Avyakta Law

Experienced. Committed. Trusted.



India Overview

October 2026

India at a Glance

This booklet summarises the economic trends, investment reforms and legal developments most relevant to businesses, investors and advisers.



India's GDP stood at **USD 4.15 trillion** in FY 2025–26, with annual growth of 6.5%, and projected growth at 6.8–7.2% in FY 2026–27.



Gross FDI inflows reached **USD 94.5 billion** in FY 2025-26, up 17.2% year-on-year. The leading sectors were services (17%), computer software and hardware (16%) and trading (7%).



India's median age is about 29 and over 65% of its people are under 35, but population **growth is expected to slow through 2051** as fertility falls.



Outward direct investment by Indian entities rose to approximately **USD 26.75 billion** in FY 2025–26, up 10.59% from FY 2024–25 and 84.46% from FY 2023–24.



The gross Non-Performing Assets across the banking system have fallen to its lowest in roughly 20 years, recording at **1.8% in March 2026.**



Foreign exchange reserves stood at **USD 765.9 billion** on September 18, 2026, about **9% higher year-on-year.**



India expanded its **free trade network** significantly in FY 2025-26, with 53 FTA partners and over 217 trading partners as of September 2026.



Merchandise exports for April-August 2026 rose **17.85% year-on-year to USD 215.91 billion.**



India recorded **512 M&A deals** worth USD 34.8 billion in H1 2026.



With **5G reaching 99.9%** of districts, 85% of the population, the Bharat 6G Vision aims to deploy **6G technology by 2030.**

India is the world's **3rd-largest startup ecosystem**, with over 120 unicorns that have cumulatively raised approximately USD 118 billion.

The rupee **depreciated about 7.0%** against the USD, from INR 88.26 in September 2025 to INR 94.87 in September 2026.

PE/VC investments in August 2026 totalled **USD 5.7 billion,** up 98% year-on-year, with deal volume up 39% year-on-year.

The Indian Government has approved **12 semiconductor manufacturing projects** worth USD 17.2 billion, backed by Semicon 2.0 - a USD 13.3 billion scheme for the industry.

In FY 2025–26, IPOs by **108 companies** on the main board raised a total of **INR 1.76 trillion.**

UPI-based digital payments processed **241.62 billion** transactions worth **INR 314 trillion in FY 2025-26** with **554.9 million users** and live operations in 11 countries, including the UAE, France, Singapore, Mauritius, and Cambodia.

Indian mutual fund industry's AUM closed at **USD 790.07 billion** in FY 2025-26, with a year-on-year increase of **12.2%.**

Electric vehicle adoption is accelerating as India targets **30% EV penetration** by 2030.

India ranks **3rd** globally in renewable energy installed capacity of 300.50 GW (over 54% of total capacity).

Consumer Price Index inflation was 4.4% in June 2026 (core inflation, excluding food and fuel, 3.9%) and is projected at **5.0% for FY 2026–27.**

India hosts over **2,117** Global Capability Centres, employing about **1.9 million** professionals with **USD 98.4 billion** in revenue in FY 2025–26, with incentives such as SEZ tax benefits, single-window clearances, capital subsidies and stamp duty exemptions.

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Constitutional Background

The Constitution of India provides for a parliamentary form of government, with an elected government in each state. It also provides for three independent branches:

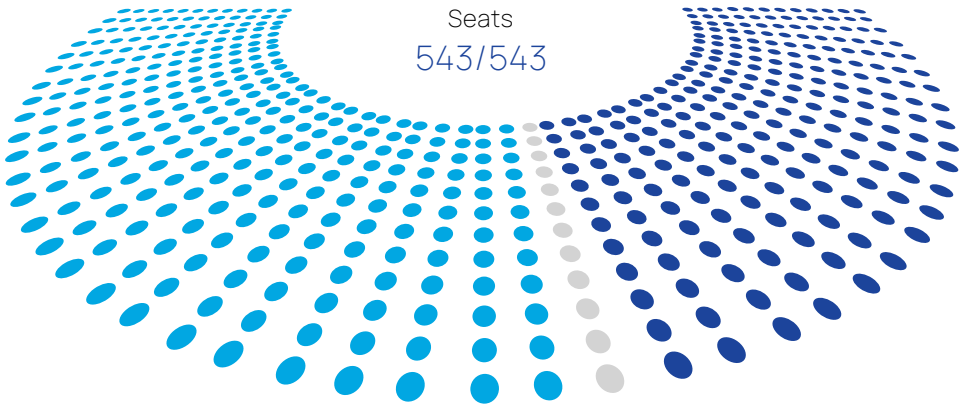
The Executive
Consisting of the President, Prime minister and the Prime minister's cabinet of ministers

The Legislative
Consisting of the Rajya Sabha and Lok Sabha at the union level, and the Vidhan Sabha and the Vidhan Parishad at each state

The Judiciary
Consisting of the Supreme Court of India, followed by the various High Courts of the states and the relevant subordinate courts

Union Election

India's 2024 general election saw Prime Minister Narendra Modi begin his third term, this time leading a coalition government with key allies: Telugu Desam Party of Andhra Pradesh and Janata Dal (United) of Bihar. The next general election is due in 2029.



NDA	I.N.D.I.A	OTH
293	232	18
-60	+103	-43

Global Trade Footprint

India's Trade Snapshot

In FY 2025-26, India's total merchandise trade reached USD 1.22 trillion, with total exports aggregating to USD 441.4 billion and total imports aggregating to USD 775.7 billion.

India's top imports and exports by geography and commodities are,

Top Export Destinations

	Countries	Approximate Share of Total Exports (FY 2025-26)
	USA	19.45%
	UAE	6.81%
	China	4.48%

Top Export Commodities

	Commodities	Approximate Share of Total Exports (FY 2025-26)
	Petroleum products	15.24%
	Electronic goods	12.82%
	Nuclear reactors	7.98%

Top Import Destinations

	Countries	Approximate Share of Total Imports (FY 2025-26)
	China	16.97%
	UAE	8.24%
	Russia	7.14%

Top Import Commodities

	Commodities	Approximate Share of Total Imports (FY 2025-26)
	Petroleum and Crude products	26.22%
	Precious gems	14.11%
	Electronic goods	13.51%

Free Trade Agreements

Key trade agreements and negotiations are summarised below.

Agreement	Countries	Status	Key Features
 India–EFTA TEPA	Switzerland, Norway, Iceland, Liechtenstein	In force from October 01, 2025	**Investment & Employment:** USD 100 billion FDI commitment and 1 million direct jobs over 15 years **Market Access:** 92.2% tariff liberalisation on goods
 India-Oman FTA	Oman	In force from June 01, 2026	**Market Access:** Broad tariff liberalisation on goods **Services:** Expanded services trade commitments **Workforce Mobility:** Intra-corporate transfer quotas raised from 20% to 50%
 India-UK CETA	United Kingdom	In force from July 15, 2026	**Market Access:** Duty elimination on 99% of Indian goods entering the UK **Services:** 137 services sub-sectors opened, including IT, financial, legal, and healthcare **Workforce Mobility:** Predictable mobility pathways for professionals
 India–New Zealand FTA	New Zealand	Reported entry-into-force date of October 20, 2026	**Market Access:** Duty-free access for Indian exports; Indian tariff liberalisation covering 70% of tariff lines and 95% of bilateral trade **Investment:** USD 20 billion investment commitment

Agreement	Countries	Status	Key Features
India-EU FTA	European Union	Negotiations concluded on January 27, 2026; awaiting ratification	**Market Access:** Tariff liberalisation on goods (excluding sensitive agriculture) and services **Focus Areas:** Digital trade, investment, and intellectual property
India-US Interim Trade Framework	United States	Announced on February 07, 2026; negotiations underway	**Market Access:** Reciprocal tariff reductions across industrial, agricultural, and other goods **Regulatory:** Elimination of non-tariff barriers **Strategic Cooperation:** Supply chain and economic security cooperation
India-GCC FTA	Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, UAE	Negotiations initiated on February 24, 2026	Aims to liberalise trade in goods and services, promote investment, and deepen economic integration for the mutual benefit of the parties.



Artificial Intelligence and Technology

India's AI market is projected to grow from USD 10.15 billion in 2025 to USD 54.04 billion by 2035.

Key Highlights

The IndiaAI Mission, launched in 2024, with an outlay of approximately INR 104 billion, has expanded national compute capacity to over 45,000 GPUs. AIKosh, the Government's AI dataset platform, hosts more than 15,840 datasets and 353 sectoral models across 22 sectors.

The Government of India has released the India AI Governance Guidelines, which set out principles for safe, trusted and inclusive AI.

The Union Budget 2026-27 proposed Bharat-VISTAAR, a multilingual AI tool integrating agricultural data to enhance farm productivity and deliver customised advisory support to farmers.

Amendments to the IT (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 introduce labelling and metadata requirements for synthetically generated content.

Several Indian regulators, including the RBI (Central Bank), SEBI (Securities Market Regulator), the Competition Commission of India (Antitrust Authority), and the Department for Promotion of Industry and Internal Trade (Industrial Policy and Foreign Investment Department), have issued AI-related proposals, studies, and policies aimed at regulating the use of AI within their respective sectors.

The Supreme Court has also published draft Regulations for Use of Artificial Intelligence in Courts, 2026, marking the first attempt to govern AI use across the Indian judicial system.

Recent Developments

India's legal and regulatory landscape has undergone significant developments over the past year. Key themes include liberalisation of FDI norms, consolidation of securities market legislation, a new direct-tax code, proposed corporate law reforms, expanded cross-border insolvency mechanisms, and continued decriminalisation of minor business offences.

Foreign Investment Reforms



Foreign Investment from Land-Bordering Countries

The Non-Debt Instruments Rules, 2019 have been amended to allow beneficial owners from land-bordering countries (including China) to hold up to a 10% non-controlling interest in Indian companies without prior government approval. This cap covers direct and indirect holdings, whether held individually or with others. Investments exceeding 10% will require prior government approval.



Insurance Sector Liberalised

The foreign investment limit for insurance companies has been increased from 74% to 100% under the automatic route, subject to specified conditions.



Cross-border Debt Financing

The Borrowing and Lending Regulations, 2018 have been amended to broaden ECB access. Indian entities, including LLPs, may now borrow from a wider pool of overseas lenders, including IFSC-based institutions, with higher limits of up to USD 1 billion or 300% of net worth.



Relaxation of Investment Norms for PROI

The Portfolio Investment Scheme previously limited to NRIs/OCIs, has been extended to all persons resident outside India for investment in listed equity, convertible debentures, preference shares and share warrants. The individual investment limit has been raised from 5% to 10% of paid-up equity capital, and the aggregate limit from 10% to 24% in a listed Indian Company.



Expansion of FPI investment in Government Securities

FPI in Government Securities has been liberalised through the removal of investment limits under the General Route and the inclusion of all new issuances of 15-year, 30-year, and 40-year Government Securities and Sovereign Green Bonds (SGrBs) under the Fully Accessible Route (FAR).

Consolidation of the Foreign Investment Framework

RBI has proposed the Foreign Investment Rules, 2026, a single consolidated framework intended to harmonise definitions, align with the Consolidated FDI Policy and reduce interpretational ambiguities. The proposal is yet to be finalised and made effective.

Guarantee Regulations

The Guarantees Regulations, 2026 have replaced two-decade-old transaction-based framework under the 2000 Regulations with a principle-based regime permitting cross-border guarantees without prior RBI approval where the underlying transaction is FEMA-compliant and the parties satisfy the borrowing-and-lending eligibility conditions, subject to quarterly reporting via a standardised form.



Securities Market

Consolidated Securities Markets Code

The Securities Markets Code, 2025 proposes to consolidate SCRA, SEBI Act and Depositories Act into a unified code. Key changes include a larger Board composition, an 8-year limitation period, an investor Ombudsperson and a shift from criminal to monetary penalties. The Code is yet to be finalised and made effective.

Demat 2.0

SEBI and RBI have launched Demat 2.0 pilot in September 2026 to tokenise corporate bonds, making India the first country to issue corporate bonds natively on a distributed ledger, with ownership held by statutory depositories and settlement in central bank digital currency. So far, REC, L&T and IIFL have issued bonds totalling INR 10.25 billion.

Mandatory Independent Valuation for Offer Price Determination

Amendments to the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 have mandated the appointment of an independent registered valuer for determining the offer price for both direct and indirect acquisitions.

Scale-Based Thresholds for Material Related Party Transactions

The universal threshold for material RPT (lower of INR 10 billion or 10% of consolidated turnover) has been replaced with turnover-linked bands: 10% of turnover (up to INR 200 billion); INR 20 billion plus 5% above INR 200 billion (INR 200–400 billion); and INR 30 billion plus 2.5% above INR 400 billion, capped at INR 50 billion. Subsidiary RPTs shall require audit committee approval where they exceed the lower of 10% of the subsidiary's standalone turnover or the listed entity's material RPT threshold.



Key Tax Legislation

Income-Tax Act, 2025

The Income-Tax Act, 2025, effective from April 1, 2026, replaced Income-Tax Act, 1961, as India's new consolidated direct-tax law and introduced a dedicated tax framework for Foreign Institutional Investors (FIIs). The Income-Tax (Amendment) Ordinance, 2026 enforced in June 2026 (with retrospective effect from April 1, 2026) provides a further exemption to FIIs on tax liability for capital gains on transfers and redemptions of, and interest income earned on Government Securities, subject to requisite fillings.

GST 2.0

The GST 2.0 reforms moved towards a simplified two-rate structure and rationalised rates across key sectors to lower tax incidence and improve price competitiveness.

Corporate Laws

The Corporate Laws (Amendment) Bill, 2026 proposes changes to Companies Act, 2013 and LLP Act, 2008 concerning decriminalisation, CSR thresholds, virtual AGMs, merger approvals, valuation oversight and employee compensation schemes. The Joint Parliamentary Committee's report was published on August 03, 2026, and the Bill is yet to be finalised and made effective.

Insolvency Laws

The Insolvency and Bankruptcy Code (Amendment) Act, 2026 introduced a Creditor-Initiated Insolvency Resolution Process (CIIRP), cross-border insolvency provisions and group insolvency and codified the "clean slate" principle, mandated 3-month NCLAT disposal timelines, tightened CIRP withdrawal (90% CoC approval) and streamlined liquidation, including through direct dissolution.

Data Protection

Digital Personal Data Protection Rules, 2025 (notified in November 2025) operationalised the Digital Personal Data Protection Act, 2023, with phased compliance by May 2027. Key obligations include privacy notices, security safeguards, 90-day grievance redressal, data breach notification, data erasure, verifiable consent for children's data, cross-border transfer rules and enhanced Significant Data Fiduciary obligations.

Labour Laws



The Central Rules under all four Labour Codes (Wages, Social Security, Industrial Relations, and Occupational Safety, Health and Working Conditions) were notified in May 2026, to replace 29 central labour laws. State-level rules remain largely at the draft stage.

Decriminalisation of Offences



Jan Vishwas (Amendment of Provisions) Act, 2026 decriminalised 717 minor offences across 79 Central Acts, replacing imprisonment with monetary penalties under a warning-correction-penalty model with 60-day appeals. Criminal liability remains for serious offences (environmental damage, food safety, spurious drugs).

Sector-Specific Developments



Nuclear and Atomic Energy

SHANTI Act, 2025 consolidated the Atomic Energy Act, 1962 and the Civil Liability for Nuclear Damage Act, 2010, opening civil nuclear energy to private Indian companies and JVs. It restructures nuclear liability, limiting supplier recourse to contractual terms, and introduces tiered, capacity-linked liability caps. FDI of up to 49% is anticipated but awaits notification under FEMA.



Online Gaming

The Promotion and Regulation of Online Gaming Act, 2025, India's first central framework for online gaming and prohibiting online money games, has been in force since May 2026. A challenge to its constitutional validity is pending before the Supreme Court.



Aviation

The Protection of Interests in Aircraft Objects Act, 2025, gave effect to India's obligations under the Cape Town Convention, and provided statutory recognition of IDERA rights and enforceable security interests in aircraft objects for international creditors.



Maritime

The Merchant Shipping Act, 2025 consolidates legacy maritime laws (Merchant Shipping Act, 1958; Coasting Vessels Act, 1838) and integrates IMO treaties including SOLAS and search-and-rescue mandates.

Recent Judgments

TRC Insufficient for Treaty Benefits

The Supreme Court, in Authority for **Advance Rulings (Income Tax) v. Tiger Global International Holdings,** denied the India–Mauritius DTAA capital-gains exemption on Tiger Global's Mauritian entities' sale of shares in a Singapore company. It held that (i) a structure set up solely to avoid tax cannot claim treaty benefits, and that a Tax Residency Certificate alone is not enough; and (ii) investments made before April 1, 2017 are not automatically shielded from GAAR.

Fraud Requires Intent Under PFUTP

In **SEBI v. Reliance Industries Limited,** the Supreme Court held that mere breach of position limits or disclosure requirements does not amount to fraud under the PFUTP Regulations and SEBI must establish an intent to deceive, inducement or actual harm to investors.

Telecom Spectrum Is a Public Trust Resource, Not an Insolvency Asset

The Supreme Court, in **State Bank of India v. Union of India,** held that telecom spectrum is a natural resource held by the Union in public trust. As such, spectrum licences are not an asset over which a debtor undergoing insolvency holds ownership rights.

AI Training: Personal Use Exception

In **ANI Media Private Limited v. OpenAI OpCo LLC,** the Delhi High Court held that storage and processing of copyrighted works for the purpose of AI model training may fall within the "private or personal use" exception under the Copyright Act, 1957.

Unsuccessful Party Permitted Post-Award Interim Relief

The Supreme Court held in **Home Care Retail Marts Pvt. Ltd. v. Haresh N. Sanghavi** that an unsuccessful party may seek interim relief under Section 9 of the Arbitration and Conciliation Act, 1996 after the award but before enforcement.

Limitations on Anti-Trust Authority's Post-Approval Inquiry Powers

In **Amazon.com NV Investment Holdings LLC v. CCI,** the Supreme Court held that the Competition Commission of India cannot treat an approved notice as a failure to notify merely because it later adopts a different characterisation of the disclosed arrangements and CCI's power to inquire into combinations is limited to one year from its effective date.

Deal Credentials

Avyakta Law advises strategic acquirers, financial sponsors, global institutions, and founder-led businesses on high-stakes India-linked cross-border M&A, strategic investments, governance, and special situations, with particular strength in Japan–India transactions, industrials and metals, financial sponsors, and change-of-control matters involving Indian regulatory complexity.

Cross-Border Strategic Acquisition & Global Corporates

- **Sumitomo Mitsui Banking Corporation** — Offer for sale in the IPO of Northern Arc Capital.
- **Sojitz Corporation** — Indian counsel on global acquisition of Nippon A&L.
- **Watts Water Technologies** — Indian counsel on global acquisition of Haws Corporation.
- **Micro Labs** — Acquisition of Swiss Pharma Nigeria Limited in Nigeria.
- **Multiple Japanese strategic corporates** — Shareholder arrangements, governance frameworks, and joint venture matters involving Indian subsidiaries.
- **Leading Indian steel and power conglomerate** — Multiple overseas strategic opportunities and acquisitions.
- **Multinational steel and metals group** — Proposed strategic disposal in India.

Financial Sponsors, Special Situations & Strategic Capital

- **Silver Point Capital and global special situations investors** — Advised US hedge funds and global special situations investors on regulatory matters, strategic opportunities and forensic due diligence.
- **UniSuper and Australian pension capital** — India structuring, governance, and regulatory matters.
- **Strategic and financial investors** — Structured real estate and India-entry platform investments.
- **Leading Austrian industrial conglomerate** — Indirect transfer, change-in-control, and mandatory open offer implications under the Indian Takeover Regulations.

Domestic Acquisition

- **Micro Labs** — Acquisition of Saltire, a real estate company and financing for approx. INR 26 billion from the Embassy Group.

Our Story

In Sanskrit, Avyakta signifies that which is unmanifested—the underlying potential waiting to be brought into form or clarity of thought.

Avyakta Law is a Mumbai-based corporate practice founded by Shameek Chaudhuri. We advise businesses, investors and financial institutions on transactions, cross-border investments and regulatory matters in India.

Our model is deliberately focused: fewer clients, more attention, sharper execution. Every mandate is partner-led, supported by technology that streamlines research and document workflows and leaves senior lawyers focused on judgment, strategy and negotiation.

Our team members have been recognised by leading publications like Asia Law Profiles, IFLR, Who's Who Legal, Legal Media, IBLJ and the RSG India Report.

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Regulatory Updates I Briefing Room

The Briefing Room is our quarterly update newsletter which tracks new laws, regulations and key judgments, and explains what they mean for your business.

Read the latest at www.avyaktalaw.com or subscribe to regular updates by connecting with us at contact@avyaktalaw.com

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