MARKET ENTRY GUIDE
INDIA

THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG
Ministry of the Economy

luxembourg for business

Contents

1 Introduction

India is the world's largest democracy and the second most populated country. According to World Bank, Indian economy is expected to grow at 7,5 percent in 2015-16, followed by further acceleration to 7,8 percent in 2016-17 and 7,9 percent in 2017-18[1]. Its total reserves, including gold and SDR, rose to EUR 313,42 billion (USD 347,5 billion) as on January 22, 2016[2]. The services sector has been the highest contributor to GDP growth in 2015 and has attracted the highest FDI Equity Inflows (17 percent of total inflow) as of September 2015[1]. According to The Department of Industrial Policy and Promotion, the total FDI inflows increased by 24,5 percent to EUR 40,49 billion (USD 44,9 billion) during FY 2015[2] from April to September. As per the Ernst & Young India Attractiveness Survey, India has emerged as the number one FDI destination in the world during the first half of 2015. India has outpaced all other economies, moving up to the premier position from being in the fifth spot during the corresponding period of the previous year. The recent election of a pro-reform Government and its several initiatives have increased business optimism in the past year. Implementation of Goods and Services Tax and legislation on land acquisition were also mentioned by investors as important for attracting FDI.[3]

During 2015, the country's major export destinations included the US (13,6 percent), the UAE (10,6 percent), Hong Kong (4,3 percent), and China (3,8 percent) while major imports came from China (13,4 percent), Saudi Arabia (6,3 percent), the UAE (5,8 percent), and Switzerland (4,9 percent)[4]. Financial Institutional Investors (FII) have invested a net of EUR 80,71 billion (USD

[1] Source: IBEF

[2] Source: Reserve Bank of India

[3] Source: Ernst & Young – India Attractiveness Survey 2015 Reasons to Invest in India & Key Factors Driving India's Attractiveness for FDI (includes 500 decision-makers from multinational organisations across sectors)

[4] Source: EXIM Bank India – India's International Trade and Investment (Ministry of Commerce & Industry, Government of India)

89,5 billion) in 2014-15— expected to be their highest investment yet. Of this, EUR 51,58 billion (USD 57,2 billion) was invested in debt (a record investment in the asset class), while equities absorbed EUR 29,12 billion (USD 32,3 billion)[1].

The total number of Mergers & Acquisitions (M&A) deals by Indian companies during the first ten months of 2015 was 486, with total monetary value EUR 26,87 million (USD 28,7 million)[5]. Cross-border deal values increased by 26 percent year-on-year, driven by 11 deals worth over EUR 450,9 million (USD 500 million) and 27 deals worth over EUR 90,18 million (USD 100 million). Foreign Direct Investment (FDI) reforms combined with the awaited Goods and Services Tax is expected to be a game changer in M&A and Private Equity (PE)[6]. As per a Thomson Reuters report, 2015 domestic M&A stood at EUR 8,74 billion (USD 9,7 billion). The industrials sector accounted for 15,9 percent of India's domestic M&A activity while Energy and Power, Financials and Retail sector accounted for 12,3 percent, 11,7 percent and 11,6 percent of India's domestic M&A activity, respectively[7]. In terms of start-up investment, 2015 witnessed the maximum traction with over 600 companies getting funding; of which more than EUR 1,80 billion (USD 2 billion) was deployed by PE and Venture Capital (VC) fund[8]

2015 turned out to be a complicated year for investors with corporate performance failing market expectations; however among the emerging market peers, India remained in a bright spot amid a slowdown in global economy due to rate cuts, capital infusion by domestic investors in addition to investment in equities from FIIs[9].

[5] Source: Economic Times: India Inc's M&A deal tally touches $29 bn: Grant Thornton

[6] Source: Economic Times: India Inc's M&A deals at $31 bn in January-November: Grant Thornton

[7] Source: The Financial Express: India Inc M&A activity shrinks to 2-year low, Thomson Reuters report shows

[8] Source: Economic Times: Significant traction in startup investments in 2015: Grant Thornton

[9] Source: Business Standard: 2015: A turbulent year for Indian stock markets

This report aims to discuss the important issues pertaining to the administrative, legal and financial aspects of setting up businesses and hiring personnel, as well as the living conditions in India.

Conversion rate:
1 USD= 0,9018 EUR (2015)

1.1 Recent Government Initiatives

This section outlines the recent Government reforms that are meant to significantly impact foreign investments in India. As per the EY India Attractiveness Survey, reforms that are most expected to drive growth include the following:

1.1.1 Make in India

Intended to turn India into a global manufacturing hub, the Make in India initiative has stirred interest among global investors, witnessing agreements with China, the US, Germany and other countries. In support of the new programme, the Governments has launched a new trade policy, introduced simpler labour laws, simplified regulatory compliance, and launched Skill India – an initiative to train 500 million young people by 2020 to support development of manufacturing[10].

[10] Source: : Ernst & Young – India Attractiveness Survey 2015 Reasons to Invest in India & Key Factors Driving India's Attractiveness for FDI (includes 500 decision-makers from multinational organisations across sectors)

1.1.2 Digital India

The Government has embarked on an ambitious EUR 15,87 billion (USD 17,7 billion) Digital India programme that seeks to transform India into a digitally empowered society and knowledge economy. It aims to expand rural Internet coverage to 250 thousand villages, and leverage information and communication technologies to deliver e-governance services. It aims to train 17 million for jobs in IT, telecom and electronics[11]

1.1.3 Goods and Services Tax Reform

Important reforms include the awaited introduction of the Goods and Services tax, which is expected to be passed in parliament this year; the law will effectively subsume all indirect taxes into a single uniform rate and could lift India to a single integrated market.[10 11]

1.1.4 Rationalisation of Corporate Taxes

The Government plans to reduce the corporate tax rate over four years (beginning in FY17) from 30 percent to 25 percent, with the phasing-out of industry-specific exemptions[10].

1.1.5 100 Smart Cities

In September 2014, the Indian Government unveiled plans to build 100 Smart Cities by 2022, which is expected to boost demand in the real estate, construction and telecom & media sectors along with an initiative to lead EUR 295,97 million (USD 330 million) extra investment in the technology sector[10].

[10] Source: : Ernst & Young – India Attractiveness Survey 2015 Reasons to Invest in India & Key Factors Driving India's Attractiveness for FDI (includes 500 decision-makers from multinational organisations across sectors)
[11] Source: Times of India: Congress should see reason, help GST pass: Arun Jaitley
Conversion rate: 1 USD= 0,8969 EUR (2016)

2 Modes of Setting up a Business in India

This section discusses the common investment vehicles available to foreign investors, the procedures to be followed in order to establish them and related regulations for each investment mode.

Table 1 lists the most common modes of setting up businesses by foreign investors and the legal particularities involved in each process.

Table 1: Different Modes of Setting up a Business in India

MODES OF SETTING UP A BUSINESS	
As a corporate entity under the Companies Act, 2013	Joint Venture (JV) Wholly Owned Subsidiaries Foreign Institutional Investors
As an office of a foreign entity Non-corporate entity	Liaison Office/ Representative Office Project Office Branch Office

Source: (Secretariat for Industrial Assistance) Department of Industrial Policy & Promotion

2.1 Corporate Entity

The Companies Act 2013 governs the process of setting up a company—both private and public limited—in India.

A private limited company is one that has a minimum of two members and a minimum paid up capital of EUR 1.320 (INR 100.000) or a higher paid up capital as may be prescribed. A private company has to:

- Restrict the rights to transfer its shares
- Limit the number of its members to 50
- Prohibit any public invitation to subscribe to any shares in the company

- Prohibit any invitation or acceptance of deposits from any source other than its members

A public limited company is one that has issued securities through an initial public offering (IPO) and which are traded on at least one stock exchange or over-the-counter market (OTC). A public company is required to have a minimum paid up capital of EUR 6,60 (INR 500.000).

Conversion rate:
1 INR= 0,0132 EUR (2016)

2.1.1 Steps to Establish a New Company

The Ministry of Corporate Affairs' website lists the following steps for incorporating a company:

- A suitable name indicating the objective of the company should be selected
- The name should neither resemble any of the already registered companies nor should it violate the provisions of emblems and names
- An application should be sent to the concerned Registrar of Companies (ROC) to ascertain the availability of the proposed name
- A fee of EUR 6,60 (INR 500) has to be paid and the digital signature of the applicant proposing the establishment of the company has to be attached to eForm1 A (available with ROC)
- After the company's name has been approved by the ROC, the applicant can apply to have the new company registered within 60 days, by filling the required forms, which include Forms 1, 18 and 32
- The memorandum and Articles of Association have to be drafted and vetted by solicitors and ROC, respectively

- The memorandum and articles are stamped with appropriate stamp duties
- The memorandum and articles have to be signed by at least two subscribers and witnessed by at least one additional person
- The memorandum and the Articles of Association are to be dated after the stamping date
- The following forms (available on the portal) have to be filled:
  - Declaration of Compliance – Form 1
  - Notice of situation of Registered Office of the company – Form 18
  - Particulars of the Director, Manager or Secretary – Form 32
- The eForms have to be submitted after attaching the digital signature, paying the requisite filing and registration fees, and sending a physical copy of the memorandum and the Articles of Association to ROC
- After processing the form and generating a Corporate identity, a Certificate of Incorporation is obtained from ROC.
- Additional steps to formulate a Public Limited company:
  - Declarations in form 20 (attached with the statement in lieu of prospectus), and form 19 (attached with the prospectus) have to be filed to obtain the Certificate of Commencement of Business.

2.1.1.1 Documents Required for Registration and Incorporation of a Company

The following documents are required to be filed with the ROC for the registration and incorporation of a company:

- Memorandum of Association
- Articles of Association
- An address for correspondence

- Copy of the letter from the ROC intimating the availability of proper name
- The particulars and proof of identity of every subscriber and every first Director
- List of persons who have consented to act as directors of the company
- An affidavit from each subscriber and the first Director stating they have been in compliance with the company law and all information filed with the ROC is correct
- Agreement, if any, which the company proposes to enter into with any individual for appointment as its managing or full time Director or manager
- Documents that are evidence of paying the prescribed registration and filing fees
- Documents that are evidence of directorship and situation of Registered Office in Form 32 and Form 18, respectively, and the Declaration of Compliance with the requirements of the Companies Act for giving consent to the individual to act as a Director.

2.1.2 Joint Ventures with an Indian Partner

2.1.2.1 Types of Joint Ventures (JV)

A Joint Venture (JV) refers to an Indian entity incorporated in accordance with the laws and regulations in India in whose capital a non-resident entity makes an investment. Two parties—either a non-resident or both residents—can collaborate and form a company in India. Some key aspects of a JV in India are:

- The management and running of the JV is influenced by the terms stated in the shareholders agreement
- There are no separate laws for joint ventures in India and laws governing domestics companies apply equally to JV.

A JV can be formed in the following two ways:

- Without Formation of New Entity: The investor may acquire shares in an existing business
- With Formation of New Entity: Both parties can subscribe to the shares of the JV company in an agreed proportion, in cash, and start a new business.

2.1.2.2 Approval Formalities for the Joint Venture

When one of the partners in a JV is a foreign entity, a two-step approval process must be followed:

- Automatic Approval Route: FD in sectors or activities (to the extent permitted under automatic route) does not require any prior approval. The investors are only required to notify the concerned Reserve Bank of India (RBI) regional office within 30 days of receipt of inward remittances. The following entities are eligible for automatic approval:
  - An existing company from the non-mining sector with an expansion programme in the mining sector
  - An existing company from the mining sector that wants to increase the equity base
  - Those who have or had joint venture or technology transfer agreements with a foreign company
- Foreign Investment Promotion Board (FIPB) Approval Route: Investment in activities not covered under the automatic approval route requires prior Government approval (by the RBI) and are considered by the FIPB.

The process of incorporation remains the same as mentioned in section 2.1.1 above. After receiving the certificate of incorporation, the new company can start conducting business:

- In case of a private company, immediately
- In case of a public company, after obtaining the Certificate of Commencement of Business

2.1.3 Wholly Owned Subsidiary

A wholly owned subsidiary is an entity where the parent company owns the company entirely and there are no minority owners. Foreign companies can also set up a wholly-owned subsidiary in the form of private companies in sectors where 100 percent FDI is permitted under the FDI policy. No permission is required from the RBI. This company is treated as a domestic company.

2.1.4 Foreign Institutional Investors

FII's can invest in India in financial markets such as pension funds, mutual funds, investment trusts and asset management companies.

Source: Department of Industrial Policy and Promotion in India, Ministry of Corporate Affairs

Conversion rate: 1 INR= 0,0132 EUR (2016)

2.2 Sectors Prohibited under FDI Policy

Table 2: List of Activities for which the Automatic Route of the RBI for Investment is Unavailable and List of Activities or Items for which FDI is prohibited.

ACTIVITIES NOT AVAILABLE FOR FOREIGN INVESTMENT
Lottery Business including Government/ private lottery, online lotteries, etc.
Gambling and Betting including casinos etc.
Chit Funds
Nidhi company (Borrowing from members and lending to members only)
Paid in Minimum Capital (percent GNI per capita)
Real Estate Business (other than construction development) or Construction of Farm Houses
Manufacturing of Cigars, Cheroots, Cigarillos and Cigarettes, of Tobacco or of Tobacco substitutes
Activities/Sectors not open to private sector investment e.g. Atomic Energy and Railway Transport (other than construction, operation and maintenance of: · Suburban corridor projects through PPP · High speed train projects · Dedicated freight lines · Rolling stock including train sets, and locomotives/coaches manufacturing and maintenance facilities · Railway Electrification · Signalling systems · Freight terminals · Passenger terminals · Infrastructure in industrial park pertaining to railway line/sidings including electrified railway lines and connectivity to main railway line and · Mass Rapid Transport Systems)

Services such as legal, bookkeeping, accounting & auditing
Agricultural (excluding Floriculture, Horticulture, Development of seeds, Animal Husbandry, Pisciculture and cultivation of vegetables, mushrooms, etc. under controlled conditions and services related to agro and allied sectors) and Plantations activities (other than Tea Plantations)
Trading in Transferable Development Rights

Source: Reserve Bank of India, MakeinIndia

2.3 Unincorporated Entity

2.3.1 Liaison Office/Representative Office (RO)

A liaison office (or RO) cannot carry out any commercial activity in India; however, it can perform the following functions:

- Representing the parent company/group companies in India
- Promoting export/import from/to India
- Promoting technical/financial collaborations between parent/group companies and companies in India
- Acting as a communication channel between the parent company and Indian companies

Permission to set up such offices is initially granted for a period of 3 years and this may be extended from time to time. It is not allowed to undertake any business activity in India and cannot earn any income in India. Expenses of such offices are to be met entirely through inward remittances of foreign exchange from the Head Office outside India.

2.3.2 Project Office

A foreign company can open a project office in India to execute a specific project. The RBI has permitted foreign entities to open project offices provided they have secured a contract from an Indian company to execute a project in India, in addition to the following conditions:

- The project is funded directly by inward remittance from abroad; or
- The project is funded by a bilateral or multilateral International Financing Agency; or
- The project has been cleared by an appropriate authority; or
- A company or entity in India awarding the contract has been granted Term Loan by a Public Financial Institution or a bank in India for the project

However, if the above criteria are not met, the foreign entity has to approach the RBI to obtain approval.

2.3.2.1 Opening of Foreign Currency Account

Authorised dealers (AD) are any type of financial institutions that have received authorisation from a relevant regulatory body to act as a dealer involved in trading of foreign currencies.

The concerned branch of the AD can open non-interest bearing foreign currency accounts for project offices in India subject to the following conditions:

- The project office has been established in India, with the general/specific permission of RBI, having the requisite approval from the concerned Project Sanctioning Authority
- The contract, under which the project has been sanctioned, specifically provides payment in foreign currency

- Each Project Office can open two Foreign Currency Accounts, usually one denominated in USD and other in home currency, provided both are maintained with the same AD bank (refer to first bullet point)
- The permissible debits to the account shall be the payment of project-related expenditure and credits shall be the foreign currency receipts from the Project Sanctioning Authority, and remittances from parent/group company abroad or bilateral/multilateral international financing agency
- The responsibility of ensuring that only the approved debits and credits are allowed in the Foreign Currency Account, shall rest solely with the branch concerned of the AD. Further, the accounts shall be subjected to 100 percent scrutiny by the Concurrent Auditor of the respective AD banks.

2.3.2.2 Intermittent Remittances

The AD branch can permit intermittent remittances by project offices pending or winding up provided they are satisfied with the bonafides of the transaction and subject to the following:

- The project office submits an Auditor's/Chartered Accountant's Certificate to the effect that sufficient provisions have been made to meet the liabilities in India, including income tax requirements
- An undertaking is required to be issued by the project office that the remittance will not, in any way, affect the completion of the project in India and that any shortfall of funds to meet any liability in India will be met by inward remittance from abroad.

Inter-project transfer of funds requires prior permission from the concerned regional office of the RBI under whose jurisdiction the project office is situated.

2.3.3 Branch Office

Companies incorporated outside India and engaged in manufacturing or trading activities are allowed to set up Branch Offices in India with specific approval of the RBI. Such Branch Offices are permitted to represent the parent/group companies and undertake the following activities in India:

- Export/Import of goods
- Rendering professional or consultancy services
- Carrying out research work in which the parent company is engaged
- Promoting technical or financial collaboration between Indian companies and parent or overseas group company
- Representing the parent company in India and acting as buying/selling agent in India
- Rendering services in information technology and development of software in India
- Rendering technical support to the products supplied by parent/group companies
- Running a foreign airline/shipping company

The branch office should be engaged in the activity in which the parent company is engaged in. Conditions applicable to the functioning of a branch office include:

- A branch office is not allowed to carry out manufacturing, processing activities in India, directly or indirectly
- Profits earned by the branch offices are freely to be remitted from India, subject to the payment of the applicable taxes
- The branch offices are permitted to acquire property for their own use and to carry out the permitted/incidental activities, but not for leasing or renting the property.

2.3.3.1 Branch Office in Special Economic Zones (SEZ)

The RBI has given general permission to foreign companies to establish a branch/unit in special economic zones (SEZs) to undertake manufacturing and service activities. The general permission is granted subject to the following conditions:

- Such units function only in sectors where 100 percent FDI is permitted
- Such units comply with part XI of the Companies Act (Section 592 to 602) applicable to the companies which are incorporated outside India and establish a place of business within India
- Such units function on a stand-alone basis.

2.3.3.2 Closure of Offices

When winding up a liaison/branch office, the company has to approach the respective regional office with the following documents:

- No-objection/Tax Clearance Certificate from Income-Tax authority for the remittance(s)
- Confirmation from the applicant/parent company that no legal proceedings in any court in India are pending and there is no legal impediment to the remittance
- A report from the ROC regarding compliance with the provisions of the Companies Act, 2013, in case of winding up of the office in India
- Any other document/s, specified by the RBI while granting approval
- Copy of the RBI's permission to establish the office in India
- Auditor's Certificate.

2.3.4 General Regulations for Branch/Liaison/Project Offices

- Branch/Liaison/Project offices are allowed to open non-interest bearing current accounts in the RBI. Such offices are required to approach their authorised dealers to open the accounts
- The transfer of assets of the liaison/branch office to subsidiaries or other liaison/branch offices is allowed with the specific approval of the Central Office of the RBI
- Branch Offices are permitted to remit outside India the profit of the branch net of applicable Indian taxes, on production of the requisite documents to the satisfaction of the Authorised Dealer through whom the remittance is made
- Authorised Dealers can allow term deposit account for a period not exceeding 6 months in favour of a branch/office of a person resident outside India. However, such facility may not be extended to shipping/airline companies.

2.3.5 Other Facts Pertaining to Unincorporated Entities

- Only Non Resident Indians/Persons of Indian Origin (NRIs/PIOs) are allowed to set up partnership/proprietorship concerns in India. Even for NRIs/PIOs, investment is allowed only on non-repatriation basis
- The Foreign Exchange Management Regulations Act defines a 'foreign company' as a corporate body incorporated outside India, and includes a firm or other association of individuals.

Source: RBI

2.4 Average Time (in days) Required for Setting up a Business

In order to start a business, a certain number of legal and bureaucratic hurdles have to be overcome by companies/entrepreneurs. Registration is typically critical for accessing a range of market infrastructure including finance, physical infrastructure (electricity and water) and contract enforcement.

Table 3 lists how India ranks as per World Bank Doing Business parameters.

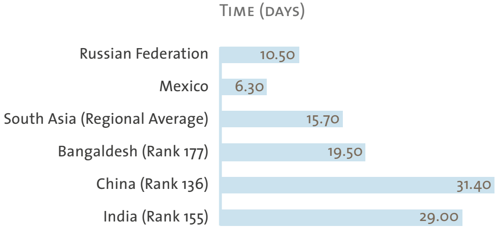
Table 3: Ease of Starting a Business in India Ranking

EASE IN DOING BUSINESS RANKING	YEAR – 2016
Rank	155
Procedures (number)	12,9
Duration (days)	29
Cost (percent income per capita)	13,5
Paid in Minimum Capital (percent GNI per capita)	0

Source: The World Bank Group - Document: Doing Business 2016 India

2.4.1 Time Taken to Start a Business - 2016

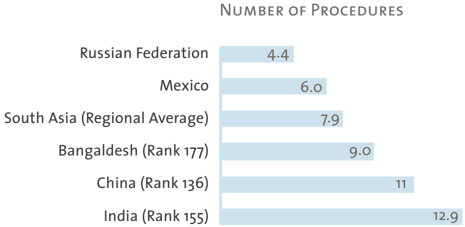
Figure 1 illustrates the number of days it takes for starting business ventures among India's peer group



According to a World Bank report, the average time taken to start a business in India is higher than the South Asia regional average; however it is even higher in China.

2.4.2 Procedures Essential for Commencing a Business - 2016

Figure 2 illustrates the number of procedures undertaken for the formation of a business



Among India's comparison group, India has the maximum amount of procedures when it comes to commencing a new business. At a global level, India is one of the countries with the highest number of procedures required, closely followed by China.

Source: The World Bank Group - Doing Business 2016

3 Procedures for Immigration

3.1 Visa Provisions

Foreign nationals entering India are required to possess a genuine and valid national passport or any other internationally recognised travel document establishing his/her nationality and identity and bearing the photograph of the individual.

The following are some of the salient points regarding the visa requirements for entry into India:

- e-Tourist Visa (eTV): The eTV enables the prospective visitor to apply for an Indian Visa from his/her home country online without visiting the Indian Mission and also pay the visa fee online. Once approved, the applicant will receive an email authorising him/her to travel to India and he/she can travel with a print out of this authorisation. On arrival, the visitor has to present the authorisation to the immigration authorities who would then stamp the entry into the country. An e-TV is valid for up to a maximum of 30 days with single entry facility. This facility is available at Delhi, Mumbai, Chennai, Kolkata, Hyderabad, Bengaluru, Thiruvananthapuram, Kochi and Goa for the following individuals:

- Who are nationals of Andorra, Anguilla, Antigua & Barbuda, Argentina, Armenia, Aruba, Australia, Bahamas, Barbados, Belgium, Belize, Bolivia, Brazil, Cambodia, Canada, Cayman Island, Chile, China, China- SAR Hong Kong, China- SAR Macau, Colombia, Cook Islands, Costa Rica, Cuba, Djibouti, Dominica, Dominican Republic, East Timor, Ecuador, El Salvador, Estonia, Fiji, Finland, France, Georgia, Germany, Grenada, Guatemala, Guyana, Haiti, Honduras, Hungary, Indonesia, Ireland, Israel, Jamaica, Japan, Jordan, Kenya, Kiribati, Laos, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Malaysia, Marshall Islands, Mauritius, Mexico, Micronesia, Monaco, Mongolia, Montenegro, Montserrat, Mozambique, Myanmar, Nauru, Netherlands, New Zealand, Nicaragua, Niue Island, Norway, Oman, Palau, Palestine, Panama, Papua New Guinea, Paraguay, Peru, the Philippines, Poland, Portugal, Republic of Korea, Republic of Macedonia, Russia, Saint Christopher and Nevis, Saint Lucia, Saint Vincent & the Grenadines, Samoa, Seychelles, Singapore, Slovenia, Solomon Islands, Spain, Sri Lanka, Suriname, Sweden, Taiwan, Tanzania, Thailand, Tonga, Turks & Caicos Island, Tuvalu, the UAE, Ukraine, United Kingdom, the USA, Uruguay, Vanuatu, Vatican City-Holy, Venezuela, Vietnam

- Whose sole objective of visiting India is pleasure/recreation, short duration medical treatment or casual business visit and no other purpose/activity
- Who does not have a residence or occupation in India
- Who hold a passport with a minimum validity of six months
- Who is a person of assured financial standing.

Different categories of visas specifying the number of entries allowed and the duration of stay in India are mentioned on the visa, depending on the request and subsequent decision of the visa issuing authority. Foreigners may also look for specific endorsement, if any, on the visa for their guidance. In case of any doubt, they may seek clarification from any of the Indian missions abroad. A separate visa regime exists for diplomatic/ official passport holders.

Temporary Landing Permits: If a foreign national does not possess a valid visa, immigration officers may grant a Temporary Landing Permit (TLP) for up to a maximum period of 3 days to a foreigner who enters India by air or sea, without a valid visa, under emergent circumstances (like death or sudden illness in the family) provided the Immigration officer is satisfied regarding the bonafides of the foreigner. Nationals of Sri Lanka, Bangladesh, Pakistan, Iran, Afghanistan, Somalia, Nigeria and Ethiopia are not granted the TLP facility.

- Foreign tourists in groups of four or more arriving by air or sea, sponsored by Indian Travel Agencies approved by the Ministry of Tourism, Government of India and with a pre-drawn itinerary may be granted collective landing permit for a period of 60 days, with multiple-entry facility to enable them to visit a neighbouring country
- For the grant of TLP/Temporary Landing Facility (TLF) a fee of EUR 35,87 (USD 40) per passenger is charged including children.

A foreigner may be refused entry into the country when:

- He/she is not entering India from the designated port
- He/she is not in possession of a valid passport and visa
- He/she is mentally unfit or suffering from infectious diseases, which is prejudicial to public health
- He/she is involved in an extraditable offence
- His/her entry is prohibited under the specific order of the Central Government.

Visa regime is implemented abroad by Indian missions and posts and in India by the Foreigners Regional Registration Offices (FRRO), home departments & district administrators in the states besides immigration posts

Table 4 provides the different visa categories in India

TABLE 4: VISA CATEGORIES IN INDIA

TYPE OF VISA	ENTRY TYPE	PERIOD	VISA FEE (EUR)
Tourist visa	Multiple Entry	Up to six months	35,87
		Up to one year	58,29
		Up to five years	116,59
For Singaporean nationals - Tourist visa	Multiple Entry	Up to six months	22,42
Transit Visa	Single/Double Entry	For 15 days	17,93
Student Visa	Multiple Entry	Duration of course/five years (whichever is less)	67,26
All other types of visas	Multiple Entry	Up to six months	71,75
		Up to one year	107,62
		Up to five years	179,38

Conversion rate:
1 USD= 0,8969 EUR (2016)

Visa fees are non-refundable and subject to change without notice. The High Commission reserves the right to grant and decide the type/duration of the visa granted, irrespective of the fees tendered at the time of application. The granting of the visa does not confer the right of entry into India and is subject to the discretion of the immigration authorities.

- Table 5 lists the different types of visas issued by the Indian Government.

TABLE 5: VISAS ISSUED BY THE INDIAN GOVERNMENT

TYPE OF VISA	ENTRY TYPE	IS VISA EXTENDABLE?
Tourist	Multiple Entry	No
Transit	Single Entry	No
Business	Up to five years	Yes
Employ-ment	Two years/ Period of contract (whichever is less)	Yes
Entry for Foreigners of Indian Origin	Five years	Yes

Source: PassportIndia.gov.in, Ministry of Home Affairs, India, Indianvisaonline.gov.in

3.1.1 DOCUMENTS REQUIRED FOR VISA APPLICATIONS

The following documents are required from a foreign national at the time of visa application:

- Original passport valid for at least 6 months (From date of issue)
- Visa fee
- Two passport size photographs
- Supporting documents, whenever necessary
- Duly completed application form

Table 6 lists the documentation required to Visa application by Visa type

TABLE 6: DOCUMENTS REQUIRED BY VISA APPLICATION TYPE

TYPE OF VISA	DOCUMENTS REQUIRED FOR APPLICATION
Tourist	Proof regarding assured financial standing i.e. return ticket and availability of sufficient money to spend during stay in India
Transit	Confirmed onward journey ticket
Business	Documents to prove bonafide purpose (company's letter or other) and Proof of financial standing
Employment	Passport with 6 month minimum validity, Passport size photographs, Photo copy of passport, Copy of online filled form, Appointment letter, Contract letter, Resume of applicant, Organisation registration, Tax liability letter, Project details, Sponsor letter from organisation in India, Justification letter from employer
Entry for Foreigners of Indian Origin	Entry for Foreigners of Indian Origin

Sources: Ministry of Home Affairs, India; Bureau of Immigration, India

3.1.1.1 Work/Employment Visas in Detail

Below is a broad outline of the requirements for obtaining a work or an employment visa in India. An applicant should satisfy the following conditions to be eligible:

- The applicant should be a highly skilled and/or qualified professional being engaged by an entity in India on contract/employment basis at a senior level, skilled position

| The Employment visa can't be granted for routine, ordinary or secretarial/clerical jobs

| The employee's salary must be in excess of EUR 22.422 (USD 25.000) per year.

Conversion rate:
1 USD= 0.8969 EUR (2016)

3.1.2 Obtaining a Visa for Luxembourg Nationals

A few aspects to keep in mind for a Luxembourg citizen while applying for an Indian Visa include:

| Luxembourg nationals are eligible for the eTV visa facility, which allows online application of visa for a 30-day stay for recreational purpose (Refer to section 3.1 Visa Provisions for details)

| Visa applicants (other than those from embassies and international organisations) should submit their visa applications in person only at the India Visa Application Centres at Brussels, Antwerp and Luxembourg

| The validity of a visa begins on the day it is issued by the Embassy of India and not on the date of departure

| Fees vary by visa type – An updated list is available at: www.indembassy.be/pages.php?id=18

| Visa application Centres:

· Residents of Belgium:

- India Visa Application Centre, 350 Avenue Louise, 1050 Brussels (Tuesday/Thursday from 9 am to 12 pm)
- India Visa Collection Centre, 62 Vestingstraat, 1 Floor, 2018 Antwerp (Tuesday/Thursday from 10 am to 12 pm)

· Residents of Luxembourg: India Visa Collection Centre, 66, rue des Celtes, 1318 Luxembourg (Tuesday/Thursday from 10 am to 12 pm)

Sources: Bureau of Immigration, VFS.Global

3.2 Registration Requirements for Foreign Nationals

The Bureau of Immigration, India, lays down the following rules regarding immigration of foreign nationals:

3.2.1 Individuals Requiring Registration

- All foreigners including foreigners of Indian origin visiting India for more than 180 days on a student visa, research visa, employment visa, medical visa, medical attendant visa or missionary visa will be required to get themselves registered with the concerned Registration Officer within 14 days of their arrival, irrespective of the duration of stay
- For all other types of visas which are valid for more than 180 days registration is required only if the person plans to stay more than 180 days on any single visit. This registration should be done at the earliest but definitely before expiry of 180 days from the date of entry into India. Children below 16 years of age do not require registration for any type of visa.

3.2.2 Registration Support

- Ordinarily, the registration process is completed on the same day, but it may vary in those cases where field enquiry/other checks are required to be done
- Registration facilities are not provided at the airport and are carried out in the office of Foreigner Regional Registration Offices (FRROs) or District Superintendents of Police
- Though no fee is required to be paid for registration, a penalty equivalent to EUR 26,90 (USD 30) is required to be paid in case of late registration.

3.2.3 Documents Required for Registration

A foreign national is required to submit the following documents at the time of registration:

- Registration form, original valid passport and visa
- Four recent passport size (4X4 cm) photographs
- Three photocopies of the relevant pages of passport page, page indicating validity, page bearing the arrival stamp of Indian Immigration
- Three copies of the undertaking letter (signed by the Indian host/sponsor along with their identity proof)
- Three copies of proof of residence on a letter/receipt from hotel

Table 7 lists additional documents required for registration by various Visa types:

Table 7: Additional Registration Documents by Visa type

Visa Type	Additional Documents required	
Employment Visa	I.	Indian Visa
	II.	Employment letter, undertaking, contract agreement and Copy of Letter of Incorporation
	III.	Copy of identity document
	IV.	PAN Card and Income tax papers
Business Visa	I.	Indian Visa
	II.	Prescribed registration and extension forms (filled at the registration office)
	III.	Resident permit book available at office for (EUR 0,33) INR 25
	IV.	Bank remittance proving financial standing
	V.	Letter stating details of business from individual/firm with whom business is intended and signed undertaking from firm, contract/assignment letter from firm
	VI.	Letters of Incorporation
	VII.	Copy of bill of lading or invoices

	VIII.	Proof regarding turnover from business
	IX.	PAN Card and Income tax papers
	X.	Permission letter from RBI/government in case of JV/collaboration.
Journalist Visa	I.	Indian Visa
	II.	Prescribed registration and extension forms (filled at the registration office)
	III.	Letter indicating subject of journalism from concerned news agencies, company
	IV.	Letter from Press Information Bureau or Ministry of External Affairs granting permission during time of extension
Research Visa	I.	Indian Visa
	II.	Letter from the concerned university with details of subject of research and field
	III.	Letter from the concerned nodal Ministry/HRD Ministry granting clearance if seeking extension
	IV.	Letter from the professor/guide
	V.	Bank statement showing financial status for one year of stay

Note: This is a general guideline, please refer to the website of Bureau of Immigration India and the VFS Indian Visa Portal for an exhaustive list of documents to be submitted.

Sources: Bureau of Immigration, India; VFS Global Belgium – Indian Visa Application

Conversion rate:
1 USD= 0,8969 EUR (2016)
1 INR= 0,0132 EUR (2016)

3.3 Average Living Costs for Expatriates

A 2015 Numbeo (a global price database) survey confirms that India has the lowest cost of living among 119 countries based on Consumer Price Index.

As per the Mercer Cost of Living Survey 2015, which compiles rankings for 207 cities worldwide, most Indian cities falls within the bottom 50 in terms of cost of living. New Delhi (Rank 132) is followed by Mumbai (Rank 140) and Chennai (Rank 157); of five metropolitan areas, Bengaluru (Rank 183) and Kolkata (Rank 193) are the least expensive Indian cities. The cost of living in India varies from one region of the country to another. While the cost is nominal in smaller towns and cities, it is higher in bigger cities and metros, such as Mumbai and New Delhi.

Table 8 lays down the average cost of some essential items in India as on February 2016

Table 8: Average Cost of Essentials by Expense Category in India

EXPENSE CATEGORY	ITEM	COST (EUR)
Food and Drink	Meal, Inexpensive Restaurant	1,86
	Meal for 2 People, Mid-range Restaurant, Three-course	7,98
	Milk (regular), (1 litre)	0,56
	Eggs (12)	0,73
	Tomato (1kg)	0,43
	Domestic Beer (0.5 litre bottle)	1,32
	Chicken Breasts (Boneless, Skinless), (1kg)	2,69
Transportation	Monthly Pass (Regular Price)	7,98
	Gasoline (1 litre)	0,91
Utilities	Basic (Electricity, Heating, Water, Garbage) for 85m2 Apartment	27,88
	Internet (10 Mbps, Unlimited Data, Cable/ADSL)	16,61
	1 min. of Prepaid Mobile Tariff Local (No Discounts or Plans)	0,01
Rent per month	Apartment (1 bedroom) in City Centre	145,38
	Apartment (1 bedroom) Outside of Centre	91,01

Source: Numbeo; Mercer's 2015 Cost of Living Survey, Business Insider - The Cost Of Living in Every Part of the World in One Incredible Infographic – 2015

4 Social Security System in India

4.1 Social Security

India's social security system includes insurance facilities for the elderly, disabled persons and survivors, and in cases of sickness, maternity, work injury and unemployment. Social security benefits in the country are need-based, i.e., the component of social assistance is more important in publicly managed schemes. The objective of the system is

- To prevent deprivation
- To assure a basic minimum income to an individual and his/her dependents
- To protect the individual from any unforeseen incidents.

4.2 Autonomous Organisations

This section discusses the organisations in place for social security in India. These organisations provide social security to the formal sector workers:

- The Employees' Provident Fund Organisation (EPFO) is administered by the Central Board of Trustees, comprising of representatives from Central and State Governments, Employers and Employees
- The Employees' State Insurance Corporation administers the Employees' State Insurance Corporation (ESIC), which has members representing employers, employees, the Central Government, State Governments, medical profession and Parliament.

Source: Ministry of Labour and Employment, India

4.2.1 Employees' Provident Fund Organisation

EPFO schemes cover the entire country and are in place to provide for the institution of provident funds for employees and their families in factories and other establishments. It extends to the entire country, except in the State of Jammu and Kashmir

| It has three programmes in place:

- Employees' Provident Fund results in accumulation plus interest upon retirement, resignation, and death. Partial withdrawals for specific expenses are allowed.
- Employees' Pension Scheme provides monthly benefits for superannuation/retirement, disability, survivors, widowed individuals and children.
- Employees' Deposit Linked Insurance Scheme provides benefits in case of death of the employee member.

| Table 9 provides the financing details of the programmes:

Table 9: Mandatory Social Security Programmes (in place by the Employees' Provident Fund Organisation) in India

PROGRAMME NAME	PROGRAMME TYPE	FINANCING
Employees' Provident Fund (EPF)	Mandatory	Employer: 1,67-3,67%
		Employee:10-12%
		Government: None
Employees' Pension Scheme (EPS)	Mandatory	Employer: 8,33%
		Employee: None
		Government: 1,16%
Employees' Deposit Linked Insurance Scheme (EDLI)	Mandatory	Employer: 0,5%
		Employees: None
		Government: None

Sources: EPF, India; Ministry of Labour and Employment

4.2.2 Employees' State Insurance Corporation

Employees' State Insurance Scheme of India, is a social security system to provide socio-economic protection to worker population and their dependants covered under the scheme. The ESI scheme is a self-financing scheme majorly financed by employees and employers. Benefits under the scheme include:

- The insured individuals are entitled to a variety of cash benefits in times of physical distress due to sickness, temporary or permanent disablement resulting in loss of earning capacity.
- Dependants of insured individuals who die in industrial accidents or because of employment injury or occupational hazard are entitled to a monthly pension called the dependants benefit
- Full medical care for self and dependants, admissible from day one of insurable employment.

Table 10 lists the ESI contribution rates.

Table 10: ESI Contribution Rates

ESI CONTRIBUTION RATES	
Employees	1,75% of wages
Employers	4,75% of wages
State Government	1/8 share of expenditure (Medical Care)

Sources: EPF India; ESI India; Ministry of Labour and Employment, India

4.3 Social Security Laws in India

The principal social security laws in India include the following:

| Employees' State Insurance Act, 1948 (ESI Act)

- It covers factories and establishments with 10 or more workers
- It seeks to provide comprehensive medical care to employees and their families
- It also provides cash benefits to employees during sickness and maternity leave and monthly payments in case of death or disablement.

| EPF and Miscellaneous Provisions Act, 1952

- It applies to specific scheduled factories and establishments employing 20 or more employees.
- It ensures terminal benefits to provident fund, superannuation pension, and family pension in case of the death of an employee during service.

| Workmen's Compensation Act, 1923 (WC Act)

It requires the payment of compensation to the workman or his family in cases of employment-related injuries resulting in death or disability.

| Maternity Benefit Act, 1961 (MB Act)

It provides employees with 12 weeks' wages during maternity leave as well as paid leave in certain other related contingencies.

| Payment of Gratuity Act, 1972 (PG Act)

It provides 15 days' wages for each year of service to employees who have worked in establishments with a minimum of 10 workers for five years or more.

Source: Ministry of Labour and Employment, India

5 Special Economic Zones (SEZ) in India

5.1 Introduction

India recognised the importance of structured development and proposed the SEZ Policy in April 2000. The policy was introduced to boost economic growth and enhance the quality of infrastructure with minimum possible regulations. The following are the main objectives of SEZs:

- Generation of additional economic activity
- Promotion of export of goods and services
- Promotion of investment from domestic and foreign sources
- Creation of employment opportunities
- Development of infrastructure facilities.

In addition to seven Central Government SEZs and 11 State/Private Sector SEZs set-up prior to the enactment of the SEZ Act, 2005, formal approval has been accorded to 565 proposals out of which 388 SEZs have been notified. Currently, a total of 185 SEZs are exporting.

Source: Government of India

5.2 Incentives and Facilities Offered to SEZs

The Indian Government's Special Economic Zone (SEZ) Bill was passed in June 2005. The Act provides for the following incentives offered for attracting investments:

- Duty free import/domestic procurement of goods for development, operation and maintenance of SEZs and SEZ units
- 100 percent Income Tax exemption on export income for SEZ units for first 5 years, 50 percent for next 5 years thereafter and 50 percent of the ploughed back export profit for next 5 years

- Exemption from Central Sales Tax
- Exemption from Service Tax
- Exemption from State Sales Tax and other levies as extended by the respective State Governments
- Table 11 provides the growth rate of exports from SEZs for the time period of 2005-14

Table 11: Growth Rate of Exports from Functioning SEZs (2005-14)

YEAR	VALUE (USD BILLIONS)	VALUE (IN EUR BILLION)	GROWTH RATE – IN PERCENT (OVER PREVIOUS YEAR)
2005-2006	5,08	4,56	25,0
2006-2007	7,69	6,90	52,0
2007-2008	14,81	13,28	93,0
2008-2009	22,15	19,87	50,0
2009-2010	49,05	43,99	121,4
2010-2011	70,19	62,95	43,11
2011-2012	81	72,65	15,39
2012-2013	88,18	79,09	31,0
2013-2014	82,35	73,86	4,0

Sources: SEZ India- Export performances, Government of India
Conversion rate: 1 USD= 0.8969 EUR (2016)

Exports from SEZs in 2013-2014 registered a growth of 4 percent over 2012-2013.

Table 12 lists the names of states and the total number of exporting SEZs. Andhra Pradesh and Tamil Nadu lead in terms of exporting SEZs.

Table 12: States and Their Respective Share in Total Number of Exporting SEZs

STATES	SHARE IN TOTAL NUMBER OF EXPORTING SEZS
(as on August, 2014)	
Andhra Pradesh	42
Tamil Nadu	34
Karnataka	25
Maharashtra	22
Gujarat	18
Kerala	11
Uttar Pradesh	9
West Bengal	6
Others	22

Source: IBEF – SEZs in India

6 Opening a Bank Account in India

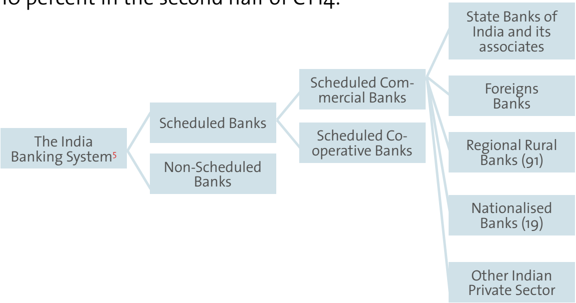
6.1 Overview of Retail Banking

A real GDP growth of 7,3 percent (for 2014-15)[1], robust equity markets and increasing disposable income have contributed to a strong growth of the Indian banking industry. The industry is based on strong fundamentals with low non-performing assets (NPAs) and compliance to Basel 1.

The RBI is the central bank and regulator for the financial and banking sector in India. According to the Reserve Bank of India Act 1934, banks are classified as scheduled and non-scheduled banks. Scheduled banks are those that have minimum paid-up capital and reserves funds that amounts to EUR 33.000 (INR 2.500.000). Non-scheduled banks are with a paid up capital which is less than EUR 6.600 (INR 500.000). [2]

As of 11 November 2015, 192,1 million accounts had been opened under Pradhan Mantri Jan Dhan Yojna (PMJDY) and 165,1 million RuPay debit cards were issued. These new accounts have mustered deposits worth EUR 3,54 billion (INR 268,190 billion)[3,4]

Standard & Poor's estimates that credit growth in India's banking sector would improve to 12-13 percent in FY16 from less than 10 percent in the second half of CY14.



* The numeral represents the total number of a particular type of bank in India.
[1] Source: India Express - [2] Source: Banking Awareness - [3] Source: IBE - [4] Conversion rate: 1 INR= 0.0132 EUR (2016) - [5] Source: Business.Gov – Banks

Table 13 gives an overview of number of bank branches by Bank Type

TABLE 13: NUMBER OF BANK BRANCHES BY BANK TYPE

BANK TYPE	TOTAL BRANCHES
State Bank of India and Its Associates	16.062
Nationalised Banks	39.376
Foreign Banks	293
Regional Rural Banks	15.127
Other Scheduled Commercial Banks	8.877
All-Scheduled Commercial Banks	79.735

Source: RBI: Document, Offices of Commercial Banks in India

6.2 Procedure for Liaison/Branch Office to Open a Bank Account

Companies which are incorporated outside India can establish Liaison Office in India with the specific approval of the RBI. A Liaison Office (also known as Representative Office) can undertake only liaison activities, i.e. it can act as a channel of communication between Head Office abroad and parties in India. It is not allowed to undertake any business activity in India and cannot earn any income in India. Expenses of such offices are to be met entirely through inward remittances of foreign exchange from the Head Office outside India.

A liaison/branch office is allowed to open current accounts with any Authorised Dealer (AD). The following documents are required to be submitted when opening a bank account:

- A copy of the memorandum and articles/charter of the foreign company with the Certificate of Incorporation
- A resolution to open the account, along with the names of persons authorised to operate the account
- Power of Attorney to open the bank account
- Copy of RBI approval
- Table 14 lists the percentage share of deposits among different bank types

Table 14: Share of Aggregate Deposits by Bank Type

BANK TYPE	SHARE OF AGGREGATE DEPOSITS – IN PERCENT
Nationalised Banks	52,2
State Bank of India and its Associates	22,5
New Private Sector Banks	13,3
Old Private Sector Banks	4,9
Foreign Banks	4,3
Regional Rural Banks	2,9

Sources: Corporate Law Reporter – Quarterly Deposits on Statistics and Credit of Scheduled Commercial Banks, Voice of CA

7 Recruitment of Local Staff

There are various recruitment channels available in India, including campus recruitment, headhunting agencies, media advertisements (newspapers, magazines, TV and broadcasting), Internet recruiting, onsite recruiting, internal references and 'walk in' interviews.

7.1 Brief Overview of Labour Laws

The Ministry of Labour and Employment is a Government of India organisation, developing and executing various labour laws. The organisation holds the responsibility of protecting and safeguarding the interests of workers. It focusses on the following aspects:

- Labour policy (including wage policy) and legislation
- Safety, health and welfare of labour
- Social security of labour
- Policy relating to special target groups, such as women and children
- Industrial relationships and enforcement of labour laws
- Adjudication of industrial disputes through central Government industrial tribunal-cum-labour courts and national industrial tribunals
- Workers' education
- Labour and employment statistics
- Employment services and vocational training
- International cooperation in labour and employment matters

The following are the chief legislations enacted for regulating manpower in India:

| The Factories Act, 1948

- To regulate working conditions in factories
- To ensure the provision of the basic minimum requirements for safety, health and welfare of factory workers
- To regulate the working hours, leave, holidays, employment of children, women, etc.

| The Minimum Wages Act, 1948

- To safeguard the interests of workers, mostly in the unorganised sector, by determining the minimum wages in certain specified employments
- To force employers to pay their workers the minimum wages fixed under the Act
- The National Floor-Level Minimum Wage is EUR 2,11 (INR 160) per day

| The Employees' Provident Fund and Miscellaneous Provisions Act, 1952

- To make provisions for the future of industrial workers after their retirement and for their dependents in case of death, among other things

Sources: NDTV; National Crime Investigation Bureau

Conversion rate:
1 INR= 0.0132 EUR (2016)

7.2 Major Recruitment Agencies and Websites

Tables 15 and 16 provide the website and provider list of recruiting and headhunting agencies

Table 15: Popular Recruitment Agencies in India

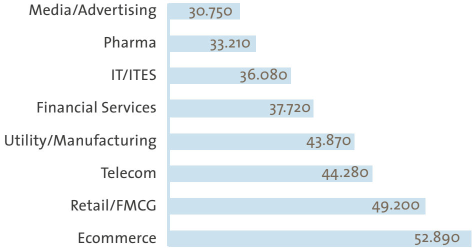
TOP THREE INTERNET RECRUITMENT AGENCIES	WEBSITES
Naukri	www.naukri.com
Randstad	www.randstad.in
IIM Jobs	www.iimjobs.com

Table 16: Leading Head Hunting Agencies

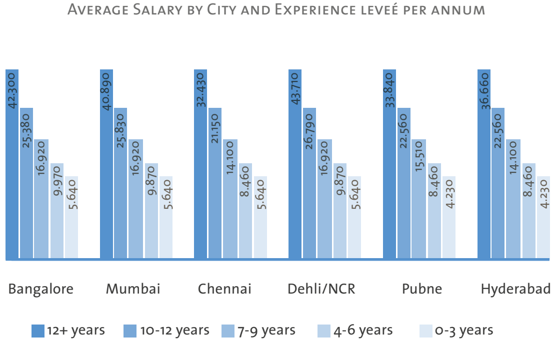
LEADING HEAD HUNTING AGENCIES	WEBSITES
Team Lease	www.teamlease.com
ABC Consultants	www.abcconsultants.in
Egon Zehnder	www.egonzehnder.com
Mancer Consulting	www.mancerconsulting.com
Adecco	www.adecco.co.in
ManpowerGroup	www.manpowergroup.co.in

7.3 Average Salary

7.3.1 Average Salary based on Experience Levels across various Cities (EUR) - 2015



7.3.2 Average Salary across Industries (EUR) per annum - 2015



Source: Analytics India – Salary Study 2015

Conversion rate:
1 INR= 0,0141 EUR (2015)

8 Taxation

8.1 Taxation in India

India has a well-developed three-tier taxation system, comprising the Union Government, the State Governments and urban/ rural local bodies. The Union Government has the authority to levy income tax (except tax on agricultural income, which the State Governments can levy), customs duty, central excise tax, sales tax and service tax. The principal taxes levied by the State Governments are sales tax (tax on intra-state sale of goods), stamp duty (duty on transfer of property), state excise (duty on the manufacture of alcohol), land revenue (levy on the land used for agricultural/non-agricultural purposes), duty on entertainment, and tax on professions. Local bodies are empowered to levy tax on properties (e.g. buildings), octroi (tax on the entry of goods for use/consumption within areas of the local bodies), tax on markets and tax/user charges for utilities such as water supply, drainage, etc.

8.2 Tax Levied by the Central Government

8.2.1 Direct Taxes (For Assessment Year 2015-16)

8.2.1.1 Taxes on Corporate Income

| Basic Tax rate

- Domestic corporations are subject to tax at a rate of 30 percent
- International business organisations are subject to tax rate of 40 percent

| Surcharge:

- 10 percent on domestic corporations, if the taxable income exceed EUR 1,65 million (USD 1,84 million)
- 5 percent on foreign corporations, if the taxable income exceeds EUR 1,65 million (USD 1,84 million)

- Additional Surcharge, called the "Education cess on income tax" and "Secondary and Higher Education cess on income-tax" shall be levied at the rate of 2 percent and 1 percent, respectively on the amount of tax computed
- Wealth Tax is charged at 1 percent of the amount by which the net wealth exceeds EUR 19.800 (INR 1,50 million)
- Rate of Dividend Distribution Tax is 15 percent on dividends distributed by companies; and 25 percent on dividends paid by money market mutual funds and liquid mutual funds to all investors
- Domestic corporations have to pay a Minimum Alternative Tax (MAT) of 18,5 percent if book profit exceeds EUR 132.000 (INR 10 million).

8.2.1.2 Capital Gains Tax

- Capital gains from disposal of taxable capital assets situated in India are liable to tax
- Assets held for more than three years (one year in the case of securities listed in a recognised stock exchange in India or units of an equity oriented mutual funds) are called "long-term capital assets" and the assets held for less than three years are called "short-term capital assets"
- Tax Rates:
  - Long-term capital gains are subject to tax at a flat rate of 20 percent (plus applicable surcharge and education cess). However, long-term capital gains from securities listed on a stock exchange in India, where securities transactions tax has been paid, are exempt from income tax

- Short-term capital gains are added to taxable income and subject to tax at normal rates. However, short term capital gains from securities, listed on a stock exchange in India, where securities transactions tax has been paid, are taxable at 15 percent (plus applicable surcharge and education cess).

Sources: India in Business Ministry of External Affairs;
PWC – Assignments in India – May 2015
Conversion rate:
1 INR= 0,0132 EUR (2016)
1 USD= 0,8969 EUR (2016)

8.2.1.3 Personal Income Tax

Personal income tax is calculated on the basis of the income range.

| For Individual (Residents aged below 60 years):

Table 17: Computation of Taxable Income for Individuals who are Residents below 60 Years

TAXABLE INCOME (IN EUR)	TAX RATE
Up to EUR 3.300 (INR 250.000)	Nil
EUR 3.300-6.600 (INR 250.001-500.000)	10 percent of the amount by which the total income exceeds EUR 3.300 (INR 250.000)
EUR 6.600-13.200 (INR 500.001-1.000.000)	EUR 330 (INR 25.000) + 20 percent of the amount by which total income exceeds EUR 6.600 (INR 500.000)
Above EUR 13.200 (INR 1.000.000)	EUR 1.650 (INR 125.000) + 30 percent of the amount by which the total income exceeds EUR 13.200 (INR 1.000.000)

Individual senior citizen resident in India (60 years of age and above, but less than 80 years of age):

Table 18: Computation of Taxable Income for Individuals who are Senior Citizens 60 Years & Above

TAXABLE INCOME (IN EUR)	TAX RATE
Up to EUR 3.960 (INR 300.000)	Nil
EUR 3.960-6.600 (INR 300.000-500.000)	10 percent of the amount by which the total income exceeds EUR 3.960 (INR 300.000)
EUR 6.600-14.100 (INR 500.000-1.000.000)	EUR 264 (INR 20.000) + 20 percent of the amount by which total income exceeds EUR 6.600 (INR 500.000)
EUR 13.200-132.000 (INR 1.000.000-10.000.000)	EUR 1.584 (INR 120.000) + 30 percent of the amount by which the total income exceeds EUR 13.200 (INR 1.000.000)
Above 132.000 (INR 10.000.000)	EUR 1.584 (INR 120.000) + 30 percent of the amount by which the total income exceeds EUR 132.000 (INR 10.000.000)

Individual very senior citizen resident of India (80 years of age and above)

Table 19: Computation of Taxable Income for Individuals who are Senior Citizens 80 Years & Above

TAXABLE INCOME (IN EUR)	TAX RATE
Up to EUR 6.600 (INR 500.000)	Nil
EUR 6.600-13.200 (INR 500.000-1.000.000)	20 percent of the amount by which the total income exceeds EUR 6.600 (INR 500.000)
Above EUR 13.200 (INR 1.000.000)	EUR 1.320 (INR 100.000) + 30 percent of the amount by which total income exceeds EUR 13.200 (INR 1.000.000)

Source: PWC – Tax Summaries
Conversion rate: 1 INR= 0,0132 EUR (2016)

8.2.1.4 Tax Incentives

Central Government Incentives:

- Investment allowance (additional depreciation) at the rate of 15 percent to manufacturing companies that invest more than 13,20 million (INR 1 billion) in plant and machinery available until 31 March 2015
- Incentives available to unit's set-up in SEZ, National Investment and Manufacturing Zones (NIMZ) and Export Oriented Units (EOUs)
- Exports incentives like duty drawback, duty exemption/remission schemes, focus products & market schemes.
- Areas based incentives like unit set-up in Northeast region, Jammu & Kashmir, Himachal Pradesh, Uttarakhand
- Sector specific incentives like M-SIPS in electronics.

State Government Incentives:

- Each State Government has its own incentive policy, which offers various types of incentives based on the amount of investments, project location, employment generation, etc. The incentives differ from state to state and are generally laid down in each state's industrial policy.
- The broad categories of state incentives include:
  - Stamp duty exemption for land acquisition
  - Refund or exemption of value added tax
  - Exemption from payment of electricity duty etc.

8.2.1.5 Double Taxation Avoidance Agreement (DTAA)

The DTAA is a tax treaty signed between India and another country so that taxpayers can avoid paying twice taxes on their income earned from the source country as well as the residence country. At present, India has DTAA with more than 80 countries.

The need for DTAA arises due to imbalance in tax collection on global income of individuals. Tax treaties, therefore, serve many purposes, such as the following:

- They provide protection to taxpayers against double taxation, and thus help encourage the free flow of international trade, international investment and international transfer of technology
- These treaties also aim at preventing discrimination against taxpayers in the international field and provide a reasonable legal and fiscal certainty
- Such treaties contain provisions for mutual exchange of information and for reducing litigation by providing mutual assistance procedures
- In case of countries which India has signed DTAA with, tax rates are determined by the agreement in India, domestic corporations are granted credit on the foreign tax paid by them while calculating tax liability.

8.2.2 Indirect Taxes (For Assessment Year 2015-16)

- The levy and the rate of customs duty in India are governed by the Customs Act 1962 and the Customs Tariff Act 1975
- Imported goods in India attract basic customs duty, additional customs duty and education cess
- The rates of basic customs duty are specified by the Tariff Act

The following are the types of custom duties levied in India:

- Service Tax: It is applied generally at the rate of 14 percent. This type of indirect tax is levied by the service tax provider and paid by the recipient of the services
- Manufactured Goods: The Central Government collects excise duties on manufacture of goods subject to clearance of the products from warehouse or factory. Excise duties are further divided into five categories:
  - Basic excise duty
  - Special excise duty
  - Textile duties
  - Goods of special importance
  - National calamity contingent duty (NCCD)
- Imported Goods: Taxes are charged on imported goods as per excise duty. This is further divided into:
  - Specific duties: These are applicable on all individual components of a good imported into the country
  - Ad-valorem duties: These are levied on the overall value of goods exported or imported
  - Anti-dumping duties: These are levied so as to shield the domestic market against foreign goods dumped at very low or below cost prices
  - Countervailing Duty of Customs: This is used to help Indian produced goods to sell on a level playing field
- Value Added Tax: These are the taxes on goods which are directly sold to consumers. Every State levies its own VAT figure, which usually lies between 5 and 12,5 percent.

Sources: Bank Bazaar, Make in India
Conversion rate: 1 INR= 0,0132 EUR (2016)

8.3 Proposals for Assessment Year 2016-17

- Corporate tax to be rationalised. Earlier the tax rate was 30 percent which is to be reduced to 25 percent over a period of four years
- Wealth Tax Act is proposed to be deleted
- Additional surcharge of income tax of two percent applicable to all assesses having taxable income over EUR 1,32 million (INR 10 million)[1]
- Surcharge:
  - Rate of surcharge for domestic companies having total income exceeding EUR 1,32 million (INR 10 million) but not exceeding EUR 13,20 million (INR 1 billion) to be increased to 7 percent
  - Rate of surcharge for domestic companies having total income exceeding EUR 13,20 million (INR 1 billion) to be increased to 12 percent
- Capital gain exemption has been provided in respect of certain transfers arising from amalgamation/ de-merger of two foreign companies where the shares of the transferor company derives its value substantially from assets located in India, on fulfilment of certain conditions.[2]

Conversion rate: 1 INR= 0,0132 EUR (2016)

[1] Source: CA club India
[2] Source: Times of India: Budget 2015

9 Appendix

Useful Links and Addresses

Table 20: Contact Details of Indian agencies

TYPE OF ORGANISATION	ADDRESS	WEBSITE/CONTACTS
Government of India		india.gov.in/
Ministry of Finance	Department of Revenue (Headquarters) Room No. 46, North Block, New Delhi – 110001	finmin.nic.in/ **E-mail:** jsrev@nic.in **Tel:** +91(0)11-23 09 45 95
Ministry of External Affairs	Development Partnership Administration Jawahar Lal Nehru, Bhawan 23-D, Janpath New Delhi – 110011	www.mea.gov.in/ **E-mail:** usxps@mea.gov.in jsxp@mea.gov.in **Tel:** + 91(0)11-23 38 33 71 + 91(0)11-23 38 33 73
Ministry of Commerce and Industry	Department of Commerce Ministry of Commerce and Industry, Udyog Bhawan, New Delhi – 110107	commerce.nic.in/ **Tel:** +91 (0)11 23 06 22 61
Ministry of Corporate Affairs	Garage No.14, "A" Wing, Shastri Bhawan, Rajendra Prasad Road New Delhi – 110001	www.mca.gov.in/ **Tel:** +91 (0) 11 23 38 61 10
Reserve Bank of India	6, Sansad Marg, New Delhi – 110001	www.rbi.org.in/ **Tel:** +91 (0) 11 23 71 05 38
Securities and Exchange Board of India (SEBI)	Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai –400051	www.sebi.gov.in/sebiweb/ **E-mail:** sebi@sebi.gov.in **Tel:**+91(0)22264 49 000/ 40 45 90 00

TYPE OF ORGANISATION	ADDRESS	WEBSITE/CONTACTS
Embassy of the Grand Duchy of Luxembourg in New Delhi	84, Jor Bagh, New Delhi – 110003	newdelhi.mae.lu/en **E-mail:** newdelhi.amb@mae.etat.lu **Tel:** +91(0)11- 268 01 966
Consulate of the Grand Duchy of Luxembourg	1) 730 Gadaipur Road Branch Post Office Gadaipur New Delhi – 110030 2) 502, Mangalam-"A" 24, Hemanta Basu Sarani, Kolkata – 700001 3) 404 Sharda Chambers, 33 New Marine Lines, Mumbai – 400020 4) 15, Crescent Avenue Kesava Perumalpuram Chennai – 600028	newdelhi.mae.lu/ New Delhi: **Tel:** +91 11 49 98 66 00 **E-mail:** newdelhi.amb@mae.etat.lu Kolkata: **Tel:** +91 33 22 62 23 78 **E-mail:** info@luxmconslcal.com Mumbai: **Tel:** +91-22-40627200-213 **E-mail:** luxmconsl.mum@gmail.com Chennai: **Tel:** +91 44 24 61 58 10
Indo-Belgian-Luxembourg Chamber of Commerce & Industry (iblcci)	C/O Consulate General of Belgium, TCG Financial Centre, 7th floor, C-53, G-Block, Bandra Kurla Complex, Bandra (E) – Mumbai 400051	http://www.iblcci.net/

TYPE OF ORGANISATION	ADDRESS	WEBSITE/CONTACTS
Belgian Luxembourg Business Association	C/O Embassy of Belgium 50-N, Shantipath, Chanakyapuri New Delhi – 110021 India	blbanewdelhi.org/
Trade and Investment Office New Delhi	C/O Embassy of the Grand-Duchy of Luxembourg 84, Jor Bagh New Delhi - 110003	www.investinluxembourg.in/ **E-mail:** newdelhi.amb@mae.etat.lu **Tel:** +91(0)-11 49 98 66 00
Department of Income Tax	Directorate of Income - Tax (Systems), ARA Centre, E-2, Jhandewalan Extn. New Delhi – 110055	www.incometaxindia.gov.in/Pages/default.aspx
Department of Industrial Policy and Promotion	Udyog Bhawan, New Delhi – 110011	dipp.nic.in/English/default.aspx **E-mail:** info@itpo.gov.in **Tel:** +91(0)11-23 37 15 40

TYPE OF ORGANISATION	ADDRESS	WEBSITE/CONTACTS
Indian Trade Promotion Organisation (ITPO)	Pragati Bhawan, Pragati Maidan New Delhi-110001	www.indiatradefair.com/ **E-mail:** info@itpo.gov.in **Tel:** +91(0)11-23 37 15 40
Embassy of Belgium, India	50-N, Shantipath, Chanakyapuri, New Delhi – 110021	diplomatie.belgium.be/india/ **E-mail:** newdelhi@diplobel.be **Tel:** +91(0)11-42 42 80 00
Embassy of India, Belgium	217, Chaussee De Vleurgat, 1050 Brussels, Belgium	www.indembassy.be/
Confederation of Indian Industries	The Mantosh Sondhi Centre, 23, Institutional Area, Lodi Road, New Delhi – 110003	www.cii.in **E-mail:** ciico@ciionline.org **Tel:** +91(0)11-45 77 10 00

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