DOING BUSINESS IN INDIA
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For CPAAI

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INDIAN ECONOMY

India is the world's third largest economy in terms of purchasing power parity (PPP) and holds 6.4% of global Gross Domestic Product (GDP) on PPP basis. India's GDP growth rate had been 4.7% in the April-June quarter of the last fiscal ended March 31, 2013. According to a popular Indian Economic Outlook Survey in September 2014, Indian economy will grow by 5.6% per cent during 2014-15. The retail inflation rate is expected at 7.8% in this fiscal. The new Indian Government which came to power in May 2014 is guided by the objective of restoring growth and governance. The policy priority areas for the government which were laid out by the Head of State in an address to the Parliament, include, developing a world class infrastructure; minimizing procedural hassles and fast tracking approvals and development of innovation hubs with world class amenities including lab and testing facilities.

The new Prime Minister wants to ease infrastructure bottlenecks and pursue more business-friendly policies. The government will seek to boost foreign investment, particularly in defense companies, offer incentives to promote labor-intensive manufacturing and simplify tax laws. It would also undertake measures to attract private investment in the coal sector. The government promised to forge public-private partnerships to overhaul India's infrastructure, set up civil nuclear power projects, build 100 smart cities with modern telecommunications and create a network of high-speed railways.

The important indicators of the Indian Economy are as follows:

- GDP – Purchasing Power Parity: $4.99 trillion (2013 est.)
- GDP – per capita (PPP): $4000 (2013 est.)
- GDP – real growth rate: 4.7% (2013 est.)
- Inflation Rate (consumer prices): 9.6% (2013 est.)
- Fiscal Year: 1 April - 31 March
- Exports: $313.2 billion (2013 est.)
- Exports - Commodities: petroleum products, precious stones, machinery, iron and steel, chemicals, vehicles, apparel
- Imports: $467.5 billion (2013 est.)
- Imports – Commodities: crude oil, precious stones, machinery, fertilizer, iron and steel, chemicals
- Labour force: 487.3 million (2013 est.)
- Population: 2nd most populated country of the world – More than 1.2 billion (July 2014 estimates)
- India has 47.3% population in the age group of 25-64 years. The median age in the country is around 26.7 years which is lower than many countries in the world.
- Government Type: Federal Republic

- Administrative Divisions: 29 States and 7 Union Territories
- Legal System: Common law system based on the English model; separate personal law codes apply to Muslims, Christians, and Hindus
- India is the largest democracy in the world with a Parliamentary form of government which is divided into 3 branches - the Legislative, Executive and the Judiciary.
- Executive: The Chief of State is the President who is elected by an electoral college consisting of elected members of both houses of Parliament and the legislatures of the states. The head of Government is the Prime Minister who is chosen by parliamentary members of the majority party following legislative elections. The Union Council of Ministers is appointed by the president on the recommendation of the prime minister.
- Legislature: Bicameral Parliament consisting of the Council of States (known as Rajya Sabha) and the People's Assembly (known as Lok Sabha)
- Judiciary: The highest Court is the Supreme Court. There are different types of courts based on hierarchy and jurisdiction.
- Currency: Indian Rupee (INR)
- Internet Country code: .in
- Time Zone: GMT +5.5

India is the most favored nation for trade in key sectors for many nations. It has entered into a Comprehensive Economic Partnership Agreement (CEPA) with Japan, Malaysia, Korea, Singapore, Sri Lanka, Canada and Preferential Trade Agreement with MERCOSUR countries, Chile and Afghanistan. There is also a South Asian Free Trade Area (SAFTA) and an Asia Pacific Trade Agreement with Bangladesh, Korea, China and Sri Lanka. There is a global system of trade preference with 46 countries.

BUSINESS STRUCTURES

Different legislations govern different forms of business organisation however the main legislation governing the most widely used 'company' form of business structures in India is the Companies Act 2013 (Earlier the Companies Act 1956). The governing legislation of business in India, is undergoing a major overhaul and the new legislation governing business organizations in India "The Companies Act 2013" to a large extant has replaced the 57 year old company law viz. the Companies Act 1956. Notified on 29th August 2013, a total of 282 of 470 sections of the Act had got notified in a phased manner upto 1st April 2014.

There are various forms of business structures existing in India viz. Sole proprietorship, Partnership Firm, Limited Liability Partnership, Cooperative Society, Private Limited Company, Public Limited Company etc. On the basis of

nature of business, the companies can be further categorized as Non Profit Organizations, Foreign Companies, Government Companies, Non banking finance companies, Nidhi Companies etc.
Various other new forms of Business structures and in some cases revamped business structures have germinated in India via the Companies Act 2013 viz One Person Company (section 2(62) of the Act), Small Company ((section 2(85)), Companies with charitable objects etc. (section 8), Dormant Company (section 455), Companies incorporated outside India (Chapter XXII), Government Companies (Chapter XXIII), Nidhi Companies (Chapter XXVI).

The most common forms of business organization for setting up business in India are as follows:

Limited Liability Partnership

The Limited Liability Partnership (LLP), a comparatively new form of business organization in India, which came into being by way of Limited Liability Partnership Act, 2008.

An LLP is a form of business organization combines the advantageous features of both company and partnership into a new business model. LLP is viewed as an alternative business vehicle in which the liability of its partners is limited to the extent of their capital contribution or as agreed as per the Limited Liability Partnership Agreement. The primary intention of LLP is that its external structure should mirror that of the limited company but in terms of conduct of internal affairs it would be similar to traditional partnership.

A LLP is a body corporate, with a distinct legal entity separate from that of its partners. It has perpetual succession and a common seal. It is liable to the third parties independent of the other partners. Any change in its partners, will not affect the existence, rights or liabilities of the LLP. LLP can make contracts, hold assets, sue or be sued in its own name and can hold property or become insolvent.

A Minimum of 2 partners are required to form a LLP and no there is no maximum limit as to number of partners. Also, a minimum of two individuals are required as Designated Partners in LLP, of whom at least one shall be resident in India. Unlike corporate shareholders, the partners of a LLP have the right to manage the business directly. One partner is not responsible or liable for another partner's misconduct or negligence. Liability of the partners is limited to their agreed contribution in the LLP or as specified in the LLP Agreement. However, the partner's liability in case of fraud is unlimited. The mutual rights and duties of the partners of LLP and the mutual rights and duties of LLP and its partners shall be governed by LLP agreement between the partners or between LLP and its partners. In the absence of such agreement relationship of Partners and LLP would be governed as per Schedule 1 of LLP Act, 2008.

As per the consolidated Foreign Direct Investment (FDI) Policy (Effective from 17th April, 2014) issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, FDI is permitted in LLPs subject to certain conditions.

Company

The most widely used form of business organisation in India is a "company" which is a voluntary association of person formed for the purpose of doing some business. The governing legislation for companies is the Companies Act 1956, under which the companies can be registered with its liability as limited (personal liability of the members being limited to the amount unpaid on their shares) or unlimited (personal liability of members is unlimited by a pre-decided nominated amount) and are incorporated as public or private companies. Company can also be registered as a Guarantee Company. A Company established for a charitable purpose can also be formed under the provisions of section 25 of the Companies Act 1956.

A Private Limited Company means a company which by its articles of association i. restricts the right of members to transfer its shares; ii. limits the number of its members to two hundred (excluding the past and present employees of the company) and iii. prohibits an invitation to the public to subscribe to any securities of the company. In such a company the liability of each shareholder is limited to the extent of the unpaid amount of the shares face value and the premium thereon in respect of the shares held by him. However, the liability of a Director / Manager of such a Company can at times be unlimited. A minimum of two shareholders and two directors are required to form a private limited company. The minimum paid up capital at the time of incorporation of a private limited company has to be Indian Rupees 1,00,000. There is no upper limit on the authorized capital and the paid up capital. It can be increased any time, by payment of additional stamp duty and registration fee.

Public Limited Company means a company which is not a private limited company. It does not carry the word 'private' in its name and also do not have the restrictions as carried out in the private limited companies. Public limited companies are generally large companies with eligibility to raise capital from the public at large . The minimum paid up capital for a public company is Rs. 500,000 and a minimum of seven shareholders and three directors are required to form a public limited company.

<u>Entry Options for Foreign Companies</u>

A foreign company planning to set up business operations in India has the following options:

A. As an incorporated entity by incorporating a company under the Companies Act,1956 through
   (1) Joint Ventures; or
   (2) Wholly Owned Subsidiaries

B. As an unincorporated entity after obtaining approval from RBI through
   (1)Liaison Office/Representative Office
   (2)Project Office
   (3)Branch Office

However RBI has given general permission to foreign companies to establish Project Offices in India subject to certain conditions. Further the above unincorporated entities have to deliver certain documents to the Registrar of Companies within 30 days of establishment of place of business.

Companies incorporated in India and foreign corporations with a presence in India are regulated by the provisions of the Companies Act 2013. The Ministry of Corporate Affairs of the Government of India is responsible for the administration of the Act. Foreign Companies and foreign investors are required to further follow Foreign Exchange Management Act 1999 and Reserve Bank of India (RBI) guidelines and file statements and returns as required.

A non-resident with a liaison office in India is required to prepare certain financial documents and submit them to tax authorities within 60 days from end of the financial year.

ACCOUNTING, AUDITING PRACTICES AND FINANCIAL REPORTING

Different statutes have prescribed various statements to be disclosed periodically by companies. With regard to companies, financial reporting in India covers Balance Sheet, Profit and Loss Account (Income Statement), Statement of Cash Flows, Directors' Report and Auditor's Report.

A Company is under legal obligation to keep proper books of accounts and prepare final accounts every year in the prescribed manner. The Company must conform to the legal requirements for preparation of final accounts as laid down in the Companies Act, 2013. The Balance Sheet and Profit and Loss Account of the Company should give a true and fair view of the state of affairs of the company and should be made in the prescribed form as set out in Schedule III to the Companies Act 2013.

Preparation and presentation of financial statements are governed by the Companies Act 2013 and the Accounting Standards laid down by the apex regulator of accounting and auditing practices in India viz. The Institute of Chartered Accountants of India (ICAI). After the enactment of the Companies Act, 2013, the Ministry of Corporate Affairs is in the process of finalizing the implementation schedule of the International Financial Reporting Standards (IFRS) for Indian companies which were to be earlier implemented beginning April 1, 2011. According to the draft plan, companies that have a net worth of over Rs 1,000 crore will have to implement from April 1, 2015, and both listed and unlisted companies with a net worth of over Rs 500 crore but less than Rs 1,000 crore will have to converge with the international accounting standards from the financial year beginning April 1, 2016. As such, all Indian companies listed overseas or doing business on foreign land currently prepare financial statements as per the international standards. However, banking companies would be exempt from complying with the IFRS. In the third and fourth phase, beginning April 1, 2017, smaller companies would need to prepare their accounts as per the international standards.

The Companies Act 2013 has detailed provisions regarding Audit and Auditors. The Act provides compulsory Statutory Audit of Companies, appointment of Auditor and Disqualifications for appointment, Cost Audit, Government Audit, Special Audit etc.

The various types of company audits in India are – Statutory Audit, Internal Audit (in the form of efficiency, proprietary or compliance audit), Branch Audit, Joint Audit, Special Audit and Comptroller an Auditor General (CAG) Audit.

TAXATION STRUCTURE

A Company, whether Indian or foreign, is liable to taxes in India if it is resident in India. A corporation is resident if it is incorporated in India or wholly managed and controlled in India. Residents are taxed on all their income whether earned in India or outside India. Foreign income derived by a resident company is subject to corporation tax in the same way as Indian income. A branch of a foreign corporation is taxed as a foreign corporation. There are various direct and indirect taxes and duties applicable to a company which will vary from situation to situation, like – Income Tax, Minimum Alternate Tax, Dividend Distribution tax, Securities Transaction Tax, Wealth Tax, Customs duty, Central Excise, Service Tax, Value Added Tax (VAT) etc. These taxes and duties chargeable to Indian Companies are governed by various legislations like - Income-tax Act 1961, Wealth Tax Act 1957, Annual Finance Acts; Finance Act, 1994; Customs Act 1962; Central Excise Act 1944; State VAT and Central Sales Tax laws etc.

Income Tax

Corporate Taxation is governed by the Income Tax Act 1961. The Income Tax rate is 30% for domestic companies and 40% for foreign companies and branches of foreign companies. A Surcharge @ 5% applies to domestic companies and 2% to foreign companies if income exceeds 10 million but is less than INR 100 million and @ 10% applies to domestic companies and @ 5% applies for foreign companies if taxable income exceeds INR 100 million. An additional cess of 3% on income tax (inclusive of surcharge, if any) is payable towards Education and Secondary and Higher Education cess. The companies are also subject to the provisions of Withholding taxation. Minimum Alternate Tax (MAT) is imposed in certain cases.

In India, the tax year is the fiscal year i.e. from 1st April to 31st March and Companies are required to submit a final return of tax by 30th September (30 November for companies required to file a certificate on international transactions) of the assessment year, stating income, expenses, taxes paid and taxes due for the preceding tax year. Other than that, Advance Tax has to be paid by the companies during the year on 15 June (15% of total tax payable), 15 September (45% of total tax payable), 15 December (75% of total tax payable) and 15 March (100% of total tax payable).

Minimum Alternate Tax (MAT)

A MAT is levied @ 18.5% on the adjusted book profit on those companies whose income tax payable on the taxable income computed according to the normal provisions of the Income tax Act 1961, is less than 18.5% of the book profits. The MAT credit may be carried forward for offset against income tax payable in the following 10 years. In case of MAT also, Surcharge is applicable as per the status of the company whether Domestic or Foreign as the case may be and Education cess (2%) and Secondary and Higher Education cess (1%) will be applicable. A credit is available for MAT paid against tax payable on normal income which can be carried forward for the following ten years.

Dividend Distribution Tax

A Dividend Distribution Tax (DDT) is levied on dividends paid by a domestic company. The effective rate of DDT is approximately 17%. Dividends received by Indian companies from foreign companies are subject to tax in India. However a credit for withholding tax generally is available for foreign tax paid.

Wealth Tax

Wealth tax is imposed at the rate of 1 % on the value of specified assets held by the taxpayer on the valuation date in excess of the basic exemption of Rs. 3 million. These specified assets include nonproductive assets such as land; buildings not used as factories; commercial property not used for a business or a profession; offices or residential accommodation for employees earning gross salary over INR 10,00,000/- per annum; Jewellery including certain precious metals; and cars, aircraft and yachts and cash exceeding INR 50,000.

Customs Duty

A customs duty is levied on goods imported into or exported from India. The Customs Act, 1962 is the basic Statute, which empowers the Government to lay down duties to be levied on. The categories of items and the rates of duties which are to be levied have been incorporated in two schedules to the Customs Tariff Act, 1975. Different rates of duties are prescribed by the legislature on different commodities/group of commodities and are levied both on specific and ad-valorem basis, while there are few cases where at times specific-cum-ad valorem duties are also collected on imported items.

Central Excise Duty

A Central Excise duty is levied on the manufacture of excisable goods in India. Excise duty on alcohol, alcoholic preparations, narcotic substances and certain hazardous substances is collected by the State Government and is called "State Excise" duty. The Excise duty on rest of goods is called "Central Excise" duty and is collected in terms of Section 3 of the Central Excise Act, 1944. The peak rate of central excise duty is at present 12.36% which includes the education cess and secondary and higher education cess.

Service Tax

Service Tax is the tax payable on specified taxable services provided those are not included in the Negative List of Services. The basic rate of Service Tax at present is 12% (12.36% including the education cess and secondary and higher education cess). No service tax is payable on services which have been specifically exempted by Notifications issued by tax authorities or if the taxable service provided is covered under any one of the exemptions issued under the Act.

Value Added Tax (VAT)/ Central Sales Tax (CST)

VAT is a multi-point destination based system of taxation, on the final consumption of goods or services, with tax being levied on value addition at each stage of transaction in the production/ distribution chain. The term 'value addition' implies the increase in value of goods and services at each stage of production or transfer of goods and services. Currently, all the states in India have replaced their erstwhile sales tax regime with VAT. VAT is applicable on intra-state sales. Interstate sales continue to be liable to Central Sales Tax (CST), which is imposed by the Central Government and administered by state governments.

There are two components in the VAT rates, one is 12%-15% (most states levy VAT @ 12.5%), and a reduced rate of 1%-5% in some cases. Goods like liquor and petroleum attract a higher rate in the range of 20%-30%. Registration is compulsory for businesses exceeding a certain annual turnover, although certain state VAT laws also specify monetary limits of sales and/or purchases.

Stamp Duty

Stamp duty is a form of tax that is levied on documents. It is levied on instruments recording certain transactions, at rates depending on the nature of instrument and whether the instrument is to be stamped under the Indian Stamp Act, 1899 or under a State stamp law. Stamp duty rates for an instrument vary from state to state.

Proposed Goods and Services Tax (GST)

India is expected to soon implement a goods and services tax to bring all the indirect taxes levied by both Central and State government under one roof and a bill to amend the India's constitution to facilitate introduction of the same is pending before the Parliament.

FOREIGN DIRECT INVESTMENT

Foreign Direct Investment (FDI) is permitted in India in certain specific sectors. The details of the entry route applicable and the maximum permissible foreign investment /sectoral cap in an Indian Company are determined by the sector in which it is operating.

Foreign Investment in India can broadly be divided into the following:

a. Foreign Direct Investment (FDI) - by persons resident outside India – through the automatic route or government route of approval.
b. Foreign Portfolio Investment - by Non resident Indians (NRIs) and Foreign Institutional Investors (FIIs)
c. Investments in Government Securities, Non-convertible Debentures etc. – by NRIs, FIIs, Persons of Indian Origin (PIO) etc.
d. Foreign Venture Capital Investments (SEBI registered)

As per the Consolidated FDI Policy (effective from April 17th, 2014), "FDI" is defined to mean "investment by non-resident entity/person resident outside India in the capital of an Indian company under Schedule 1 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000".

FDI can be made into the following entities subject to specified conditions:

- In an Indian Company

- In Partnership Firm / Proprietary Concern
- In Limited Liability Partnerships (LLPs):
- In Venture Capital Funds (VCF)
- In Trusts: FDI in Trusts other than VCF is not permitted.

FDI in resident entities other than those mentioned above is not permitted.

Regulatory Framework for Foreign Direct Investment in India

The regulatory framework governing Foreign Direct Investment (FDI) in India, consists of Acts, Regulations, Press Notes, Press Releases, Clarifications, etc.

The policy with respect to Foreign Direct Investment (FDI) in India is regulated by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, in the Government of India. The Circular on Consolidated FDI Policy, issued by DIPP, which is updated every year, makes provisions in respect of FDI, foreign technical collaborations, royalty payments, joint ventures abroad etc. The Consolidated FDI Policy has been issued which is effective from 17th April 2014.

An Indian company may receive FDI under the two routes as given under:

i. Automatic Route - FDI is allowed under the automatic route without prior approval either of the Government or the Reserve Bank of India in all activities/sectors as specified in the consolidated FDI Policy, issued by the Government of India from time to time.

ii. Government Route - FDI in activities not covered under the automatic route requires prior approval of the Government which are considered by the Foreign Investment Promotion Board (FIPB), Department of Economic Affairs, Ministry of Finance. Application can be made in Form FC-IL, which can be downloaded from http://www.dipp.gov.in. Plain paper applications carrying all relevant details are also accepted. No fee is payable.

The Indian company having received FDI either under the Automatic route or the Government route is required to comply with provisions of the FDI policy including reporting the FDI to the Reserve Bank.

Prohibited Sectors of FDI

FDI is completely prohibited in the following sectors:

(a) Lottery Business including Government /private lottery, online lotteries, etc.

(b) Gambling and Betting including casinos etc. (Foreign technology collaboration in any form including licensing for franchise, trademark, brand name, management contract is also prohibited for Lottery Business and Gambling and Betting activities.)

(c) Chit funds

(d) Nidhi Company

(e) Trading in Transferable Development Rights (TDRs)

(f) Real Estate Business or Construction of Farm Houses

(g) Manufacturing of Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes

(h) Activities / sectors not open to private sector investment e.g. Atomic Energy and Railway Transport (other than Mass Rapid Transport Systems).

(i) Agricultural or Plantation Activities

It is clarified that partnership firms /proprietorship concerns having investments as per Foreign Exchange Management Act 1999 (FEMA) regulations are not allowed to engage in print media sector.

INDUSTRIAL LICENSING AND CLEARANCES

An application for a license or permission for the establishment of a new industrial undertaking or any substantial expansion of or the production or manufacture of any new article in an existing industrial undertaking has to be made to the Government. Further, project location also attracts locational restrictions.

At present Industrial Licensing for manufacturing is required in case of:-

- Industries under compulsory licensing
- Manufacture of items by Large or medium industries of items reserved for exclusive manufacture in small scale industrial units

Following industries require compulsory industrial license under the provisions of Industries (Development & Regulation) Act, 1951.

1. Distillation and brewing of alcoholic drinks.
2. Cigars and cigarettes of tobacco and manufactured tobacco substitutes;
3. Electronic Aerospace and defence equipment: all types;
4. Industrial explosives, including detonating fuses, safety fuses, gun powder, nitrocellulose and matches;
5. Hazardous chemicals;

◦Hydrocyanic acid and its derivatives
◦Phosgene and its derivatives
◦Isocyanates and di-isocyanates of hydrocarbon, not elsewhere specified (example: Methyl Isocyanate).

Industries exempted from the provisions of Industrial License are required to file Industrial Entrepreneur's Memorandum (IEM).

Additionally, an entrepreneur has to obtain product specific clearances depending upon the nature of his unit and products manufactured. Environment & Pollution Related Clearances will have to be obtained under the environmental laws like The Environment (Protection) Act, 1986, The Biological Diversity Act, 2002, Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981, Forest Conservation Act 1980 etc.

Units undertaking to export their entire production of goods and services (except permissible sales in Domestic Tariff Area), may be set up under the Export Oriented Unit (EOU) scheme, Electronic Hardware Technology Parks (EHTP), Software Technology Parks (STP) or Bio-Technology Parks (BTP) Scheme for manufacture of goods, including repair, re-making, reconditioning, re-engineering and rendering of services. Trading units are not covered under these schemes. These units are entitled to certain privileges and exemptions.

Similarly a unit can be set up as Special Economic Zone (SEZ). SEZ is a region that has economic laws that are more liberal than the country's typical economic laws and where all the units therein have specific privileges. Foreign investors are offered incentives such as tax exemptions, duty free imports, exemptions from import quotas, capital mobility to remit profits, export allowances and subsidized interest rates within the SEZ.

Foreign technology collaboration agreement for acquisition of foreign technology requires approval of Government of India. It normally includes technical know-how, design and training, engineering services and lump sum or royalty payments.

INTELLECTUAL PROPERTY RIGHTS

India provides protection to Intellectual Property Rights in accordance with its obligations under the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) of the World Trade Organization (WTO). India has well-established administrative mechanism for enforcement of Intellectual Property Rights. Cases of infringement of IPRs are tried in the judicial courts. Also, Intellectual Property Appellate Board (IPAB) has been constituted by a Gazette notification of the Central Government in the Ministry of Commerce and Industry on 15th September 2003 to hear appeals against the decisions of the Registrar under the Trade Marks Act, 1999 and the Geographical Indications of Goods (Registration and Protection) Act, 1999. The governing legislation depends on the IP which needs to be protected. Intellectual Property Rights (IPRs) includes the following independent IP rights, which can be collectively used for protecting different aspects of an inventive work for protection viz. Patents, Trade Marks, Geographical Indication of Goods, Registered Industrial Designs, Copyrights, Integrated Circuit layout design, Plant Variety and Farmers Rights Protection, Biological Diversity and Trade Secrets/Undisclosed Information.

EMPLOYMENT REGULATION AND LABOUR LAWS

India has a comprehensive set of labour and employment laws with the Centre legislating on certain issues and the States having authority to enforce and in some cases also legislate on certain other aspects, as per the competency provided in the Constitution of India. Both Central and State Governments also formulate Rules to facilitate implementation of these laws.

Additionally, there are social security legislations for the workers in the Organized Sector and a large number of welfare funds for certain specified segments of workers etc. Social Security Schemes of Employees’ Provident Fund Organization (EPFO) and Employees’ State Insurance Corporation (ESIC) are also available for the workers.

Some important labour laws and the area they relate to are as follows:

- The Employees' Compensation Act, 1923 - provides for the payment of compensation by specific employers to their workmen who are injured by accident.
- The Employees' State Insurance Act, 1948 - requires mandatory insurance for workers that provide certain benefits to employees in case of sickness, maternity and employment injury and in certain related circumstances.
- The Employees' Provident Funds & Miscellaneous Provisions Act, 1952 - ensures terminal benefits to employees like provident fund, superannuation pension, and family pension in case of death during service. Separate laws exist for similar benefits for the workers in the coal mines and tea plantations.
- The Maternity Benefit Act, 1961 - provides for the payment of maternity benefits to women by their employers
- The Payment of Gratuity Act, 1972 - establishes a retirement benefit like provident fund or pension. The ceiling on gratuity has been enhanced from Rs.3.5 lakh to Rs.10 lakh.
- The Industrial Disputes Act 1947 – provides for the investigation and settlement of industrial disputes by mediation, conciliation, adjudication and arbitration.
- The Industrial Employment (Standing Orders) Act, 1946 – provides for employers in industrial establishments to define their conditions of employment and make them known to their workmen.
- The Trade Unions Act, 1926 - recognizes the right of workers to organize themselves into trade unions.
- The Indian Factories Act, 1948 - provides for the health, safety and welfare of workers.
- The Equal Remuneration Act, 1976 - provides for equal pay for men and women workers for the same or similar work.
- The Child Labor (Prohibition and Regulation) Act, 1986 - prohibits the engagement of children below the age of 15 years in certain employments and regulates the conditions of work of children in other employments.
- The Payment of Wages Act, 1936 - regulates the timely payment of wages without any unauthorized deductions by the employers.
- The Minimum Wages Act, 1948 - establishes minimum rates of wages in respect of certain prescribed industries involving hard labor
- The Payment of Bonus Act, 1965 - establishes an obligatory annual payment to the workers by an employer to provide an incentive for extra efforts.

FINANCIAL MARKETS AND SERVICES

The Reserve Bank of India (RBI), Ministry of Finance, Government of India and Securities and Exchange Board of India (SEBI) are the three major institutions which regulate the various aspects of capital market and money market in India.

The Banking system in India is well developed and the public sector banks are the back bone of the Indian financial system. The Reserve Bank of India is the central bank of the country and is the empowered regulatory and supervisory authority of banks' activities in India and their branches abroad. Additionally there are a number of financial institutions in India which are regulated by RBI and SEBI.

The RBI is the governing authority for foreign exchange matters. SEBI established on April 12, 1992, functions as the nodal agency to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

There are more than 20 stock exchanges in India and the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) are the most premier stock exchanges. The BSE is Asia's first stock exchange and the world's largest stock exchange in terms of number of listed companies with more than 5000 companies.

Main legislations having a bearing on the Capital market are - The Securities Contracts (Regulation) Act, 1956, The Securities & Exchange Board of India Act, 1992, The Depositories Act, 1996, The Foreign Exchange Management Act, 1999 Recovery of Debts due to Banks and Financial Institutions Act, 1993, Banking Regulation Act 1949 and The Companies Act, 2013.

The introduction of the Takeover Code, Corporate Social Responsibility and Corporate Governance Norms, Sustainability reporting by corporates and the major developments in the capital markets over the last few years has made the markets attractive to foreign institutional investors.

REAL ESTATE

Both the Central Government and State Government are empowered to legislate on matters of real estate for the subjects specified in the Constitution of India. There are a number of legislations both central and at the state level on various aspects of immovable property, transfer and sale of such etc.

Foreign investment in real estate is regulated by the Department of Industrial Policy and Promotion ("DIPP"), the Reserve Bank of India ("RBI") and the Foreign Investment Promotion Board ("FIPB") under the provisions of the Consolidated Foreign Direct Investment Policy. As per the consolidated FDI Policy 2014, FDI is allowed under the 100% automatic route in townships, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure) subject to satisfaction of certain conditions for the same.

GUIDE TO VISA REGIME IN INDIA

All foreigners entering India must have a passport or any other internationally recognized travel document and visa. 'Visa' is a service and a fee is charged for grant of visa in accordance with the scale laid down by the Government of India. Entry, stay and exit of foreigners into India is governed by the Passport (Entry into India) Act 1920, Passport (Entry into India) Rules, 1950, Foreigners Act 1946 and the Registration of Foreigners Rules, 1992.

The visa regime is implemented by Indian Missions & Posts outside India and by Foreigners Regional Registration Offices (FRROs), home departments & district administrators in the states and immigration posts in India. Visa can be extended and issues relating to visa and extension of visa while in India is dealt by, FRRO, Ministry of Home Affairs, Government of India.

Registration of Foreigners

All foreigners (including foreigners of Indian origin) visiting India on long term (more than 180 days) Student Visa, Medical Visa, Research Visa and Employment Visa are required to get themselves registered with the Foreigners Regional Registration Officer (FRRO)/ Foreigners Registration Officer (FRO) concerned having jurisdiction over the place where the foreigner intends to stay, within 14 days of arrival.

Pakistan nationals are required to register within 24 hours of their arrival. Pakistan nationals are permitted to enter into and exit from India only through designated check posts.

Only single entry Tourist and Business visas valid up to 3 months are granted to Chinese nationals. The visa may be extended up to 3 months by FRROs/Ministry of Home Affairs. All other types of visas fall in prior clearance category.

All Afghan nationals are required to register with the FRRO/FRO concerned within 14 days of arrival except those Afghan nationals who enter India on a visa valid for 30 days or less provided the Afghan national concerned gives his/her local address in India to the Indian Mission/FRRO/FRO. The Afghan nationals who are issued visas with ' Exemption from police reporting' are exempt from Police reporting as well as Exit permission provided they leave within the Visa validity period.

Foreigners other than those mentioned above will not be required to get themselves registered, even if they have entered India on a long term visa provided their continuous stay in India does not exceed 180 days. If the intention of the foreigner is to stay in India for more than 180 days, he/she should get himself/ herself registered well before the expiry of 180 days from the date of arrival with the FRRO/FRO concerned.

Foreigners (including minors above 16 years of age) have to report in person or through an authorized representative to the appropriate Registration Officer for registration. No registration is required in respect of children below the age of 16 years.

Work Permit

There are two types of work related Visas, namely:-
1. Business Visa designated as 'B' Visa
2. Employment Visa designated as 'E' Visa

A Business Visa with multiple entry facility can be granted for a period up to 5 years or for a shorter duration as per the requirement. A stay stipulation of a maximum period of six 6 months will be prescribed for each visit by the concerned Indian Mission keeping in view the nature of the business activity for which such Business Visa is granted.

Indian Missions can grant Business Visa with 10 years validity and multiple entry facility to the nationals of the United States of America. This visa should be issued with the stipulation that the stay in India during each visit shall not exceed six (6) months.

An Employment Visa is granted to foreigners desiring to come to India for the purpose of employment, subject to fulfillment of certain conditions. The validity period of the visa has been specified and is based on the purpose of employment.

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