TENSOR ADVISORY

The 2026 India Market Entry Playbook

Data, Frameworks, and the Five Decisions That Determine a European Entry into the World's Fourth-Largest Economy

Version 2.0 — July 2026

By the Tensor Advisory team

CONFIDENTIAL

The five-minute version

Everything a decision-maker needs before choosing how deep to go.

5 MINUTES

This page, then the methodology note overleaf.

15 MINUTES

Why India, Why Now: the GDP nuance that matters and the EU-India FTA clock.

GO DEEPER

The five entry decisions — entity, route to market, landed cost, compliance, people — with tables and decision trees.

THE POINT

Prepare now, enter deliberately.

India's manufacturing push and the concluded EU-India FTA — entry into force expected around Q2 2027 — make the coming 12 months the preparation window for European companies. The winners will be the ones who structure the entry correctly, not the ones who arrive first with the wrong entity.

$4.2 trillion

India's 2025 GDP — it overtook Japan in 2025 to become the world's 4th largest economy, projected around $5.5 trillion by 2028 (IMF WEO)

27 Jan 2026

EU-India FTA concluded: duties eliminated or reduced on 96.6% of EU goods exports by value, phased over up to 10 years

~13% → 25%

Manufacturing as a share of GDP (World Bank, 2024) vs the National Manufacturing Mission's 2035 target — trillions in industrial procurement in between

$81.0B

Total FDI inflows into India, FY2024-25, up from $71.3B the year before (DPIIT)

If you read nothing else

1. Headline GDP is a lazy metric. The real signal is the manufacturing-share gap: pushing ~13% of GDP to 25% by 2035 is the government's declared strategy, and it maps directly to European industrial strengths.
2. The FTA clock is the timing argument — and it is shorter than most decks say. Entry into force is expected around Q2 2027; companies that prepare origin files, partners and structure before that date will take the first tenders.
3. Entity structure is the most consequential legal decision. For 80% of European entrants that means a Wholly Owned Subsidiary; the expensive mistake is a Liaison Office 'to test the market'.

RECOMMENDED FIRST MOVE

Run your case through the entity decision tree in Decision 1, then pressure-test the answer against your sector's FDI rules. If the FTA changes your landed-cost position, start the origin and partner work now — not at entry into force.

Methodology Note

This playbook combines quantitative market analysis with practical operational experience from European companies operating in India. Data sources include official government statistics, industry reports, and primary research conducted by Tensor Advisory. All figures should be independently verified before making investment decisions.

Why India, Why Now

Let me cut through the noise.

Every consultancy deck in 2026 has an "India slide." Most of them recycle the same three talking points — large population, growing middle class, digital economy — and call it analysis. That is not what this playbook does.

The Tensor Advisory team has spent 7+ years on the ground in India. Built 2 companies from scratch. Watched European firms enter, stumble, retreat, and sometimes win. What follows is the distilled version of what we have learned, backed by the data that actually matters for your entry decision.

The GDP Trajectory Is Real — But the Nuance Matters

India overtook the United Kingdom in 2022 and Japan in 2025 to become the world's 4th largest economy, at roughly $4.2 trillion in nominal GDP. The International Monetary Fund's World Economic Outlook projects around $5.5 trillion by 2028; the government's own $7 trillion-by-2030 talking point is an aspiration, not an IMF projection, and we treat it as such.

But headline GDP is a lazy metric. Here is what should actually grab your attention:

Indicator	FY2020-21	FY2023-24	FY2024-25	2028 (Proj.)
GDP, calendar year (USD Trillions)	$2.7 (2020)	$3.6 (2023)	$4.2 (2025)	$5.5 (IMF)
GDP Growth Rate (Real, fiscal year)	−5.8%	8.2%	6.5%	6.5-7.0%
Manufacturing as % of GDP (World Bank)	14%	13%	13%	25% by 2035 (target)
Total FDI Inflows (USD Billions, DPIIT)	$82.0B	$71.3B	$81.0B	—

Table 1: Key Economic Indicators (Sources: IMF WEO Apr 2026; MoSPI national accounts; World Bank manufacturing value-added share; DPIIT FDI Statistics, total inflows)

The number that keeps us up at night — in a good way — is manufacturing as a percentage of GDP. It has drifted down to roughly 13% (World Bank, 2024), and the government has staked its industrial strategy on reversing that: the National Manufacturing Mission announced in the 2025-26 Budget targets 25% by 2035. That gap represents trillions in industrial procurement, technology transfer, and infrastructure build-out. This is where European companies have an unfair advantage. One honest caveat on FDI: the FY2020-21 number was a pandemic-era record swollen by a handful of mega-deals in digital; the signal is that total inflows recovered to $81 billion in FY2024-25 after two softer years, not a straight line up.

The EU-India FTA: The Clock You Should Be Watching

The EU-India Free Trade Agreement, revived in June 2022 after a nine-year freeze, was concluded on 27 January 2026 after nearly two decades of negotiations. The offers are asymmetric and worth quoting precisely: the EU eliminates or reduces duties on about 97.5% of the value of Indian goods exports, while India's offer covers about 90.7% of the value of EU goods exports (70.4% of tariff lines), with reductions phased over up to 10 years. Per the EU's chief negotiator, signature and ratification are moving fast: entry into force is expected around Q2 2027.

Here is why this matters for your timing:

FTA Phase	Expected Timeline	What It Means for You
Negotiations concluded	January 27, 2026	Tariff reduction schedules published. Sector-specific terms now visible.
Legal scrubbing, signature, ratification	2026 – early 2027	A window of roughly 12 months before tariffs actually drop. First movers set up supply chains and origin files.
Entry into force (Phase 1 cuts)	Expected Q2 2027	Tariff reductions begin. Companies already established capture margin from day one. Latecomers compete on price.

Table 2: EU-India FTA Implementation Timeline (status as of July 2026)

The strategic window is now through early 2027 — shorter than most decks admit. Distribution relationships, regulatory certifications and local brand recognition are 12-18 month build cycles, and entry into force is expected in roughly that time. A company that starts preparing at entry into force has, in effect, conceded the first tenders to the firms reading this playbook today.

The 5 Critical Entry Decisions

Every company entering India faces the same five structural decisions. Get them right, and you build on a solid foundation. Get them wrong, and you spend 12-18 months (and significant capital) unwinding mistakes we have watched play out dozens of times.

Here is the framework.

Decision 1: Entity Structure

This is the single most consequential legal decision you will make, and it is often rushed.

Structure	Setup Time	Can Invoice Locally?	Can Repatriate Profits?	FDI Cap Issues?	Best For
Liaison Office (LO)	4-8 weeks	No	No	Rare	Market research, relationship building. Cannot generate revenue.
Branch Office (BO)	8-12 weeks	Yes (limited)	Yes (with RBI approval)	Some sectors	Service delivery for parent company. Export-focused.
WOS (Pvt Ltd)	12-20 weeks	Yes	Yes	Sector-dependent	Full market operations. Most flexibility.
Joint Venture (JV)	16-30 weeks	Yes	Per agreement	Mandatory in some sectors	Sectors requiring local partner.
LLP	8-12 weeks	Yes	Yes	100% FDI in automatic route	Smaller operations, services.

Table 3: Entity Structure Comparison

Our take: 80% of European companies entering India should start with a Wholly Owned Subsidiary (Private Limited Company). It gives you maximum flexibility, clear ownership, and full operational capability.

The expensive mistake: We have seen European companies set up Liaison Offices “to test the market,” spend 12 months unable to close deals, then face painful conversion processes.

Decision tree:
- Required local partner by regulation? → **Joint Venture**
- Only exporting services from India? → **Branch Office**
- Entering to sell, manufacture, or build team? → **Wholly Owned Subsidiary**
- Small services firm with 2-3 people? → **LLP**
- Only market research for 6 months? → **Liaison Office** (but be honest)

Decision 2: Route to Market

The second decision is who actually sells: your own entity, a national distributor, regional channel partners, or a hybrid. In industrial B2B, this is where most of the value is won or lost — and it is the hardest decision to reverse, because switching distributors in India means restarting relationships, certifications held in the partner's name, and sometimes litigation over termination.

Route	Time to First Revenue	Margin You Keep	The Catch
National distributor	3-6 months	Low	One relationship carries your brand; exclusivity demands are the norm and exit is painful.
Regional partners (2-4)	6-9 months	Medium	More management overhead; channel conflict if territories are not written down.
Direct (own entity)	12-18 months	High	You carry the receivables risk and must build the service network yourself.
Hybrid (direct key accounts + channel)	9-12 months	Medium-high	Requires a written rules-of-engagement document from day one.

Table 4: Route-to-Market Options for Industrial B2B

Our take: before signing anyone, map who can actually **approve** a purchase in your top 20 target accounts. In Indian industrial buying, the technical evaluator, the commercial negotiator and the promoter or board sign-off are usually three different people, and a distributor who only knows one of the three will stall at the quote stage. Verify a candidate partner by asking for three named, reference-checked accounts where they have closed in the last 18 months — observed evidence, not the brochure.

Decision 3: Pricing and Landed Cost

European companies routinely price themselves out of India by quoting European list prices plus duty, or destroy their own margin by discounting in panic. Both mistakes come from not doing the landed-cost arithmetic before the first quote.

The build-up that matters: ex-works price + freight and insurance + basic customs duty (check your exact HS line — industrial machinery duties commonly run 7.5-10%, with peaks far higher) + IGST (usually 18%, creditable for your buyer) + channel margin (typically 15-30% in industrial distribution) + service and warranty provision. Two structural points change this equation in the next 24 months:

- **The FTA phase-out schedule is now public.** If your HS lines are in the early phase-down baskets, your landed cost drops materially from entry into force (Q2 2027). Quote long-cycle tenders with that date in mind — and put a duty-adjustment clause in offers that straddle it.
- **Price-point engineering beats discounting.** The winners we have watched do not sell the European flagship at a discount; they sell a de-contented India variant at an India price point with a clear upgrade path. That protects both the margin and the global price book.

The expensive mistake: treating the Indian price as "Europe minus X%". Your Indian competitor's reference point is a locally manufactured machine at 40-60% of your landed cost; your differentiation has to be uptime, precision, compliance or financing — argued in the buyer's economics, not in your price list.

Decision 4: Compliance and Certification

Compliance is where India entries silently lose 6-12 months, because certification clocks only start when your paperwork is complete — and several regimes apply at once: product certification

(BIS marks under various schemes), sector regulators (CDSCO for anything touching pharma manufacturing, PESO for explosive atmospheres, legal metrology for measuring equipment), import registrations, and state-level factory licensing if you manufacture.

A current example of why this needs live monitoring rather than a static checklist: the Ministry of Heavy Industries' Omnibus Technical Regulation of 2024, which was set to impose BIS certification on broad classes of machinery, was **rescinded outright in January 2026**. Companies that budgeted certification programs against it were chasing a requirement that no longer exists; companies that ignored the space entirely are equally exposed the next time a sector-specific Quality Control Order lands. The discipline is per-SKU, per-quarter monitoring of your exact HS lines — not an annual compliance memo.

Our take: appoint one owner for the compliance file before entity setup, run every SKU through a duty-and-certification screen, and treat any consultant who quotes you a certification timeline without asking for your HS codes as a red flag.

Decision 5: People and the First Hire

The first India hire sets the ceiling on everything above: a wrong country head costs you the two years the FTA window gives you. The classic failure modes are hiring a big-company sales veteran who cannot operate without support staff, or relocating a European manager with no India network and a three-year clock.

What works, in our observed experience: hire a first commercial lead from a competitor or adjacent supplier who already knows your top 20 accounts by name; keep finance and compliance with a strong outsourced CA firm for the first 12-18 months instead of hiring a CFO; and put the employment contracts, ESI/PF registrations and expat tax positions in order **before** the first offer letter, not after. Budget reality check: a capable industrial sales lead in a metro costs a fraction of a European equivalent, but the total cost of a functioning first office (people, travel, demos, service stock) is routinely underestimated by 2-3x in first-year plans.

The five decisions interact. Entity choice constrains hiring; route to market drives the pricing structure; compliance timelines dictate the realistic launch date. That is why we recommend running them as one integrated exercise — on paper, before the first irreversible signature — rather than as five sequential surprises.

About Tensor Advisory

The Tensor Advisory team comprises European engineers and business professionals who moved to India 7+ years ago, built companies from scratch, earned advanced degrees, and learned every lesson in this playbook through direct experience.

Tensor Advisory exists because we kept watching the same pattern: European companies with great products arriving in India unprepared, overpaying for slow research, and losing to competitors who simply showed up first and figured it out faster.

We built Tensor Advisory as a consultancy that combines deep on-the-ground India experience with AI-powered research infrastructure. Just senior operators with a proven methodology and tools to move at startup speed with consultancy depth.

What We Offer

Product	What You Get	Best For
Market Intelligence Reports	Decision-ready reports built on auditable data (Comtrade, World Bank, regulators), reviewed by a senior consultant — from off-the-shelf to fully custom	Answering one defined market question
Scout Report	Custom ground reconnaissance: buyer mapping, channel checks, competitor field view, entry recommendation	Serious market entrants
Accelerator Programme	Hands-on execution of the entry plan: entity, partners, first accounts	Companies committed to entering

Table 5: Tensor Advisory Service Portfolio — current pricing at tensor-advisory.com/reports and /services

How to Work With Us

Start a conversation. No pitch decks. No 47-slide proposals. Tell us what you are trying to do in India, and we will tell you honestly whether we can help and what it will cost.

- **Email:** hello@tensor-advisory.com
- **Website:** tensor-advisory.com
- **Confidential Briefing:** 30 minutes, free, no commitment — tensor-advisory.com/book

One Last Thing

If this playbook was useful, share it. Send it to a colleague evaluating India. Post it on LinkedIn. Forward it to your head of international business.

It is free because we believe the best way to earn trust is to give away real value before asking for anything in return. If and when you need deeper India market intelligence, you know where to find us.

See you in the market.

Disclaimer: This playbook is published for informational purposes only and does not constitute legal, tax, or regulatory advice. Data and projections are based on publicly available sources as of July 2026 and should be independently verified before making business decisions. Tensor Advisory assumes no liability for decisions made based on this document.