Avyakta Law

Experienced. Committed. Trusted.



India

An Overview

September 2025

Brief Facts about India

India surpassed Japan to be the 4th largest economy



As part of its ease of doing business initiative, more than 45,000 compliance requirements have been removed



170 million jobs have been created in India during the last decade



India ranked 39th in the Global Innovation Index 2024 of the World Intellectual Property Organization, jumping 42 positions from its rank in 2015



India is the third largest startup ecosystem in the world



Total mutual funds asset base stood at US$ 896.39 billion as on June 30 2025, an increase of approximately 27% from May 2024



Foreign exchange reserves stood at US$ 697.9 billion as of June 20, 2025, an increase of approximately 6% from June 2024



Top 3 sectors receiving FDI Inflow during FY 2024-25 are: Services Sector (19%), Computer Software & Hardware (16%) and Trading (8%)



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India was the largest market for Initial Public Offerings, around **324 companies** got listed in the past fiscal year.



India's total exports increased to **US$ 210.31 billion** in April – June 2025, marking a growth of **5.94%**



India has made significant strides in financial inclusion, with around **89%** Indians having an account at a bank or similar institution in the year 2024 as per the World Bank



Over 1.4 billion people live in India



India's united payments interface (UPI) transactions have grown from 920 million transactions in FY 2017-18 to 185.87 billion transactions in FY 2024-25. UPI has achieved a significant milestone by processing more than 20 billion transactions in August 2025



India has a **young demographic profile,** with a significant portion of its population under 35 years old



The Indian electric vehicle market in 2025 witnessed the entry of major American and Vietnamese automobile manufacturers, reinforcing the Indian government's commitment for **30%** electric mobility by 2030



India has a literacy rate of approximately **77%**



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

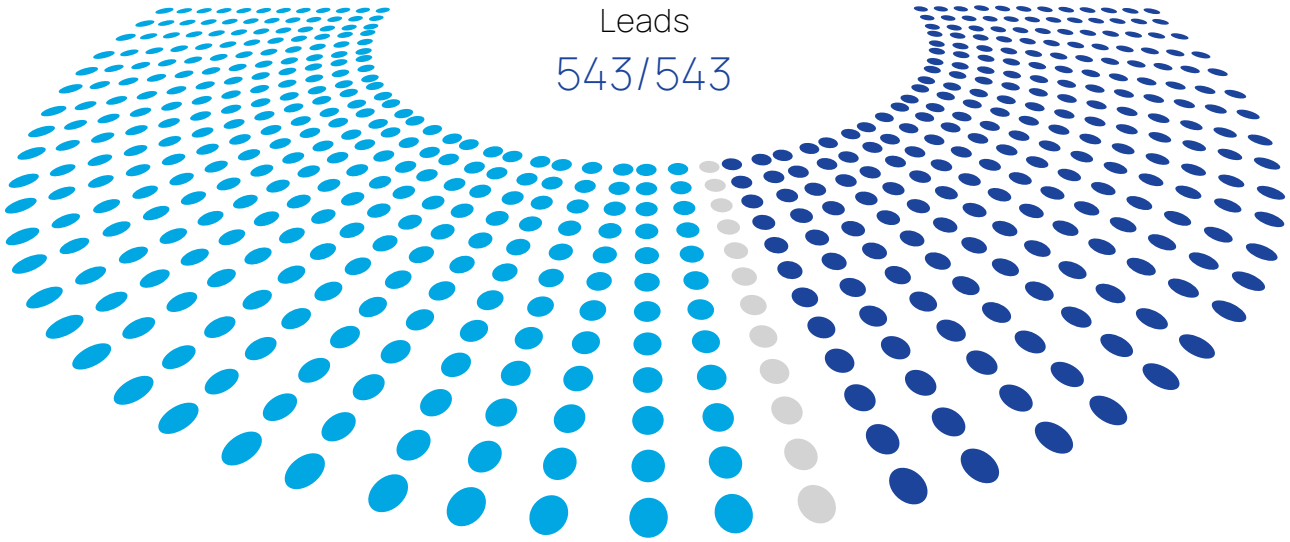
The Judiciary

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

Indian Election

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.

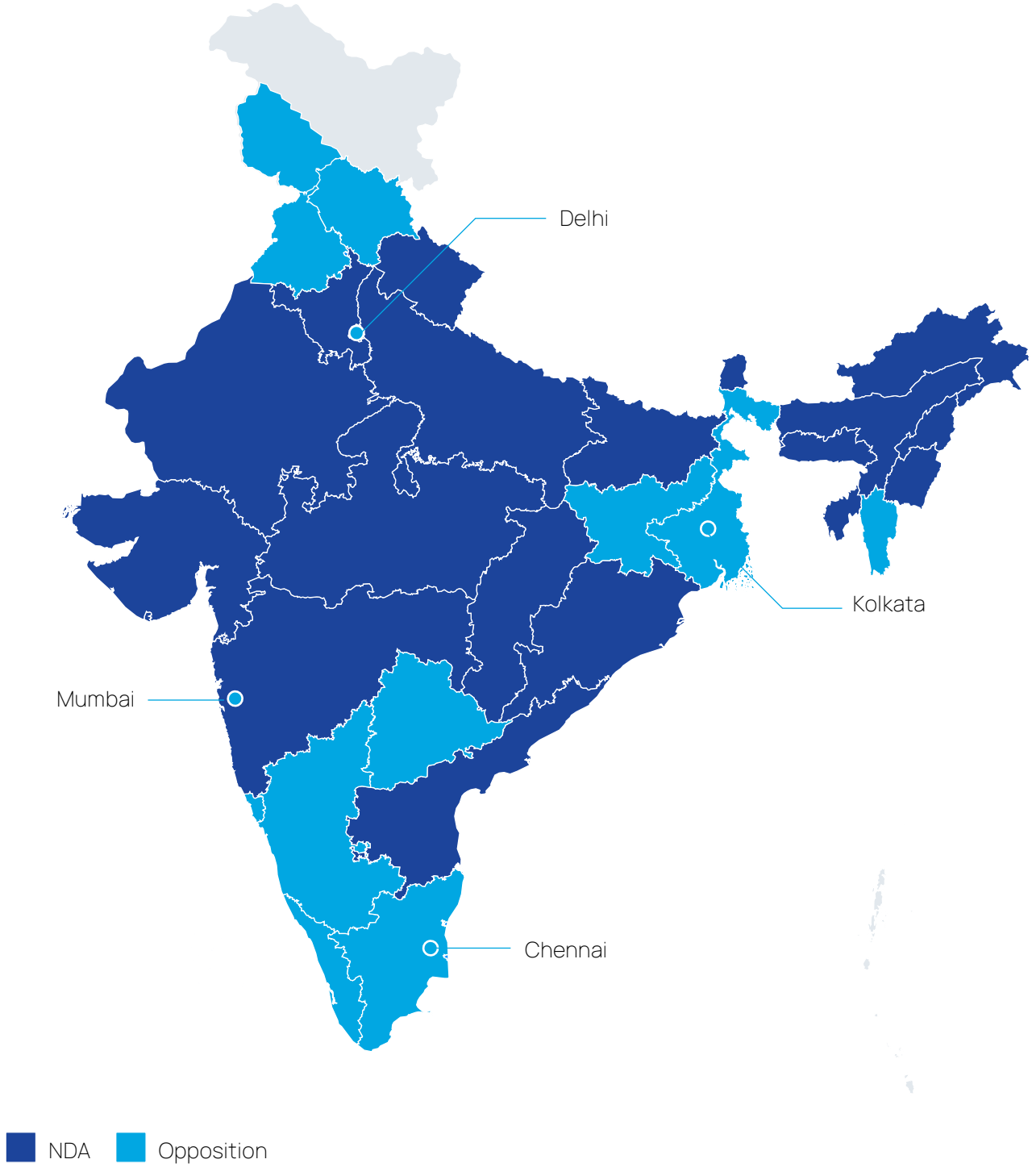


NDA	I.N.D.I.A	OTH
293	232	18
-60	+103	-43

State Elections

In recent years, the Bharatiya Janata Party, along with its allies (as leader of the National Democratic Alliance (NDA)) has increased its political footprint in India, by emerging victorious in various state elections.

States ruled by NDA and Opposition parties



Economic Background

Gross Domestic Product

India's real GDP for FY 2024-25 was US$ 2.20 trillion, with a growth rate of 6.5%. India is expected to become the third largest economy in the world by 2030 with a projected GDP of US$ 7.3 trillion.

States with the highest GDP

Maharashtra



512.83
billion

GDP in US$ (FY 2024–25)

Top Sectors

- Information Technology
- Electronics
- Business outsourcing

Tamil Nadu



372.42
billion

GDP in US$ (FY 2024–25)

Top Sectors

- Manufacturing
- Automobile
- Engineering
- Pharmaceutical

Karnataka



336.81
billion

GDP in US$ (FY 2024–25)

Top Sectors

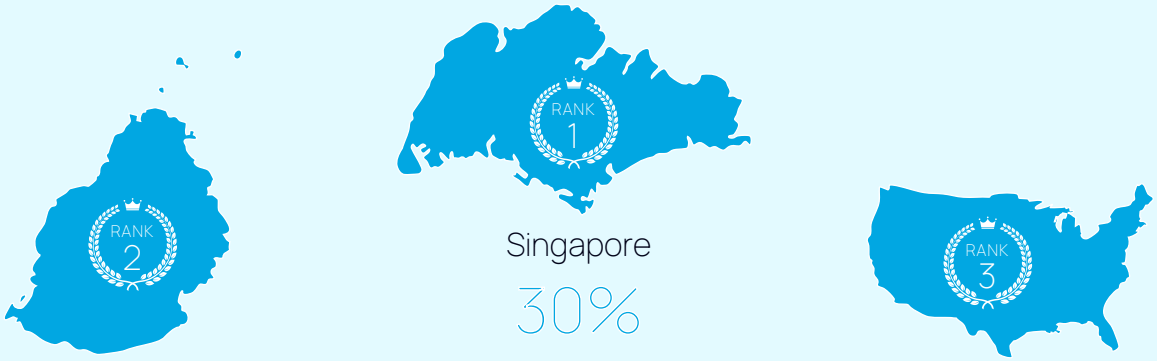
- Information Technology
- Biotechnology
- Manufacturing
- Agriculture

Foreign Investment

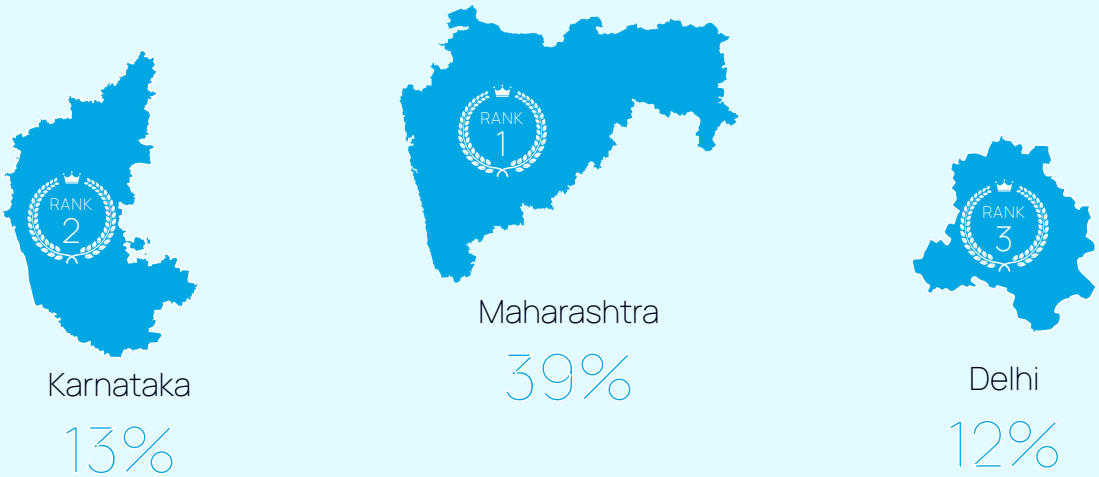
India is one of the most attractive destination for foreign direct investment ("FDI") with the gross FDI inflows being US$ 81 billion in FY 2024-25, marking an increase of 14% from the previous financial year. Further, there has been an increase in the net inflows of external commercial borrowings to India with the net inflows of US$ 18.7 billion in FY 2024-25, as compared to US$ 3.50 billion in the previous year.

India's export growth in FY 2024–25 has been driven by its engineering goods, electronic goods, and drugs & pharmaceuticals—which have significantly contributed to enhancing the nation's trade performance.

Share of Top Investing Countries FDI inflow (FY 2024–25)



States attracting highest FDI inflow (FY 2024–25)



Mergers & Acquisitions

India's M&A market remained resilient in the first half of the year 2025, recording a total deal value of US$ 50 billion. The market saw a strategic shift toward fewer but larger deals, with 10 transactions exceeding US$ 1 billion, reflecting investor preference for scale and quality amid global uncertainties.

The power sector led the charge with US$ 8.5 billion in deal value, driven by the booming renewable energy segment, which contributed nearly 80% of the sector's total. India's emergence as the world's fourth-largest renewable energy market, with 220 GW of installed capacity and over US$ 4 billion in FDI, has made it a hotspot for strategic investments.

As part of its initiative to liberalize the financial sector in India, the Reserve Bank of India has approved part acquisition of a leading bank of India by a Japanese mega bank.



Recent Legal Developments

Goods and Services Tax



In September 2025, the government undertook a major overhaul of the existing Goods and Services Tax regime, by simplifying the existing four tier tax slabs of 5%, 12%, 18% and 28% to two tax slabs of 5% and 18%, with a special slab of 40% for certain luxury products.

India- UK Free Trade Agreement



India and the United Kingdom signed the Comprehensive Economic and Trade Agreement, which aims to double the current bilateral trade of US$ 56 billion between the countries, by the year 2030. The agreement eliminates tariffs on 99% of India's exports to the United Kingdom.

India is also in active discussions for free trade agreements with the European Union, United States of America, New Zealand, Chile and several other nations.

Insolvency and Bankruptcy Code



The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 aims to introduce frameworks for faster creditor led insolvency resolutions, group insolvency and cross border insolvency. This bill is yet to be passed and is currently under parliamentary consideration.

Maritime Sector



In 2025, the government passed the Indian Ports Act 2025 (replacing the Indian Ports Act of 1908), the Merchant Shipping Act, 2025 and the Coastal Shipping Act, 2025 (replacing the Merchant Shipping Act of 1958), and the Carriage of Goods by Sea Act, 2025 (replacing the Indian Carriage of Goods by Sea Act of 1925).

These legislative changes are designed to modernize and streamline India's maritime legal framework while promoting private sector investment. Key features include: (i) establishing a fast-track mechanism to resolve port-related disputes within six months, (ii) minimizing paperwork and manual delays through the implementation of a centralized digital platform for electronic vessel registration, and (iii) clearly defining maximum liability limits for carriers transporting goods by sea.

Foreign Investment

The Government, through its 2025 Union Budget has proposed liberalising the FDI threshold in the insurance sector from 74% to 100% under the automatic route. This proposal is yet to be made effective.

Prohibition of Insider Trading

In March 2025, Securities Exchange Board of India ("SEBI") amended the insider trading regulations to strengthen market integrity and improve transparency in India's capital markets. It expanded the definition of unpublished price sensitive information, ensuring that companies disclose material developments thereby protecting investors from stock manipulation.

Initial Public Offering

In June 2025, SEBI approved amendments permitting shares (issued upon conversion of fully paid compulsorily convertible securities through an approved scheme) to be exempt from the mandatory 1 year holding period requirement before an Initial Public Offering. This move is intended to benefit companies which are planning to shift their domicile from overseas to India for the purpose of listing on the Indian stock exchanges, as shareholders will no longer need to comply with the 1 year holding period.

Foreign Portfolio Investors

SEBI has increased the disclosure threshold for Foreign Portfolio Investors (FPIs). Now, FPIs who hold more than US$ 5.9 billion of equity assets under management in Indian markets will need to provide detailed information about their ownership and economic interests, up from the previous limit of US$ 2.94 billion. This move is aimed to focus regulatory scrutiny on only systematically important FPIs while easing compliance burden on smaller FPIs.

SEBI also introduced a new category of FPIs that invest solely in government securities. These FPIs enjoy simpler compliance requirements, including relaxed know your customer norms and extended timelines for reporting changes.

Alternative Investment Funds

In September 2025, SEBI approved amendments permitting category I and II alternative investment funds (AIFs) to offer co-investment schemes. This amendment allows certain investors of AIFs to co-invest in unlisted securities where the AIF is also making an investment. Previously co-investment was only permitted for schemes of Portfolio Managers.

Banking

Public sector banks are now authorised to independently decide on auditor remuneration. This reform is expected to draw highly qualified audit professionals and enhance the overall auditing standards of such banks.

Online Money Games

The Promotion and Regulation of Online Gaming Bill, 2025, passed by the central government, is yet to be made effective. It seeks to ban online money games (involving monetary stakes) which would impact the US$ 3.7 billion online gaming industry of India. The bill has been challenged in the courts by certain industry players and states.

Jane Street

The Jane Street group, a US based trading group, was banned from trading in the securities market by SEBI due to allegations of stock manipulation. The regulator accused the Jane Street group of orchestrating trades in both the cash and futures & options markets, that created a false impression of market activity, which led to the group making unlawful gains. In response to the ban, Jane Street group deposited approximately US$ 560 million to lift the ban, while also preparing to contest SEBI's order.

Foreign Law Firms

Opening up of Indian legal market to foreign law firms, by allowing foreign lawyers and law firms that are registered with the Bar Council of India, to practice foreign and international law in India, particularly in non-litigious areas like cross-border transactions and international arbitration.



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Information contained is valid as of September 2025

Our Story

We at Avyakta Law believe that legal advice must be clear, precise and certain. The firm is focused on providing premium quality legal services across the corporate domain, with a specialization on investments across sectors and geographic corridors.

We distinguish ourselves by offering high grade legal, regulatory and advisory services, while remaining mindful of the commercial nuances. Our dedication to clarity, integrity, and client satisfaction, sets us apart.

Our team includes senior members with extensive market experience who have advised varied clientele, including domestic and international conglomerates, financial institutions, funds, private equity players, sponsors, promoter groups both in domestic and cross border transactions.

We combine the experience of Big Law, with the care and attention of a specialist law firm, to help our clients navigate the complexities of the corporate world, by providing clear and precise advice.

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

The principal office of the Firm is based out of Mumbai, India.

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