

India entry, set up and expansion roadmap for global enterprises



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India business landscape

Regulatory framework

The Indian regulatory landscape is dense but highly structured. Multiple frameworks comprehensively cover all key regulatory, tax, and operational compliances across an entity's lifecycle, breaking down India's complex requirements into clear, non-overlapping and scalable compliance modules aligned with each growth phase.

We map compliance into five chronological phases of business expansion.



Layer 1: Setup:

Incorporating and structuring the business entity

Layer 2:

Financing:

Enabling regulatory gateway for inbound capital



Layer 3:

Tax and trade:

Navigating taxation and global trade



Layer 4:

Operations and compliance:

Managing operations and ensuring on-ground compliance and Environmental, Health, and Safety



Layer 5:

Digital and risk:

Safeguarding data, IP and mitigating risks

Layer 1: Structuring the business entity and determining the optimal location

Choosing the right legal structure dictates governance, liability and scalability

Entity type	Legislation	Core governance	Best use case
Company	Companies Act, 2013 ("CA13")	Governs incorporation, strict corporate governance, mandatory audits and reporting.	Scalable foreign subsidiaries and joint ventures.
Limited Liability Partnership (LLP)	Limited Liability Partnership (LLP) Act, 2008	Governs the rights and duties of partners (limited liability).	FDI permitted in sectors without performance-linked conditions
Liaison or branch or project offices (LO or BO or PO)	Foreign Exchange Management Act (FEMA), 1999 and CA13	Extension of foreign entity, with no separate legal identity.	Market presence, coordination and limited business activities.

*Incentive support:

Leverage central and state government incentive schemes to determine the optimal location for the business.

Activating the entity: Core registrations



Permanent Account Number (PAN):

The primary 10-digit alphanumeric tax identification required for all financial footprints.



Tax Deduction and Collection

Account Number (TAN): Mandatory for deducting and remitting withholding tax/Tax Deducted at Source (TDS) on behalf of employees and vendors.



Goods and Services Tax (GST)

registration: The prerequisite for indirect tax compliance, mandatory for invoicing and claiming input tax credits.



Shops and establishment licence:

State-level registration required to legally operate commercial premises, offices or stores.



Trade licence: Local municipal authority approval permitting the specific nature of business operations at a given location.

Layer 2: Enabling regulatory gateway for inbound capital



Governing capital inflows, cross-border transactions and foreign ownership limits.



Foreign Exchange Management Act, 1999 (FEMA):

The foundational law regulating foreign investment, capital inflow and all cross-border transactions from India perspective.



Foreign Direct Investment policy (FDI policy):

The rulebook defining sector-specific foreign ownership limits, dictating whether investments require government approval or follow the automatic route.



FEMA Non-Debt Instruments rules, 2019 (NDI rules):

The regulatory framework governing the pricing, valuation, entry routes, compliance and structural mechanics of foreign investments in India.



Reserve Bank of India approval:

The mandatory central bank clearance required for restricted sectors or investments beyond sectoral limits and the establishment of LO or BO or PO.



Capital structure and pricing:

Inbound capital movement in India needs to comply with transfer pricing regulations and thin capitalisation provisions contained in the Indian Income Tax Act, 2025 and rules thereunder.

Layer 3: Navigating taxation and global trade



India's dual taxation framework is divided into income generation and supply and consumption

Direct tax

- **Income Tax Act, 2025 (ITA):** The master law governing corporate tax rates, transfer pricing for cross-border transactions and withholding tax considerations
- **Transfer pricing regulations under the ITA** to ensure arm's length nature of cross-border related party transactions

Indirect Tax and GST

- **CGST Act, 2017:** Central tax governing intra-state supply
- **SGST Acts:** State-level tax governing intra-state supply
- **IGST Act, 2017:** Integrated tax governing inter-state movements and all import/export taxation

Cross-border supply chain flow

- **Mapping trade laws and customs registrations to the physical movement of goods**

Phase 1

Trade licencing (pre-requisites)

1. **Import Export Code (IEC):** Mandatory baseline ID for any cross-border activity
2. **FTDR Act, 1992:** Governs overall import/export licencing and restricted items

Phase 2

Gateway (customs and transit):

1. **ICEGATE registration:** Mandatory portal for online customs filings
2. **Customs Act, 1962 and Customs Tariff Act, 1975:** Governs physical clearance procedures and specifies exact duty rates
3. **Central Excise Act, 1944:** Applies specifically to petroleum, tobacco and select legacy goods

Phase 3

Realisation and incentives (post-shipment):

1. **AD code registration:** Links the exporter's bank for foreign exchange realisation
2. **Foreign Trade Policy (FTP) and RCMC:** Unlocks export incentives (RoDTEP, EPCG) via Registration-cum-Membership Certificate
3. **SEZ Act, 2005:** Provides simplified compliance and tax holidays for goods routed through special economic zones

Maritime logistics and financial markets

Regulating physical transit across the seas and the flow of capital through the markets.

Shipping and logistics:

1. **Carriage of Goods by Sea Act, 2025 (COGSA):** Governs the strict rights, liabilities and terms in sea transport contracts.
2. **Merchant Shipping Act, 2025 (MSA):** Regulates overarching shipping operations, vessel safety and maritime compliance.

Financial and capital markets:

1. **Banking and currency:** Reserve Bank of India Act, 1934 (Monetary policy) and Banking Regulation Act, 1949 (Bank licencing).
2. **Digital transactions:** Payment and Settlement Systems Act, 2007 (PSS Act).
3. **Capital markets:** Securities and Exchange Board of India Act, 1992 (Investor regulation), SCRA, 1956 (Securities trading) and Depositories Act, 1996 (Electronic shareholding).



Layer 4: Labour Codes and welfare registrations

India's unified Labour Codes streamline workforce management into four distinct pillars.

- **Code on wages, 2019:** Standardises minimum wage thresholds and salary disbursement rules.
- **Industrial Relations Code, 2020:** Governs the mechanics of industrial disputes, trade unions and layoffs.
- **Code on social security, 2020:** Mandates PF (Provident Fund), ESI, maternity, and baseline employee benefits.
- **Operational Safety, Health and Working Conditions (OSH) Code, 2020:** Ensures stringent workplace safety and maximum working hour limits.
- **Key welfare registrations:**
 - **EPFO:** Employees' Provident Fund Organisation (Mandatory retirement savings.)
 - **ESIC:** Employees' State Insurance Corporation (Mandatory state medical insurance.)

The Government of India also provides certain incentives linked to creation of new employment under schemes like the Employee Linked Incentives (ELI) scheme.

Layer 4: Labour Codes and welfare registrations

Additional focus areas

01

Strategic workforce structuring

Evaluate an optimum manpower composition by selecting the most appropriate employment models - permanent, fixed-term, contractual, trainee etc.

02

Compensation and benefits structuring

Evaluate and structure robust and compliant compensation frameworks, ensure optimal design of wages and benefits in line with statutory requirements and business needs.

03

Regulatory registrations and statutory onboarding

Evaluate and obtain key Labour Law registrations namely registrations under Labour Codes, shops and establishments laws, professional tax, Labour Welfare Fund, EPFO, ESIC compliant with both central and state laws.

04

Labour Law compliance framework design

Evaluate, design and implement a comprehensive Labour Law compliance framework including compliances related to health, safety, welfare, compensation, returns, registers, intimations, approvals etc. which ensure seamless adherence to applicable central and state labour legislations.

Operations control room

Bridging facility-level manufacturing licences with end-product quality certifications.

Industrial and manufacturing (the facility):

- **Industries (Development and Regulation) Act, 1951 (IDRA):** The overarching law for heavy industrial licencing.
- **Factories Act, 1948 and factory licences:** Mandatory baseline compliance to operate a manufacturing unit, ensuring worker welfare and structural safety.

Product and quality (the output):

- **Legal Metrology Act, 2009 (LM Act):** Strictly governs standard weights, measures, packaging, and mandatory consumer labelling.
- **BIS certification (Bureau of Indian Standards):** The definitive mark ensuring product quality, safety, and reliability compliance for the Indian market.



Environment and safety

- **EPA, air and water acts (1986, 1981, 1974):** The umbrella laws controlling national pollution limits.
- **Consent to establish / Consent to operate (CTE / CTO) :** Approvals issued by pollution control boards before setting up and operating a facility.
- **NOCs:** Mandatory fire No Objection Certificate (NOC) and pollution NOC.



Industry-specific licences

- **FSSAI:** Mandatory for all food businesses.
- **CDSCO:** Required for pharmaceuticals and medical devices.
- **NBFC:** Required for non-banking financial services.
- **DoT:** Required for telecommunication operations.



Special and often missed

- **EPR registration:** Extended Producer Responsibility for plastic and e-waste.
- **APEDA:** Required specifically for agricultural exports.
- **RERA / PESO:** Real Estate Regulation and the Petroleum/Explosives Safety Licence.
- **FCRA:** Governs foreign funding/contributions by organisations including for Section 8 companies, NGOs and trusts.

• EPA: Environment Protection Act
 • FSSAI: Food Safety and Standards Authority of India
 • APEDA: Agricultural & Processed Food Products Export Development Authority
 • CDSCO: Central Drugs Standard Control Organisation

• NBFC: Non-banking financial companies
 • DoT: Department of Telecommunications
 • RERA: Real Estate Regulatory Authority
 • PESO: Petroleum and Explosives Safety Organisation
 • FCRA: Foreign Contribution (Regulation) Act

Layer 5: Safeguarding data, IP and mitigating risks

Digital risk and data (the core)

- **Digital Personal Data Protection Act, 2023 (DPDP):** The new master framework governing the collection, processing and safeguarding of personal data.
- **DPDP rules, 2025:** Provides granular compliance requirements, consent mechanisms and strict penalty frameworks.
- **Information Technology Act, 2000:** Governs broader cybersecurity obligations, electronic evidence and digital transactions.

Intellectual property (the armour):

- **Patents Act, 1970:** Secures mechanical and scientific inventions.
- **Trade Marks Act, 1999:** Protects brand identity and logos.
- **Copyright Act, 1957:** Protects creative, literary and software works.
- **Designs Act, 2000:** Protects unique industrial product designs.

Commercial defences and governance

The legal frameworks that enforce contracts, resolve insolvencies and prevent financial malpractice.

Commercial contracts

- **Indian Contract Act, 1872 and Sale of Goods Act, 1930:** Ensure valid, enforceable B2B and B2C transactions.
- **NI Act, 1881 and Arbitration Act, 1996:** Govern financial instruments (cheques) and provide out-of-court dispute resolution.

Insolvency and dispute

- **Insolvency and Bankruptcy Code, 2016 (IBC):** Provides a strict, time-bound resolution process for corporate distress.
- **Commercial Courts Act, 2015:** Enables fast-tracked adjudication for high-value business disputes.

Anti-money laundering and market ethics

- **Competition Act, 2002:** Prevents monopolies and strictly regulates anti-competitive M&A practices.
- **Prevention of Money Laundering Act (PMLA), 2002 and Prevention of Corruption Act, 1988:** The critical frameworks criminalising money laundering, bribery and corporate fraud.

Ecosystem partners

● Law firms/advocates

● Banks

● Customs House Agents

● Technology partners

and many more

Grant Thornton Bharat works with its ecosystem partners to work as a one stop solution for companies setting up or looking to expand their operations in India



GCCs in India: At a glance

India's global capability centre (GCC) ecosystem has evolved from cost-led delivery hubs into strategic centres driving global operations, innovation and decision-making.

Why India

- Large, skilled talent pool across technology, analytics, finance and engineering
- Strong digital infrastructure and mature service ecosystem
- Competitive operating costs with scale advantages
- Deep experience in managing complex, global mandates

India GCC snapshot



1,800+ GCCs



Over 2 million
talent pool



Over USD 60
billion market size

How GCCs are evolving

- From transactional support to end-to-end ownership
- Increasing focus on innovation, R&D and product engineering
- Greater integration with global headquarters and leadership teams
- Expansion beyond metros into Tier 2 and emerging cities

Strategic impact

- Improved operational resilience and business continuity
- Faster time-to-market through agile delivery models
- Access to next-generation capabilities (AI, data, cloud, cybersecurity)
- Long-term value creation rather than short-term cost arbitrage

What this means for global firms

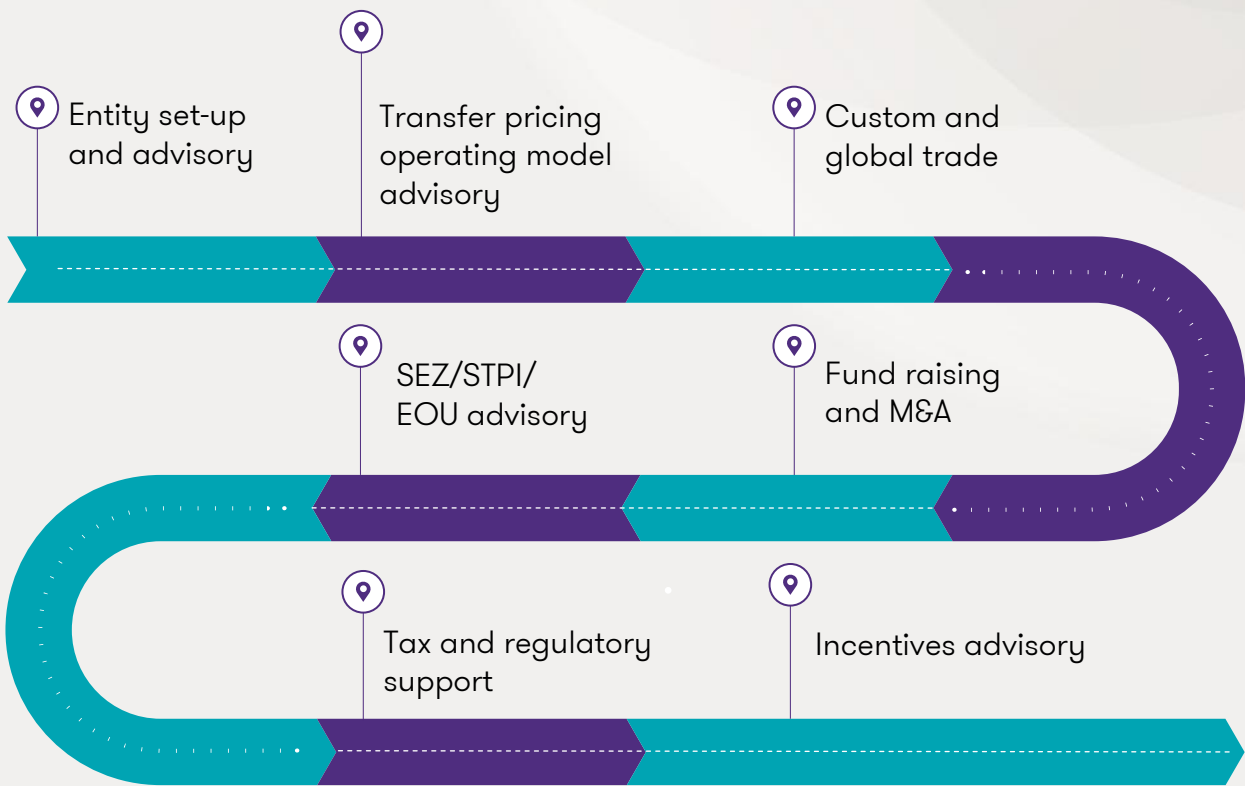
India's GCCs are now strategic assets, not support functions

Location decisions increasingly shaped by talent depth and scalability

How Grant Thornton Bharat can help?

Global trade and incentives advisory

Grant Thornton Bharat offers an array of solutions under ‘Trade and Investment Advisory’ for companies. The offering seamlessly navigates the myriad Indian tax and regulatory laws which merit your consideration when you’re looking at investing in India and have a smooth step while setting up Indian presence or expanding your presence in India. Multiple offerings and solutions have been stitched together (depicted below) which will help you achieve the above.



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@GrantThorntonBharatLLP



GTBharat@in.gt.com

Contact us



Sohrab Bararia

Partner and Leader, Global Trade
& Incentives Advisory
Grant Thornton Bharat
E: Sohrab.Bararia@IN.GT.COM



Sachin Sharma

Partner, Global Trade and
Incentives Advisory
Grant Thornton Bharat
E: Sachin.Sharma@IN.GT.COM



Manashi Daas

Executive Director
Grant Thornton Bharat
E: Manashi.Daas@in.gt.com

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