



India at the centre
of global investments
Seize the India moment

Technology, media and telecommunications

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%

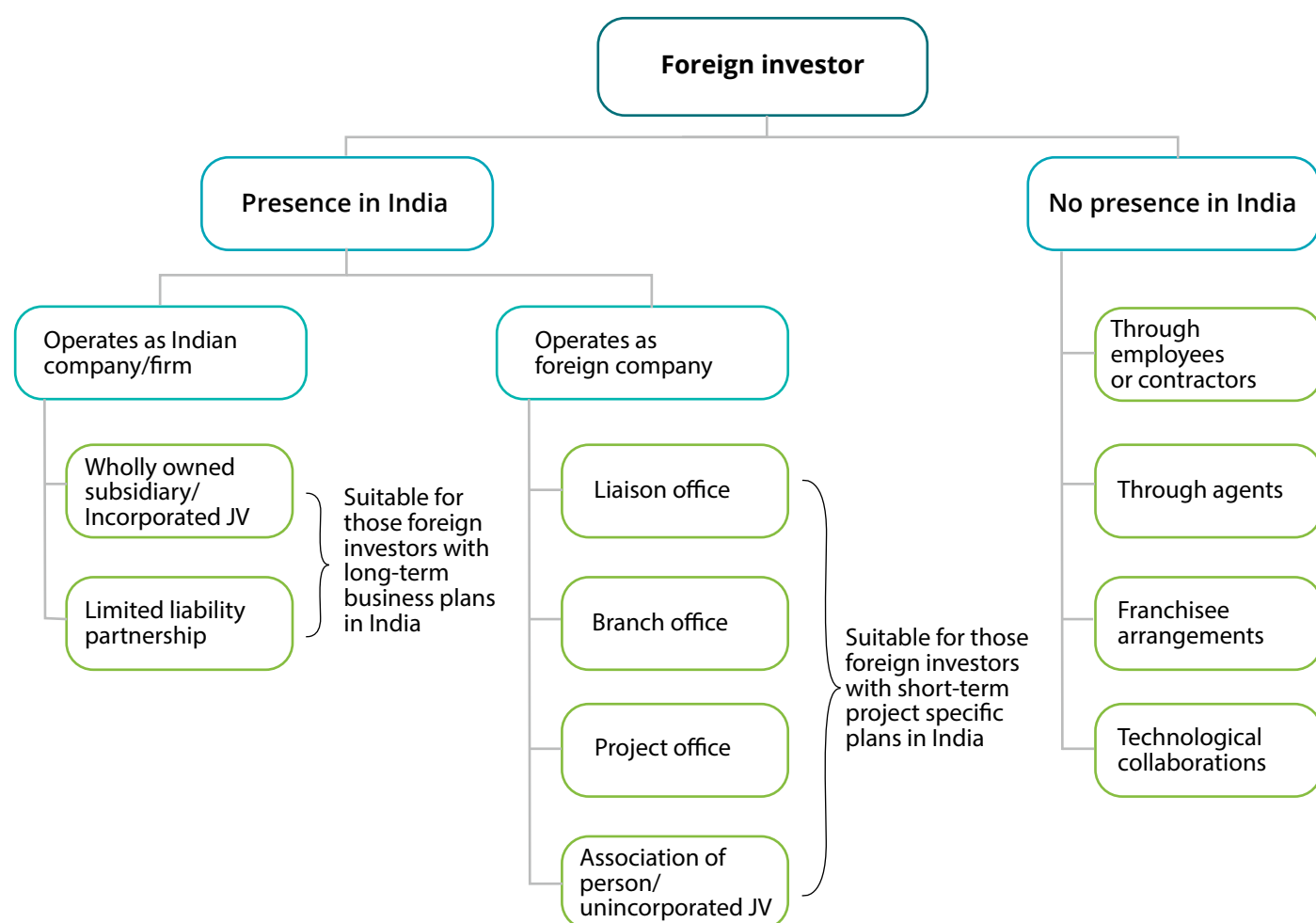
Economy & demography		
	2024	2047
Employment in highly skilled jobs	32%	➤ 100%
Rank in gender equality index	122 th	➤ Top 10
Literacy rate	77%	➤ 100%
Human Development Index (Value)	0.64	➤ 0.9
Women labour force participation (%)	35.4%	➤ 74-82%

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

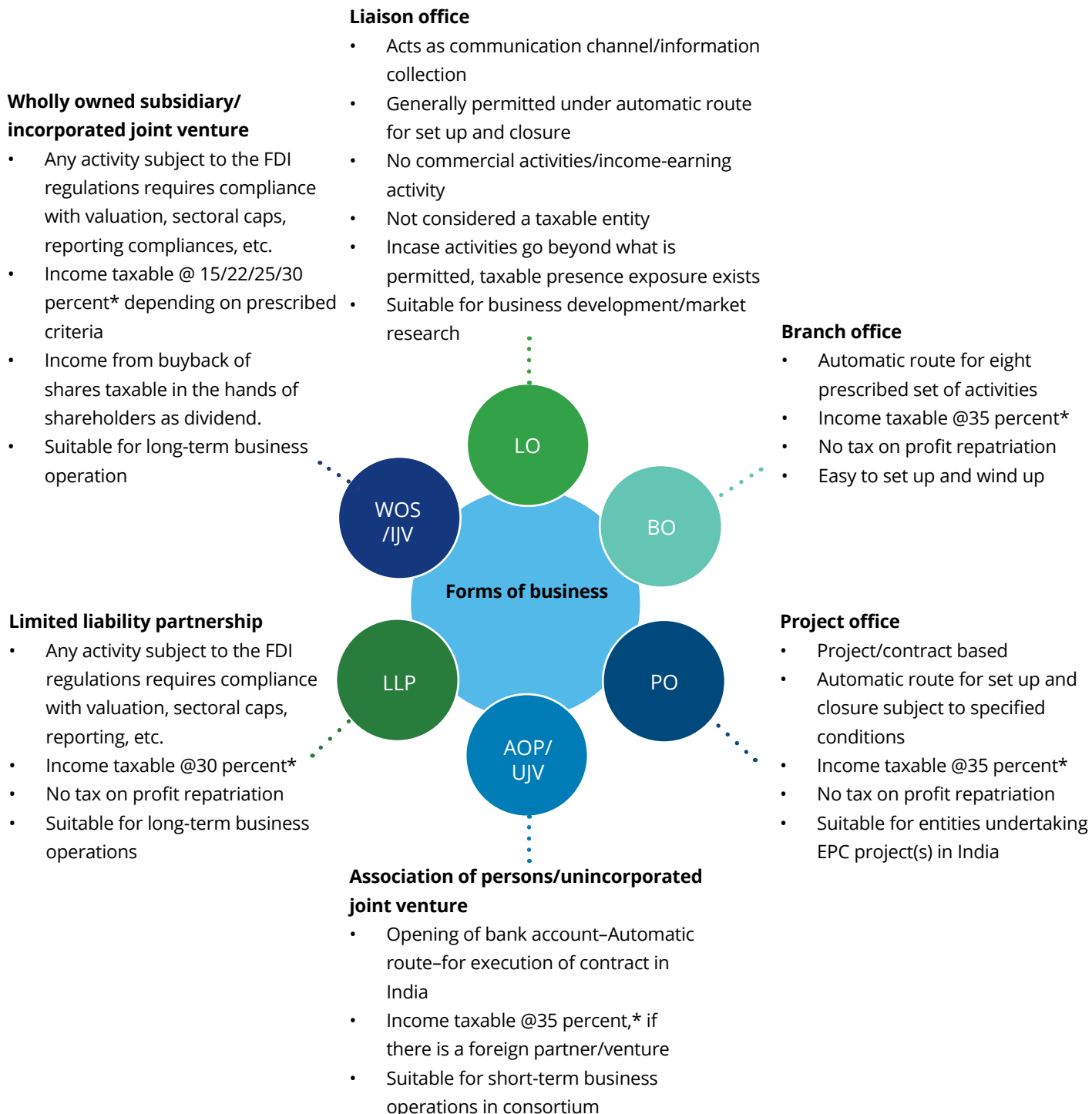
How to start your investment journey in India

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).

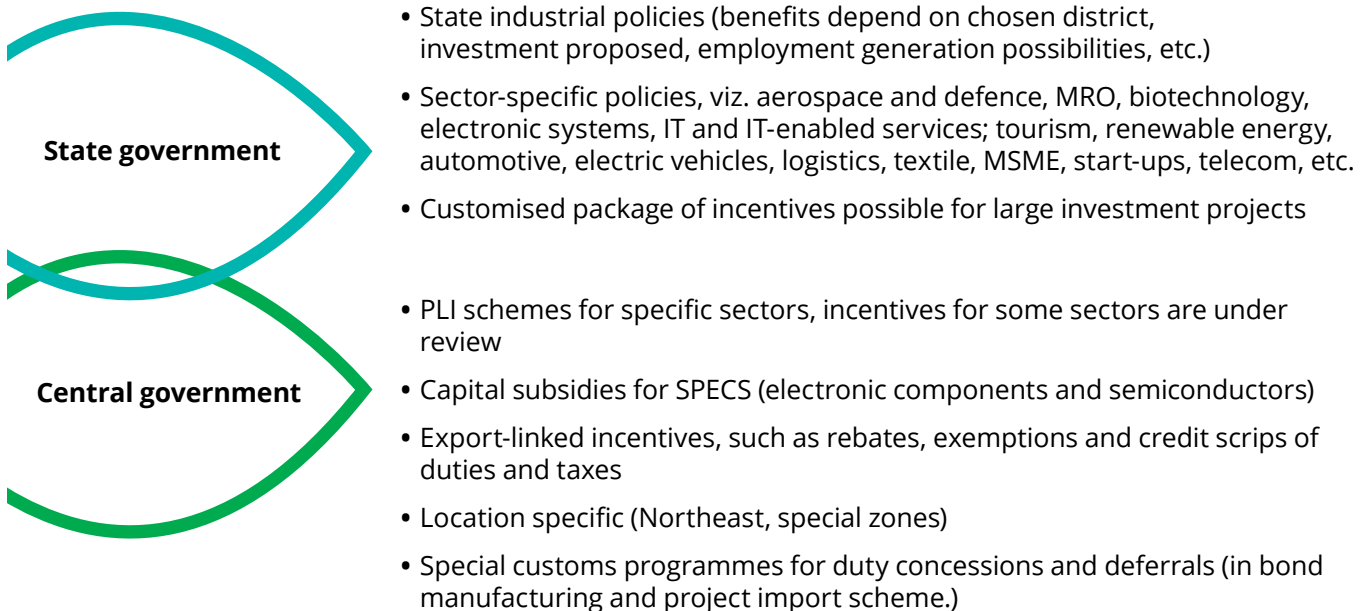
*plus applicable surcharge and cess

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](#)



Technology, media and telecommunications

Since the onset of the digital age, technology has been a key catalyst in reshaping the global landscape, fostering significant transformation. India, known for its adaptability to cutting-edge technologies, has consistently demonstrated a dynamic approach, leading to ground-breaking innovations.

During her Union Budget 2025 speech, the Finance Minister said, "As we complete the first quarter of the 21st century, continuing geopolitical headwinds suggest lower global economic growth over the medium term. However, our aspiration for a Viksit Bharat inspires us, and the transformative work we have done during our Government's first two terms guides us, to march forward resolutely." This reaffirms the government's dedication to establishing India as a global digital powerhouse.

FY2024 has been a year of continued revenue growth focusing on strengthening industry fundamentals and building trust and competencies. In FY2024, India's technology industry revenue, including hardware, is estimated to cross US\$245 billion (3.8 percent y-o-y growth) in FY 2024, an addition of US\$9 billion over the past year.¹

Global Capability Centres (GCCs) are growing rapidly in India, with the number of centres and their impact on the country's economy increasing.² They were formerly back office set-ups by MNCs for outsourcing. However, such facilities in India have evolved into innovation hubs and CoEs. As of December 2024, India has a thriving ecosystem of more than 1,800 GCCs; about 44 percent of the new GCCs established in India were from the software and internet verticals. were from the software and Internet verticals.³

Emerging business trends

The gradual evolution of IT and the existing systems and investments represent three foundational forces: the business of technology, cyber and trust and core modernisation.

Emerging trends and business



5G technology

Enhancing 4G infrastructure and extending it to remote villages, the introduction of 5G technology aims to integrate underserved areas into the mainstream⁴ with the current 4G coverage, 5G adoption is anticipated to constitute about 40 percent of mobile subscriptions in India, reaching 500 million by the end of 2027.⁵



OTT platforms

Over the past few years, the number of video streaming platforms have sharply risen. Within the past five years, online searches for Amazon Prime Video increased by 231 percent. Video streaming revenue is anticipated to rise by over US\$5.3 billion annually by 2027.⁶

¹ NASSCOM Technology Sector in India 2023: Strategic Review

² NASSCOM: Tech Industry revenue set to reach \$245 Bn in FY2023

³ GCCs are offshore facilities set up by Multinational Corporations (MNCs) in India to provide support services to their parent organisations.

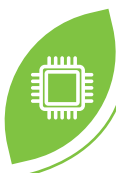
⁴ NASSCOM – Zinnov India GCC Trends Half Yearly Analysis

⁵ https://www.business-standard.com/article/companies/bsnl-s-125-000-new-4g-towers-to-come-up-in-rural-hinterland-122111800813_1.html

⁶ Mobile subscribers report by swedish telecom gear maker Ericsson

**Supercloud**

Many businesses are adopting multi-cloud approaches for tailored features and cost-effectiveness but face challenges with diverse platforms and services. In the Indian market, specialised superclouds cater to those desiring dynamic environments. Surveys show that 84 percent of Indian enterprises prefer hybrid multi-cloud models, with 58 percent planning implementation within three years.⁷

**Semiconductor**

India is seeing a rise in investments in the semiconductor sector as numerous companies plan to manufacture units in Southern India. India's semiconductor demand, currently at US\$45-50 billion, is projected to increase to US\$100-110 billion by 2030.⁸

Tax landscape in India (incentives and trends)**Corporate income tax****i. Income tax incentives and regimes**

The government of India has introduced certain tax incentives and regimes, including a lower rate of taxation for corporates for some time to attract foreign investment in India. A few of such incentives are as follows:

**Incentives for start-ups**

- Domestic tax law offers eligible start-ups a 100 percent tax holiday for three consecutive years within 10 years provided they are incorporated before 1 April 2020.
- Distinct conditions are outlined for carrying forward losses for eligible start-ups.
- Exemption from capital gains tax is provided on the sale of residential property when invested in eligible start-ups.
- The law allows the deferment of tax payments on the exercise of ESOPs in eligible start-ups.

**Patent box regime**

- Royalty income earned by an Indian resident patentee from a patent developed and registered in India is subject to taxation on a gross basis.
- The applicable tax rate for such income is a concessional 10 percent, with an additional surcharge and cess.

**Incentives for FinTech**

- FinTech firms establishing offices in IFSC can benefit from incentives, such as a 100 percent tax holiday for 10 consecutive years out of 15 years.
- In addition, these firms may enjoy a reduced MAT rate of 9 percent.

⁷ Fourth annual Enterprise Cloud Index (ECI) report findings

⁸ <https://www.thehindubusinessline.com/info-tech/indias-semiconductor-demand-is-expected-to-reach-100-110-billion-by-2030-says-miety-secretary/article69381759.ece>

ii. Other amendments in provisions relevant to the technology, media and telecommunications industry

- The scope of withholding tax provisions has been expanded to bring within its ambit the payments made by e-commerce operators to Indian resident e-commerce participants.
- Customs tariffs have been revised for the import of interactive flat panel displays and parts thereof. The tariff on finished products has increased but decreased for the parts thereof to boost local production.
- A presumptive taxation regime has been announced for non-residents engaged in the business of providing services or technology to a resident company establishing or operating an electronics manufacturing facility or a connected facility to manufacture or produce electronic goods, articles or things in India.
- Imports of ground installations for satellites and payloads and spares and consumables of such installations are now exempt from duty.
- A specialised tax structure for online game winnings is implemented, featuring a flat 30 percent tax rate (plus applicable surcharge and cess). In addition, a withholding tax provision is introduced for tax collection by the payer during payment or year-end.

Indirect tax

i. GST and customs



Goods and Services Tax

- Export of services are zero-rated under GST and companies are entitled to claim refund of GST paid on procurement of inputs and input services.
- SEZ units are entitled for upfront exemption from GST on all procurements meant for use in authorised operations.
- Most of the IT hardware, networking products and input services are taxable at 18 percent, except for specified monitors and televisions, which are taxable at 28 percent.



Basic Customs Duty

- The customs duty on furniture, printers, and networking equipment (largely imported by companies in this sector) ranges from 7.5 percent to 25 percent. It is interesting to note that the customs duty in case of IT goods such as, laptops and servers continue to remain NIL despite the PLI scheme launched for IT products as part of Make in India initiative.
- There have been complexities in claiming duty exemption in respect of specific networking products.

ii. Production linked incentive scheme

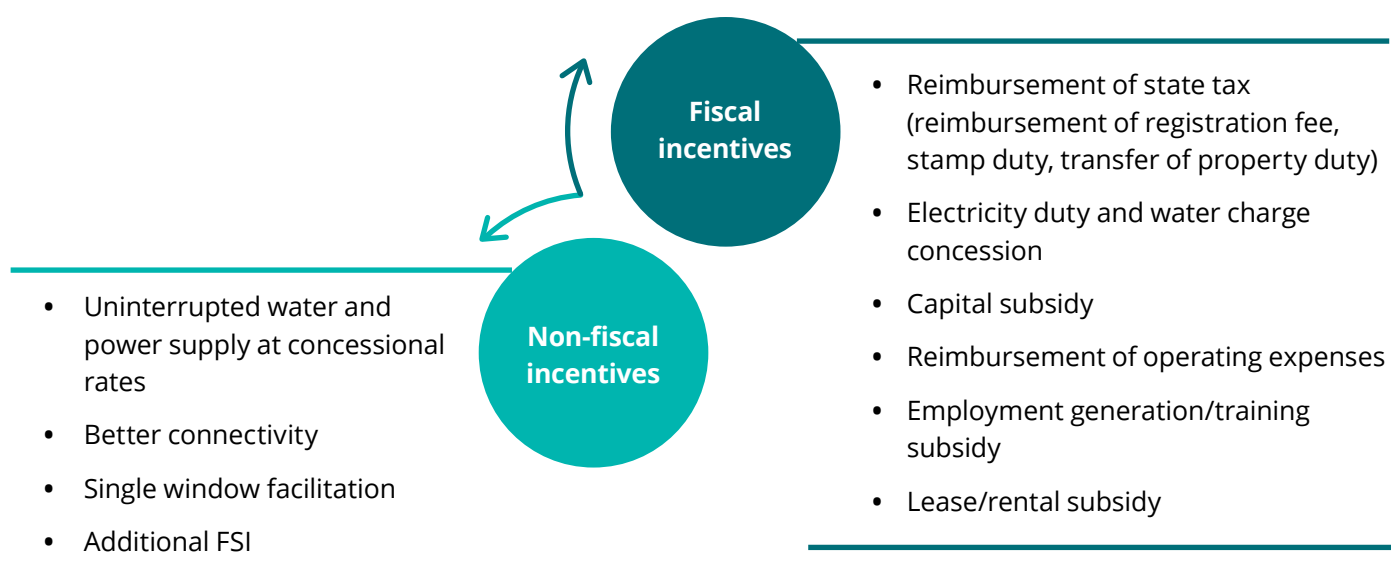
Various PLI schemes were launched by the government to boost domestic manufacturing and exports from India in the electronics and IT hardware manufacturing and telecom sectors for an outlay of approximately US\$3.6 billion. A few such schemes are as follows:

PLI scheme was announced for manufacturing mobile phones in the past and attracted investment from large

players as part of a phased manufacturing programme. These companies are now applying for the incentive under the PLI scheme, which has become a flagship scheme under the Make in India initiative of the government.

iii. Other incentives

To encourage investments from the TMT sector, various state-specific policies/schemes are notified by various State Governments in India (Telangana, Maharashtra, Karnataka, Tamil Nadu, Madhya Pradesh, Gujarat, Andhra Pradesh, Meghalaya, etc.) providing both fiscal and non-fiscal incentives, such as:



Such incentives are subject to various factors, such as investment size, employment generation, zones and business activity. There has been a special emphasis on recent emerging areas, such as data centres, semiconductors, electronics system design and manufacturing and telecom infrastructure. The focus has also been to retain IP within the country, offering opportunities for its commercialisation and additional benefits.

iv. A few emerging trends



Transfer pricing

Indian tax authorities have taken significant steps to provide taxpayers with certainty regarding their TP arrangements. Below is a snapshot of these arrangements:

i. Advance pricing agreement

- The Indian APA programme in the TMT sector, launched in 2012, has achieved notable success.
- APA applications and agreements focus on the service sector, particularly in software development and business process outsourcing.
- The IT industry stands out as a key participant in the APA programme, leading the way with 21 bilateral APAs and 47 unilateral APAs signed from FY2019–20 to FY2021–22.
- Over the decade, companies in the TMT sector have accounted for about 50 percent of total bilateral APAs and 34 percent of total unilateral APAs.

ii. Safe harbour

Companies engaged in the following services can be covered under the Indian Safe Harbour regime:



Software development services



Information technology enabled services



Knowledge process outsourcing services



Contract R&D services wholly or partly related to software development

Companies undertaking the above international transactions up to US\$24 million and earning an operating profit margin in the range of 17–24 percent may apply for safe harbour with the Indian tax authorities.

A safe harbour provision will be introduced to ensure tax certainty for non-residents storing components for supply to designated electronics manufacturing units.

iii. Mutual agreement procedure

- Indian tax authorities actively engage in resolving TP disputes through MAP.
- Regular meetings with treaty partners are conducted to address these disputes effectively, and a framework agreement on software development and IT-enabled services has been established between the Indian and US tax authorities.
- This framework agreement facilitates the resolution of numerous TP disputes within the IT industry.
- Frequent meetings with various treaty partners have allowed Indian tax authorities to resolve double taxation disputes across multiple jurisdictions successfully.

Outlook

India's TMT sector holds immense promise as the country's robust technological growth and strategic initiatives indicate a growing landscape. With the TMT sector gaining momentum, India is positioned as a global technology hub, with substantial investments in 5G and hybrid multi-cloud systems.

India's large pool of technology and creative talent will continue to evolve in the age of AI and maintain its position as a global technology hub. Notably, the nation's proactive steps in expanding digital infrastructure, such as plans to set up 4G towers in rural areas, reflect a commitment to bridging the digital divide and ensuring widespread connectivity. Such developments highlight India's potential for significant advancements and economic opportunities, making it an attractive investment destination.

With its trajectory of innovation and market potential, investing in India's TMT sector presents a compelling opportunity for global investors seeking long-term growth and active participation in digital transformation.





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