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NEWSLETTER

Entering India in a Fragmented Global Economy

For years, India has been positioned as the next big growth frontier, a market defined by scale, opportunity, and accelerating consumption. But as we step into 2026, the narrative is evolving.



India is no longer just a high-growth story. It is becoming a high-discipline market, where success depends less on speed and more on structural clarity. The rules of engagement have shifted, from incentive-led expansion to compliance-driven execution, from global efficiency to geopolitical alignment, and from broad optimism to selective capital deployment.

For global businesses, this creates a paradox: the opportunity has never been stronger, but the margin for error has never been smaller.

This edition of Walmond's quarterly newsletter unpacks what has changed, what truly matters now, and how businesses can approach India with the precision it demands.



2025 Reset the Playing Field

2025 did not merely slow or accelerate growth, but it redefined how growth works.

Across sectors, India saw a divergence that is now shaping market entry strategies:

- Premium consumption surged, led by urban demand and aspirational spending
- Price-sensitive segments weakened under inflationary pressure
- Policy focus shifted from incentivisation to compliance and formalisation
- Global trade moved from efficiency-led models to geopolitical alignment
- Capital flows became selective, favouring governance-ready businesses



Demand Bifurcation Snapshot (Indicative Trends)

Segment	Growth Trend 2025	Key Driver
Premium Consumption	↑ 12–15%	Urban affluence, credit access
Mass Consumption	↓ / Flat	Inflation, rural slowdown
Manufacturing Output	↑ 6–8%	Policy push, PLI schemes
Export Growth	Volatile	Global demand uncertainty

Executive Signal - Enter, But Engineer It Right

India continues to offer 3 powerful advantages:

- scale,
- policy momentum,
- and supply chain relevance.

Yet, these advantages are now counterbalanced by operational realities.

Margins are tightening as incentives reduce and costs rise. Compliance is no longer optional, it is enforced. And volatility, driven by global and domestic factors, is becoming structural.



War & Geopolitics – The New Operating Variable

The ongoing West Asia conflict has introduced measurable volatility into energy markets, disrupted shipping routes, and increased input costs across industries.

- Crude oil prices have fluctuated between USD 75-95 per barrel in early 2026, compared to ~USD 70-75 averages in 2024, increasing fuel and logistics costs across sectors
- Freight and shipping costs on key Asia-Europe routes have risen by 20-35%, driven by rerouting and security risks around the Strait of Hormuz

- India, which imports over 85% of its crude oil, remains particularly exposed to these fluctuations, directly impacting manufacturing and transportation costs
- Core sectors such as chemicals, fertilisers, and metals have reported input cost increases of 8-18% YoY due to energy-linked dependencies

These shifts ripple through the Indian economy, influencing both cost structures and consumer demand.

Companies (Amendment) Bill, 2026

India's policy evolution is not loud, but it is deliberate.

Over the past year, export incentives such as RoDTEP have been rationalised across sectors, signalling a gradual move away from subsidy-led growth. In parallel, India has accelerated its global trade engagements, advancing free trade agreements that now span over 25 countries, including landmark deals with the UAE and Australia.

Complementing tax reforms, the Companies (Amendment) Bill, 2026 introduces a parallel shift in India's corporate governance and compliance landscape, with a clear focus on ease of doing business and regulatory efficiency.



Key changes include:

A. Faster Corporate Restructuring

- Fast-track mergers and amalgamations with simplified approval mechanisms
- NCLT processes streamlined, including single-bench approvals for certain cases

B. Capital Flexibility & Investor Appeal

- Companies can now undertake two buybacks in a year (earlier one), with a reduced gap of 6 months
- Buyback limits expanded beyond 25% of paid-up capital in specific cases

C. Strengthened Regulatory Oversight (NFRA)

- Expanded powers for the National Financial Reporting Authority (NFRA)
- Authority to issue directions to auditors and enforce compliance
- Establishment of a dedicated fund for regulatory oversight

D. CSR & Compliance Rationalisation

- CSR applicability threshold increased to ₹10 crore profits, reducing burden on smaller firms
- CSR committee requirements relaxed for companies with obligations up to ₹1 crore
- Proposed audit exemptions for small companies (subject to thresholds)

E. Modernisation of Corporate Structures

- Introduction of Restricted Stock Units (RSUs) and Stock Appreciation Rights (SARs)
- Recognition of multidisciplinary audit partnerships
- Simplified compliance for AIFs structured as LLPs

F. LLP Framework Evolution

- Decriminalisation of minor offences
- Foreign currency accounting for LLPs
- Simplified incorporation in IFSCs
- Framework for conversion of SEBI-registered trusts into LLPs

Direct Tax

The Finance Act 2026, read alongside the Income Tax Act, 2025 and Income Tax Rules 2026, represents one of the most structural overhauls of India's direct tax framework in decades.

Key structural shifts include:

- **Default Tax Regime Shift**

The Income Tax Act, 2025, establishes the new tax regime as the default, fundamentally altering taxpayer behaviour and simplifying compliance frameworks.

- **Expanded Zero-Tax Threshold**

With a ₹4,00,000 basic exemption, ₹75,000 standard deduction, and ₹60,000 rebate under Section 87A, salaried individuals can now achieve zero tax liability up to ₹12,75,000, significantly increasing disposable income.

- **TDS Rationalisation Across Sections**

Thresholds across key sections (194A, 194J, 194H, 194-I, etc.) have been increased materially, reducing withholding friction and improving working capital efficiency for businesses.



- **Removal of Higher TDS for Non-Filers**

Section 206AB has been omitted, signalling a shift toward simplification and trust-based compliance.

- **Capital Gains Harmonisation**

Long-term capital gains (LTCG) rates for foreign investors have been aligned at 12.5%, eliminating arbitrage between domestic and foreign investors.

- **Startup Ecosystem Support Extended**

The tax holiday under Section 80-IAC has been extended to 2030, reinforcing India's long-term commitment to innovation-led growth.

- **New-Age Tax Provisions**

- Expanded definition of virtual digital assets (crypto)
- New presumptive taxation for electronics manufacturing (Section 44BBD)
- Tax benefits extended to minor NPS contributions

- **Implication for Businesses:**

India's tax architecture is transitioning toward predictability, simplification, and global alignment, but with reduced arbitrage opportunities. Structuring decisions must now prioritise long-term efficiency over short-term tax optimisation.



The Indirect Tax

- India's CPI inflation has hovered around 5-6%, with fuel and food acting as key drivers
- Rural consumption growth has slowed to ~3-4%, compared to pre-2023 averages of 6%+
- Export-oriented sectors are facing dual pressure:
 - Rising input costs (margin compression)
 - Softening global demand, especially in EU markets

- Yet, the more telling signal lies in what hasn't changed. Export incentives remain largely unchanged, while structural inefficiencies, such as logistics costs hovering around 13-14% of GDP, significantly higher than the global benchmark of 8-9%, highlight that India's competitiveness will be built gradually, not subsidised immediately.

Union Budget 2026 | What Actually Matters for Entrants

The Union Budget 2026 reinforces a familiar theme, but with sharper intent. India is doubling down on long-term capacity building rather than short-term stimulus.

This is evident in the government's continued push on capital expenditure, which has reached approximately ₹11.1 lakh crore for FY26, an increase of nearly 11% year-on-year. At the same time, production-linked incentive (PLI) schemes, with committed outlays exceeding ₹1.97 lakh crore across 14 sectors, continue to anchor the country's manufacturing ambitions.



THE DIGITAL PERSONAL DATA PROTECTION ACT, 2023 (DPDP): A PARADIGM SHIFT IN INDIA'S DATA

India has ushered in a new era of digital governance with the enactment of the Digital Personal Data Protection Act, 2023 (DPDP Act). This seminal legislation establishes a robust framework to safeguard the privacy of individuals' digital personal data, balancing innovation with the fundamental right to privacy. It mandates a culture of accountability and transparency for all entities handling personal data.



Core Tenets of the DPDP Act:

Consent-Driven Processing	At its heart, the Act mandates explicit, informed, and unambiguous consent from individuals (Data Principals) for the processing of their personal data. Data Fiduciaries (organisations) must ensure data collection is purpose-limited and minimised to what is strictly necessary.
Enhanced Data Principal Rights	Individuals are empowered with significant control over their data, including the right to access, correct, and erase their personal information, alongside a robust grievance redressal mechanism.
Stringent Fiduciary Obligations	Data Fiduciaries are now legally bound to implement robust security measures, notify data breaches promptly, and uphold heightened protections for the data of children.
Formidable Enforcement	The Act establishes the Data Protection Board of India, armed with powers to adjudicate non-compliance and impose substantial penalties, underscoring the gravity of its provisions.

The DPDP Act marks a pivotal moment, compelling organisations to re-evaluate their data handling practices and fostering a secure digital ecosystem for all.

TRADE REALITY | FRAGMENTATION IS THE NEW NORMAL

Global trade is no longer a predictable system; it is a fragmented landscape shaped by policy, politics, and compliance.

Growth in global trade volumes has slowed to around 2.6% in 2025, a marked decline from pre-2022 levels that often exceeded 5%. At the same time, more than 3,000 new trade restrictions have been introduced globally over the past three years, reflecting a shift toward protectionism and strategic alignment.



For businesses exporting into regulated markets such as the European Union, the challenge is no longer just tariffs. ESG-linked frameworks like the Carbon Border Adjustment Mechanism (CBAM) are increasing compliance costs by an estimated 10-20%, effectively turning regulation into a gatekeeper for market access.

In this environment, trade is no longer frictionless. It must be designed carefully, strategically, and with compliance at its core.

KEY HIGHLIGHTS OF THE NEW LABOUR CODES



The Government of India has consolidated twenty-nine (29) central labour laws into four (4) comprehensive Labour Codes to simplify the legal framework, enhance ease of doing business, and ensure worker welfare.

I. THE CODE ON WAGES, 2019

Universal Minimum Wages	Extends the right to minimum wages to all employees across organized and unorganized sectors.
Statutory Floor Wage	Introduces a mandatory national floor wage, below which no state can fix minimum wages.
Gender Non-Discrimination	Prohibits discrimination based on gender (including transgender identity) in wages, recruitment, and employment conditions
Inspector-cum-Facilitator	Replaces the 'Inspector' role with an 'Inspector-cum-Facilitator' to guide employers towards compliance.
Decriminalization	Introduces compounding of non-imprisonable, first-time offences and replaces imprisonment with monetary fines for certain offences.
Enhanced Overtime	Mandates overtime compensation at not less than twice the normal wage rate.

II. THE INDUSTRIAL RELATIONS CODE, 2020

Fixed Term Employment (FTE)	Legitimizes and regulates FTE, providing parity in wages and benefits with permanent employees, including gratuity after one year.
Worker Re-skilling Fund	Establishes a fund for retrenched workers, with employers contributing 15 days' wages to facilitate re-skilling.
Increased Thresholds	Raises the threshold for requiring prior government permission for lay-offs, retrenchment, and closure from 100 to 300 workers. Also raises the applicability of Standing Orders to establishments with 300 or more employees.
Mandatory Strike/Lockout Notice	Requires a 14-day notice period for all strikes and lockouts in all industrial establishments.
Streamlined Trade Union Recognition	Introduces clear criteria for recognizing a sole negotiating union (51% worker support) or a negotiating council (unions with 20% support).

NEW LABOUR CODES



III. THE CODE ON SOCIAL SECURITY, 2020

Universal Social Security	Aims to extend social security benefits to all workers, including unorganized, gig, and platform workers.
Gig & Platform Worker Inclusion	Defines "gig worker" and "platform worker" and mandates aggregators to contribute to a dedicated Social Security Fund for their benefits.
Pan-India ESIC Coverage	Extends Employees' State Insurance Corporation (ESIC) benefits nationwide, including establishments in hazardous occupations with even a single employee.
Uniform 'Wages' Definition	Introduces a standardized definition of 'wages' across all four Codes for consistent calculation of contributions and benefits.
Commuting Accidents Coverage	Accidents during commute from residence to work and vice versa are now covered for compensation.

IV. THE OCCUPATIONAL SAFETY, HEALTH AND WORKING CONDITIONS CODE, 2020

Simplified Compliance	Introduces a 'one registration, one license, one return' framework for establishments with 10 or more employees.
Expanded ISMW Rights	Broadens the definition of Inter-State Migrant Workers (ISMW) and provides benefits like annual travel allowance and portability of PDS benefits.
Promotion of Women's Employment	Allows women to work in all establishments and during night shifts with their consent and employer-provided safety measures.
Mandatory Appointment Letters	Requires employers to issue formal appointment letters to all employees, detailing terms and conditions.
Preventative Safety Culture	Mandates free annual health check-ups for specified employees and Safety Committees in larger establishments.
Contract Labour Reforms	Raises the applicability threshold for contract labour to 50 workers and introduces a single, all-India license for contractors valid for five years.

COMPLIANCE & STRUCTURING | THE MAKE-OR-BREAK FACTOR



India's opportunity for scale is balanced by a complex regulatory architecture that is rapidly aligning with global standards. Navigating this requires viewing compliance as a strategic lever rather than a back-office task.



KEY REGULATORY DRIVERS

- **Global Tax Alignment:** The OECD's 15% global minimum tax is forcing multinationals to rethink their corporate structures.
- **Domestic Competitiveness:** India's base corporate tax rate of ~22% offers an advantage, but only through precise execution.
- **Data Sovereignty:** The Digital Personal Data Protection Act (2023) mandates strict data handling and localization, increasing the operational burden.

Taken together, the Income Tax Act, 2025 and the Companies (Amendment) Bill, 2026 signal a clear convergence:

- Tax systems are becoming simpler but less negotiable
- Corporate law is becoming more flexible but more accountable
- Regulatory enforcement is increasingly data-driven and centralised

For global entrants, this means that structuring, governance, and compliance design must be embedded from day one, rather than retrofitted.

OUR GLOBAL NETWORK

Walmond has established a strong international footprint, providing services across key **global markets including Singapore, the USA, UAE, Malaysia, Hong Kong, Vietnam, and the UK**. With a deep understanding of diverse regulatory environments and market dynamics, we support businesses in navigating cross-border operations and achieving seamless global expansion.

WALMOND × MYWAVE

Walmond is supporting MyWave in strengthening its market presence and positioning its integrated HR and payroll ecosystem (including emplx) through:

- Soft launch execution
- Market research and advisory
- Product positioning
- Go-to-market strategy
- Growth enablement



WALMOND × ALTOMATE

Walmond is partnering with Altomate to expand its digital corporate services platform across Malaysia and Singapore through:

- Incorporation and market entry enablement
- Financial operations and tax advisory
- Payroll and workforce solutions
- Compliance simplification
- Market development strategy

OUR GLOBAL NETWORK

WALMOND × FIDINAM

Walmond is partnering with Fidinam in Vietnam to strengthen its presence and support businesses in establishing and expanding their operations in the region. Through this collaboration, we offer a range of strategic and execution-driven services:

- Company Incorporation & Market Entry Support
- Corporate & Tax Advisory
- Accounting & Compliance
- Payroll Management
- Business Consulting & Advisory
- Regulatory & Legal Support



WALMOND HIGHLIGHTS

At Walmond, we celebrated the vibrant spirit of Holi alongside the inspiring occasion of International Women's Day, creating a memorable and meaningful experience for our team.

HOLI CELEBRATION

The festivities brought everyone together in a colorful celebration of joy, unity, and positivity, reflecting the true essence of Holi.

- Celebration filled with colors & positivity
- Team bonding and festive spirit
- Promoting joy and togetherness




INTERNATIONAL WOMEN'S DAY



We came together to celebrate and appreciate the remarkable women of Walmond, recognizing their contributions, strength, and achievements.

The day was filled with enthusiasm, laughter, and gratitude, reinforcing our commitment to fostering an inclusive and engaging workplace culture.



Entry Strategy I What Works in 2026

India continues to attract strong FDI (USD 70–75 billion annually), but deployment is becoming selective.

What works now:

- Partnership-led market entry
- Compliance-aligned structuring
- Capital-efficient scaling

Businesses adopting these models are entering faster and scaling more sustainably.



Take the Next Step | Enter India with Clarity

Entering India today requires more than ambition. It demands precision, foresight, and the right structural foundation.

At Walmond, we work closely with global businesses to design market entry strategies that are compliant, scalable, and future-ready.

How Walmond can support you:

- Market entry structuring and entity setup
- Regulatory and tax advisory aligned with the Income Tax Act, 2025
- Cross-border compliance and reporting frameworks
- Partner identification and JV structuring
- Ongoing compliance, governance, and risk management

START THE CONVERSATION



If you are evaluating India as your next growth market or restructuring your current presence, our team can help you navigate complexity with confidence.

Connect with us at info@walcon.in or fill out this form to get a free 30-minute consultation.





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