



ITALIAN TRADE AGENCY

**Desk assistenza e tutela della proprietà intellettuale e
ostacoli al commercio**

Ufficio ICE di New Delhi

***La guida Doing Business in India : uno strumento per fare
impresa in India***

Guide – Doing Business in India

Doing Business in India

A comprehensive guide by ITA

The ICE has prepared a detailed guide titled *"Doing Business in India"* for all stakeholders—public and private—seeking an overview of India’s fiscal, legal, and compliance frameworks. This resource serves as a valuable tool for anyone looking to understand the essentials of operating within India’s business landscape.

To download the guide, please visit:
<https://www.ice.it/it/mercati/india#>



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DOING BUSINESS IN INDIA

Entry Set Up in India

Entries operating as a foreign company

Under Indian jurisdiction, the Companies Act and the Foreign Exchange Management Act (FEMA) offer multiple options for foreign corporations to conduct business activities in India.

These include establishing a:

- **Liaison Office**
- **Project Office,**
- **Branch Office**
- **Limited Liability Partnership (LLP)**
- **Private Limited Company**

Each structure offers unique benefits and compliance requirements, allowing foreign entities to choose the most suitable mode of entry based on their business goals and operational needs.

Entity Set Up In India

- Brief of Entry Options in India
- Entity Structures in India
- Birds Eye View of the Entry Structures

Brief of Entry Options

It becomes essential for foreign companies to select the right entry vehicle in order to succeed in India. India offers a variety of entity structures and depending upon the need of the organization, the foreign investor can identify a suitable legal entity to set up and commence operations in India.

The following are the options available to foreign investors to set up a business in India:

1. Incorporation of a Company under the Companies Act 2013 - Wholly Owned Subsidiary or Joint Venture.
2. Make an investment in a Limited Liability Partnership under the Limited Liability Partnership Act, 2008.
3. Open a Liaison Office (Representative Office), establish a Branch Office or a Project Office to undertake activities as permitted by the Foreign Exchange Management Regulations 2000.

Entries operating as a foreign company

- **Liaison Office**
A Liaison Office can act as a channel of communication between the foreign headquarters and the Indian party and is restricted from carrying on any business activity in India.
- **Branch Office**
A Branch Office can engage in export/import of goods, render consultancy etc. It cannot engage in retail trade or manufacturing activities in India.
- **Project Office**
A Project Office is established to execute a particular project awarded to the foreign entity by an Indian Company.

- **Entities Operatin as Indian Companies**
Wholly Owned operating A Wholly Owned Subsidiary is a 100 percent subsidiary of the foreign company. It is treated at par with a domestic company.
- **Joint Venture Company**
A Joint Venture company is where two or more parties jointly hold share capital. Joint Control is determined as per shareholders agreement.
- **Limited Liability Partnership**
A Limited Liability Partnership is a business form whereby the entity gets benefits of a limited liability company and partnership.



Private Limited Company

Incorporation of a Pvt Ltd

To incorporate a Private Limited Company in India, the first step is to check if **100% FDI is permitted** in the intended sector, either through the RBI's automatic route or with government approval.

It's also essential to verify the residency of the **ultimate beneficiary**, especially if they are from **India neighboring country**, due to additional restrictions.

In sectors where **100% FDI isn't allowed** (e.g., B2C), forming a **joint venture** with an Indian partner can be an effective solution.

1

As per the Companies Act 2013, every company is required to have one resident director in a company and minimum two Board members. The composition of the Board of Directors can be decided by the promoters of the company.

3

The Memorandum of Association and Articles of Association shall be framed in accordance with the Companies Act 2013.

2

There shall be minimum two subscribers to the Memorandum. In case of a WOS, 99.99% shares are held by the foreign company and 0.01% shares shall be held by a person on behalf of the foreign company. A WOS can be incorporated with any amount of minimum authorized capital .

4

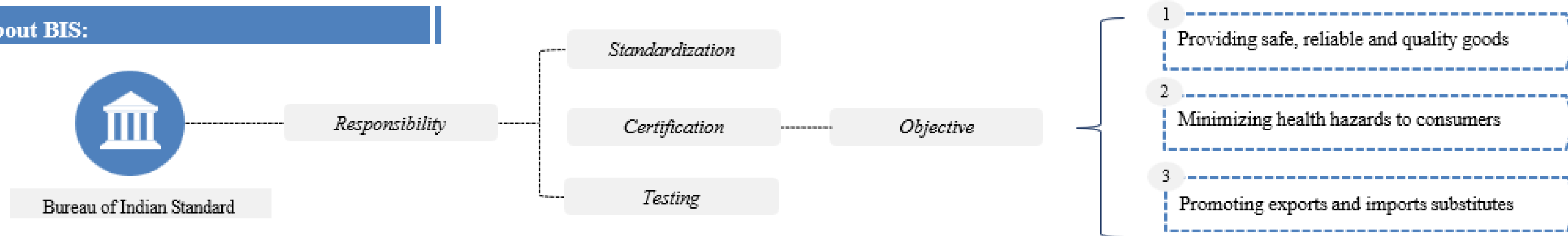
On submission of documents, the Registrar of Companies ('ROC') shall issue a Certificate of Incorporation and a Corporate Identification Number. It takes about four to five weeks to complete the process. WOS is treated at par with a domestic company. All rules and regulations applicable to an Indian company apply to a WOS.

Overview BIS

Activities, Role & Responsibilities

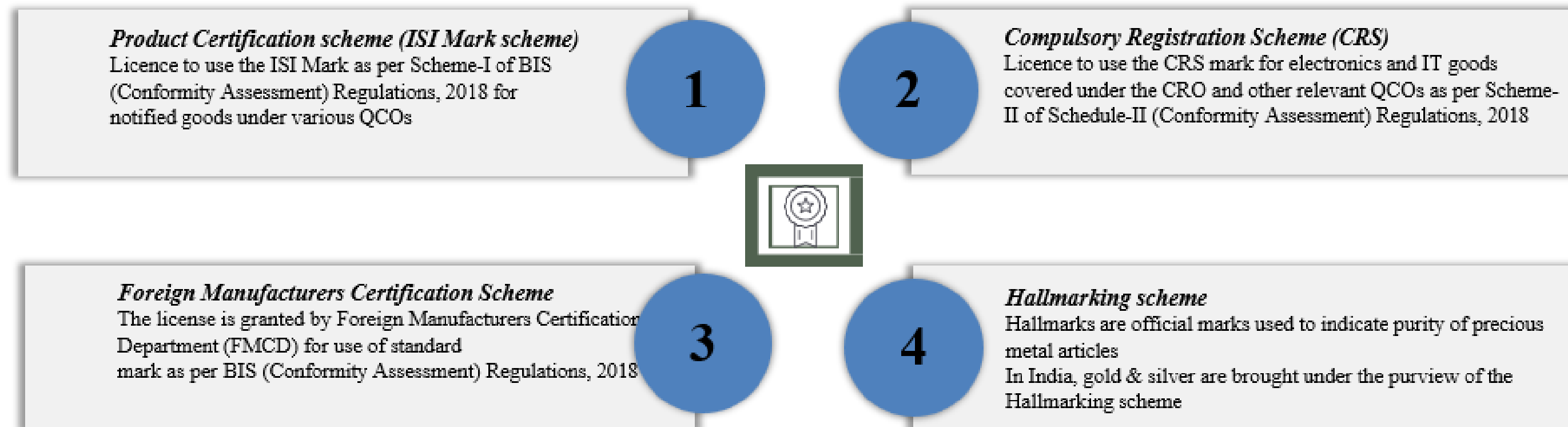


I. About BIS:



The goods manufactured, sold, stored, **imported**, etc. into India has to comply with the provisions of BIS Act, 2016 and obtain license accordingly. Non-compliance with the regulations may *inter alia* result in **imprisonment for a term which may extend up to two years or with fine** which shall not be less than two lakh rupees for the first contravention and not be less than five lakh rupees for the second and subsequent contraventions, but may extend up to 10 times the value of goods or articles sold, produced, etc.

II. Schemes under BIS:



Process for getting the BIS license & relevant information

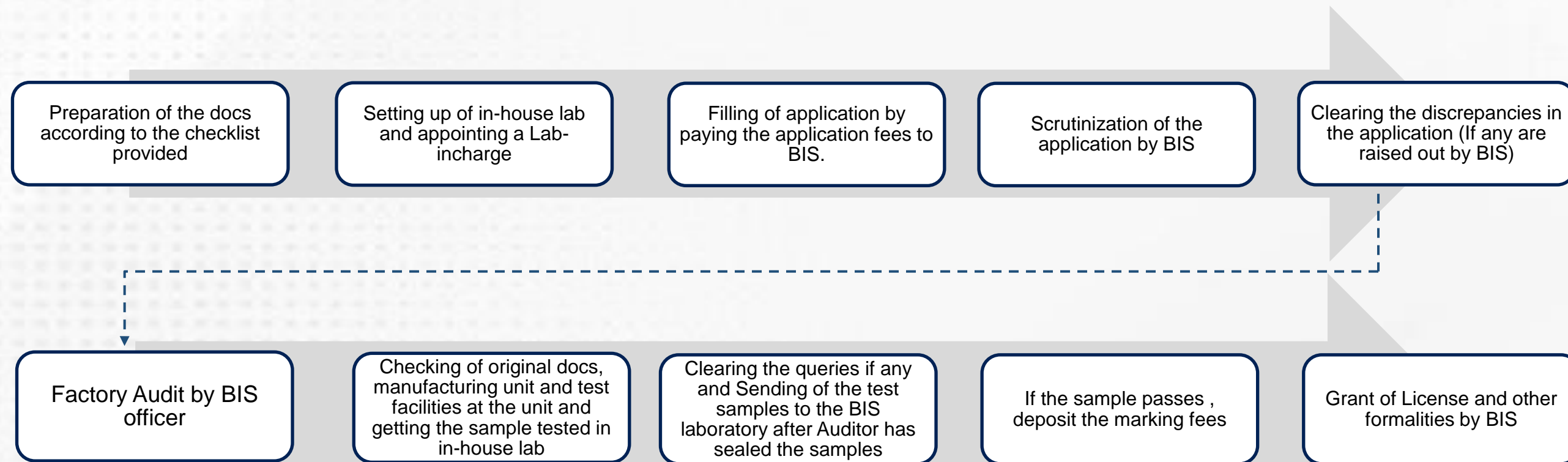
- The footwear products fall under the IS Mark scheme. The BIS license is **granted specific to the factory/manufacturer and the applicable standards.**

Example:

- *If a company manufactures two kinds of footwear- casual shoes and sandals that are covered under two different BIS standards but are being manufactured in the same factory, then two BIS licenses need to be obtained.*
- *If the brand wants to register 2 product variants being manufactured in both of its facilities, 4 BIS licenses are required to be obtained.*

The Company may apply for 1 year or 2-year license.

- The audit of the manufacturing facilities by BIS officers is a one-time activity for first-time license applicants. For renewal of BIS license post 1 or 2 years of life span, the audit of the facility will not be undertaken.
- In house lab as per IS needs to be established at the factory premises. The Company needs set up the lab in advance to be able to carry out the tests specified by BIS.





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