

INVEST IN INDIA · SECTOR BRIEF

Retail, Consumer & E-commerce

FDI rules for single-brand, multi-brand, wholesale and e-commerce models, with incentives, licences, tax changes and the set-up route for consumer brands entering India.

100%

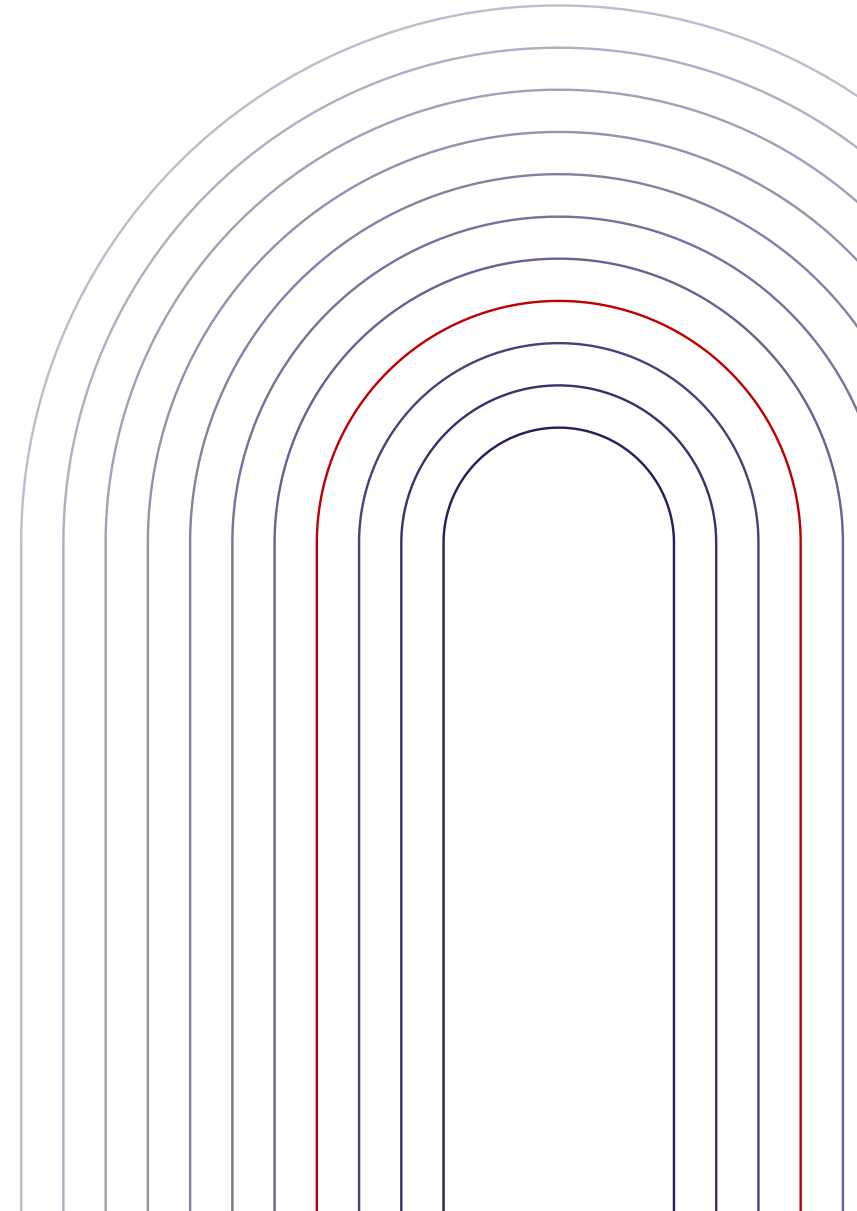
FDI in single-brand retail under the automatic route

USD 4.0 bn

FDI equity into trading in FY2025-26 (DPIIT)

56.7%

private consumption share of GDP, FY2025-26



SECTOR SNAPSHOT

Consumption drives the economy, and trading draws steady foreign capital

Private consumption is more than half of India's GDP, online retail is growing quickly, and trading has drawn the third-largest share of FDI equity since April 2000.

56.7%

Private final consumption expenditure as a share of GDP

FY2025-26, current prices (MoSPI)

USD 4.0 bn

FDI equity into trading; USD 51.6 bn since April 2000

FY2025-26 (DPIIT)

USD 80 bn

Online retail market (approximate), up 21% on the year

FY2025-26 estimate (IBEF)

200–300

USD bn: India's e-commerce export target for 2030

Invest India, retrieved 1 Oct 2026

Consumers are the main demand engine

Private final consumption was 56.7% of GDP in FY2025-26 at current prices (MoSPI provisional estimates). GST cuts from 22 September 2025 moved many everyday goods and most packaged foods to 5%.

Online and quick commerce are scaling

India had 290–300 million online shoppers in 2025, the third-largest base after China and the US. Quick commerce was a USD 7–8 bn market in FY2024-25, projected at USD 65–70 bn by 2030 (IBEF).

Global brands keep arriving

Over 30 global brands entered India in 2025 (IBEF). IKEA said in January 2026 it would more than double its India investment, to over ₹20,000 crore, within five years, adding stores and local sourcing (Reuters).

Export inventory models are now allowed

Press Note 3 (2026) lets marketplace entities with FDI hold inventory to export goods made in India, effective 3 September 2026. Inventory-based selling to Indian consumers remains closed to FDI.

Sources: MoSPI, Provisional Estimates 2025-26 (5 Jun 2026); DPIIT FDI Factsheet, March 2026; Invest India, Retail & E-commerce (retrieved 1 Oct 2026); IBEF Retail and E-commerce pages (2026); Reuters, 20 Jan 2026; EY alert, Sep 2026.

WHERE THE OPPORTUNITY IS

Foreign brands are investing across six consumer segments

Each segment has drawn foreign capital or brand entry in 2025–26. Market figures are published estimates, shown with their year.



100% AUTOMATIC

Single-brand stores

IKEA said in January 2026 it would more than double its India investment, to over ₹20,000 crore, within five years, taking its stores from six to 30. Retail leasing in the top seven cities reached a record of about 8.9 million sq ft in 2025.



MARKETPLACE: 100% AUTO

Marketplaces and e-commerce exports

Amazon announced in December 2025 an investment of over USD 35 bn in India by 2030, with a goal of USD 80 bn of e-commerce exports. Since 3 September 2026, FDI-funded platforms may hold inventory to export Indian goods.



MARKETPLACE MODEL

Quick commerce

A USD 7–8 bn market in FY2024–25 that grew 110–130% a year over 2021–25 and is projected at USD 65–70 bn by 2030. In April 2026 Amazon said it would take Amazon Now to 100 cities and over 1,000 micro-fulfilment centres, within a ₹2,800 crore investment.



SBRT OR LICENSING

Beauty and personal care

Invest India projects growth from USD 21 bn in 2023 to USD 34 bn by 2028 (10–11% a year), with online sales reaching 33% of the total by 2028. Lush re-entered India in November 2025 through a licensing partner.



FOOD RETAIL: APPROVAL

Packaged food and FMCG

Food processing drew about USD 16.1 bn of FDI equity from April 2000 to March 2026 (DPIIT). Food PLI beneficiaries have invested ₹9,207 crore against ₹7,722 crore committed. Retail of food made in India allows 100% FDI with approval.



GST CUT SEP 2025

Durables, apparel and footwear

On 22 September 2025, GST on ACs, dishwashers and TVs above 32 inches fell from 28% to 18%. Footwear and apparel priced up to ₹2,500 are now taxed at 5%, while apparel above ₹2,500 a piece rose from 12% to 18%.

Sources: Invest India, Beauty & Personal Care (retrieved 1 Oct 2026); Reuters, 20 Jan 2026; Inc42, 27 Apr 2026; IBEF (2026); PIB, 3 Sep 2025 and 30 Jul 2026; DPIIT FDI Factsheet, Mar 2026; FDI Policy 2020; EY, Sep 2026.

RECENT FOREIGN INVESTMENTS

Global retailers are putting capital into stores, logistics and fast delivery

Announcements since December 2025 by foreign retailers and consumer groups already operating in India.

INVESTOR (COUNTRY)	WHAT AND WHERE	SIZE	DATE
IKEA (Sweden)	More stores (from six to 30), online orders in new cities and more local sourcing over the next five years	India investment to more than double, to over ₹20,000 crore	Jan 2026
Amazon (United States)	Digital infrastructure, AI adoption and e-commerce exports, with a goal of USD 80 bn of exports by 2030	Over USD 35 bn by 2030	Dec 2025
Amazon (United States)	Amazon Now quick commerce to 100 cities and over 1,000 micro-fulfilment centres, as part of a wider investment	₹2,800 crore	Apr 2026
Unilever, via Hindustan Unilever (United Kingdom)	Manufacturing expansion in premium beauty, wellbeing and home care	₹2,000 crore over two years	Feb 2026

Amounts are as announced by the companies and reported by Reuters, Business Standard, Inc42 and IBEF; they are plans, not completed investments.

Sources: Reuters (via FashionNetwork), 20 Jan 2026; Business Standard, 19 Feb 2026; Inc42, 27 Apr 2026; IBEF E-commerce page (retrieved 1 Oct 2026).

FDI RULES (1 OF 2)

Single-brand retail and wholesale allow 100%; multi-brand retail is capped

Single-brand retail, wholesale and marketplaces need no approval unless a land-border investor, or a land-border beneficial owner with more than 10% or control, is involved; multi-brand retail and food retail need Government approval. Brands can also enter without FDI through an Indian franchisee or licensee, as Lush did in November 2025.

ACTIVITY	CAP AND ROUTE	KEY CONDITIONS
Single-brand product retail trading (SBRT)	100%, automatic route	One brand, branded during manufacture; except for Indian brands, it must be sold under the same brand abroad and by the brand owner or under a legally tenable agreement with it. Online sales may start first if stores open within 2 years.
SBRT with more than 51% FDI	100%, automatic route	30% of the value of goods purchased must be sourced from India, preferably from MSMEs, artisans and craftsmen: a five-year average from 1 April of the year the first store or online sale starts, then annually. Sourcing from India for the brand's global operations counts.
Multi-brand retail trading (MBRT)	51%, Government route	Minimum FDI USD 100 million, with half of the first USD 100 million in back-end infrastructure within three years; 30% of manufactured purchases from small Indian industries (plant and machinery up to USD 2 million); cities above 1 million population, or as states decide; no e-commerce.
Cash-and-carry wholesale, including B2B e-commerce	100%, automatic route	Sales only to businesses holding tax registration or trade licences, or to institutions for own use, with day-to-day records. Sales to group companies capped at 25% of turnover. Retail alongside needs separate audited books.

MBRT outlets are allowed only in states and UTs that have agreed: Andhra Pradesh, Assam, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Maharashtra, Manipur, Rajasthan, Uttarakhand, and Daman & Diu and Dadra & Nagar Haveli.

Sources: DPIIT, Consolidated FDI Policy 2020, paras 5.2.5 and 5.2.15; Press Note 2 (2026), 15 Mar 2026; Press Note 3 (2026), 23 Jul 2026, and S.O. 4870(E), 2 Sep 2026 (via EY, TaxGuru); DPIIT FIF SOP, 4 May 2026; IBEF (Lush).

FDI RULES (2 OF 2)

Marketplaces can take 100% FDI; inventory models only for exports

E-commerce, food retail and duty-free shops each have their own conditions. Press Note 3 (2026) opened inventory-based e-commerce for exports only.

ACTIVITY	CAP AND ROUTE	KEY CONDITIONS
E-commerce: marketplace model	100%, automatic route	No ownership or control of inventory (a vendor buying over 25% from the marketplace group is deemed controlled); no sales by sellers in which the marketplace group holds equity; no influence on prices; no exclusivity; statutory auditor's report by 30 September each year.
E-commerce: inventory model	Barred for domestic sales; allowed for exports	Press Note 3 (2026), 23 July 2026: marketplace entities with FDI may hold inventory to export goods made or produced in India, under the Foreign Trade Policy and FEMA. The FEMA rules were amended by S.O. 4870(E) of 2 September 2026, in force from its publication on 3 September 2026.
Retail of food made or produced in India, including online	100%, Government route	Applies only to food products manufactured or produced in India. Separately, a manufacturer in India may sell its own products through wholesale, retail and e-commerce without approval.
Duty-free shops	100%, automatic route	Only in customs bonded areas at international airports, seaports and land customs stations, subject to the Customs Act 1962; no retail in the domestic tariff area.
Any investor with a beneficial owner in a land-border country	Government route; automatic up to 10% without control	Press Note 2 (2026): a beneficial owner holds more than 10%, or control, as defined in anti-money-laundering law. Up to 10% without control: automatic, with prior reporting. Applications go through the FIF portal on NSWS.

Sources: DPIIT, Consolidated FDI Policy 2020, paras 5.2.5 and 5.2.15; Press Note 2 (2026), 15 Mar 2026; Press Note 3 (2026), 23 Jul 2026, and S.O. 4870(E), 2 Sep 2026 (via EY, TaxGuru); DPIIT FIF SOP, 4 May 2026; IBEF (Lush).

REGULATORS AND LICENCES

Stores need state registrations; cosmetics, food and packaged goods add more

Most approvals are routine but product-specific: each category a brand sells can bring its own regulator, so map them before the first import.

APPROVAL OR REGISTRATION	AUTHORITY AND PORTAL	WHEN IT IS NEEDED AND TYPICAL TIME
Government approval: MBRT, food retail, land-border owners	DPIIT and the administrative ministry, through the FIF portal on NSWS	Before the investment. Proposals with land-border beneficial owners also go to the Ministry of External Affairs for comments.
GST registration	GST portal (central and state tax authorities)	Before the first sale. Since 1 November 2025, low-risk applicants can opt for automated registration within three working days.
Shops and establishments registration	State labour department, under the state Shops and Establishments Act	For stores and offices. Tamil Nadu lets establishments with 10 or more staff open 24×7 for three years from 5 June 2025.
Import registration for cosmetics	Central Drugs Standard Control Organisation (CDSCO)	Before import: apply in Form COS-1 for a Form COS-2 certificate. Fees USD 1,000 per cosmetics category, USD 500 per manufacturing site and USD 50 per variant; CDSCO targets 90 days.
Food safety	Food Safety and Standards Authority of India (FSSAI)	FSSAI sets food standards and regulates food safety; plan its clearances before importing or selling food, including through e-commerce.
Legal Metrology: pre-packed goods	Department of Consumer Affairs (Legal Metrology)	Packaged goods must carry the declarations the rules require. From 1 July 2026, under G.S.R. 128(E) of 13 February 2026, e-commerce entities selling imported goods must offer a searchable country-of-origin filter.
BIS certification under Quality Control Orders	Bureau of Indian Standards (BIS)	Products under a QCO need BIS certification before sale. QCOs on 14 polymer and fibre items were withdrawn from 12 November 2025.
E-Commerce Rules 2020 and dark-pattern guidelines 2023	Central Consumer Protection Authority (CCPA)	Apply to online platforms and sellers. The guidelines list 13 dark patterns; in June 2026 CCPA fined two companies for pre-ticked consent and other dark patterns.
Digital Personal Data Protection Rules 2025	Ministry of Electronics and Information Technology	Notified 13 November 2025 (G.S.R. 846(E)), with 18 months for phased compliance; each data fiduciary must issue a separate, clear consent notice.

Sources: DPIIT FDI Policy 2020; DPIIT FIF SOP, 4 May 2026; CDSCO Cosmetics FAQ; PIB, 20 Nov 2025, 3 Jun 2026 and Nov 2025 (DPDP); Trilegal, 20 May 2025; Chambers, 2026; Business Standard, 13 Nov 2025; Invest India legal guide.

CENTRAL INCENTIVES (1 OF 2)

Production incentives favour brands that manufacture in India

Central support goes mainly to manufacturing and jobs, which matters for brands meeting the 30% local-sourcing rule or making in India.

SCHEME	WHAT THE INVESTOR GETS	WHO QUALIFIES	STATUS
PLI for Food Processing (PLISFPI)	Incentives on eligible incremental sales; outlay ₹10,900 crore for FY2021-22 to FY2026-27, with ₹3,271.44 crore paid up to June 2026.	163 approved applications from 127 companies, including 69 MSMEs	Runs to FY2026-27; 163 applications
PLISFPI: branding and marketing abroad	50% of eligible spending on branding and marketing abroad, up to 3% of food sales or ₹50 crore a year, whichever is less.	Approved PLISFPI applicants	For approved applicants (30 Jul 2026)
PLI for white goods (ACs and LED lights)	Incentives for making components of air conditioners and LED lights in India; scheme outlay ₹6,238 crore.	Component makers selected under the scheme: 85 companies after the fourth round (January 2026)	○ 4TH-ROUND WINDOW CLOSED 14 OCT 2025
PLI for textiles (MMF apparel, MMF fabrics, technical textiles)	Incentives on incremental turnover; from FY2025-26 at least 10% growth over the previous year is required from year 2.	New applicants from 1 August 2025 (window closed 31 March 2026): minimum investment ₹150 crore (Part 1) or ₹50 crore (Part 2)	○ WINDOW ENDED 31 MAR 2026
PM MITRA textile parks	Seven integrated parks covering the value chain from spinning to manufacturing at one location; scheme outlay ₹4,445 crore.	Investors taking space in the parks	Seven parks being set up
Employment Linked Incentive (ELI)	Outlay ₹99,446 crore. Up to ₹3,000 a month per additional employee (pay up to ₹1 lakh) for two years, with a focus on manufacturing; first-time employees get one month's wage up to ₹15,000.	EPFO-registered employers adding at least 2 jobs (under 50 staff) or 5 (50 or more), sustained six months, 1 Aug 2025 to 31 Jul 2027	● JOBS CREATED TO 31 JUL 2027

● **OPEN** available or accepting applications
 ● **CLOSING** a stated window or period ends on the date shown
 ○ **CLOSED** no new applicants
 ○ **ANNOUNCED** announced or approved; check operating guidelines

Sources: PIB, 30 Jul 2026 (PLISFPI) and 13 Nov 2025 (white goods); ANI, 14 Sep 2025; AIR News, 24 Jan 2026; PIB on the textile PLI (9 Oct 2025; 2 Jan 2026) and ELI (1 Jul 2025); Invest India, Textiles & Apparel page (retrieved 1 Oct 2026).

CENTRAL INCENTIVES (2 OF 2)

Export and digital-commerce measures help brands that source from India

Budget 2026-27 targets e-commerce and footwear exporters. Mega Food Parks were discontinued from 1 April 2021; operational parks still take food processors.

SCHEME	WHAT THE INVESTOR GETS	WHO QUALIFIES	STATUS
Courier exports (Budget 2026-27)	Removal of the ₹10 lakh value cap per consignment on courier exports; better handling of rejected and returned consignments.	Small businesses, artisans and start-ups exporting through e-commerce	○ ANNOUNCED 1 FEB 2026
Footwear and leather exports (Budget 2026-27)	Duty-free imports of specified inputs extended to exporters of shoe uppers; export period for final products extended from 6 months to 1 year.	Exporters of leather or synthetic footwear and of leather or textile garments	○ ANNOUNCED 1 FEB 2026
Export Promotion Mission	₹25,060 crore for FY2025-26 to FY2030-31, consolidating export support such as trade finance for MSMEs (Niryat Protsahan) and market access (Niryat Disha).	Exporters, with a focus on MSMEs	○ APPROVED NOV 2025; RUNS TO FY2030-31
Open Network for Digital Commerce (ONDC)	Government-backed open network for digital commerce; over 116,000 retail sellers in 630+ cities had joined by December 2025.	Sellers, buyer platforms and logistics providers	116,000 sellers by Dec 2025
Mega Food Parks (PMKSY component)	Cluster infrastructure for processing, storage and common facilities; 41 parks approved in 25 states, of which 25 are operational.	Food processors locating in operational parks	○ DISCONTINUED FROM 1 APR 2021

● **OPEN** available or accepting applications
 ● **CLOSING** a stated window or period ends on the date shown
 ○ **CLOSED** no new applicants
 ○ **ANNOUNCED** announced or approved; check operating guidelines

Sources: Budget Speech 2026-27, paras 148–149 and 175; PIB on the Export Promotion Mission (12 Nov 2025) and PLISFPI (30 Jul 2026); IBEF E-commerce page (2026); Invest India, Food Processing page (retrieved 1 Oct 2026).

TAX, CUSTOMS AND ZONES

GST cuts lowered tax on most consumer goods; personal-import tariff now 10%

Changes since September 2025 that affect pricing, imports and cross-border selling. General corporate tax rates are covered in the tax section.



FROM 22 SEP 2025

GST: everyday goods moved to 5%

Hair oil, toilet soap, shampoo, toothpaste and most packaged foods (namkeens, sauces, pasta, instant noodles, chocolates, coffee) moved from 12% or 18% to 5%.



FROM 22 SEP 2025

GST: durables, apparel and footwear

ACs, dishwashers and TVs above 32 inches fell from 28% to 18%. Footwear and apparel priced up to ₹2,500 a pair or piece are now taxed at 5%; apparel above ₹2,500 a piece rose from 12% to 18%.



FINANCE ACT 2026

Customs: personal-import tariff 10%

The tariff rate on dutiable goods imported for personal use (heading 9804) fell from 20% to 10% from 1 April 2026, enacted by the Finance Act 2026. Budget 2026-27 also announced new baggage rules.



BUDGET 2026-27

Courier and e-commerce exports

Budget 2026-27 announced removal of the ₹10 lakh per-consignment cap on courier exports and easier returns and rejects. From 3 September 2026, FDI-funded marketplaces may hold inventory to export Indian-made goods.



DIRECT TAX

Offshore sellers: levy gone, nexus remains

The 2% equalisation levy on e-commerce supplies ended in August 2024 and the 6% levy on online advertising from 1 April 2025. Income can still be taxed through significant economic presence or a permanent establishment.



ZONES

Duty-free shops and bonded units

Duty-free shops (100% FDI, automatic) operate only in customs bonded areas at international airports, seaports and land customs stations. Factories under MOOWR (section 65, Customs Act) defer import duty.

Sources: PIB, 56th GST Council, 3 Sep 2025; Budget Speech 2026-27; Finance Act 2026; Gala Law and Accorp (secondary); EY on Press Note 3 (2026); DPIIT FDI Policy 2020; Mumbai Customs on MOOWR.

STATE INCENTIVES

States offer SGST refunds, capital subsidies and longer trading hours

State support mostly rewards manufacturing, warehousing and cold chains that supply retail, plus rules on trading hours. Haryana, Karnataka and Maharashtra are among the states that have agreed to FDI in multi-brand retail.

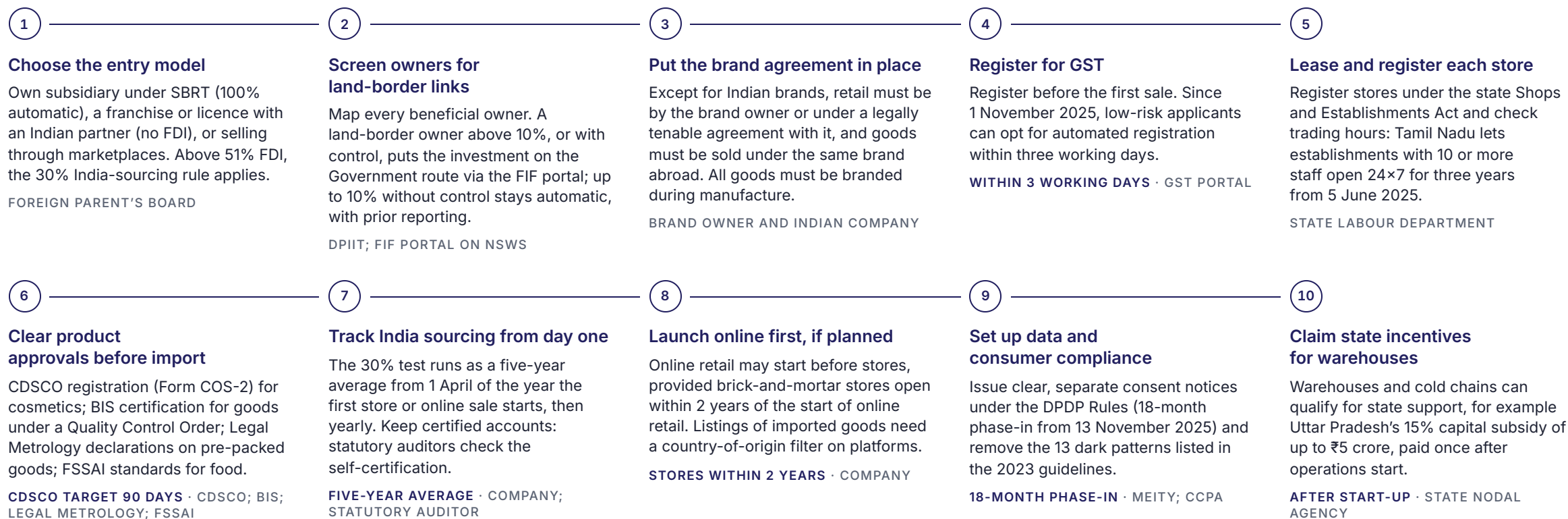
STATE	POLICY AND VALIDITY	HEADLINE INCENTIVES
Tamil Nadu	Industrial Policy 2021; shops with 10 or more staff may open 24×7 for three years from 5 June 2025	Choice of 100% SGST reimbursement for 15 years or a capital subsidy of up to 25%; training subsidy of ₹4,000 a worker a month for 6 months (₹6,000 for women and specified groups).
Maharashtra	Maharashtra Industry, Investment and Services Policy 2025: in effect for five years from notification; has agreed to FDI in multi-brand retail	Investment Promotion Subsidy on 100% of gross SGST on first sales within the state for eligible MSMEs and Special LSI units; six Ultra Mega Industrial Parks of at least 5,000 acres each; Invest Maharashtra budget of ₹3,000 crore.
Karnataka	Karnataka Industrial Policy 2025 - 30: five years from 8 February 2025; has agreed to FDI in multi-brand retail	Large, mega and ultra-mega projects: capital subsidy of 10% to 25% of fixed capital investment by zone, or a production-linked incentive of 1.0% to 2.5% of net sales turnover for 7 years; stamp duty exemption for eligible projects.
Uttar Pradesh	Warehousing and Logistics Policy 2022; Industrial Investment & Employment Promotion Policy 2022 (five years)	Warehouses, silos and cold chains: 15% capital subsidy, up to ₹5 crore (₹10 crore in designated logistics zones), paid once after start-up; stamp duty exemption of 50% to 100% by region. Manufacturers: capital subsidy of 10% to 30%, or 100% net SGST reimbursement within the policy's limits.
Haryana	Logistics, Warehousing & Retail Policy 2019: expired 8 March 2024, then extended by the state cabinet (January 2025) until a new policy is notified; has agreed to FDI in multi-brand retail	Retail, logistics and warehousing units may operate 24×7 in three shifts; warehousing in C and D blocks: 25% of fixed capital investment, up to ₹5 crore; 100% stamp duty reimbursement; electricity duty exemption for 7 years.

Sources: TN Single Window Portal (IP 2021); Trilegal, 20 May 2025; Maharashtra IISP 2025; Grant Thornton on Karnataka IP 2025-30; UP W&L Policy 2022; UP IIEPP 2022; Haryana LWRP 2019 and Fibre2Fashion, 3 Jan 2025; DPIIT FDI Policy 2020.

SET-UP ROADMAP

From entry decision to first store in ten steps

For a brand opening its own stores through an Indian subsidiary. A franchise or licence needs no FDI but leaves the stores with the partner; on a marketplace, delivery, warranty and pricing rest with the seller, not the platform.



Sources: DPIIT FDI Policy 2020, para 5.2.15.3; DPIIT FIF SOP, 4 May 2026; Tribune and KPMG on GST registration; Trilegal, 20 May 2025; CDSCO; PIB on DPDP Rules and dark patterns; Chambers, 2026; UP W&L Policy 2022.

WHAT TO WATCH

Sourcing proof, marketplace neutrality and consumer rules carry most risk

Compliance watch-outs

Sourcing is self-certified, then audited

Above 51% FDI, SBRT entities self-certify the 30% India-sourcing test and statutory auditors check it against certified accounts. Track purchases by brand from the first year.

Marketplace neutrality tests

A vendor buying over 25% of its purchases from the marketplace group is deemed controlled; sellers with group equity cannot sell on the platform; prices cannot be influenced.

Wholesale is not retail

Cash-and-carry sales must go to registered businesses, with day-to-day records, and group-company sales are capped at 25% of turnover. Retail needs separate audited books.

Dark patterns and consent

CCPA fined two companies in June 2026 for pre-ticked consent and similar designs, and urges all platforms to follow the 26 that declared dark-pattern self-audit compliance.

Gig and platform workers

Under the Labour Codes, aggregators contribute 1–2% of annual turnover to social security, capped at 5% of amounts paid to gig and platform workers.

Land-border owners above 10%

An investor from a land-border country, or a beneficial owner from one with more than 10% or control, moves the investment to the Government route, even for single-brand retail.

What changed since 2025

22 Sep 2025: GST moves to 5% and 18%

Most FMCG and packaged foods moved to 5%, ACs and TVs to 18%; apparel above ₹2,500 a piece rose from 12% to 18%.

12 Nov 2025: QCOs on 14 inputs withdrawn

Quality Control Orders on polymer and fibre inputs such as polyester yarn and fibre were withdrawn, which is expected to ease raw material costs.

13 Nov 2025: DPDP Rules notified

Data fiduciaries, including retailers holding customer data, have an 18-month phased compliance period and must issue separate, clear consent notices.

13 Feb 2026: country-of-origin filter

A Legal Metrology amendment requires e-commerce entities selling imported packaged goods to offer a searchable, sortable country-of-origin filter from 1 July 2026.

1 Apr 2026: personal-import tariff cut to 10%

The customs tariff on dutiable goods imported for personal use fell from 20% to 10% under the Finance Act 2026.

23 Jul 2026: Press Note 3 (2026)

Marketplace entities with FDI may hold inventory to export goods made in India; the FEMA amendment took effect on 3 September 2026.

Sources: DPIIT FDI Policy 2020; PIB on dark patterns (20 Nov 2025; 3 Jun 2026), DPDP Rules and Labour Codes; PIB, 3 Sep 2025; Business Standard, 13 Nov 2025; Chambers, 2026; Finance Act 2026; EY, Sep 2026.

COMPANY SET-UP · ENTRY VEHICLES

Most investors use a private limited subsidiary; offices serve narrow aims

A company or LLP is an Indian resident entity. Branch, liaison and project offices are extensions of the foreign parent, opened through an authorised dealer bank under RBI rules.

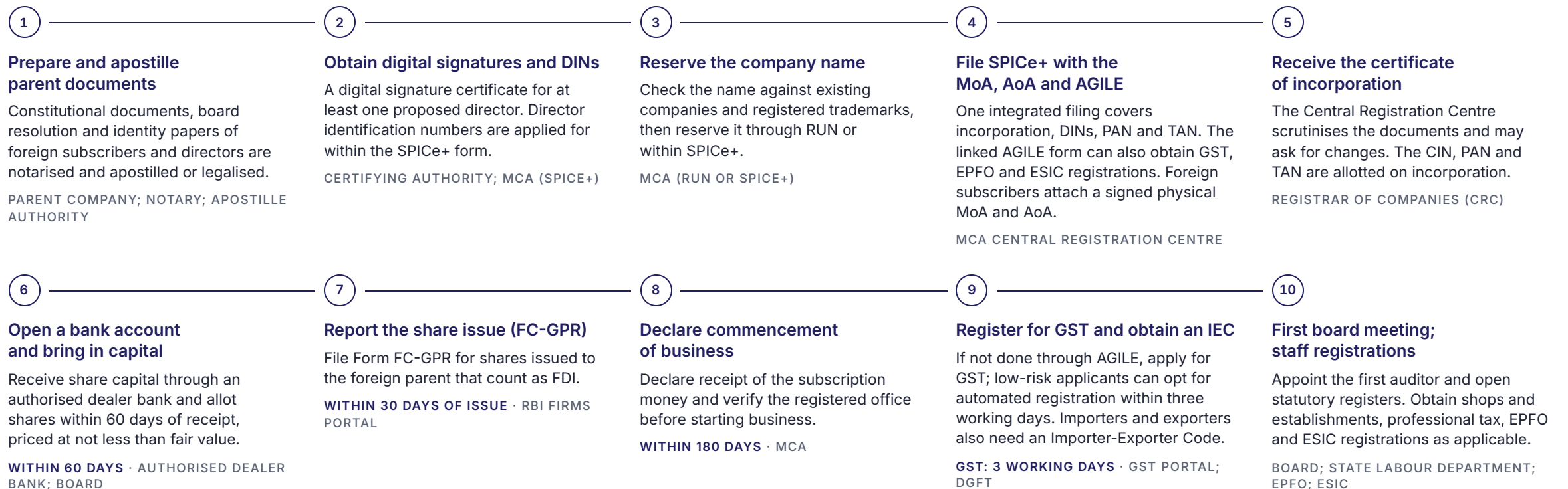
VEHICLE	WHAT IT MAY DO	APPROVAL NEEDED	SUITS
Wholly owned subsidiary (private limited company)	Any lawful business within its objects and the FDI policy. At least 2 shareholders (up to 200) and 2 directors, one meeting the 182-day residence test.	None on the automatic route without a land-border owner; else government route. Incorporated with the Registrar through SPICe+.	Operating businesses that want full control and limited liability.
Joint venture company	As a subsidiary, with an Indian partner; caps and conditions apply to the total foreign stake.	As for the sector. Land-border investors taking up to 49% in a fast-track sector, where resident Indians keep majority ownership and control, have a 60-day decision target.	Capped sectors, or where a partner brings licences, land or customers.
Limited liability partnership (LLP)	Business with partnership-style governance and limited liability; at least 2 designated partners, one resident. LLP agreement filed within 30 days.	Automatic route only in sectors fully open under the automatic route with no FDI-linked performance conditions.	Service businesses in fully open sectors.
Branch office	Activities RBI permits for branches, such as export and import, consultancy and research on behalf of the parent.	Authorised dealer bank; parent needs a sound financial track record. RBI approval in specified cases, such as defence or telecom.	Serving Indian clients directly without a subsidiary.
Liaison office	Represents the parent in India; may not carry on business. Valid generally for three years.	Authorised dealer bank, with the same track-record test and RBI referral cases as a branch.	Market study and relationship building before committing capital.
Project office	Executes a specific contract in India; valid for the tenure of the project.	Authorised dealer bank under RBI's project office rules.	Contractors delivering a defined Indian project.
No entity yet: distributor or employer of record	Sell through an Indian distributor or importer; engage staff through a third-party employer of record.	None for the foreign company itself.	Testing demand; review tax and contract exposure first.

Sources: Invest India, Doing Business in India 2025-26 and Legal and Regulatory Framework (Dec 2025); RBI Master Direction on branch, liaison and project offices; DPIIT SOP, 4 May 2026.

COMPANY SET-UP · INCORPORATION

From decision to first invoice: ten steps for a foreign-owned company

The sequence for a private limited subsidiary in an automatic-route sector. Times are shown only where a rule fixes them; state registrations depend on location and activity.



Sources: Invest India, Doing Business in India 2025-26; RBI FEMA 395 Regulations; RBI Master Direction, Jun 2026; Tribune/ANI and KPMG on GST registration (secondary).

TAX AT A GLANCE (1 OF 2)

A foreign-owned company can pay 25.168%; a branch pays 36.40–38.22%

Rates for tax year 2026-27, the first year under the Income-tax Act 2025, which replaced the 1961 Act from 1 April 2026. Effective rates add surcharge and the 4% health and education cess. Treaty rates can be lower where treaty conditions are met.

TAX	RATE OR RULE	NOTE
Corporate tax: concessional regime (s.200)	22% + 10% surcharge + 4% cess = 25.168% effective, whatever the level of income	Optional for any Indian company, including a foreign-owned subsidiary. Most deductions and exemptions are given up; MAT does not apply.
Corporate tax: normal regime	30%, or 25% if turnover in FY2024-25 was up to ₹400 crore. Surcharge 7% on income above ₹1 crore, 12% above ₹10 crore; 4% cess	Top effective rate 34.944% (30% band). Deductions and incentives remain available, but MAT applies.
Foreign company: branch or permanent establishment	35% on income other than special-rate income. Surcharge 2% on income above ₹1 crore, 5% above ₹10 crore; 4% cess	Effective 36.40% (income up to ₹1 crore), 37.128% (₹1–10 crore), 38.22% (above ₹10 crore).
Minimum alternate tax (MAT, s.206)	14% of book profit (was 15%) from tax year 2026-27; a final tax for companies in the old regime, with no new MAT credit	Credit built up to 31 March 2026 is usable only after moving to the new regime, up to 25% of the year's tax (domestic companies).
15% regime for new manufacturing companies (s.201)	Closed to new entrants: only companies that began manufacturing or production by 31 March 2024 qualify	Budget 2026-27 left corporate tax rates unchanged (only the MAT rate was cut) and added no replacement regime; new manufacturers compare s.200 with the normal regime.
Dividends paid to a non-resident parent	20% withholding under domestic law, plus surcharge and cess	Taxed in the shareholder's hands. Treaties can reduce withholding on dividends, interest, royalties and technical fees, subject to treaty conditions.

Effective rate = base rate × (1 + surcharge) × 1.04.

Sources: Finance Act 2026 (No. 4 of 2026); Budget 2026-27 speech and memorandum (1 Feb 2026); BDO and RSM on the Finance Act 2026; PIB, 56th GST Council (3 Sep 2025) and safe harbour (1 Feb 2026); CLC Law and Aurtus on the 2026 rules.

TAX AT A GLANCE (2 OF 2)

Withholding, capital gains, buy-backs, GST and transfer pricing in brief

Domestic-law rates for tax year 2026-27, before surcharge and cess unless stated. The applicable treaty may reduce withholding where its conditions are met.

TAX	RATE OR RULE	NOTE
Royalties and fees for technical services	20% on payments to a foreign company, plus surcharge and cess	A lower treaty rate may apply, subject to treaty conditions.
Capital gains of non-residents: listed shares	Short-term (s.196): 20%. Long-term (s.198): 12.5% on gains above ₹1.25 lakh	Plus surcharge and cess. Treaty exemptions are open to challenge under GAAR (Tiger Global, January 2026).
Capital gains of non-residents: unlisted shares	Long-term: 12.5%. Short-term: at the rate for other income, 35% for a foreign company	Plus surcharge and cess; treaty relief subject to treaty conditions.
Share buy-backs	Taxed as capital gains in the shareholder's hands from 1 April 2026, no longer as dividend	Promoters pay an additional tax on buy-backs under s.68 of the Companies Act 2013. It takes long-term gains, and short-term gains on listed shares, to 22% where the promoter is an Indian company and 30% for any other promoter, including a foreign parent (before surcharge and cess).
GST (from 22 September 2025)	Two main rates, 5% (merit) and 18% (standard), plus 40% for a select few goods and services	Approved by the 56th GST Council on 3 September 2025. Tobacco products were initially kept on earlier rates and compensation cess.
Transfer-pricing safe harbour: IT services	15.5% operating margin on cost for software, ITeS, KPO and contract R&D, for taxpayers within the ₹2,000 crore eligibility threshold (raised from ₹300 crore)	Budget 2026-27; notified with the 2026 rules. Approval is automated and the option can run for five years.

Withholding rates are domestic-law rates for tax year 2026-27; the applicable treaty may reduce them.

Sources: Finance Act 2026 (No. 4 of 2026); Budget 2026-27 speech and memorandum (1 Feb 2026); BDO and RSM on the Finance Act 2026; PIB, 56th GST Council (3 Sep 2025) and safe harbour (1 Feb 2026); CLC Law and Aurtus on the 2026 rules.

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One team for retail and consumer brands, from the entry decision to steady state

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What we do in retail and e-commerce

Operating model

Single-brand, multi-brand or marketplace: model structuring.

FDI conditions

Local-sourcing and FDI-condition compliance design.

E-commerce rules

Marketplace rules and vendor-neutrality compliance.

Entity and supply-chain tax

Entity set-up, GST and supply-chain tax structuring.

Regulatory compliance

CCI, consumer-law and ongoing regulatory compliance.

How an engagement runs

Assess

Market-entry strategy and business case, entry vehicle and holding structure, incentive and location screening.

Establish

Entity incorporation and registrations, FDI structuring, FEMA and RBI filings, licences and incentive applications.

Operate

Accounting, tax and transfer pricing, payroll and labour-law compliance, company secretarial and FEMA reporting.

Scale

Global capability centres, M&A and joint ventures, new locations, global mobility and expatriate tax.

Source: IMC Group.

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