



# Doing Business in India

## Steps & Procedures

# INDIA: OVERVIEW

**USD 2.13 trillion** GDP in the year 2015 (nominal)

**USD 30.9 billion** FDI in the year 2015-16

**3.29m sq km** of total area

**Fastest** growing economy

**Major Sector:**  
IT & ITES, Automotive, Infrastructure and Energy

**Largest democracy** in the world

**1.2 Billion** population

**7.5% GDP** growth in the year 2015-16

**Major Partner:**  
USA, Germany, UAE, Japan & China

# REASONS TO DO BUSINESS IN INDIA

- Indian Economy is poised to take one of its biggest upturns. New Economic Policies are in place to make India an easier & less complicated market to work in. Friendly Foreign investment policy changes, reduction in import duties that favour manufacturing in India by foreign companies is in place & the Indian economy is expected to accelerate from 7.5% in FY 2015-2016 to 7.8% in FY 2016-2017 and 8.3% in FY 2017-18.
- Make in India project that offers participants excellent growth prospects & generous support of the Indian government for duty & tax rebates in Special Economic Zones.
- Get a part of a **US\$ 2.13 Trillion** Market that is growing at 8%.
- Cheap labour that is skilled & well educated. Current estimates show that Indian labour is **32%** of the average Chinese wage now. (Source: Asia Briefing - Comparison: Minimum Wages in China and India)
- Free & Fair political system that is stable.
- Freedom of speech, press & fair Judicial system.

# KEY ECONOMIC SECTORS

Sector	Current Size	2020 Expected	Opportunities
Automotive	US\$ 145 billion	US\$ 300 billion	The Indian automobile market is estimated to become the 3 <sup>rd</sup> largest in the world by 2016 and will account for more than 5% of global vehicle sales.
Solar Energy	3000 MW	20,000 MW	The country offers unlimited growth potential for the solar photovoltaic industry.
Infrastructure	US\$ 157 billion	US\$ 263 billion	Technologies and solutions for smart sustainable cities and integrated townships. Technologies for the promotion of low cost and affordable housing. Urban water supply, urban sewerage and sewage treatment.
Information Technology (IT)	US\$ 118 billion	US\$ 225 billion	The setting up of IT services, BPM, software product companies, shared service centres. Fast-growing sectors within the BPM domain - knowledge services, data analytics, legal services, Business Process as a Service (BPaaS), cloud-based services.
Electronics	US\$ 80 billion	US\$ 160 billion	India is transforming into manufacturing hub for electronic sector.

# TAX INCENTIVES IN INDIA

<b>Tax Incentive</b>	<b>Information</b>
Tax incentives for exports	New set up in an SEZ is eligible for tax exemption of 100% of profits for the first five years and 50% of profits for the next five years.
Tax incentives for undertakings other than infrastructure development undertakings	New industrial undertakings located in 'backward' states entitled to full tax exemption of profits for the first three or five years of operation and partial tax exemption of 30% of profits for the next five years.
Tax incentives for infrastructure development undertakings	Enterprises engaged in the business of power generation, transmission, or distribution; developing or operating and maintaining a notified infrastructure facility, industrial park, or SEZ are eligible for 100% tax exemption.
Tax incentive of capital expenditure on certain specified businesses	Capital expenditure is allowed at 100% in setting up a cold storage, warehouse, hospitals, affordable housing project, fertilizers plant.
Research and development (R&D) expenditure	A weighted deduction of 200% of expenditure is available in respect of expenditure incurred on scientific research in an in-house R&D facility and 125% on a payment made to an approved research in the social sciences or in statistical research

# CHOOSE HOW YOU WOULD LIKE TO ENTER INTO INDIAN MARKET

- Research the Market & then enter as a Wholly Owned Subsidiary or operate as a foreign company through a branch.
- Acquire a business in India or make a strategic investment to capture the market.
- Find a partner to learn the Indian market & search for a Joint venture.
- License your technology or Franchise / distribute your product through local players.

# CHOOSE HOW YOU WOULD LIKE TO ENTER INTO INDIAN MARKET

## Wholly Owned Subsidiary

- Research the Market & then enter as a Wholly Owned Subsidiary of a foreign company.
- Incorporation of a company normally required 4-6 weeks.
- Minimum 2 members are required to form a company.

## Acquisition

- Acquire a business in India or make a strategic investment to capture the market.
- Due diligence and negotiation on the agreements.
- The process normally takes 6-10 weeks after signing of the agreements.
- No approvals required if within the 100% automatic route under foreign exchange policy.

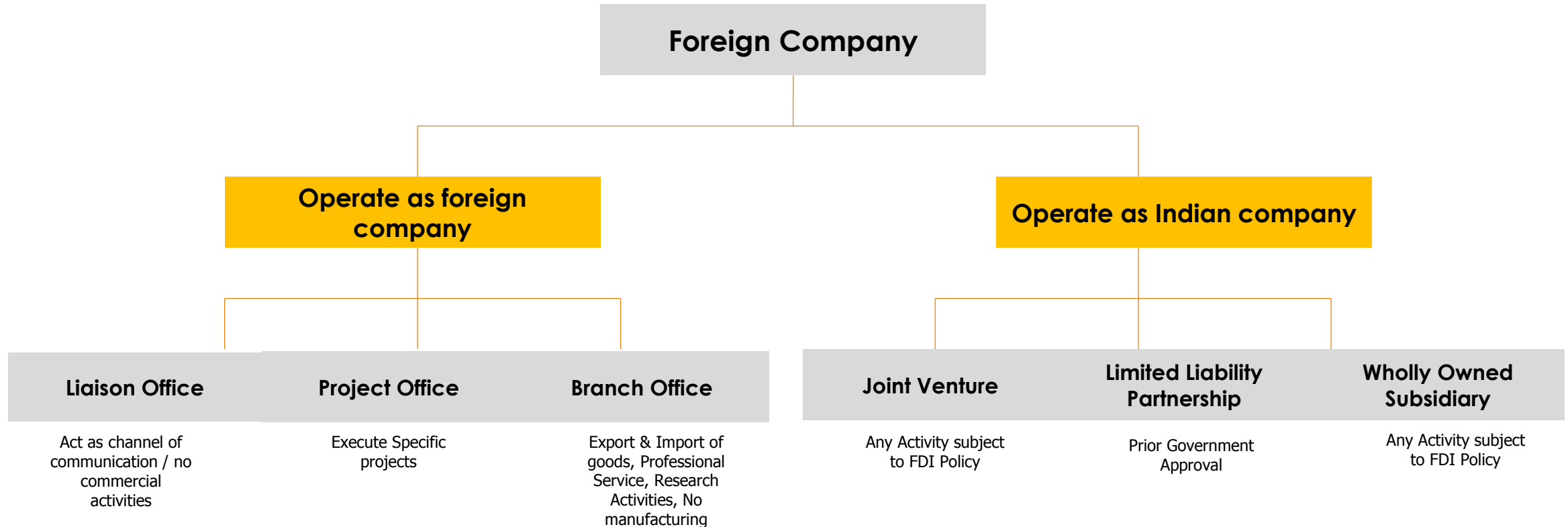
## Joint Venture

- Find a partner to learn the Indian market & search for a Joint venture.
- The process normally takes 6- 8weeks after signing of the agreements.
- Due diligence and negotiation on the agreements.

## Franchisee & Technology

- License your technology or Franchise / distribute your product through local players.
- Negotiation on pricing, royalty or equity contribution
- Immediately start the business after signing of agreements

# HOW TO IMPLEMENT THE ENTRY STRATEGY & GET THE INFORMATION YOU NEED



**Franchisee and distributor arrangements (no direct presence)**  
**Foreign technology collaborations (no direct presence)**



# WHICH SECTORS ARE OPEN AND WHICH NEED APPROVAL

## Automatic Route (100%)

Mining

Pharmaceutical

Airports

Wholesale Trading

Petroleum & Gas

Information  
Technology

## Automatic Route (100%)

Transportation  
services

Hotel & Tourism

Power

Coal and Lignite

Construction

Health & medical  
services

## Approval Route (100%)

Single brand retail  
trading

Tea plantation

Titanium mining

Brownfield  
Pharmaceutical

Telecom

## Approval Route (26% - 74%)

Broadcasting

Newspaper

Banking - Private  
Sector

Multi-Brand retail  
trade

Insurance

Satellites:

## Restricted (Not Permitted)

Atomic energy

Railway operation

Lotteries, gambling  
and betting,

Manufacturing of  
cigars and tobacco

# REGISTRATION OF A COMPANY

S. No	Need an Indian Company	Information
1.	Time required for incorporation	4 - 6 Weeks
2.	Directors & shareholders	At least 2 each
3.	Resident Director	Required with more than 180 days stay in India
4.	Documents	Paperwork requires translation into English & attestation by a Notary Public or Indian Consulate
5.	Registered Office	Mandatory
6.	Financial Year	April - March
7.	Accounting and Financial Statement	Mandatory
8.	Statutory Audit	Mandatory
9.	Foreign Investment	Mandatory to report
10.	Allotment of shares	Mandatory to report

# STEPS TO BE CONSIDERED BEFORE COMMENCEMENT OF BUSINESS

## Planning

- Owned / JV
- Office Space
- Shareholders
- Directors
- Operational Cost
- Return of Income

## New Entity

- Liaison Office
- Branch Office
- 100% Subsidiary
- Joint Venture

## Staffing

- Transfer Expats
- Hire Locals
- Contract

## Integration

- Finance
- Customers
- Suppliers
- Administration

## Location

- Near to Customer
- Operational
- Policies

# FAVOURABLE LOCATIONS TO DO BUSINESS IN INDIA

## Automotive

NCR

Maharashtra

Tamil Nadu

## Electronics

Karnataka

Madhya Pradesh

NCR

## Solar

Gujarat

Rajasthan

NCR

## Infrastructure

Maharashtra

Uttar Pradesh

Karnataka



# INDIA ENTRY PROGRAM: CONSOLIDATION OF SERVICES- PROVIDED BY INDIA LAW OFFICES

<b>Incorporation &amp; Registration</b>	<b>Virtual Office</b>	<b>Bookkeeping</b>	<b>Payroll</b>
<p>to set up a new entry, file all appropriate local registrations and make sure your business gets the best start.</p>	<p>to provide virtual office which includes commercial office address, mail forwarding, telephone number, administrative support and resident director service.</p>	<p>to provide bookkeeping in accordance with local GAAP in the local currency by country,</p>	<p>to provide payroll cycle per month for salaried, local national employees hired and paid in-country in local currency.</p>
<b>Compliance</b>	<b>Treasury Services</b>	<b>Accounts Receivable</b>	<b>Budget &amp; Forecast</b>
<p>to provide compliances of tax returns, payroll form and secretarial service.</p>	<p>to provide processing of all required payments in support of accounts payable, employee expense &amp; tax payments.</p>	<p>to provide revenue model where the entity's profits are generated monthly based on a cost-plus transfer pricing methodology and preparation of invoices as per the rules in India.</p>	<p>to creating budgets, predictive forecasts and development of market analysis, providing sensitivity analysis for various market scenarios.</p>

# CORPORATE MATCHING PROGRAM

We are the founder members of this Matching program for Joint Ventures, Licensing arrangements & finding contract manufacturing or outsourcing of Manufacturing. This is a 23 country program covering India, USA, Germany, China, Japan, Italy, Switzerland, Austria, UK, Brazil, Argentina, France, South Korea, Turkey, Israel, Greece, Spain etc.

By becoming a member you can search for over 100 Indian Clients of our law firm:

- Who would like to Partner in a manufacturing or Marketing Joint venture with a foreign company
- Who would like to license your technology for manufacturing in India
- Who could help you outsource your manufacturing to India
- Find a distributor / franchisee

To Join write to us at:

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# *Any questions ?*

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