CHAPTER

# 1 About Bharat

The history of India is a rich tapestry woven with diverse people and traditions. Its political narrative unfolds as an endless chronicle of the ascent and decline of numerous kingdoms and dynasties, many of which have faded into obscurity with the passage of time. Yet, the enduring legacy of these rulers endures in the form of awe-inspiring monuments and structures. Among these, forts hold a special place, serving as tangible relics of India's past.

India has achieved many milestones. On **4th September, 2026 ISRO launched GSLV-F17/EOS-05 from Sriharikota. It is India's First imaging satellite designed to observe earth from Geosynchronous orbit.** This milestone reflects a nation that is not merely a participant in the global space race — but increasingly, **a leader shaping its future**. India has learned to leverage its strengths in scientific talent, cost-efficient engineering, and international collaboration, while steadily addressing its gaps to accelerate forward on the world stage. India has proved its strengths, while recognizing its weaknesses in order to move ahead rapidly.

The growth of the Indian economy is deeply intertwined with the principles and provisions laid out in the Indian Constitution. At its core, the Constitution serves as the guiding framework that shapes economic policies and endeavours in the country. The economic rights and principles enshrined within the Constitution, such as equitable distribution of resources and protection against concentration of wealth, provide a moral and legal foundation for economic growth that prioritizes the welfare of all citizens. The Directive Principles of State Policy, a key component of the Constitution, underscore the State's duty to promote the welfare of its people and ensure economic justice. Moreover, the Fundamental Rights and property-related provisions within the Constitution influence economic activities and property rights, which are vital for economic development.

In essence, the Indian Constitution serves as a cornerstone that not only protects fundamental rights but also paves the way for the sustainable and equitable growth of the nation's economy.

## Constitution of India

India that is Bharat, shall be a Union of States. It is a Sovereign, Socialist, Secular, Democratic Republic with a Parliamentary system of Government. The Republic is governed in terms of the Constitution of India which was adopted

by the Constituent Assembly on 26th November, 1949 and came into force on 26th January, 1950. It is the longest written Constitution of any sovereign country in the world, containing 448 Articles in 25 parts and 12 Schedules. The Constitution provides for a Parliamentary form of Government which is federal in structure with certain unitary features. The constitutional head of the Executive of the Union is the President. As per Article 79 of the Constitution of India, there shall be a Parliament of the Union which shall consist of the President and two Houses to be known respectively as the Council of States (Rajya Sabha) and the House of the People (Lok Sabha).

Article 74(1) of the Constitution provides that there shall be a Council of Ministers with the Prime Minister as the head to aid and advise the President who shall, in the exercise of his functions, act in accordance with such advice. The real executive power is thus vested in the Council of Ministers with the Prime Minister as its head.

## Fundamental Rights

According to the Indian Constitution, there are 6 basic fundamental rights of Indian citizens, which are as follows:

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| Right to Equality | Article 14: Equality before law and equal protection of law<br>Article 15: Prohibition of discrimination on grounds of religion, race, caste, sex or place of birth<br>Article 16: Equality of opportunity in matters of public employment<br>Article 17: Abolition of untouchability<br>Article 18: Abolition of titles; military and academic distinctions are, however, exempted |
| Right to Freedom | Article 19: Protection of certain rights regarding freedom of speech, etc :<br>• to freedom of speech and expression<br>• to assemble peacefully and without arms<br>• to form associations or unions or co-operative societies<br>• to move freely throughout the territory of India<br>• to reside and settle in any part of the territory of India<br>• to practice any profession, or to carry on any occupation, trade or business<br>Article 20: Protection in respect of conviction for offences<br>Article 21: Protection of Life and Personal Liberty |

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| | Article 21A: Right to education (the State shall provide free and compulsory education to all children of the age of six to fourteen years, in such manner as the State may, by law, determine)<br>Article 22: Protection against arrest and detention in certain cases |
| Right Against Exploitation | Article 23: Prohibition of traffic in human beings and forced labour<br>Article 24: Prohibition of employment of children below the age of 14 in factories, etc. |
| Right to Freedom of Religion | Article 25: Freedom of conscience and free profession, practice and propagation of religion<br>Article 26: Freedom to manage religious affairs<br>Article 27: Freedom as to payment of taxes for promotion of any particular religion<br>Article 28: Freedom as to attendance at religious instruction or religious worship in certain educational institutions |
| Cultural and Educational Rights | Article 29: Protection of interests of minorities<br>Article 30: Right of minorities to establish and administer educational institutions |
| Right to Constitutional Remedies | Article 32: The right to move the Supreme Court by appropriate proceedings for the enforcement of the rights conferred by this Part is guaranteed<br>*Nature of Writs:* Habeas Corpus, mandamus, prohibition, quo warranto, certiorari, whichever may be appropriate, for the enforcement of any of the rights conferred by this Part<br>Article 226: Power of High Courts to issue certain writs<br>*Nature of Writs:* Habeas Corpus, mandamus, prohibition, quo warranto, certiorari, or any of them, for the enforcement of any of the rights conferred by Part III and for any other purpose |

## General Profile

| **Particulars** | **Description** |
|---|---|
| Location | The Indian Peninsula is separated from mainland Asia by the Himalayas. The country is surrounded by the Bay of Bengal in the east, the Arabian Sea in the west and the Indian Ocean to the south. |
| Geographic Coordinates | Lying entirely in the Northern Hemisphere, the country extends between 8° 4′ and 37° 6′ latitudes north of the Equator, and 68° 7′ and 97° 25′ longitudes east of it. |

| Particulars | Description |
|---|---|
| Indian Standard Time | GMT + 05:30 hours |
| Area | 3.3 million sq. km (square kilometers) |
| Telephone Country Code | +91 |
| Border Countries | Afghanistan and Pakistan to the north-west; China, Bhutan, and Nepal to the north; Myanmar to the east; and Bangladesh to the east of West Bengal; Sri Lanka to South is separated from India by a narrow channel of sea, formed by Palk Strait and the Gulf of Mannar. |
| Coastline | 11,098.81 km encompassing the mainland, Lakshadweep Islands and the Andaman and Nicobar Islands (revised in 2025 by the National Hydrographic Office and Survey of India using modern GIS methods). |
| Climate | The climate of India can broadly be classified as a tropical monsoon one. But, in spite of much of the northern part of India lying beyond the tropical zone, the entire country has a tropical climate marked by relatively high temperatures and dry winters. There are 4 seasons:<br>• Winter (December–February),<br>• Summer (March–June),<br>• South west monsoon season (June–September), and<br>• Post monsoon season (October–November). |
| Terrain | The mainland comprises 4 regions, namely, the great mountain zone, plains of the Ganga and the Indus, the desert region, and the southern peninsula. |
| Natural Resources | Coal, iron ore, manganese ore, mica, bauxite, petroleum, titanium ore, chromite, natural gas, magnesite, lime-stone, arable land, dolomite, barytes, kaolin, gypsum, apatite, phosphorite, steatite, fluorite, etc. |
| Environment International Agreements/ Conventions / Protocols | • United Nations Framework Convention on Climate Change (UNFCCC)<br>• Kyoto Protocol to the United Nations Framework Con-vention on Climate Change<br>• Paris Agreement<br>• Vienna Convention for the Protection of the Ozone Layer and its Montreal Protocol (including the Kigali Amendment) |

| Particulars | Description |
|---|---|
| | • Convention on Biological Diversity<br>• Cartagena Protocol on Bio safety<br>• UN Convention to Combat Desertification (UNCCD)<br>• Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)<br>• International Tropical Timber Agreement<br>• International Network for Bamboo and Rattan (INBAR)<br>Declaration: Rio Declaration on Environment and Development |
| Geography | India occupies a major portion of the South Asian subcontinent. |
| Population | 1,463.9 million (2025 estimate, UN World Population Prospects 2024, as reported by UNFPA). The Census of India 2027 is under way: houselisting operations from April to September 2026 and population enumeration in February 2027 (reference date 1st March, 2027). |
| Population Growth Rate | 0.9% (2025) |
| Languages | 22 different languages recognized by the Constitution of India; Hindi is the Official Language |
| Literacy Rate | 81.1% (2025, Periodic Labour Force Survey) |
| Suffrage | 18 years of age; universal |

## Political Profile

| | |
|---|---|
| Country Name | Republic of India; Bharat Ganrajya |
| Government Type | The Democratic Republic with a Parliamentary System of Government |
| States and Union Territories | 28 States and 8 Union Territories |
| Constitution | The Constitution of India came into force on 26th January 1950. The Constitution of India is the source of the legal system in the country. As on 1 May 2026, the Constitution of India has been amended upto 106th (Amdt.) Act, 2023, dt. 28-9-2023. |
| Executive Branch | The President of India is the Head of State of Republic of India. The President serves as both the supreme commander of the Indian Armed Forces and the nominal head of the executive and is the first citizen of India. The Prime Minister is the Head of the Government and runs the office with the support of the Council of Ministers, who forms the Cabinet. |

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| Legislative Branch | Lok Sabha and Rajya Sabha form both Houses of the Parliament. |
| Judicial Branch | The Supreme Court of India is the Apex body of the Indian legal system, followed by the High Courts and subordinate courts. |

## Economic Profile

The Indian economy is a mixed, middle-income developing market economy, with the State participating in distinct sectors.

Until 1991, India was a closed economy encouraging protectionist economic policies in control State and economic activities in the country. However, after 1991, India has transformed its closed economy into a liberal one, and it is today the fastest-growing major economy. As per the IMF World Economic Outlook (October 2026), India's nominal GDP is projected at USD 4.06tn in 2026, rising to just under USD 5tn in 2028 and about USD 6.13tn in 2030. As per the Provisional Estimates released by MoSPI on 5 June 2026 (new series, base year 2022-23), India's real GDP grew by 7.7% in FY 2025-26. As per the Provisional Estimates released by MoSPI on 5 June 2026, nominal GDP for FY 2025-26 stood at ₹346.36 lakh crore, a growth of 8.9% over ₹318.07 lakh crore in FY 2024-25. Nominal GVA grew by 9.1% in FY 2025-26, compared with 9.6% in FY 2024-25.

As per data from PIB, India's efforts to increase private final consumption, and moving towards new social and infrastructure equity are visible.

Private Final Consumption Expenditure (PFCE) grew by 7.7% in real terms in FY 2025-26, in line with real GDP growth of 7.7% in the same year (Provisional Estimates, MoSPI, 5th June, 2026). The growth of India can also be seen in its service sector which is expanding and diversifying its growth through the introduction of various schemes and policies.

India being a mixed economy and mix of middle-class income presents an opportunity for Indian as well as foreign investors to invest in India's economy, considering that, India allows 100% FDI under automatic route in majority of the sectors, which can be reflected from the fact that cumulative FDI inflows reached about USD 1.17tn during April 2000 to March 2026. In FY 2025-26, India recorded total FDI inflows of USD 94.53bn (provisional), including FDI equity inflows of USD 58.85bn, compared with total FDI inflows of USD 80.62bn in FY 2024-25.

Indian economy is working on almost every aspect to grow while contributing to the growth of all sections of society. Be it infrastructure development to attract more FDI or providing home loans at competitive rates, to introduce initiatives like Startup India and Vocal for Local, among others to support various sectors of society.

The growth of the Indian economy is easily evident from the given facts and the growth prospect of India seems bright based on its momentum towards development and growth.

Since 2014, India's growth trajectory is impressive based on the reformed, renewed and result oriented policies **"Make in India"**.

"Make in India" is an initiative introduced in 2014 under the leadership of our Hon'ble Prime Minister, Narendra Modi Ji with the primary objective to transform India into a global manufacturing and investment hub. As per the report of Press Information Bureau (PIB), in last decade, "Make in India" has made considerable accomplishments in 27 distinct sectors of the economy.

Besides this, India has made some remarkable achievements–

- In FY 2025-26, real GVA of the secondary sector grew by 8.8%, with manufacturing growing by 10.7% (Provisional Estimates, MoSPI).
- The share of Private Final Consumption Expenditure (PFCE) in GDP at current prices stood at 56.7% in FY 2025-26.
- As of September 2025, India has become third (3rd) largest automobile market and second (2nd) largest mobile manufacturer in the world.
- Industry 4.0, an industrial reform will help India to achieve its objectives of *Aatmanirbhar* Bharat and its aspiration to become significant player in Global Value Chains.
- As of March 2026, the Production Linked Incentive (PLI) Scheme has attracted actual investments of over ₹2.40 lakh crore across 14 key sectors, anchoring investors and strengthening India's manufacturing capabilities through greenfield and brownfield projects.
- The pharmaceutical and drug exports experienced growth rates of 7% over the last decade (FY15 to FY25).
- Up to February 2026, the performance of the infrastructure sector exceeded its previous-year growth in Power Generation (+0.50%), Revenue Earning Freight Traffic at Railways (+3.96%), and Passenger Traffic handled at International Terminals of Airports (+3.70%), while Refinery Production declined by 1.00%.
- In September 2023, the Union Cabinet approved Phase III of the eCourts Mission Mode Project for four years from 2023, with a financial outlay of ₹7,210 crore.
- As on 30 June 2026, under the Tele-Law Programme, more than 1.13 crore pre-litigation advice had been provided to beneficiaries.
- Under Nyaya Bandhu (*Pro Bono* Legal Services) Programme, 10,133 advocates had volunteered and registered on the Nyaya Bandhu platform as on 31 January 2026.
- As of February 2026, a panel of *Pro Bono* Advocates has been constituted in 23 High Courts.

India's growth story reveals that the introduced policies/measures by Indian Government are result-oriented and are being upgraded as per the relevant situation. One of the finest examples of result-oriented policy making of India, is COVID–19. India's near – universal vaccine coverage has resumed the utilization of contact based services such as restaurants, hotels, shopping malls, cinema; and most importantly, it has brought back the migrant workers to cities to commence working. This has significantly diminished the housing market inventories, strengthened the corporate balance sheets, adequately capitalized public sector banks, resulted in increase of credit supply and credit growth to the major sectors including MSME sector.

The positive growth trends of India showcase that India has left no stone unturned to become a global economic power, which may not be possible without unique geographic, demographic, political, infrastructural and climatic setup, among other factors helping India.

The geographical, demographic, and political advantage, allows easy trading and helps in easy access to market. Further, the liberal policy framework of the country, especially result-oriented measures such as Make in India, Digital India, Vocal for Local, etc., enhances the intrinsic strengths of the country. These mentioned aspects help the country in the long run by allowing it to successfully sign Free Trade Agreements, Economic Partnership Agreements, Comprehensive Economic Cooperation Agreements, among others.

## Socio-Economic Structure

India has a large-sized middle class, which is expanding substantially, thereby offering a big market for foreign products and services. Currently India's hotspots are Delhi, Mumbai, Kolkata, Chennai, Bengaluru, and Hyderabad.

The Reserve Bank of India, in its Monetary Policy Statement of 7th October, 2026, has projected real GDP growth of 7.1% for FY 2026-27, after growth of 7.8% in the first quarter (April–June 2026). Besides this, the private consumption of Indian economy is reflecting positive trends enhancing production activity, therefore, higher Capital Expenditure (Capex). The consistent economic growth in India has been an important factor to increase growth of the country.

Also, FY 2026-27 presents opportunities to enhance India's economic growth through private consumption and capital formation, along with increasing employment. The Government has continued to strengthen education infrastructure through the PM SHRI Scheme, which aims to develop more than 14,500 schools as exemplar institutions. As of July 2026, 13,092 schools have been selected under the PM SHRI Scheme, covering around 90% of the envisaged target. In higher education, India has 23 IITs and 21 IIMs (2024-25).

India's attempt to improve the socio–economic structure of the country is commendable, especially with the introduction of the National Education Policy 2020, building Smart Cities, Solar Grids, among others, have not only boosted the employment in the country but in a long run, it will decrease the poverty too.

## India's Ranking (2025-26)

- As of November 2025, India is the largest producer of milk worldwide.
- In the Network Readiness Index, 2025, India holds 2nd rank in "Mobile broadband internet traffic within the country" and "International Internet bandwidth".
- In the Network Readiness Index 2025, India holds the 1st rank in "Annual investment in telecommunication services" and the 3rd rank in "Domestic market scale".
- India is the 2nd largest producer of cement in the world, with production of about 453 million tonnes in FY 2024-25.
- As of May 2026, India is the 2nd largest producer of tea in the world.
- India has the 2nd largest road network in the world, with about 1.47 lakh km of National Highways (March 2026).
- As of July 2026, India is the 6th largest chemical-producing country in the world and the 4th largest producer in Asia.
- As of March 2026, India is the world's largest vaccine producer, supplying about 60% of global vaccines.
- As of August 2026, India is the world's largest market for two-wheelers and three-wheelers and the third-largest market for passenger and commercial vehicles.
- India is the 2nd largest crude steel producer in the world, producing about 168.4 MT in FY 2025-26.
- India is the 2nd largest exporter of agrochemicals (Department of Chemicals and Petrochemicals, 2025).
- India ranks 4th in the world in exports of inorganic chemicals and 8th in exports of organic chemicals (Department of Chemicals and Petrochemicals, 2025).
- As of March 2026, India has the 3rd largest metro rail network in the world.
- In 2026, India ranked 38th among 139 economies in the Global Innovation Index (GII) 2026, and first among lower middle-income economies.
- Computer software and hardware is the 2nd largest sector for FDI equity inflows into India (cumulative, April 2000 to March 2026, DPIIT).

- As of August 2026, India holds the 4th rank worldwide in the production of iron ore.
- As of March 2026, India ranks 3rd worldwide in the production of Drugs and Pharmaceuticals by volume and 11th by value, and exported pharmaceutical products to 191 countries in 2024-25.
- As of FY 2025-26, India ranks 3rd globally in electricity generation and consumption.
- Construction is the 6th largest FDI recipient sector for India in FY 2024-25.
- India is emerging as a leading global destination for technology-related investment.
- As of June 2026, India is among the world's leading spacefaring nations and the 4th nation, after the United States, Russia and China, to soft-land on the Moon.
- As of January 2026, India ranks among the top three countries in the world for publications in science and engineering.
- As of January 2026, India ranks among the top three countries globally in the number of PhDs awarded in Science and Engineering (S&E).
- As of October 2025, India is the 4th largest refining hub globally.

## Unraveling GDP Growth and Easing Business Dynamics in India and the Global Economy

The relationship between India and the global economy has evolved into a dynamic interplay of mutual influence and collaboration. As one of the world's largest economies, India's interactions with the global economic landscape are substantial and multifaceted. The nation's strategic geographic location, diverse workforce, and strong technological capabilities have positioned it as a vital participant in international trade, investment, and innovation.

India's integration into the global economy has been propelled by its role as a hub for services such as information technology, software development, and business process outsourcing. This has not only facilitated cross-border business transactions but has also led to a steady influx of foreign direct investment, contributing to job creation and economic growth. Additionally, India's skilled workforce and innovation-driven initiatives have enabled it to become a prominent player in global supply chains, enhancing its competitiveness on a global scale.

Furthermore, India's engagement in international trade agreements and partnerships underscores its commitment to fostering economic cooperation. The country's participation in forums such as the World Trade Organization (WTO) and its pursuit of regional trade agreements demonstrate its dedication to expanding market access and promoting fair trade practices.

## Real GDP Growth Projections for 2026: The World's 50 Largest Economies

***Source***: IMF, World Economic Outlook, October 2026, Statistical Appendix, Online Tables A2 and A4 (Real GDP), https://www.imf.org/-/media/files/publications/weo/2026/october/english/tablea.pdf; World Bank, World Development Indicators, GDP ranking 2025, 15 July 2026, https://datacatalog.worldbank.org/search/dataset/0038130/gdp-ranking

| S. No. | Country | Real GDP growth, 2026 (%, projection) | GDP, 2025 (USD billion) | Rank by GDP size, 2025 |
|---|---|---|---|---|
| 1 | Vietnam | 8.4 | 515 | 32 |
| 2 | India | 7.0 | 3,956 | 6 |
| 3 | Malaysia | 5.2 | 472 | 34 |
| 4 | Indonesia | 5.1 | 1,446 | 17 |
| 5 | Egypt | 5.1 | 365 | 43 |
| 6 | Singapore | 5.0 | 604 | 27 |
| 7 | China | 4.5 | 19,498 | 2 |
| 8 | Israel | 4.5 | 611 | 26 |
| 9 | Kazakhstan | 4.4 | 306 | 49 |
| 10 | Nigeria | 4.2 | 291 | 50 |
| 11 | Hong Kong SAR | 3.8 | 427 | 39 |
| 12 | Denmark | 3.7 | 463 | 35 |
| 13 | Bangladesh | 3.6 | 456 | 37 |
| 14 | Pakistan | 3.6 | 407 | 41 |
| 15 | Poland | 3.4 | 1,035 | 21 |
| 16 | Philippines | 3.4 | 487 | 33 |
| 17 | Korea, Republic of | 3.3 | 1,872 | 13 |
| 18 | Peru | 3.0 | 335 | 47 |
| 19 | Türkiye | 2.7 | 1,597 | 16 |
| 20 | Spain | 2.5 | 1,906 | 12 |
| 21 | Sweden | 2.5 | 669 | 25 |
| 22 | United States | 2.3 | 30,770 | 1 |
| 23 | Brazil | 2.2 | 2,280 | 11 |
| 24 | Colombia | 2.2 | 457 | 36 |
| 25 | Argentina | 2.1 | 683 | 24 |
| 26 | Thailand | 2.1 | 577 | 29 |
| 27 | Portugal | 2.1 | 347 | 46 |
| 28 | Australia | 1.9 | 1,799 | 15 |
| 29 | Switzerland | 1.9 | 1,044 | 20 |
| 30 | Czechia | 1.8 | 391 | 42 |

| S. No. | Country | Real GDP growth, 2026 (%, projection) | GDP, 2025 (USD billion) | Rank by GDP size, 2025 |
|---|---|---|---|---|
| 31 | Finland | 1.7 | 317 | 48 |
| 32 | Mexico | 1.5 | 1,833 | 14 |
| 33 | Netherlands | 1.5 | 1,333 | 18 |
| 34 | Norway | 1.5 | 531 | 31 |
| 35 | Germany | 1.3 | 5,051 | 3 |
| 36 | United Kingdom | 1.3 | 4,003 | 5 |
| 37 | Canada | 1.1 | 2,320 | 10 |
| 38 | South Africa | 1.0 | 427 | 40 |
| 39 | Russian Federation | 0.9 | 2,561 | 8 |
| 40 | Italy | 0.8 | 2,552 | 9 |
| 41 | Japan | 0.7 | 4,435 | 4 |
| 42 | Belgium | 0.7 | 725 | 22 |
| 43 | Austria | 0.6 | 579 | 28 |
| 44 | Chile | 0.6 | 357 | 45 |
| 45 | France | 0.4 | 3,366 | 7 |
| 46 | Romania | -0.5 | 429 | 38 |
| 47 | Ireland | -1.0 | 722 | 23 |
| 48 | Saudi Arabia | -3.3 | 1,277 | 19 |
| 49 | United Arab Emirates | -3.9 | 552 | 30 |
| 50 | Iran | -7.6 | 363 | 44 |

***Note*:** The table covers the 50 largest economies by GDP in 2025 in current US dollars, as ranked by the World Bank, arranged from the highest to the lowest projected real GDP growth in 2026; economies with the same growth rate are listed by size. India's projected growth of 7.0% is the second highest of the 50, after Vietnam (8.4%). World real GDP growth is projected at 3.1% in 2026. For India, the IMF figure relates to fiscal year 2026-27.

## Summary

India, a nation celebrated for its rich tapestry of religions, cultures, traditions, and languages, has continuously demonstrated its resilience and strength. Despite enduring centuries of colonization, India has emerged as a powerhouse in various fields, leaving an indelible mark on the global stage. Following liberalization, the country has achieved remarkable milestones, from economic growth and trade enhancement to technological advancements and international recognition.

India is among the world's largest economies and the fastest-growing major economy; as per the IMF World Economic Outlook (October 2026),

India's nominal GDP is projected at USD 4.06tn in 2026 and to cross USD 5tn in 2029. This reflects India's status as one of the world's fastest-growing economies, attributed to result-oriented policies such as "Make in India." Launched in 2014 under the leadership of Hon'ble Prime Minister, Narendra Modi, the "Make in India" initiative aims to transform India into a global manufacturing and investment hub. Over the years, it has yielded significant accomplishments across 27 sectors of the economy.

The nation's industrial prowess is evident, with India becoming the third-largest automobile market and the second-largest mobile manufacturer worldwide. Embracing Industry 4.0, an industrial revolution, India aims to play a substantial role in global value chains, aligned with its goals of self-reliance (*Aatmanirbhar* Bharat).

India's positive growth trajectory in almost all sectors of the economy is the result of efficient, effective, and result-oriented schemes like Make in India, Production Linked Incentive (PLI) Scheme, and many more which are constantly attracting investments from India and foreign countries.

India's commitment to enhancing legal and judicial services is evident through initiatives like the Tele-Law Programme and the eCourts Mission Mode Project (now in Phase III). These endeavours provide legal advice, awareness, and services to beneficiaries across the nation.

Amidst its economic strides, India has responded proactively to global challenges. The country's efficient handling of the COVID-19 pandemic has been noteworthy, facilitating the resumption of economic activities.

India's unique geographic, demographic, and political advantages have positioned it as a global economic player. Its diverse culture, liberal policies, and strategic initiatives like "Make in India" have amplified these strengths. The nation's growth trajectory demonstrates that India is relentlessly working towards becoming a dominant global economic force.

CHAPTER 2

# Why India: Advantages and Incentives for Business

Companies that make and sell goods across borders are rethinking where they produce and where they sell. Supply chains that lean on a single country have been exposed to trade disputes, sudden tariff changes and disruption on shipping routes, and many boards now want a second or third production base as well as new markets. Capital is still moving: UNCTAD reports that global foreign direct investment (FDI) rose to USD 1.6tn in 2025, and that developing Asia received USD 644bn of it, about 40% of the world total. Trade is shifting too. The WTO notes that US imports from China fell by 29% in 2025, cutting China's share of US imports to 9.3%, yet China's merchandise exports grew by 17.6% in the first half of 2026.

This chapter compares India with six countries that investors commonly weigh against it: China, which is expected to remain the world's largest manufacturing country for the 16th consecutive year; Vietnam, Indonesia and Thailand in South-East Asia; Bangladesh, whose exports are dominated by ready-made garments; and Mexico, a production base for North America under the United States-Mexico-Canada Agreement (USMCA). It covers market size and growth, people and skills, operating costs, incentives, corporate taxes, infrastructure and power, digital public infrastructure, access to world markets, India's role in the G20, macroeconomic stability and recent investment decisions.

Each competitor has real strengths, and these are stated where they matter. The case for India rests on official data for 2025 and 2026 from the Government of India, the Reserve Bank of India (RBI), international organisations and the governments of the other six countries.

This chapter explains why investors choose India; Chapter 4 explains how to set up a business or factory, step by step. Sector openings are described in Chapter 3, Business Opportunities in India, and policy on foreign investment, foreign trade, MSMEs, entry options, funding and business laws in Chapters 6 to 11.

## 1. India and Its Competitors at a Glance

Table 2.1 sets out basic indicators for the seven countries from the latest editions of international datasets, so that each country is measured in the same way.

**Table 2.1: India and six comparator countries, key indicators**

| Country | Real GDP growth, 2025 (%) | Real GDP growth, 2026 projection (%) | CPI inflation, 2026 projection (%) | Population, 2025 (mn) | FDI inflows, 2025 (USD bn) | Global Innovation Index 2026 rank (of 139) |
|---|---|---|---|---|---|---|
| India | 7.8 | 7.0 | 5.0 | 1,463.9 | 38.9 | 38 |
| China | 5.0 | 4.5 | 1.0 | 1,416.1 | 104.7 | 10 |
| Vietnam | 8.0 | 8.4 | 4.7 | 101.6 | 20.4 | 43 |
| Indonesia | 5.1 | 5.1 | 3.3 | 285.7 | 21.4 | 55 |
| Bangladesh | 3.5 | 3.6 | 8.7 | 175.7 | 1.8 | 105 |
| Mexico | 0.5 | 1.5 | 3.8 | 132.0 | 40.9 | 65 |
| Thailand | 2.4 | 2.1 | 2.1 | 71.6 | 19.1 | 44 |

*Note:* India's IMF growth figures are for fiscal years (April to March): the 2025 column is FY 2025-26 and the 2026 column is FY 2026-27. Bangladesh's national accounts are on a July to June fiscal year. Inflation is the IMF's projected annual average. FDI inflows are UNCTAD figures for calendar 2025 (Vietnam's on an asset/liability basis). Population figures are UN estimates.

*Source:* IMF, World Economic Outlook, October 2026 (Statistical Appendix, Tables A4 and A7); UN DESA, World Population Prospects 2024, via the UNFPA World Population Dashboard; UNCTAD, World Investment Report 2026; WIPO, Global Innovation Index, 2026.

**Four points stand out, and together they make a strong case for India.**

**Growth.** India is the fastest-growing large economy in the group and is sustaining that pace at scale. The IMF estimates India's growth at 7.8% in FY 2025-26 and projects 7.0% for FY 2026-27, while the RBI's own projection for 2026-27 is stronger still at 7.1%. That is more than double the IMF's 2026 projection for the world (3.1%) and well ahead of Emerging and Developing Asia (5.1%). Only Vietnam, a much smaller economy, grows faster (8.0% and 8.4%). China and Indonesia are growing steadily, while Thailand, Bangladesh and Mexico are projected to grow at between 1.5% and 3.6% in 2026.

**Scale.** India pairs this growth with unmatched scale. It is home to 18.2% of the world's people, the largest population of the seven, and accounted for 8.2% of world GDP at purchasing power parity in 2025. That makes it second only to China (19.6%) in the group and more than five times the size of Mexico (1.6%). Few markets offer investors this combination of size and momentum.

**Prices.** India's projected inflation of 5.0% in 2026 sits within the RBI's 2–6% tolerance band, close to Vietnam's level and far below Bangladesh's. Its inflation runs higher than in China, Thailand, Indonesia and Mexico, but it reflects a fast-expanding economy rather than instability. Section 11 sets out how the RBI is steering it toward target.

**Investment and innovation.** India is already among the world's leading investment destinations. It ranked 11th globally for FDI in 2025, well ahead of regional peers Indonesia (18th) and Vietnam (19th), while Thailand fell outside the top 20. Among the seven, only China (4th) and Mexico (10th) ranked higher.

India's share of world exports of goods and services, 2.5% in 2025, already exceeds Mexico's 2.1%, and with China at 11.9% the headroom for India as an export base is substantial. In the Global Innovation Index 2026, India ranks 38th and leads Central and Southern Asia. WIPO also identifies India, together with Vietnam, as the longest-running innovation "overperformer" relative to its level of development, for 16 consecutive years.

***Source:*** IMF, World Economic Outlook, October 2026; RBI, Governor's Statement, 7 October 2026; UNCTAD, World Investment Report 2026; WIPO, Global Innovation Index 2026.

## 2. A Large and Fast-Growing Domestic Market

For many investors the strongest reason to be in India is India itself. A plant here can be sized for the domestic market and use exports for additional scale, which leaves it less exposed to changes in any one foreign market's trade policy.

India's 1,463.9mn people slightly outnumber China's 1,416.1mn and far exceed the populations of the other five comparators. China's economy remains much larger, but India is growing faster, so each year adds a large increment of new demand.

Official indicators show how much of this demand now passes through the formal economy:

- Goods and Services Tax (GST) collections were about ₹22.27 lakh crore in 2025-26, and registered GST taxpayers reached 1.65 crore in May 2026.
- The Unified Payments Interface (UPI) handled over 24,162 crore transactions worth about ₹314 lakh crore in FY 2025-26, and had 55.49 crore users by June 2026.
- India had 1,092.79mn internet subscribers on 31 March 2026.
- Regular wage or salaried employees made up 23.6% of workers in 2025, and the Ministry of Labour and Employment reports social protection coverage of 64.3% in 2025.

The home market already absorbs much of what Indian factories make. Electronics production rose 15.8% to about ₹13.11 lakh crore in FY 2025-26, while electronics exports were about ₹4.24 lakh crore. Mobile phone production was about ₹6.27 lakh crore, of which about ₹2.60 lakh crore was exported, and about 99.2% of the mobile phones used in India are now made in the country. Public investment adds demand for capital goods and construction equipment: the Union Budget 2026-27 provides capital expenditure of ₹12,21,821 crore, and effective capital expenditure of ₹17,14,523 crore including grants-in-aid for the creation of capital assets.

Indonesia also offers a large home market, but what sets India apart is the combination of the largest population of the seven with growth that, among them, only Vietnam exceeds.

***Source:*** IMF, World Economic Outlook, October 2026; UN DESA, World Population Prospects 2024; PIB releases of 30 December 2025 and 30 June, 15, 20, 21 and 29 July, 14 and 24 August and 5 October 2026; PLFS Annual Report 2025; Ministry of Finance, Budget at a Glance 2026-27.

## 3. People and Skills

### A large workforce with room to grow

India's Periodic Labour Force Survey (PLFS) for calendar 2025, the first on a calendar-year basis, shows for people aged 15 and above (usual status) a labour force participation rate of 59.3% (79.1% for men and 40.0% for women), a worker population ratio of 57.4% and an unemployment rate of 3.1%, which rises to 9.9% for people aged 15 to 29. Agriculture still employed 43.0% of workers in 2025 and manufacturing 12.1%, and manufacturing's share of employment is rising. The Ministry of Statistics and Programme Implementation (MoSPI) puts the working-age population at 64.2% of the total and expects it to stay at about 65% for the next ten years.

Some competitors face tighter labour supply. Vietnam's labour force aged 15 and over was 53.5mn in 2025. The World Bank projects that Thailand will become a super-aged society, with more than 20% of its population over 65, by around 2033, and that its working-age population is shrinking.

Women's participation is a large further reserve of labour. The new Labour Codes allow women to work in all types of establishments and at night, with their consent and prescribed safety measures, and women already make up nearly 70% of the direct workforce in mobile phone manufacturing.

***Technical talent***

- India has more than 2,100 Global Capability Centres (GCCs) employing about 26 lakh professionals in engineering, analytics, cyber security and AI-driven roles.
- India hosts about 7% of the world's semiconductor GCCs and employs nearly 20% of the global semiconductor chip design workforce.
- Mobile phone manufacturing alone supports around 12 lakh jobs, direct and indirect.
- The WTO reports that India's computer services exports grew by 11% in the first half of 2026.

### Training at scale: ITIs and apprenticeships

The Ministry of Skill Development and Entrepreneurship told the Lok Sabha in July 2026 that there were 13,856 Industrial Training Institutes (ITIs) in 2026 (a PIB backgrounder of April 2026 counts 14,688), with 14,70,277 trainees enrolled in the 2025-26 session. About 12.35 lakh apprentices were engaged under the National Apprenticeship Promotion Scheme in FY 2025-26, with more than ₹562.75 crore of stipend support disbursed. The Skill India network

under PMKVY 4.0 covered over 16,900 institutions, including more than 6,800 Skill Hubs, as on 31 March 2026. A new plant can recruit from nearby ITIs and take on apprentices with Government support for their stipends.

## The Labour Codes: what changes for employers

India's four Labour Codes (the Code on Wages, the Industrial Relations Code, the Code on Social Security and the Occupational Safety, Health and Working Conditions Code) came into effect on 21 November 2025, rationalising 29 earlier central labour laws. The main changes for employers are:

- **One registration, one licence, one return** in place of multiple filings. Establishments with 10 or more employees register electronically within 60 days.
- **Higher thresholds.** A factory is now a unit with 20 or more workers using power (earlier 10) or 40 without power (earlier 20). Standing orders, and prior Government permission for lay-off, retrenchment or closure, are needed only in establishments with 300 or more workers (earlier 100); States may raise the lay-off limit further.
- **Contract labour.** The provisions apply only where 50 or more contract workers are employed (earlier 20); such contractors need a five-year licence, and one licence can cover several States.
- **Fixed-term employment** is permitted directly, with full parity in wages and benefits and gratuity after one year of continuous service.
- **Working hours** are capped at 8 a day and 48 a week; overtime needs the worker's consent and is paid at twice the regular rate.
- **Wages.** Allowances above 50% of total remuneration are added back when computing wages for statutory benefits. Monthly wages must be paid by the end of the seventh day of the following month, and final dues within two working days of exit. A national floor wage, to be fixed by the Central Government, sets the level below which States cannot set minimum wages.
- **Social security.** Employees' State Insurance now applies across India, with a wage ceiling of ₹21,000 a month. Aggregators contribute 1–2% of annual turnover, capped at 5% of payments to gig and platform workers.
- **Industrial relations and enforcement.** A 14-day strike notice is mandatory in all establishments; establishments with 20 or more workers need a Grievance Redressal Committee; retrenching employers contribute 15 days' wages per worker to a Workers' Re-Skilling Fund; and offences punishable only with a fine can be compounded by paying 50% of the maximum fine.

Because States may set some thresholds above the central level, an investor should check the rules notified by the State where it plans to locate. Chapter 4 sets out the registrations a new unit needs.

***Source:*** MoSPI, PLFS Annual Report 2025; National Statistics Office of Viet Nam, press release of 5 January 2026; World Bank, 2026; PIB releases, 2025 and 2026; Lok Sabha Unstarred Question No. 230, 20 July 2026; Ministry of Labour and Employment, Compliance Handbook for Employers Under the Four Labour Codes, 2026, and Additional FAQs on Labour Codes, 16 March 2026.

## 4. Operating Costs

Wages, land and utilities are measured differently in each country and move with exchange rates, so this section keeps each country's figures in its own terms and avoids conversions the sources do not make.

### Wages at Japanese manufacturers

JETRO, Japan's government trade agency, surveys the pay of Japanese companies abroad. Its FY2025 survey, in an ASEAN comparison published by JETRO's Kuala Lumpur office, gives base salaries in US dollars for the three ASEAN comparators.

**Table 2.2: Average monthly base salary at Japanese manufacturers, August 2025 (USD)**

| Country | Factory worker | Engineer | Manager |
|---|---|---|---|
| Thailand | 490 | 830 | 1,774 |
| Indonesia | 385 | 513 | 1,077 |
| Vietnam | 302 | 538 | 1,179 |

***Note:*** Base salaries excluding allowances, converted by JETRO at central bank exchange rates of August 2025.

***Source:*** JETRO Kuala Lumpur office, FY2025 Survey on Business Conditions of Japanese Companies Overseas (Asia and Oceania), ASEAN comparison, January 2026.

For India, a separate survey by JETRO and the Japan Chamber of Commerce and Industry in India (JCCII) reports pay in rupees including allowances (Table 2.3). Because the measure and the currency differ, it should not be read against Table 2.2 as like for like.

**Table 2.3: Average monthly pay at Japanese manufacturers in India, 2025 (₹, including allowances)**

| Category | Monthly pay (₹) |
|---|---|
| Line worker (regular employee) | 37,073 |
| Engineer | 47,346 |
| Senior engineer | 68,808 |

***Source:*** JETRO New Delhi office, area report, 18 May 2026 (JETRO-JCCII FY2025 wage survey).

Pay in India is rising quickly: Japanese companies raised pay by an average of 10.0% for staff and 9.8% for workers in 2025, and expected 9.5% and 9.7% in 2026.

## Minimum wages

**Table 2.4: Statutory minimum wages in force in 2026**

| Country | Minimum wage | Coverage | In force from |
|---|---|---|---|
| India | ₹523 basic plus ₹317 variable dearness allowance a day, ₹840 in all (Area A); ₹704 a day (Area B); ₹565 a day (Area C), including variable dearness allowance | Central-sphere rates for unskilled construction workers | 1 October 2026 |
| China | CNY 2,740 a month; CNY 25 an hour for part-time workers | Shanghai municipal minimum | 1 July 2025 |
| Vietnam | VND 5,310,000 a month (Region I) to VND 3,700,000 a month (Region IV); VND 25,500 an hour (Region I) | Regional minimum wages | 1 January 2026 |
| Indonesia | Rp 5,729,876 a month | Jakarta provincial minimum; industrial districts set their own | 2026 |
| Mexico | MXN 315.04 a day (general); MXN 440.87 a day (Northern Border Free Zone) | National | 1 January 2026 |
| Thailand | THB 400 a day (highest); THB 372 a day (industrial provinces around Bangkok); THB 337 a day (lowest) | Set by province; THB 400 in Bangkok, Chachoengsao, Chonburi, Rayong, Phuket and Koh Samui | 1 July 2025 |

***Note:*** India's central-sphere rates apply only to scheduled employments under the Central Government; most factories are covered by State minimum wages. The variable dearness allowance is revised by later orders of the Chief Labour Commissioner (Central). Bangladesh is not shown because no official figure for 2025 or later was available for this edition.

***Source:*** Government of India, order revising variable dearness allowance for central-sphere minimum wages, File No. 6/1/2026-VDA dated 30 September 2026 (effective 1 October 2026); Shanghai Municipal Human Resources and Social Security Bureau, 2025; Ministry of Home Affairs (Viet Nam) journal, 10 November 2025; Jakarta Provincial Government, 24 December 2025; CONASAMI, 3 December 2025; Ministry of Labour (Thailand), Wage Committee Notification No. 14, 2025.

Minimum wages are rising elsewhere too: Mexico raised its general minimum wage by 13% from 1 January 2026, and Jakarta's 2026 minimum is 6.17% above its 2025 level.