



India at the centre
of global investments
Seize the India moment

Life sciences and healthcare

April 2025



Executive summary



As one of the fastest-growing economies, India offers a compelling narrative of robust economic indicators, a favourable business environment and a strategic position in the global market. This report, "India at the centre of global investments: Seize the India moment," provides a comprehensive guide for investors looking to capitalise on India's growth trajectory.



What makes India a standout destination for investors

India's economic opportunity is nothing short of remarkable, with robust growth positioning it as the fastest-growing economy through FY2026. The country's strong domestic demand and burgeoning digital economy provide a buffer against global uncertainties. However, effectively managing the rapid pace of technological advancements is crucial to sustaining this growth and mitigating potential disruptions.

Strong economic indicators

India's GDP is projected to grow between 6.3 percent and 8 percent over the next two years, underscoring the nation's resilience and economic potential. This steady growth trajectory is a testament to India's robust economic framework, making it an attractive destination for global investments.

The country's competitive edge is further bolstered by four key pillars: favourable demographics, improving logistics, rapid technological innovation and the rise of sunrise sectors. A young and dynamic workforce enhances productivity, while advancements in infrastructure and technology drive efficiency and global integration. The contribution of emerging sectors ensures long-term growth and competitiveness.

Continuous reforms and supportive initiatives

Continuous reforms and supportive initiatives Since 2016, India has implemented many reforms to strengthen its economic foundations. Key initiatives, such as the insolvency and bankruptcy code and the Goods and Services Tax (GST), have streamlined financial and tax frameworks, fostering a more dynamic business environment. Addressing infrastructure gaps, enhancing regulatory clarity and ensuring consistent policy implementation are essential to sustaining growth.


Favourable business environment


India has made significant strides in creating a business-friendly environment, reflected in its improved performance in key areas. Government initiatives, such as the insolvency and bankruptcy code, national infrastructure pipeline, Production-Linked Incentive (PLI) scheme, PM Gati Shakti National Master Plan, recapitalisation of public-sector banks, national monetisation pipeline, and national logistics policy have been instrumental in enhancing the ease of doing business and attracting foreign investment.


Achieving the "Developed Nation (Viksit Bharat)" Vision


Sustained 8.5 percent growth could position India as a developed nation, with its economy reaching about US\$30 trillion by 2047. India is on track to transition into a high-income nation in the next few decades by focusing on increasing its manufacturing share and expanding its customer base through exports.

A preview of developed India

 Technology	2024	2047
Rank on the Government AI Readiness Index	40	➤ Top 5
Space Technology and Exploration	Top 5 spacefaring nations	➤ Top 3 global space powers
Quantum Computing and Emerging Tech the global quantum ecosystem	Early stage	➤ Major player ranking within the top 5
Digital Infrastructure & Connectivity	5G rollout	➤ 6G or 7G world's most digitally connected nation
Ranking in global innovation index	40 th (2022)	➤ Top 5

 Infrastructure	2024	2047
National highways network	1,45,240 km	➤ + 50,00 km high-speed highway
Railway route length	68,043 km	➤ +1,00,000 km
Number of operation airports	157	➤ 350
Cargo handling capacity at ports	2,600 MT	➤ 10,000 MT
Urbanisation	35.4%	➤ 78-93%

 Sunrise sector	2024	2047
Reduction in Carbon Emission intensity from 2005 levels	~33%	➤ >55%
Renewable energy, installed capacity (GW)	191	➤ 1500
Semiconductor Manufacturing	Dependent on semiconductor imports	➤ A semiconductor manufacturing hub
Electric vehicle penetration	18% (2023)	➤ 87%
Domestic production of semiconductors	~10%	➤ 50%

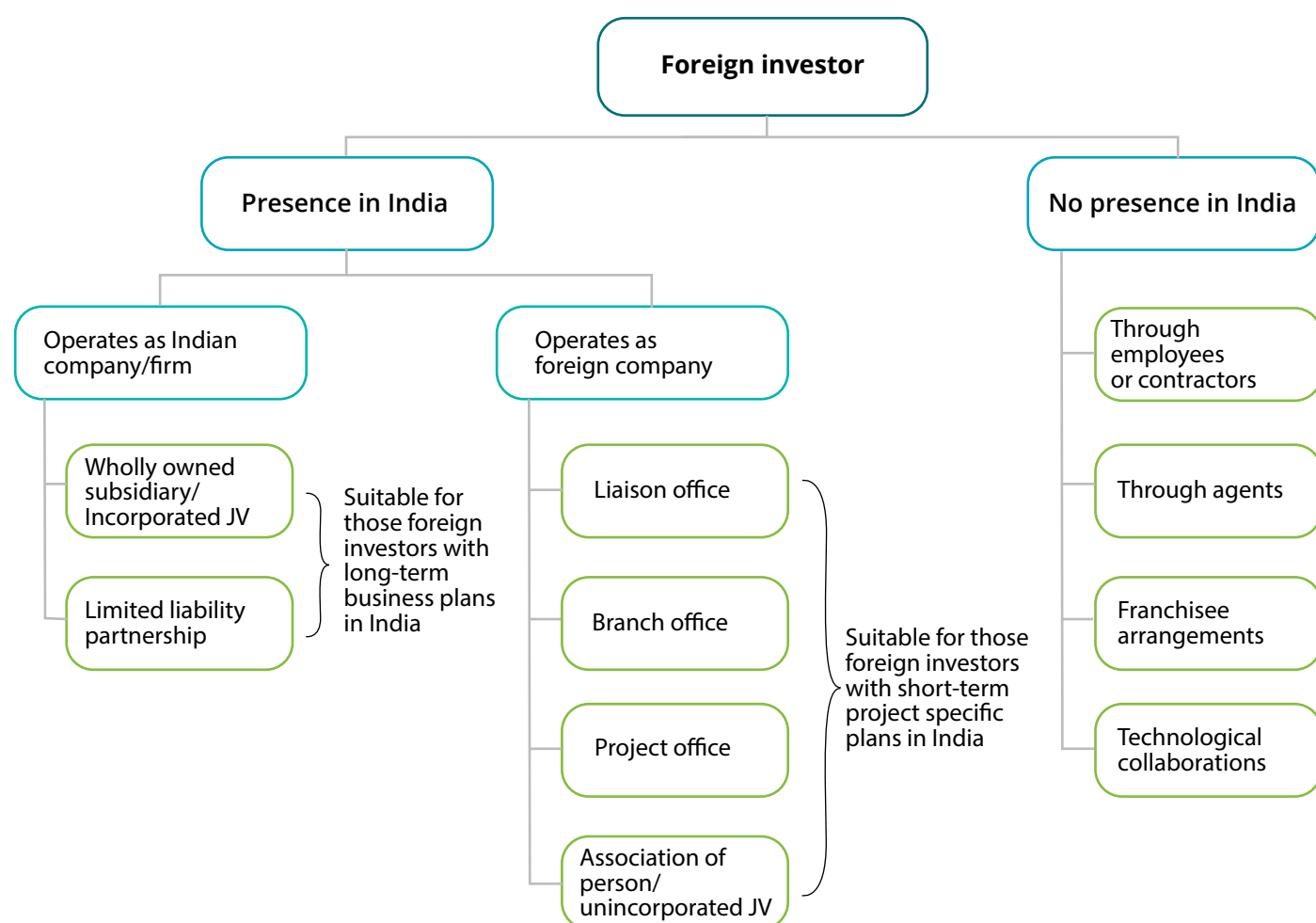
 Economy & demography	2024	2047
Employment in highly skilled jobs	32%	➤ 100%
Rank in gender equality index	122 th	➤ Top 10
Literacy rate	77%	➤ 100%
Human Development Index (Value)	0.64	➤ 0.9
Women labour force participation (%)	35.4%	➤ 74-82%

Sources: Niti Aayog approach paper, PHDCCI, PIB, Economic Times, CXOtoday

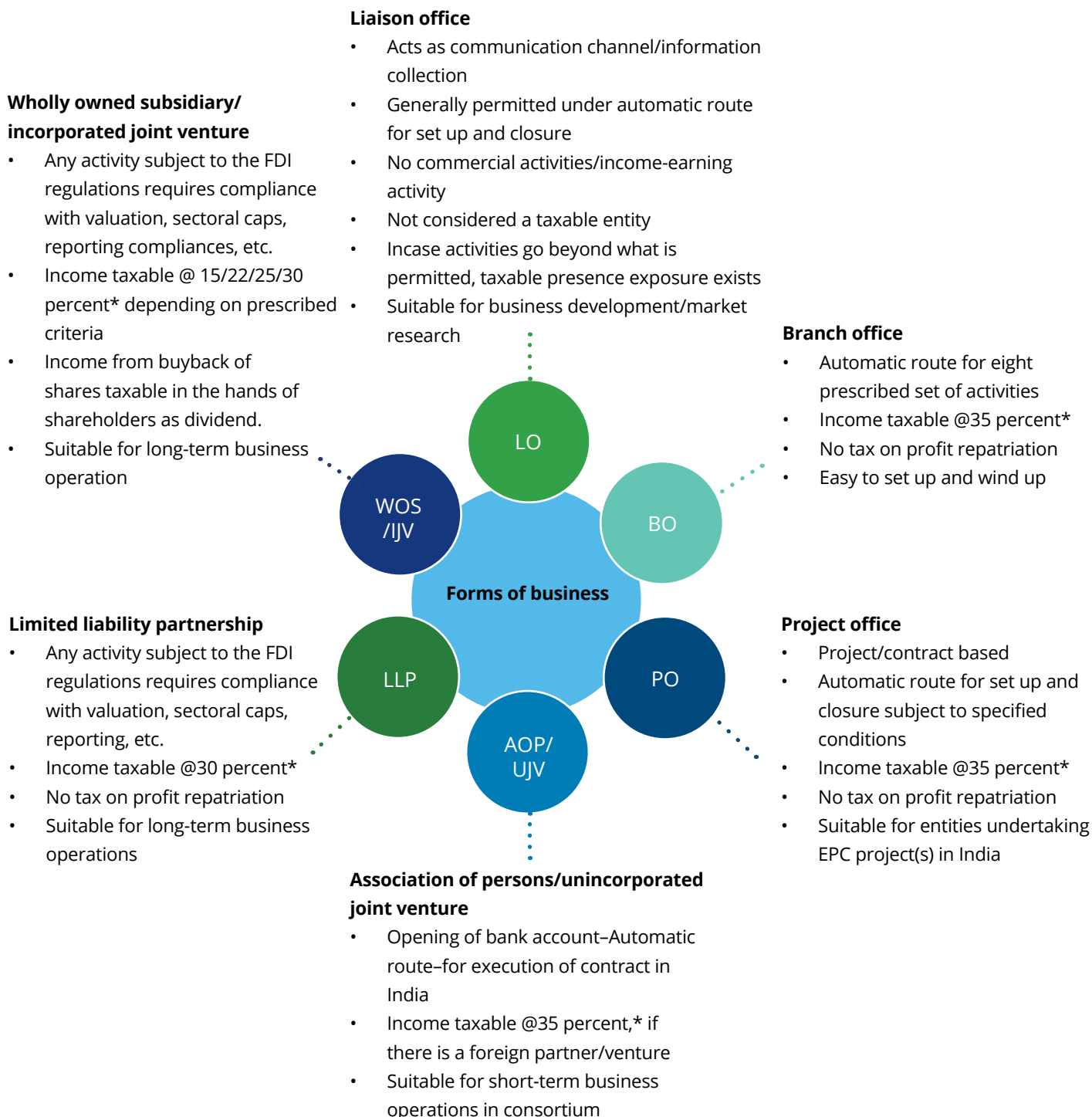
How to start your investment journey in India

Choosing the right business entity structure

Choosing the right business entity structure is essential for success in India. Each type of entity has its own advantages, legal requirements and tax implications. Multinational Corporations (MNCs) can operate through various forms, even without establishing a physical presence in India.



MNCs can choose from several business forms in India:



Moreover, foreign investors can fund Indian entities through equity funding (no direct obligation to repay funds) and debt funding (direct repayment of funds upon maturity in India).

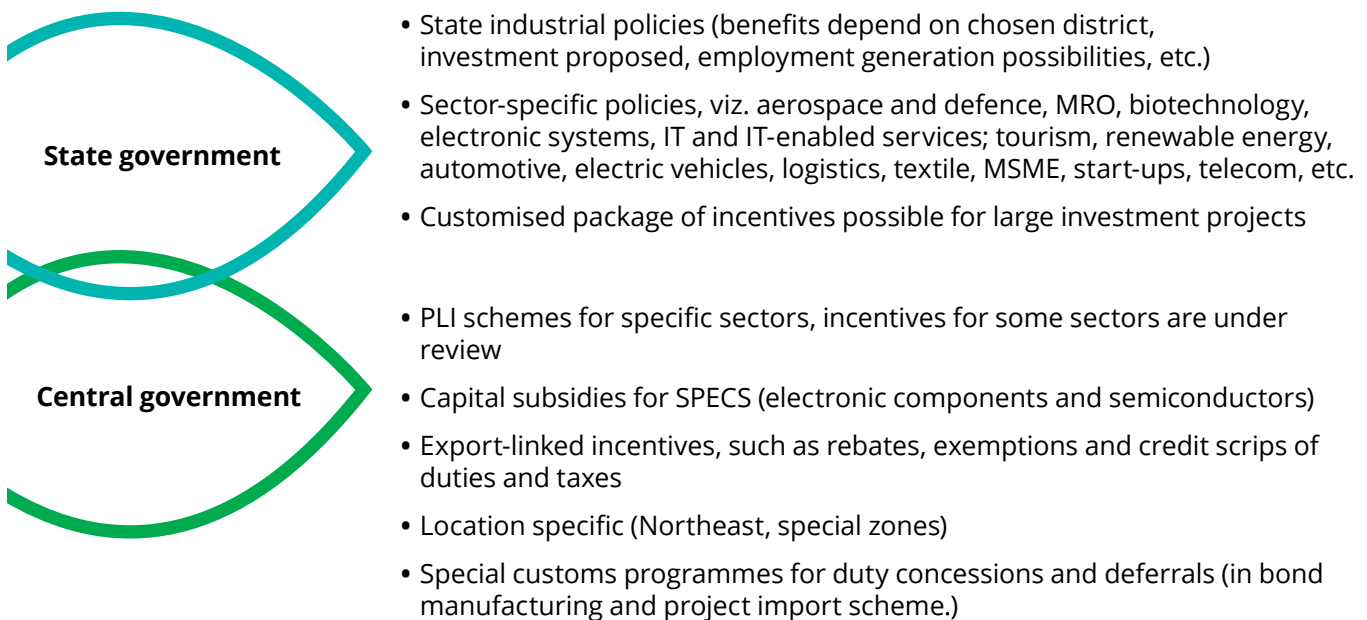
*plus applicable surcharge and cess

Spotting the ideal business location

One vast nation with 28 states and 8 union territories – where should you place your bet?

Choosing the right business location and entity structure involves considering the nature of activities, investment period, business model, and tax implications to ensure alignment with business objectives and goals.

A few central and state government policies that can affect investment decisions



What you need to know before taking the plunge

The answer is simple: you must be well-versed with the country's tax landscape, regulatory scenario and returns on investments/repatriation of funds.

Navigate the tax landscape in India

Understanding the tax landscape is like having a reliable GPS for investors, guiding them through complex terrain, helping them avoid costly detours and ensuring a smooth journey to success. This knowledge will help provide an overview of taxation laws and ensure compliance with local regulations, ultimately safeguarding returns and minimising risks.

A new simplified Income tax Bill was introduced in February 2025 to increase tax certainty, reduce litigation and achieve overall good governance. The new income tax law is expected to be effective from 1 April 2026.

Income tax:

The tax year runs from 1 April to 31 March. Each person is required to file a separate income tax return, and no consolidation is possible. Residents are taxed on worldwide income; non-residents are taxed on India-sourced income/deemed accrual in India or receipts in India. An individual's residential status is determined by the number of days they stay in India. A company is a resident in India if it is incorporated in India or its place of effective management (PoEM) is in India. A partnership firm/LLP/other non-individual entity is resident in India if any part of the control and management of its affairs is in India.

Unpacking India's tax landscape

As an investor, you need to be on top of the following elements in the country's extensive tax landscape:

Type of company/income	≤ INR 10 million		≤ INR 100 million		> INR 100 million	
	Normal	MAT	Normal	MAT	Normal	MAT
Domestic company: Normal rates	31.2	15.6	33.4	16.7	34.9	17.5
Domestic company: Turnover ≤ INR 4 billion in the FY two years prior	26	15.6	27.8	16.7	29.1	17.5
Domestic company: Foregoing specified incentives/deductions	25.2	Not applicable	25.2	Not applicable	25.2	Not applicable
Domestic manufacturing company set-up after 29 February 2016; foregoing specified incentives/deductions	26	15.6	27.8	16.7	29.1	17.5
Foreign company	36.4	15.6	37.1	15.9	38.2	16.4

Transfer pricing:

Indian transfer pricing regulations specify that two or more enterprises become Associated Enterprises (AEs) when one of them participates, directly or indirectly, or through one or more intermediaries, in the management, control or capital of the other enterprise(s). These regulations also cover certain circumstances under which two enterprises shall be deemed to be AEs.

India has rolled out safe harbour regulations and introduced the APA (Advance Pricing Agreement) as a key dispute prevention tool. This has become a popular choice among taxpayers because it tends to yield better outcomes.

Taxpayers also have the option to use the MAP (Mutual Agreement Procedure) under relevant tax treaties or go through domestic litigation at appellate levels. Moreover, the Budget 2025 has brought in block transfer pricing assessments, which streamline audits by assessing taxpayers over a block of three years. This change aims to reduce the frequency and administrative burden of audits, ensuring more consistency and predictability in tax assessments.

Employee taxation

In India, employment income earned for services rendered within the country is subject to taxation, regardless of the individual's residential status, the location of the employment contract, or where the income is paid. The Budget 2025 has reduced the tax burden on individuals to encourage consumption.

For non-Indian citizens present in India for a short duration, employment income can be exempt from income tax if short stay conditions are met, according to the Act or DTAA. To claim DTAA benefits, a Tax Residency Certificate (TRC) is required.

Employers must withhold tax on salaries earned by employees in India and provide a tax withholding certificate. They need to obtain tax registrations and file withholding tax returns. Employees must file an annual income tax return if their income exceeds a certain threshold.

Foreign or resident Indian citizens employed by foreign companies and deputed to Indian group companies can maintain foreign currency bank accounts outside India to receive salaries for services rendered in India.

Employee services to employers are not considered a supply of goods or services, hence not subject to GST.

Social security:

Employers and employees must comply with social security regulations, including contributions to provident funds and other statutory benefits.

Immigration:

Foreigners, except OCI cardholders, need an employment visa to work in India. This visa can be extended in India for up to 10 years. Dependent visas are available for accompanying family members.

Here're recent trends and updates.

- Labour code: The government has introduced four new labour codes, subsuming 29 existing laws, to simplify labour regulations. The effective date is yet to be notified.
- Global work-from-anywhere policies: Hybrid and remote working models are now common. Tax implications for foreign employers and employees working from India need careful consideration.
- Gig economy: The gig economy is growing rapidly, with an expected increase in gig workers from 7.7 million in 2021 to 23 million by 2029-30. The government plans to introduce welfare measures for gig workers.

Understanding these aspects is crucial for effective tax compliance for both employers and employees in India.

Business restructuring

Business restructuring requires careful navigation of key factors, such as deal taxation, related tax implications, and due diligence challenges. For

investors and businesses venturing into India, grasping these elements is essential for efficiently structuring transactions and mitigating potential risks. With India's dynamic tax landscape and ongoing regulatory reforms, strategic planning in restructuring can unlock substantial value.

Income tax compliance and dispute resolution

The Indian tax authorities have set forth several income tax compliance requirements under the income tax regulations. These requirements mainly include:

Maintenance of books:

Taxpayers are required to maintain accurate and detailed records of their financial transactions. This ensures transparency and helps in the accurate calculation of taxable income.

Audits:

Certain taxpayers must undergo audits conducted by certified professionals. These audits verify the correctness of the financial statements and ensure compliance with tax laws.

Dispute resolution:

Mechanisms are in place to resolve disputes between taxpayers and tax authorities. This includes processes for appeals and settlements to address any disagreements regarding tax assessments or penalties.

Indirect taxes

Despite the implementation of GST, some indirect taxes remain in effect. Customs duty continues to apply to international trade, while central excise duty is levied on specific petroleum products (such as petrol and diesel) and certain tobacco products. State excise duty applies to alcoholic beverages and narcotics, and states impose VAT on alcohol sales.

Customs duties:

Customs duties are levied on goods imported into or exported from India, with rates specified in the Customs

Tariff Act, 1975. Duties can be specific, ad-valorem or a combination of both. The CBIC has implemented measures to streamline customs clearance and reduce transaction costs, promoting the ease of doing business. Various schemes, such as bonded manufacturing facilities and export promotion schemes, support exports.

Foreign Trade Policy (FTP):

The FTP, established by the DGFT, provides guidelines for imports and exports. The FTP 2023 aims to position India as a competitive player in global trade by embracing technological advancements and fostering collaboration. It is built on principles of trust and partnership with exporters.

Free Trade Agreements (FTAs):

FTAs are agreements among countries to reduce or eliminate tariffs and non-tariff barriers on substantial trade. India has FTAs with about 54 countries, covering trade in goods, services and other areas, such as IPRs and investments. Rules of Origin (ROO) determine the country of origin for products, affecting duties and trade policies.

Indirect tax compliances: Compliance obligations under key indirect tax laws include maintaining books, undergoing audits and resolving disputes.

Production-Linked Incentive (PLI) schemes:

Introduced in March 2020, the PLI scheme promotes domestic manufacturing under the Atmanirbhar Bharat initiative. It offers incentives such as tax rebates and reduced import/export duties to boost production, create jobs and ensure social welfare.

Regulatory landscape and returns on investment/repatriation of funds

Navigating the regulatory landscape in India is essential for foreign investors. It provides a clear framework for external commercial borrowings and foreign direct investments. Grasping the nuances of ROI and fund repatriation is key, as it directly affects profitability and ensures compliance.

What futuristic trends should you keep an eye on

Here are some key trends shaping the future business landscape in India:

ESG integration:

Much in line with global trends, Indian businesses now give greater importance to ESG considerations. They are integrating environmental consciousness, ethical practices and labour protection into their strategies. Government initiatives, such as renewable energy goals and the National Green Hydrogen Mission are supporting this shift towards sustainability.

Technological advancements:

Advanced technologies, such as AI, blockchain and Generative AI, are transforming tax reporting and administration, enhancing efficiency and accuracy. Technology also plays a key role in tax compliance, with many processes now managed through digital solutions.

Booming start-up culture:

India's start-up culture is booming, driven by a young, tech-savvy population, government initiatives, and a growing entrepreneurial spirit, with sectors such as fintech, edtech and e-commerce leading the charge. Start-ups in India can claim a 100 percent tax holiday on profits for any 3 consecutive years within 10 years of incorporation if they meet prescribed conditions and are incorporated before 1 April 2030.

Evolution of GCCs:

Global In-House Centres (GICs or GCCs) in India have gone through the value chain in India and are evolving from back-office processes to becoming centres of operational excellence, product development and innovation hubs.

In conclusion, India presents a dynamic and promising landscape for investment, driven by robust economic growth, a favourable regulatory environment and a wealth of opportunities across various sectors. By understanding the strategic advantages and navigating the regulatory framework, investors can unlock significant potential and contribute to India's ongoing development.

Now is the time to seize the opportunity and invest in India's bright future.

[Click here to read the complete report](#)



Life sciences and healthcare

The Indian pharmaceutical industry is currently valued at about US\$50 billion and expected to grow at a CAGR of 10.7 percent by 2030. The pharmaceutical market is expected to reach US\$65 billion by 2024 and US\$130 billion by 2030. FDI into this sector has steadily increased in over two decades and LSHC continues to be an attractive sector to invest in.

Table 1: FDI in India's healthcare sector (2000-2020)¹

Sub-sectors	Health-related FDI (US\$ millions)
Drugs and pharmaceuticals	16,501
Hospitals and diagnostic centres	6,727
Medical and surgical appliances	2,130
Total	25,357

In addition to organic growth and investment, this industry has always witnessed heightened merger and acquisition activity and attracted interest from PE investors.

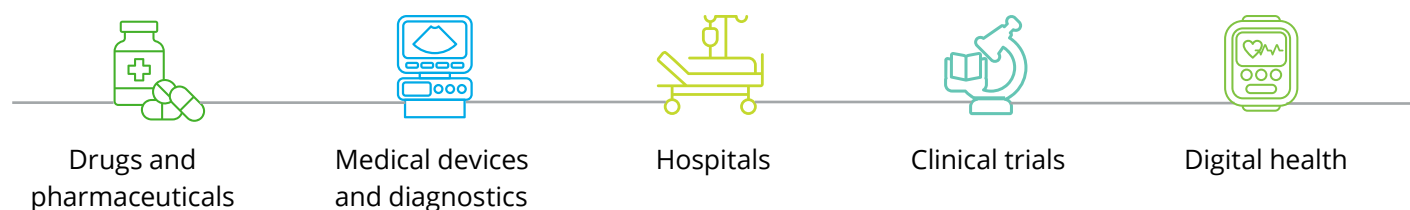
The following are some key policy initiatives to promote the growth of India's healthcare sector:

- a. PLI schemes have been introduced for medical devices, pharmaceuticals, and bulk drugs with a cumulative outlay of ~INR 2,53,400 million to attract investments and encourage the production of domestically manufactured medical products.
- b. Schemes were issued to promote medical device parks and bulk drug parks with financial grants across different Indian states.
- c. Digitisation of health has been emphasised with several initiatives, such as Ayushman Bharat Digital Mission (ABDM), CoWIN (a digital vaccine delivery platform), health registry and telemedicine.
- d. The national policy on R&D and innovation in the Pharma-MedTech sector has been notified to streamline the regulatory processes, incentivise investment in innovation, and enable an ecosystem for medical research.
- e. The National Medical Devices Policy 2023 was introduced to boost production by establishing cluster infrastructure, providing R&D support, reaching out to investors and building capacity.
- f. FDI for hospitals and medical devices is allowed up to 100 percent under the automatic route. For brownfield projects, FDI beyond 74 percent requires approval and is subject to conditions.

¹ Note on Health and Pharmaceutical Sector. Invest India. Retrieved from https://www.niti.gov.in/sites/default/files/2023-02/InvestmentOpportunities_HealthcareSector.pdf

Regulatory overview

The Indian healthcare sector can be broadly divided into the following sub-sectors:



An overview of key regulatory compliances is covered in the figure below:

Drugs and pharmaceuticals

- Obtain licences – Manufacturing/sale/loan/import
- Maintain manufacturing records
- Maintain control sample
- Maintain inspection book
- Disclose information as and when required
- Obtain price approvals
- Adhere to packaging norms

Medical devices and diagnostics

- Obtain manufacture/sale licence per product category and product standards
- Test licence for clinical investigations
- Obtain import licence, as applicable
- Maintain inspection book
- Comply with labelling requirements

Hospitals

- Obtain registration under the Clinical Establishments Act
- Set up a legal entity and register a trademark
- Obtain land, construction, electricity, and water approvals
- Adhere to bio-medical waste management norms
- Obtain fire and health licence
- Comply with the FSSAI standards for in-house kitchen
- Adhere to labour laws
- Register medical shop/pharmacy
- Register ambulances

Clinical trials

- Obtain DCGI approval
- Register trials with the clinical trials registry
- Obtain ethics committee approval
- Register trial site

Digital health

- Comply with the IT Act, 2000
- Comply with Intermediary Rules, 2021
- Adhere to the Digital Personal Data Protection Act, 2023
- Comply with telecom guidelines, as applicable

Nutraceuticals

- Obtain FSSAI licencing
- Comply with various labelling/packaging requirements (approved colors/additives, the addition of flavours on labels, recommended daily allowances, nutritional information, etc.)

Others – Sector agnostic

- Labelling and packaging requirements under the Legal Metrology Act
- Medical Council Ethics Code
- The National Medical Commission Act
- Medical Advertisement regulations
- The Consumer Protection Act
- The FSSAI Act
- Customs approvals, wherever applicable
- Bio-medical Waste Management/Hazardous Waste Management Rules, 2016



Tax incentives related to LSHC in India

The government of India has also provided some tax incentives through lower rates or additional deductions for the sector.

Overview of corporate tax benefits

Companies may be able to avail concessional tax regimes (discussed under the segment “**general tax rates for corporate/non-corporate entities**”). In addition, specific benefits for this sector are as follows:

Other incentives/deductions

A special 30 percent deduction on the cost of hiring additional employees, subject to certain conditions

Deduction of 100 percent of expenditure (whether revenue or capital, except expenditure on land) incurred on scientific research related to business

Other incentives, if concessional tax

For start-ups: 100 percent tax holiday on profits for any three consecutive years within 10 years of incorporation before 1 April 2030 (extended from 1 April 2024 by Union Budget 2025), subject to conditions

100 percent of expenditure of capital nature incurred for the purposes of building and operating a new hospital with at least 100 beds for patients

Patent box regime

Royalty income earned by a resident registered patentee being the true and first inventor of an invention, in respect of patent developed and registered in India, taxable at a concessional rate of 10 percent on a gross basis

Overview of indirect tax incentives Concessional GST rate

- While the GST rate on Active Pharmaceutical Ingredients (API) is 18 percent, most of the other pharmaceutical products such as formulations subject to the tariff/HSN and conditions specified therein are eligible for a lower GST rate of 5 percent or 12 percent
- Most of the medical equipment/devices continue to attract a GST rate of 18 percent

Overview of Indirect tax incentives (“BCD”) (Proposals in Union Budget 2025)

- Exempted BCD on 36 life-saving drugs and concessional BCD on six life-saving drugs.
- Exempted BCD on 37 medicines comprising 13 new Patients Assistance Programmes (“PAP”) run by 10 specified companies
- Extension in sunset clauses for existing exemptions/concessions on specified drugs/goods

Research-linked incentive schemes

To streamline the regulatory processes, incentivise investment in innovation, and enable an ecosystem for innovation and research, a scheme for the Promotion of Research and Innovation in the Pharma and MedTech Sector (PRIP), 2023 has been introduced. Under the Operational Guidelines², the details of implementation and the following key provisions have been made:

- CoEs will be established at seven existing National Institutes of Pharmaceutical Education & Research (NIPERs) at a tentative cost of INR 7 billion over five years.
- Six priority areas have been identified under which funding shall be given, further divided into three categories.³

Recent tax and regulatory judgements/regulations

i. Technology regulations and impact on the LSHC sector

The emerging regulations under the technology sector, such as the Digital Personal Data Protection Act, 2023, and Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2022, will apply to the sector. Similarly, introducing import licensing requirements for certain electronics products will also impact the import and usage of medical devices and diagnostics equipment. In addition, with increasing obligations for "Make in India" through Public Procurement Order is critical for the industry to enable the supply of products to government customers.

ii. Marketing expenses and engagement with medical practitioners

Typically, pharmaceutical and medical device companies incur various marketing expenses to maintain an ongoing engagement with medical practitioners. The indicative list of expenses is mentioned hereunder:

Brand reminder items	Product samples	Travel and hospitality	Honorarium payments
Medical instruments	Conducting events	Sponsorship of events	Grants to institutions

Marketing spends

The National Medical Commission Registered Medical Practitioner (Professional Conduct) Regulations, 2023 were issued on 2 August 2023, obligating medical practitioners to mandatorily prescribe generic drugs and not endorse any drug brands. Further, medical practitioners were not allowed to be involved in any third-party educational activity, such as CPD, seminars, workshops, symposia and conferences, which involves direct or indirect sponsorships from pharmaceutical companies or the allied health sector.

² [https://pharmaceuticals.gov.in/sites/default/files/Approved percent20Operational percent20Guidelines percent20 percent20 percent28PRIP percent29.pdf](https://pharmaceuticals.gov.in/sites/default/files/Approved%20Operational%20Guidelines%20percent28PRIP%20percent29.pdf)

³ To read more about the scheme's financial details, click here: [https://www2.deloitte.com/content/dam/Deloitte/in/Documents/tax/Global percent20Business percent20Tax percent20Alert/in-tax-gbt-National-Policy-on-Research-Linked-Incentives-in-Pharma-Med-Tech-Sector-noexp.pdf](https://www2.deloitte.com/content/dam/Deloitte/in/Documents/tax/Global%20Business%20Tax%20Alert/in-tax-gbt-National-Policy-on-Research-Linked-Incentives-in-Pharma-Med-Tech-Sector-noexp.pdf)

However, vide 23 August 2023 notification, the circular is in abeyance, and earlier regulations, i.e., the Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 (MCI Regulations) continue to be effective. These prohibit medical practitioners from accepting gifts from pharmaceutical and allied health sector industries. The prohibition on distributing samples of infant milk substitutes, feeding bottles, and infant foods, and offering inducements to promote their sale or use is a key regulatory measure. Tax authorities have challenged the deductibility of such restricted expenses and the eligibility of Input Tax Credit (ITC) availed on such payments.

There appears to be a strong intent to insist on ethical practices considering the importance of this industry. From an income tax perspective, the Apex court has not granted tax deductions of expenses for gifts to medical practitioners, for being a party to an act that leads to an offence followed by various lower tax authorities. Similarly, the income tax law now provides that expenses are not allowed as deduction if these result in any benefit or perquisite for the recipient and where acceptance thereof violates any law, regulations, etc., governing the recipient.

Some withholding tax provisions require a person responsible for providing any benefits or perquisites to a resident during business or exercise of a profession to withhold tax at 10 percent where the benefit or perquisite exceeds INR 20,000 during the financial year.

Outlook

India is in her “tech-ade”, and with evolving regulations in the technology sector, it is set to observe four interesting health sector trends soon (with a common digital theme). First, there will be a growing acceptance of telemedicine and e-pharmacy. The use of AI and machine learning for medical consultations online is set to improve patient outcomes, reduce costs and increase access to healthcare. Second, remote monitoring tools are also picking up pace in India and are expected to grow at a CAGR of 9.39 percent over the next few years.⁴ Third, transformational diagnostics, including genomic sequencing, next-generation sequencing, whole-genome sequencing, and RNA-based tests, can improve healthcare in India. Fourth, healthcare SaaS-based solutions can store and monitor health data, which is becoming a trend amongst most stakeholders.

Indian pharma companies will continue to strengthen their speciality molecule portfolio through acquisitions. The industry is expected to witness accelerated growth in the near future led by various factors, such as policy interventions, infrastructure development, FDI, improved manufacturing capabilities, and access to a cost-effective talent pool.

⁴ <https://www.mordorintelligence.com/industry-reports/india-patient-monitoring-market-industry>



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