

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
Grant Thornton Bharat



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

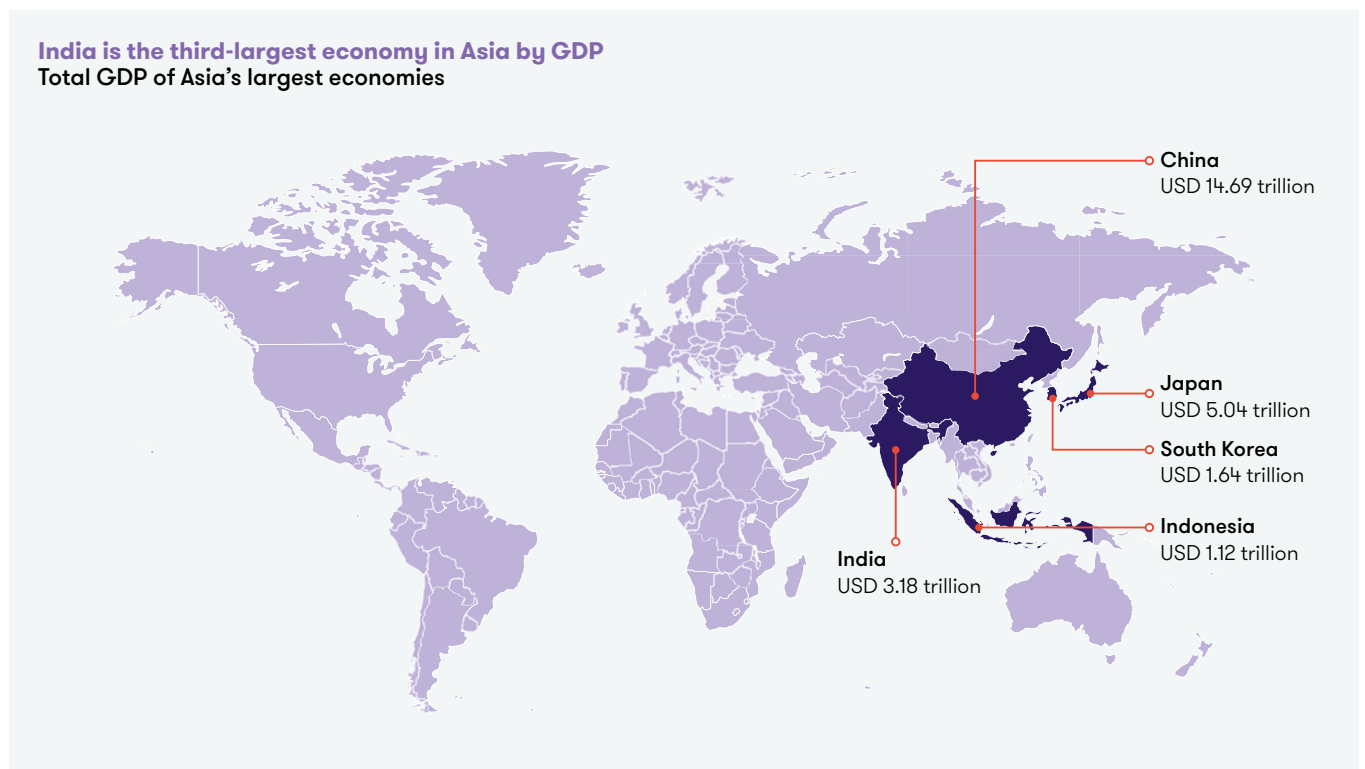


Key locations of shared service centres: Bengaluru, Delhi, Mumbai, Kolkata, Pune, Chennai and Hyderabad



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's GDP growth surpasses China's, according to new report | World Economic Forum (weforum.org)

Land of opportunities



Population¹
1.42 billion



Area²
3.3 million
square kilometres



GDP (nominal)³
USD 3.5
trillion



**GDP per capita
(nominal)**⁴
USD 2,277



Exports⁵ (April 2022 to
March 2023)
USD 770.18
billion



Imports⁶ (April 2022 to
March 2023)
USD 892.18
billion



Literacy rate (Urban)⁷
87.7%



Literacy rate (Rural)⁸
73.5%



Life expectancy⁹
70.42 years



Urban population¹⁰
35%



Median age¹¹
28.7



Local currency
INR

1 www.worldometers.info

2 www.india.gov.in

3 www.indiabudget.gov.in

4 www.investopedia.com

5 pib.gov.in

6 pib.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

Five reasons to choose India

01

Fastest-growing economy¹

Total FDI inflows in FY 2022-23

USD 70.97 billion²

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

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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

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

03

Largest youth population

04

Innovation hub

Rank 40

Global Innovation Index 2022 rankings⁹

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

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Economic influence

1. International Monetary Fund
2. Investindia.gov.in
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

A photograph of two business professionals in a meeting. A man in a suit is holding a tablet, and a woman is pointing at it with a pen. A laptop and a clipboard with charts are on the desk.

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



“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
Grant Thornton Bharat

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 FD inflows.

FDI has grown from USD 45.15 billion in 2014-15 to

**USD
83.57
billion**

in FY 2021-22



Total FDI inflow grew by

81.5%,

between 2014-2015



Total FDI equity inflows stood at

**USD 46.03
billion**

in 2022-23



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.

Nidhi company

Gambling and betting including casinos, etc.

Trading in transferable development right

Chit funds

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

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

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

Key sectoral opportunity

BFSI – Fintech & Financial Services

India's FinTech adoption rate is 87% which is substantially higher than the world average of 64% as per the latest Global FinTech Adoption Index.

Fast facts:

2100+
Fintechs

10 billion+
Monthly volume of digital payments

75%
Of all retail digital payments in India is UPI

25
Fintech Unicorns

USD 34 billion
Fintech Funding (2014-2022) (approx)





Automotive

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

Fast facts:

USD 34.7 billion

FDI inflow in automotive sector
(April 2000-March 2023)

USD 300 billion

Estimated automotive market size by 2026

USD 32 billion

Estimated automotive aftermarket size by 2026

5.61 million

Automobile exports from India (FY22)

USD 56.50 billion

Value of auto component industry (FY22)

49%

Expected growth of domestic EV market (between
2022-2030)

www.researchandmarkets.com
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.

Fast facts:

USD 1 trillion

Real estate market size by 2030

13%

Real estate sector's contribution to GDP by 2025

USD 19.65 billion

Opportunity created by real estate sector in
coming years

USD 5 billion

Expected investments in data centre market
by 2025

dpiit.gov.in

Consumer, retail & e-commerce

A rapid rise in internet users and smartphone penetration coupled with rising incomes is driving the growth of the consumer, retail and e-commerce sectors.

Fast facts:

USD 56.8 billion

FMCG market as of December 2022

USD 200 billion

Indian e-commerce industry size by 2026

25 million

Retail sector jobs by the year 2030

USD 400 billion

Demand for electronics hardware by FY 2023-24

233 million

No. of households carrying out online transactions by 2025)

www.investindia.gov.in



Technology, media and telecommunications

Technology sector has emerged as a pivotal force propelling the nation's GDP, employment opportunities, and overall economic growth.

Fast facts:

USD 227 billion

Technology sector revenue in FY22 (excluding e-commerce)

USD 500 billion

Estimated revenue of technology sector by 2030

1.17 billion users

Telecom subscriber base

India is home to 75% of global digital talent

Over 600 million

internet users expected to join by 2025

www.investindia.gov.in

Healthcare

Healthcare has become one of India's largest sectors both in terms of revenue and employment because of a rise in lifestyle diseases, rising healthcare costs and changing technology.

Fast facts:

Ayushman Bharat - NHP Scheme

World's largest government-funded healthcare programme

100 million

eSanjeevani telemedicine consultations

INR 110.21 trillion in revenue

Healthcare market by FY 2027

INR 485.43 billion

Digital healthcare market size by 2024

150,000

Functional Ayushman Bharat Health & Wellness Centres

www.marketresearch.com
www.investindia.gov.in



“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
Grant Thornton Bharat



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

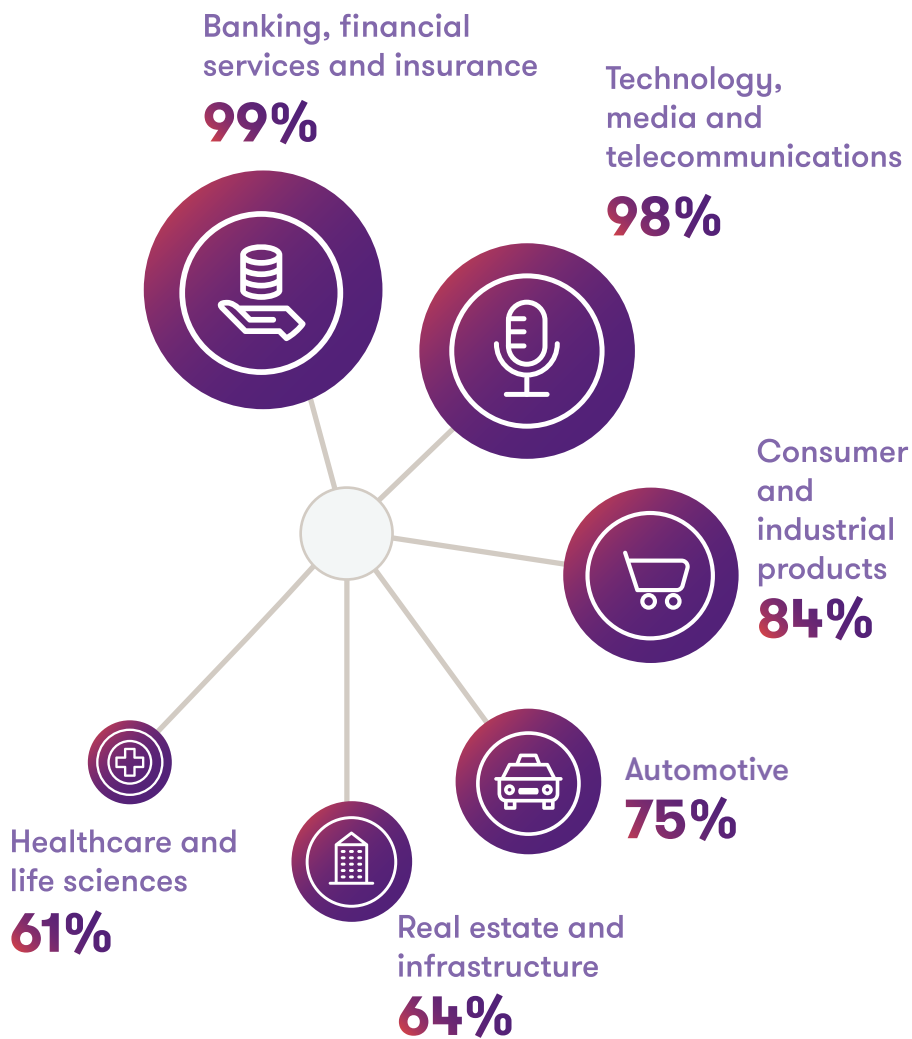
- Benchmarking efficiency of day-to-day operations
- Identifying opportunities for direct cost savings
- Outsourcing back-office functions
- Evaluating and improving supply chain efficiency
- Improving working capital management through process improvement and tax planning

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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INDIA

We are Shaping a Vibrant Bharat

A member of Grant Thornton International Ltd, Grant Thornton Bharat is at the forefront of helping reshape the values in the profession. We are helping shape various industry ecosystems through our work across Assurance, Tax, Risk, Transactions, Technology and Consulting, and are going beyond to shape a more **#VibrantBharat**.

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