



India is a nation with tremendous economic growth potential that is rich in both natural and human resources, which are always favourable factors for business. In the 1990s, a fresh era began with the newly-introduced Industrial Policy, resulting in a swift liberalization of international trade as well as strong monetary, fiscal, and regulatory reforms that increased corporate sector potential and offered exclusive commercial prospects to international investors to set up their business in India [1]. This reform helped attract investments from several multinational corporations (MNCs) all over the world [2].

To set up a successful business in India and make wise investments, individuals who intend to start up a new venture in India must be well-informed on the country's developments and cognizant of the fluid nature of the Indian economy [3].

Key Advantages Of Doing Business In India

Setting up business in India provides several benefits, including the favourable economic structure of India, access to a large working population, an organised tax regime, low operational costs, digital competitiveness, tenacious work ethics, business-friendly legislation, and others. In light of these advantages, let's briefly look at the advantages of setting up a business in India.

- Favourable economic structure of India

The preliminary estimates of GDP released on May 31st 2022 show that the Indian economy has fully recovered to the pre-pandemic real GDP level of 2019–20. 8.7% real GDP growth is projected for FY 2021–22, which is 1.5% more than real GDP growth for FY 2019–20 [4]. This indicates a rising momentum and improved economic demand.

- Business reforms

Following the tagline 'Reform, Perform, and Transform', the Indian government has implemented various reforms that have strengthened the ease of doing business [5]. Indian businesses have streamlined their procedures, imported more foreign technology, and boosted their research and development [6].

- Digital competitiveness

India has risen to prominence in technological innovation [7]. High-tech companies in sectors including engineering, pharmaceuticals, information technology, textiles, and telecommunications are as equally skilled and well-

known as their counterparts globally. In fact, alongside China and the United States, India is increasingly acknowledged as a key force in technological innovation internationally [8].

- **Massive consumer market**

India is an attractive consumer market since it has a large and healthy middle class. According to the WEF's Global Competitiveness Index, India has the 68th largest market for manufactured goods and services in the world, out of 141 economies [9].

There is only expected growth in that area. By 2030, India's total consumption expenditure is anticipated to reach \$6 trillion, according to the WEF [10]. One of the main benefits of setting up a business in India is the enormous population and huge market without borders with widely established logistics to conduct business. India's growing economic strength and youth will keep attracting those who wish to start up a new venture in India [11].

- **Laws for business**

Several significant measures that will benefit the majority of industrial sectors have recently been approved by the Parliament. The Goods and Services Tax Act [12] enhanced the effectiveness of goods transportation throughout India. The Direct Taxes Code [13] has streamlined tax legislation.

Additionally, the Companies Act [14] which revitalises India's corporate legislation for the 21st century, has been accepted. International players find it simple to materialize their intentions to enter India because rules are so favourable for business.

- **Low operational costs**

The apparent low operational costs are feasible for everything needed to start a business, including infrastructure, phones, internet, labour, and salaries. Moreover, workers are willing to work for minimal wages [15]. When compared to other nations, the cost of setting up a business is inexpensive. The workforce is regarded as being both affordable and highly qualified. This perspective has led many MNCs to outsource to India or open branches there.

- **Trade network**

With the support of regional and bilateral free trade agreements, India has a significant network of technical and management institutions that match the highest international standards. In addition, a plethora of other trading partners is available. These companies produce top-notch human resources [16].

- **Start-up ecosystem**

The government has implemented several measures under the umbrella of the 'Start-up India Movement' to open doors for foreign direct investment (FDI) and promote corporate alliances [17]. To reduce the burden of outmoded policies and regulations on the business environment, certain efforts have already been made. To raise India's standing on the World Bank's 'Ease of Doing Business' index, this reform is also in line with its criteria [18]. Further, India has abundant agricultural and mineral resources, and during the past two decades, offshore outsourcing and manufacturing have increased significantly, contributing to the country's rapid economic growth [19].

- **Indian work ethic**

The world over, India is renowned for having a strong work ethic. Indians differ from their South Asian counterparts in that they combine a work ethic with a readiness to learn and a 'never say no' attitude. Additionally, a large portion of the Indian population is between the ages of 18 and 65,

increasing the number of years that services are available. Businesses can take advantage of this chance by creating jobs and raising production [20].

Conclusion

The benefits that India as a country provides for foreigners to establish businesses here are pretty simple to mention, such as easy infrastructure, business-friendly regulations, a continually expanding economy, and many more. Since taking power in 2014, the current government has made efforts to boost the ease of doing business in India. This effort has been largely successful, as seen by the fact that FDI climbed by 20% in 2019 alone [21].

Frequently Asked Questions (FAQs)

Why India is the best for business expansion?

With a third-quarter GDP growth rate of 12.7% in 2021, India is leading to recovery from the pandemic. Prospects appear bright as well. The Reserve Bank of India predicted a 7.8% GDP growth rate for the years 2022–2023. Government capital spending is the primary driver of economic growth. Additionally, during FY 2020–21, India received the biggest amount of foreign direct investment (FDI) inflow—USD 81.72 billion. Furthermore, India is consistently enhancing the business environment, which benefits both domestic and foreign firms.

What are the advantages of international business in India?

Starting a business is profitable since India has several advantages over other countries, including affordable labour, a long history of international trade, 80 million people who can interact in basic English, affordable technology, commercial opportunities, and many more. India still has a lot of industries that are developing, including those in education, health, water resources, small- and medium-sized businesses, and many more.

How can I start a business in India?

The legal procedures for establishing a business in India are welcoming and simple to follow. A few of the legal requirements that must be adhered to while opening a business in India include: obtaining a business licence; pondering tax and accounting regulations; comprehending labour laws; and protecting intellectual property.

[1] Ahuja, Sandeep, et al. "Economic reform in India." *Task Force Report, PPHA-50900: International Policy Practicum* (2005).

[2] Ratnam, CS Venkata. "Multinational companies in India." *International Journal of Human Resource Management* 9.4 (1998): 567-589.

[3] Saxena, Rachna, et al. "The middle class in India." *Frankfurt, February* (2010).

[4] <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1847122>

[5] <https://www.narendramodi.in/pm-modi-attends-programme-on-ease-of-doing-business--537653>

[6] Dahlman, Carl J., and Anuja Utz. *India and the knowledge economy: leveraging strengths and opportunities*. World Bank Publications, 2005.

[7] IMD, W. "IMD World Digital Competitiveness Ranking 2022." (2022)

[8] Altenburg, Tilman, Hubert Schmitz, and Andreas Stamm. "Breakthrough? China's and India's transition from production to innovation." *World development* 36.2 (2008): 325-344.

[9] http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

[10]

<https://timesofindia.indiatimes.com/business/india-business/india-poised-to-become-third-largest-consumer-market-world-economic-forum/articleshow/67451030.cms>

[11] Bose, Tarun Kanti. "Advantages and disadvantages of FDI in China and India." *International Business Research* 5.5 (2012): 164

[12] The Central Goods And Services Tax Act, 2017 No. 12 OF 2017 [12th April, 2017]

[13] <https://www.business-standard.com/about/what-is-direct-taxes>

code#:~:text=Through%20Direct%20Taxes%20Code%20(DTC,the%20Wealth%20Tax%20Act%2C%201957

[14] <https://www.mca.gov.in/content/mca/global/en/acts-rules/ebooks/acts.html?act=NTK2M0==>

[15] Mehta, Anju, et al. "Challenges and opportunities of business process outsourcing in India." *Journal of Labor Research* 27.3 (2006): 323-338

[16] Banik, Nilanjan, and Misu Kim. "India-ASEAN trade relations: Examining the trends and identifying the potential." *Global Business Review* (2020): 0972150920953546

[17] Joshi, Kshitija, and Krishna Satyanarayana. "What ecosystem factors impact the growth of high-tech start-ups in India?." *Asian Journal of Innovation and Policy* 3.2 (2014): 216-244

[18] Doshi, Rush, Judith G. Kelley, and Beth A. Simmons. "The power of ranking: The ease of doing business indicator and global regulatory

behavior." *International Organization* 73.3 (2019): 611-643

[19] Kesler, Stephen E., Adam C. Simon, and Adam F. Simon. *Mineral resources, economics and the environment*. Cambridge University Press, 2015

[20] Fernando, A. C., and K. P. Muralidheeran. *Business Ethics: An Indian Perspective*, 3e. Pearson Education India, 2019

[21] <https://pib.gov.in/PressReleasePage.aspx?PRID=1826946>