

Globally Indian

**Doing business in the land of
diverse cultures and opportunities**

2023



“

FDI interest in India has been witnessing a significant upward trend since 2015, backed by PM Narendra Modi's focus on leveraging the power of the combination of the three D's – Democracy, Demographics and Demand. Active government intervention in the form of pathbreaking reforms has led to a considerable jump in the country's rank (142 in 2014 to 63 in 2021) in ease of doing business.

Vishesh C. Chandiok
Chief Executive Officer

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About India



3.5-4 million people directly employed by the Indian outsourcing services industry, with an **additional 10 million** through indirect employment*



Key industries offshoring to India: Professional services, legal, financial services, and IT



Global shared services market to reach **USD 91.1 billion** by 2027**



Major international airports Chennai, New Delhi, Mumbai, Hyderabad, Kolkata, Bengaluru, Goa and Thiruvananthapuram



Key locations of shared service centres: Bengaluru, Delhi, Mumbai, Kolkata, Pune, Chennai and Hyderabad

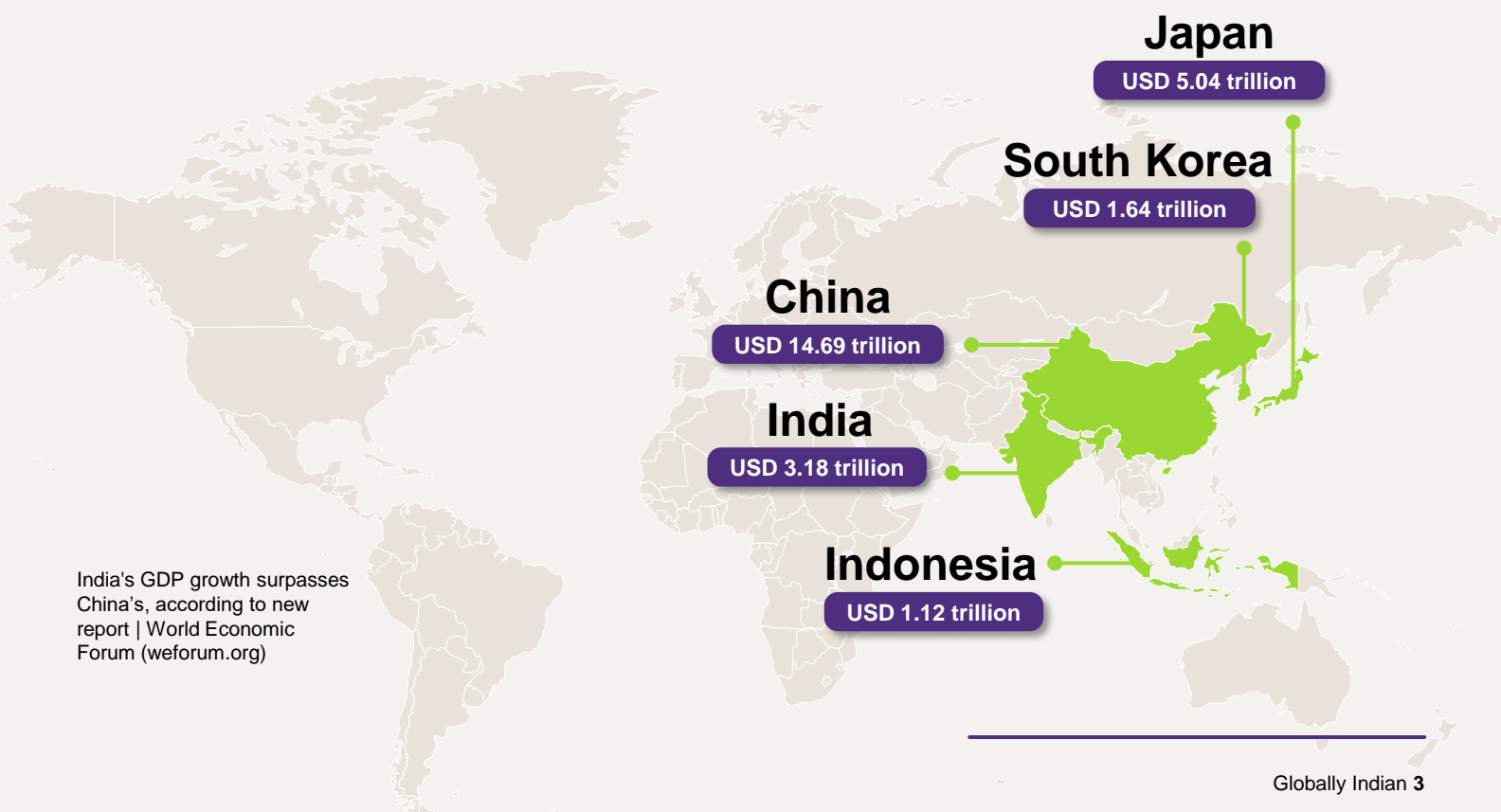


Main ports of entry Chennai, Jawahar Lal Nehru (Mumbai), Kandla, Kochi, Mormugao, Kolkata, Paradip, Tuticorin, Ennore, Vishakhapatnam and New Mangalore

*NASSCOM, **Global Shared Services Industry

India is the third-largest economy in Asia by GDP

Total GDP of Asia's largest economies



Land of opportunities



Population¹
1.41 billion



Area²
3.3 million
square kilometres



GDP (nominal)³
USD 3.5 trillion



GDP per capita
(nominal)⁴
USD 2,277



Exports⁵ (April 2021 to
March 2022)
USD 417.8 billion



Imports⁶ (April 2021 to
March 2022)
USD 610.22 billion



Literacy rate (Urban)⁷
87.7%



Literacy rate (Rural)⁸
73.5%



Life expectancy⁹
70.42 years



Urban population¹⁰
35%



Median age¹¹
35



Local currency
INR

1. www.worldometers.info
2. www.india.gov.in
3. www.indiabudget.gov.in
4. www.investopedia.com
5. commerce.gov.in

6. commerce.gov.in
7. Ministry of Statistics and Programme Implementation
8. Ministry of Statistics and Programme Implementation

9. www.macrotrends.net
10. data.worldbank.org
11. www.worldometers.info

Six reasons to choose India

Fastest-growing economy¹

01

Highest FDI (foreign direct investment) inflow of USD

83.57 billion (FY 21-22)²

More than **USD 270 billion** comprehensive package - equivalent to 10% of India's GDP - under the Aatmanirbhar Bharat Abhiyan (Self-reliant India)³

02

World-class infrastructure

Under National Infrastructure Pipeline (NIP), **nearly 7,000 projects** across different sectors, at a total cost of **INR 111 lakh crore** identified⁴

Equity infusion of **INR 6,000 crore** to attract debt and equity investments in infrastructure⁵

Largest youth population

03

India will continue to have one of the youngest populations in the **world till 2030⁶**

Third-largest group of scientists and technicians in the world⁷

By 2030, it is estimated that **around 42%** of India's population would be urbanised from 31% in 2011⁸

04

Innovation hub

Rank 40

Global Innovation Index 2022 rankings⁹

Economic influence

05

India and China will be the largest **manufacturing hubs** of the world by 2030¹⁰

Five years

India to have greater economic influence across the Asia-Pacific Region¹¹

1. International Monetary Fund
 2. Press Information Bureau
 3. Department of Promotion of Industry and Internal Trade, Govt. of India
 4. International Monetary Fund
 5. Department of Economic Affairs, Ministry of Finance and India Investment Grid
 6. Prime Minister's Office, Ministry of Finance
 7. United Nations Population Fund
 8. All India Management Association, The Boston Consulting Group
 9. World Bank
 10. World Intellectual Property Organization
 11. Lloyd's Register Marine & University of Strathclyde, Glasgow
11. Baker McKenzie & Mergermarket Group



Foreign investors can commence business in India as



Indian company*

- **Joint Venture (JV)**
- **Wholly Owned Subsidiary**
- JV/Wholly Owned Subsidiary as (i) Private Limited or (ii) Public Limited Company, established under the **Companies Act, 2013**



Foreign company**

Liaison Office (LO)

- To represent the parent company in India

Branch Office (BO)

- To undertake activities such as export, import, research, consultancy, etc.

Project Office (PO)

- Activities as per contract to execute project



Limited Liability Partnership (LLP)

- Subject to provisions of **LLP Act, 2008**
- FDI permitted under automatic route in LLPs operating in sectors/activities where 100% FDI is allowed, through the automatic route and there are no FDI-linked performance conditions

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

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

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India's strong economic fundamentals and various tax and policy reforms have attracted foreign companies and investment into the country in different sectors.

Vikas Vasal
**National Managing
Partner, Tax**

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FDI in India

Foreign investors keen to set up operations in India are required to comply with the foreign exchange control laws of the country. Since liberalisation of the Indian economy in 1991, FDI norms across sectors have eased.

Consistent increase in FDI

inflows. FDI has grown from USD 45.15 billion in 2014-15 to USD 84.84 billion in FY 2021-22



Total FDI inflow grew by **63.9%**, between April 2009-March 2014

FDI equity inflow also increased by **60.2%** between April 2014-March 2019



FDI entry routes to India

Category 1

100%

through automatic route

Category 2

Up to

100%

through government route

Category 3

Up to

100%

through government + automatic route

Parameters	Sectors
Automatic route	FDI up to 100% permitted under the automatic route in most services, manufacturing, infrastructure sector, B2B trading, single brand retail trading, pharmaceuticals (greenfield), etc.
Approval route	FDI in these activities is permitted only with prior government approval, e.g., broadcasting content services (FM radio), print media (newspaper and periodicals), multi-brand retail trading (51%) and mining. FDI beyond the prescribed caps requires government approval.
Sectoral caps	FDI in certain sectors is subject to sectoral caps such as insurance (49%), defence subject to industrial licence (49%) and airlines (49%).
FDI-linked conditions	FDI in these sectors is subject to specified conditions – floriculture, horticulture, apiculture and cultivation of vegetables and mushrooms under controlled conditions, wholesale trading, single-brand retail trading, e-commerce, construction development – townships, housing and built-up infrastructure, print media and ARCs.

Prohibited sectors



Lottery business including government/private lottery, online lotteries, etc.



Chit funds



Nidhi company



Real estate business, or construction of farmhouses (subject to certain exceptions)



Gambling and betting including casinos, etc.



Activities/sectors not open to private sector investment, e.g., atomic energy and railways (except mass rapid transport systems)



Trading in transferable development rights



Manufacturing of cigars, cheroots, cigarillos and cigarettes, tobacco or tobacco substitutes

Key sectoral opportunity



BFSI – Fintech & Financial Services

A growing digital population in the country has pushed India towards becoming the fastest growing Fintech market in the world.



Indian Fintech market is valued at

2021
\$50 billion

2025
Expected to grow by **\$150 billion**

2100+

Fintechs in India

Fintech transaction value size has grown from **USD 66 billion** in 2019 to **USD 138 billion** in 2023, at a CAGR of 20%



India's United Payments Interface (UPI) recorded **74 billion** transactions worth **INR 125.94 trillion** in calendar year 2022; a jump of **90%** in transactions over 2021.

www.investindia.gov.in
www.npci.org.in



Automotive

India is expected to be the world's third-largest automotive market in terms of volume

India's passenger car market

2022 Estimated
\$59.4 billion



2027 Expected to reach
\$93.3 billion



growing at a CAGR of **9.45%**.



FDI inflow into automotive industry during April 2000-December 2022 stood at \$34.1 billion.

Auto components industry estimated at **USD 46 billion** in FY21 is expected to grow to **USD 200 billion** by 2026.

Automotive aftermarket segment expected to reach **USD 32 billion** by 2026.

www.researchandmarkets.com www.investindia.gov.in
www.investindia.gov.in www.investindia.gov.in



Real estate

Rapid urbanisation, rise in household income and the demand for office space is fueling growth of the real estate sector.



Real Estate was the third largest sector in terms of FDI inflow

USD 50.8 billion

between April 2000 and March 2021

3rd

Real estate sector to reach **USD 1 trillion** by **2030** & account for **13%** of India's GDP by **2025**

Real estate sector to create opportunity worth **USD 19.65 billion** in the coming years



Data centre market in India to receive investments worth **USD 5 billion by 2025**

dpiit.gov.in



Consumer, retail & e-commerce

Driven by an increase in online transactions and availability of higher disposal incomes, the Indian e-commerce industry is expected to cross USD 200 billion mark by 2026



No. of households carrying out online transactions estimated to grow from **154 million** in **2020** to **233 million** in **2025**



The demand for electronics hardware is estimated to reach

USD 400 billion

in FY 2023-24

FMCG is **4th largest sector**

Retail sector expected to create **25 million** jobs by 2030



Healthcare

Increasing number of lifestyle diseases, rising healthcare costs, changing technology are some of the factors driving healthcare sector in India



Healthcare market is estimated to reach

INR 110.21 trillion

in revenue by FY 2027



Healthcare market is expected to grow at a CAGR of **30.70%** during FY 2022 – FY 2027

Digital healthcare market estimated to reach **INR 485.43 billion** by 2024

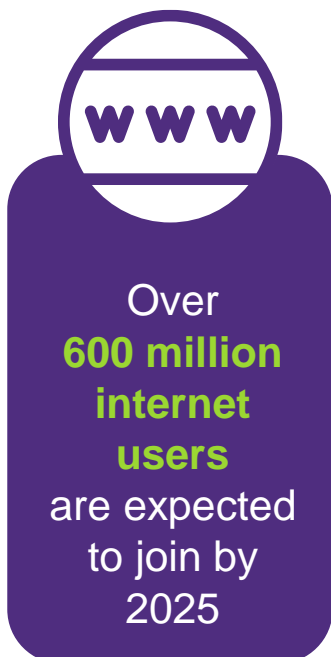
70,000 Ayushman Bharat centres which provide primary healthcare services are operational in India

www.marketresearch.com
www.marketresearch.com



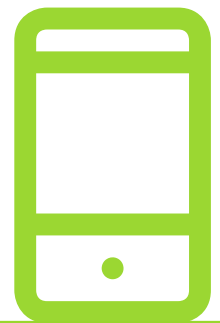
Technology, media and telecommunications

India's IT industry is expected to grow over the next few years because of an increase in internet penetration, improved network infrastructure and rising demand for internet consumption.



India has the second-largest telecom market in the world with a subscriber base of

1.17 billion users



India is home to **75% of global** digital talent

Indian IT & BPM companies have set up over **1,000 global** delivery centres in about **80 countries** across the world

www.trai.gov.in

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Organisations come to us for our global scale, quality, industry insight and deep technical expertise. But what sets us apart is our distinctive client experience, structure and culture, which embraces change with speed and agility. We bring together technical skills, rigour, tools, methodologies for seamlessly delivering services beyond geographical boundaries.

Alok Saigal
Partner & Global
Delivery Leader



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Solutions for all stages of business lifecycle

Supporting strategic ambitions

- Formulating new strategies by challenging and exploring options
- Evaluating new markets, ventures and commercial opportunities, with feasibility studies and financial projection analysis
- Planning and implementing strategic transactions, including mergers, bolt-on acquisitions and disposals
- Delivering commercial due diligence to assist you in making the right business decisions
- Providing valuations to support decisions on organic growth, acquisitions and JV opportunities
- Considering your tax position at every stage
- Formulating your ESG strategy

Supporting expansion plans

- Supporting new market entry
- Designing and helping you execute your expansion strategy
- India inbound entry strategy, market positioning and market intelligence
- Undertaking customised market/regulatory due diligence on potential markets
- Planning tax structures and transfer pricing policies

Financing growth

- Advising on the best capital structures to support your strategy
- Providing assurance to assist with accessing capital for growth
- Assessing funding requirements basis our market knowledge
- Preparing information memorandums and financial models for opportunities/investors





Managing business risks

- Delivering insightful, value-added audits to reassure stakeholders and support your goals
- Supporting boardroom decisions around tax strategy risk
- Minimising disruption and loss from business-critical events
- Ensuring regulatory compliance
- Mitigating fraud, bribery and corruption risks
- Assessing cyber maturity and ensuring resilience
- Delivering outsourced internal audit services

Driving technology and transformation

- Designing transformation journeys
- Implementing futuristic digital operating models
- Maturity assessments and roadmap
- Intelligent automation and data governance
- Information management and analytics
- Tech-enabled process transformation

Optimising operations

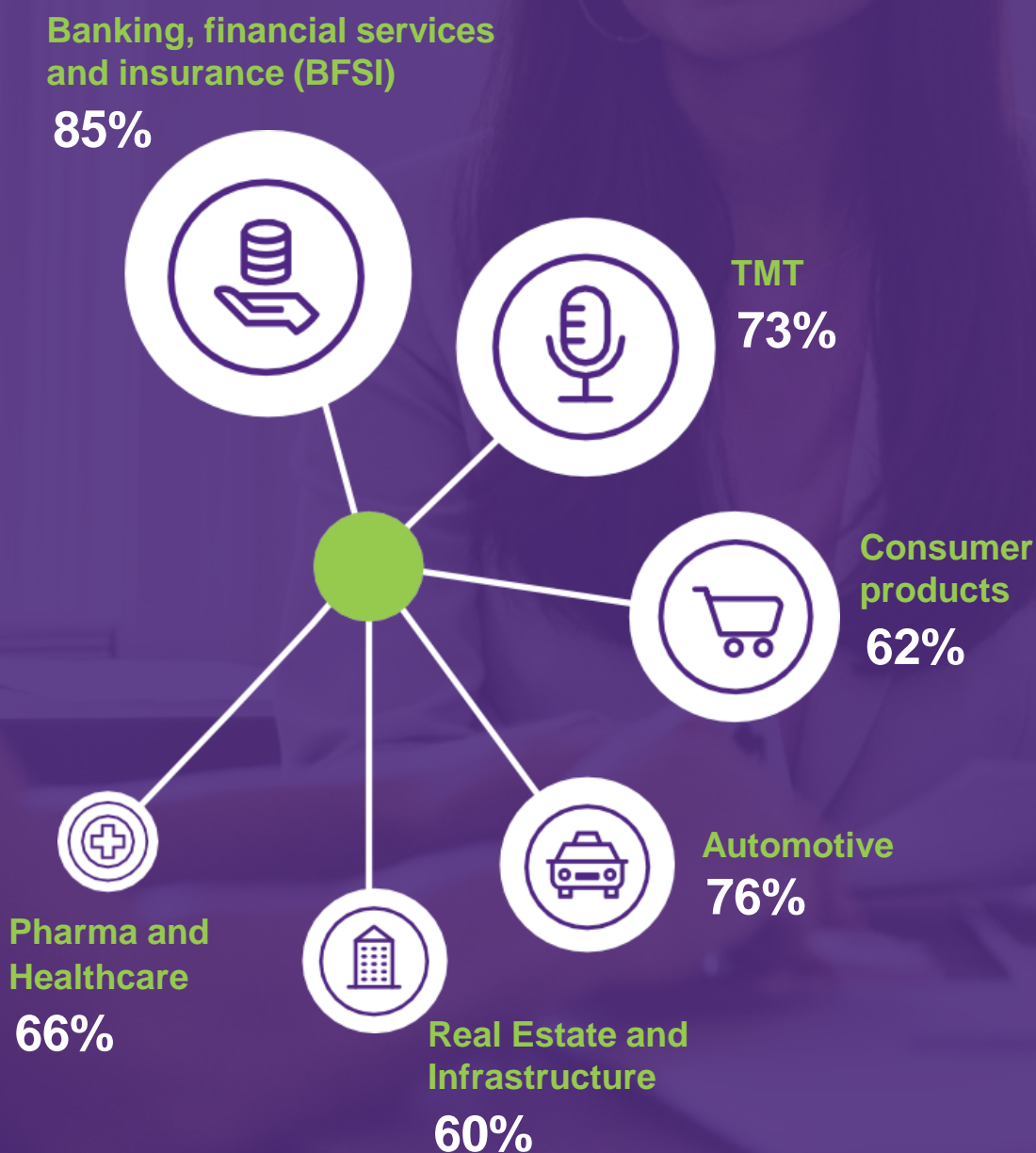
- Benchmarking efficiency of day-to-day operations
- Identifying opportunities for direct cost savings
- Outsourcing back-office functions
- Evaluating and improving supply chain efficiency
- Improving working capital management through process improvement and tax planning

Designing people programmes

- Organisation structuring/restructuring for efficiency and accountability
- Employee satisfaction surveys
- Incentive design and implementation
- Designing performance architecture/management
- Designing career management/progression systems
- Balanced scorecard creation and implementation

Our focus sectors

Grant Thornton Bharat has a sector-focused approach to working with a diverse set of clients and has focused programmes in six key sectors. We have a deep understanding of these sectors, including emerging trends, challenges, disruptions and issues faced.



Note: The percentage figures indicate our coverage of the sectors and are based on S&P sectoral indices of companies from the Bombay Stock Exchange (BSE). They reflect the percentage of total market capitalisation in the sector served by Grant Thornton and its member firms 2020 onwards. S&P sectoral indices composition and market capitalisation data as on 30 November 2022.



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