

Taking the Pune advantage

Capitalising on the city's streamlined market entry, lucrative incentives and regulatory readiness

In the past decade, Pune has become one of India's most dynamic startup and business destinations. It has evolved from a strong manufacturing and automotive base into a more balanced business destination, offering industrial depth, technology talent, education-led innovation, and comparatively efficient operating costs.

Pune now has a meaningful presence across these sectors: electric vehicle, IT, automotive, real estate, technology, global capability centres (GCCs), pharmaceuticals, food and beverage, logistics, and allied services.

Entry routes

The rising saturation of traditional hubs such as Bangalore, Mumbai and Delhi has led investors to look at Pune as a cost-efficient alternative for establishing and scaling businesses. It is a market where manufacturing, technology, talent and infrastructure intersect. This makes the city particularly relevant for businesses considering entering India through a wholly owned subsidiary, joint venture, acquisition, distribution model, franchise arrangement, GCC or manufacturing facility, and establishments within special economic zones (SEZs) or those developed by the Maharashtra Industrial Development Corporation (MIDC).

Location, incentive structuring

There are major MIDC estates strategically located in and around Pune including Pimpri, Chakan, Bhosari, Talegaon and Ranjangaon. They provide major benefits to investors including enhanced operational infrastructure, highly lucrative financial subsidies, stamp duty exemptions, and reimbursement

of the employer's contribution to the Employee Provident Fund for five years. Pune's MIDC estates host some highly reputable automotive, technology, manufacturing and engineering companies, reflecting the city's established industrial legacy.

Pune is also home to various SEZs such as Hinjewadi, Magarpatta and Kharadi. The SEZ structures are of crucial importance as they offer benefits such as duty-free import, 100% tax exemption on export income for the first five years, and single-window clearance for central and state approvals.

Additionally, Pune has emerged as the leading GCC hub in Maharashtra. It already has more than 360 GCCs set up owing to its skilled workforce, educational institutions, infrastructure facilities and cost advantage.

Foreign investment, regulation

Generally, foreign investment in India is regulated by the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, and the Foreign Exchange Management Act (FEMA), 1999. The Department for Promotion of Industry and Internal Trade, within the Ministry of Commerce and Industry, also periodically issues updated consolidated foreign direct investment (FDI) policies.

Press Note 3 was introduced in April 2020, mandating government approval for all FDI from countries sharing a land border with India. However, in March 2026, it was amended to allow investors with non-controlling beneficial ownership of up to 10% to invest through the automatic route, subject to sectoral caps.

Businesses engaged in imports, exports or international remittances must also maintain

valuation reports, foreign inward remittance certificates and beneficial ownership disclosures.

Transaction, operating compliance

Entry structures should also be tested against key regulatory and operating risks. Regulatory considerations include:

- (1) Under the revised competition law framework in India, a transaction is required to be notified to the Competition Commission of India for approval where: (i) the transaction value exceeds INR20 billion (USD208.9 million); and (ii) the target entity has "substantial business operations in India".
- (2) For manufacturing, logistics or industrial operations, land title, permitted usage, lease/licence rights, MIDC and SEZ conditions, factory licences, environmental clearances and labour compliance are required.
- (3) In terms of taxes, regional expansion requires you to obtain multi-state goods and services tax (GST) registration wherever you conduct business.
- (4) Transfer pricing rules in India apply to both domestic and international transactions that fall above a threshold in terms of deal value.
- (5) The collection, storage, processing, sharing and erasure of "personal data" must comply with the new data protection legislation.

Conclusion

Pune has developed into one of the most attractive locations for business and investment in India, providing a unique combination of technical advancement, skilled labour and strategic infrastructure. For companies looking to expand and grow sustainably, Pune offers substantial prospects with the correct legal and business plan. However, proper organisation and regulatory planning are necessary.



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