DOING BUSINESS IN INDIA

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INTRODUCTION

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

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

Global headwinds and challenges in international economies resulting from post covid uncertainties and Ukraine -Russia war has had little effect on Indian economy with first quarter GDP growth for FY 2022-23 being more than 13%, on top of it the west including Europe and USA are facing cost of living crisis with inflation touching double digits while India has been able to maintain its inflation to a single digit between 6 to 7%.

India is now a fifth largest economy and in its 75th year of freedom has surpassed United Kingdom with Indian economy being at US$3.5 trillion vs UK being US$3.2 trillion. India currently have only four nations ahead of it namely United States of America, China, Japan and Germany. Indian GDP is growing quickly in both real and nominal terms. India may become a US$5 trillion economy by 2028-29 if GDP grows around 8 to 9% per annum and is likely to surpass Germany soon whose economy size is US$ 4.2 Trillion.

Despite of uncertainties in world major economies, Global confidence in the Indian economy has improved as reflected in growing inflows of net Foreign Direct Investment (FDI) and an all-time high accumulation of foreign exchange reserves. Which is evident from the fact that India received FDI worth US$ 84.83 billion in FY 22 which was higher than US$ 2.87 Billion from previous year. It is expected that by 2025 India shall receive FDI between US$ 120 to 160 billion. In FY 2022 Indian has been able to create as many as 106 unicorns who have attracted investments of more than US $ 94 billion till date and are valued around US$ 343 Billion in total. The number of Unicorns is expected to go up to 122 in number in two to four years.

India is promoting 'Make in India' aggressively, with China's economy feeling various pressures, the global Investors are looking towards India for setting up their manufacturing base. To cater to such demands for manufacturing; India is heavily investing in infrastructure, introducing ease of doing business reforms, further introducing of production linked investment schemes and relaxing its FDI polices. The most recent example is Apple's decision to manufacture in India. The Indian manufacturing exports reached to around US$418 billion in FY 2021-22, which were 40% higher to US$ 290 billion in previous year. India is expected to grow its manufacturing exports to $ 1 trillion by FY 2028. Indian advantage in manufacturing comes from reason such as supply chain diversification, sectoral advantages, Governmental initiatives, Infrastructure growth, Mergers and private equity related investments. Manufacturing sectors to be watched are: Chemicals, Pharma, Industrial Machinery, Electronics, Automobiles and textiles & apparels.

India is services powerhouse with IT, ITES and Knowledge process outsourcing services leading the pack. It has highest number of skilled talent pool and is the talent factory of the world with even China not being able to compete with India when it comes to services. Services contribute to 53% of Gross value added. India’s services sector GVA increased at a CAGR of 11.43% to US$ 1,439.48 billion in FY20, from US$ 1,005.30 billion. The Indian services sector received the maximum FDI inflows worth US$ 94.19 billion between April 2000-March 2022 and was ranked first in FDI inflow. India’s service exports stood at US$ 254.4 billion, and imports stood at US$ 144.79 billion in FY 2021-22. India's software service industry is expected to reach US$ 1 trillion by 2030.The sectors which need to be watched out are financial, Banking, Insurance, IT & ITES, Non-Financial / Business, Outsourcing, R&D, Courier & Logistics and Tech Testing and Analysis.

India has emerged as an important player in the world on the back of high GDP growth and the announcement/implementation of critical measures by government in the current year and last few years. As per the national statistical office, the real GDP growth was 8.95 percent in 2021, as compared to the negative growth rate (6.60) percent in pandemic effected 2020 and 3.74 percent growth in 2019. It also forecasted by IMF that the Indian GDP will grow by 7.4 percent in year 2022.

This booklet will help you to understand and find India as your preferred business and investment destination, so that you can make a correct business decision to be a part of enormous growth which Indian offers, even in this uncertain economic world. This booklet gives you a flavor of background of India, sector opportunity analysis, Indian Legal system, Investments in India, establishing a presence in India, company formation and administration, Merger and Acquisition, startup India scheme, Visa requirements in India, capital markets in India, financing your Indian entity, tax, human resource laws, Intellectual property laws, environmental laws, Data privacy and IT laws, dispute resolution and Exit options.

This booklet also helps you to understand our various services through which we can enable you to establish presence, run your enterprise and do business in India.

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

Happy reading!

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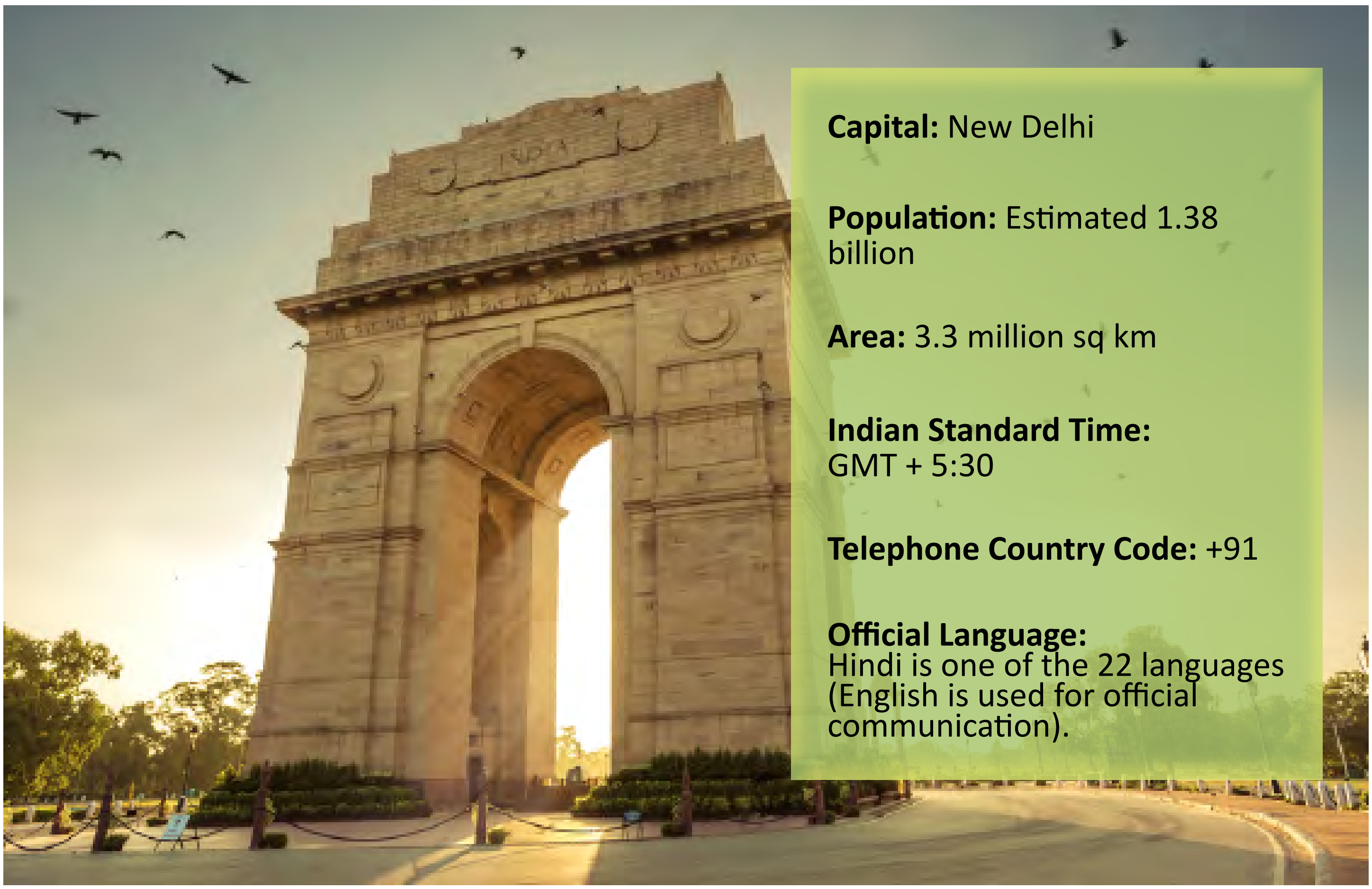
BACKGROUND OF INDIA

India A Snapshot

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

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



Business hours:

Business hours in India generally are 9 am to 5:30 pm IST (GMT +05:30) followed by 30 minutes break generally between 01:00 pm to 01:30 pm, excluding lunch time basic working hours are 8 in India where in standard working days are 5 or 6 days in a week (Mon-Fri/ Sat) but again it depends on the organization to organization leave policy.

Public Vacation Days:

In India Public vacations are categorized in 3 categories:

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

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

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

In addition, there are 16 gazette vacation days and 31 restricted holidays in the official public vacation day calendar. Each year central and state government set these public vacations.

Language:

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

English is only known as **"Subsidiary Official Language"** in India. Basically, in India official languages are identified region wise, like for Assam Region the official language is Assamese.

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

Population:

In the world India has 2nd highest population followed by China with 1.38 billion as per the population figures in 2021. 62% population in India belong to the working age group and 54% population is below 25 years of age, based on this India is considered as one of the youngest countries in the world with 17.7% population share of the world. In India population is categorized in Urban and Rural category, where in Urban hold 35% of total population and 65% population lives in Rural area of country.

Geography and climate

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

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

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

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

Currency:

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

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Economic System

India is one of the quickest rising and dynamic economies in the present financial world. It is the sixth largest with a nominal GDP of $3.17 trillion and ranks third behind US and China in terms of purchasing power parity at $10.22 trillion.

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

In 2020, India was ranked at number 18 in total exports, and number 12 in total imports. It ranks 63rd on the Ease of doing business index and 37th on the 2022 IMD World Competitiveness Report. The economic growth rate is projected at 7.5% for the financial year 2022-2023

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

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

Political System

Governance & Administration

India having 1.38 Billion population out of which 900 million are electors, India holds the world's largest democracy.

The current constitution of India came into force on 26th January 1950, when the first general elections took place in 1951-52. The longest written constitution is held by India which contain 444 articles, 12 schedules and 98 amendments.
India's political system is divided into 3 branches: -

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

The Legislative Branch: - India has the supreme legislative body as parliament, where-in it comprises of the President and 2 Houses (Rajya Sabha and Lok Sabha). President of India holds the power to dissolve the Lok Sabha.

- Rajya Sabha (council of States): It is also known as Council of States or Upper House. The maximum size of members can be 250 which includes 12 members selected by President of India and 238 members are indirectly elected by state and territorial legislatures. Rajya Sabha is permanent house and can't get dissolved. Every member of Rajya Sabha has tenure of 6 years. In every 2 years 1/3 members gets re-elected in Rajya Sabha.

- The Lok Sabha (house of people) is composed of representatives of people called as member of parliament (MPs). chosen by the common people who are eligible to vote during general election The total tenure of Lok Sabha is 5 years. After 5 years, the Lok sabha dissolves and elections are called for.

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

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

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

The UnionCabinet headed by the prime minister is appointed by the president of India to assist the latter in the administration of the affairs of the executive. Union cabinet is collectively responsible to the Lok Sabha.

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

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

Main Trade Partners

There are twenty-five **largest trading partners of India** which represent 76.67% of trade of India for the first quarter of year 2022-23.

Values in US$ Million

Rank	Country	Export	Import	Total Trade	% of Export	% of Import
1	U S A	20.92	12.96	33.88	61.73%	38.27%
2	CHINA	4.49	23.45	27.94	16.06%	83.94%
3	UNITED ARAB EMIRATES	7.97	13.69	21.66	36.80%	63.20%
4	SAUDI ARABIA	2.40	11.41	13.81	17.41%	82.59%
5	IRAQ	0.53	11.42	11.95	4.43%	95.57%
6	INDONESIA	3.02	8.05	11.07	27.27%	72.73%
7	RUSSIA	0.42	8.96	9.38	4.49%	95.51%
8	SINGAPORE	3.22	5.47	8.70	37.06%	62.94%
9	AUSTRALIA	2.18	6.26	8.44	25.82%	74.18%
10	HONG KONG	2.43	4.72	7.15	34.04%	65.96%
11	SOUTH KOREA	2.02	4.83	6.85	29.48%	70.52%
12	GERMANY	2.54	3.38	5.92	42.90%	57.10%
13	NETHERLAND	4.45	1.45	5.89	75.44%	24.56%
14	SOUTH AFRICA	2.36	3.42	5.78	40.80%	59.20%
15	MALAYSIA	2.32	3.44	5.76	40.30%	59.70%
16	JAPAN	1.42	3.92	5.33	26.55%	73.45%
17	BELGIUM	2.53	2.62	5.15	49.08%	50.92%
18	UNITED KINGDOM	2.63	2.28	4.92	53.56%	46.44%
19	QATAR	0.50	4.33	4.83	10.33%	89.67%
20	THAILAND	1.47	3.13	4.60	32.01%	67.99%
21	SWITZERLAND	0.34	3.97	4.31	7.87%	92.13%
22	BANGLADESH	3.81	0.41	4.22	90.25%	9.75%
23	NIGERIA	1.40	2.55	3.96	35.47%	64.53%
24	OMAN	1.29	2.58	3.87	33.27%	66.73%
25	ITALY	2.39	1.43	3.82	62.48%	37.52%
	Total of Top countries	**79.05**	**150.15**	**229.19**		
	India's Total	**116.94**	**183.32**	**300.18**		
	% Share of Top countries	**66.88**	**82.07**	**76.03**		

Foreign Trade Policy

India's Foreign Trade Policy provides the basic framework for promoting trade. It is periodically reviewed to adapt to the changing domestic and international scenarios. The current Foreign Trade Policy (2015-20) focusses on improving India's market share in existing markets as well as new markets . The existing Foreign Trade Policy 2015-20 which was valid upto September 30, 2022 is extended upto March 31, 2023, by the government.

India's stand on Investment or free trade agreements

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

The major trade agreements are:-

India-Sri Lanka Free Trade Agreement (FTA)

Agreement on South Asian Free Trade Area (SAFTA) (India, Pakistan, Nepal, Sri Lanka,Bangladesh, Bhutan, the Maldives and Afghanistan)

India-Nepal Treaty of Trade

India-Bhutan Agreement on Trade, Commerce and Transit

India-Thailand FTA - Early Harvest Scheme (EHS

India-Singapore Comprehensive Economic Cooperation Agreement (CECA)

**India-ASEAN CECA - ** Trade in Goods, Services and Investment Agreement (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam)

India-South Korea Comprehensive Economic Partnership Agreement (CEPA)

India-Japan CEPA

India-Malaysia
CEC

India-Mauritius
Comprehensive Economic Cooperation and Partnership Agreement (CECPA)

India-UAE
CEPA

India-Australia
Economic Cooperation and Trade Agreement (ECTA)

States & Union Territories

STATES & UNION TERRITORIES

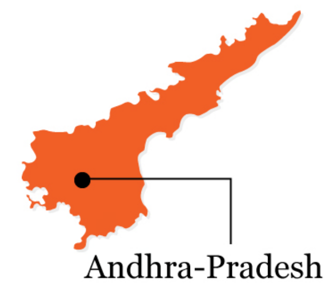
Andhra Pradesh

Capital
Amravati

Population
49.54 Million

Area
160,205 Sq Km

Language
Telugu, Hindi, English & Tamil



Temperature

Mar- Jun 45°C

July- Sep 23°C

Oct-Feb 15°C

Major Companies Situated

- Foxconn
- Gamesa
- Isuzu
- LG
- MYLAN

Main Business Cities

- Visakhapatnam
- Vijayawada
- Anantpur

Main Industry Activities

- Agro and food based
- Biotechnology
- Pharmaceuticals
- IT and ITeS
- Textile and leather
- Tourism

GDP
US$131.55 billion

Stats

1. The state focuses on reducing the cost of doing business and supporting MSMEs to achieve scale and improve competitiveness.
2. Andhra Pradesh ranked as Top Achievers category in Business Reform Action Plan BRAP 2020.
3. Agriculture and related industries contributed to the highest GVA increase of 14.37 percent from FY12 to FY21, followed by the services sector (11.11 percent), and the industry sector, which is the main driver of Andhra Pradesh's total economic growth (6.37 percent).
4. The majority of coal-based power facilities are situated along the coast.

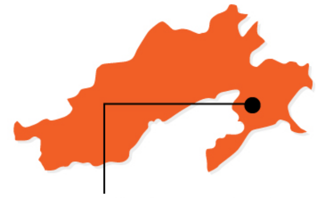
Arunachal Pradesh

Capital
Itanagar

Population
1.38 million

Area
83,743 sq km

Language
Assamese, Bengali, Hindi & English



Temperature

Apr-Jun	Jul-Sep	Oct-Mar
35°C	24°C	2°C

Major Companies Situated

- Jindal steel & power
- Tata power
- NTPC
- NHPC

Main Business Cities

- Itanagar
- Tezu
- Naharlagun
- Tawang

Main Industry Activities

- Arts and crafts
- Weaving, cane & bamboo
- Carpet weaving
- Wood carving
- Ornaments
- Tourism & horticulture

GDP
US$3.74 billion

Stats

1. Tawang Monastery which is India's largest and world's 2nd largest monastery
2. India's largest producer of Kiwis.
3. Owns 1,817 km Longest international border in North-East India
4. Arunachal Pradesh ranked as Aspires category in BRAP 2020
5. The state is a potential powerhouse in the Northeast due to its hilly terrain and abundance of rivers.
6. The state's geographic location makes trading with Asian nations like Myanmar, Bhutan, and China possible.
7. In FY21, the state's export of goods totaled US$ 0.50 million.

Assam

Capital
Dispur

Population
31.21 Million

Area
78,438 sq. km

Language
Assamese, English

Temperature

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

Major Companies Situated

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

Main Business Cities

- Guwahati
- Dispur

GDP
US$44.70 billion

Main Industry Activities

- Tea, coal, oil and gas
- Limestone and Cement
- Agriculture
- Horticulture
- Food processing
- Tourism

Stats

- Assam produces Muga silk (also known as golden silk) with 95% production globally.
- India's oldest operating oil refinery is located at Digboi
- Largest producer of onshore natural gas in India
- 50% tea production in India is done by Assam
- Assam is India's gateway to the Northeast and a key channel for trade with Southeast Asian nations. It has excellent train, road, port, and airport connectivity
- Assam ranked as Aspires category in BRAP 2020
- Rich in minerals including granite, limestone, and kaolin as well as natural resources like natural gas, oil, rubber, and tea

Bihar

Capital
Patna

Population
104.10 million

Area
94,163 sq km

Language
Hindi, English, Urdu & Bhojpuri

Temperature

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

Major Companies Situated

- Britannia
- ALSTOM
- Niko Resources
- Apollo hospitals
- Berger

Main Business Cities

- Patna
- Muzzafarpur
- Begusarai

GDP
US$82.48 billion

Main Industry Activities

- Food and beverages
- Rubber and plastics
- Transport equipment
- Chemicals
- Tobacco
- Textile
- Leather
- Dairy

Stats

- Sugarcane is grown in approximately 6 percent of the total area under cultivation in Bihar.
- 80% of the Fox nut is produced by Bihar in India.
- Husk Power Systems- India's first enterprise to use rice husk to generate clean energy for rural electrification is established in Bihar.
- Accounts to fourth largest producer of vegetables & the eight largest producers of fruits in India.
- Large base of cost-effective industrial labor.
- Bihar ranked as Emerging Business Ecosystem category in BRAP 2020.

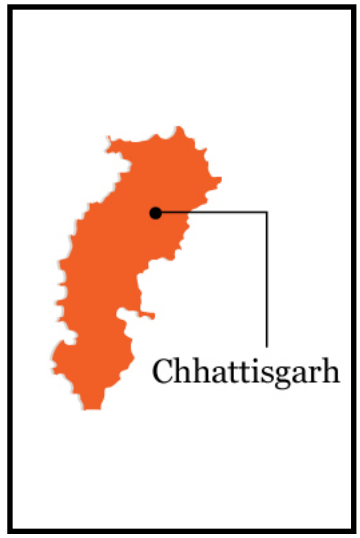
Chhattisgarh

Capital
Naya Raipur

Population
25.54 Million

Area
136,034 sq. km

Language
Chhattisgarhi, Hindi & English



Temperature

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

Main Industry Activities

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

Major Companies Situated

- Hyatt
- Tata power
- Aditya Birla
- Ambuja Cement
- Jindal Steel & power
- Jaypee group
- JSW
- GMR

Main Business Cities

- Durg
- Rajnandgaon
- Raipur

GDP
US$46.70 billion

Stats

- Contributes 17% to India’s total exports of herbs and medicinal plants
- Leading producer of coal, steel, tin and aluminum in India
- Around 80 per cent employment in the state is dependent on Agriculture
- Leading producers of Tussar and Kosa silks in the country
- Sole producer of produced tin concentrates
- Chhattisgarh ranked as Aspires category in BRAP 2020

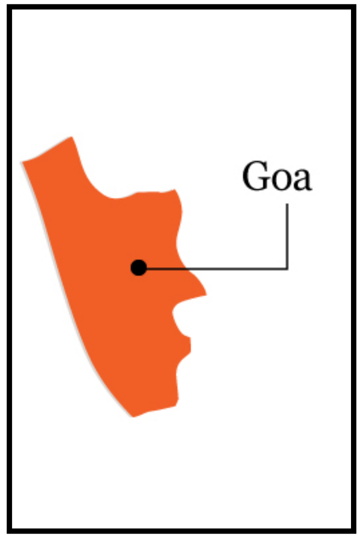
Goa

Capital
Panaji

Population
1.46 Million

Area
3,702 sq. km

Language
Konkani, Marathi, Portuguese, Hindi & English



Temperature

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

Major Companies Situated

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

Main Business Cities

- South Goa

GDP
US$10.87 billion

Main Industry Activities

- Tourism
- Food processing
- IT & ITeS, mining
- Biotechnology
- Pharmaceuticals
- Fishing

Stats

Goa has a low population, high literacy rate, high digital penetration, high per capita usage of internet and smartphones, high per capita NSDP, (Net State Domestic Product) very small population below the poverty line, very less crime rate, and a high number of industrial estates and high human development index.

- 3rd highest literacy rate amongst Indian states
- 3rd largest iron ore concentrate in India
- Goa scored 62.2% in urban population.
- Goa ranked as Aspires category in BRAP 2020

Gujarat

Capital

Gandhinagar

Population

60.44 Million

Area

196,024 sq. km

Language

Gujarati, Hindi and English

Temperature

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

Major Companies Situated

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

Main Business Cities

- Ahmedabad
- Amreli
- Jamnagar
- Surat
- Vadodara

GDP

US$217.37 billion

Main Industry Activities

- Agro and food based
- Dairy
- Chemicals & petrochemicals
- Textiles & apparels
- Engineering & auto
- Gems & jewellery
- Oil & gas
- Pharmaceuticals & biotechnology
- IT
- Minerals
- Ports
- Power including renewable power & Toursim

Stats

- Known as the petroleum capital of India.
- Eight out of 10 diamonds in the world are polished in Surat.
- Rank 3 in denim manufacturing Globally.
- World's largest petroleum refining hub at Jamnagar.
- Gujrat ranked as Top Achievers category in BRAP 2020.

Haryana

Capital
Hyderabad

Population
25.35 Million

Area
44,212 sq. km

Language
Hindi, Punjabi and English

Temperature

Mar-Oct 45°C

Jun-Sep 38°C

Nov-Feb 29°C

Major Companies Situated

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

GDP

US$101.38 billion

Main Industry Activities

1. Automotive
2. Agro-based industry
3. IT and ITeS
4. textiles
5. Oil refining
6. Biotechnology & petrochemicals

Main Business Cities

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

Stats

- Preferred destination for auto majors and auto-component manufacturers.
- Largest producer of horticulture crops – strawberry, carrot, cucumber, radish
- Highest concentration of ITES workforce in the world
- Some of the startup unicorns in Gurgaon are Delhivery, Policy Bazar, Mamaearth
- Haryana ranked as Top Achievers category in BRAP 2020

Himachal Pradesh

Capital
Shimla

Population
6.86 Million

Area
55,673 sq. km

Language
Hindi, English & Mahasu

Temperature

Mar-jun	Jun-Sep	Oct-Feb
22-37°C	15-25°C	0-15°C

Main Industry Activities

- Textiles, pharmaceuticals
- Food procurement & processing
- Light engineering
- IT & electronics
- Cement
- Tourism & hydropower

GDP

US$20.87 billion

Major Companies Situated

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

Main Business Cities

- Kullu
- Sirmaur
- Solan

Stats

- 26% of total hydel power potential of India.
- Himachal Pradesh is the 2nd largest producer of apples in India.
- One of the fastest-growing regions in the pharmaceutical industry in India.
- Himachal Pradesh ranked as Achievers category in BRAP 2020.

Jharkhand

Capital
Ranchi

Population
32.99 Million

Area
79,714 sq. km

Language
Hindi, Santhali, Urdu, Bengali & English

GDP
US$42.28 billion

Temperature

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

Main Industry Activities

- Mining and mineral extraction
- Engineering
- Iron & steel
- Chemicals
- Handloom
- Food & beverages
- Automotive & cement

Major Companies Situated

- Tata
- Timken
- Jindal steel & power
- RSB,
- Tata pigments
- ACC
- JMT auto ltd.
- Allied minerals

Main Business Cities

- Sarikela-Kharsawan
- East Singhbhum
- Bokaro

Stats

- 2nd largest producer of horticulture crops - green peas, tomato.
- Largest producer of Tasar silk in India, with 76.4% share in the total output.
- Around 40 per cent of the country's mineral wealth.
- harkhand ranked as Aspires category in BRAP 2020.

Karnataka

Capital	Population	Area	Language
Bengaluru	61.10 million	191,791 sq. km	Kannada, English

Temperature

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

Main Industry Activities

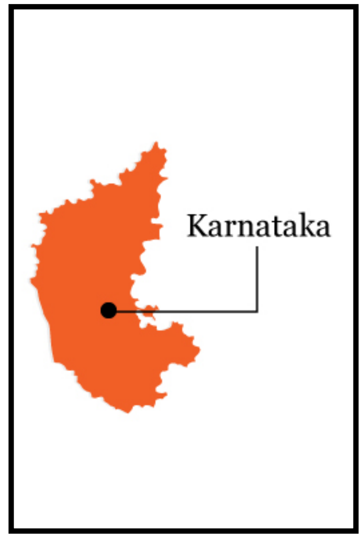
- IT and ITeS
- Biotechnology
- Engineering
- Electronics & telecom
- Automotive
- Textiles & apparel
- Aerospace
- Animations
- Tourism & renewable energy

Major Companies Situated

- Cisco
- oracle
- Saint goblin
- Dream works
- Intel
- NVDIA
- Qualcomm
- Texas
- instruments
- Rolls Royce
- Toyota
- Infosys
- Mindtree

Main Business Cities

- Bangalore
- Mysore
- Mallappuram



GDP

US$222.04 billion

Stats

- Largest software exporter in India.
- Largest producer of aerospace and defence equipment in India.
- No. 1 coffee producing state in India.
- Ranked 2nd as a largest Chip Designing Hub.
- Karnataka ranked as Top Achievers category in BRAP 2020.

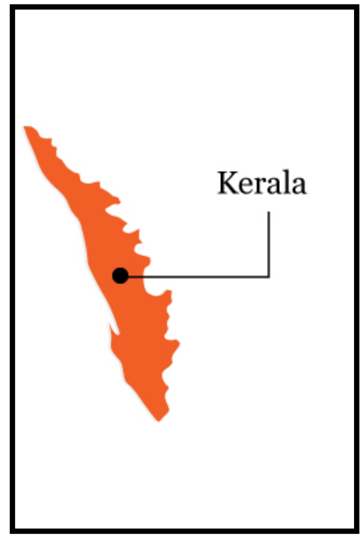
Kerala

Capital
Thiruvananthapuram

Population
33.41 Million

Area
38,863 sq. km

Language
Malayalam, Hindi, English and Tamil



Temperature

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

Major company Situated

- Xerox
- RootsInfosys
- Collabera
- Nissan

Main Business Cities

- Kochi
- Kottayam
- Mallappuram
- Ernakulam

GDP
US$113.96 billion

Main Industry Activity

- Handlooms & power looms
- Rubber
- Bamboo
- Coir
- Khadi
- Sericulture
- Seafood & other marine products
- Cashew
- Mining
- Tourism
- Food processing
- Spice & spice extracts
- IT & electronics

Stats

- Kerala is the largest producer of pepper in India.
- Highest tele-density and penetration of optic fibre cable in India.
- A travel survey has rated Kerala as the top favorite tourist destination among foreign travelers.
- Largest producer of coir and coconut in India.
- Kerala ranked as Aspires category in BRAP 2020.

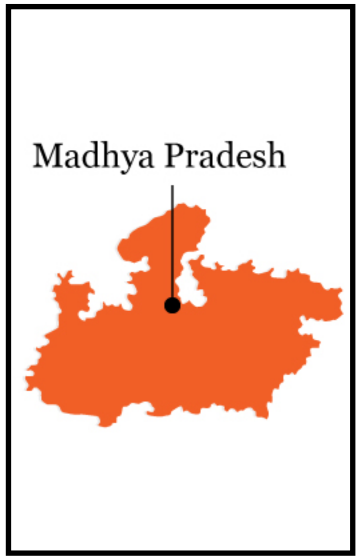
Madhya Pradesh

Capital
Bhopal

Population
72.63 Million

Area
308,000 sq. km

Language
Hindi, English & Marathi



GDP
US$122.34 billion

Temperature

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

Main Industry Activities

- Auto & auto components
- Textiles
- Cement
- Agro-based industries
- Forest-based industries
- Pharmaceuticals
- Mineral-based industries
- Manufacturing
- Tourism
- IT & ITeS
- Logistics & warehousing
- Biotechnology

Major Companies Situated

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

Main Business Cities

- Bhopal
- Indore
- Jabalpur
- Ujjain

Stats

- Accounts for 14% of India's total cement production.
- The country’s #1 producer of agricultural products - soybean, pulses and garlic and ranks 2nd in floriculture production.
- It is also the sole diamond producing state in the country.
- The state is one of the major cotton producing states of India.
- Madhya Pradesh ranked as Achievers category in BRAP 2020.

Maharashtra

Capital
Mumbai

Population
112.37 Million

Area
307,713 sq. km

Language
Marathi, Hindi & English

Temperature

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

Major Companies Situated

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

Main Business Cities

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

GDP
US$375.81 billion

Main Industry Activities

- Pharmaceuticals
- Biotechnology
- IT & ITeS
- Electronics
- Engineering
- Auto & auto components
- Oil & gas
- Food & agro processing
- Gems & jewellery
- Banking
- Financial services & insurance (BFSI)
- Textiles

Facts

- Bollywood is based out of Mumbai known as the world's largest film industry in terms of viewership.
- Maharashtra accounts for approximately 35.1 per cent of the country's output of automobiles by value.
- Pune has been evolving as the educational hub.
- Largest producer of crude oil (offshore) in India at Bombay High.
- Maharashtra ranked as Achievers category in BRAP 2020.
- Mumbai is the commercial capital of India and has evolved into a global financial hub.
- Home to world class educational and IT institutions with a literacy rate of 82.91%.
- Some of the startup unicorns in Mumbai are Purplle, PharmEasy, Nykaa.

Manipur

Capital
Imphal

Population
2.86 Million

Area
22,327 sq. km

Language
Meitei, English & Hindi

Temperature

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

Major Companies Situated

- Patanjali
- Manidco
- MSPDCL
- Manipurstate power company limited

Main Business Cities

- Imphal
- Moreh
- Nambol

GDP

US$4.24 billion

Main Industry Activities

- Handlooms
- Handicrafts
- Sericulture
- Food processing
- Bamboo processing
- Information Technology
- Hydro power
- Tourism & mineral-based products

Stats

- Handlooms is the largest cottage industry in Manipur, Ranks four in the number of looms in India.
- Manipur has the highest number of skilled and semi-skilled handicraft artisans in the entire north-eastern region.
- Manipur is the first state in India to have set up the 4-core infrastructure of the National e-Governance Plan.
- Manipur ranked as Emerging Business Ecosystem category in BRAP 2020.
- Entrepreneurs get easy access to market for a wide variety of rare, medicinal and aromatic plants grown in Manipur.

Meghalaya

Capital	Population	Area	Language
Shillong	2.97 Million	22,429 sq. km	English, Khasi, Pnar and Garo

Temperature

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

Main Industry Activities

- Agriculture & food processing
- Floriculture, horticulture
- Mining
- Cement
- Tourism
- Hydroelectric power
- Handlooms
- Handicrafts & sericulture

GDP

US$4.46 billion

Major Companies Situated

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

Main Business Cities

- Shillong

Stats

- Meghalaya produced finest quality of turmeric in the world.
- One of the highest producers of strawberry in India.
- Leading Producer of Horticulture Crops - Brinjal, Cabbage, Sweet Potato, Cashewnut.
- Meghalaya ranked as Emerging Business Ecosystem category in BRAP 2020.
- Literacy rate of 74.4% and a strong higher education infrastructure.
- Favorable agro-climatic conditions that support agriculture, horticulture and forestry

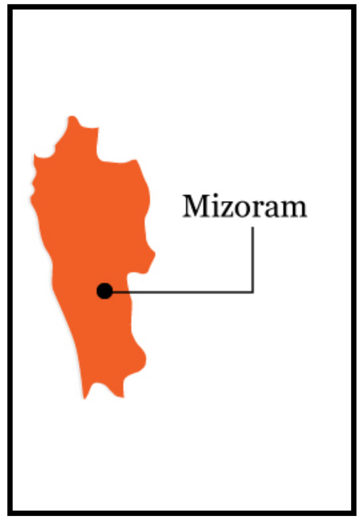
Mizoram

Capital
Aizawl

Population
1.10 Million

Area
21,081 sq. km

Language
Mizo and English



Temperature

Mar-June	June-Sep	Nov-Mar
33-38°C	23-32°C	10-15°C

Major Companies Situated

- ONGC
- Indian Oil
- NEEPCO
- NHPC
- NTPC

Main Industry Activities

- Bamboo
- Energy
- Sericulture
- Agriculture & horticulture
- Tourism
- Food processing
- IT & medicinal plants
- Oil & GAS.

Main Business Cities

- Aizawl

GDP
US$3.35 billion

Stats

- Mizoram offers a highly literate workforce with 91.33 percent. Knowledge of English is an added advantage for the Mizo workforce.
- Largest producer of flowers (loose) in India.
- 2nd largest producer of strawberries in India.
- Offers a gateway for engaging in international trade with Southeast Asian countries.
- Contributes 14 % of country's bamboo production.
- The island's blue economy such as fisheries, aquaculture and seaweed farming have accelerated in line with the growth of modern infrastructure in Mizoram.
- Mizoram ranked as Aspires category in BRAP 2020.

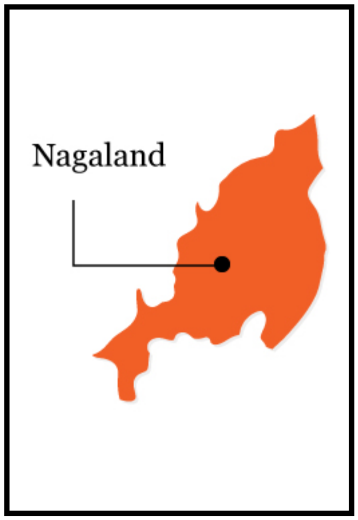
Nagaland

Capital
Kohima

Population
1.98 Million

Area
16,579 sq. km

Language
English and Sino-Tibetan



Temperature

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

Major Companies Situated

- Avon
- Hindustan Papers
- ONGC

GDP
US$3.94 billion

Main Industry Activities

1. Bamboo
2. agriculture & allied industries
3. horticulture
4. sericulture
5. tourism
6. minerals & mining

Main Business Cities

- Kohima

Stats

- Bamboo is found extensively in Nagaland, with bamboo growing stock covering nearly five per cent of the total stock in the country.
- 3rd highest producer of cobalt in India.
- Nagaland has the capacity of 600mn MT of crude oil.
- Nagaland ranked as Emerging Business Ecosystem category in BRAP 2020.

Odisha

Capital
Bhubaneswar

Population
41.97 million

Area
1,55,707 sq. km

Language
Oriya, Hindi & English

Temperature

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

Main Business Cities

- Puri
- Sambhalpur
- Cuttack

Main Industry Activities

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

Major Companies Situated

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

GDP
US$72.68 billion

Stats

- At Paradip, Odisha Owned 2nd Largest Publicly Port in Cargo-Handling Capacity.
- 2nd Largest Producer of Tiger Shrimps in India.
- Leading Producer of Horticulture Crops - Brinjal, Cabbage, Sweet Potato, Cashewnut.
- Odisha’s Industries Carries More Than 35% Of National Natural Resources.
- Electric vehicle policy – Odisha targets to achieve 20% battery electric vehicles in all vehicle registrations by 2025.
- Envisions to create an environment conducive to public/private/community participation, research and development (R&D) and investment in renewable energy.
- Odisha ranked as Achievers category in BRAP 2020.

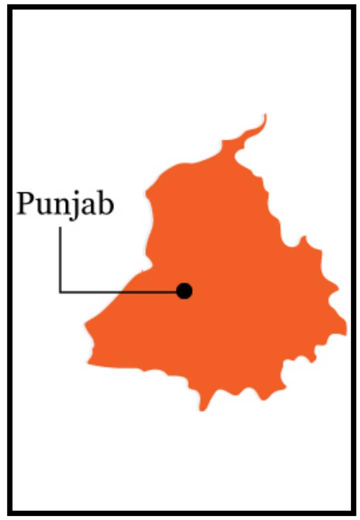
Punjab

Capital
Chandigarh

Population
27.74 Million

Area
50,362 sq. km

Language
Punjabi, Hindi & English



GDP
US$ 70.63billion

Temperature

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

Main Industry Activities

- Tractors & auto components
- Agro-based industries
- Bicycles & bicycle parts
- Chemical products
- Food products
- Light engineering goods
- Pharmaceuticals & textiles

Major Companies Situated

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

Main Business Cities

- Amritsar
- Jalandhar
- Ludhiana
- Patiala

Stats

- Largest producers of cotton and blended yarn as well as mill-made fabrics in India.
- The state is also known as the 'Bread Basket of India' and led to first Green Revolution in the country.
- Largest producer of machine, hand tools and bicycle components in India.
- Punjab ranked as Top Achievers category in BRAP 2020.

Rajasthan

Capital
Jaipur

Population
68.55 Million

Area
3,42,239 sq. km

Language
Hindi, English & Mahasu

GDP
US$127.72 billion

Temperature

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

Major Companies Situated

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

Main Business Cities

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

Main Industry Activities

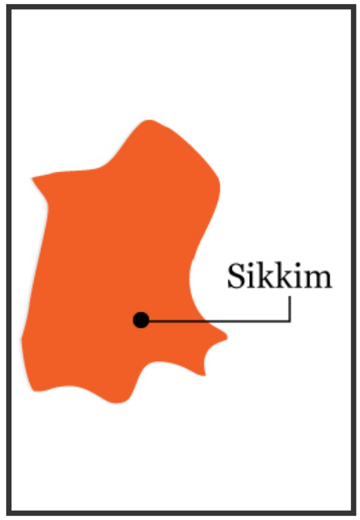
- Cement
- Tourism
- IT & ITeS
- Ceramics
- Handicrafts
- Chemicals
- Textile
- Marble
- Steel

Stats

- Largest producer of guar gum, mustard seeds, spices, coarse cereals in India.
- 2nd largest producer of milk in India.
- Highest reserve of marble resources, limestone and sandstone.
- The state is one of the leading tourist destinations in India.
- State is developing sector specific infrastructure, such as special purpose industrial parks and special economic zones for export of handicrafts, IT and electronic goods.
- Rajasthan offers a variety of unexploited agricultural and mineral resources.
- Rajasthan ranked as Aspires category in BRAP 2020.

Sikkim

Capital	Population	Area	Language
Gangtok	.61 Million	7,096 sq. km	English, Lepcha, Bhutia & Nepali



Temperature

Apr-Jun	Jul-Sep	Oct-Mar
15°C	10°C	6°C

Major Companies Situated

- Sun pharma
- Cipla
- Micro labs Limited
- Glenmar
- Epitome
- Temi tea

Main Business Cities

- Gangtok

GDP

US$4.36 billion

Main Industry Activities

- Tourism
- Agriculture
- Floriculture
- Agro-processing
- Hydroelectric power
- Tea
- Large cardamom
- Minerals
- Electronics
- Pharmaceuticals

Stats

- Major exporter of Black cardamom, tea, ginger, and mandarins.
- Sikkim is ranked as Aspires category in BRAP 2020.
- Certified as the first fully organic state in India by the Ministry of Agriculture and Farmers' Welfare.

Tamil Nadu

Capital	Population	Area	Language
Chennai	72.15 Million	1,30,058 sq. km	Tamil and English

Temperature

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

Main Business Cities

- Chennai
- Coimbatore
- Madurai

Major Companies Situated

- Murgappa group
- Matushita Group
- TVS group
- Ford, BHEL
- Ashok Leyland

GDP

US 253.69 billion

Main Industry Activities

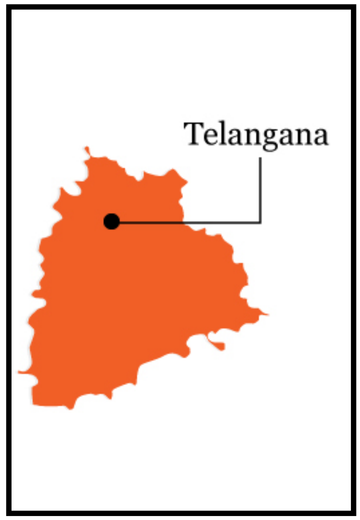
- Textiles
- Heavy commercial vehicles
- Automobile & auto components
- Engineering
- IT & ITeS
- Cement
- Banking &financial services
- Drugs & pharmaceuticals
- Agro & food processing
- Leather tanning industries
- Electronic hardware & tourism

Stats

- Tamil Nadu is the largest producer of cotton yarn, accounting for 41 per cent of India's production.
- Highest number of operational SEZs (37) in India.
- Ranks 1stamong the states in terms of number of factories and industrial workers.
- It is one of the first states in India to have 100% metalled road connectivity.
- The state aims to create the most vibrant ecosystem for MSMEs/Start-ups to thrive and scale up. It also aims to attract new investments worth Rs. 2 lakh crore (US$ 27.55 billion) in the sector by 2025.
- Tamil Nadu ranked as Top Achievers category in BRAP 2020.

Telangana

Capital	Population	Area	Language
Hyderabad	35 Million	1,12,077 Sq. Km	Telugu, Hindi & English



Temperature

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

Main Business Cities

- Hyderabad
- Warangal
- Nizamabad

Main Industry Activities

- Information Technology
- Pharmaceuticals Manufacturing
- Tourism
- Textile
- Mines & minerals

GDP

US$ 130.72 billion

Major Companies Situated

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

Stats

- Telangana Electric Vehicles Policy 2020-30 aims to make Telangana a hub for Electric Vehicles & Energy Storage Systems.
- Telangana has a whopping number of operational SEZs (35) in India.
- It is becoming a pharmaceutical manufacturing hub in the country attracting over Rs 10,000 crore (US$ 1.49 billion) investments in last 4 years.
- Telangana ranked as Top Achievers category in BRAP 2020.
- Easy access to capital along with infrastructure which is benefiting the state major multinational companies having production base in Hyderabad.
- Bharat BioTech and Darwin Box are some of the startup unicorns in Telangana.

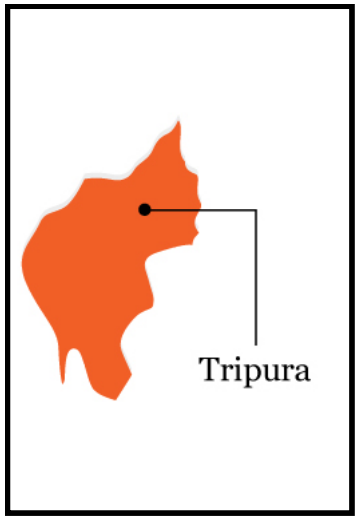
Tripura

Capital
Agartala

Population
3.67 Million

Area
10,491.69 Sq. Km

Language
English, Bengali, Kokborok



Temperature

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

Major Companies Situated

- Neepco
- Pran
- OTPC

Main Business Cities

Agartala

GDP
US$7.85 billion

Main Industry Activities

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

Stats

- 5th largest tea producing state in India.
- Abundant availability of natural gas with high methane content (97%).
- The state offers tourists attractions such as historical Hindu and Buddhist sites.
- Tripura is an ideal place for knowledge sectors with 87.8 % literacy rate.
- Tripura ranked as Emerging Business Ecosystem category in BRAP 2020.
- 66 medicinal plants, 379 species of trees, 581 herbs, 320 shrubs and 165 climbers Tripura has several potential sectors such as organic spices, bio-fuels and ecotourism.
- ripura has a large base of skilled labour, making it an ideal destination for knowledge sectors. At 87.8%, its literacy rate is higher than the national average rate.

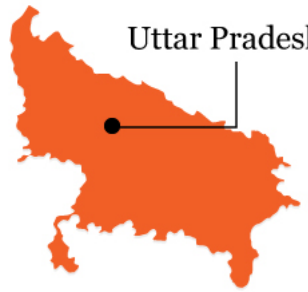
Uttar Pradesh

Capital
Lucknow

Population
199.81 Million

Area
2,40,928 sq. km

Language
Hindi, English & Urdu



Temperature

Mar-May 35°C

Jun-Sep 25°C

Nov-Feb 10°C

Main Industry Activities

- Information technology & ITES
- Agro processing
- Tourism
- Mineral-based industries
- Textiles
- Handloom & handicrafts
- Food processing & sports goods

GDP

US$ 227.41 billion

Major Companies Situated

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

Main Business Cities

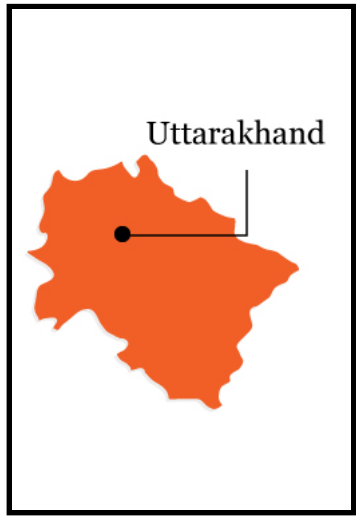
- Noida
- Greater Noida
- Ghaziabad
- Agra
- Kanpur
- Lucknow
- Varanasi
- Meerut

Stats

- Largest producer of food grains in India.
- Uttar Pradesh is the Key Hub for IT &ITes industries.
- The state has also become a hub for the semiconductor industry with several major players having their offices and R&D centres in Noida.
- Taj Mahal is the favorable tourist destination in Uttar Pradesh.
- The state is providing adequate incentives for the development of robust civil aviation infrastructure.
- Uttar Pradesh ranked as Achievers category in BRAP 2020.
- Some of the startup unicorns in Noida, UP are Paytm, Magicbrics etc.

Uttarakhand

Capital	Population	Area	Language
Dehradun	10.09 Million	53,484 sq. km	Hindi, Garhwali, Kumaoni, English



GDP

US$ 33.82 billion

Temperature

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

Major Companies Situated

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

Main Industry Activities

- Agro-based & food processing
- Information & communications technology (ICT)
- Floriculture
- Horticulture
- Pharmaceutical & biotechnology
- Hydropower
- Tourism
- Engineering & allied industries and fast moving consumer goods (FMCG)

Main Business Cities

- Dehradun
- Haridwar

Stats

- Leading producer of apples and walnuts in India.
- Uttarakhand established India's first 1st agricultural university.
- 2nd largest producer of magnesite mineral in India.
- Close proximity to the national capital of Delhi, a leading market of the country.
- Envisions to attract more public and private investment in the solar power and hydro power projects.
- Uttarakhand ranked as Achievers category in BRAP 2020.

West Bengal

Capital
Kolkata

Population
91.28 Million

Area
88,752 sq. km

Language
Bengali, English, Hindi & Nepali

GDP
US$173.47 billion

Temperature

Mar-Jun	Jul-Sep	Oct-Feb
35°C	15°C	5°C

Main Industry Activities

- Tea, petroleum & petrochemicals
- Leather. Iron & steel
- Information technology
- Mineral resources
- Automobile & auto components
- Biotechnology
- Fisheries
- Jute products & textiles

Major Companies Situated

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

Main Business Cities

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

Stats

- Largest producer of rice & ranks second for potato production.
- West Bengal ranked as Aspires category in BRAP 2020.
- The state aims to position West Bengal as a sustainable transportation infrastructure hub.
- 3rd largest in terms of road coverage in India.
- Excellent connectivity to the rest of India in terms of railways, roadways, ports and airports.

Andaman & Nicobar Island

Capital

Port Blair

Population

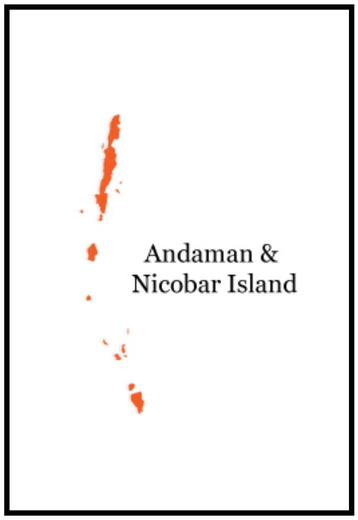
.38 Million

Area

8,249 sq. km

Language

Toursim & Handicraft Industry



Temperature

Apr-Jun 32°C

Jul-Sep 25°C

Oct-Mar 20°C

Major Companies Situated

- Adaman Timber Industries
- Kitply

Main Industry Activities

- Toursim
- Handicraft Industry

Main Business Cities

- Port Blair

GDP

US$ 1.30 billion

Facts

- The annual marine fish stock is over 240,000 tonnes.
- The Islands are home to 2,400 MSME units.
- The State aims for the development of startup ecosystem and extensive employment in the state by 2023.
- The Indian government has set target for Andaman and Nicobar to attain its energy needs through 100% renewable energy.
- Andaman & Nicobar ranked as Emerging Business Ecosystem category in BRAP 2020.

Chandigarh

Population
1.06 Million

Area
114 sq km

Language
Hindi, Punjabi, English

Temperature

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

Main Industry Activities

- IT
- Electronics
- Pharmaceuticals
- Machine tools
- Plastics

Major Companies Situated

- Infosys
- ON Digital zone
- Essen Deinki
- Him overseas
- Groz-beckert

GDP
US$ 5.82 billion

Stats

- Presence of over 1,150 ancillary units producing components for tractor industries.
- The city is home to five government colleges, six private colleges, ten engineering colleges and two polytechnic institutes.
- Chandigarh ranked as Emerging Business Ecosystem category in BRAP 2020.
- The city attracts over 1.5 million tourists each year.
- To facilitate ease of doing business in the state, the Union territory aims to reduce cost of doing business to attract a greater number of players and focus on MSMEs.

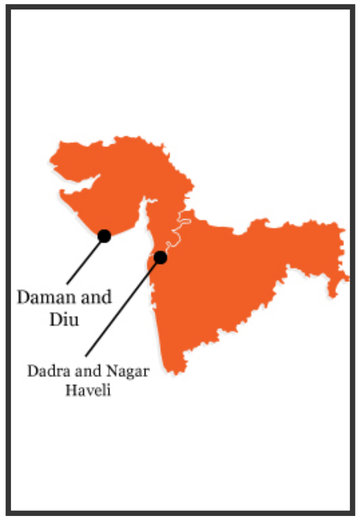
Dadra and Nagar Haveli and Daman and Diu

Capital
Daman

Population
0.58 Million

Area
16,579 sq. km

Language
Gujarati, Hindi



Temperature

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

Main Business Cities

- Diu
- Daman
- Vapi

Main Industry Activities

- Agriculture
- Tourism

GDP
US$3.0 billion

Major Companies Situated

- Anchor by Panasonic
- AYM Syntex
- Cello
- Gini &J ony
- Gulf
- Suzlon

Stats

- The region contributes 28% to India's plastic production.
- 80% of India's polyester yarn is produced in this UT.
- It’s a big tourist spot with an arrival of 1.5 million people every year.
- Around 85% of Industrial units lies in the MSME sector.
- Strong IT policy to enable the Union Territory to be IT enabled and responsive.
- Dadra & Nagar Haveli ranked as Emerging Business Ecosystem category in BRAP 2020.
- Daman & Diu ranked as Emerging Business Ecosystem category in BRAP 2020.

Delhi (Capital of India)

Capital
New Delhi

Population
16.79 Million

Area
1,483 sq. km

Language
Hindi, Punjabi, Urdu & English

Temperature

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

Main Industry Activity

- Banking, financial services & insurance (BFSI)
- Agri & processed food
- Construction & real estate
- IT & ITeS
- Tourism & Logistics

GDP
US$106.44 billion

Major company Situated

- DLF
- Makemytrip
- Supertech
- Jabong
- Unitech
- Motherdairy
- Kohinoor foods limited
- Air India
- Indian Oil Corporation
- Snapdeal
- Religare

Stats

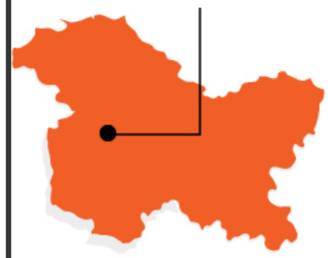
- Important center of trade and commerce with several key industry associations operating in the state.
- Delhi has the second-highest GDP per capita in India.
- Delhi scored 97.5% in urbanization rate made it India's most urbanized region.
- BharatPe, Shiprocket and Lenskart are startup unicorns in New Delhi along with others.
- National Capital Region (NCR) is India's biggest milk market.
- Delhi ranked as Emerging Business Ecosystem category in BRAP 2020.

Jammu & Kashmir

Capital
Srinagar (Summer)
Jammu (Winter)

Population
12.50 Million

Area
222,236 sq.km



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

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

GDP
US$ 23.50 billion

Main Industry Activities

- Horticulture
- Floriculture
- Handlooms & handicrafts
- Tourism
- Mineral-based industry
- Gems & Jewelry
- Sericulture
- IT & pharmaceuticals

Major Companies situated

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

Main Business Cities

- Jammu
- Srinagar
- Gulmarg
- Pahalgam
- Leh & Udhampur

Stats

- Largest producer of apples, walnuts and cherry in India.
- Leading producer of wool in India.
- India's largest producer of saffron, one of the most expensive spices globally.
- The state has Asia’s largest tulip garden and ideal climate for floriculture and an enormous assortment of flora and fauna.
- Jammu & Kashmir ranked as Emerging Business Ecosystem category in BRAP 2020.

Ladakh

Capital	Population	Area	Language
Leh	274,289	59,146 sq. km	Hindi, English, Urdu, Ladakhi

Temperature

Apr-Jun	Jul-Sep	Oct-Mar
15°C	3°C	-2°C

Main Industry Activities

- Tourism]
- Horticulture

Stats

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

Lakshadweep Island

Population	Area	Language
0.06 Million	32 sq. km	English, Malayalam, Jeseri (Dweep Bhasha) & Mahal

Temperature

Mar-May	Jul-Aug	Sep-Feb
30°C	32°C	25°C

Main Industry Activities

- Fisheries
- Shipping & Aviation
- Tourism
- Information Technology

Stats

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

Puducherry

Capital	Population	Area	Language
Pondicherry	1.25 million	479 sq km	Tamil, Telugu, Malayalam, English & French

Temperature

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

Main Industry Activities

- Chemicals
- textiles
- leather
- electronics
- light engineering
- metals
- tourism & food processing

Major Companies Situated

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

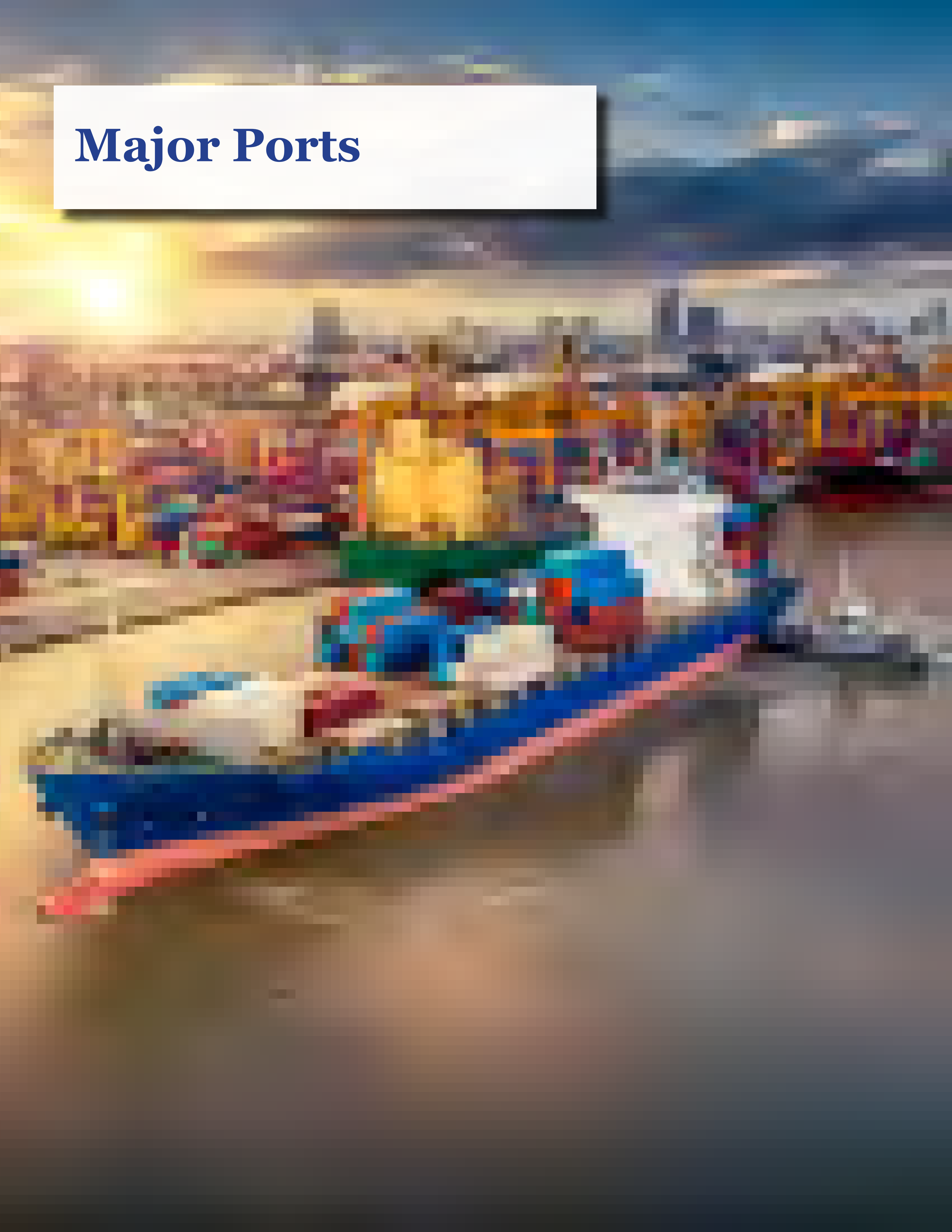
Main Business Cities

- Pondicherry city

Stats

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

Major Ports



Andhra Pradesh

Visakhapatanam port

Goa

Mormugao

Kerala

Kochi

Tamil Nadu

V. O. Chidambaram Port
Kamarajar Port
Chennai Port

Karnataka

New Mangaluru Port

Maharashtra

Mumbai Port
Jawaharlal Nehru Port

Gujarat

Deendayal Port
Mundra Port
Adani Hazira Port

Odisha

Paradip Port

West Bengal

Dr. Syama Prasad Mukherjee Port

Andaman & Nicobar

Port Blair port

Industrial Corridors

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

Freight Corridors

Eastern Dedicated Freight Corridor (EDFC)

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

Western Dedicated Freight Corridor (WDFC)

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

Petroleum investment regions

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

Airport

- **Maharashtra**

  Pune:- Pune International Airport

  Mumbai: Chhatrapati Shivaji Maharaj International

- **Gujarat**

  Sardar Vallabhbhai Patel International Airport

- **Tamil Nadu**

  Chennai International Airport

  Coimbatore International Airport

- **Karnataka**

  Kempegowda International Airport

Airport

- ### Uttar Pradesh
  Pune:- Pune International Airport
  Mumbai: Chhatrapati Shivaji Maharaj International

- ### Telangana
  Rajiv Gandhi International Airport

- ### West Bengal
  Netaji Subhas Chandra Bose International Airport

- ### Rajasthan
  Jaipur International Airport – jaipur

- ### Andhra Pradesh
  Vijayawada Airport - Vijayawada
  Tirupati Airport- Tirupati
  Visakhapatnam Airport – Visakhapatnam
  Orvakal Airport-

- ### Delhi
  Indira Gandhi International Airport

Sector Opportunities

Automobile

Automobile Industry

In recent years, futuristic investors have been captivated by the automobile industry's prospective expansion. In terms of employment and unit production, the Indian automobile sector is the world's fourth-largest. In 2018, it was the 7th largest producer of heavy and commercial vehicles and the 4th largest maker of automobiles. Exports of automobiles increased by 14.5 percent in fiscal year 2019. The auto-components sector employs as many as 5 million people directly and indirectly, accounting for 7.1 percent of India's GDP. Through a change in the government's import and FDI policies, the government launched the "Make in India" program and has encouraged all major international businesses to participate.

Current market Overview

- India ranked 4th worldwide in car manufacturing in 2022.
- Automobile exports increased at a CAGR of 6.94 percent from FY16 to FY20, reaching 4.77 million units. Two-wheelers accounted for 73.9% of all vehicles shipped, with passenger vehicles accounting for 14.2%, three-wheelers for 10.5%, and commercial vehicles accounting for 1.3%.
- Over FY16 to FY20, the auto-components industry expanded by a CAGR of 3.28% to reach US$ 45.90 billion in FY21.
- From April to June 2021, Indian automobile exports climbed by 1,419,430 units, compared to 436,500 units in April to June 2020.
- In FY21, a total of 22,652,108 passenger automobiles were produced.
- The Indian government announced a PLI scheme for automobiles and auto components totaling Rs. 25,938 crore (US$ 3.49 billion) in September 2021.
- 4 million electric vehicles could be marketed annually by 2025, and 10 million by 2030. By 2030, the market is anticipated to be worth US$ 206 billion.

Opportunities

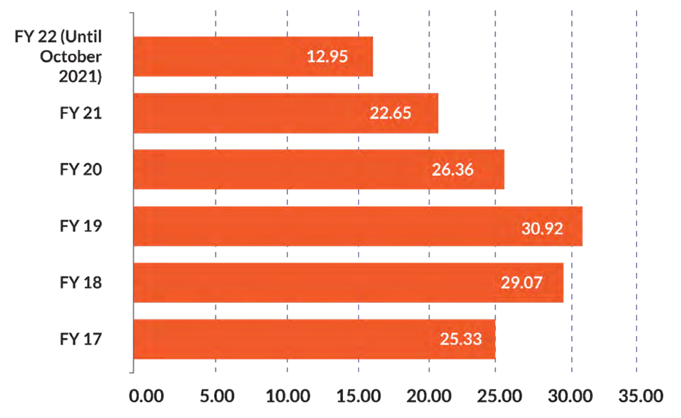
These automobile segments are bound to give a huge return on Investment :

- Passenger vehicles- Utility vehicles, passenger cars and multi-purpose vehicles.
- Two-wheelers- Scooters, motorcycles, and mopeds.
- Three-wheelers- Good carriers, passenger carriers.
- Commercial vehicles- Heavy commercial vehicles, medium, and light commercial vehicles.
- IElectric Vehicles – Scooters and Cars
- Indian Automobile industry is expected to achieve a turnover of US$ 300 billion by 2026 and will grow at a CAGR of 15% from its current revenue of US$ 100 billion.
- By 2026, India will be the world's third-largest automotive market in terms of unit manufacturing.
- By 2030, the electric car industry is expected to generate 50 million of employment.

Growth Drivers

- High spending population looking at various vehicles for lifestyle and safety.
- Emergence of Electric and hybrid vehicles.
- Govt of India's eyes to develop India as a universal manufacturing and R&D hub.
- The PLI programme for the automobile sector (with a budget of $3.5 billion) proposes financial incentives of up to 18 percent to encourage domestic manufacturing of innovative automotive technology items and attract investments in the value chain.
- India also unveiled a program named 'National Electric Mobility Mission Plan 2020' to examine the issues related to national energy security, vehicular pollution and the growth of domestic manufacturing capabilities.

Number of Automobiles Produced in India (in million)



Road Ahead

- Indian automobile industry, including component manufacturing, is expected to reach 251.4 to 282.8 billion USD (nearly INR 20,06,385.2 Crores) by 2026.
- Several factors support the automobile industry, including the availability of skilled labor at low cost, advanced R&D centers, and the small cost of steel production.

FDI

- 100% permitted under the automatic route, subject to applicable laws or regulations and other conditionalities.

Banking

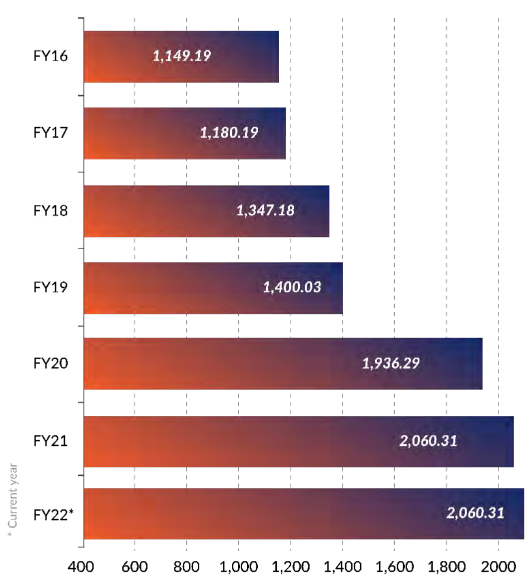
Finance and Banking Industry

Banking and Financial Services are one of the most important pillars of the Indian Economy. The banking sector accounts for around 7.7% of the country's overall GDP. India ranks sixth and seventh in the banking sector globally in cost ratios and profitability, respectively.

Current market Overview

- There are 12 public sector banks, 21 private sector banks, 43 regional rural banks, 44 foreign banks, six payment banks, 1562 urban co-operative banks, and several non-banking financial organizations and microfinance banks in India's banking system.
- In FY20, total banking assets were $2.52 trillion, with a CAGR of 2.25 percent.
- The total size of the lending market in India as of Mar'21 stood at USD 2.04 trillion, which is a 100% growth from FY17 to FY21. Over the last five years, Retail, Microlending and Commercial Lending portfolios have witnessed an increase of 91%, 157% and 93%, respectively. Retail and commercial loans account for 49 percent of total lending in India, whereas microfinance accounts for 2% of total lending.
- In 2022, 100 per cent of 1.5 lakh post offices will come on the core banking system enabling financial inclusion and access to accounts through net banking, mobile banking ATMs and also provide online transfer of funds between post office accounts and bank accounts
- Scheduled commercial banks will create 75 Digital Banking Units (DBUs) in 75 districts.
- As of FY 19, total credit increased to USD 1,299.39 billion (Rs 93,751.17 billion). In May 2018, the total equity funding of the microfinance sector rose at a rate of 39.88 from USD 1.03 billion (Rs 7,321 crores) to USD 4.49 billion (Rs 31,911 crores) in 2017-18.

Growth in Deposits (US$ billion)



Opportunities

- Insurance, credit, and investment penetration are increasing in rural areas.
- As earnings rise, so does demand for financial services across all income levels.
- In the insurance industry, the government has increased the FDI limit and allowed new banking licenses.
- Under the Union Budget 2021-22, the government permitted 100 percent FDI for insurance intermediaries and boosted the FDI cap in the insurance sector to 74 percent from 49 percent.
- India benefits from a high level of channel utilization to expand the reach of financial services.
- Enormous growth potential of Non-Banking finance sector and small finance banks

Growth Drivers

- Economic and Demographic Drivers
- Policy Support
- Infrastructure Financing
- Government Initiatives

Road Ahead

- India's digital lending stood at USD 75 billion (Rs 5,33,036 crore) in FY18 and is expected to reach USD 1 trillion (Rs 71,07,150 crore) by FY 23.
- India's Digital Lending Platform Market is predicted to grow at a CAGR of 27.95 percent from USD 731.22 million in 2022 to USD 2507.55 million in 2027.
- Advancements in technology have brought internet banking services and mobile services to the fore.
- This sector is laying greater emphasis on providing improved services to its clients by improving its technology framework.

FDI

- 20 % permitted in Public Sector under Govt. Route.
- Banking in private sector in aggregate 74% FDI is allowed under which upto 49% will be under automatic route and beyond 49-74% will fall under government Route.
- Union Budget 2021 increased FDI limit in insurance from 49% to 74%

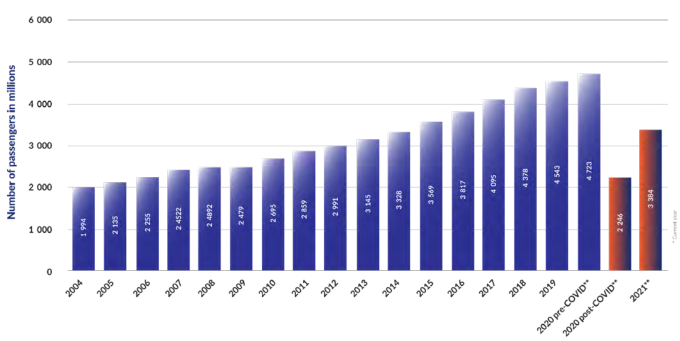
Civil Aviation

Civil Aviation Industry

In India, the civil aviation industry is the fastest-growing. After China and the United States, India is the world's third-largest domestic aviation market. By 2024, it is predicted to overtake the United Kingdom as the world's third-largest air passenger market. For successful operations, a remarkable development like this necessitates a comparable quantity of trained pilots, cabin crew, and ground employees.

Current market Overview

- India's air passenger revenue reached a high of USD 344.70 million (Rs 2,470.98 crores) in 2019 from USD 308.75 million in 2018 (Rs. 2,212.17 crores).
- The intensifying air traffic has prodded the government to increase the number of airports to 190-200 by the year 2040 from the present 123 airports, as of March 2021.
- Scheduled airline operators' operating aircraft numbered 650 in July 2018 and are predicted to number 1100 by 2027.
- For the fiscal year 2022-23, the Union Budget has set up USD 1.38 billionfor the civil aviation.
- A greenfield airport would be built in Hirasar, Gujarat, at a cost of USD 194.73 million (Rs. 1,395.22 crores).
- The Government of India has given its 'in principle' approval for the construction of 21 Greenfield Airports across the country namely Mopa in Goa, Navi Mumbai, Shirdi and Sindhudurg in Maharashtra, Kalaburagi, Bijapur, Hassan and Shimoga in Karnataka, Datia (Gwalior) in Madhya Pradesh, Karaikal in Puducherry, Dagadarthi, Bhogapuram and Oravakal (Kunoor) in Andhra Pradesh, Durgapur in West Bengal, Pakyong in Sikkim, Kannur in Kerala, Kushinagar and Noida (Jewar) in Uttar Pradesh and Hollongi (Itanagar) in Arunachal Pradesh, and Dholera and Hirasar in Gujarat.
- Eight greenfield airports have been built so far, in Durgapur, Kalaburagi, Shirdi, Sindhudurg, Pakyong, Kannur, and Oravakal. Kushinagar is now fully operating.
- The Navi Mumbai airport is being built at a cost of USD 2.58 billion (Rs. 18,485.44 crores).
- Greenfield airports will be built in six cities in Andhra Pradesh using the PPP concept.



Opportunities

- Up to 2022, the sector expects to add 300 business jets, 300 light planes, and 250 helicopters to its current fleet.
- MRO facilities are gearing up to meet an increasing demand fueled by steady growth.
- Over Rs 40,000 crores is expected to be invested in airport development during the Eleventh Plan, from both public and private sources, including greenfield airports.
- Indian airports are adopting the SEZ Aerotropolis Model, which attempts to generate revenue from advertising, retail, parking, and security, among other things.

Growth Drivers

- New domestic and international airports are being built.
- The government is working on a plan to promote indigenous aircraft manufacturing .
- New Aviation university to enable creation new domestic Aviation Talent Pool
- Emerging working class which prefers Aviation as preferred transportation mode

Road Ahead

- India's aviation industry has enormous growth potential with a population expected to reach 1.6 billion, a per capita income of USD 5000 (Rs. 3.58 lakhs) and additional passenger traffic of 359 million by 2036.
- Delhi's Indira Gandhi International Airport is undergoing massive expansion for better management of passenger and cargo traffic.
- Noida International Airport, officially Noida International Greenfield Airport,is an international airport being constructed near the town of Jewar in Gautam Buddh Nagar, Uttar Pradesh. Once completed, it is planned to be the country's largest airport. The Yamuna Expressway Industrial Development Authority (YEIDA) is the implementing agency on behalf of the Government of Uttar Pradesh
- Navi Mumbai International Airport is an under-construction, greenfield international airport, which is being built by City and Industrial Development Corporation (CIDCO), and will serve the city of Navi Mumbai. The first phase of the airport will be able to handle 10 million passengers per annum. It will be expanded to its final capacity to handle more than 90 million passengers per annum.

FDI

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

HealthCare

Healthcare Industry

In terms of revenue and employment, healthcare has become one of India's most important industries. This $350 billion dollar industry is extremely promising and is continuously growing at a 15% rate. It has undergone a drastic change from being a loose-knit and social sector that was solely supported by GOI to an industry which is evaluated at $65 billion (Rs. 4.6 trillion).

Current market Overview

- By FY22, Indian healthcare infrastructure is expected to reach US$ 349.1 billion.
- In July 2021, the number of allopathic doctors with recognized medical qualifications registered with state and national medical councils climbed to 1.27 million (under the I.M.C Act).
- Over Rs 40,000 crores is expected to be invested in airport development during the Eleventh Plan, from both public and private sources, including greenfield airports.
- India's public expenditure on healthcare as a proportion of GDP was 1.2 percent in Budget 2021.
- In 2023, the hospital industry is expected to rise at a CAGR of 16-17 percent to $132 billion.

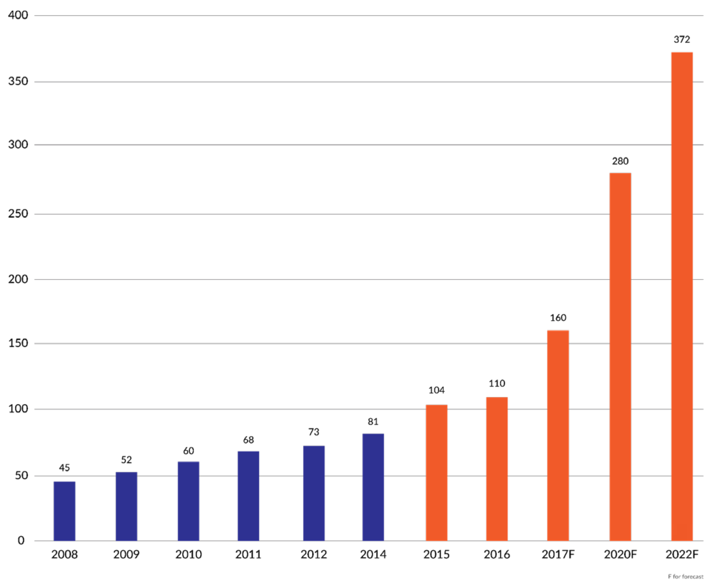
Opportunities

- By 2025, India requires an additional 3 million beds to reach the target of 3 beds per 1,000 people.
- By 2025, the country needs 3.94 million medical professionals, 1.54 million have to be doctors and 2.4 million nurses.
- Approximately 58,000 jobs are estimated to be created by the year 2025.
- In 2020, the Indian medical tourism market was worth US$ 2.89 billion, and by 2026, it is predicted to be worth US$ 13.42 billion.
- By 2022, the healthcare market might have grown threefold to Rs. 8.6 trillion (US$ 133.44 billion).
- India is the 4th largest market for medical devices in Asia and its market size is expected to reach $ 50 bn by 2025.

Growth Drivers

- Demographic Transformation
- Changing disease profile
- Increased affordability
- Increased awareness
- Increased penetration of private players
- An influx of medical tourists

Healthcare sector growth trend (US $ Billion)



Road Ahead

- Healthcare market in India is expected to reach US$ 372 billion by 2022.
- As forecasted, India will need approx. 2.07 million more doctors so as to maintain a 1: 1,000 doctor-to-population ratio by 2030.
- The hospital industry is expected to reach $132 bn by 2023.
- The Indian Government is expected to increase spending in public health by 2.5% by 2025.
- The e-health market size is estimated to reach US$ 10.6 billion by 2025.

FDI

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

E-commerce

E-Commerce Industry

It's no surprise that India's e-commerce business has benefited from the country's rapid expansion in internet and online infrastructure. The robust basis that e-commerce requires was provided by rising internet penetration and a growing share of the organized sector inside retail markets. The government's policies have bolstered the market even more. As many as fourteen start-ups attained the 'Unicorn' status in the first four months of 2022; India sees the emergence of 100th unicorn. With 100 unicorns of India valued at USD 332.7 billion.

Current market Overview

- The e-commerce market in India is expected to grow at a CAGR of 51 % with an estimated reach of USD 120 billion (INR 8,52,505 crore) in 2022 from USD 38.5 billion (INR 2,67,036 crore) in 2017.
- India brand Equity Foundation (IBEF) has predicted the e-commerce market in India to reach USD 200 billion (INR 13,80,930 crore) by 2026.
- Over 75% of buyers are expected to come from Tier-II cities in the future.
- The most significant contributor to online retail sales is electronics with a share of 48%, followed by apparel at 29%. The Indian online grocery industry is expected to grow at a CAGR of 33% from US$ 3.95 billion in FY21 to US$ 26.93 billion in 2027.

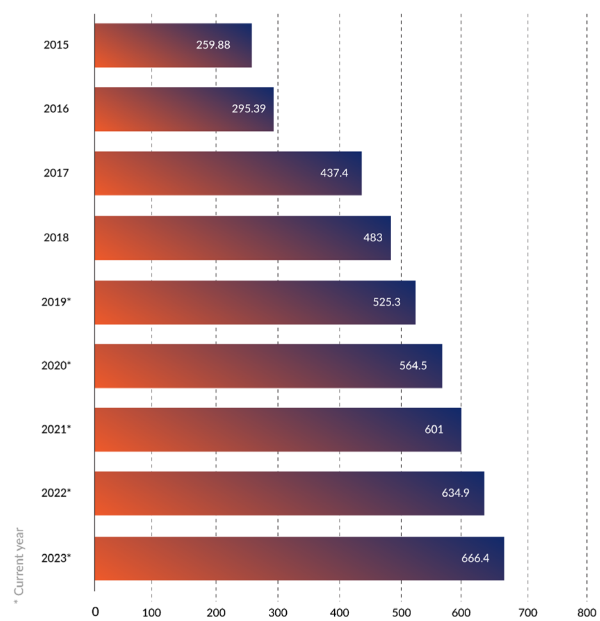
Opportunities

- Reliance Jio and Airtel are front runners ISP. This gives an ecommerce access to vast Indian population
- By 2024, retail penetration is predicted to reach 10.7%, up from 4.7 percent in 2019.
- By 2025, the Indian e-commerce sector is predicted to reach $188 billion, and by 2030, it would have risen to $ 350 billion.

Growth Drivers

- By 2030, India's internet shopper base would have grown to approximately 500-600 million people, making it the world's second largest.
- Internet penetration rate estimated to reach to above 55 per cent of population by the end of 2025 in India.
- Tier 2+ cities will account for 88 per cent of new online buyers and $150 billion in incremental online retail GMV (Gross Merchandise Value) between CY20 and CY30.
- Rural India will see a surge in internet usage by 32% in 2022.
- Increased connectivity and spending power will act as crucial contributors to the growth of millennials as drivers of the consumer market.

Number of internet users in India from 2015 to 2033 (in millions)



Road Ahead

- The surge in e-commerce and resultant availability of ready finance, technology and training has made MSME (Micro Small and Medium Enterprises) in India the greatest beneficiaries.
- The boom in the Indian e-commerce industry will have a positive effect on employment, export revenues, and globalization.

FDI

- The boom in the Indian e-commerce industry will have a positive effect on employment, export revenues, and globalization.

Defence

Defence Industry

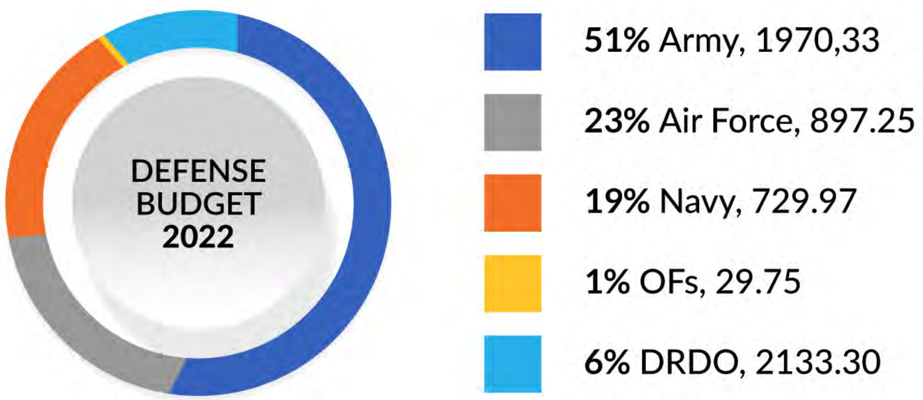
India contributes 3.7 per cent of worldwide military expenditure, making it the world's third-largest military spender. Defence spending accounted for 2.9 per cent of India's total GDP in 2020, with $72.9 billion spent on defence. DRDO projects that are now underway in India totalled $7.3 billion.

Current market Overview

- In 2022-23, 68 percent of the capital procurement budget for defence will be allocated to domestic industry (up from 58 percent in 2021-22)
- Defence Budget 2022-23 has been increased to USD 68.14 billion (5.25 lakh crore) for 2022-23 from the previous FY allocation of USD 62.04 billion (4.78 lakh crore) with a major push on ensuring self-reliance in manufacturing of military platforms The total Defence Budget represents an enhancement of Rs 46,970 crore (9.82%) over Budget Estimates 2021-22.
- India is the largest importer of arms in the world wherein 60% of its total defence requirements are imported.

Opportunities

- The government of India has come up with the Make in India programme. This brought in the concept of indigenous production.
- With the reduction in imports, foreign companies have started to enter the country via joint ventures with various Indian organizations.
- Under the Technology Development Fund (TDF), 37 projects worth USD 23.92 million- have been given to various businesses, particularly MSMEs and start-ups.



Road Ahead

- By the year 2025, the government intends to achieve a turnover of about USD 25 billion (Rs. 1,75,000 crore) and exports of approximately USD 5 billion (35,000 crore) in Defence goods and services.
- The government plans to spend an amount of USD 130 billion (Rs. 9,22,486 crores) for modernization by the year 2025.
- With the new Strategic Partnership Policy, the government intends to capitalise and contribute to the Make in India programme.

FDI

- FDI is allowed in the defence industry, wherein 74% is allowed the under automatic route and beyond 74% is through the government route.

FMCG

FMCG Industry

Fast-Moving Consumer Goods (FMCG) Sector is the 4th largest sector in the Economy. FMCG Sector in India includes the segments such as electronics, General pharmaceuticals, packaged goods, groceries, toiletries, plastic goods, housecare products, etc. The largest share in the FMCG Sector is obtained by the urban sector, nearly 50%, due to the rise in the per capita income of the people contributing to the revenue. Sales, services, marketing, retail, and supply are the major factors contributing to the FMCG Sector in India.

Current market Overview

- From US$ 110 billion in 2020 to US$ 220 billion in 2025, India's FMCG industry is predicted to grow at a CAGR of 14.9 percent.
- The urban market in India contributes to 55% of the total revenue, whereas rural and semi-urban areas are also growing at a rate that cannot be ignored.
- With a budget of US$ 1.42 billion, the union government's production-linked incentive (PLI) scheme provides businesses with a significant potential to expand exports.

Growth Drivers

- Increase in per capita income of Indians lead to a rise in the demand of products and therefore increased the purchasing power.
- Availability of products over the online channels of sales have made the convenient accessibility of goods to consumers.
- Demand for premium products is expected to be driven, which will improve the margins and provides the incremental revenue growth for FMCG Companies
- Low penetration levels of the branded product indicating a high growth.
- By 2025, India's internet users are expected to exceed 1 billion.consumer market.

Road Ahead

- In 2020, companies with dedicated websites saw an 88 per cent increase in consumer demand year over year. Since then, more firms have begun to follow the D2C model, and India today has over 800 D2C brands, with a market potential of US$ 101 billion by 2025.
- Due to increased demand for branded products in the rural sector, it is expected that rural FMCG Market will touch US$ 220 billion (Rs. 15,61,461 Crores) by 2025.

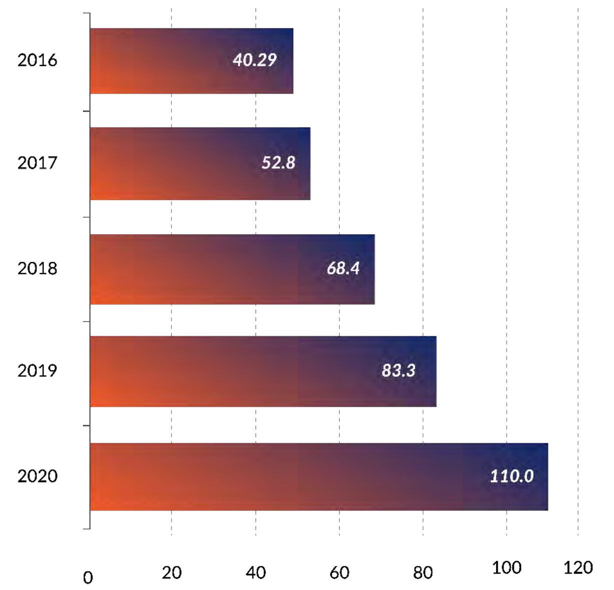
FDI

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

Opportunities

- The Growing Demands of the Indians is expected to increase consumption to nearly USD 6 Trillion (Rs.4,258,425 crores) by 2030.
- GST has reduced the need for maintaining large inventories and reduced the logistics cost to 1.5%.
- Sale of goods from nearly 4300 e-commerce hubs in India outpacing the sale of FMCG products in general. Therefore ecommerce's contribution to the total FMCG sales is expected to rise to 11% by 2030.
- Policy Support like the new initiatives of cashless buy, food security bill, several subsidies etc in India plays a huge role in employment and GDP.
- Upgraded Distribution channels in the Rural sector has increased demand for quality goods and services

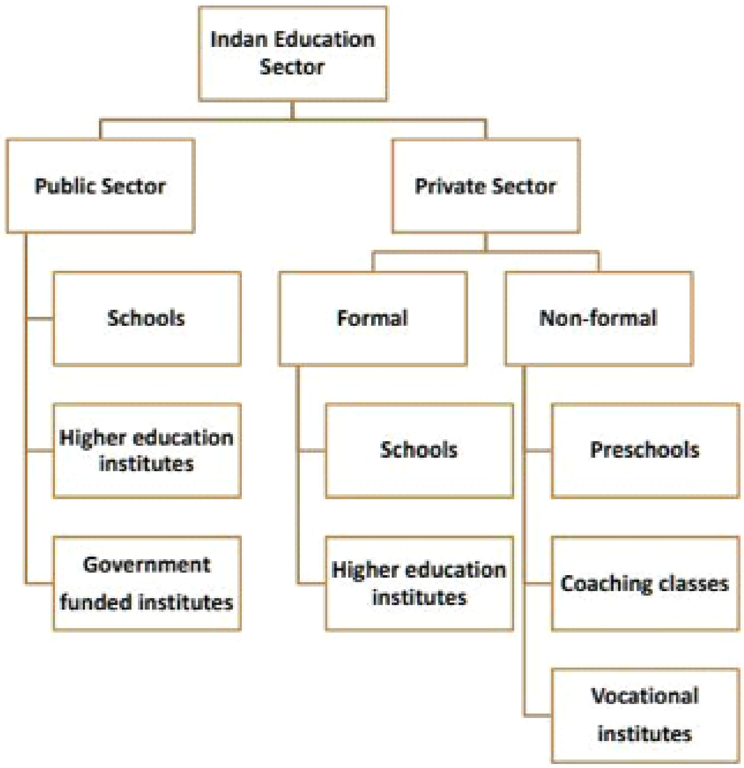
Trends in FMCG revenues over the years (US$ billion)



Education

Education Industry

The Indian Education Sector is growing exponentially, and many developments are taking place to support this growth. The country is equipped with the world's largest network of secondary educational institutions. At present, Indian literacy rate stands at 77.7%. Educational Institutions are collaborating with International educational platforms. Students seek international exposure and to meet this demand, the Indian universities are joining hands with international universities and offer state-of-the-art education to the students.



National Education Policy 2020

The National Education Policy 2020 was the first education policy of the 21st century and aims to address the many growing developmental imperatives of India. The National Education Policy (NEP) was approved on 29 July 2020 by the union cabinet of India. It replaced the existing educational policy of India which was made in 1986. This Policy proposes the revision and revamping of all aspects of the education structure, including its regulation and governance, to create a new system that is aligned with the aspirational goals of 21st century education, including SDG4, while building upon India's traditions and value systems. The main aim of launching the National Education Policy 2020 is to further remodel India's education policy. Focus on the mother tongues and regional languages preferred by the different states. Instead of 10+2, there will be a 5+3+3+4 structure that includes foundational, preparatory, middle, and secondary stages.

Current market Overview

- India's higher education segment is expected to increase to Rs. 2,44,824 crore (US$ 35.03 billion) by 2025.
- Approximately 36.64 million higher education students are enrolled in the 39050 colleges and 903 universities.
- The e-learning market in India was valued at INR 91.41 Bn in 2020. It is expected to reach a value of INR 312.13 Bn by 2026, expanding at a compound annual growth rate (CAGR) of ~17.60% during the 2021 – 2026 period.
- India has 89 universities in Times Higher Education Emerging Economies University Rankings 2022.
- As per the QS employability rankings 2022, the Indian Institute of Science (IISc), Bengaluru, six Indian Institutes of Technology (IITs), Delhi University, University of Mumbai, University of Calcutta, OP Jindal Global University, Sonipat and BITS Pilani were among the global top 500 universities.

Growth Drivers

- National Education Policy 2020
- Higher Education - Realization and recognition of educational benefits
- K-12 - High-ever demand for qualified, certified, and eligible employees
- Vocational Education - The demand for skilled labor is increasing, which drives the growth of vocational training

Road Ahead

The education sector is on a growth trajectory that will have transformed drastically by the year 2030. It has been estimated that by the year 2030, the education sector, especially the higher education will:

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

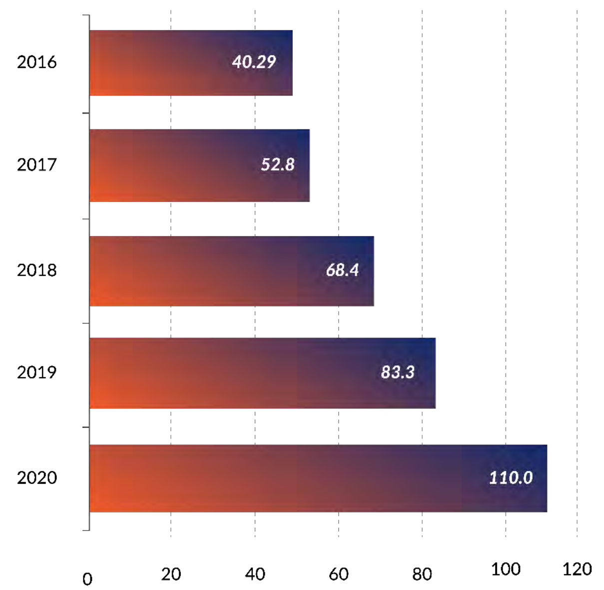
FDI

- 100% permitted under Automatic route.

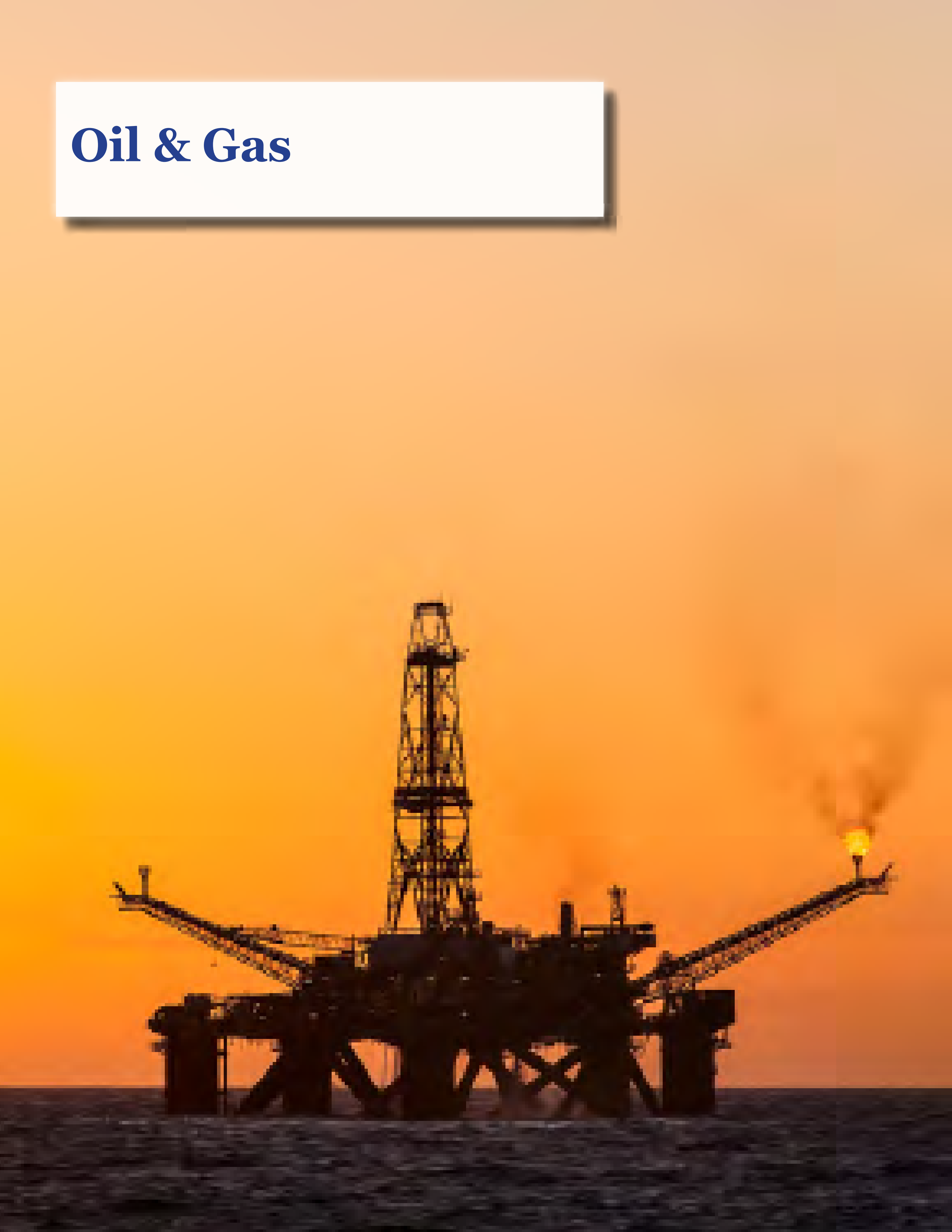
Opportunities

- In FY20, Gross Enrolment Ratio in higher education in India was 27.1%. Higher education institutes in India are focussing on creating online programmes due to the increasing demand from consumers. In India, the online education market is forecast to reach ~US$ 11.6 billion by 2026.
- The government has also infused US$ 57 million (Rs. 404 crores) for the development of world Class Institutions.
- The target market in India is approx 500 million young population.
- The Government is planning to launch 'Study in India' scheme. This is to bring foreign students to India for higher education.

Trends in FMCG revenues over the years (US$ billion)



Oil & Gas



Oil and Gas

The oil and gas sector is one of India's eight essential industries, and it has a significant impact on how other critical sectors of the economy make decisions. India's economic growth is linked to its energy demand, the demand for oil and gas is expected to increase, making the industry attractive for investment.

Current market Overview

- The customs tariff on certain key chemicals for petroleum refining was decreased in the Union Budget 2022-23.
- India's present refining capacity is 249 MMTPA, with 23 refineries (eighteen of which are public, three of which are private, and two of which is a joint venture). With a capacity of 80.5 MMTPA, Indian Oil Corporation (IOC) is the largest domestic refiner.
- As of 2021, India remained the world's third-largest oil consumer.
- The total amount of natural gas produced in March 2022 was 2886.23 MMSCM, up 7.46 percent from March 2021.
- India is predicted to be a major contributor to global non-OECD petroleum consumption growth.

Growth Drivers

- The Indian government has invested heavily in expanding the coverage of the City Gas Distribution (CGD) network across the country in order to make natural gas more accessible to the general public. CGD networks ensure the provision of cleaner fuel (i.e. PNG) to homes, businesses, and cars, as well as transportation fuel (i.e. CNG).
- Favourable policies and Government incentives. Reforms aimed at boosting domestic production
- Extensions to Pre-NELP Discovered Fields and Exploration Blocks are granted under this policy.
- The sector is also laying greater emphasis on establishing midstream infrastructure, with definite attention on city gas distribution networks, and the development of strategic storage facilities as a shield against short term interruptions in fuel supply.
- The coverage area of City Gas Distribution has gone up to 70%.
- Geographical Advantage: The crude oil coming from the Middle East region can efficiently be carried to India.

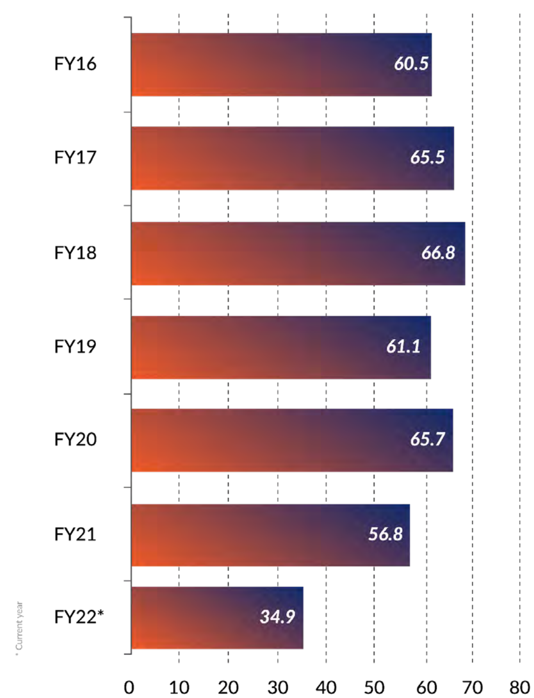
Road Ahead

- India is the world's third-largest fuel consumer, but it may soon overtake the United States as per capita consumption rises.
- India's energy demand as a percentage of global energy demand is expected to grow up to 11 percent in 2040.
- By 2029-30, India's diesel demand is predicted to quadruple to 163 MMTPA, with diesel and gasoline accounting for 58 percent of the country's oil need by 2045.

Opportunities

- By 2030, India wants to increase its refining capacity to 450-500 million tons. Crude oil imports surged considerably to US$ 94.3 billion in FY22 (April to January).
- India is attempting to transition to a gas-based economy by boosting natural gas's portion of the country's energy mix from 6.3 percent to 15 percent by 2030.
- Retail: The automobile industry is stabilized to rise up to 20 million by 2030. It makes India the 3rd-largest market for automobiles worldwide.
- India is emerging as a future refining center because the capital costs are less by 25–50% here when compared with other Asian countries.
- Up until September 2021, a total of 21735 kilometres of pipelines have been installed as part of the Gas Grid. By 2024-25, India wants to increase pipeline coverage by 60%, to 34,500 kilometres. By 2027, all states should be connected by a trunk national pipeline network.

Exports of Petroleum Products from India FY22 (MMT)



FDI

- 100% permitted under Automatic route for petroleum refining and other activities by private sector, subject to applicable laws or regulations, sector specific policies and other conditionalities.
- 49% permitted under Automatic route for petroleum refining and other activities by Public Sector Undertakings.

Publishing

Publication Industry

Indian Publishing Industry is considered as the sixth largest publishing industry in the world. Specific to the English language, this industry stands at the second position. India is one of the very few markets in the world that continues to witness growth in the print as well as Digital Publishing sector. India is home to approximately 19000 publishing houses which is estimated at USD 2 billion. The digital part of the publishing sector in India has emerged at an exponential rate. The country has a literacy rate of 74% and the country's citizens have a wide range of reading interests, which opens many opportunities for the publishing industry.

Current market Overview

- The ad revenue generated from the Indian Print media is approximately USD million (Rs. 186 Billion) in 2022.petroleum consumption growth.

Opportunities

- Export School Publishing Content: The extremely vibrant publishing ecosystem of the country is able to offer innovative models to further expand the sector. Africa and South-Asia offer a target market for the Indian Publishing sector.
- Third rank in the world for English Language Publishing. A lot of investment and growth opportunities can be observed as the country offers a market for almost 22 languages.

Growth Drivers

- The Indian Publishing sector is mainly driven by big launches and advertising campaigns. Also, the huge growth in smartphones has aided the growth of the Publishing sector of India.
- E-commerce websites have made the reach of various books of multiple genres extremely straightforward, thus increasing their discoverability
- The current literacy rate is 75% , which is soon to become 100% by the year 2030 which will increase the current publishing market in India.

Road Ahead

- 9000 publishers, 2100 retailers, 22 official languages; 1600- if including regional dialects, all together offers a lucrative market.
- Increase in the country's literacy rate and adoption of the internet are adding to the growth of the publishing and digital market.
- The expansion of the publishing sector into brand new landscapes flourishes the e-book market.

FDI

- 26% of FDI with Govt. Approval in Publishing of newspaper and periodicals dealing with news and current affairs.
- 26% of FDI with Govt. Approval in Publication of Indian editions of foreign magazines dealing with news and current affairs.
- 100% of FDI with Govt. Approval in Publishing or printing of Scientific and Technical Magazine or specialty journals or periodicals, subject to guidelines issued by Ministry of Information and Broadcasting.
- 100% of FDI with Govt. Approval in publication of facsimile edition of foreign newspapers.
- 100 percent FDI to publishing houses

Textiles

Textile Industry

The Indian textile industry is the second largest industry in India after agriculture. Over 35 million people in the country are directly employed in the sector, while around 60 million are provided indirect employment in the production of raw materials and other related trades. The industry ranges from traditional handlooms, wool, silk, handicrafts on one end of the spectrum to the organized textile industry on the other. Favorable policies and demographics, phenomenal growth in retail, and rising spending powers have escalated the position of the industry as an imposing contributor to the national economy.

Current market Overview

- Textile industry contributes 2% to the country's GDP and 15% of the total revenue generated by exports.
- Foreign exchange inflows see a contribution of 27% from the textile and apparel industry.
- India has also surpassed China as the world's second-largest producer of personal protective equipment (PPE).
- Between April 2021 and October 2021, textile exports totaled US$ 22.89 billion.
- It is the second-largest producer of silk with 18% market share; the largest producer of jute in the world; and fifth largest producer of synthetic fibres and yarns.

Growth Drivers

- Rising per capita income
- Organized retail and e-commerce
- Changes in lifestyle
- Growth of internet
- Increased governmental focus
- Low manufacturing costs
- Slowdown in the Chinese economy

Road Ahead

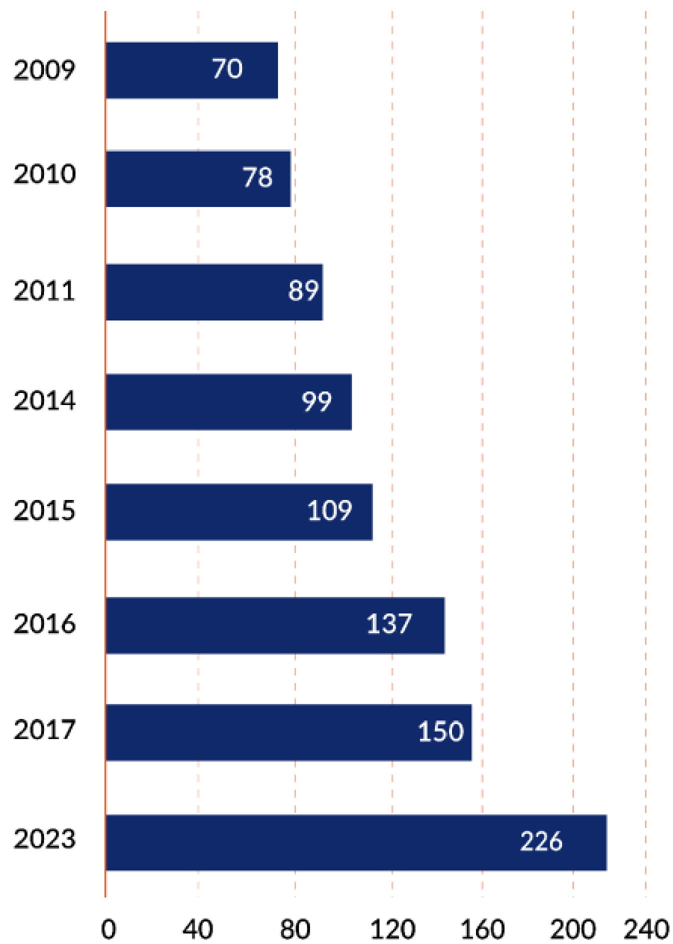
- The slowdown in China has offered a fantastic opportunity for India to grab the global export market share.
- India has a share of 5% in global textile exports, as compared to China at 38%.
- The Indian textiles industry appears to have a bright future, driven by robust domestic and foreign export demand.

FDI

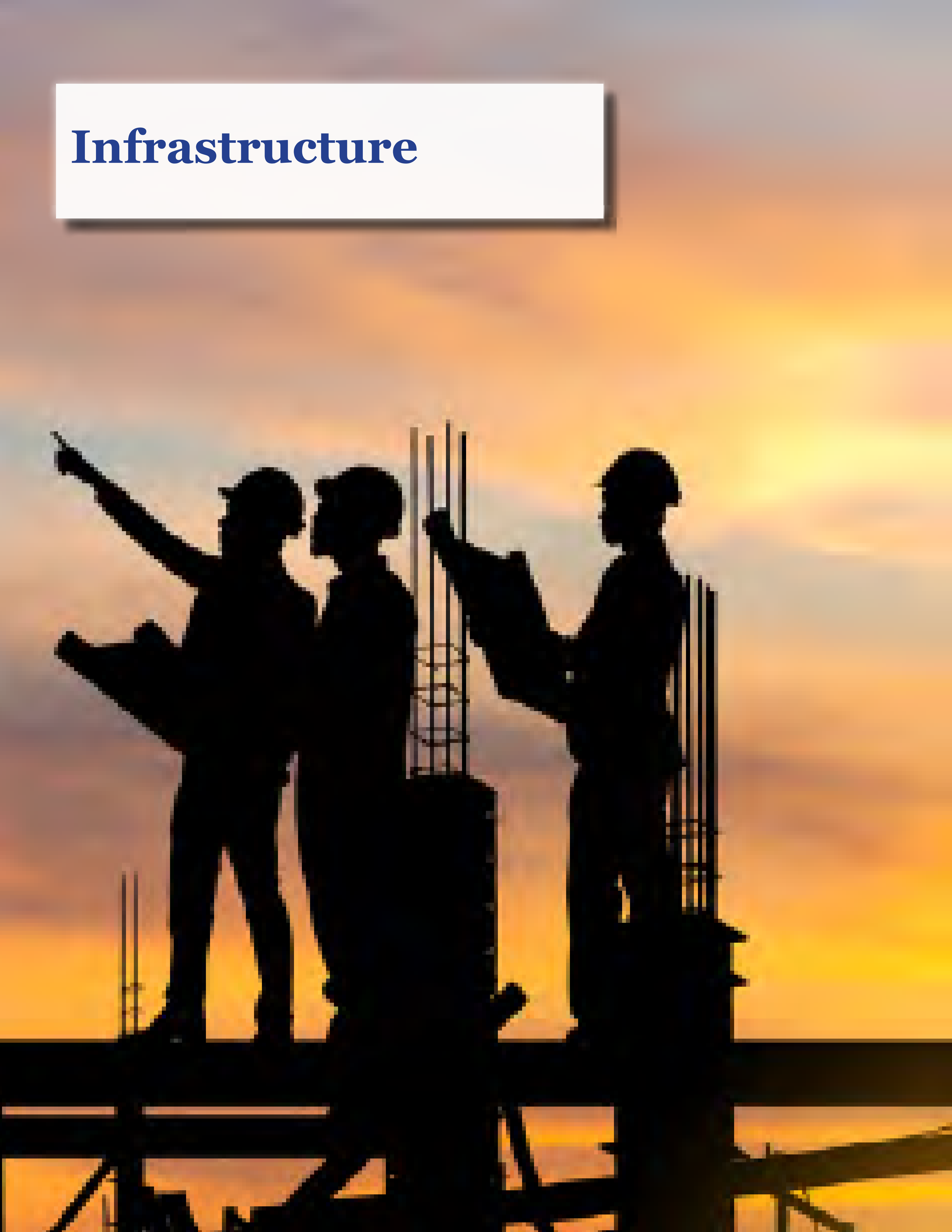
- 100% permitted under Automatic route.

Opportunities

- India's domestic clothing and textile sector produces 5% of the country's GDP, 7% of industry output in value terms, and 12% of the country's export revenues. India is the world's sixth largest exporter of textiles and apparel.
- Launch of Amended Technology Up-gradation Fund Scheme (A-TUFS) is expected to prompt investments up to USD 14.17 billion (Rs. 101,557.09 crores) by 2022.
- India's textile and clothing exports are predicted to exceed $100 billion in the next five years, with a CAGR of 11%.



Infrastructure



Infrastructure Industry

India has become one of the fastest-growing economies, and a plethora of investment opportunities have opened up for exploitation in India's infrastructure sector. The infrastructure has been a massive requirement for Indian Tier I and Tier-II cities. Opportunities exist in new toll roads, airports, townships, bridges, Infrastructure sector includes power, bridges, dams, roads, water and sewerage, hill areas, smart cities etc. The growing Indian population is becoming more and more dependent on modern infrastructure for the efficiencies it delivers, accordingly, the government is creating various projects for creating and modernizing infrastructure through public-private model.

Current market Overview

- Emphasizing the importance of investment for creating modern infrastructure, seven engines of growth have been identified — roads, railways, ports, airports, mass transport, waterways, and logistics infrastructure. The Indian goverment aims to construct 25,000 kilometres of National Highways in 2022-23, almost double of the previous year, with the highest ever budget allocation of more than USD 15 billion (INR1,18,101 crores). More than USD 12 Billion (INR1,00,000 crore) interest-free support to the states for the implementation of the Gati Shakti scheme and rural roads will accelerate the local economy.
- Construction (infrastructure) activities stood at US$ 26.14 billion and US$ 25.38 billion, respectively, between April 2000 and June 2021. In FY21, infrastructure activities accounted for 13% share of the total FDI inflows of US$ 81.72 billion.
- The Asian Infrastructure Investment Bank (AIIB) has announced an investment of USD 200 million in the National Investment & Infrastructure Fund (NIIF). In November 2021, the Asian Development Bank (ADB) has approved a US$ 250-million loan to support development of the National Industrial Corridor Development Programme (NICDP). This is a part of the US$ 500-million loan to build 11 industrial corridors bridging 17 states.
- In Union Budget 2021, the government had given a massive push to the infrastructure sector by allocating Rs. 233,083 crore (US$ 32.02 billion) to enhance the transport infrastructure. The government expanded the 'National Infrastructure Pipeline (NIP)' to 7,400 projects. ~217 projects worth Rs. 1.10 lakh crore (US$ 15.09 billion) were completed as of 2020. Through the NIP, the government invested US$ 1.4 trillion in infrastructure development as of July 2021.

Growth Drivers

- Make in India
- Increased FDI
- Smart cities
- Increase in Population and their aspiration

Opportunities

- India requires an investment of about Rs 50 trillion or approximately USD 780 billion in infrastructure for the country's sustainable development.
- Indian railways received record outlay of Rs. 1,10,055 crore (US$ 15.09 billion), of which Rs. 1,07,100 crore (US$ 14.69 billion) is for capital expenditure.
- In March 2021, the government announced a long-term US$ 82 billion plan to invest in the country's seaports. ~574 projects have been identified, under the Sagarmala project, for implementation through 2035.
- Increase in the length of national highways from 92,851 km in 2014 to 1,22,434 km in 2019.
- Reduction of energy deficit from 4.2% in 2014 to 0.7% in 2019.

Road Ahead

- India's urban population of approximately 450 million is slated to go up to almost 600 million by 2030 requiring new infrastructure.
- The need to enhance India's infrastructure in some of the premier cities like Delhi, Bangalore, Mumbai, and Kolkata is especially acute. By 2030, there shall be around 68 cities with over 1 million residents in each one of them.
- The infrastructure spending too shall receive a significant boost, consequently making India the preferred choice for private players looking for big opportunities.

FDI

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

Telecom

Telecom Industry

India has overtaken the United States as the world's second-largest telecommunications market, with 1.18 billion subscribers as of December 2021 and significant growth over the last decade. The telecom sector constitutes of three segments:

- Wireless
- Wireline
- Internet services.

The Government has enabled easy market access to telecom equipments and a fair and proactive regulatory framework, that has ensured availability of telecom services to consumer at affordable prices.

Current market Overview

- In September 2021, the tele-density of rural customers increased to 59.33 percent, up from 58.96 percent in September 2020.
- In the first quarter of FY22, India's overall wireless data usage increased 16.54 percent quarterly, reaching 32,397 PB.
- Tele-density stood at 85.91%, as of December 2021, total broadband subscriptions grew to 792.1 million until December 2021
- The government has placed a strong emphasis on expanding India's domestic telecom manufacturing capacity and has taken steps to accomplish . In India, efforts are also underway to build a foundational network for the introduction of 5G technology.
- In the first quarter of FY22, the telecom sector's gross revenue was Rs 64,801 crore (US$ 8.74 billion).producer of synthetic fibres and yarns.

Growth Drivers

- With the advancement of technology, the government is focusing on Digital India.
- There are several factors, like cloud storage, security, and data privacy, which can be a great opportunity to work on.
- Indian IoT market is set to grow up to USD 16.7 billion (Rs 1,18,428 crores) by 2022.
- New technology such as 5G

Road Ahead

- More than a billion people are using a 4G network across the world; out of which 1 crore subscribers belong to the Indian market.
- Bharat Net aims at providing high-speed broadband service in villages 1.15 lakh gram panchayats.
- The Indian government is also running various programs like Digital India, Skill India, and Bharat Net on mobile and broadband networks for a healthy ecosystem.
- By 2026, India's 5G subscribers are expected to reach 350 million, accounting for 27% of all mobile subscriptions.

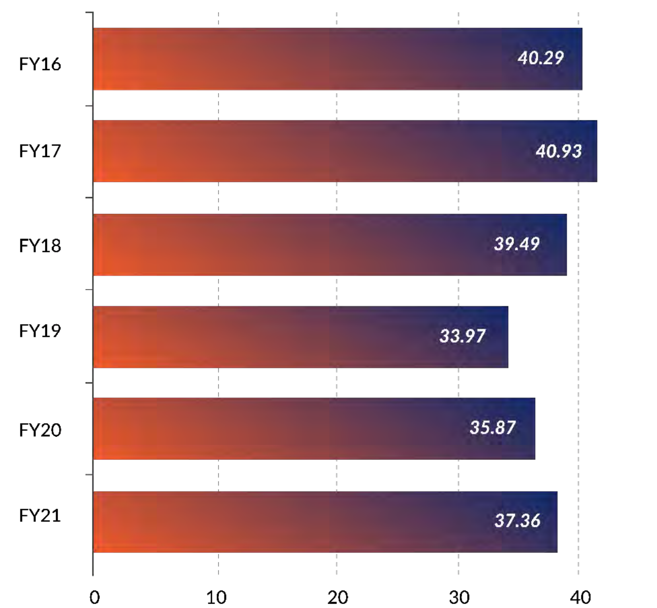
FDI

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

Opportunities

- In India, rising mobile phone penetration and falling data costs will add 500 million additional internet users over the next five years, opening up new commercial options.
- In 5G-centric technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), robotics, and cloud computing, India will require 22 million qualified professionals by 2025.

Telecom SectorGross Revenue (US$ Billion)



IT, AI & ITES

Indian IT, AI and ITES

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

Current market Overview

- The IT industry's contribution to India's GDP is expected to reach 10% by 2025.
- The sector employed 4.5 million professionals in 2021.
- The industry upskills and reskills over 50% of the workforce each year. SAP India and Microsoft announced the launch of TechSaksham in August 2021, a collaborative skilling programme targeted at empowering young women (from underserved areas) to pursue professions in technology. As a result of this agreement, 62,000 female students will be trained in artificial intelligence (AI), cloud computing, web design, and digital marketing.
- Between April 2000 and June 2021, the sector in India attracted a total of US$ 74.12 billion in foreign direct investment (FDI). According to data given by the Department for Promotion of Industry and Internal Trade, the industry was placed second in terms of FDI inflow.

Growth Drivers

- Ecommerce market has grown phenomenally in recent years and is expected to reach USD 200 billion by 2026
- India has 560 million internet subscribers in 2021, estimated to reach 666.4 million by 2023.
- Over the following five years, the IT Services Market is expected to develop at a CAGR of 10.36%.
- The 61400 technology start-ups in India operating in India is another driver for growth. In the first 40 days of 2022, India has already added eight new firms to the coveted $1 billion valuation club.
- The start-up revolution has directly impacted the market for Artificial Intelligence (AI), Machine Learning (ML), Internet of Things (IoT) and Healthcare technology.

FDI

- 26% of FDI with Govt. Approval in Publishing of newspaper and periodicals dealing with news and current affairs.
- 26% of FDI with Govt. Approval in Publication of Indian editions of foreign magazines dealing with news and current affairs.
- 100% of FDI with Govt. Approval in Publishing or printing of Scientific and Technical Magazine or specialty journals or periodicals, subject to guidelines issued by Ministry of Information and Broadcasting.
- 100% of FDI with Govt. Approval in publication of facsimile edition of foreign newspapers.
- 100 percent FDI to publishing houses

Opportunities

- Government Driven Demand: The budget for the IT and telecom sector in the Union Budget 2022-23 was Rs. 88,567.57 crores (US$ 11.58 billion).
- Need for AI: Revenue generated from AI is estimated to reach USD 3.9 trillion (Rs. 2,79,39,405 crores) in 2022, leading to huge opportunity in AI
- Expansion of IoT (Internet of things) 1.9 bn devices are expected to be connected in India alone, by 2025, and the expenditure on IoT will reach USD 1.4 trillion (Rs. 1,00,29,530 crores) by 2021.
- Growing IT workforce in India builds robust supply chain for IT sector

Road Ahead

- 9000 publishers, 2100 retailers, 22 official languages; 1600- if including regional dialects, all together offers a lucrative market.
- Increase in the country's literacy rate and adoption of the internet are adding to the growth of the publishing and digital market.
- The expansion of the publishing sector into brand new landscapes flourishes the e-book market.

Pharmaceuticals

Pharmaceutical Industry

India ranks topmost among suppliers of generic drugs globally. In recent years, India has become the hub for outsourced manufacturing as well as drug discovery and development for global companies. India meets over 50% of vaccine demand across the world. It also supplies over 40% of generic drugs in the United States and 25% of all medicines in the United Kingdom. India is the world's third-largest producer of pharmaceuticals by volume and the fourteenth-largest producer by value. A network of 3,000 medicinal businesses and 10,500 manufacturing units make up the domestic pharmaceutical sector. With over 300 medical colleges and 3000 hospitals, India presents an excellent opportunity to carry out research and development in healthcare business. The country also has a large pool of scientists and engineers with the potential to steer the industry ahead to greater heights.

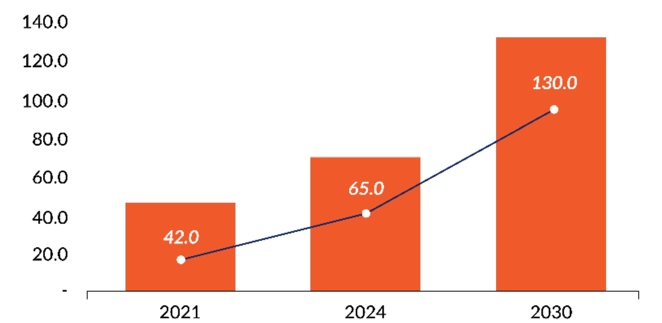
Current market Overview

- Indian pharma companies' efficiency is boosted by low production and R&D costs, resulting in competitive exports. In FY21, exports were US$ 24.44 billion, while in FY22, it were US$ 22.21 billion (until February 2022).
- India is the world's 12th largest exporter of medical goods.
- The Ministry of Health and Family Welfare was given allocation of Rs. 73,932 crore (US$ 10.35 billion) in the Union Budget 2021-22, while the Department of Health Research has been given Rs. 2,663 crore (US$ 365.68 billion). The 'National Health Mission' was given a budget of Rs. 37,130 crore (US$ 5.10 billion) by the government. Over the course of six years, the PM Aatmanirbhar Swasth Bharat Yojana will receive Rs. 64,180 crore (US$ 8.80 billion). The Ministry of AYUSH has been given a budget of Rs. 2,970 crore (US$ 407.84 million), up from Rs. 2,122 crore (US$ 291.39 million) previously.
- India is the world's largest provider of generic pharmaceuticals, supplying over 60% of global immunization demand and accounting for 20% of global supply by volume. The Indian pharmaceutical industry is worth US$ 42 billion and ranks third in volume and 13th in value globally.

Opportunities

- In India, rising mobile phone penetration and falling data costs will add 500 million additional internet users over the next five years, opening up new commercial options.
- In 5G-centric technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), robotics, and cloud computing, India will require 22 million qualified professionals by 2025.

Indian Pharmaceutical Market **(US$ billion)**



Growth Drivers

- Low cost
- Market for generics
- Increasing lifestyle diseases
- Patented drugs and patent expiry
- Medical Infrastructure
- Market for generics
- Increasing medical tourism
- PLI Scheme for Key Starting Materials /Drug Intermediates and Active Pharmaceutical Ingredients. 2) Production-Linked Incentive (PLI) Scheme for Pharmaceuticals

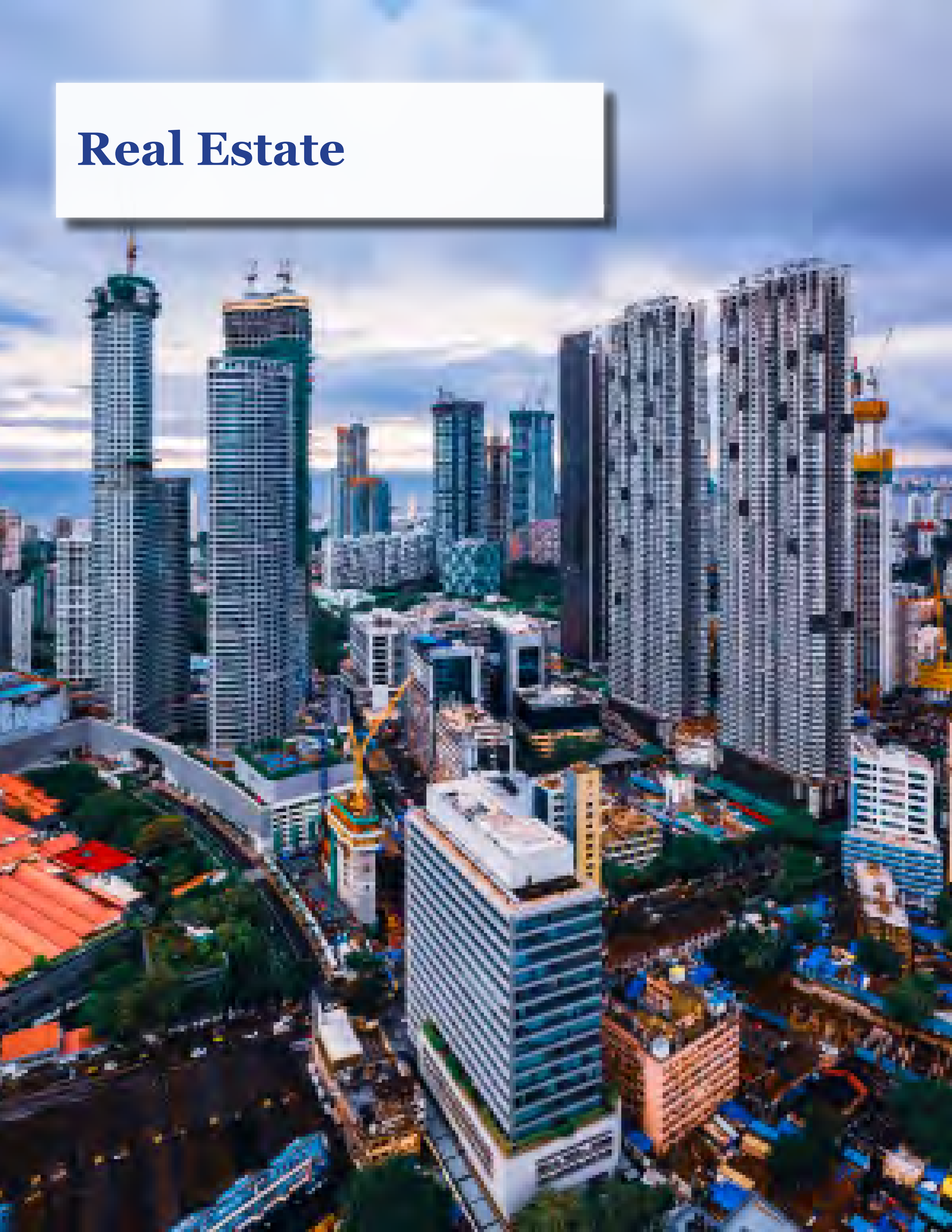
FDI

- 100% permitted under Automatic route for Greenfield.
- Upto 74% for Brownfield (existing pharmaceutical industry in India) and Government approval beyond 74%

Road Ahead

- Pharmaceutical businesses will benefit from the increased focus on rural health programmes, life-saving medications, and preventive immunizations.
- The Indian government has taken a number of initiatives to cut costs and lower healthcare costs. The entry of generic pharmaceuticals into the market as quickly as possible has remained a priority, and it is likely to help Indian pharmaceutical companies.
- Better domestic sales growth in the future will be contingent on companies' abilities to focus their product portfolios toward chronic disease medicines.
- The domestic market is predicted to rise thrice in the next decade, according to the Indian Economic Survey 2021. India's domestic pharmaceutical business is estimated to be worth US$ 42 billion in 2021, rising to US$ 65 billion by 2024 and US$ 120-130 billion by 2030.

Real Estate



Real Estate Industry

With a massive population of 1.3 billion in 2019, with an average 6% GDP growth in past years, which has catalyzed the growth of economic growth, demographics have further facilitated the demand for commercial, residential, and retail property in India. Past investments in real estate, both domestic and foreign, witnessed an upward trend due to firm market fundamentals, friendly policies, and the introduction of the first Real Estate Investment Trust in India.

Current market Overview

- In the fourth quarter of FY21, the real estate segment attracted private equity investments of Rs 23,946 crore (US$ 3,241 million) across 19 projects.
- Between April 2000 and December 2021, FDI in the sector (including construction development and operations) totalled US$ 52.48 billion.
- India is one of the top ten fastest-growing housing markets in the world.
- According to a credit rating agency, Indian companies are likely to raise more than Rs. 3.5 trillion (US$ 48 billion) through infrastructure and real estate investment trusts in 2022, compared to US$ 29 billion raised so far.

Growth Drivers

- The phenomenal growth in the IT and ITES sector has given rise to a new class of home buyers, with the industry occupying more than 80% of office space in India.
- The Pradhan Mantri Awas Yojana (PMAY) has built 5.8 million homes and sanctioned 12.2 million houses.
- Government of India's Housing for All initiative is expected to pump in USD 1.3 trillion (Rs. 9,316,385 crores) investments in the industry by 2025.
- An increase in the number of double-income families and urbanization, demand for luxury homes and second homes is increasing at a rapid pace.
- Higher volumes of private equity and international funding with a mandate for tie-ups exclusively with reputed large builders have further emphasized the importance of high quality, transparency, and timelines.

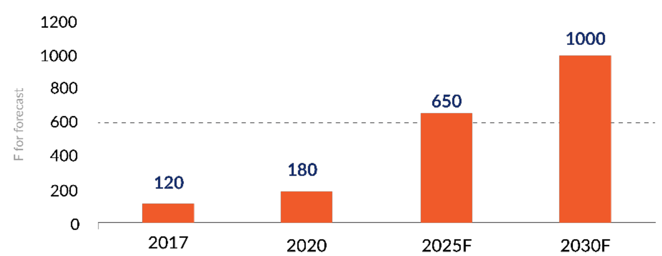
Road Ahead

- The Real Estate Investment Trust (REIT) are expected to generate a revenue of USD 19.65 billion (Rs. 1,40,895.41 crore) over the years.
- The Increase in FDI has encouraged transparency and accountability in real estate operations.
- Traditional family-owned real estate business are remodeling to professionally managed corporates to capture larger markets with globalization.
- New challenges concerning managing multiple projects, sourcing materials through centralized bodies, organizing workforce and professionals in architecture, engineering, etc. are setting new standards of quality and time management.

Opportunities

- India's real estate market is predicted to grow to US$ 1 trillion by 2030, up from US$ 200 billion in 2021, and contribute 13% of the country's GDP by 2025.
- The real estate sector holds considerable significance in the Indian economy as it contributes about 6-8 per cent to the Indian gross domestic product (GDP) and is expected to contribute about 13 per cent by 2025.
- An additional 25 million units of affordable housing are required by 2030 to meet the growth in the country's urban population.contribute about 13 per cent by 2025.

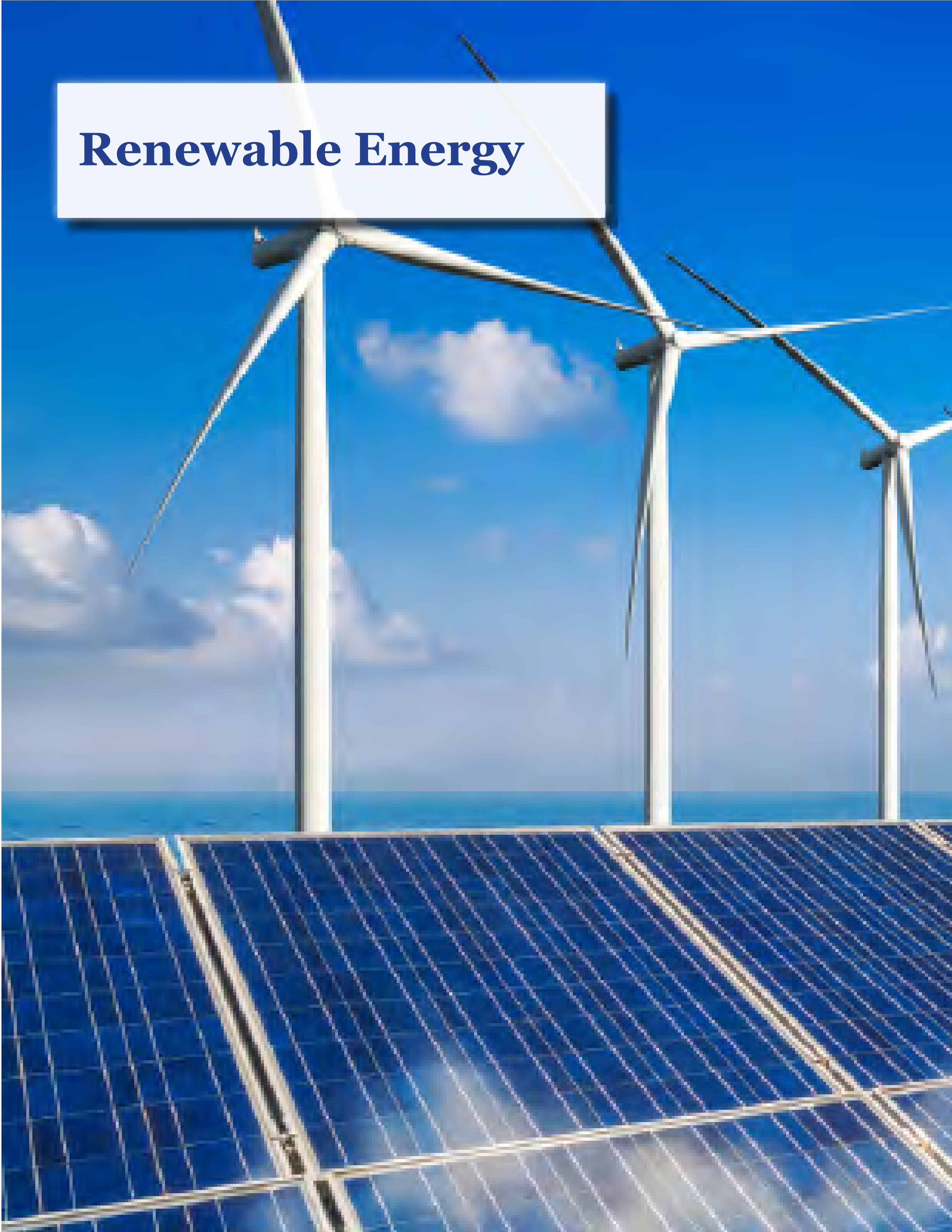
Market size of real estate in india **(US$ billion)**



FDI

- 100 per cent FDI under the automatic route in the construction development segment, which included townships, housing, built- up infrastructure, and real- estate broking services, with certain conditions.
- FDI is not permitted in an entity which is engaged or proposes to engage in real estate business of construction of farm houses and trading in transferable development rights (TDRs).

Renewable Energy



Renewable Energy Industry

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

Current market Overview

- As of January 2022, India's installed renewable energy capacity stood at 152.36 GW Gigawatt. Power generation from renewable energy sources stood at 13.15 billion units (BU) in January 2022.
- India's installed renewable energy capacity was 152.36 GW in January 2022, accounting for 38.56 per cent of the country's total installed power capacity. In January 2022, 975.60 MW of renewable energy capacity was added. In January 2022, renewable energy generation reached 13.15 billion units (BU), up from 11.51 BU in January 2021.
- From 2.63 GW in March 2014 to 49.3 GW by the end of 2021, solar power installation capacity has expanded by more than 18 times.

Opportunities

- Renewable energy will play an essential part as India attempts to fulfil its own energy demand, which is anticipated to reach 15,820 TWh by 2040.
- The Government of India has announced that it will create 5 GW of offshore wind energy projects by 2022 and 30 GW by 2030 as part of its "National Offshore Wind Energy Policy" in order to attract major investment for the growth of the offshore wind energy sector in India.
- By 2030, the country hopes to have installed renewable energy capacity of around 450 gigawatts (GW), with solar accounting for roughly 280 GW (almost 60%).
- The Solar Energy Corporation of India (SECI), which is currently responsible for the development of the whole renewable energy industry, was allocated Rs. 1,000 crores (US$ 132 million) in the Union Budget 2022-23.

Growth Drivers

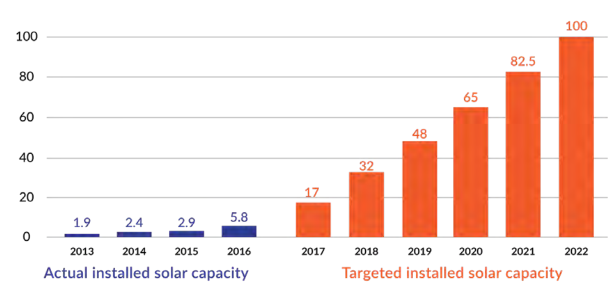
- Foreign Investment worth USD 64 bn.
- Hydro Electric projects, Hydropower projects.
- PM and Govt. launched schemes and policies.

FDI

- Under the automatic route, renewable energy generation and distribution projects can get 100 percent FDI.

Road Ahead

- According to the Central Electricity Authority (CEA), renewable energy generation will climb from 18 per cent to 44 per cent by 2029-30, while thermal generation would decrease from 78 per cent to 52 per cent.
- The Indian government plans to create a "green city" in each state that is powered by renewable energy. Solar rooftop systems on all of the city's houses, solar parks on the outskirts, waste to energy facilities, and electric mobility-enabled public transportation systems will all be used to mainstream environmentally friendly power in the 'green metropolis.
- In the next four years, India's renewable energy sector is predicted to receive $80 billion in investment. By 2023.
- By 2040, it is predicted that renewable energy would generate roughly 49% of total electricity, thanks to the use of more effective batteries to store electricity, which will reduce the cost of solar energy by 66 percent compared to today's cost. Renewable energy will save India Rs 54,000 crore (US$ 8.43 billion) per year if it is used instead of coal.



Indian Regulatory Analysis

- Indian Legal System
- Foreign Investment
- Establishing a presence
- Company Formation and Administration
- Mergers and Acquisitions
- Visa Requirements
- Capital Markets
- Human Resources Regulations
- Data Privacy & Information Technology
- Intellectual Property
- Environmental Laws

INDIAN LEGAL SYSTEM

Constitution of India

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

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

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

Pillars of democracy-which defines the legal structure in India

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

Legislation Formation in India

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

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

Judicial System in India

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

Supreme court

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

High court

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

District court

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

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

Due Diligence of Indian laws by Foreign Investors

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

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

Tax Laws	
The Income Tax Act, 1961	Regulates the direct taxation and its structure of the business entities and taxable persons in India.
The Goods and Service Tax (GST) Act, 2017	Regulates the indirect taxation and the structuring of supply of goods or services or both.

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

IT Laws	
Information technology and Privacy legislation	It is the primary law in India dealing with cybercrime and transactions carried out by means of electronic data interchange and other means of electronic communication. India is also introducing much awaited Personal Data Protection Bill of 2019 seeks to protect the privacy of personal data.

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

FOREIGN INVESTMENT IN INDIA

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

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

I. Prohibited Sectors

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

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

The salient features of FDI are discussed below-

A. FDI Limits

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

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

II. Permitted Sectors

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

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

Under Government Route, prior approval from the concerned Ministries/Departments can be taken via a single window – Foreign Investment Facilitation Portal (FIFP) administered by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India.

The sectoral FDI caps are as follows :

S.N	Sector/Activity	FDI Cap[1]	Route (Automatic/Government)
1	Agriculture	100%	Automatic with Conditions
2	Plantation Sector	100%	Automatic with Conditions
3	Mining of metal and non-metal ores	100%	Automatic with Conditions
4	Mining – Coal & Lignite	100%	Automatic with Conditions
5	Manufacturing	100%	Automatic with Conditions
6	Food Product Retail Trading	100%	Automatic with Conditions
7	Broadcasting Carriage Services (Teleports, DTH, Cable Networks, Mobile TV, HITS)	100%	Automatic with Conditions
8	Broadcasting Content Service - Up-linking of Non-'News & Current Affairs' TV Channels/ Down-linking of TV Channels	100%	Automatic with Conditions
9	Airports – Greenfield	100%	Automatic with Conditions
10	Airports – Brownfield	100%	Automatic with Conditions
11	Air Transport Service - Non-Scheduled	100%	Automatic with Conditions
12	Air Transport Service - Helicopter Services/ Seaplane Services	100%	Automatic with Conditions
13	Ground Handling Services	100%	Automatic with Conditions
14	Maintenance and Repair organizations; flying training institutes; and technical training institutions	100%	Automatic with Conditions
15	Construction Development	100%	Automatic with Conditions
16	Industrial Parks -new and existing	100%	Automatic with Conditions
17	Trading – Wholesale	100%	Automatic with Conditions
18	Trading – B2B E-commerce	100%	Automatic with Conditions
19	Duty Free Shops	100%	Automatic with Conditions
20	Railway Infrastructure	100% Upto 49% in sensitive areas from security point of view	Automatic with Conditions
21	Asset Reconstruction Companies	100%	Automatic with Conditions
22	Credit Information Companies	100%	Automatic with Conditions
23	White Label ATM Operations	100%	Automatic with Conditions
24	Other Financial services	100%	Automatic with Conditions
25	Pharma – Greenfield	100%	Automatic with Conditions
26	Petroleum & Natural Gas - Exploration activities of oil and natural gas fields	100%	Automatic with Conditions
27	Petroleum refining by PSUs	49%	Automatic with Conditions
28	Infrastructure Company in the Securities Market	49%	Automatic with Conditions
29	Commodity Exchanges	49%	Automatic with Conditions
30	Insurance	49%	Automatic with Conditions
31	Pension	49%	Automatic with Conditions
32	Power Exchanges	49%	Automatic with Conditions

The sectoral FDI caps are as follows :

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

B. FDI In Various Entities

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

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

C. FDI By Non-Resident Indian (NRI)

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

Non-Repatriation Basis	A NRI or a company, trust, partnership firm owned and controlled by NRI may purchase without any limit: a. any capital instrument issued by a Company; b. units issued by an investment vehicle; c. capital of a Limited Liability Partnership; d. convertible notes issued by a startup company subject to prescribed conditions. The investments mentioned above can be done upto 100% and will be deemed to be domestic investment.
Repatriation Basis	NRI may, without limit, purchase the following instruments on repatriation basis, a. Government dated securities (other than bearer securities) or treasury bills or units of domestic mutual funds; b. Bonds issued by a Public Sector Undertaking (PSU) in India; c. Shares in Public Sector Enterprises being disinvested by the Central Government, provided the purchase is in accordance with the terms and conditions stipulated in the notice inviting bids; d. Bonds/units issued by Infrastructure Debt Funds; e. Listed non-convertible/redeemable preference shares or debentures issued in terms of Regulation 9 of these Regulations; Other modes of investment like subscription to National Pension System, dated Government securities, treasury bills, listed non-convertible/redeemable preference shares etc are also mentioned in Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations.

D. Reporting Requirement

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

Event based compliances	
For receiving FDI for issue of securities	▪ Indian Company which has received investment for issue of securities shall within 30 days from the date of issue, file Form FCGPR to regional office concerned of RBI. ▪ Jurisdiction of Regional Office concerned shall be governed on the basis of location of registered office of the Company.
For transfer of securities	▪ Reporting in case of transfer to or by foreign investor needs to be performed by way of submitting with the AD Category-I Bank, Form FC-TRS, within sixty days of the transfer of capital instruments or receipt/ remittance of funds whichever is earlier. ▪ The onus of submission of the Form FC-TRS within the given time frame would be on the transferor/transferee, resident in India.
Annual Compliances	
Every Indian company which has received FDI or an LLP which has received investment by way of capital contribution in the previous year(s) including the current year, should submit Annual Return on Foreign Liabilities and Assets (FLA) to the Reserve Bank on or before the 15th day of July of each year. Year for this purpose shall be reckoned as April to March.	

A. FDI from Neighboring Countries

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

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

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

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

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

Key points for investment by such investors are given below.

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

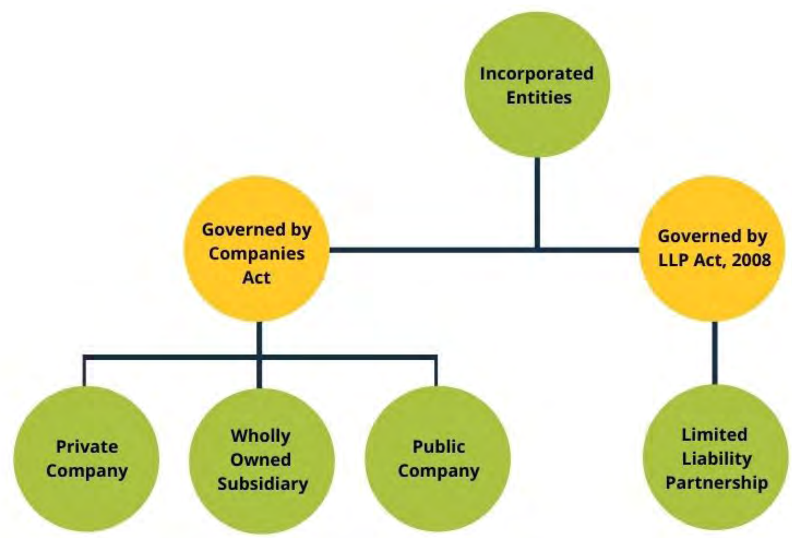
ESTABLISHING AN IDENTITY IN INDIA IN FORM OF AN ENTITY

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



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.
    - 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 ofthe 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 issued by RBI 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 /body corporate.

Public Company

1. Public company" means a company which is not a private company.
2. A company which is a subsidiary of a 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.

4. **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.
   d. 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.

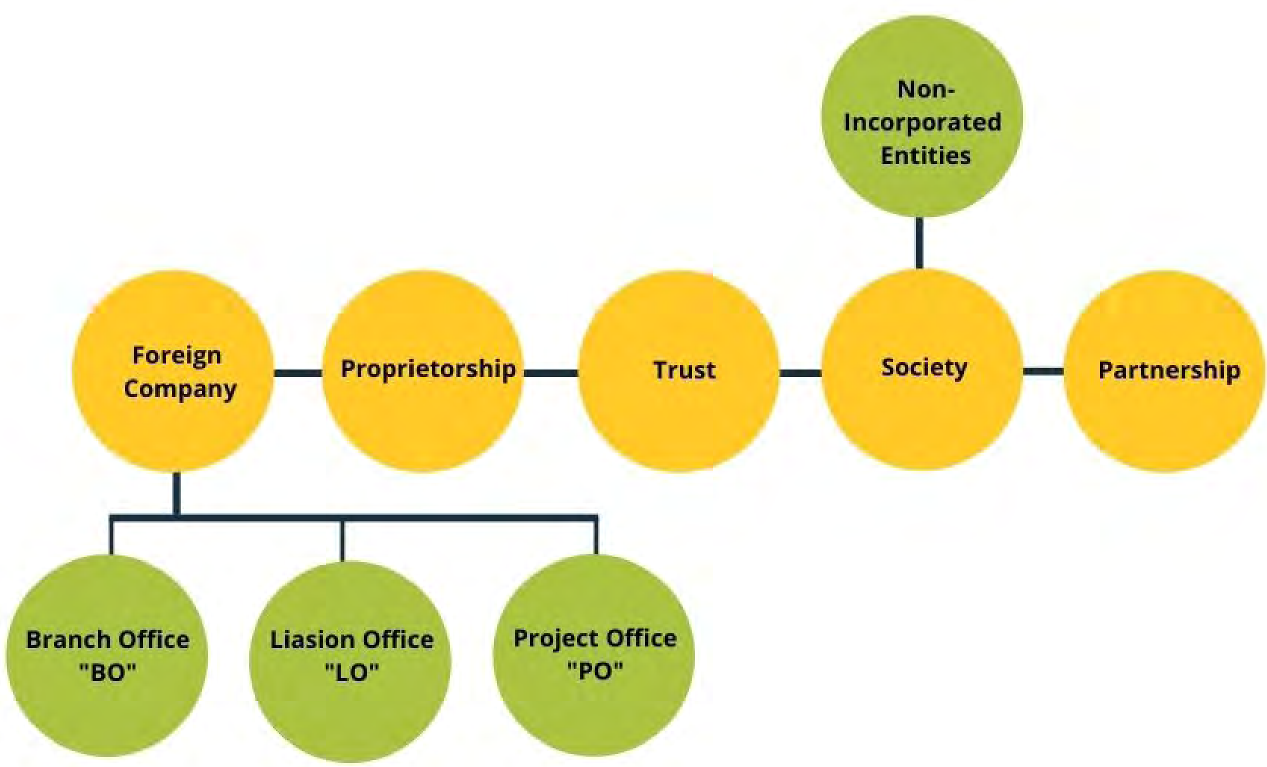
- These entities requires Central Government approval for obtaining a license to be registered as a limited company without the addition to its name of the word "Limited", or as the case may be, the words "Private Limited".
- The charter documents are Memorandum and articles of association (no stamp 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, and ▪ not complied with some 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"
Eligibility Criteria while applying for registration	▪ The non-resident entity India 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 some 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, opens bank account and secure local licenses.
4. Liability of the owner is unlimited as there in no distinction between owner and business.
5. Liability of the owner is unlimited as there in no distinction between owner and business.
6. 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.
7. A person resident outside India other than NRIs/PIO may make an application and seek prior approval of Reserve Bank of India for making investment in the capital of a proprietorship concern on a non-repatriable basis. NRIs/PIO may seek prior permission of Reserve Bank for investment in sole proprietorship concerns with repatriation option. The application will be decided in consultation with the Government of India.

Trust

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

1. **Types of Trust:**
    - **Public charitable or religious trusts-** Income from these trusts is applied to charitable or religious purposes.
    - **Private trusts-** Income from private trusts is available to specified beneficiaries and not the public at large. In some cases, the shares of the individual beneficiaries are fixed or ascertainable, according to the provisions of the trust deed. In others (discretionary trusts), the trustee has the power to apply the income among a class or group of beneficiaries in proportions determined entirely at the trustee's discretion.
2. Trusts are often used as vehicles to hold property for present or future needs of dependents and family members, and sometimes they are used to reduce the burden of tax.
3. A Trust can be created by any of the following methods:
    a. By Trust Deed
    b. By Will
    c. By Transfer of Property
4. Example: a trust that provides for the accumulation of income and capital for specified infant children. Similarly, Retirement trusts are commonly set up by employers to provide retirement benefits to employees.
5. FDI is not permitted in Trusts other than in 'VCF' registered and regulated by SEBI and 'Investment vehicle'.

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.

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

Step 01

Obtaining Digital Signature Certificate "DSC"

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

Step 02

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

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

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

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

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

Step 03

Issuance of Certificate of Incorporation

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

Step 04

Issuance of Certificate of Commencement of business

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

II. Shares and Capital Structures

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

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

Structuring of share capital

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

III. Directors

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

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

IV. Other Statutory Requirements

There are many other compliances/reporting which a company needs to comply with. These reporting are based on the day to day events which are created out of the events ofbusiness 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 on delay on payment of Micro and Small enterprises
- filing of annual return on Outstanding deposited or exempted deposits.
- Various event based returns to be filed with RoC.
- Income tax returns
- Goods and Service tax returns
- Filing of return on Significant Beneficial Ownership (SBO),
- Statutory Audit

V. Meetings

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

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

VI. Corporate Social Responsibility (CSR)

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

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

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

Applicability	Every company having a. net worth of INR 500 crore ($ 67.6 million) or more, or b. turnover of INR 1000 crore ($135 million) or more, or c. a net profit of INR 5 crore ($0.68 million) or more during the immediately preceding financial year, shall contribute to CSR
Policy	CSR policy is to be implemented which dictates the actions to be done by CSR committee
Amount to be spent in CSR	At least two percent of the average net profits of the company made during the three immediately preceding financial years
Committee	CSR committee having a. three or more, out of which one independent director (where there is independent director), or b. two directors (in case of private companies having only two directors.)
Impact Assessment	Companies with average CSR obligation of 10 Crore or more in the 3 immediately preceding financial years, are required to undertake impact assessment through an independent agency for projects of 1 crore or more which have been completed not less than 1 year before undertaking the impact study. The impact assessment report shall be placed before the Board and shall be annexed to the Annual Report on CSR.
Filing of form CSR-1 and CSR-2	Every entity who intends to undertake any CSR activity (as specified above) is required to register itself with the Central Government by filing the Form CSR-1 with effect from the 01st day of April 2021. The CSR-2 form is a Web based form to be filed for the F.Y.-2020-21 and for the upcoming years the form shall be filed as an attachment to for AOC-4, AOC-4 (XBRL), AoC-4 (NBFC).

MERGERS & ACQUISITIONS ("M&A")

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

Legal Framework for M&A in India

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

1. The Contract Act

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

2. The Companies Act 2013

The Act covers applicable provisions and related issues for compromises, arrangements and amalgamations; however, other offers are also attracted to different stages of the process. Amalgamation means integration in accordance with the provisions of the Act. In a consolidation function that includes assets, assets and liabilities of one (or more) company are incorporated and transferred to an existing company or to a new company. Simply put, the transferor meets the transferee and the former loses its business and melts away without finishing. The 2013 law created a new regulator, the National Company Law Tribunal ("Tribunal") which, in its constitution, have taken power for mergers and amalgamation (the High Courts no longer have jurisdiction) in a court of law.
Merger & Amalgamation applications can be filed with the tribunal (NCLT). Both the transferer company and the transferee company shall lodge an application/ scheme of merger with the tribunal under Sections 230-232 of the Companies Act, 2013 for a proposal to approve a merger scheme.
Additionally, the compromise or arrangement may include takeover offer made in such manner as may be prescribed. In case of listed companies, scheme offer shall be as per the regulations framed by the Securities and Exchange Board (SEBI) and shall require SEBI and stock exchange approval period to making of application.

3. Competition Act 2002

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

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

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

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

Acquisitions/Takeover

Acquisition means, directly or indirectly, acquiring or agreeing to acquire shares or voting rights in, or control over, a target company;
Takeover means gaining control over the target company by either acquiring assets, shares or gaining control over the board without physically combining the businesses.

Types Of Mergers/Takeover

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

Different types of mergers and takeover are:

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

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

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

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

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

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

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

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

Demergers

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

Some examples of recent Indian mergers/take overs are:

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

Income Tax Act

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

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

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

SEBI Takeover Code

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

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

SEBI Amends Rules To Make Mergers And Acquisitions Easier

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

Joint Ventures

A joint venture (JV) is a business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a predefined task. In such arrangement, both parties are responsible for profits, losses of the joint venture. It is a form of consortium where two parties come together to form another legal structure. Parties to joint venture usually bind themselves by way of a Joint Venture Agreement.

FDI Exchange Control Regulations – Acquisition through FDI

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

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

Fast Track Merger

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

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

Basis	Particulars
Governing section	Section 233 of Companies Act, 2013
Applicability	▪ Small companies whose paid-up share capital does not exceed Rupees 50 Lakhs and the turnover as per the latest accounting books does not exceed Rupees 2 Crore; ▪ Holding and Wholly Owned Subsidiary Company, can be a public or private company. Further, if the holding company desires to merge with more than one of its wholly-owned subsidiaries, it has to make more than one application. ▪ Between two or more small companies (not applicable for listed companies).
Advantages	▪ No Mandatory approval of NCLT required. ▪ No Need of Issuing Public Advertisement. ▪ No requirement of Court Convened Meeting. ▪ Less Administrative Burden. ▪ Series of Hearing may be avoided. ▪ Registration of scheme shall be deemed to have the effect of the dissolution of transferor companies without the process of winding up. ▪ Comparatively less cost.
Stamping	Mergers attract stamp duties. Stamp duty is a state subject and its applicability is determined on the following two grounds: ▪ The state where the registered office of the company is situated: ▪ The status of the properties being transferred under the scheme.

VISA REQUIREMENTS

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

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

I. Registration Requirements for Foreign National (Foreigners)

Every Foreigner visiting India on Visa(S) which is valid for more than 180 days shall get himself/herself registered at respective FRRO Centre, within 14 days of his/her first arrival, irrespective of the duration of his/her stay. This includes Student Visa(S), Research Visa(R), Medical Visa(M) or Medical Attendant (MED-X) Visa and Employment Visa(E). The registrations can now be done through e-FRRO Online portal.

Even in other Visa types, if the Indian Visa has a stipulation/observation/Special endorsement for registration made by Indian Mission/Embassy on the Indian Visa and on Employment, Medical, Medical Attendant Visas for less than 180 days, the Foreigners are required to be registered

Foreigners visiting India on other categories of long term Visa (valid for more than 180 days) including Business/Entry(X)/Journalist Visa would not require registration with the concerned FRRO if the duration of his/her stay does not exceed 180 days on a single visit. In case a foreigner intends to stay for more than 180 days on a single visit he/she should get himself registered well before the expiry of 180 days. Foreigners possessing tourist Visa are required registration only if they re-enter within 60 days of the last departure & they are asked to register through special endorsement etc.

II. Types of Indian Visa

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

Some of the important categories of visa are given below;

Sr. No.	Category	Description	Period for which granted
1	e-Visa	E-Tourist Visa/E-Business Visa/E-Medical Visa/ E-Medical attendant Visa/e-conference visa For a foreign national to undertake recreation, sightseeing, casual visit to meet friends or relatives and attending a short term yoga programme/ or for the business purpose/ or for undertaking medical treatment.	**e-Conference Visa**-validity would be 30 days from the date of arrival in India with Single entry. e-Medical Visa-validity would be 60 days from the date of first arrival in India and triple entry will be allowed within the e-Visa validity period stamped on your Passport **e-Medical Attendant Visa**- validity would be 60 days from the date of first arrival in India and triple entry will be allowed within the e-Visa validity period stamped on your **e-Tourist Visa (01 year / 05 years**- the validity would be 365 days / 05 years from the date of grant of ETA with Multiple entries and continuous stay during each visit which shall not exceed 90 days except nationals of USA, UK, Canada and Japan. In case of nationals of USA, UK, Canada and Japan, continuous stay during each visit shall not exceed 180 days. **e-Tourist Visa (30 days)**- validity would be 30 days from the date of your first arrival in India. Double entries will be granted within the e-Visa validity period stamped on your Passport.

			e-Business Visa-validity would be 365 days from the date of grant of ETA with Multiple entries and continuous stay during each visit which shall not exceed 180 days and no registration would be required if stay is for a period of less than 180 days. However, if the intention is to stay for more than 180 days, then the foreigner shall get himself/ herself registered with the FRRO/FRO concerned
2.	Business Visa	Business Visitor coming for business purposes	Valid for a period of 5 years with multiple entry and is extendable.
3.	Employment Visa	For short term/ long term remunerative employment/ intracompany transfers etc. The employee's salary must be in excess of US $25,000 per year. This does not apply to ethnic cooks, language teachers (other than English)/ translators, staff working for concerned embassy/ high commission in India.	1 year/ period of contract with multiple entry and is extendable.
4.	Conference Visa	For foreigner whose sole objective of visiting India is to attend a conference/seminar or workshop being held in India. Conference Visa shall not be issued for events which involve politically and/ or socially sensitive subjects.	Conference visa will be issued for the duration of the conference and the travelling time
5.	Tourist Visa	For individual tourist/ for group tourist/ for cruise tourism	Granted for a period of 5 years with multiple entry and is non-extendable in India.
6.	Research Visa	A Research Visa is issued to a foreign research scholar In cases which involve research on subjects related to the foreigner's own country, the research scholar will be required to furnish a brief synopsis of the research proposal in about 150 words and giving full justification (including the benefit he/she would get) for doing the research in India.	for a period of 3 years or for the duration of the research project, whichever is earlier
7.	Transit Visa	It is granted to a foreigner for the sole purpose of enabling him/ her to travel through India to a destination outside India.	A transit visa will ordinarily be valid for a single journey and for entry within 15 days from the date of issue. If the journey is not performed within this period, a fresh transit visa will be required
8.	Missionaries	A Missionary visa is granted to a foreigner whose sole objective of visiting India is Missionary work not involving proselytization.	Maximum period of one year with multiple entry facility. This visa may be extended by FRRO/ FRO concerned on year to year basis for a maximum period of 5 years
9.	Tourist Visa on arrival	The Government of India has introduced this Scheme for the nationals of eleven countries, namely, Japan, Singapore, Philippines, Finland, Luxembourg, New Zealand, Cambodia, Laos, Vietnam, Myanmar and Indonesia.	The Immigration officer may grant single entry Tourist Visa-on-Arrival valid up to 30 days

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

III. Application for Grant of Visa

For Regular/Paper Visa

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

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

E-VISA Application Process

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

IV. Period of validity of passport and visa

Passport should have at least six months validity at the time of making application for grant of visa. It should have at least two blank pages for stamping by the Immigration Officer. The validity of all visas will commence from the date of issue of visa.

V. Visa Processing Time

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

VI. Business Visa

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

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

Conditions for grant of business visa

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

Registration

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

VII. Grant of Permanent Residency Status (PRS)

Preconditions

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

Benefits

- PRS will serve as a multiple entry visa without any stay stipulation.
- will be allowed to purchase one residential property for dwelling purpose. Transfer of immovable property acquired by PRS holder under the PRS Scheme needs to comply with the provisions of FEMA Regulations.
- Spouse/dependents of the investor who are granted PRS will be allowed to take up employment in private sector on the basis of the PRS with the permission of the FRRO/FRO concerned.
- The minimum salary limit of Rs. 16.25 lakhs per annum prescribed for grant of Employment visa to foreign nationals will not be applicable in such cases.
- Spouse/dependents of the investor who are granted PRS can undertake studies in India without a separate Student Visa. No specific permission will be required from FRRO/FRO concerned for this purpose. However, prior to undertaking studies in India, they shall intimate concerned FRRO/FRO about the details of the institution wherein they are seeking admission along with the duration & subject of the course.

Reporting requirement for PRS holders

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

CAPITAL MARKETS

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

Securities and Exchange Board of India (SEBI)

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

Securities Contracts (Regulation) Act 1956 (SCRA)

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

Major Stock Exchanges in India

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

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

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

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

Today BSE provides an efficient and transparent market for trading in equity, currencies, debt instruments, derivatives, mutual funds. BSE SME is India's largest SME platform which has listed over 250 companies and continues to grow at a steady pace. BSE StAR MF is India's largest online mutual fund platform which process over 27 lakh transactions per month and adds almost 2 lakh new SIPs ever month. BSE Bond, the transparent and efficient electronic book mechanism process for private placement of debt securities, is the market leader with more than Rs 2.09 lakh crore of fund raising from 530 issuances. (F.Y. 2017-2018).

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

Types of Capital Market in India

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

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

Initial Public Offer (IPO)

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

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

VCF, AIF and Depository Receipts

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

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

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

	"VENTURE CAPITAL FUND" OR "VCF"	ALTERNATIVE INVESTMENT FUNDS (AIF)	DEPOSITORY RECEIPTS
Meaning	It means a fund established in the form of a trust or a company including a body corporate and registered under SEBI (Venture Capital Funds) Regulations, 1996 which has a dedicated pool of capital raised and invested in a manner specified in the regulations;	It means any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which is a privately pooled investment vehicle which collects funds from investors, whether Indian or foreign, for investing it in accordance with a defined investment policy for the benefit of its investors.	"Global Depositary Receipts" means any instrument in the form of a depositary receipt or certificate created by the Overseas Depositary Bank outside India and issued to non-resident investors against the issue of ordinary shares or Foreign Currency Convertible Bonds of issuing company;
Grant of Certificate/ Permission	A Company or trust or a body corporate proposing to carry on any activity as a VCF must file its application for grant of certificate to SEBI. SEBI may on receipt of such an application either accept or reject the same. On acceptance, it shall grant a certificate of registration on payment of a specified fee by the applicant.	A Company or trust or an LLP or body corporate proposing to carry on any activity as an AIF must file its application for grant of certificate to SEBI. The AIF shall continue to be regulated by the said regulations till the existing fund/ scheme is wound up; such funds does not launch any new scheme; existing fund/scheme has not increased the targeted corpus of the fund/scheme	An issuing company desirous of raising foreign funds by issuing Foreign Currency Convertible Bonds or ordinary shares for equity issues through Global Depositary Receipt is required to obtain the prior permission of the Department of Economic Affairs, Ministry of Finance, Government of India.
Investment	A VCF may raise monies from any investor whether Indian, foreign or non-resident Indian by way of issue of units.Unit means the beneficial interest of the investors in the scheme or fund floated by trust or shares issued by a company including a body corporate;	▪ Alternative Investment Fund may raise funds from any investor whether Indian, foreign or non-resident Indians by way of issue of units; ▪ each scheme of the Alternative Investment Fund shall have corpus of atleast twenty crore rupees; ▪ the Alternative Investment Fund shall not accept from an investor, an investment of value less than one crore rupees:	An Indian company may issue its Rupee denominated shares to a person resident outside India being a depository for the purpose of issuing Global Depository Receipts (GDRs) and/ or American Depository Receipts (ADRs) on receipt of approval from the Ministry of Finance and on fulfilling other statutory conditions.
Prohibitions	It shall be entitled to get its units listed on any recognised stock exchange till the expiry of three years from the date of the issuance of units.	no scheme of the AIF shall have more than one thousand investors and the fund shall not solicit or collect funds except by way of private placement.	Such companies which are not eligible to raise funds from the Indian capital market including a company which has been restrained from accessing the securities market by SEBI will not be eligible to issue (i) Foreign Currency Convertible Bonds and (ii) Ordinary Shares through Global Depositary Receipts.

HUMAN RESOURCE REGULATIONS

Human Resource Regulations

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

I. Employment Regulations

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

II. Industrial Dispute Regulations

Regulation	Overview
Industrial Disputes Act, 1947	• Regulates the investigation and settlement of industrial disputes. • Applicable to every industrial establishment carrying on any business, trade, manufacture or distribution of goods and services irrespective of the number of workmen employed therein. • Deals with unfair trade practices, retrenchment process of the employees, procedure for layoff, procedure and rules for strikes and lockouts of the company.
Trade Unions Act 1926	• Provides for the registration of Trade Unions. • Offers certain privileges and protection to the registered trade unions.

III. Wages Regulations

Regulation	Overview
Minimum Wages Act, 1948	▪ Law fixing minimum rates of wages in certain employments. ▪ Applicable to persons engaged in scheduled employments or in specified class of work in respect of which minimum wages have been fixed. ▪ No employer has the right to pay wages less the minimum rate. ▪ Prevents exploitation of the workers. ▪ It secures the welfare of workers in a competitive market and provides for a minimum limit of wages in both organized and unorganized sectors. ▪ The minimum rates of wages may be fixed at a) time rate, b) piece rate, c) guaranteed time rate and d) overtime rate and are reviewed /revised for every five years by the appropriate govt.
Payment of Wages Act, 1936	▪ Regulate the payment of wages to certain classes of employed persons. ▪ Applicable to the contract labour employed by factories, railways, motor transport companies, ports, docks, mines, quarries and oil fields, workshops and establishments as notified by appropriate government.v
Payment of Bonus Act, 1965	▪ Provide for the payment of bonus to persons employed in certain establishments on the basis of profits or on the basis of production or productivity. ▪ Applicable to every factory and establishment that employs 20 or more persons on any day during an accounting year.
The Payment of Gratuity Act, 1972	▪ Provide for a scheme for the payment of gratuity to employees engaged in factories, mines, oilfields, plantations, ports, railway companies, shops or other establishments. ▪ Applicable to every establishment as mentioned above, in which 10 or more persons are or were employed on any day in the preceding 12 months. ▪ The gratuity shall be paid to an employee on the termination of his employment after she/he has rendered continuous service of at least 5 years (interpreted as 4 years and 240 days) on superannuation, retirement, resignation, death or disablement due to accident or disease. ▪ The period of service can be less than 5 years if the termination of the employee is because of death or disablement.
Pension and Insurance Regulations	There are regulations which provide the pension and insurance benefits and regulates the related matters thereof like The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and The Employees' State Insurance Act, 1948.

Equal Remuneration Act	It provides for the payment of equal remuneration to men and women workers and for the prevention of discrimination, on the ground of sex, against women in the matter of employment and for matters connected therewith or incidental thereto.
There are some other regulations which also needs attention like Employee State Insurance Act, 1952, The Apprentices Act, 1961, Weekly Holidays Act 1942, Beedi and Cigar Workers Act 1967, Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, Child Labour (Prohibition and Regulation) Act, 1986, Equal Remuneration Act, 1976	

IV. Health & Safety Regulations

Regulations	Overview
The Workmen's Compensation Act 1923	▪ Provide for the payment by certain classes of employers to their workmen of compensation for injury by accident. ▪ Applicable to industrial establishments as defined under the Act where compensation is to be paid only in case of an injury and not in any other case. ▪ The injury is categorized into two parts as partial disablement and total disablement. ▪ Safeguards the interest of the workers who are working in hazardous industry.
The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013	▪ Provide protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment. ▪ Applicable to all establishments. ▪ Every establishment where more than 10 workers are employed needs to constitute "Internal Complaints Committee" to report incidents of sexual harassment at their place of work.
The Maternity Benefit Act, 1961	• Regulate the employment of women in certain establishments for certain periods before and after child-birth and to provide for maternity benefit. • Applicable to all establishments employing 10 or more persons.
There are all other laws which safeguard the health and working conditions of employees and provides relief thereof like Factories Act 1948 consolidated existing factory safety laws.	

Recent Changes in Labour Regulations

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

Particulars	The Code on Social Security, 2019	The Industrial Relations Code, 2019	The Code on Wages 2019	The Occupational Safety, Health and Working Conditions Code, 2019
Legislative Status	Introduced in Lok Sabha on December 11, 2019 and is pending to be passed	Introduced in Lok Sabha on November 28, 2019 and is pending to be passed	Introduced in Lok Sabha on July 23, 2019 & passed on 8th August, 2019	Introduced in Lok Sabha on July 23, 2019 and is pending to be passed

Laws Replaced	Replaces nine laws related to social security, including the Employees' Provident Fund Act, 1952, the Maternity Benefit Act, 1961, and the Unorganised Workers' Social Security Act, 2008.	It seeks to replace three labour laws: (i) the Industrial Disputes Act, 1947, (ii) the Trade Unions Act, 1926, and (iii) the Industrial Employment (Standing Orders) Act, 1946.	The Code replaces the following four laws: (i) the Payment of Wages Act, 1936, (ii) the Minimum Wages Act, 1948, (iii) the Payment of Bonus Act, 1965, and (iv) the Equal Remuneration Act, 1976.	It subsumes and replaces 13 labour laws relating to safety, health and working conditions. These laws include: Factories Act, 1948; Mines Act, 1952; Dock Workers Act, 1986; Contract Labour Act, 1970; and Inter-State Migrant Workers Act, 1979.
Objective	To amend and consolidate the laws relating to social security of the employees and workers either in the organized or unorganized or any other sectors and for matters connected therewith or incidental thereto. It includes the measures of protection afforded to employees, inclusive of unorganised workers, gig workers and platform workers to ensure access to health care and to provide income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a breadwinner by means of rights conferred on them and schemes framed, under the Code on Social Security, 2020	To consolidate and amend the laws relating to Trade Unions, conditions of employment in industrial establishment or undertaking and all other related matters	It seeks to regulate wage and bonus payments in all employments where any industry, trade, business, or manufacture is carried out and to consolidate the existing laws relating to wages and bonus.	To consolidate and amend the laws regulating the occupational safety, health and working conditions of the persons employed in an establishment. The 2020 Bill provides that women will be entitled to be employed in all establishments for all types of work under the Bill. It also provides that in case they are required to work in hazardous or dangerous operations, the government may require the employer to provide adequate safeguards prior to their employment. Certain other features are health checkup, format of appointment letter, safety officer , working and overtime hours , working on holiday conditions, leave encashment etc

Employment Documentation

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

DATA PRIVACY & INFORMATION TECHNOLOGY

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

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

Information Technology Act

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

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

Current Data Privacy Regulations

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

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

The Personal Data Protection Bill

With the digitalization of the economy, the use of electronic data is considered as critical means of communication among people and thus it is necessary to protect personal data as an essential facet of informational privacy. The Information Technology Act, 2000 lacks the structuring related to data privacy laws which urged the government to establish and introduce a specific law which single handedly deals out with the questions of data privacy and protection thereof. The government is currently working on a draft bill which will be single bill covering privacy, data protection and data sharing and will cover issues such as non-personal data, social media regulation, data localization and hardware security requirements.

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

INTELLECTUAL PROPERTY

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

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

ENVIRONMENTAL LAWS

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

Salient features of the main environmental laws are as follows:

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

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

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

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

Other environmental laws are briefly described below:

LAW	DESCRIPTION
Electronic Waste Management Rules	These rules were enacted to manage e-waste and lays down the responsibilities of producers, collection centres, consumers, recyclers etc. . These rules prohibit specific Single –use Plastic items which have “low utility and high littering potential”
Bio-Medical Waste Management Rules	These rules were implemented to improve the collection, segregation, processing, treatment and disposal of bio-medical wastes in an environmentally sound management thereby, reducing the bio-medical waste generation and its impact on the environment.
Plastic Waste Management Rules	These rules were implemented to give thrust on plastic waste minimization, source segregation, recycling, involving waste pickers, recyclers and waste processors in the collection of plastic waste fraction either from households or any other source of its generation or intermediate material recovery facility and adopt polluter’s pay principle for the sustainability of the waste management system
Solid Waste Management Rules	These rules manage solid waste by laying down the duties of waste generators, Ministry of Environment, Ministry of Urban Development, Department of fertilizers etc. The government has also established a Central Monitoring Committee to monitor the overall implementation of the rules.
Construction & Demolition Waste Management Rules	These Rules have been made effective with the primary objective to encourage an integrated approach to construction and demolition (C&D) waste management and provide both general and specific guidance in relation to the preparation of satisfactory environmental construction and demolition waste management practices in cities with varying population.

Hazardous & Other waste (Management and Transboundary Movement) Rules	These rules lay down procedures for management of hazardous and other waste, import and export of hazardous and other waste, treatment, storage, disposal facility, packaging, labelling and transport for such waste.
Manufacture, Storage & Impport of Hazardous Chemical Rules	These rules were enacted in 1989 by the Ministry of Environment & Forests (MoEF) and later amended. It regulates the manufacture, storage and import of hazardous chemicals in India. The transport of hazardous chemicals must meet the provisions of the Motor Vehicles Act.
Coastal Regulation Zone Notification	It was implemented for the regulation of activities in the coastal area by the Ministry of Environment and Forests (MoEF). As per the notification, the coastal land up to 500m from the High Tide Line (HTL) and a stage of 100m along banks of creeks, estuaries, backwater and rivers subject to tidal fluctuations, is called the Coastal Regulation Zone
Wild Life (Protection) Act	This Act is enacted by the Parliament of India which ensures protection of plants and animal species. The Act provides for the protection of wild animals, birds and plants; and for matters connected there with or ancillary or incidental thereto
Forest (Conservation) Act	This act is enacted by the parliament of India which ensures the conservation of forests and its resources and in order to control the ongoing deforestation of the forests of India
Biological Diversity Act	This is an Act for preservation of biological diversity in India, and provides mechanism for equitable sharing of benefits arising out of the use of traditional biological resources and knowledge.
The ozone-depleting substances (regulation and control) rules, 2000.	These rules prohibit the use of CFCs, halons, ODSs such as carbon tetrachloride and methyl chloroform, and SFC except in metered-dose inhalers and for other medical purposes.

Environmental disputes and measures taken thereof.

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

National Green Tribunal

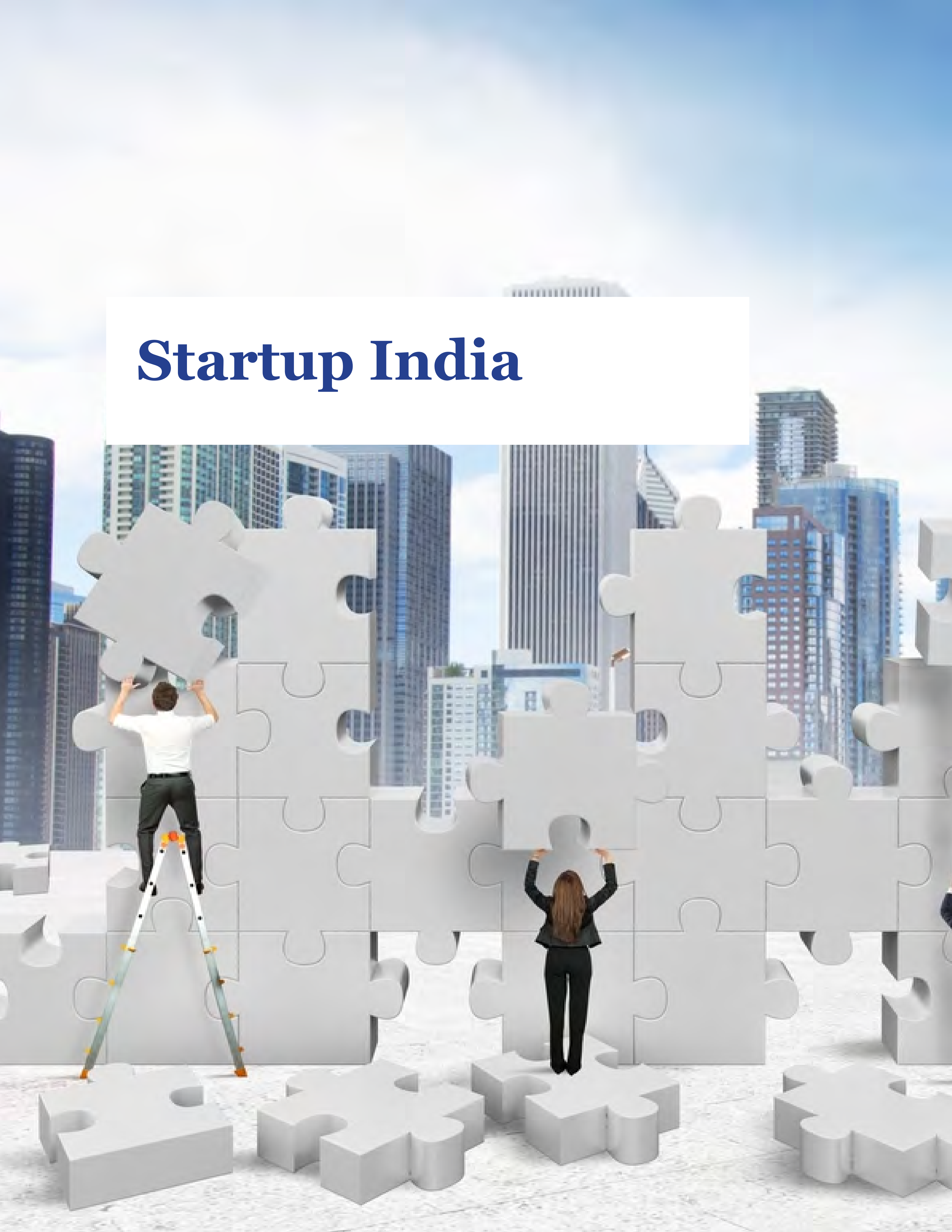
The National Green Tribunal is a specializedbody equipped with the necessary expertise to handle environmental disputes involving multi-disciplinary issues and to give relief and compensation for any damage caused to persons and properties.. the Principal Bench of the NGT has been established in the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

Environmental Insurance

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

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

Startup India



START UP INDIA

A doorway to business opportunities

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

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

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

Process of Recognition

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

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

Non-Tax Benefits under Startup Scheme

Particulars	Benefits
Self-certification under Labour & Environment laws	Self-certification means start-ups are permitted to self-certify compliance with 6 (Six) existing labour laws and 3 (Three) environmental laws. This self-certification can be done online. In case of the labour laws, no inspections will be conducted for a period of 5 (Five) years. Startups may be inspected only on credible and verifiable complaints relating to violation and such complaint should be approved by at least one level senior to the concerned inspecting officer. 6 labour laws which are covered in this regard are: • The Building and Other Construction Workers' (Regulation of Employment & Conditions of Service) Act, 1996; • The Inter-State Migrant Workmen (Regulation of Employment & Condition of Service) Act, 1979; • The Payment of Gratuity Act, 1972; • The Contract Labour (Regulation and Abolition) Act, 1970; • The Employees' Provident Funds and Miscellaneous Provisions Act, 1952; and • The Employees' State Insurance Act, 1948
Start India Hub	• Ministry of Commerce & Industry launched the Startup India Virtual Hub, an online platform for all the stakeholders in the entrepreneurial ecosystem in India to discover & connect with each other. • It also provides a platform to assist startups through their lifecycles with specific focus on important aspects like obtaining financing, feasibility testing, business structuring advisory, enhancement of marketing skills,technology commercialization and management evaluation.
Intellectual Property	• Fast-tracking of startup patent applications.
Rights (IPR) benefits	• Panel of facilitators to assist in IP applications. • 80% Rebate filing an application of patentsand 50% rebate in filing of trademark application, this helps them cut down on costs in their early years.
Relaxation in public procurements norms	• Exemption in respect of past experience a part of qualifying requirements of the tender • Exemption in respect of past turnover as part of qualifying requirements of the tender • Startups will also be eligible for purchase preferences accruing to all industries in the State in the public procurement (Preference to Make in Punjab) Order, 2019
Incentives by Reserve Bank of India (RBI)	• RBI has issued relaxed norms for startups for external borrowing upto USD 3 million for minimum average maturity of three years. Lenders can be resident of FATF7 member countries • Startup with overseas subsidiary may open a foreign currency account with a bank outside India.. • Payments received in foreign exchange by an Indian startup arising out of sales/ export made by the startup or its overseas subsidiaries will be a permissible credit to the Exchange Earners Foreign Currency (EEFC) account maintained in India by the startup. • Enabling start-up enterprises, to receive foreign venture capital investment and also explicitly enabling transfer of shares from Foreign Venture Capital Investors to other residents or non-residents. • Startup India Seed Fund Scheme (SISFS) has been approved for the period of next four years starting from 2021-22. It will be implemented with effect from 1st April 2021. The Scheme aims to provide financial assistance to startups for proof of concept, prototype development, product trials, market entry and commercialization • Permitting, in case of transfer of ownership of a start-up enterprises, receipt of the consideration amount on a deferred basis as also enabling escrow arrangement or indemnity arrangement up to a period of 18 months;

Particulars	Benefits
	• Enabling online submission of A2 forms for outward remittances on the basis of the form alone or with document(s) upload/submission, depending on the nature of remittance; and • Simplifying the process for dealing with delayed reporting of Foreign Direct Investment (FDI) related transaction by building a penalty structure into the regulations itself
Acceptance of Deposits	• A private company which is a start-up, for ten years from the date of its incorporation can accept any amount as deposits from its members, providedit does necessary compliances and files the details of monies so accepted to the Registrar of companies in Form DPT-3.
Faster exit for Startups	• MCA considers startups as 'fast track firms' enabling them to wind up operations within 90 days vis-à-vis 180 days for other companies • Under IBC Code, 2016 an insolvency professional shall be appointed for the Startup, who shall be in charge of the company for liquidating its assets and paying its creditors within 6 months of filing winding up application.

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

Tax benefits under the Indian Income Tax Act

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

1. it is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, 2023 ;
2. the total turnover of its business does not exceed one hundred crore rupees in the financial year under which deduction is claimed and
3. it holds a certificate of eligible business from the Inter-Ministerial Board of Certification as notified in the Official Gazette by the Central Government;

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

The tax Benefits subject to certain conditions are

- Deduction of 100% of profit for 3 years
- Exemption from tax on long-term capital gains
- Exemption from capital gains tax if the long term capital gains proceeds are invested by individual or HUF in units of such specified startup fund.
- Exemption from angel tax,where a company receives any consideration for issue of shares above its Fair Market Value (FMV) of the shares
- In the case of a company being an eligible start-up, the loss shall be carried forward and set off against the income of the previous year, even if a change in shareholding has taken place in a previous year

Financing your Indian Entity

FINANCING YOUR INDIAN ENTITY

Once an Indian entity is legally established, its next step is to commence its business in order to fullfill 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: • Automatic Route (no government approval is required) • 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
Compliances	▪ The preference share capital can be brought in upto the limit specified under the capital clause of Memorandum of Association of Company. ▪ Valuation certification by Registered Valuer is required using any international accepted valuation methodology. ▪ Issue of CCPS shall be considered as FDI and is regulated by the guidelines laid in FDI policy.
Return on income	The fixed rate of Dividend shall be paid to preference share holders. This dividend can be paid either cumulatively (one-time at maturity) or non-cumulatively (at fixed period).

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

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

Utilisation of ECB	The negative list, for which the ECB proceeds cannot be utilised, would include the following: a) Real estate activities b) Investment in capital market. c) Equity investment. d)Working capital purposes, except in case of ECB described above in point related to maturity period. e) General corporate purposes, except in case of ECB described above in point related to maturity period . f) Repayment of Rupee loans, except in case of ECB described above in point related to maturity period. g) On-lending to entities for the above activities, except in case of ECB raised by NBFCs
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 (necessaily a chartered accountant/ cost accountant./ merchant banker ▪ Upon investment, the allotment details, pricing, valuation certificate has to be intimated to RBI within 30 days of allotment.
Company Law compliances	▪ The Companies Act 2013 requires that securities shall be issued through private placement process by issuance of a Private Placement Offer Letter ("PPOL"). The PPOL has to be approved by the board and the shareholders of the investee company and filed with the Registrar of Companies. ▪ Upon investment, the Board will allot and issue CCD and CCD certificates to each investor.
Shareholding rights to debenture holder	▪ To accrue upon conversion of CCDs into shares in the capital of the investee company.

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

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

Tax, Transfer Pricing & Foreign Trade Policy

- Tax system in India
- Direct Tax
- Transfer Pricing
- GST
- EWay Bills
- VAT & Excise
- Customs
- Foreign Trade Policy

TAX SYSTEM IN INDIA

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

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

Tax System is mainly classified into:

- **Direct taxes:** Tax incidence is born by the payer of tax and includes income tax, gift tax, stamp duty, security transaction tax, etc.
- **Indirect taxes:** Tax incidence is not born by the payer of tax and transferred to consumer of goods and services. It includes GST, Custom duty VAT, Excise duty etc. India also has its foreign trade policy.

Direct Tax

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

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

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

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

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

Tax Rates

a. Individual, HUF (AOP, BOI)

Income Slab (Existing Tax Scheme)	Tax rates Under Existing Regime with Deduction	Income Slab (New Tax Scheme	New Tax rates Under New Regime without Deduction
0 - 250,000	NIL	0 - 250,000	NIL
250,000 - 500,000	5% + 4% Cess= 5.2%	250,000 - 500,000	5% + 4% Cess= 5.2%
500,000 – 750,000	20% + 4 % Cess = 20.8%	500,000 – 750,000	10% + 4% Cess= 10.4%
750,000 – 1,000,000	20% + 4 % Cess = 20.8%	750,000 – 1,000,000	15% + 4% Cess= 15.6%
1,000,000 – 5,000,000	30% + 4% Cess= 31.2%	1,000,000 – 1,250,000	20%+ 4% Cess = 20.8%
		1,250,000 - 1,500,000	25% + 4% Cess = 26%
		1,500,000 - 5,000,000	30% + 4% Cess = 31.2%

Income Slabs	Tax Rates under Existing and Proposed Regime
5,000,000 – 10,000,000	30% + 10 % Surcharge + 4% Cess = 34.32%
10,000,000 – 20,000,000	30% + 15 % Surcharge + 4% Cess = 35.88%
20,000,000–50,000,000	30% + 25 % Surcharge + 4% Cess = 39%
Above 50,000,000	30% + 37 % Surcharge + 4% Cess = 42.74%

b. Partnership Firm (including LLP)

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

c. Domestic Company

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

d. Foreign Company

Company	Tax Rate
Foreign Company having income from Royalty or Fee for Technical Services	10% + Cess @4% = 10.4% 10 % + Surcharge @ 2% (If Income exceeds INR 1 Crore) + Cess @ 4 % = 10.608% 10 % + Surcharge @ 5% (If Income exceeds INR 10 Crore) + Cess @ 4 % = 10.92%
Foreign Company having Interest Income and TDS deducted u/s 194LC	5% + Cess @4% = 5.2% 5 % + Surcharge @ 2% (If Income exceeds INR 1 Crore) +Cess @ 4 % = 5.304% 5 % + Surcharge @ 5% (If Income exceeds INR 10 Crore) + Cess @ 4 % = 5.46%
Foreign Company	40% 40 % + Surcharge @ 2% (If Income exceeds INR 1 Crore) +Cess @ 4 % = 42.432% 40 % + Surcharge @ 5% (If Income exceeds INR 10 Crore) + Cess @ 4 % = 43.68%

Due Dates of Income Tax Return

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

Employee Taxes

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

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

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

Tax Losses

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

Withholding Taxes

a. Tax Deducted at Source (TDS)

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

b. Tax Collected at Source (TCS)

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

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

TDS and TCS returns deadlines

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

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

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

Tax Audit

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

Tax Assessments

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

General Anti avoidance Rules (GAAR)

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

Transfer Pricing

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

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

Documentation and Filings

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

Safe Harbor Rules

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

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

Penalties Under Transfer Pricing & Income Tax

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

Goods and Service Tax (GST)

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

Silient Feature of GST

- There is a concept of supply where the tax is levied on the supply of goods and services or both.
- GST is destination-based tax hence there are three types of tax involved in GST.

  a. **Integrated Tax (IGST)** – This tax is levied on all interstate supplies, where buyer or seller belongs to different state. The import and export of goods and services are considered as interstate supplies.
  b. **Central Tax (CGST)** - This tax is levied by central government on all intra-state supplies, where buyer and seller belong to same state.
  c. **State/Union Territory Tax (SGST/UTGST)** - This tax is levied by state government on all intra-state supplies, where buyer and seller belong to same state.

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

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

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

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

GST Reconciliation Statement

Reconciliation under GSTR-9C: Every registered person under GST whose revenue during a financial year exceeds specified limit shall require toprepare 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 12.23 Million (INR 10 Cr) in any preceding financial year.

GST Assessments

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

Penalties under GST

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

Eway Bills

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

Vat & Excise

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

Customs

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

Types of custom duty

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

Special Valuation Branch

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

Foreign Trade Policy

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

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

The existing Foreign Trade Policy 2015-20 which was valid up to September 30, 2022 is extended up to March 31, 2023.

Foreign Trade Policy 2015-20 and other schemes provide promotional measures to boost India's exports with the objective to offset infrastructural inefficiencies and associated costs involved to provide exporters a level playing field. Brief of these measures are as under:

- **Remission of Duties and Taxes on Export Products (RoDTEP)**

  Remission of Duties and Taxes on Export Products (RoDTEP) is a scheme for Export. The Centre has introduced the RoDTEP scheme to boost our Exports and competitiveness in the global markets. The RoDTEP is notified by Department of Commerce and administered by Department of Revenue.

  Remission of Duties and Taxes on Export Product (RoDTEP) is based on the globally accepted principal that taxes and duties should not be exported, and duties/taxes levies on the exported product should be either exempted or remitted to exporters.

  The scheme was implemented for exports from 01st January 2021. The quantum of rebate would be granted as a percentage of FOB or fixed amount per unit measurement. The RoDTEP scheme is available to all exporters irrespective of their status in respect of goods manufactured in India. The RoDTEP benefit is covering 8555 tariff items.

  The RoDTEP scheme helps the Export Centric industries to reformed and introduced a better mechanism so as to increase their competitiveness, boost exports and generate employment and contribute to overall economy. RoDTEP should also provide the benefit to Advance Authorization Holders, DFIA, ARO, EOUs, SEZs as they also suffer embedded taxes and also incur taxes on fuel for both inward and outward transportation. This scheme replaced the pre-existing MEIS scheme as on January 2021.

- **Service Exports from India Scheme (SEIS)**

  SEIS provides for rewards to all Service providers of notified services, who are providing services from India, regardless of the constitution or profile of the service provider. The rate of reward under SEIS is be based on net foreign exchange earned. Government is working on a new scheme to replace SEIS to address issues of competitiveness and ensure benefit to small players.

- **Export Promotion of Capital Goods scheme**

  EPCG Scheme allows import of capital goods for pre-production, production and post-production at Zero customs duty. Capital Goods imported under EPCG Authorisation for physical imports are also exempt from IGST and Compensation Cess. The export obligation in the normal course to be fulfilled is equivalent to 6 times of duty saved on capital goods to be fulfilled in 6 years reckoned from the date of issue of authorisation. The continuing of this scheme is under review by the government.

- **Advance Authorization Scheme**

  Under this scheme, duty free import of inputs are allowed, that are physically incorporated in the export product (after making normal allowance for wastage) with minimum 15% value addition. AA is issued either to a manufacturer exporter or merchant exporter tied to a supporting manufacturer(s).

SPECIAL ECONOMIC ZONES

India was one of the first 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 in 1965. With a view to overcome the shortcomings experienced on account of the multiplicity of controls and clearances; absence of world-class infrastructure, and an unstable fiscal regime and with a view to attract larger foreign investments in India, the Special Economic Zones (SEZs) Policy was announced in April 2000. Thereafter, the Special Economic Zones Act, 2005, was passed, supported by SEZ Rules. At present, there are SEZ operational in various states and union territories in India viz, Gujarat, Maharashtra, Kerala, Tamil Nadu, Andhra Pradesh, West Bengal, Uttar Pradesh, Rajasthan,Chandigarh, Chhattisgarh, Haryana, Karnataka, Madhya Pradesh, Odisha, Punjab, Telangana etc.

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

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

The main objectives of the SEZ Act are:

- generation of additional economic activity
- promotion of exports of goods and services
- promotion of investment from domestic and foreign sources
- creation of employment opportunities
- development of infrastructure facilities

Advantages of SEZ

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

Customs

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

Income Tax

- Rebate from capital gain tax in the event of shifting industrial undertaking from urban area to an SEZ.
- Deduction of income available to Offshore Banking Units in SEZ, 100% for first 5 years and 50% for next 5 years.
- Deduction of income available to Unit of an International Financial Services Centre in SEZ, 100% for 10 years.

Goods & Service Tax

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

Single Window Clearance

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

Others

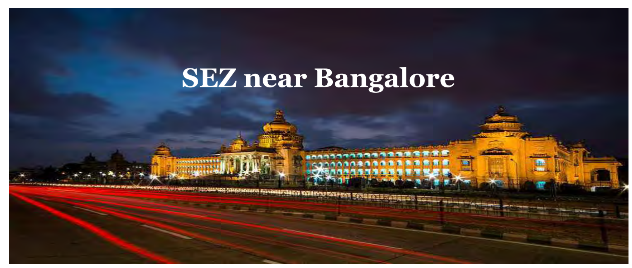
Additionally, rebate in respect of stamp duty on purchase of land by SEZ units and availability of power supply at concessional rates are also there.

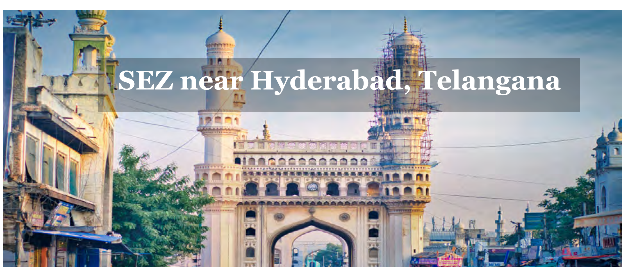
SEZ Locations in India

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

There are 7operational SEZs in Mumbai,
Navi Mumbai and Thane and 25 in Maharastra

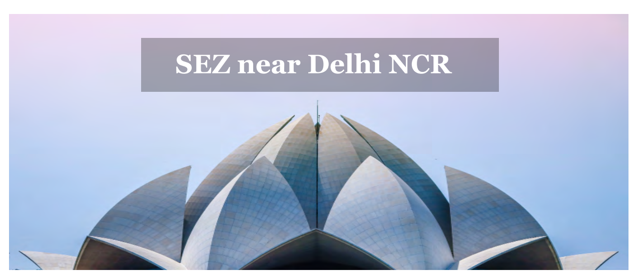
There are about 12 operational SEZ in Bangalore.
and 25 in Karnataka





there are 28 operational SEZ in Telangana.

There are 17 operation SEZs in Delh NCR, majorly in
Gurgaon and Noida.



SEZ Developers

Who can develop a SEZ

SEZ can be developed by any person or by State Government or jointly by Central and State Government on obtaining letter of approval by applicable authority.

A SEZ may be established for manufacture of goods or rendering services or for both or as a Free Trade and Warehousing Zone.In order to grant its approval, the Central Government may prescribe the minimum area of land and other terms and conditions to undertake authorized operations and shall also lay developer's obligations and entitlement.

Application process

Application can be filed by any individual, co-operative society, company or partnership firm for setting up of Special Economic Zone. The application is to be made in Form-A to the concerned State Government and the Board of Approval (BOA) in the Department of Commerce, Government of India. However, the application would be considered by the BOA only when the State Government recommendation is received. The applicant is required to meet the minimum area requirements for setting up a SEZ. Once the Board gives formal approval and the concerned Development Commissioner gives an inspection report certifying the contiguity and vacancy of the area, the area is notified as SEZ.

Types of SEZ and its minimum area requirement

Minimum area requirements for setting up a SEZ are as follows:

Multi Sector SEZ
1000 hectars

Sector Specific SEZ
100 hectars

Free Trade and Warehousing Zone (FTWZ)
40 hectars

IT/ITES/handicrafts SEZ Biotechnology/non-conventional energy/gems and jewelry Sector
10 hectars

The government is likely to introduce the Development of Enterprise and Service Hubs (DESH) Bill in the upcoming session of Parliament. Through this, the government is aiming to revive the interest in SEZs and develop more inclusive economic hubs and expand the ambit of the SEZs to make them WTO-compliant and perform roles that go beyond export orientation.

Unlike in the SEZ ecosystem, the government has proposed to create developmental hubs, whose focus is not limited to exports, but also to cater to the domestic markets. The Bill also seeks to integrate existing industrial estates such as textiles and food parks by converting them into developmental hubs.

The DESH bill proposes to offer an online single-window portal for the grant of time-bound approvals for establishing and operating the hubs.

The DESH Bill classifies two types of developmental hubs -- Enterprise and services hubs. While the enterprise hubs will have land-based area requirements and be allowed for both manufacturing and services activities, services hubs will have built-up area requirements and be allowed for only services-related activities. These development hubs can be set up by the Centre or state, or jointly by them or by any manufacturer of goods and services.

One of the key aspects of the new DESH Bill is also to promote the expansion of the gambit of service sector units. Currently, only specified services such as IT, ITeS are allowed in special economic zones.

DOUBLE TAX AVOIDANCE TREATIES, MULTILATERAL INSTRUMENTS AND FREE TRADE AGREEMENTS

India has entered into double taxation avoidance agreement and information exchange agreements with various countries to avoid incidence of double taxation and tax evasion. Further India has also entered into various types of memorandum of understandings or CEPA's or agreements or joint communique or commercial dialogue or study reports or development program for free trade and economic cooperation with various countries and regions.

The list of countries with whom India has DTAA and some form of economic cooperation understanding has been reproduced below for ready reference

S. No.	Country Name	DTAA/IEA	FTA/VECA
1	South Africa	Yes	Yes
2	Albania	Yes	
3	Armenia	Yes	
4	Australia	Yes	Yes
5	Austria	Yes	
6	Argentine	Yes	Yes
7	Bangladesh	Yes*	Yes
8	Belarus	Yes	
9	Belgium	Yes	
10	Bhutan	Yes	Yes
11	Botswana	Yes	Yes
12	Brazil	Yes	Yes
13	Bulgaria	Yes	
14	Canada	Yes	Yes **
15	China	Yes	Yes
16	Colombia	Yes	Yes
17	Croatia	Yes	Yes
18	Cyprus	Yes	
19	Czech Republic	Yes	
20	Denmark	Yes	
21	Estonia	Yes	
22	Ethiopia	Yes	
23	Fiji	Yes	
24	Finland	Yes	
25	France	Yes	
26	Georgia	Yes	
27	Germany	Yes	
28	Greece	Yes	
29	Hashemite Kingdom Of Jordan	Yes	
30	Hong Kong	Yes	
31	Hungary	Yes	
32	Hungary	Yes	

DTAA: Double taxation Avoidance Agreements, *IEA: Information Exchange Agreement
FTA: Free trade agreement, VECA : Various Economic cooperation agreements
**: Current negotiations

S. No.	Country Name	DTAA/ IEA	FTA/ VECA
33	Iceland	Yes	
34	Ireland	Yes	
35	Israel	Yes	Yes**
36	Italy	Yes	
37	Japan	Yes	Yes
38	Kazakhstan	Yes	
39	Kenya	Yes	
40	Korea	Yes	Yes
41	Kuwait	Yes	Yes
42	Kyrgyz Republic	Yes	
43	Latvia	Yes	
44	Libya	Yes	
45	Lithuania	Yes	
46	Luxembourg	Yes	
47	Malaysia	Yes	Yes
48	Marshall Islands	Yes	
49	Mongolia	Yes	
50	Montenegro	Yes	
51	Morocco	Yes	
52	Mozambique	Yes	Yes
53	Myanmar	Yes	Yes
54	Malta	Yes	
55	Namibia	Yes	
56	Nepal	Yes	Yes
57	Netherlands	Yes	
58	New Zealand	Yes	Yes
59	Norway	Yes	
60	OECD Member Countries	Yes	
61	Oman	Yes	Yes
62	Oriental Republic of Uruguay	Yes	
63	Poland	Yes	
64	Philippines	Yes	
65	Portuguese Republic	Yes	
66	Qatar	Yes	Yes
67	Romania	Yes	
68	Russia	Yes	Yes
69	Indonesia	Yes	Yes
70	Macedonia	Yes	
71	Saudi Arabia	Yes	Yes
72	Serbia	Yes	
73	Singapore	Yes	Yes
74	Slovak Republic	Yes	
75	Slovenia	Yes	
76	Spain	Yes	

S. No.	Country Name	DTAA/ IEA	FTA/ VECA
77	Sri Lanka	Yes	Yes
78	Sudan	Yes	
79	Sweden	Yes	
80	Swiss Confederation	Yes	
81	Syrian Arab Republic	Yes	
82	Tajikistan	Yes	
83	Tanzania	Yes	Yes
84	Thailand	Yes	Yes
85	Trinidad and Tobago	Yes	
86	Turkey	Yes	
87	Turkmenistan	Yes	
88	UAE	Yes	Yes
89	UAR (Egypt)	Yes	
90	UK	Yes	Under Negotiation
91	USA	Yes	Yes
92	Uganda	Yes	Yes
93	Ukraine	Yes	
94	United Mexican States	Yes	
95	Uzebkistan	Yes	
96	Vietnam	Yes	Yes
97	Zambia	Yes	Yes
98	Chile	No	Yes

Multilateral Instruments (MLI)

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

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

As on July 28, 2022 India has signed and being party to Multilateral convention to implement tax treaty related measures to prevent base erosion and profit shifting with 99 jurisdictions.

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

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

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

Dispute Resolution

DISPUTE RESOLUTION

In business, we face such circumstances which led to disputes with the other parties like suppliers, customers, creditors, debtors, employees, government or any other party involved in the functioning of the same. Indian law provides various dispute resolution processes.

The dispute resolution processes fall into two major types:

- **Adjudicative processes,** such as litigation or arbitration, in which a judge, or determines the outcome and
- **Consensual processes**, such as collaborative law, mediation, arbitration, conciliation, or negotiation, in which the parties attempt to reach agreement.

Considering the above, there are different dispute resolution mechanism, deals with civil and criminal matters, Company law related matters, tax (direct and indirect tax) related matters.:

Civil & Criminal matters	Company Law related matters
Tax related matters	Other resolution mechanisms

Civil and Criminal Matters

The civil and criminal judicial system is categorized into three tiers-

Adjudicating authorities	Scope
Supreme Court	Apex court where appeals can be filed for the orders passed by the High Courts.
High Court	The High Courts are state-wise and takes up issues on state level and takes up appealed cases of district courts falling under their jurisdiction.
District Courts	The District Courts are the lower level courts and the party aggrieved of the order of the Court can appeal in the High Court.
Special Courts/ Tribunals	Special courts or Tribunals exist for the sake of providing effective and speedy disposal for matters requiring specialised expertise relating to specific kinds of disputes. Tribunals are constituted under certain special laws.

The courts can be civil courts as well as criminal courts and takes up civil and criminal cases respectively. The Government of India has recently enacted Commercial courts to take up commercial matters. This has improved the disposal rate in respect of commercial disputes, since it is time based and shifted the burden of above-mentioned adjudicating authorities.

Company Law Related Matters

The Companies Act, 2013 has also introduced various provisions for resolution of disputes where in different authorities takes up the cases as defined to them.

Adjudicating authorities	Scope
Registrar of companies and Regional directors	• As per companies act 2013 certain powers of adjudication of penalties have been delegated to Registrar of Companies (ROC) and regional directors.
National Company Law Tribunal (NCLT)	▪ NCLT was constituted for resolving company law matters in a speedy and efficient manner. ▪ Notification dated December 7, 2016 transferred proceedings pending before the district and high courts to the NCLT.
National Company Law Appellate Tribunal	▪ National Company Law Appellate Tribunal (NCLAT) was constituted under for hearing appeals against the orders of- ▪ National Company Law Tribunal(s) (NCLT) ▪ Insolvency and Bankruptcy Code ("IBC"), 2016 ▪ Competition Commission of India ("CCI"). ▪ Also deals with the proceedings pending before the erstwhile Company Law Board to the NCLT.

Tax Related Disputes

Direct Tax Related Disputes

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

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

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

Appeals & Review Mechanism under Goods & Service Tax

Typically, Goods and service tax has following appellate mechanism

6. The Commissioner (Appeals)
7. Appeals before Tribunal
8. Appeal to the High Court
9. Appeal to the Supreme Court

Advance ruling in Direct Tax

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

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

Advance ruling Indirect Tax

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

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

CAPITAL MARKETS RELATED DISPUTE RESOLUTION

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

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

Powers:

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

Function

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

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

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

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

Other Dispute Resolution Mechanisms

Arbitration and Conciliation Act 1996-

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

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

Consumer Court/Consumer Disputes Redressal Agencies

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

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

Lok Adalat

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

Mediation

The bill was introduced in Rajya Sabha in December 2021, with an aim to reduce the pendency of cases in courts. As soon as the bill was introduced in the Rajya Sabha, the Chairman of the Rajya Sabha referred it for examination. Recently, Parliamentary Standing Committee on Law and Justice has recommended substantial changes to the Mediation Bill, 2021.The object of the Bill is to facilitate and promote mediation in India, particularly institutional mediation for the resolution of disputes. It also aims to encourage community mediation and make online mediation an acceptable and cost-effective process.

Exit Options

EXIT OPTIONS

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

Slump Sale - "Sale with lump-sum consideration"

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

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

Buy-back of Shares

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

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

In case of Buy-back of unlisted shares, the company is liable to pay additional tax @ 20% as per Section 115QA of Income Tax Act, subject to certain conditions

Further, income arising to the shareholders in respect of such buy back by the unlisted company would be exempt from Income-Tax u/s 10(34A).

Transfer of Shares

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

Tax implication on transfer of controlling interest

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

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

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

Income tax implications in case of strike off

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

Winding up of Company- “Ending or Dissolving a Business”

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

Tax implications on winding up of the company:-

In the hands of company

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

In the hands of shareholders

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

Winding up of LLP

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

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

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

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

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

Dissolution of Partnership Firm

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

Investments with repatriation option: 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.

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

CONCLUSION

India is the fifth largest economy of the world. India's foreign direct investment got elevated to the level where FDI inflows have increased 20 times from 2000-01 to 2021-22, accordingly India received FDI of about US$ 847.40 billion between year 2000 to year 2022.

India has huge future prospects, some of the exciting changes to expect in near future are:

- The National Highways network is being expanded at very fast pace
- Defence R&D is being opened up for industry, startups and academia.
- For ease of doing business, Centre for Processing Accelerated Corporate Exit (C-PACE) with will be established to facilitate and speed up the voluntary winding-up of companies.
- Required 5G spectrum auctions have been conducted in 2022 to facilitate rollout of 5G mobile services within 2022-23 by private telecom providers.
- The Special Economic Zones Act is being replaced with a new legislation that will enable the states to become partners in 'Development of Enterprise and Service Hubs' (DESH).
- To facilitate domestic manufacturing for the ambitious goal of 280 GW of installed solar capacity by 2030, an additional allocation of ` USD 2.44 Billion for Production Linked Incentive for manufacture of high efficiency modules has been made in Budget 2022.
- World-class foreign universities and institutions are being made free from domestic regulations, to facilitate availability of high-end human resources for financial services and technology.
- India is introducing Central Bank Digital Currency (CBDC), which will give a big boost to digital economy.

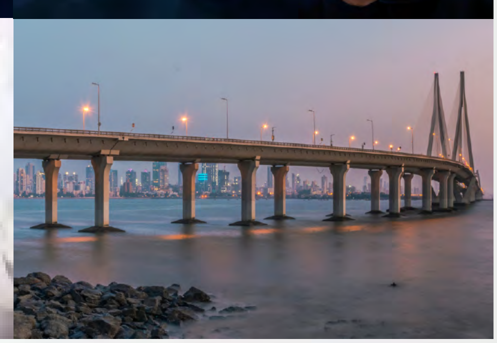
India welcomes companies which involves transfer of new technologies, create jobs, upskills its working population, increases its FDI balance and help in fiscal management. In return India offers huge consumer-based market, robust and alternative supply chain, high rate on return on capital employed, huge B2B& B2C opportunities, infrastructure to develop your business, vast talent pool and skilled work force.

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

It also important to have a sound understanding of choice of correct entity, Indian taxes and regulatory land scape.





We at the Stratrich Consulting (P) Ltd have robust local knowledge and an promoter experience of 49 years in Indian market, which is delivered, by our experienced talent through international standards of service delivery. We are a team of distinguished researchers, market entry consultants, Business Advisors, Tax Consultants and Technology consultants. We have dedicated international desks & if you are planning to invest from outside India for doing business in India, we can provide you with one stop solution for all your market research, setting up and operating needs enabling you to start your business in India, within achievable and practical time lines. Once your business in setup we help you to maintain and grow your business, safeguarding your interest in Indian market and mitigating any tax or regulatory risk. In case you happen to exit the market we also help you to analyses various exit options and enable the process of exit smoothly.

India has a vision of Five trillion economy, with inclusive growth of every citizen of country. The growth momentum of the economy is further expected to strengthen in future years. There are already signs of exponential growth of investment activity in the economy and robust growth of foreign direct investment can be expected to be maintained in the coming years, considering Indian being more economically resilient than the rest of the world. In line with the projections for strengthening of India's growth by international institutions, the GDP growth of the economy is expected to be more than 7.4% percent in the financial year 2022-23.

OUR SERVICES

Local experts at our firm provide services in an innovative manner to enable efficient and intelligent delivery for entities of non-resident entities helping them to carry out their business smoothly in India, our bouquet of services include

India Market Entry	**Entity formation**	**Entity Management**	**HR & Recruitment**
Infrastructure Support	**PEO services**		

India Market Entry

India Market Entry services will help you to understand the market conditions enabling you to take well informed decision w.r.t to appropriate business plan for your proposed Indian entity.

Our India Market Entry services for doing business in India include:

- Market Entry services
- Business Plan services
- Advisory on financing your Indian Entity
- Selection of Bankers
- Vendor Identification

Entity Formation

Entity formation services will help you to understand your requirements and help you to analyze suitable entities along with the efficient incorporation of your entity in India.

Our Entry Formation services for doing business in India include:

- Entity Analysis
- Entity Formation

Entity Management

To have a robust management and monitoring of your entity with our efficient services Accounting and Payroll and other back office and compliance services are required to ensure the objective of meeting compliance requirement, enabling management to meet its obligations.

Our Entity Management services for doing business in India include:

- Accounting Services
- Payroll Services
- Taxation Services
- Audit Support Services
- Legal and regulatory
- Resident Director Services

OUR SERVICES

Recruitment and HR

We help you to hire the right local talent for your entity with the help of our experienced team responsible for recruitment.

Our Recruitment and HR services for doing business in India include:

- Recruitment
- HR services
- Global Immigration services

Infrastructure support

We help you get an office space suiting your needs for your Indian operation along with the administration of IT infrastructure services.

Our infrastructure Support for doing business in India include:

- Business Incubation Centre
- Technology support and Cybersecurity

PEO Services

We help you to Create an international workforce of the highest caliber. Our PEO services for doing business in India include services such as

- Recruitment
- Onboarding
- Management on your behalf
- Payroll processing.

About US

Stratrich endeavours to help foreign entities beat the challenges of "Doing Business in India" while delivering an overall rich experience to them. Our purpose here is to deliver our services with a proper strategy and agility upon which foreign entities can rely, grab growth opportunities, and sustain the growth for a longer period.

Stratrich is being run by a team of seasoned consultants in New Delhi, India, and was promoted by the partners of a reputed public accounting firm that was established long back in 1974.

We want to continue creating a transparent, reliable, and collaborative corporate environment by providing services such as market entry, entity formation, entity management, recruitment and HR, PEO, and infrastructure support to Global businesses

GLOSSARY

1. AI: Artifical Intelligence
2. AIF: Alternative Investment Funds
3. A-TUFS: Amended Technology Up-gradation Fund Scheme
4. ADR- Alternative Dispute Resolution
5. BFSI: Banking, Financial Services & Insurance
6. BOI: Bureau of Immigration
7. BRAP: Business Reforms Action Plan
8. CAD: Current Account Deficit
9. CAGR: Compound Annual Growth Rate
10. CBEC: Central Board of Excise and Customs
11. CSR: Corporate social responsibility
12. CTA: Covered Tax Agreement
13. DIN: Director Identification Number
14. DPIIT: Department for promotion of Industry and Internal Trade
15. DTAA: Double Tax Avoidance Treatries
16. ECB: External Commercial Borrowings
17. FAME: Faster Adoption and Manufacturing of Hybrid and EV
18. FATF: Financial Action Task Force
19. FCGPR: Foreign Collaboration- General Permission Route
20. FCNR(B): Foreign Currency Non-Resident (Bank)
21. FDI: Foreign Direct Investment
22. FEMA: Foreign Exchange Management Act
23. FIFP: Foreign Investment Facilitation Portal
24. FIPB: Foreign Investment Promotion Board
25. FLA: Foreign Liabilities and Assets
26. FMCG: Fast Moving Consumer Goods
27. FPI: Foreign Portfolio Investor
28. FTA: Free Trade Agreement
29. FVCI: Foreign Venture Capital Investor
30. FY: Financial Year
31. GDP: Gross Domestic Product
32. GER: Gross Enrolment Ratio
33. GOI: Government of India
34. GST: Goods and Service Tax
35. GSVA: Gross State Value Added
36. IBC: Insolvency & Bankruptcy Code
37. IBEF: India Brand Equity Foundation
35. ICEX: Indian Commodity Exchange Limited
36. INR: The Indian Rupee
37. IOSCO: International Organization of Securities
38. IOT: Internet of Things
39. ISP: Internet Service Provider
40. IT: Information Technology
41. ITES: Information Technology Enabled Services
42. KG basin: Krishna Godavari Basin
43. MCA: Ministry of Corporate Affairs
44. ML: Machine Learning
45. MLI: Multilateral Instruments
46. MOD: Ministry of Defence
47. MP: Members of Parliament
48. MSME: Micro Small and Medium Enterprises
49. NBFCs: Non-Banking Finance Companies
50. NCLAT: National Company Law Appellate Tribunal
51. NCLT: National Company Law Tribunal
52. NELP: New Exploration Licensing Policy
53. NHM: National Health Mission
54. NRE: Non Resident External Account
55. NRIs: Non Resident Indian
56. NRO: Non Resident Ordinary Account
57. OALP: Open Acreage Licensing Policy
58. OCIs: Overseas Citizenship of India
59. PB : Petabyte
60. PLI : Production Linked Incentive
61. PMAY: Pradhan Mantri Awas Yojana
62. PMJAY: Pradhan Mantri Jan Arogya Yojana
63. R&D: Research and Development
64. RBI: Reserve Bank of India
65. ROC: Registrar of Companies
66. SCRA: Securities Contracts (Regulation) Act, 1956
67. SEBI: Securities and Exchange Board of India
68. SEZ: Special Economic Zones
69. USD: United States Dollar
70. VCF: Venture Capital Fund
71. VUCA : Volatility, Uncertainty, Complexity and Ambiguity
72. WOS: Wholly Owned Subsidiary

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