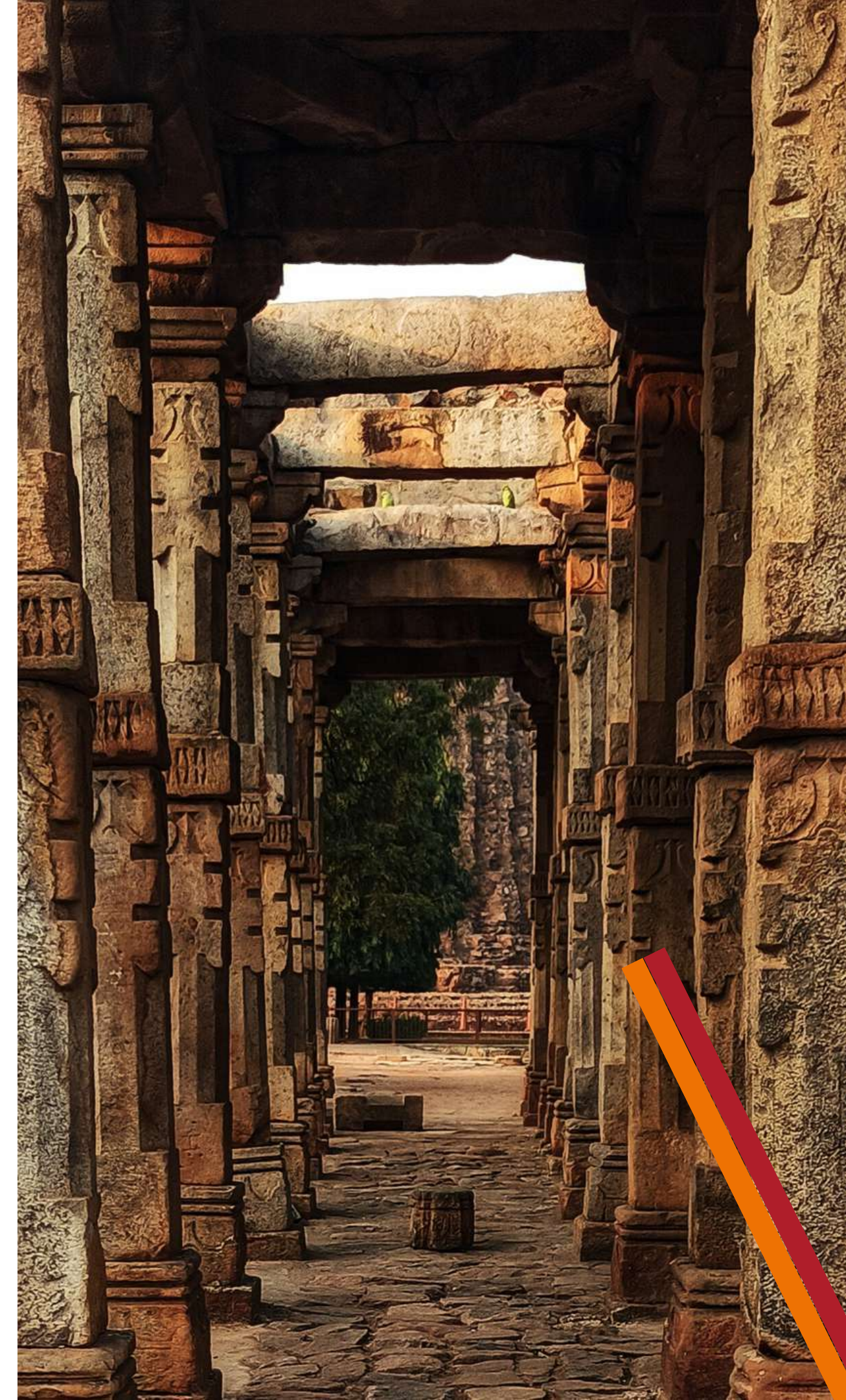
India is today an important destination for engineering companies, presenting both major opportunities in energy, infrastructure and industry, but also challenges related to the local culture, and a model different from the Western one.

We have created this guide in order to enlighten, educate and inform you about India, in order to ease a possible local establishment.



# CONTENTS

1. Country Environment
2. Trade Agreements & Policies
3. Taxes & Accounting
4. Human Resources
5. Set Up



# 1. Country Environment



# Geographical Environment



AREA: 1,826,440 KM<sup>2</sup>  
COASTLINE: 7,516.6 KM  
CAPITAL: NEW DELHI

- SEVENTH-LARGEST COUNTRY IN THE WORLD
- THE HIMALAYAN MOUNTAIN RANGE IS THE HIGHEST IN THE WORLD. THEY RUN ALONG INDIA'S NORTHERN BORDER.
- INDIA IS DIVIDED INTO 29 STATES, SIX UNION TERRITORIES, AND THE DELHI NCT (NATIONAL CAPITAL TERRITORY).
- 1 STANDARD TIME ZONE: GMT +5:30 HOURS (DAYLIGHT SAVINGS NOT FOLLOWED)

## CURRENT CHALLENGES

- INDIA REQUIRES A MAJOR INFRASTRUCTURE PUSH; IT IS PLACED 46/132 COUNTRIES IN THE GLOBAL INNOVATION INDEX 2021 (GII).
- POLLUTION, RESOURCE DEPLETION, FORESTS AND AGRICULTURAL DEGRADATION OF LAND, AND LOSS OF BIODIVERSITY ARE MAJOR CHALLENGES FOR INDIA.



# Demographic Environment

POPULATION: 1,380 MILLION (2020)  
DENSITY: 464 PEOPLE/KM<sup>2</sup>  
CAPITAL: NEW DELHI (31.94 MILLION)

OTHER BIG CITIES: MUMBAI (20.92 MILLION), CALCUTTA (15.11 MILLION),  
BENGALURU (13.13 MILLION), AND CHENNAI (11.46)  
MEDIAN AGE OF INDIA'S POPULATION: 28.4 YEARS OLD

- STRENGTH: 50% OF ITS POPULATION IS LESS THAN 28 YEARS OLD
- INDIA POPULATION IS EQUIVALENT TO 18% OF THE TOTAL WORLD POPULATION
- WITH ENORMOUS NUMBERS OF INDIVIDUALS PREPARING TO ENTER THE WORKFORCE, THE COUNTRY ENJOYS A LARGE DEMOGRAPHIC DIVIDEND.

## CURRENT CHALLENGES

- 37% OF INDIA'S POPULATION IS BELOW THE POVERTY LINE.
- INDIA FACES SEVERAL CHALLENGES, INCLUDING DEALING WITH THE HEALTH CRISIS, PROVIDING MORE EMPLOYMENT, AND COPING WITH MACROECONOMIC SHOCKS.





# Political Environment

- INDIA IS A SOVEREIGN SOCIALIST SECULAR DEMOCRATIC REPUBLIC WITH A PARLIAMENTARY SYSTEM OF GOVERNMENT THAT IS FEDERAL IN NATURE AND HAS UNITARY CHARACTERISTICS.
- THE PRESIDENT, WHO IS THE COUNTRY'S CONSTITUTIONAL LEADER, IS ADVISED BY A COUNCIL OF MINISTERS, WHICH IS LED BY THE PRIME MINISTER.
- THE PRESIDENT MAY SERVE A MAXIMUM TENURE OF FIVE YEARS, UNLESS RE-ELECTED.
- RANKED 150/180 FOR PRESS FREEDOM ACCORDING TO REPORTERS WITHOUT BORDERS (2022)
- RANKED 85/180 FOR CORRUPTION INDEX BY TRANSPARENCY INTERNATIONAL (2021)



DROUPADI MURMU  
PRESIDENT



NARENDRA MODI  
PRIME MINISTER



# Cultural Environment

- INDIA IS ONE OF THE MOST RELIGIOUSLY AND ETHNICALLY DIVERSE NATIONS IN THE WORLD, WITH SOME OF THE MOST DEEPLY RELIGIOUS SOCIETIES, CULTURES, FESTIVALS, AND LANGUAGES.
- IT IS A FUSION OF CULTURES BETWEEN BUDDHISTS, HINDUS, MUSLIMS, JAINS, SIKHS, AND VARIOUS TRIBAL POPULATIONS IN INDIA.
- OFFICIALLY THERE ARE 122 LANGUAGES, BUT THE INDIAN CONSTITUTION RECOGNIZES 22 MAJOR LANGUAGES OF INDIA IN WHAT IS KNOWN AS 'THE 8TH SCHEDULE' OF THE CONSTITUTION.
- ENGLISH IS THE 44TH MOST WIDELY SPOKEN FIRST LANGUAGE EVEN THOUGH IT IS THE SECOND MOST WIDELY SPOKEN LANGUAGE. IT IS CONSIDERED THE BUSINESS LANGUAGE OF THE COUNTRY.





# Business Culture

- IT IS IMPORTANT TO TAKE TIME TO DEVELOP DEEP AND LASTING ALLIANCES AND REALLY UNDERSTAND INDIAN BUSINESS CULTURE IN ORDER TO AVOID ALIENATING POTENTIAL PARTNERS.
- INDIANS PLACE GREAT VALUE ON RELATIONSHIPS SO TAKE THE TIME TO DEVELOP CONTACTS AND RELATIONSHIPS.
- PERSONAL RELATIONSHIPS PLAY A LARGE ROLE IN INDIAN BUSINESS CULTURE. THEY SEE TRUST AS KEY TO GOOD BUSINESS AND WILL BE LOOKING FOR AN HONEST COMMITMENT TO THE RELATIONSHIP FROM YOU. SO, EXPECT TO SPEND PLENTY OF TIME AT MEETINGS, DINNERS, AND SOCIAL CLUBS WITH POTENTIAL BUSINESS PARTNERS.
- INDIA IS A RELATIVELY CONSERVATIVE SOCIETY, AND IT IS IMPORTANT FOR VISITORS TO BE RESPECTFUL OF SOCIETAL NORMS AND TRADITIONAL VALUES, WHICH CONTINUE TO UNDERPIN MANY CUSTOMS AND BUSINESS PRACTICES.



# Business Culture

- INDIANS WOULD LIKE TO GET TO KNOW YOU AS A PERSON AS WELL AS A BUSINESS PARTNER ONCE THE TRUST IS BUILT. THAT MEANS THEY MIGHT ASK YOU QUESTIONS ABOUT YOUR PERSONAL LIFE, AND THEY WILL EXPECT YOU TO COME OUT AND SOCIALIZE WITH THEM IF YOU ARE IN THE COUNTRY.
- IF THEY SAY YES AT FIRST IT DOESN'T NECESSARILY MEAN THEY ARE GOING AHEAD WITH THE DEAL, IT MEANS THEY ARE LISTENING TO YOU.
- ALMOST EVERYTHING CAN BE SEEN AS NEGOTIABLE IN INDIA, SO EXPECT SOME BARGAINING. THEY DO BARGAIN AGGRESSIVELY, AND HIGH-PRESSURE TACTICS ARE LIKELY TO COLLAPSE NEGOTIATIONS. THEREFORE, IF THEY HAVE UNREALISTICALLY HIGH STARTING POSITIONS, ALLOW TIME TO GENTLY SWAY THEM OVER THE COURSE OF THE MEETING.
- A GOOD UNDERSTANDING OF THE UNDERLYING VALUES, BELIEFS AND ASSUMPTIONS OF INDIAN CULTURE, AND HOW THEY MANIFEST THEMSELVES IN THE MARKET AND WORKPLACE IS ESSENTIAL FOR THE SUCCESS OF YOUR BUSINESS.

# The Business Card

- PEOPLE ARE VALUED FOR THEIR TITLES AND SENIORITY; THEREFORE, THE HIERARCHICAL ORDER MUST BE RESPECTED.
- THE CARD CAN BE PRESENTED/COLLECTED WITH ONE HAND (RIGHT HAND) OR BOTH THE HANDS, INFORMATION DIRECTLY LEGIBLE TO THE INTERLOCUTOR, BY PINCHING IT AT THE ENDS.
- PAY ATTENTION TO THE CARD ONCE RECEIVED, EVEN IF YOU DON'T UNDERSTAND THE WORDING. IT SHOWS RESPECT AND INTEREST.
- IT CAN BE STORED IN A CARD CASE, BRIEFCASE, OR IN THE POCKET.



# Going to a Meeting

- WHEN YOU FIRST MEET AN INDIAN BUSINESSMAN, A HANDSHAKE IS THE USUAL GREETING. IF YOU ARE IN A MEETING WITH MANY PERSONS, ALWAYS GREET THE ELDEST OR SENIOR-MOST PERSON FIRST.
- IN THE FIRST MEETING, LET THE INDIAN HOST GUIDE THE INITIAL STAGES OF THE CONVERSATION. FOLLOW THEIR LEAD AS TO WHEN THE SMALL TALK SHOULD END AND THE BUSINESS DISCUSSION SHOULD BEGIN.
- BUSINESS MEETINGS ARE NORMALLY FORMAL AND QUIET AFFAIRS. PEOPLE WILL THINK YOU ARE RUDE IF YOU TALK TOO LOUDLY, SHOUT, OR POINT AT OTHERS.
- SILENCE IS AN IMPORTANT AND PURPOSEFUL TOOL USED IN ASIAN COMMUNICATION. PAUSING BEFORE GIVING A RESPONSE INDICATES THAT SOMEONE HAS APPLIED APPROPRIATE THOUGHT AND CONSIDERATION TO THE QUESTION. THIS SIGNIFIES POLITENESS AND RESPECT.



# Economic Environment

- IN 2020, INDIA RANKED AS THE SIXTH LARGEST NATIONAL ECONOMY BY NOMINAL GDP, WITH THE COUNTRY'S GDP BEING ESTIMATED AT OVER USD 1.6 TRILLION.
- THE NUMBER OF PEOPLE IN EXTREME POVERTY HAS REDUCED FROM 22.5PERCENT IN 2011 TO 10.2 PERCENT IN 2019.
- INDIA IS THE THIRD-LARGEST PURCHASING POWER PARITY ECONOMY IN THE WORLD.
- GDP PER CAPITA: USD 1,927.7 (2020).
- SERVICE SECTOR ACCOUNTS FOR MORE THAN HALF OF THE INDIAN ECONOMY AND CONTRIBUTES 53.89% TO THE NATION'S GDP.
- THE INDUSTRIAL SECTOR ACCOUNTS FOR 25.92% OF INDIA'S GDP, WHILE THE AGRICULTURAL SECTOR ACCOUNTS FOR 20.19%.
- INFLATION RATE (2020): 6.62%
- RANKED 63RD OUT OF 190 IN THE EASE OF DOING BUSINESS INDEX (2020).
- FDI (2020): USD 64 BILLION.
- FDI INCREASED 27% TO USD 64 BILLION IN 2020 FROM USD 51 BILLION IN 2019, MAKING IT THE FIFTH LARGEST RECIPIENT OF INFLOWS IN THE WORLD, ACCORDING TO A UN REPORT.
- COFACE GAVE INDIA AN A4 RATING FOR THE BUSINESS CLIMATE ASSESSMENT (2020)



# Currency

- INDIAN RUPEE (INR)
- SYMBOL: ₹
- THE INDIAN RUPEE IS A PARTIALLY CONVERTIBLE CURRENCY.
- THIS MEANS THAT THE GOVERNMENT HAS PERMITTED COMPLETE RUPEE CONVERTIBILITY IN CURRENT ACCOUNT TRANSACTIONS. HOWEVER, FULL CURRENCY CONVERTIBILITY FOR CAPITAL ACCOUNT TRANSACTIONS REMAINS A TALL ORDER.



# Economic Strengths

- FAST GROWING SERVICE SECTOR
- DEMOGRAPHIC DIVIDEND (50% OF INDIA'S POPULATION IS LESS THAN 28 YEARS OLD)
- INCREASE IN FDI
- EFFICIENT IT SERVICES
- MEMBER OF THE G-20
- LOW LEVEL OF EXTERNAL DEBT
- ADEQUATE FOREIGN EXCHANGE RESERVES



# Indian companies with International Success





# 2. Trade Agreements & Policies



# Trade and business

- GDP: USD 2,620 BILLION (2020)
- TRADE DEFICIT (2021–22): USD 192.41 BILLION
- MAJOR EXPORTS INCLUDE REFINED PETROLEUM, PACKAGED MEDICAMENTS, DIAMONDS, RICE, ENGINEERING GOODS, AND JEWELLERY.
- IMPORTS SOARED TO USD 610.22 BILLION, DUE TO INCREASE IN PURCHASE OF CRUDE PETROLEUM AND COAL BRIQUETTES. OVER 84% OF INDIA'S PETROLEUM PRODUCT DEMAND WAS MET WITH IMPORTS (2021–22).
- INDIA IS THE 18TH LARGEST EXPORT ECONOMY IN THE WORLD.
- MEMBER OF: BRICS, INTERNATIONAL FINANCE CORPORATION(IFC), UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO), G20, ASIAN-AFRICAN LEGAL CONSULTATIVE ORGANIZATION (AALCO)



## Significant trade agreements

- Asia Pacific Trade Agreement (APTA)
- India ASEAN Trade in Goods Agreement
- Global System of Trade Preferences (GSTP)
- India Brazil and South Africa (IBSA)
- India Singapore Comprehensive Economic Cooperation Agreement (ISCECA)

# FTA with Australia

- INDIA AND AUSTRALIA SIGNED AN ECONOMIC COOPERATION AND TRADE AGREEMENT (ECTA).
- INDIAN EXPORTS TO AUSTRALIA PRIMARILY CONSIST OF CONSUMER AND MANUFACTURED GOODS. INDIA WILL MAINLY BENEFIT FROM TARIFF LIBERALIZATION BY THE AUSTRALIA, ALONG WITH FAST-TRACK APPROVAL FOR PHARMA PRODUCTS.
- AUSTRALIA IS OFFERING ZERO DUTY ACCESS TO 100% TARIFF LINES FROM INDIA, AND ZERO DUTY ON 96.4% VALUE OF INDIAN EXPORTS WILL BE OFFERED IMMEDIATELY. THESE MEANS, FOR THOSE ITEMS, INDIAN EXPORTS WILL HAVE IMMEDIATE MARKET ACCESS AT ZERO DUTY FROM THE DAY THE AGREEMENT COMES INTO FORCE. AT PRESENT MOST OF THESE ITEMS ATTRACT 4-5% IMPORT DUTY IN AUSTRALIA.
- AS INDIA IMPORTS LARGELY IMPORTS RAW MATERIALS AND INTERMEDIATES FROM AUSTRALIA, MANY INDUSTRIES IN INDIA WILL GET CHEAPER RAW MATERIALS AND MAKE THEM COMPETITIVE, IN PARTICULAR FOR SECTORS LIKE STEEL, ALUMINUM, FABRIC/ GARMENTS.
- INDIA IS ALSO OFFERING CONCESSIONS ON TARIFF TO AUSTRALIA ON IMPORT OF GOODS. INDIA IS IMMEDIATELY ELIMINATING TARIFF ON 40% OF ITS TARIFF LINES COMPRISING OF 85% OF AUSTRALIA'S EXPORTS IN VALUE TERMS TO INDIA.



# FTA with EU

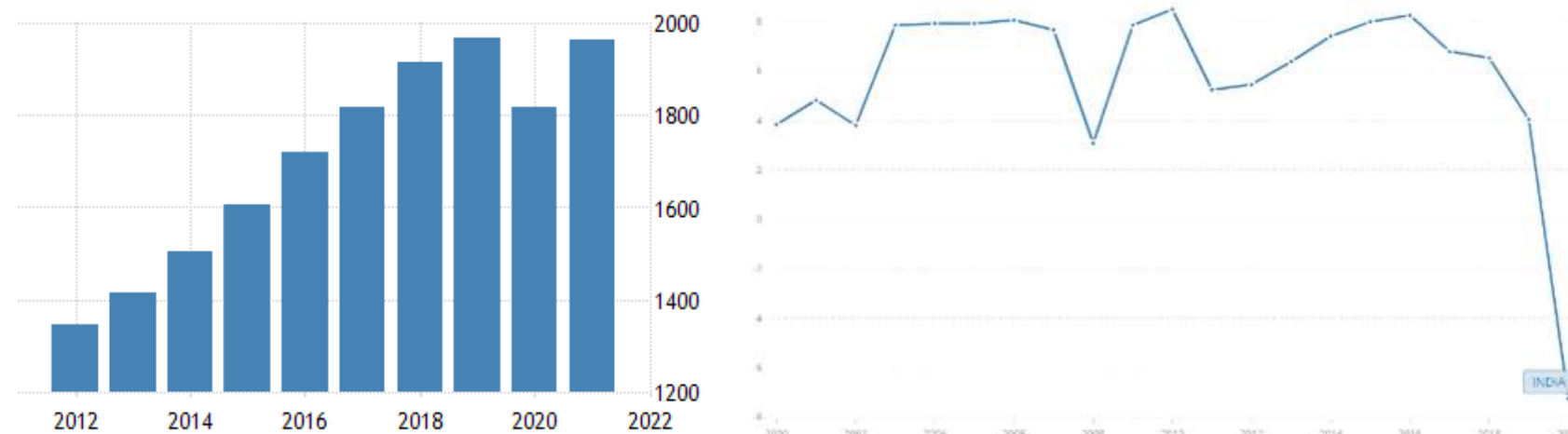
- INDIA AND THE EUROPEAN UNION (EU) FINALLY RESTARTED THE NEGOTIATIONS FOR THE LONG-PENDING TRADE AND INVESTMENT AGREEMENT OVER A GAP OF EIGHT YEARS.
- THE SECOND ROUND OF NEGOTIATIONS IS SCHEDULED TO TAKE PLACE IN SEPTEMBER 2022 IN BRUSSELS.
- INDIA IS THE NINTH COMMERCIAL PARTNER FOR TRADE IN GOODS FOR THE EU (10TH SINCE BREXIT). BOTH IMPORTS FROM AND EXPORTS TO INDIA ACCOUNT FOR ABOUT 2% OF THE RESPECTIVE TOTALS FOR THE EU. THE EU IS A MORE RELEVANT PARTNER FOR INDIAN TRADE: IN TERMS OF OVERALL TRADE, THE EU RANKS FIRST AMONG INDIA'S PARTNERS, WITH A VALUE OF TRADE IN GOODS THAT IS ABOUT 13% OF THE TOTAL VALUE OF TRADE (11.1 % AFTER BREXIT).



# India's Top Export Partners and What They Buy

1	USA	Pearls and precious stones, pharmaceuticals, machinery, electrical and electronic equipment, organic chemicals
2	China	Iron ore, cotton, organic chemicals, petroleum, iron and steel
3	UAE	Mineral fuels and oils, pearls and precious stones, electrical and electronic equipment, apparel, iron, marine products
4	Hong Kong	Diamonds, gold, and other Jewellery, electrical and electronic equipment, petroleum, iron, marine products
5	Bangladesh	Agricultural products, raw cotton and cotton yarn, mineral fuels and oils, machinery and boilers, iron and steel

## GDP Growth annual and forecast



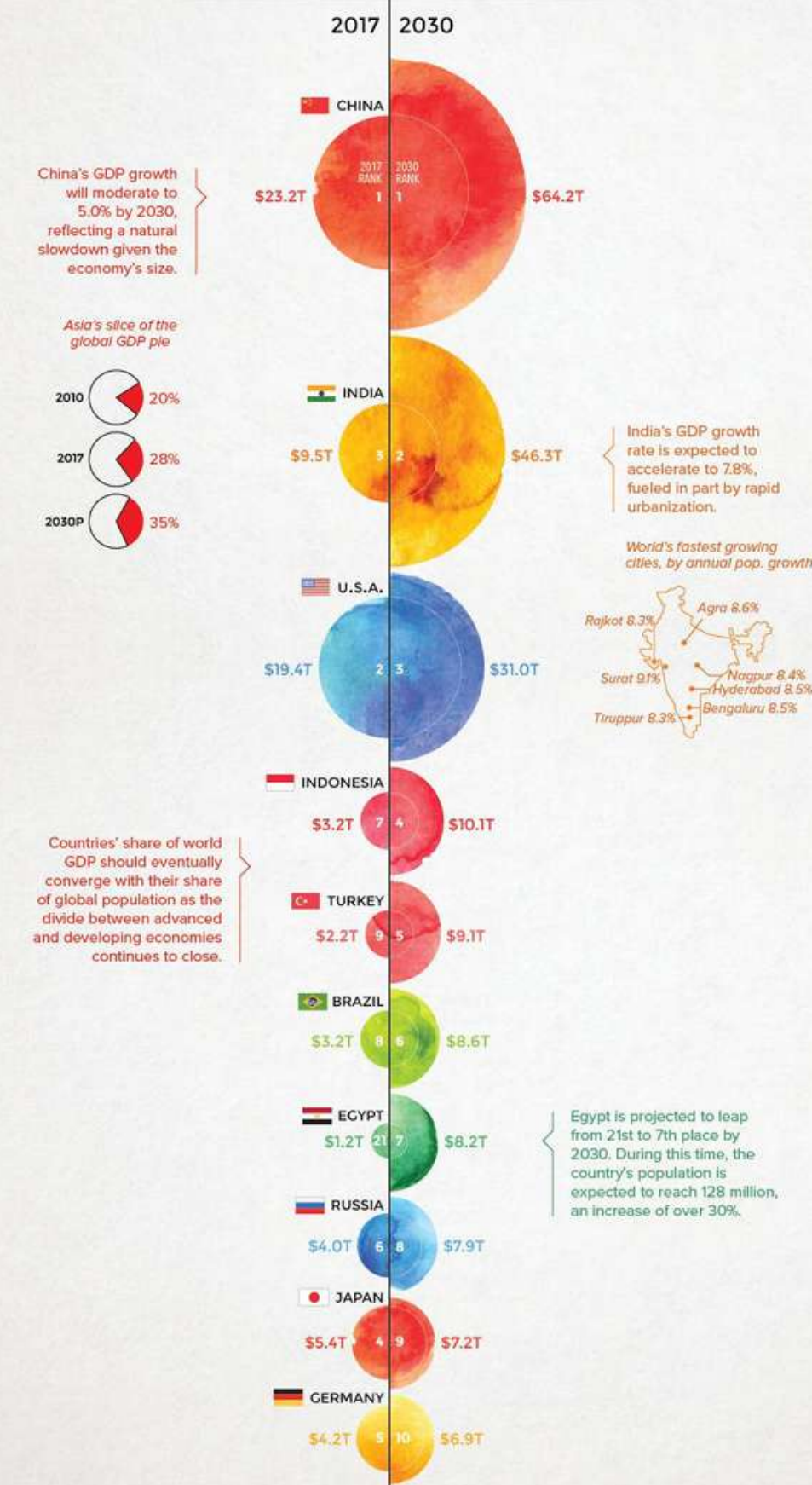
## THE WORLD'S LARGEST 10 ECONOMIES IN 2030

The next decade will bring dramatic growth to Asian economies

Today's emerging markets are tomorrow's powerhouses, according to Standard Chartered, a multinational bank headquartered in London.

By 2030, the bank forecasts that seven of the world's 10 largest economies in GDP (PPP) terms will be in emerging markets.

### TOP 10 COUNTRIES, BY GDP (PPP)



# Current Challenges

- HIGH TARIFFS AND PROTECTIONIST POLICIES
- PRICE SENSITIVITY
- INFRASTRUCTURE
- DATA LOCALIZATION REQUIREMENTS AND E-COMMERCE RESTRICTIONS
- LOCAL CONTENT REQUIREMENTS



# Major Sectors

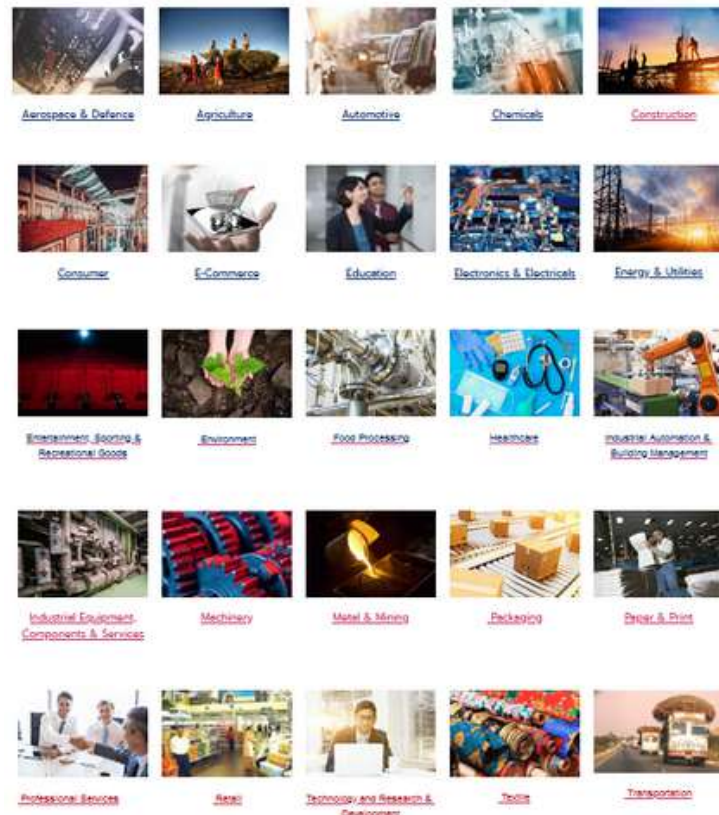
1ST: SERVICES SECTOR (53.89%)

2ND: INDUSTRIAL SECTOR (25.92%)

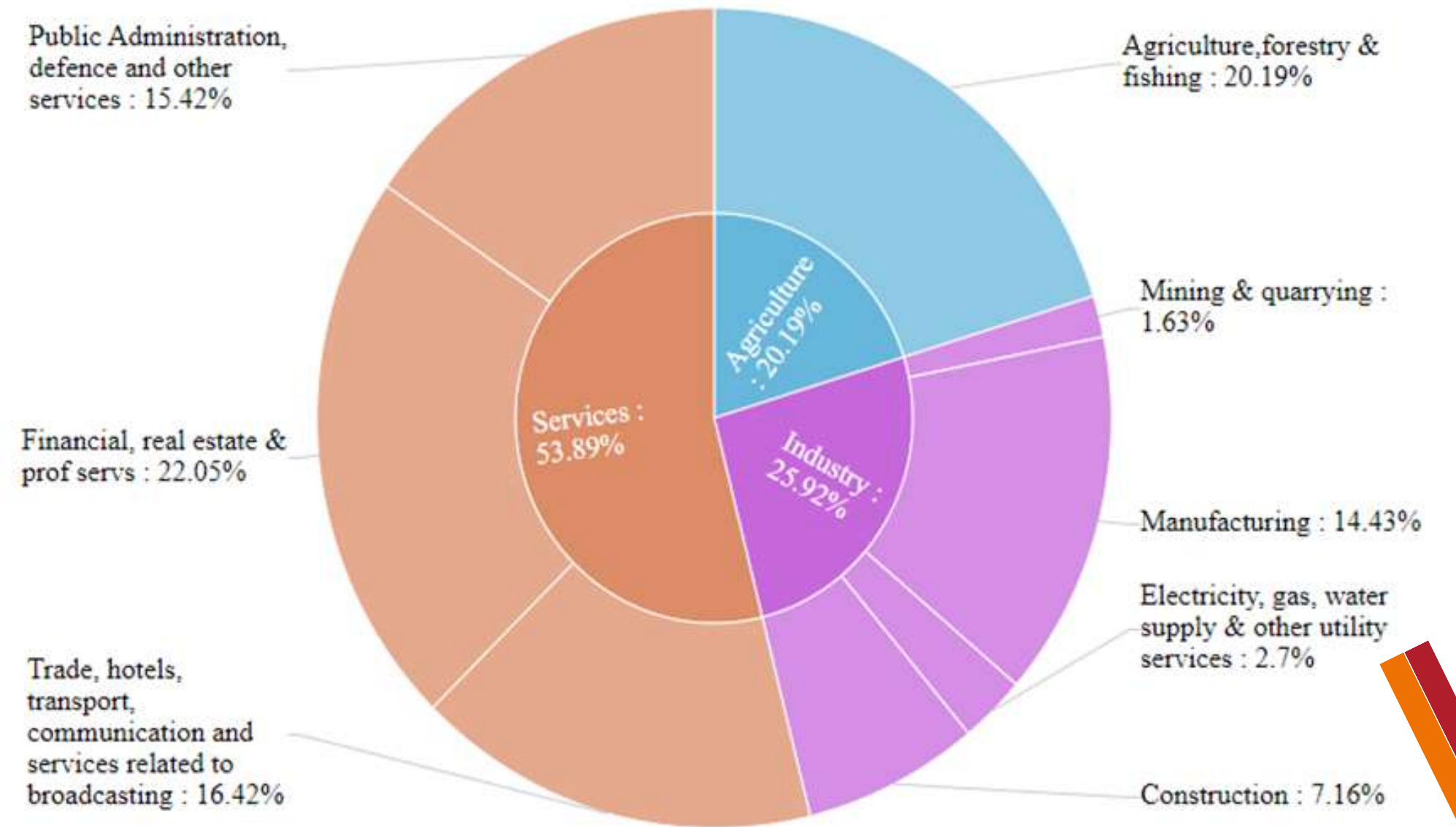
3RD: AGRICULTURAL SECTOR (20.19%)

FOR MORE SECTORS SEE OUR WEBSITE:

[HTTPS://WWW.MAIERVIDORNO.COM/INDUSTRY-EXPERTISE/](https://www.maiervidorno.com/industry-expertise/)



Sector-wise GDP in India



# Targeted Trade Shows

May	Bengaluru	EXCON 2023	Infrastructure	The expo highlights the latest developments in construction engineering, with a focus on new products, equipment, and technology.
Mar	New Delhi	AAHAR – The International Food & Hospitality Fair	Food & Hospitality	AAHAR is a flagship B2B event organized by India Trade Promotion Organization (ITPO). It is one of Asia's best-known brands in Food & Hospitality shows.
Aug	Mumbai	SIAL India 2023	Food & Beverages	SIAL India 2022 is India's largest trade show and exhibition, concentrating on the agribusiness, processed foods, dairy, bread, meat, and seafood industries.
Dec	New Delhi	<u>SIAL India 2023</u>	Food & Beverages	
Nov	New Delhi	India International Trade Fair	-	This is the largest and leading trade show, featuring both B2B and B2C elements. It gives a great foundation for trade and industry to source products, find customers, conduct business, transfer technology, test marketing, and get market access.
Apr	Greater Noida, Delhi NCR	PAPEREX 2023	Paper and Pulp	The expo highlights the latest technology, machinery, and raw material for paper & board manufacturing.
Oct	Gandhinagar, Gujarat	DefExpo 2023	Defence	DefExpo is a flagship biennial event of the Ministry of Defense, showcasing the land, naval, air, as well as homeland security systems



# 3. Taxes & Accounting



# Corporate Income Tax

- A CORPORATION IS A LEGAL BODY THAT IS SEPARATE AND DISTINCT FROM ITS STOCKHOLDERS. UNDER THE INCOME TAX ACT, BOTH DOMESTIC AND INTERNATIONAL CORPORATIONS MUST PAY CORPORATE TAX. A DOMESTIC COMPANY IS TAXED ON ITS WHOLE INCOME, WHILE A FOREIGN COMPANY IS ONLY TAXED ON THE MONEY IT EARNS IN INDIA.
- SURCHARGE IS AN ADDITIONAL CHARGE LEVIED FOR PERSONS EARNING INCOME ABOVE THE SPECIFIED LIMITS. IT IS APPLICABLE ON THE AMOUNT OF INCOME TAX PAYABLE AS CALCULATED AS PER APPLICABLE RATES.



## Corporate Tax Rates for Domestic Companies AY 2021-22

Range of income	Tax Rate
Up to Rs. 400 crore (USD 51.5 million) gross turnover	25%
Gross turnover that exceeds Rs. 400 crore (USD 51.5 million)	30%

## Surcharge Rates in Addition to the Rates Above

Particulars	Tax Rate
If total income range is between Rs. 1 crore (USD 0.1 million) and Rs. 10 crore (USD 1.3 million)	7%
If total income range exceeds Rs. 10 crore (USD 1.3 million)	12%

## Corporate Tax Rates for Foreign Companies AY 2021-22

Range of income	Tax Rate
Royalty or fees received for any technical services from the government or an Indian concern under agreements made before April 1, 1976, which is approved by the central government	50%
Any other kind of income	40%

## Surcharge Rates in Addition to the Rates Above

Particulars	Tax Rate
total income range is between Rs. 1 crore (USD 0.1 million) and Rs. 10 crore (USD 1.3 million)	2%
If total income range exceeds Rs. 10 crore (USD 1.3 million)	5%

# Excise Duties

THE CENTRAL GOVERNMENT IMPOSES EXCISE DUTY ON ALCOHOL, NARCOTICS, ANIMAL PRODUCTS, NON-RENEWABLE SOURCES (PRODUCTS MADE FROM NON-RENEWABLE SOURCES SUCH AS METALS AND INDUSTRIAL CHEMICALS), AND MISCELLANEOUS PRODUCTS (SPICES, CITRUS FRUIT PEELS, STARCH, MALT, CEREALS, GLUTEN, SEEDS, FODDER, RESINS, GUM, VEGETABLE SOAPS, AND VEGETABLE EXTRACTS)

# Goods and Services Tax (GST)

- ANY TAX ON THE SUPPLY OF GOODS, SERVICES, OR BOTH, EXCEPT TAXES ON THE SUPPLY OF THE ALCOHOLIC LIQUOR FOR HUMAN CONSUMPTION
- A PERSON WHO IS SUPPLYING GOODS OR SERVICES IS LIABLE TO PAY GST. HOWEVER, THE GOVERNMENT HAS ALSO SET A BASIC EXEMPTION LIMIT FOR SMALL SUPPLIERS OF GOODS AND SERVICES.
- ANY PERSON HAVING AN AGGREGATE TURNOVER OF MORE THAN RS. 20 LAKH (USD 25,766) IS LIABLE TO REGISTER UNDER GST AND HENCE NEEDS TO PAY THE TAX AS WELL. HOWEVER, IF YOU BELONG TO THE NORTHEASTERN STATE, THEN YOU NEED TO REGISTER IF YOUR TURNOVER IS MORE THAN RS. 10 LAKH (USD 12,883).
- RESIDENTS AND NON-RESIDENTS OF INDIA, BOTH OF WHOM ARE LIABLE TO PAY GST, MUST REGISTER UNDER GST

# Stamp Duty

- THE STATE GOVERNMENT IMPOSES A TAX ON THE SALE OF PROPERTY/PROPERTY OWNERSHIP. STAMP DUTY WILL BE AN ADDITIONAL COST YOU INCUR WHEN YOU SET OUT TO PURCHASE IMMOVABLE PROPERTY.
- IT DIFFERS DEPENDING ON THE STATE OR REGION IN WHERE THE PROPERTY IS SITUATED.



# Income Tax

- INDIA HAS A BRACKETED INCOME TAX SYSTEM WITH SEVEN INCOME TAX BRACKETS.
- IF ANYBODY DOES NOT FILE THEIR INCOME TAX RETURN FOR ANY REASON, THEY MUST PAY A LATE FEE.

Income Tax Slab (INR)	Tax Rates as Per Old Regime	Tax Rates as Per New Regime
0-2,50,000	NIL	NIL
2,50,001 – 5,00,000	5%	5%
5,00,000 – 7,50,000	20%	10%
7,50,001 – 10,00,000	20%	15%
10,00,001 – 12,50,000	30%	20%
12,50,001 – 15,00,000	30%	25%
Above 15,00,000	30%	30%

IN THE EXISTING INCOME TAX REGIME, A TAXPAYER CAN AVAIL BENEFITS OF TAX EXEMPTIONS AND DEDUCTIONS, BUT THE NEW TAX REGIME GIVES LOWER INCOME TAX RATES WITH NO TAX EXEMPTIONS AND DEDUCTIONS



# Example employee

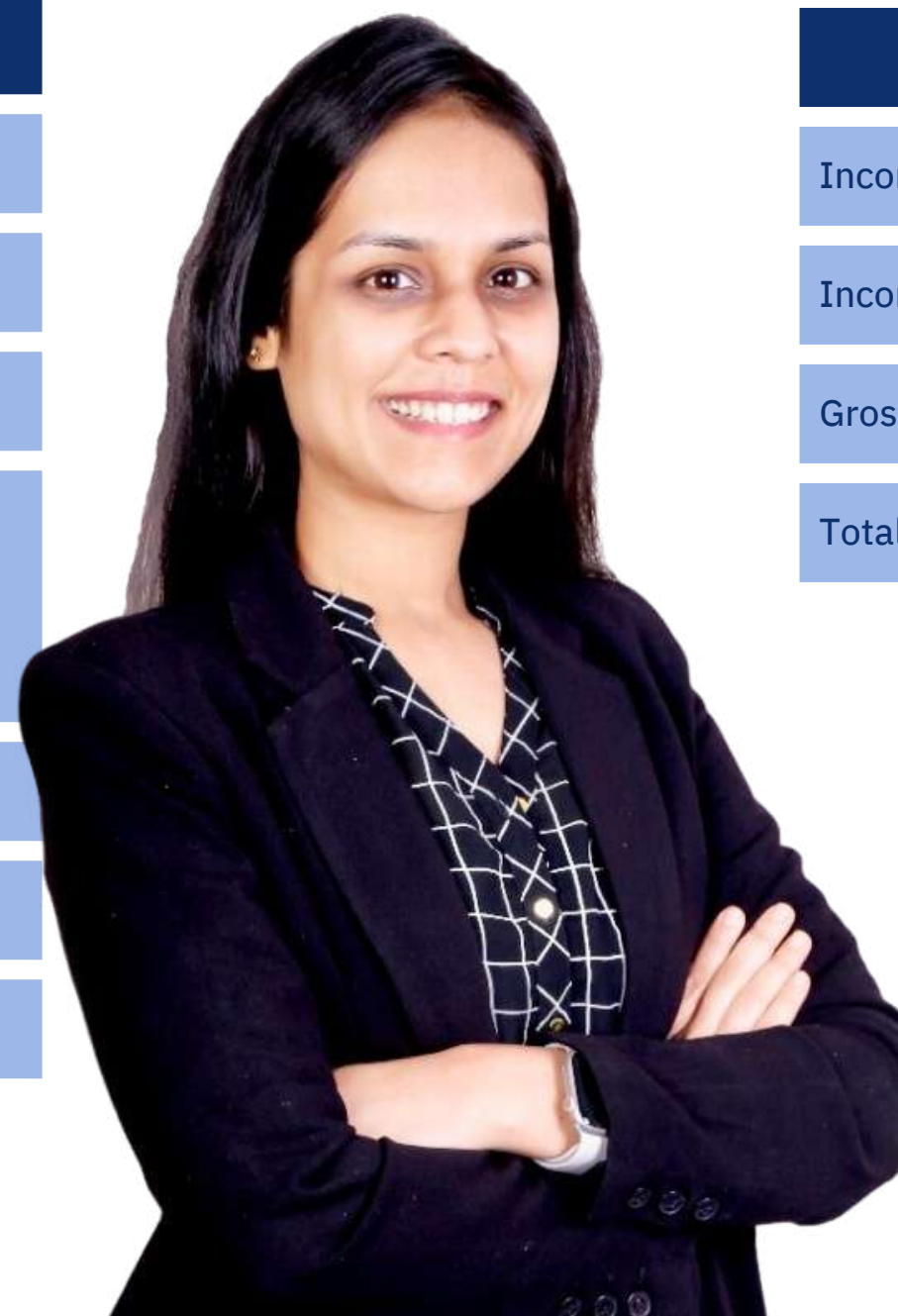
SAROJ RECEIVES A BASIC SALARY OF USD 1,300 PER MONTH, HRA OF USD 650, SPECIAL ALLOWANCE OF USD 273 PER MONTH, 273 LTA OF USD 260 ANNUALLY, AND SHE PAYS A RENT OF USD 520 LIVING IN DELHI.

## Calculation of Tax as per Old Regime

Nature	Amount (USD)	Total (USD)
Income from Salary	21,450	
Income from Other Sources	260	
Gross Total Income		21,710
Deductions		
80C	1,950	
80D	156	
80TTA	104	
		2,210
Gross Taxable Income		19,500
Total tax (including cess)		3,549

## Calculation of Tax as per New Regime

Nature	Amount (USD)	Total (USD)
Income from Salary	26,936	
Income from Other Sources	260	
Gross Total Income		4,936.152
Total tax (including cess)		4,936.152



According to income tax legislation, salaried persons and pensioners are eligible to switch between the new and old tax regimes as per their convenience every year, while those with business income may only do so once in their lifetime

# Accounting and Audit Regulations

- NO SINGLE UNIFYING REGULATION ON AUDITING AND COMPLIANCE IN INDIA
  - FOREIGN INVESTORS NEED TO BE AWARE THE REGULATIONS REGARDING AUDITING, ACCOUNTING, AND FINANCIAL REPORTING STIPULATED OVER SEVERAL LAWS AND BYLAWS, AND THAT A GOOD UNDERSTANDING OF THESE CAN ENSURE THEIR BUSINESS STAYS COMPLIANT.
- FOREIGN INVESTORS SHOULD, HOWEVER, FOCUS ON THE COMPANIES ACT 2013, WHICH DICTATES THE TERMS FOR WHEN AUDITS BECOME OBLIGATORY IN ADDITION TO THE ACCOUNTING STANDARDS COMPANIES SHOULD ADHERE TO WHEN PREPARING FINANCIAL STATEMENTS.
- THE COMPANY LAW MANDATES THAT FINANCIAL STATEMENTS OF A LIMITED LIABILITY COMPANY MUST BE AUDITED BY A PUBLIC ACCOUNTANT REGISTERED IN INDIA IF THEY MEET CERTAIN CRITERION.
- LLPS ARE REQUIRED TO HAVE ITS ACCOUNTS AUDITED BY A PRACTICING CHARTERED ACCOUNTANT IF ITS ANNUAL TURNOVER, IN ANY FINANCIAL YEAR EXCEEDS RS. 40 LAKHS (USD 51,531) OR ITS CONTRIBUTION EXCEEDS RS. 25 LAKHS (USD 32,207)
- ALL LLPS ARE REQUIRED TO MAINTAIN PROPER BOOKS OF ACCOUNTS SINCE REGISTRATION ON CASH BASIS OR ACCRUAL BASIS
- FINANCIAL STATEMENTS CONSIST OF THE FOLLOWING:
  - BALANCE SHEET
  - INCOME STATEMENT
  - CASH FLOWS
  - STATEMENT OF CHANGES IN EQUITY



# Opening a Corporate Bank Account (as a PT PMA)

## REQUIREMENTS

- THE CORPORATE BANK ACCOUNT IN INDIA CAN BE SET UP AT ONE OF THE PRIVATE BANKS OPERATING IN THIS COUNTRY AS WELL AS THROUGH THE INTERNATIONAL BANKS WHICH HAVE SET UP BRANCH OFFICES OR SUBSIDIARIES HERE.
- WHEN OPENING A BANK ACCOUNT, THE COMPANY'S REPRESENTATIVES WILL NEED TO PROVIDE A SET OF DOCUMENTS REQUESTED BY THE LOCAL BANKS.





# 4. Human Resources



# Employment Contract

AN EMPLOYMENT CONTRACT MUST BE MADE BASED ON:

- COMMENCEMENT DATE
- JOB TITLE AND DESCRIPTION
- DURATION OF EMPLOYMENT
- EMPLOYEE COMPENSATION AND BENEFITS
- EMPLOYER'S RULES, REGULATIONS, POLICIES, AND PRACTICES
- CONFIDENTIALITY AGREEMENT
- NON-COMPETE CLAUSE
- DISPUTE RESOLUTION
- TERMINATION OF EMPLOYMENT



# Working Hours

THE LEGAL WORKING TIME AND OVER-TIME CONDITIONS ARE:

- 9 HOURS A DAY AND 48 HOURS A WEEK FOR 5–6 WORKING DAYS IN A WEEK
- IT IS MENTIONED THAT WHERE A WORKER WORKS IN A FACTORY FOR MORE THAN 9 HOURS IN ANY DAY OR FOR MORE THAN 48 HOURS IN ANY WEEK, THEY SHALL, IN RESPECT OF OVER-TIME WORK, BE ENTITLED TO RECEIVE WAGES AT THE RATE OF TWICE THEIR ORDINARY RATE OF WAGES.
- OVERTIME WAGES ARE PAID AT THE RATE OF TWICE THE ORDINARY RATES OF WAGES OF THE WORKER. THE EMPLOYER CAN TAKE ACTUAL WORK UP TO 9 HOURS IN 12 HOURS SHIFT ON ANY DAY. BUT THEY MUST PAY DOUBLE THE RATES FOR AN HOUR OR PART OF AN HOUR OF ACTUAL WORK OVER NINE HOURS OR MORE THAN 48 HOURS IN ANY WEEK.



# Leaves

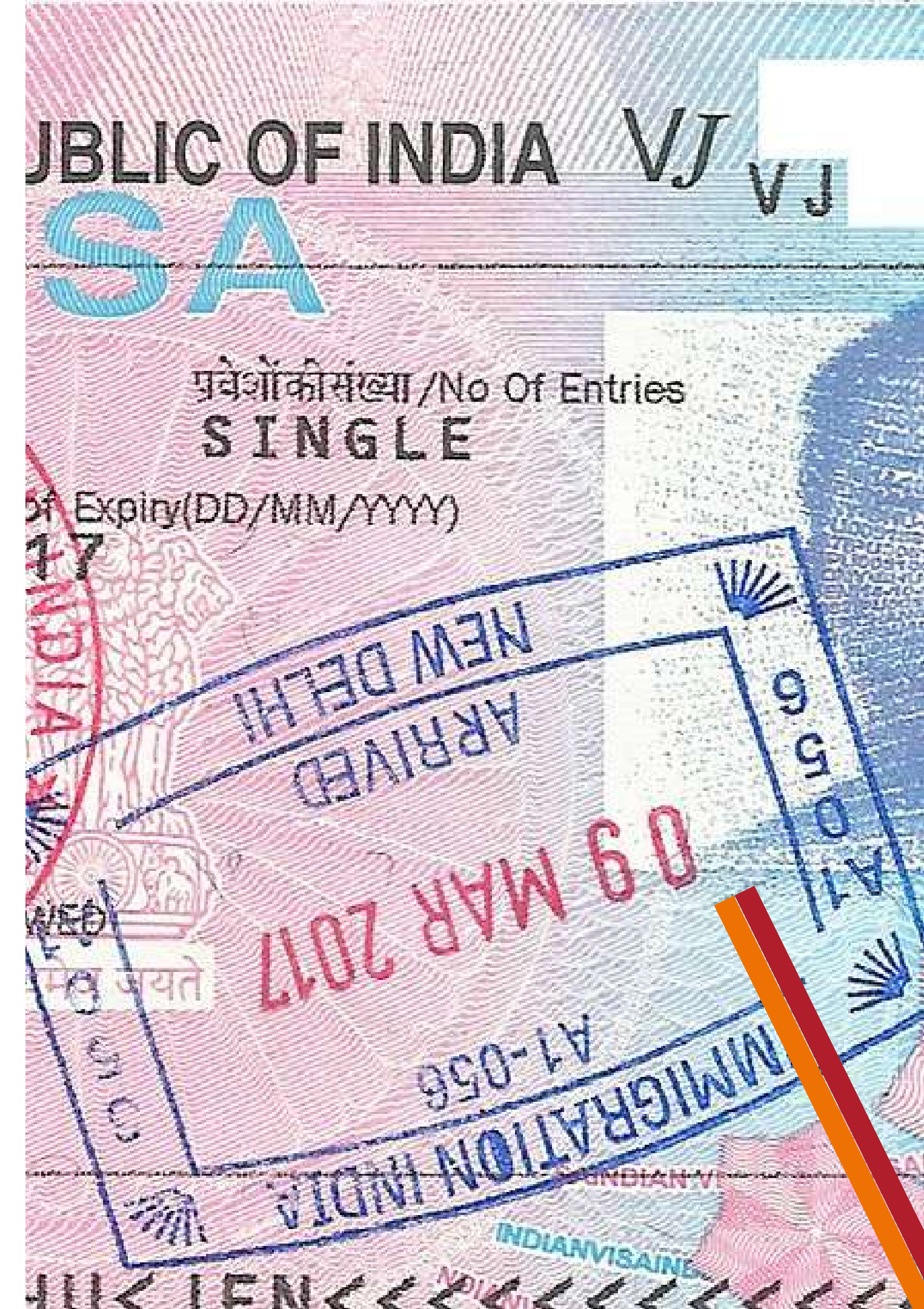
THE FOLLOWING ARE THE DIFFERENT TYPES OF LEAVES OFFERED BY COMPANIES:

- PRIVILEGE LEAVE (PL) OR EARNED LEAVE (EL)
- CASUAL LEAVE (CL)
- SICK LEAVE (SL)
- MATERNITY LEAVE (ML)
- COMPENSATORY OFF (COMP-OFF)
- MARRIAGE LEAVE
- PATERNITY LEAVE
- LOSS OF PAY (LOP)/LEAVE WITHOUT PAY (LWP)



# Foreign Visas

- THE NECESSARY VISA FOR DOING BUSINESS IN INDIA IS THE BUSINESS VISA DESIGNATED AS A 'B' VISA.
- THE FOREIGN NATIONAL MUST HAVE A VALID TRAVEL DOCUMENT AND A RE-ENTRY PERMIT, IF REQUIRED UNDER THE LAW OF THE COUNTRY OF NATIONALITY OF THE APPLICANT.
- THE FOREIGN NATIONAL SHOULD BE A PERSON OF ASSURED FINANCIAL STANDING. THE FOREIGNER MUST SUBMIT PROOF OF THEIR FINANCIAL STANDING AND DOCUMENTATION IN SUPPORT OF THE INTENDED BUSINESS VISIT TO INDIA.
- A BUSINESS VISA MAY BE GRANTED TO A FOREIGNER WHO WISHES TO VISIT INDIA TO ESTABLISH AN INDUSTRIAL/BUSINESS VENTURE, PURCHASE/SELL INDUSTRIAL OR COMMERCIAL PRODUCTS, ETC.
- A BUSINESS VISA WITH A MULTIPLE ENTRY FACILITY CAN BE GRANTED FOR A PERIOD OF UP TO 5 YEARS OR FOR A SHORTER DURATION AS PER THE REQUIREMENT.



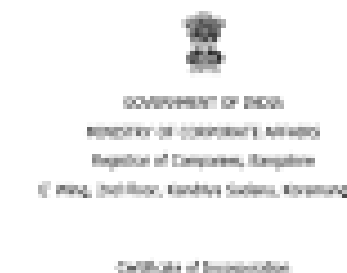
# 5. Set Up



# Open a Representative Office (Liaison Office)

- A LIAISON OFFICE IS THE REPRESENTATION OF A FOREIGN COMPANY IN INDIA. THE INDIAN CENTRAL BANK DESCRIBES SUCH AN ESTABLISHMENT AS 'AN OFFICE THAT MAY ONLY ENGAGE IN BINDING ACTIVITIES'. THIS INCLUDES :
  - OBTAIN INFORMATION ABOUT THE MARKET AND POTENTIAL INDIAN CONSUMERS
  - ADVERTISE, PROMOTE, AND PERFORM OTHER MARKETING-RELATED ACTIVITIES
  - STIMULATE EXPORTS TO OR IMPORTS FROM INDIA
  - ESTABLISH TECHNICAL AND FINANCIAL PARTNERSHIPS BETWEEN HEADQUARTERS AND INDIAN COMPANIES
  - ESTABLISH A COMMUNICATION CHANNEL BETWEEN HEADQUARTERS AND LOCAL PARTNERS
- A LIAISON OFFICE SHOULD NOT GENERATE SALES IN INDIA AND THEREFORE NOT PRODUCE GOODS OR PROVIDE SERVICES. THE PARENT COMPANY WHICH IS OUTSIDE INDIA PAYS THE COSTS OF A LIAISON OFFICE. PRIMARILY, A LIAISON OFFICE IS USEFUL FOR COMPANIES THAT WANT TO EXPLORE THE INDIAN MARKET.
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# Set Up a Subsidiary

- A PRIVATE LIMITED (PVT. LTD.) IS A VOLUNTARY ASSOCIATION OF AT LEAST TWO AND NOT MORE THAN 200 MEMBERS. THE RIGHT TO TRANSFER SHARES IS LIMITED TO MEMBERS AND IT IS NOT ALLOWED TO INVITE THE GENERAL PUBLIC TO SUBSCRIBE TO SHARES.
- THE REGISTRATION IS DONE BY THE REGISTRAR OF COMPANIES (ROC). IF THE DOCUMENTATION IS SATISFACTORY, A CERTIFICATE OF INCORPORATION (COI) WILL BE ISSUED.

## MAIN FEATURES

- SHAREHOLDERS: MIN. TWO AND MAX. 200.
- NUMBER OF DIRECTORS: MINIMUM TWO TO MAXIMUM 15.
- A RESIDENT DIRECTOR IS MANDATORY; CAN ALSO BE A NON-RESIDENT IF THEY SPEND OVER 182 DAYS IN INDIA.
- REGISTERED BUSINESS NAME: OBTAINED BY APPLYING TO THE MINISTRY OF CORPORATE AFFAIRS (MCA).
- REGISTERED OFFICE: ADDRESS WHERE ALL OFFICIAL CORRESPONDENCE WILL GO.
- MEMORANDUM OF ASSOCIATION (MOA): STATES THE COMPANY'S NAME, LOCATION, CAPITAL ENDOWMENT, THE OBJECT FOR WHICH THE COMPANY HAS BEEN FORMED, ETC. THE COMPANY CAN ONLY OPERATE IN THE AREAS MENTIONED IN THE OBJECTS CLAUSE WHICH CAN BE CHANGED WITH A VOTE SUPPORTED BY 75% MAJORITY OF THE MEMBERS.
- ARTICLES OF ASSOCIATION (AOA): CONTAINS THE INTERNAL REGULATIONS OF THE COMPANY, THE RELATIONSHIP TO SHAREHOLDERS, AND THE RELATIONSHIP BETWEEN INDIVIDUAL SHAREHOLDERS.
- THE COMPANY HAS A SEPARATE LEGAL EXISTENCE APART FROM THE MEMBERS WHO COMPOSE IT.
- ALL ACTIVITIES FROM FORMATION, WORKING, TO WINDING UP ARE STRICTLY GOVERNED BY LAWS, RULES, AND REGULATIONS.
- THE COMPANY COLLECTS ITS CAPITAL BY THE SALE OF ITS SHARES AND THOSE WHO BUY THE SHARES ARE CALLED THE MEMBERS. THE AMOUNT SO COLLECTED IS CALLED THE SHARE CAPITAL.
- THE SHARES OF A COMPANY ARE FREELY TRANSFERABLE AND THAT TOO WITHOUT THE PRIOR CONSENT OF OTHER SHAREHOLDERS OR WITHOUT SUBSEQUENT NOTICE TO THE COMPANY.
- THE SHAREHOLDERS DO NOT HAVE THE RIGHT TO PARTICIPATE IN THE DAY-TO-DAY MANAGEMENT OF THE BUSINESS. THE POWER OF DECISION-MAKING IS VESTED IN THE BOARD OF DIRECTORS AND ALL POLICY DECISIONS ARE TAKEN AT THE BOARD LEVEL BY THE MAJORITY RULE.
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# Creation of a Joint Venture (JV)

- FOREIGN COMPANIES CAN SET UP THEIR OPERATIONS IN INDIA BY FORMING A STRATEGIC ALLIANCE WITH ONE OR MORE PARTNERS.
- A JV IS A STAND-ALONE ENTERPRISE OWNED BY TWO OR MORE PEOPLE OR COMPANIES, WHERE THE PARTICIPANTS CONTINUE TO EXIST AS SEPARATE FIRMS.
- THERE ARE NO SEPARATE LAWS FOR SETTING UP A JV IN INDIA. IT CAN BE A PRIVATE OR PUBLIC LIMITED COMPANY AND WILL BE REGULATED ACCORDINGLY.
- ALL JVS IN INDIA REQUIRE GOVERNMENTAL APPROVALS IF A FOREIGN PARTNER IS INVOLVED. IF A JV FALLS UNDER A SECTOR IN WHICH AUTOMATIC APPROVAL IS ALLOWED, THEN THE APPROVAL OF RBI IS REQUIRED.



**JOINT  
VENTURE**

# Franchise

- ANYBODY OPENING A FRANCHISE IN INDIA NEEDS TO REGISTER THEMSELVES WITH THE MINISTRY OF CORPORATE AFFAIRS AFTER THE INITIAL AGREEMENT WITH THE FRANCHISE PROVIDER.
- IN INDIA WHILE THERE ARE NO SPECIFIC FRANCHISE LAWS, THERE IS A RANGE OF LAWS AND REGULATIONS LIKE THE INDIAN CONTRACT ACT 1872, THE FOREIGN EXCHANGE MANAGEMENT ACT 1999 (FEMA), THE COMPETITION ACT 2002, ETC. THAT CAN BE MADE APPLICABLE TO FRANCHISING. THESE LAWS INCLUDE THOSE:
  - ADDRESSING COMPETITION
  - CONSUMER PROTECTION
  - INTELLECTUAL PROPERTY
  - LABOUR, PROPERTY, AND
  - TAXATION



# Equity Investment

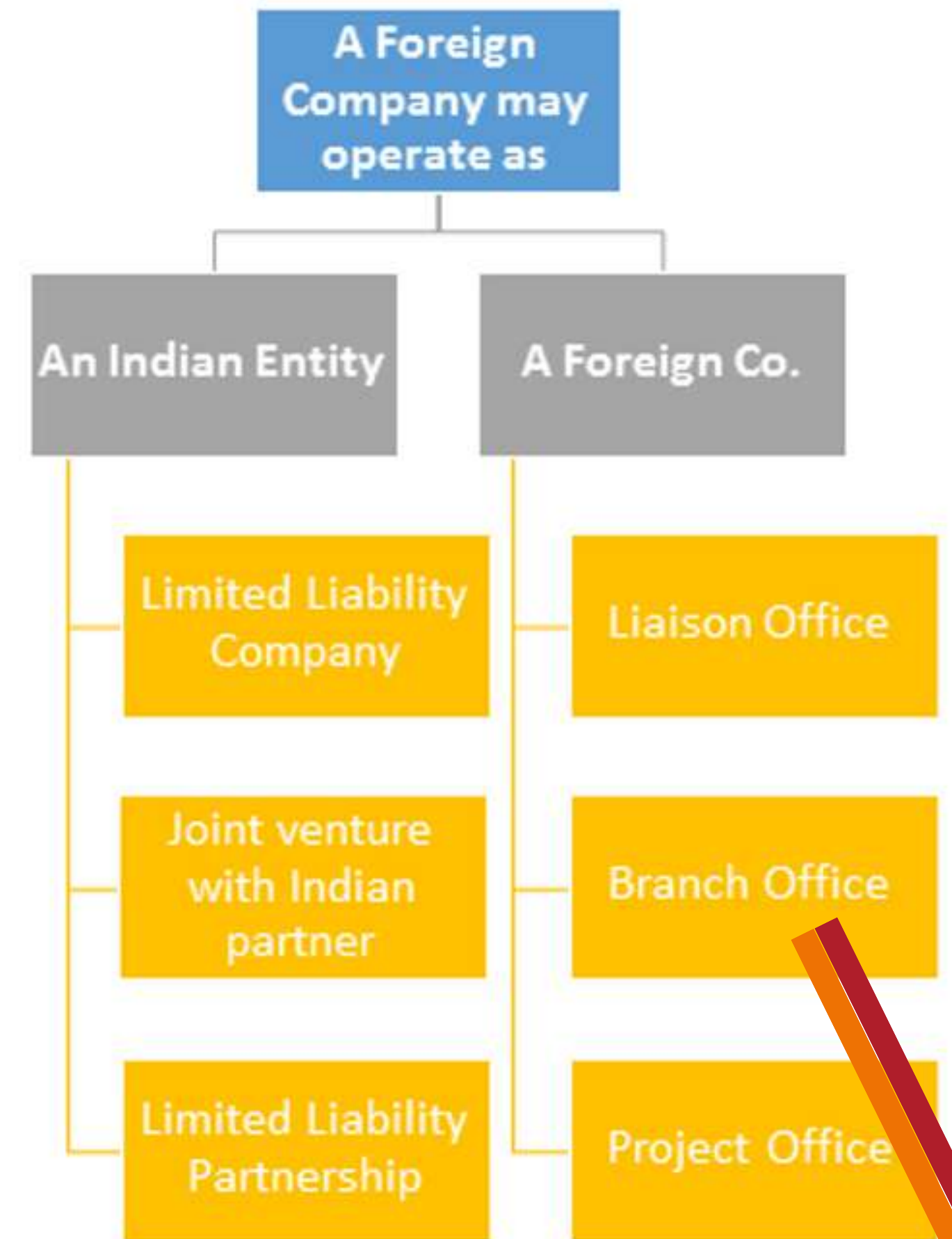
- UNCTAD'S 'WORLD INVESTMENT REPORT 2017' SHOWS INDIA AS ONE OF THE MOST FAVORED FDI DESTINATIONS DUE TO ITS ATTRACTIVENESS AMONG MULTINATIONALS FOR CROSS-BORDER MERGERS AND ACQUISITIONS (M&AS).
- IN 2021, INDIA RECORDED AN ALL-TIME HIGH M&AS OF USD 112.8 BILLION WITH 598 DEALS RECORDED.
- CURRENTLY IN 2022, INDIA HAS ALREADY HIT A FOUR-YEAR HIGH IN THE FIRST QUARTER OF THE YEAR AT USD 30.3 BILLION.
- THEREFORE, SUCCESSFUL EXECUTION OF BOTH MERGERS AND ACQUISITIONS REQUIRES A SIGNIFICANT AMOUNT OF RESOURCES AND TIME.



# Business Registration

THE GOVERNMENT HAS ALSO EXTENDED EASE OF DOING BUSINESS FOR FOREIGN NATIONALS AND NRIS BY SIMPLIFYING THEIR BUSINESS IN INDIA THROUGH FEMA, FDI, AND RBI POLICIES.

- FOREIGN NATIONALS CAN REGISTER A PRIVATE LIMITED COMPANY, PUBLIC LIMITED COMPANY, OR LIMITED LIABILITY PARTNERSHIP (LLP) IN INDIA.
- A PRIVATE OR PUBLIC LIMITED COMPANY ALLOWS FOR FDI INTO INDIA UNDER THE AUTOMATIC ROUTE IN MOST SECTORS. LLPS ALLOW FDI UNDER THE AUTOMATIC ROUTE ONLY IN THOSE SECTORS OR ACTIVITIES THAT ALLOW 100% FDI THROUGH THE AUTOMATIC ROUTE.



# Our team of entrepreneurs

There to support you worldwide

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Group Managing Partner  
North America  
USA (New-York)  
Canada (Montreal)



**/ Margaux Loustalan**  
Managing Director  
Mexico  
Mexico City



**/ Jean-Manuel Favory**  
Managing Director  
Brazil  
Sao Paulo

## Country Managers – Asia Pacific



**/ Franck Planchenault**  
Office  
Manager  
United Arab Emirates  
Dubai



**/ Praveen Singhal**  
VP Corporate Services  
India  
New Delhi



**/ Géraldine De Rostolan**  
VP Corporate Services  
South East Asia  
Singapore



**/ Arnoul d'Arschot**  
Vice President, Advisory &  
Business Development /  
Southeast Asia & Oceania  
Australia/NZ  
Sydney



**/ Bruno Mascart**  
Group Managing Partner  
Greater China  
Hong Kong

## Country Managers – Europe



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Managing  
Director  
France  
Paris



**/ Marta Tchorzewska**  
VP Development and  
Advisory  
Eastern Europe  
Warsaw



**/ Mirko Mottino**  
Managing  
Partner  
Italy  
Turin, Milan



**/ Klaus Maier**  
Group Managing Partner  
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**/ Manuel Moreno**  
Managing  
Partner  
Spain  
Madrid



**/ Guillaume Maros**  
VP Development  
UK  
London

# Our Ecosystem

There to support you worldwide



Maximize LOCAL IMPACT &  
**LONG-TERM GROWTH**



Government Agencies

65+ Projects for  
International Trade & Investment



Trade Associations

130+ Strategic partners  
in 22+ countries



Investment Funds

115+ International growth  
projects for companies



Banks

8+ Global partnerships  
in 4 continents

# Our Strategic Partnerships

Insight, networks and active corridors fueling international growth



# Who our Clients are...

Performing medium-sized and Mid-Cap companies to hidden champions







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