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Your Partner for Growth in Asia

An Introduction to

Doing Business in India 2017



**Years
1992-2017**



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This edition of Doing Business in India was produced by a team of professionals at Dezan Shira & Associates, with Koushan Das and Melissa Cyrill as Editors. Creative design of the guide was provided by Jessica Huan, Kking Lu and Belén Rodríguez.

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About Dezan Shira & Associates

At Dezan Shira & Associates, our mission is to guide foreign companies through Asia's complex regulatory environment and assist them with all aspects of establishing, maintaining and growing their business operations in the region. Since its establishment in 1992, Dezan Shira & Associates has grown into one of Asia's most versatile full-service consultancies with operational offices across China, Hong Kong, India, Singapore and Vietnam, as well as liaison offices in Italy, Germany and the United States, and partner firms across the ASEAN region. With over 25 years of on-the-ground experience and a large team of professional advisers, we are your reliable partner in Asia

Preface

India surged ahead of China in receiving foreign direct investment (FDI) in 2016. In the first six months of 2016, there was a 30 percent increase in FDI – equaling US\$21.6 billion as compared to US\$16.6 billion the previous year as per the Department of Industrial Promotion & Policy (DIPP). As the government pushes toward the ease of doing business, India is now perfectly positioned to compete with the world’s premier investment locations.

India can offer investors a unique array of advantages. Its skilled and low-cost labor force is one of the largest in the world, and it has a high level of English fluency relative to other countries in Asia. The reforms that have been implemented are numerous and include infrastructural improvements, the raising of FDI caps, and the simplification of visa obtainment procedures.

This publication, designed to introduce the fundamentals of investing in India, has been created using the most up-to-date information at the time. It was compiled by Dezan Shira & Associates, a specialist foreign direct investment practice that provides corporate establishment, business advisory, tax advisory and compliance, accounting, payroll, due diligence and financial review services to multinationals investing in emerging Asia.



ADAM LIVERMORE

Partner
Dezan Shira & Associates



CONTACT

Dezan Shira & Associates

india@dezshira.com

www.dezshira.com



Dezan Shira & Associates India



ROHIT KAPUR
Country Manager
Dezan Shira & Associates
India Offices

Dezan Shira & Associates expanded into India in 2007, opening offices in Mumbai and later New Delhi in 2008. The launch of Dezan Shira's India offices was coupled with the launch of India Briefing, which is now a premier source of business and regulatory intelligence related to the Indian market.

Our services in India include corporate establishment, business advisory, tax advisory and compliance, accounting, payroll, due diligence, and financial review. Dezan Shira & Associates' experienced business professionals in India are committed to improving your understanding of investing and operating in emerging Asian markets.

DELHI OFFICE



Unit No. T-15, Third Floor, Rasvilas
Saket District Centre
New Delhi 110017, India

Tel: +91 9555440455
Email: delhi@dezshira.com

MUMBAI OFFICE



35, 3rd Floor Mittal Chambers.
Nariman Point
Mumbai 400021, India

Tel: +91 22 2204 6117
Email: mumbai@dezshira.com

Committed to Economic Reform and Digitalization: The Indian Economy in 2017

2016 ended on an epochal note for India's economy as the government implemented the demonetization of high-denomination currency notes (Rs 500 and Rs 1000) in an effort to combat counterfeit currency and formalize the parallel (black) economy to increase tax jurisdiction. Old currency was allowed to be exchanged till December 30, in tranches, and was monitored by tax authorities for discrepancies. Only in the case of non-resident Indians (NRIs), this exchange will be allowed until June 30, 2017; Indians who were abroad between November 9 and December 30, 2016 will be allowed a grace period till March 31, 2017.

In the initial weeks, demonetization led to cash shortages as the central bank imposed restrictions on withdrawals to manage the distribution of new and small denomination currency. Inevitably, this resulted in the slowdown of consumer spending and industrial growth, leading to a dip in the country's growth forecast at 6.6 percent.

Nevertheless, this slowdown is most likely to be temporary as India remains one of the fastest growing economies of the world. In the medium term, growth prospects look good precisely as the drive towards accelerating domestic manufacturing, infrastructure investments, support for startups, and the digitalization of the economy will continue undeterred.

Bolstering this overall positive outlook is the expected implementation of the Goods and Services Tax (GST) in the forthcoming financial year. Finally, the government is committed to various economic, legislative, and regulatory reforms that will ease the entry, investment, and expansion of business operations in India.



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Our Offices in India

Delhi

+91 9555440455
delhi@dezshira.com

Unit No. T-15, 3rd Floor, Rasvilas
Saket District Centre
New Delhi 110017, India

Mumbai

+91 22 2204 6117
mumbai@dezshira.com

35, 3rd Floor, Mittal Chambers
Nariman Point
Mumbai 400021, India

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