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MAKE IN INDIA MITTELSTAND!

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NEWSLETTER

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Investment Support for German Mittelstand Enterprises



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Economic Overview

Amidst Global Economic Slowdown, India Emerges as a Bright Spot

The United Nations' mid-year update on the *World Economic Situation and Prospects* projects India's economic growth at 6.3% for the current fiscal year, the highest among major global economies. This positive momentum is anticipated to persist into 2026, with growth forecasted at 6.4%.

India distinguishes itself not only through robust headline growth figures but also via buoyant capital markets, a resilient manufacturing sector, record-breaking exports, and a rapidly expanding defense industry. These achievements are underpinned by prudent policy decisions, strong domestic demand, and increasing global confidence in India's economic trajectory.

India's capital markets have been instrumental in driving this growth. As of March 2025, the Indian stock market reached unprecedented highs, outperforming many emerging markets despite prevailing geopolitical tensions and domestic uncertainties.

The manufacturing sector has demonstrated remarkable expansion over the past decade. According to the National Accounts Statistics from the Ministry of Statistics and Programme Implementation, the Gross Value Added (GVA) of manufacturing at constant prices nearly doubled, increasing from Rs 15.6 lakh crore (approximately USD 192 billion) in 2013-14 to an estimated Rs 27.5 lakh crore (approximately USD 339 billion) in 2023-24.

India's defense sector has also achieved significant milestones. In the financial year 2024-25, the value of indigenous defense manufacturing surged to Rs 1,27,434 crore (approximately USD 1.57 billion), representing a remarkable 174% increase over the past decade. Indian defense products are now exported to nearly 100 countries, underscoring India's rising prominence as a global supplier of strategic defense equipment.

India's total exports reached a record high of USD 824.9 billion in 2024-25, reflecting a 6.01% increase from USD 778.1 billion in 2023-24. This growth marks a substantial rise from USD 466.22 billion in 2013-14, highlighting sustained export expansion over the last decade.

On 1 July 2025, the Union Cabinet, chaired by Prime Minister Narendra Modi, approved Rs 1 lakh crore (approximately USD 12.3 billion) for the Research, Development and Innovation (RDI) Scheme. This initiative aims to foster a robust and self-reliant innovation ecosystem that supports India's vision of becoming a developed nation by 2047, under the "Viksit Bharat" mission.

Conclusion

India remains one of the fastest-growing major economies globally and is well-positioned to sustain this trajectory, with aspirations to attain high middle-income status by 2047—the centenary of Indian independence. The country is equally committed to addressing climate change challenges and achieving net-zero emissions by 2070.

A comprehensive strategy involving further reduction of trade costs, lowering trade barriers, and deepening integration into global value chains will be critical for India to realize its ambitious target of USD 1 trillion in merchandise exports by 2030.

Monaz Desai, MIIM Project Co-ordinator, Roedl & Partner

10 benefits of setting up a business in India

India's economy is projected to become the third largest globally by 2030, driven by exponential growth across sectors such as technology, renewable energy, and consumer goods.

The country has a population of more than 1.44 billion, which is digital-savvy, skilled, and aspirational. One of the key factors making India an attractive investment destination is the government's focus on promoting innovation and making it easier to do business.

Invest India helps businesses explore and navigate India's vibrant investment landscape. We connect investors to the right opportunities for strong and sustainable growth. This article shares 10 reasons why India is a top choice for entrepreneurs and businesses today.

10 benefits of setting up a business in India

1. Growing consumer market

65% of India's population is under 35, making it the country with the largest young population.¹ These young consumers are driving demand for aspirational products, digital experiences, and premium lifestyles. In fact, the young crowd, rising incomes, rapid urbanisation, and a growing middle class are among the primary reasons that consumer spending in India is expected to reach \$4.3 trillion by 2030.² This growth is restructuring India's economy, creating strong demand across various sectors, including FMCG, digital services, housing and infrastructure.

2. Competitive talent pool

With over 62% of the population in the working-age group (15–59 years), and a majority of this group under 25 years old, India has a reservoir of skilled and aspirational young people.³ According to EY, India's working-age population-to-total population ratio is expected to be the highest of any large economy, at 68.9%, by 2030. It has the largest pool of English-speaking science, technology, engineering, and mathematics (STEM) graduates, estimated to annually increase by two million, providing a competitive edge over other countries.⁴ Government programmes like Skill India are helping young people prepare for real-world jobs. This is enabling India to meet the needs of global industries and making the country more competitive in fields like technology, manufacturing, healthcare and renewable energy.

1. <https://www.pib.gov.in/PressReleaseDetailm.aspx?PRID=1933647®=3&lang=1>

2. <https://economictimes.indiatimes.com/news/india/indias-consumer-market-to-become-worlds-second-largest-by-2030-report/articleshow/117721641.cms?from=mdr>

3. <https://www.india.gov.in/spotlight/pradhan-mantri-kaushal-vikas-yojana#tab=tab-1>

4. India@100: reaping the demographic dividend https://www.ey.com/en_in/insights/india-at-100/reaping-the-demographic-dividend | EY - India

3. Business-friendly policy reforms

The government has been overhauling several existing policies and introducing transformative policy interventions to make India more business friendly. These reforms are focused on reducing the compliance burden to create a conducive business environment.

- The Goods and Services Tax (GST) has simplified taxes and reduced compliance costs, while the Insolvency and Bankruptcy Code (IBC)⁵ ensures faster debt resolution and financial stability
- As many as 42,377 compliances reduced (States and Centre)⁶ and 3,400 legal provisions decriminalized⁷ to lower legal risk
- The National Single Window System (NSWS)⁸ offers single-window approvals for faster clearances
- India Investment Grid (IIG)⁹ provides easy access to infrastructure investment projects
- The PAN (Permanent Account Number) is the common identifier for all regulatory clearances
- These initiatives make it easier to start, operate and expand businesses in India.

4. Robust digital infrastructure

India leads in digital public infrastructure, which supports a fast-growing digital economy that contributed approximately 11.74% to GDP in FY 2022-23.¹⁰ By 2030, India's digital economy is projected to contribute nearly one-fifth of the country's overall economy.¹¹ Here are the key digital initiatives enabling this transformation:

- Aadhaar, UPI and DigiLocker¹² have simplified identity verification, real-time digital payments and secure document storage, reducing administrative burdens for businesses.
- BharatNet is expanding high-speed broadband connectivity to rural areas, creating new digital opportunities across the nation.
- With a rising number of internet users and strong government support, India's digital economy is set to reach \$1 trillion by 2030, creating expansive opportunities for businesses to scale digitally.

5. Government support through flagship initiatives

The Government of India has launched several schemes to promote entrepreneurship and investment through flagship initiatives:

- Production-Linked Incentive (PLI) Schemes, with a \$2.28 outlay across 14 sectors, boost manufacturing and exports.¹⁴
- Make in India is strengthening India's global position as a manufacturing hub.
- Startup India supports over 1,70,000 DPIIT-recognised startups¹⁵, fostering innovation.
- Digital India aims to transform India into a digitally empowered society and knowledge economy.

5 [https://www.pib.gov.in/PressReleasePage.aspx?PRID=2117411#:~:text=The%20legislative%20intent%20of%20the,\(CIRPs\)%20have%20been%20initiated](https://www.pib.gov.in/PressReleasePage.aspx?PRID=2117411#:~:text=The%20legislative%20intent%20of%20the,(CIRPs)%20have%20been%20initiated)

6 https://eoddb.dpiit.gov.in/PublicDoc/Download/up0UjaLmsnuNGDDQ3R0MHw_eee_eee_

7 <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1895315#:~:text=More%20than%2039%2C000%20compliances%20reduced,enhance%20Ease%20Of%20Doing%20Business.&text=Jan%20Vishwas%20Bill%20to%20amend,to%20further%20trust%2Dbased%20governance.>

8 [https://www.nsws.gov.in/about-us#:~:text=The%20National%20Single%20Window%20System%20\(NSWS\)%20is%20a%20digital%20platform,true%2C%20genuine%20National%20Single%20Window](https://www.nsws.gov.in/about-us#:~:text=The%20National%20Single%20Window%20System%20(NSWS)%20is%20a%20digital%20platform,true%2C%20genuine%20National%20Single%20Window)

9 <https://indiainvestmentgrid.gov.in/about-us>

10 <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2098487>

11 <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2097125>

12 <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2037598>

13 <https://www.ibef.org/industry/e-commerce#:~:text=Introduction,of%20India's%20e%2Dcommerce%20sector.>

These initiatives offer regulatory and financial incentives, encouraging major investments from companies across sectors, fostering innovation, and enabling citizens to adopt digital innovations.

6. Strategic geographical location and robust supply chain

India's strategic location positions it as a natural hub for global trade, connecting it to South Asia, the Middle East, and Southeast Asia by creating efficient trade routes. The country boasts a robust transport infrastructure that includes:

- Twelve major ports and over 200 non-major ports support India's growing maritime trade¹⁶.
- More than 150 operational airports, including 33 international airports, ensure fast global and domestic air cargo movement¹⁷.
- Indian Railways runs the fourth-largest railway network in the world, covering ~68,000 km. In 2023–24, it carried 4.35 million tonnes of freight daily, promoting trade supply chains¹⁸.

Deals like the CEPA, and Free Trade Agreements (FTAs), have opened doors to new global markets for Indian businesses. Currently, the country has preferential access, economic cooperation, and FTA with over 50 countries.¹⁹

7. Strong regulatory ecosystem

India has a robust, well regulated financial system to safeguard the interests of, both, businesses and investors, including retail and institutional investors. Regulators such as the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), the Insurance Regulatory and Development Authority of India (IRDAI), and the Pension Fund Regulatory and Development Authority (PFRDA), ensure stability of the system, and protect investors' money. India has surpassed \$1 trillion in cumulative foreign direct investment (FDI) inflows since 2000²⁰ — a landmark in the country's growth journey. In FY 2024-25 (till December), India recorded ~\$16.65 billion in FDI inflows.²¹ Meanwhile, banking and fintech reforms are making it easier for businesses to access funds, enabling faster growth.

8. Cost-effective operations

Inputs costs such as labour, real estate and transport are relatively lower in India as compared to developed countries. This makes India an ideal destination for setting up labour-intensive units in sectors such as textiles, automobiles, capital goods, and others. Even in service-based industries like healthcare, IT, and research and development, India is in a favourable position. It is home to 1,700 Global Capability Centres (GCCs)²², one of the largest communities of healthcare professionals, and a vast English-speaking employable talent pool which is not only cost-effective, but also highly driven. Combined with increasing automation and supply chain reforms, this helps improve margins for businesses across sectors.

9. Thriving startup and innovation ecosystem

As the world's third-largest startup hub²³, India is spearheading a revolution in startups

14 <https://www.pib.gov.in/PressNoteDetails.aspx?ModuleId=3&NotelId=153203&lang=1®=3>

15 <https://www.startupindia.gov.in/>

16 <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2110322>

17 <https://www.aai.aero/sites/default/files/traffic-news/Nov2k24Annex2.pdf>

18 <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2014849>

19 <https://www.indiantradeportal.in/vs.jsp?lang=0&id=0,55,288>

20 <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2083683>

21 https://dpiit.gov.in/sites/default/files/FDI%20Factsheet%20December_2024.pdf

22 <https://economictimes.indiatimes.com/tech/technology/the-rise-of-the-gcc-ecosystem-in-india/articleshow/109093662.cms?from=mdr>

23 <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2098452>

and promoting entrepreneurship. From quick commerce, to drones for agri-tech, India's Startup sector is packed with action. Numerous new businesses are emerging due to the increased ease of starting ventures compared to the past. The Government supports initiatives such as Startup India, and the Fund of Funds for Startups (FFS), which provide funding, mentoring, and simplified processes for new companies.²⁴ Some of the hotbeds for disruption include fintech, healthtech, edtech, agritech, clean energy, deep tech, AI and more. With 118 unicorns, India is earning investors' confidence by building, scaling and nurturing transformative ideas.²⁵

10 Commitment to sustainability and green growth

India's climate commitments and renewable energy growth offer strong ESG-aligned²⁷ business opportunities:

- India aims to reduce the emission intensity of GDP by 45%, and deploy 50% of its cumulative electric power installed capacity from non-fossil fuel-based energy resources.²⁸
- As of December 2024, India's total renewable energy installed capacity reached 209.44 GW.²⁹
- The country plans to reach 500 GW of non-fossil fuel capacity by 2030, marking one of the largest green energy expansions in the world.³⁰
- Green hydrogen, electric mobility and energy storage are emerging as high-growth areas for sustainable business investments.

India is a strategic choice for any business looking to scale up and find new markets for growth. With a strong policy push, digital infrastructure and a future-ready workforce, it offers the right conditions to build, operate and expand.

24 <https://www.sidbivcf.in/en/funds/ffs>

25 <https://inc42.com/features/unicorn-club-of-2024-6-startups-which-crossed-the-1-bn-valuation-mark/>

26 <https://www.wipo.int/web-publications/global-innovation-index-2024/en/>

27 <https://www.pib.gov.in/PressReleaseSelfFramePage.aspx?PRID=1989495>

28 <https://www.livemint.com/news/india/india-is-committed-to-reduce-emission-intensity-of-gdp-by-45-by-2030-minister-11675782711875.html>

29 <https://www.pib.gov.in/PressReleaseSelfFramePage.aspx?PRID=2092429>

30 <https://www.pib.gov.in/PressReleaseSelfFramePage.aspx?PRID=2092429>

New scheme for 'Presumptive Taxation' for Non-Residents engaged in providing Services

The Government of India has been actively promoting the Electronics Manufacturing Industry through various initiatives and policies. In the Union Budget 2025 as well, new provision has been introduced under Income Tax Act, 1961 ('ITA') to promote this industry by ensuring tax certainty to non-residents (NR) engaged in providing services or technology in India for setting up Electronics Manufacturing Facility ('EMS') or manufacturing electronic products in India. Accordingly, Government of India has formulated a scheme¹ to help in developing a robust eco-system by attracting large investments (global/domestic) in electronics component manufacturing ecosystem.

Section 44BBD has been inserted in the ITA to introduce the new presumptive taxation scheme. The salient features of the scheme are as follows:

- **Deemed Profits:** 25% of the total amounts received or receivable for providing such services or technology will be deemed as profits for NRs.
- **Tax Rate:** The applicable tax rate of 35% (plus surcharge and cess) will be applied on these deemed profits, resulting in an effective tax rate of less than 10% on gross receipts.
- **Restrictions:** NRs covered by this section will not be allowed to set off unabsorbed depreciation or carried-forward losses of past years.
- **Effective Date:** The amendment is set to take effect from April 1, 2026.

Non-residents, not having Permanent Establishment (PE) in India, are generally subject to tax at prescribed rates under tax treaties, ranging from 10% to 20% on their gross income from the provision of technical services or royalties. The proposed section prescribes a rate lower than most Indian tax treaties and is therefore expected to be attractive to non-residents. Additionally, it promotes ease of compliance for such non-residents.

It is, however, likely that Transfer Pricing requirements will continue to apply to such NRs in respect of their transactions with associated enterprises in absence of clear exemptions or relaxations.

Interestingly, the New Income Tax Bill 2025 (NITB), has also retained a provision coterminous with Section 44BBD. This is significant because it suggests that the government is committed to maintain these provisions for the long term, indicating a stable tax regime for NRs engaged in the electronics manufacturing sector. The impact of any differences between provisions of Section 44BBD and corresponding provision under NITB need to be resolved to avoid any in-terpretation issues.

1. CG-DL-E-08042025-262341 Ministry of Electronics And Information Technology (IPHW Division) Notification dated 8th April 2025

Some issues for deliberation:

The proposed scheme requires NRs to pay tax on 25% of their gross receipts, unlike other schemes that allow declaring lower profits based on actual income. This could be challenging for NRs who have lower profits or even losses, as they will not be able to reduce their tax liability based on actual profitability from books of accounts that can be derived, maintained and audited, unless they are able to resort to tax treaty provisions. A snapshot of similar presumptive schemes for NRs is provided in the Appendix to this Article.

Typically, the setting up of a manufacturing facility is expected to take several years and depending on the level of involvement in on-ground activities in India, in some cases, there could be a possibility that NRs providing such assistance could face the challenges of a PE constitution and related compliance burden.

If there are lower or no profits in a situation where PE is constituted, then there could be lower tax liability on application of 35% (plus surcharge and cess) tax rate to PE profits or in case of loss situation. However, applicability of tax treaty provisions, in case PE is constituted, could be challenged by tax authorities, since generally there is a reference to domestic tax law provisions under Article 7 of tax treaties that deals with profits attributable to PE.

Further, if a PE is established, a gamut of compliances would apply such as withholding tax compliances, maintenance of books of accounts, statutory audits etc. and consequently, even if such tax saving is to be claimed on constitution of PE, then additional PE related compliances would need to be undertaken.

As such, in cases where NRs incur losses or earn lower profits, NRs will suffer either due to higher tax liability as per presumptive taxation under Section 44BBD and additional set of compliances applicable, in case PE is constituted. However, this situation is prevalent, to some extent, even under existing deemed taxation provisions that were introduced in past for other companies in specified business activities.

Conclusion:

The proposed presumptive taxation under Section 44BBD offers a simplified tax compliance process for NRs, though there are still some areas that could benefit from further clarification to avoid disputes regarding possibility to opt out of presumptive taxation to replace with actual profit numbers in case of lower profitability, its interaction with other tax provisions and the treatment of income related to an NR's PE in India. Overall, the amendment is a positive step toward streamlining the tax regime, and additional clarity will help ensure smooth implementation.

Appendix

Summary of Presumptive Taxation Provisions applicable to Non-Residents (NRs)

Section	Nature of income	Deemed percentage	Option to declare lower income	Eligibility of Set off of brought forward losses and unabsorbed depreciation
44B	Shipping Business	7.5%	No	Yes
44BB	Business of providing services or facilities related to mineral oil exploration, or supplying plant and machinery on hire for such activities	10%	Yes	Not eligible, if NR declares income as per presumptive Taxation
44BBB	Foreign companies engaged in the business of civil construction, erection of plant and machinery, testing, or commissioning related to turnkey power projects approved by the Central Government	10%	Yes	Not eligible if NR declares income as per presumptive taxation
44BBA	Operation of Aircraft	5%	No	No express restriction
44BBD	Providing services or technology in India for setting up an electronic manufacturing facility or manufacturing goods	25%	No	Not eligible if NR declares income as per presumptive taxation

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Unlocking Andhra's Digital Future: The IT & Global Capability Centers Policy (2024–2029)

India is emerging as a key hub for Global Capability Centers (GCCs), driven by rapid technological advancements and a skilled workforce. With approximately 1,700 GCCs operating in India and expected market growth surpassing USD 100 billion by 2030, states are competing to attract these global centers.

Andhra Pradesh, with its ambitious IT & GCC Policy 2024-2029, aims to establish itself as a premier destination for GCCs by offering attractive incentives and fostering technological advancements.

The Frequently Asked Questions related to the Andhra Pradesh's GCC Policy (Referred as 'Policy') has been discussed herein under.

1. What is the objective of the Policy?
2. What is the time-period of the Policy?
3. What is the Policy Framework?
4. Who all are eligible to avail the benefits under the Policy?
5. What are the eligibility criteria under to avail benefits under all three models?
6. What are the Incentives for infrastructure developers under the Policy?
7. What are the eligibility criteria for the IT and GCC Firms?
8. What are the incentives for the IT and GCC Firms?
9. Are there provisions for Skill Development?
10. How Policy will be implemented?

1. What are the objectives of the Policy?

The policy is designed to:

- Build a global talent hub with employment generation at scale, aiming to create saturation-level job opportunities across all districts.
- Enhance human capital with continuous skilling aligned to a flexible workforce model, preparing the youth for new-age digital roles.
- Promote advanced technologies with a focus on deeptech, AI, cybersecurity, and automation.
- Leverage emerging trends like remote work, gig economy, and hybrid workspaces to democratize access to global careers.
- Enable inclusive, innovation-led growth and strengthen Andhra Pradesh's leadership in India's evolving digital economy.
- Foster entrepreneurship through initiatives such as "One Family, One Entrepreneur" under the Swarna Andhra Vision 2047

2. What is the period covered under the Policy?

The policy is valid for 5 years starting from 12 December 2024 or until a new policy is introduced. Amendments, if made, will be prospective and will not affect benefits already granted. The Government of Andhra Pradesh retains the discretion to extend the policy as needed.

3. What is the Policy Framework?

The policy adopts a three-model approach with tailor-made incentives:

- Model 1: Co-working space developers: focused on flexible infrastructure in Tier I & II cities.
- Model 2: Neighborhood workspace developers: aimed at grassroots-level employment through local work hubs.
- Model 3: IT Campus developers: for large-scale infrastructure and Fortune 500-level investments.

Apart from this, it also includes:

- Incentives for IT and GCC firms
- Skill development initiatives including the Future Skills Credit Scheme
- Startup-driven governance collaborations
- Tailor-made packages for mega projects

4. Who all are eligible to avail the benefits under the Policy?

The following entities are eligible:

- Co-working space developers
- Neighborhood workspace developers
- IT Campus Developers
- IT and GCC firms
- Large projects proposing significant employment or investment

5. What is the eligibility criteria under to avail benefits under all three models?

The eligibility criteria under all the three models are as follows:

I. Model 1: Co-working space developers

- Turnover of at least INR 100 Cr (OR) developed co- working space of minimum 20,000 seats
- Coworking spaces which creates co-working spaces which can accommodate a minimum of 100 seats per facility (OR) have 10,000 sq. ft. of developed workspace
- Typical co-working spaces will be located in Tier I and Tier II locations and are large buildings that can accommodate IT workforces from multiple firms in a single location.

II. Model 2: Neighborhood workspace developers

- Turnover of at least INR 100 Cr (OR) developed co- working space of minimum 5,000 seats.

Typical neighboring workspaces will be located in Tier I, II or Tier III locations. Neighbor

hood workspaces developers who develop workspace which can accommodate a minimum of 10 seats per facility (OR) have 1,000 sq. ft. of developed workspace.

- These workspaces are typically smaller buildings and could be located within smaller government buildings, apartment complexes, schools or houses that could be leased out. These spaces could house working spaces for as few as 10 people.

III. Model 3: IT Campus Developers

- Developers who developed minimum office space of 5 Lakh Square feet.
- IT campuses will be located in Tier I and Tier II locations who develops more than 5 Lakh sq. ft., with seating requirements determined as per individual proposals. This model would be applicable to developers, IT companies and GCCs.
- IT firms must create employment for over 50 employees of the appropriate cadre for at least 18 months to be eligible for the respective benefits. This requirement applies to mid-size IT firms and larger.

6. What are the Incentives for infrastructure developers under the Policy?

	Co-working space Developers	Neighborhood Working space Developers	IT-Campus Developers
Capital subsidy	50% of capex cost Maximum: Rs. 2,000/ Sqft. * total developed Sqft. Subsidy disbursed after 50% seats are filled. Paid Over 3 years.	50% of capex cost Maximum: Rs. 1,000/ Sqft. * total developed Sqft. Subsidy disbursed after 80% seats are filled. Paid Over 1 year	50% capital subsidy, Maximum: Rs. 2,000/ Sqft, Paid over 5 years Subsidy to be disbursed once at least 30% of land/seats committed are filled
Rental lease subsidy	Rs. 2,000 /seat, for 6 months, as per committed seats.	Rs. 1,000 /seat, for 6 months. Mandatory to meet standards of seats/Sqft.	None
Other Benefits	Industrial Tariff power	None	Industrial tariff power. Power at doorstep, 100 feet road, system to fast-track approvals, area master plans, infrastructure buildup. Mixed use (not exceeding 33%)
Early Bird	Government buildings – Rent exemption for 5 years. Rental assistance – Rs. 2,000/seat for one year, if firms create more than 1,000 seats over 12 months.	Government buildings – Rent exemption for 5 years Rental assistance – Rs 1,000 per seat for 12 months, if firm creates 500 seats across the state within one year of policy.	Exemption of contract demand charges for 3 years from start of phase 1 Land at subsidized cost
Tailor-made incentives	Firms creating more than 2,000 workstations across the state	Firms creating more than 2,000 work-stations across the state	Firms creating more than 1 million Sqft for office space

7. What are the eligibility criteria for the IT and GCC Firms?

- IT Annual turnover \geq INR 30 Cr OR at least 50 employees
- Firms must maintain employment for at least 18 months to qualify for subsidies

8. What are the incentives for the IT and GCC Firms?

Description	Incentives
Land	Land facilitation for setting up operations through APIIC
Job creation subsidy for IT Firm	6 months' CTC; disbursed after 18 months: - INR 1.5L for AP graduates - INR 3L for Top 10 NIRF or experienced hires - 100% EPF share for 6 months for Women/BC/SC/ST/Transgender
Rental subsidy	Rs. 2,000 /seat, for 24 months, as per committed seats.
Power Incentive for IT firm	Power Incentive: Industrial tariff will be applicable and discount of INR 1/unit for 5 years
Employee incentive	<ul style="list-style-type: none">ü HRA or Education Allowance up to INR 1L/employee for 3 yearsü Must complete 18 months in APü Claimed via employer portal
Tailor made incentives	Custom incentives for firms creating 2,000+ jobs or 1M+ sq. ft. development
Early Bird incentives	Rent exemption for 5 years in Government buildings

9. Are there provisions for Skill Development?

Yes. The state will launch a Future Skills Credit Scheme aimed at:

- Supporting self-motivated learners, entrepreneurs, gig workers, and mid-career professionals
- Covering in-house, self-funded, and government-sponsored certifications
- Providing access to online and offline courses in tech (AI, cloud, cybersecurity), functional (Excel, accounting), and soft skills
- Offering assessments to align learning with career aspirations
- Making AP's workforce future-ready, adaptable to global trends like hybrid work and the gig economy

10. How will the Policy be implemented?

The governance structure includes:

- **State Investment Promotion Board (SIPB):** Chaired by the Chief Minister; approves mega and strategic investments

- **State Investment Promotion Committee (SIPC):** Recommends changes and tailor-made incentives; supports SIPB
- **Consultative Committee for IT & Electronics Investments (CCITEI):** A government-industry body for continuous feedback, rapid resolution, and policy review.

Operational guidelines detailing procedures, definitions, and compliance measures will be issued separately by the ITE&C Department.

With its forward-thinking IT & GCC Policy 2024-2029, Andhra Pradesh positions itself as a competitive GCC hub in India. By offering robust financial incentives, cutting-edge infrastructure, and work-force development programs, the state aims to attract top global GCC firms and create a world-class business ecosystem. The policy reflects Andhra Pradesh's commitment to becoming a leader in India's evolving digital economy, making it a prime destination for GCC investments.

Navigating government incentives and policy frameworks can be complex, but that's where we come in. Our team offers end-to-end support for stakeholders looking to benefit from the Andhra Pradesh IT & GCC Policy 2024-2029. Reach out to explore how we can tailor our support to your specific business goals in Andhra Pradesh.

Anand Khetan, Partner, Rödl & Partner
Devika Gandhi, Manager, Rödl & Partner
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About MIIM

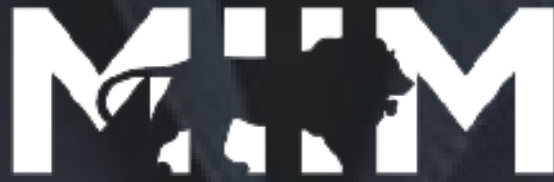
MIIM is a market-entry support programme for German Mittelstand and family-owned enterprises launched by Embassy of India Berlin, Germany in 2015; driven by Government of India's national programme, 'MAKE IN INDIA'.

The objective of MIIM programme is to facilitate investments by German Mittelstand and family-owned companies in India and to provide market entry related services.

The MIIM program has enrolled 227 companies which represent a cumulative declared investment of 2.15 bn EUR to India. MIIM has supported and facilitated the establishment of approximately 125 new manufacturing sites and expansions, along with 65 new subsidiaries. The program also offers numerous workshops—both physical and virtual—and networking events that facilitate knowledge exchange, while also serving as catalysts for meaningful partnerships that drive innovation and growth.

As a part of MIIM program members are exposed to a wide range of business support services under a single platform. The program is being implemented with the support of its Knowledge Partner – Rödl & Partner, Facilitation Partners including Central and State Government Ministries in India and also key industry partners who can support the companies in various aspects of market entry into India. Offered services includes Strategy consulting, M&A, operational market entry support, tax & legal support, financial services and other services.





MAKE IN INDIA MITTELSTAND!

Rödl & Partner - Exclusive Knowledge Partner

Investment support for German Mittelstand Enterprises

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