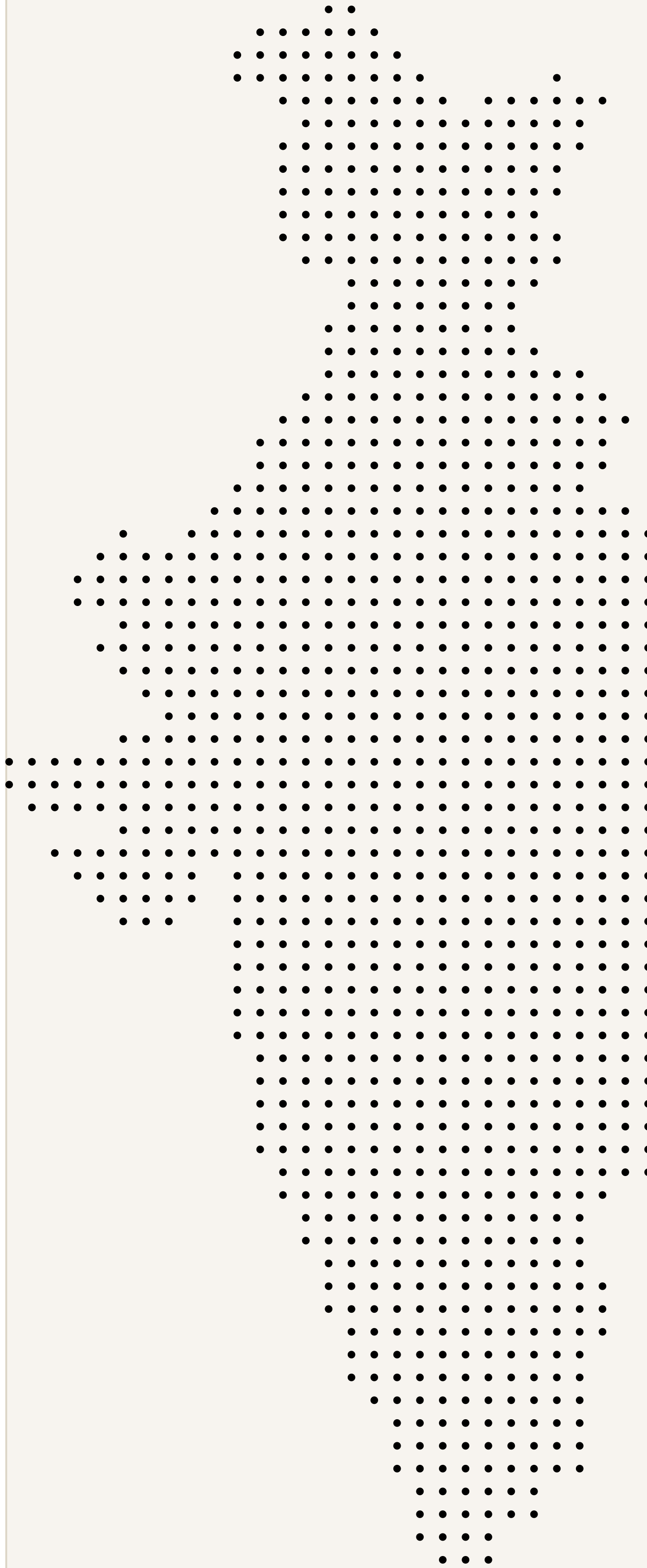
MARKET ENTRY BRIEFING

WHY INDIA

Understanding the Business Case for Entering the Indian Market

A STRATEGIC BRIEFING FOR EUROPEAN BUSINESS LEADERS

USD 4.15T 6th LARGEST	**6–7%** ANNUAL GDP GROWTH RATE
1.47Bn POPULATION—WORLD'S LARGEST	**$81Bn** FDI INFLOWS — FY 2024–25



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GUIDE STRUCTURE

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This guide breaks down India's business case across eleven practical areas — from economic fundamentals and industry opportunities to trade access, workforce strength, and market-entry execution.
Each section is designed to help business leaders evaluate India not just as a large market, but as a serious commercial, operational, and strategic growth opportunity.

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ADVISORY NOTE

This document is prepared for strategic orientation. Market entry decisions should be supported by localised due diligence and professional advisory services.

THE REAL QUESTION

When businesses evaluateanew market, the real question is rarely just “Is it large?” It is usually: “Does this marketofferenough commercial opportunity, operational value, and long-term strategic relevance tojustify entering it?”

That is where India standsout.

India’s population of roughly1.47 billion makes it the world’s largest population base. But the real business case is not population alone. India is increasingly relevant because it combines large domestic demand, strongeconomic growth, industrial expansion, export capability, and a skilled workforce. Few majoreconomies currently offer all of these at scale, at the same time.

> ***India is increasingly being evaluated not just as a market to sell into but as a market businesses may want to build from.***

USD 4.15T	***1.47 Bn***	***29 Years***	***6–7%***	***$2.5T+***
GDP	Population	Median Age	GDP Growth	Consumption

INDIA’S ECONOMIC STRENGTH: LARGE, GROWING, AND STILL EXPANDING

India is now a USD 4.15 trillion economy – the world’s 6th largest – and one of the fastest-growing major markets globally, with annual GDP growth consistently around 6–7%. Scale that is still growing quickly matters. India has outpaced most major economies over the past decade, and this momentum is being actively sustained.

India’s growth is supported by domestic consumption, infrastructure investment, manufacturing policy, digital adoption, and rising business activity. Government initiatives such as “Make in India", “Digital India", and the Production-Linked Incentive (PLI) scheme have accelerated industrial modernisation and foreign investment inflows. India’s FDI regime has been progressively liberalised, with most sectors now permitting 100% FDI under the automatic route. The country attracted over USD 81.04 billion in FDI inflows in FY2024–25, reflecting sustained global confidence.

India’s demographic advantage is significant: the median age is around 29, compared with roughly 45+ across many mature European economies. More than 65% of the population is under 35. India is entering decades where more people are expected to work, earn, spend, and build businesses. For European companies, this creates a commercially valuable combination, ***demand growth paired with workforce expansion.***

The government has set a manufacturing target of USD 3 trillion by 2035, signalling a long-term commitment to industrial transformation that will create sustained opportunities for international partners.

WHY INDIA IS STRATEGIC FOR EUROPE

India's relevance to European businesses extends wellbeyond commercial opportunity. India represents a strategic partner that aligns with Europe'svalues, institutions, and long-term economic interests in ways that few other large emergingmarkets can match.

Strategic Factor	***Why It Matters for Europe***
Democratic, Rule-Based System	A stable governance framework aligned with European values and legal norms. India's legal system, rooted in English common law, provides IP protections and dispute resolution mechanisms familiar to European businesses.
English-Speaking Ecosystem	Seamless communication and professional integration. India's corporate and legal environment operates predominantly in English, eliminating language barriers in business operations.
Political Alignment with EU	Shared democratic values and multilateral cooperation. The EU–India Trade and Technology Council provides institutional infrastructure for cooperation on digital trade, green technology, and standards harmonisation.
Supply Chain Diversification	India serves as a resilient alternative manufacturing and sourcing hub, enabling European companies to de-risk supply chains through the China+1 strategy. Industrial corridors and SEZs provide world-class infrastructure.
Massive Domestic Demand	A consumer base of 1.47 billion with household consumption exceeding USD 2.79 trillion, offering long-term market potential across every price segment.

The EU is India's third-largest investor, and bilateral trade in goods and services exceeds EUR 186 billion annually. Over 6,000 EU companies already operate in India, supporting more than 3 million jobs across the relationship. This is not a new frontier, it is a proven partnership now being structurally enhanced.

India = Growth + Resilience Partner for Europe

INDIA'S DOMESTIC MARKET: WHEN SPENDING POWER MATTERS MORE THAN POPULATION

India's domestic relevance is not just about how many people live there. It is about how many people are participating economically. India's private consumption economy is already estimated at over USD 2.79 trillion. Businesses are not simply positioning for "future consumers"; substantial demand already exists today.

India mirrors the entire European market within one country, requiring sophisticated multi-tier pricing, positioning, and product strategies tailored to distinct consumer segments:

Consumer Segment	Market Opportunity
Affluent Consumers	~150 million high-income households seeking premium brands and international quality
Middle-Income Base	500+ million consumers with rising purchasing power and aspirational spending patterns
Price-Sensitive Segment	Large segment requiring value-oriented positioning and tiered pricing strategies

Sectors such as consumer goods, retail, healthcare, education, fintech, food and beverage, and mobility are increasingly viewing India as a serious long-term growth market. India is the world's second-largest smartphone market and the largest consumer of mobile data globally. E-commerce is growing at over 25% annually, with UPI processing over 22.6 billion transactions per month. Urbanisation is accelerating, with India's urban population projected to reach 600 million by 2031, and Tier-2 and Tier-3 cities emerging as significant consumption centres.

INDIA'S INDUSTRIAL LANDSCAPE AND SECTORAL OPPORTUNITIES

India's real commercial strength becomes clearer when you look beyond demand and into production, capability, and sector depth. India is not only a place to sell, it is increasingly a place to manufacture, build, source, and scale. This section covers India's established industries and fast-emerging sectors and maps the opportunity by business type.

A. Established Industries

Manufacturing

India's manufacturing sector contributes roughly 16–17% of GDP, with the government targeting USD 3trillion 25% of GDP in manufacturing output by 2035. Make in India, PLI schemes, the National Logistics Policy, and industrial corridor development are key drivers. PLI schemes cover electronics, semiconductors, automotive and EV, pharmaceuticals, telecom, solar manufacturing, textiles, and advanced chemistry cells. India has become one of the world's fastest-growing mobile manufacturing hubs.

For manufacturers, India is relevant not simply because of labour cost, but because of ***policy-backed production incentives, supply chain diversification (China+1), infrastructure expansion, and combined domestic plus export potential.***

Pharmaceuticals and Healthcare

India is the "pharmacy of the world", supplying over 60% of global vaccine demand and 20% of generic medicines by volume. The domestic pharmaceutical market exceeds USD 60 billion and is growing at 10–12% annually. Government support includes bulk drug parks, pharma parks, PLI for pharmaceuticals, and API localisation programmes. India's healthcare sector, valued at over USD 370 billion, is expanding through hospital infrastructure, medical devices, health-tech, and clinical research. European pharmaceutical and medtech companies find in India both a major sales market and a cost-efficient base for R&D and manufacturing.

IT, SaaS, and Business Services

India's IT-BPM industry exceeds USD 300 billion in annual revenue and employs approximately 6 million professionals, accounting for approximately 7.5% of GDP and over 50% of services exports. The advantages are clear: English-speaking talent, engineering scale, operational maturity, cost efficiency, and established tech ecosystems in Bengaluru, Hyderabad, Pune, and Chennai.

Services, Global CapabilityCentres(GCCs),andBack-Office Operations

India remains the world's leading destination for business process outsourcing, shared services, and Global Capability Centres (GCCs). Over 1,700-1850 GCCs of multinational corporations are now operational in India, and the number continues to grow rapidly. These centres have evolved far beyond traditional call centres, they now serve as strategic hubs for finance and accounting, legal process outsourcing, human resources, supply chain management, knowledge-intensive analytics, R&D, and digital transformation.

The availability of English-speaking graduates, a favourable time-zone overlap with Europe (3.5 to 5.5 hours ahead of CET), and mature service delivery frameworks make India the natural choice for European companies establishing GCCs or shared service centres. Cost savings of 60–70% compared with Western Europe, combined with robust data security standards and proven operational excellence make this compelling.

For many European businesses, setting up a GCC in India is no longer just a cost play, it is a ***capability-building strategy*** that provides access to world-class talent in technology, finance, analytics, and operations at a scale difficulttoreplicate anywhere else.

Trading, Sourcing, and Industrial Procurement

India plays a growing role in textiles, chemicals, engineering goods, auto components, gems and jewellery, and consumer sourcing. Governmental and structural advantages include export promotion councils, industrial clusters, port modernisation, free trade agreements, and robust MSME supplier ecosystems. SEZs and industrial corridors such as the Delhi–Mumbai Industrial Corridor provide world-class infrastructure with fiscal incentives.

InfrastructureandRenewable Energy

India is investing over USD 1.7 trillion in infrastructure over 2024–2030, spanning highways, railways, airports, smart cities, and logistics parks. The country targets 500 GW of renewable energy capacity by 2030, with 274.68 GW already installed (52.3% non-fossil capacity). European infrastructure, engineering, and clean-energy firms have significant opportunities to participate in India's green transition.

B. Emerging Sectors and High-Growth Opportunities

Beyond established industries, India is rapidly building ecosystems in frontier sectors that present significant opportunities for European companies with advanced technology, capital, and expertise.

Semiconductors

India's semiconductor ambitions are backed by the India Semiconductor Mission (ISM 2.0), offering 50% fiscal support for fabs, with USD 4.2 billion allocated in FY27. Tata Electronics and PSMC are building a ₹91,526 crore semiconductor fab in Gujarat, while Micron is setting up a USD 2.7 billion ATMP facility.

Electronics Manufacturing

The USD 2.0 billion PLI 2.0 for electronics manufacturing is transforming India into a global production base. Apple is shifting approximately 25% of global iPhone production to India. Dixon Technologies is investing USD 60 million-plus in new capacity. Mobile imports have declined by approximately 77%, with local value addition reaching around 25%.

Defence andAerospace

India allows 74% FDI in defence (100% via the government route) and has set a USD 21 billion-plus defence production target by 2029. India is among the top global defence spenders, with HAL, Tata, and Mahindra expanding aerospace and defence capabilities, presenting opportunities for European companies in co-development, technology transfer, and manufacturing partnerships.

Space and Deep-Tech

India has opened its space sector to 100% FDI with a USD 12 billion R&D corpus. IN-SPACe is enabling private sector participation, with Skyroot raising USD 50 million-plus for private launch vehicles and L&T-HAL executing USD 100 million PSLV rocket contracts.

Clean Energy, Green Hydrogen, and EVs

The USD 2.4 billion National Hydrogen Mission and USD 530 million SIGHT incentives are driving green hydrogen development. L&T and ReNew are developing USD 4 billion hydrogen projects, while Reliance is scaling 3,000 MW electrolyser capacity. In EVs, the USD 2.2 billion ACC PLI for battery manufacturing and FAME scheme are accelerating adoption, with Ola building a USD 1.2 billion gigafactory and Mahindra investing USD 1.2 billion in EV expansion.

AI, Data Centres,andAgri-Tech

India has launched a USD 1.25 billion India AI Mission with 58,000 GPU national compute infrastructure. Microsoft and AWS have committed USD 15 billion-plus in cloud investments. Data centres have been granted infrastructure status, with AdaniConneX developing 1 GW capacity. In agritech, the USD 340 million Digital Agri-Mission is supporting innovation across the agricultural supply chain.

Medical Devices

PLI incentives and four dedicated medical device parks are supporting domestic manufacturing. Siemens is investing USD 160 million in India operations, and Trivitron is investing USD 60 million, signalling growing confidence from European medtech players.

THE INDIA–EU FREE TRADE AGREEMENT: A HISTORIC MILESTONE

> ***LANDMARK DEVELOPMENT: The India–EU Free Trade Agreement has been formally concluded, representing one of India's most comprehensive trade openings ever and creating one of the world's largest free trade corridors.***

The conclusion of the India–EU FTA is a transformative event for European businesses. This agreement fundamentally changes the economics of doing business between India and Europe, creating structural advantages that will compound over the coming decade.

What the FTA Changes: Mutual Tariff Benefits

India's Concessions (Benefit to EU Exporters): Approximately 96% tariff coverage on EU goods by value, with major reductions on machinery, chemicals, pharmaceuticals, and engineering goods. Automobile tariffs were reduced from 110% to 10% on a quota basis. Estimated annual duty savings for EU exporters: EUR 4 billion.

EU's Concessions (Benefit to Indian Exporters): Approximately 99% tariff elimination on Indian goods by tariff lines, with zero-duty or preferential access for textiles and apparel, pharmaceuticals, engineering goods, chemicals, and auto components, along with improved access in services and professional mobility.

Top EUExports toIndia: Tariff Transition Under FTA

Product	2024 Exports	Current Tariff	Post-FTA	Transition
Machinery & Electrical	€16.3B	Up to 44%	0% (almost all)	5–7 years
Aircraft & Spacecraft	€6.4B	Up to 11%	0%	10 years
Optical & Medical	€3.4B	Up to 27.5%	0% (90%) 0%	10 years
Chemicals	€3.2B	Up to 22%	(majority) 0%	Up to 10 yrs
Plastics	€2.2B	Up to 16.5%	10% (quota)	Up to 10 yrs
Motor Vehicles	€1.6B	110%	0%	Phased
Iron & Steel	€1.5B	Up to 22%	0%	Up to 10 yrs
Pharmaceuticals	€1.1B	~11%		5–7 years

Beyond Tariffs: Structural Advantages

Faster Customs and Trade Facilitation: Reduced clearance timelines through digitisation and risk-based assessments, leading to lower logistics delays and improved working capital efficiency.

Strengthened IPR Protection: Improved enforcement for patents, trademarks, and copyrights, critical for companies entering with proprietary technology, products, or brands.

SME Facilitation Mechanisms: Simplified compliance and support frameworks for smaller businesses, with easier access to government schemes, incentives, and financing.

> ***The FTA enables zero-duty or preferential access across most product categories. India is now positioned as a long-term integrated supply base for Europe.***

INDIA'S EXPORT POTENTIAL: A STRATEGIC TRADE AND PRODUCTION PLATFORM

India's goods and services exportsnow exceed USD 860+ billion annually. Major export sectors include IT and businessservices, pharmaceuticals, engineering goods, petroleum products, chemicals, textiles, automotive components, and agriculture and processed foods. This export story is being activelystrengthened by PLI schemes, FTAs, port infrastructure upgrades, dedicated freight corridors,logistics modernisation, and customs digitisation.

India already has active trade agreements with the UAE (CEPA), Australia (ECTA), ASEAN, Japan, and South Korea. With the India–EU FTA now concluded, European businesses have an unprecedented window to leverage India as both a sourcing base and an export platform.

INDIA'S WORKFORCE ADVANTAGE: SCALE PLUS CAPABILITY

India's workforce advantage is not just about labour cost. It is about talent availability at scale. India offers a median age of approximately 29, one of the world's largest English-speaking talent pools, major engineering and technical capacity, a strong IT and digital workforce, and deep finance, legal, and compliance capability.

This is especially relevant for GCCs, SaaS businesses, finance back-offices, shared services, customer support, and R&D operations. For many European businesses, India can support ***revenue growth, operational scale, and capability building*** — simultaneously.

MAJOR FOREIGN INVESTMENTS IN INDIA: 2025–2026 HIGHLIGHTS

The past year has seen an unprecedented wave of major investment commitments from global corporations into India, reinforcing the country's position as a priority destination for international capital:

- ***Apple:*** Shifting approximately 25% of global iPhone production to India, with significant expansion of its supplier ecosystem.
- ***Microsoft & AWS:*** Committed over USD 15 billion in cloud and AI infrastructure investments in India.
- ***Micron Technology:*** Setting up a USD 2.7 billion semiconductor ATMP facility in Gujarat.
- ***Foxconn:*** Investing over USD 1.5 billion in new manufacturing plants in Karnataka and Tamil Nadu for electronics and EVs.
- ***L&T and NVIDIA:*** Partnering to build large-scale AI computing infrastructure.
- ***Volkswagen/Skoda:*** Investing over USD 1 billion under the "India 2.0" project to turn India into an export hub for Southeast Asia and the Middle East.
- ***Airbus & Safran:*** Setting up final assembly lines (FAL) for helicopters and a major aero-engine MRO (Maintenance, Repair, and Overhaul) facility.
- ***Samsung:*** Operating the world's largest mobile factory in Noida and expanding into semiconductor packaging and 5G equipment manufacturing.
- ***Siemens:*** Investing USD 160 million in expanded India operations, including medical devices.
- ***Google:*** Setting up a fintech hub in India's GIFT City.

> ***These investments collectively represent tens of billions of dollars flowing into India across semiconductors, AI, clean energy, electronics, and EVs — signalling that global industry leaders see India as a critical long-term production and innovation base.***

PRACTICAL CONSIDERATIONS FOR MARKET ENTRY

India has made significant strides in improving its business environment. The regulatory framework is structured, compliance-driven, and rule-based. Key elements include the Companies Act 2013 governing incorporation and governance, FDI policy and FEMA allowing 100% FDI in most sectors via the automatic route, a corporate tax regime of approximately 25–30% for companies, GST with rates of 5% (lower) and 18% (standard), four unified labour codes (implementation in progress), and the Digital Personal Data Protection (DPDP) Act for data consent and security compliance.

Common entry modes for European companies include wholly-owned subsidiaries (Private Limited Company with 100% foreign ownership in most sectors), Limited Liability Partnerships (suitable for services and partnerships), liaison offices (for market research, no revenue activity, RBI approval required), branch offices (revenue allowed, RBI approval required), distributor models (no incorporation, fast entry), and incubation support through local partner platforms for fast operational readiness with transition to own entity later.
Structure must align with long-term commercial intent and tax planning. A well-structured India entry strategy, ideally supported by experienced local advisors, is essential for sustainable success.

CONCLUSION

India's business case is increasingly stronger because it is not built on one pillar alone. It combines domestic demand, industrial policy, manufacturing expansion, export capability, talent depth, and now, with the conclusion of the India-EU FTA, a structurally enhanced trade relationship with Europe.

A Consumer Market · A Manufacturing Base · A Sourcing Hub A Services Engine · A Global Export Platform

India is not just a market opportunity. It is Europe's long-term strategic growth and diversification partner.

INDIA MARKET ENTRY ADVISORY

Entering India successfully requires more than market interest - it requires the *right structure.*

Whether you are evaluating India for the first time or ready to move, the right local strategy — Compliance, entity structure, tax planning, and execution will define long-term success. GSRA & Associates works with European businesses at every stage of that journey.

HOW WE SUPPORT EUROPEAN BUSINESSES

Trusted advisors for India market entry, structure, compliance, and operations.

GSRA & Associates is a New Delhi-headquartered chartered accountancy firm with deep specialisation in cross-border business structuring, regulatory compliance, and market-entry advisory for international clients entering India.

With active associations across major Indian commercial centres and an international footprint spanning Europe, the Middle East, and the USA, we bring both local depth and global perspective that market entry demands.

- Entity structure & incorporation advisory
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- GCC and subsidiary setup & accounting
- Audit, assurance & CFO support services
- Trade, customs & export-import compliance

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Initial consultation available for European businesses exploring India market entry structures, regulatory compliance, and long-term investment strategy.

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