MARKET ENTRY BRIEFING

RECRUITING EMPLOYEES IN INDIA

Where and How Foreign Companies Should Find Talent

A practical guide to recruitment channels, city choices, hiring timelines, and operating-readiness risks for foreign businesses entering India

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GUIDE STRUCTURE

Contents

ADVISORY NOTE

This document is prepared for strategic orientation. Recruitment and employment decisions should be supported by local due diligence and professional advice.

01 From Incorporation to First Hires

In the previous editions of this series, we covered the practical process of incorporating a company in India — digital signatures, director identification, SPICe+ filings, banking, FEMA compliance, GST, registered office setup, registrations, licences, compliance, and taxation.

Once the entity is ready, the next operating question arrives quickly:

How do we build the India team?

For many foreign businesses, India is attractive because of its talent base. But recruitment in India is not simply a matter of posting one job online and waiting for the right candidate. India has a deep talent market. It also has a fragmented hiring market.

The way a company hires a software engineer in Bengaluru is different from how it hires a finance manager in Mumbai, a sales head in Delhi NCR, a manufacturing supervisor in Pune, or a field operations team in Tier-2 cities.

The wrong question is:

"Where can we find candidates?"

The better question is:

"Which hiring channel, city, compensation range, and employment model match the role we need?"

For foreign companies, recruitment is not only an HR activity.

It is part of market-entry execution.

02 India's Hiring Market: Large, But More Selective

India's hiring market remains active, but it is becoming more selective. The current trend is not simply "more hiring" or "less hiring." It is more precise hiring. Companies are increasingly prioritising specialist skills, AI readiness, operational capability, commercial experience, and role fit.

This is visible in recent hiring data. ManpowerGroup's Q3 2026 India Employment Outlook reported a Net Employment Outlook of **48%**, based on more than 3,100 employers across India — still the strongest hiring outlook of any country in the survey, though down from 68% the previous quarter. This indicates continued positive hiring sentiment, but with more measured decision-making.

The technology market also shows this shift. **AI-related hiring** in India is outpacing broader IT recruitment, showing that demand is moving toward specialised capability rather than general headcount expansion.

India's Global Capability Centre ecosystem is another important signal. foundit's June 2026 tracker reported that India's GCC ecosystem is expected to add **510,452** jobs in 2026, a **12%** increase over 2025, with **227,991** GCC hires already recorded in the first half of 2026.

Key Hiring Signals (India, 2026)

48%
Net Employment Outlook
Q3 2026 (ManpowerGroup)
India continues to lead globally, though with more measured hiring intent.

AI Hiring > IT Hiring
Demand is moving toward specialised capability and future-ready skills.

510,452
Expected GCC Jobs in 2026
+12% vs 2025
(foundit GCC Tracker)
227,991 GCC hires already completed in H1 2026.

What This Means for Foreign Companies

India is not a weak hiring market. It is a more selective hiring market. Companies that define roles clearly, benchmark compensation properly, and use the right hiring channels can access strong talent. Companies that enter with vague job descriptions, unclear reporting structures, or unrealistic salary assumptions will struggle.

03 India Is Not One Talent Market

Foreign businesses often speak about "hiring in India" as if India were one uniform labour market. It is not.

India has multiple talent markets operating at the same time:

- technology and product talent
- finance, accounting, tax, and compliance talent
- sales and business development talent
- manufacturing and plant operations talent
- engineering and R&D talent
- customer support and shared services talent
- logistics, warehouse, and field operations talent
- graduate and entry-level talent
- senior leadership and country-management talent

Each segment has its own recruitment channels, salary expectations, notice periods, mobility patterns, and city preferences.

Before Starting Recruitment, Define

- the exact role being hired
- whether the role is strategic, technical, operational, field-based, or support-led
- whether the candidate must be based in a specific city
- whether remote or hybrid work is possible
- whether sector experience is essential
- whether English fluency is required
- whether regional language ability matters
- whether the role requires India-market relationships
- whether the person must work independently without a large local team
- whether the hire will join an Indian entity, EOR model, staffing arrangement, or another structure

For foreign companies, the first few India hires matter disproportionately.

They are not only employees. They often become the first operating layer of the India business.

04 Before Recruiting: Decide the Hiring Route

Before a foreign company begins recruitment in India, it should clarify how the person will be engaged. This matters because the recruitment channel may find the candidate, but the employment model determines the compliance obligation.

Hiring Route	When It Is Used	Key Consideration
Indian subsidiary employment	When the Indian entity is incorporated and ready to employ	Requires payroll, tax withholding, statutory registrations, employment contracts, and HR documentation
Employer of Record / professional employment model	When the company wants to test India before full setup or needs speed	Useful for early hiring, but scope, control, IP, cost, and long-term structure should be reviewed
Consultant / contractor model	Short-term advisory, project-based, or specialist support	Misclassification risk if the person functions like a full-time employee
Staffing agency	Temporary, contract, blue-collar, field, operational, or project roles	Agency compliance and worker classification should be reviewed
Distributor / partner-led presence	When the foreign company is not hiring directly yet	Less control over market execution and customer relationships
Recruitment agency search only	When the company needs sourcing support but will employ directly	The agency finds candidates; the company still handles employment compliance

This step is often missed. A company may find the right candidate before it is ready to employ them. That creates practical questions: Who issues the offer letter? Which entity signs the employment contract? Who runs payroll? Who withholds tax? Who provides statutory benefits? Who owns work product and intellectual property? Who is responsible if the engagement is challenged as employment?

Practical Point:

Recruitment should begin with clarity on the hiring route.
Candidate search and employment compliance should move together.

04A Sending an Expatriate to India

Some European companies plan to send an expatriate — typically a senior manager or technical specialist — to India alongside or ahead of local hires. This requires visa and immigration planning.

Visa and Immigration Planning

Employment Visa

Required for any foreign national employed by an Indian entity. The applicant must have a valid employment contract with the Indian company and a minimum salary above the prescribed threshold. Employment Visas are typically issued for 1–5 years and must be registered with the Foreigners Regional Registration Office (FRRO) within 14 days of arrival.

Business Visa

Appropriate for short-term business visits — meetings, conferences, negotiations, training, and business exploration. A Business Visa does not permit employment or receipt of salary from an Indian entity. It is useful for the early market-entry phase when the European company is evaluating India but has not yet incorporated or hired.

Indian immigration rules also require the Indian entity to act as the "sponsor" for an Employment Visa. The company must be registered and operational before it can sponsor an employee. This means the visa process and the incorporation process must be coordinated.

Practical Tip:

If the European company plans to have a foreign national on the ground in India from the outset, begin visa processing in parallel with incorporation. Employment Visa processing can take 4–8 weeks depending on the embassy/consulate and the applicant's nationality. Do not assume an expat can start work in India on a Business Visa — the visa category must match the actual activity.

05 Which Roles Do Foreign Companies Usually Hire First?

The first India hire depends on the business model.

Business Objective	Typical First Hires	Why It Matters
Market entry / sales	Country manager, sales head, business development manager	Builds customers, partners, distributors, and market presence
Subsidiary setup	Finance and operations manager, admin lead, compliance coordinator	Supports banking, payroll, accounting, vendors, and statutory processes
Technology / GCC	Engineering lead, product manager, delivery manager, HR/recruitment support	Builds technical team and operating structure
Manufacturing / sourcing	Plant manager, quality lead, procurement lead, supply-chain manager	Manages production, vendors, quality, and local operations
Distribution model	Channel sales manager, regional sales manager, key account manager	Builds dealer, distributor, and customer relationships
India representative model	Senior BD / market representative	Tests market demand before larger investment

The first hire should not be selected only for technical competence. They should also be assessed for independence, judgement, communication with headquarters, understanding of Indian business culture, and ability to build systems from the ground up.

The first hire is not only filling a role. They are helping shape the India operation.

06 How Recruitment Typically Works in India

Recruitment in India usually works through a mix of formal and informal channels: job portals, LinkedIn and direct sourcing, recruitment agencies, referrals, university and campus hiring, National Career Service, local recruiters and staffing firms, and sector networks and professional communities.

The right channel depends on the role. A junior accountant may be found through job portals. A country manager may require executive search and referrals. A plant supervisor may be better found through local industrial recruiters. A graduate trainee may come through campus hiring. A field sales executive may come through referrals, regional job platforms, or staffing agencies.

No single channel works for every role.

07 Main Recruitment Channels in India

Channel	Best Used For	Strength	Limitation
Job portals	Junior, mid-level, finance, admin, support, sales, standard tech roles	High reach and candidate volume	Requires strong filtering; quality varies
LinkedIn	Senior, specialist, passive, leadership, first-country hires	Targeted search and credibility-building	Requires clear positioning and outreach
Recruitment agencies	Mid-level, specialist, urgent, city-specific, leadership roles	Local market access and faster screening	Quality depends on brief clarity
Referrals	Trusted professional hires, first India hires, sector roles	Trust and informal validation	Can narrow search if overused
University connections	Entry-level, trainees, engineers, analysts, graduate roles	Long-term talent pipeline	Not ideal for urgent experienced hiring
National Career Service	Entry-level, regional, semi-skilled, operational roles	Government-backed reach, free of cost	Less suitable for senior or niche hiring
Staffing firms	Contract, temporary, field, retail, warehouse, plant roles	Speed and local access	Compliance oversight is important
Direct sourcing	Senior leadership, competitor mapping, strategic hires	Precise targeting	Time-intensive

The hiring strategy should follow the role. Not the other way around.

08 Job Portals and LinkedIn

India has a mature job portal ecosystem. Commonly used platforms include Naukri, LinkedIn Jobs, Indeed, foundit, Shine, company career pages, and specialist platforms for start-up, technology, blue-collar, gig, and field roles.

Job portals are useful because they provide reach. They help companies access active jobseekers and filter by city, experience, salary, skill set, function, industry, and notice period. They are especially useful for junior and mid-level roles, accounts and finance roles, HR and administration roles, customer support, sales and business development, operations, standard technology roles, and roles where the job description is clear and comparable.

However, job portals often generate volume before quality. For foreign businesses without a known India employer brand, job portals should usually be one layer of recruitment, not the whole strategy.

LinkedIn is more useful for senior, specialist, and passive candidates. It is particularly relevant for country managers, India heads, finance leaders, legal and compliance professionals, senior sales roles, partnership roles, technology leadership, GCC and capability centre roles, and industry specialists.

Practical Advice: The best first India hire may not be actively searching for a job. They may need to be approached directly and convinced that the company is serious about India. Use job portals for candidate flow. Use LinkedIn, direct sourcing, referrals, and recruitment agencies for quality, seniority, and role-specific targeting.

09 Recruitment Agencies, Referrals, and Due Diligence

Recruitment agencies are widely used in India and can be useful when a foreign company needs speed, local salary benchmarking, market access, candidate screening, or support in a city where it does not yet have a local HR team.

Different recruitment partners serve different needs. Some focus on volume hiring. Some focus on mid-level professional roles. Some specialise in executive search. Some support temporary staffing, contract staffing, payroll, recruitment process outsourcing, or employer-of-record models.

Fee Structures

Contingency and mid-level search typically runs on a success-fee basis, commonly in the range of 8.33% to 16.67% of the candidate's annual fixed compensation (often expressed as one to two months' salary). Retained executive search for senior or leadership roles is usually higher, and may involve an upfront retainer plus completion fees. Staffing and payroll outsourcing arrangements are usually priced differently, as a markup on the candidate's salary cost. Foreign companies should ask for the fee structure, replacement guarantee period, and payment terms before starting a search.

Referrals

India remains a relationship-driven hiring market, especially for trusted professional hiring. Referrals often work well for finance and accounting roles, compliance roles, senior sales roles, operations managers, plant supervisors, legal and company secretarial support, early India team members, and sector-specific commercial roles.

But referrals should not replace process. A referred candidate should still go through structured interviews, compensation benchmarking, reference checks, background verification, and employment documentation.

Salary Benchmarking

Most recruitment agencies and executive search firms will share role-specific compensation data as part of the hiring brief. Foreign companies can supplement this with published compensation surveys and salary guides from major staffing and search firms operating in India, and with the salary insight tools available on major job portals. Relying on headquarters' home-market salary assumptions is a common source of failed offers.

Background Verification

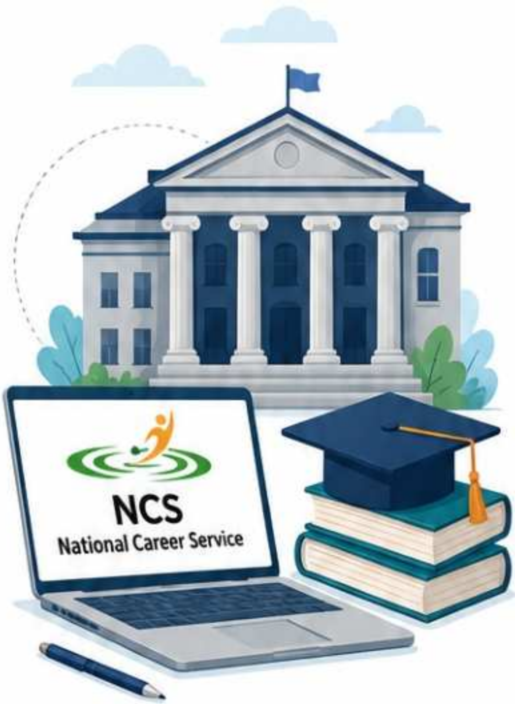
Background verification in India is usually outsourced to specialist BGV agencies, which check prior employment, education, identity, address, and, where relevant, criminal records and credit history. This is standard practice for full-time hires and is normally run after an offer is accepted but before joining, or as a condition of confirmed employment.

10 University Connections and National Career Service

India has a large university and professional education ecosystem. Campus recruitment can be useful for entry-level talent, trainees, analysts, engineers, developers, finance trainees, graduate sales associates, and operations trainees. University hiring usually works through placement cells, internship programmes, pre-placement offers, campus presentations, and institution-specific hiring windows.

Foreign companies should be realistic about graduate readiness. India has strong universities and technical institutions, but quality varies. Companies should assess communication, technical capability, workplace readiness, problem-solving, and role fit.

The National Career Service (NCS) is a Government of India platform that connects jobseekers and employers across India. NCS may be relevant for entry-level hiring, regional hiring, wider candidate reach, operational roles, and semi-skilled roles. NCS services are free of cost and do not charge fees for registration, job application, or interview processing.



Practical View: University hiring is useful for pipeline. NCS is useful for broader, entry-level, regional, and operational hiring. Neither is usually the primary channel for senior, niche, or first-country leadership roles.

11 City and Regional Differences: Where Talent Is Strongest

One of the most common mistakes foreign businesses make is assuming that all major Indian cities offer the same talent pool. They do not. Location affects candidate availability, salary expectations, language needs, attrition risk, office expectations, senior talent depth, industry networks, hiring speed, and travel readiness.

11 City and Regional Differences: Where Talent Is Strongest

City / Region	Typical Talent Strengths	Strategic Use for Foreign Companies
Bengaluru	Technology, SaaS, AI, product, start-ups, GCCs	Tech teams, product centres, engineering leadership, digital operations
Hyderabad	Technology, pharma, life sciences, GCCs, enterprise operations	GCCs, cloud, pharma, shared services, enterprise support
Pune	Automotive, engineering, manufacturing, SaaS, industrial talent	Manufacturing-linked teams, engineering, mid-cost tech, industrial operations
Mumbai	Finance, banking, legal, consulting, corporate headquarters	CFO, finance, legal, investor-facing, corporate advisory, senior commercial roles
Delhi NCR	Sales, policy, government relations, consulting, B2B, North India operations	Sales leadership, partnerships, public-sector-linked sectors, national market access
Chennai	Automotive, manufacturing, electronics, engineering, SaaS, BFSI operations	Industrial operations, engineering, manufacturing-linked GCCs
Gujarat / Western India	Manufacturing, chemicals, pharma, textiles, engineering, trading	Plant roles, industrial sales, supply chain, export-import operations
Emerging Tier-2 cities	Emerging GCC, analytics, support, engineering, operations	Cost-efficient distributed teams, support operations, lower attrition models

Practical Advice: Do not choose a city only because it is cheaper. Choose it because the required talent exists there.

12 Metro vs Tier-2 Hiring

Tier-2 and emerging cities are becoming more relevant for India hiring, especially for support operations, analytics, engineering support, customer operations, distributed technology teams, and certain GCC functions. foundit's June 2026 tracker reported that Tier-2 cities are gaining share in GCC hiring, supported by lower operating costs and lower attrition compared with Tier-1 cities.

Factor	Major Metros	Tier-2 / Emerging Cities
Talent depth	Deeper senior and specialist pools	Growing, but more role-specific
Hiring speed	Faster for established sectors	Faster for some operational roles, slower for niche
Salary levels	Higher	Usually lower
Attrition	Often higher	Often lower
Best for	Leadership, technology, finance, GCCs, national roles	Distributed teams, operations, analytics, support, cost-efficient scaling

Strategic Takeaway: Tier-2 cities are increasingly relevant. But they should be chosen based on talent availability, not only cost savings.

13 How Quickly Can Companies Hire in India?

There is no single hiring timeline. But the following ranges are realistic for planning:

Role Type	Typical Timeline	Practical Note
Entry-level / junior roles	1–3 weeks	Faster where salary, location, and job description are clear
Junior accounts / admin / support	2–4 weeks	Screening quality matters
Mid-level professional roles	3–6 weeks	Depends on experience quality and notice period
Sales / business development	3–8 weeks	Faster for junior roles, slower for sector-network roles
Finance, tax, legal and compliance	4–8 weeks	Assess GST, payroll, FEMA, reporting, and audit exposure
Technology and specialist roles	4–10+ weeks	AI, cloud, cybersecurity, product, and senior tech may take longer
Manufacturing / plant roles	3–8 weeks	Depends on industrial location and skill depth
Senior leadership / first India hire	8–12+ weeks	Should not be rushed; alignment, authority, and references are critical

These timelines are for identification and selection.
Joining may take longer because of notice periods.

14 Notice Periods and Launch Planning

Notice periods are one of the most practical recruitment issues in India. Many candidates have notice periods ranging from 30 to 90 days. Senior employees and candidates at larger organisations may have longer notice periods.

This means a company may find the right candidate in four weeks but still wait one to three months for joining. Companies should ask early:

Typical Notice Period Ranges

30 DAYS	60 DAYS	90 DAYS
Common for junior and early-career professionals	Most common for mid-level professionals	Common for senior professionals and candidates in larger organisations

Ask Early

- What is the current notice period?
- Is buyout possible?
- Is early release realistic?
- Are there competing offers?
- Would a later joining date affect India launch plans?

Market-Entry Implication: Hiring timelines should be built into the India launch plan. If the company needs a country manager, finance controller, sales head, or plant lead before operations begin, the search should start early — not when the entity is ready.

15 Compensation Planning: What Foreign Companies Often Miss

Indian compensation structures differ from European practice in several important ways. Understanding these differences at the offer stage prevents surprises later.

Salary Structure

Indian salaries are typically expressed as Cost to Company (CTC), which includes basic salary, house rent allowance, special allowances, employer PF contribution, and sometimes performance bonuses.

The distinction between CTC and take-home pay is significant — a candidate offered INR 12 lakh CTC may take home substantially less after PF, Professional Tax, and income tax deductions.

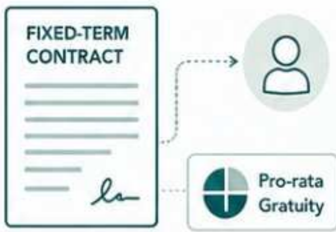
Gratuity

Gratuity under the Payment of Gratuity Act, 1972 is not automatically applicable to every employee. It applies to establishments employing **10 or more employees** (factories, mines, oilfields, plantations, ports, and other notified establishments). Once an establishment is covered, all employees in that establishment become eligible upon completing **5 years** of continuous service.

The gratuity amount is calculated as **15 days'** wages for each completed year of service, based on the last drawn salary. The amount therefore depends directly on the employee's salary level. There is a statutory maximum cap on gratuity (currently **INR 25 lakh**, approximately **USD 30,000**). Many companies provision for gratuity from the outset, even though the liability crystallises only after **5 years.**

Fixed-Term Contracts and Gratuity

Under the Industrial Relations Code, 2020, fixed-term employees are entitled to gratuity on a **pro-rata basis** — even if they do not complete 5 years of service. This is a significant change from the earlier regime where gratuity was payable only after 5 continuous years. Fixed-term employees are also entitled to the same wages, allowances, and benefits as permanent employees performing the same or similar work, calculated on a proportionate basis. Foreign companies using fixed-term contracts for project-based or time-bound hiring should factor pro-rata gratuity into the cost of engagement.



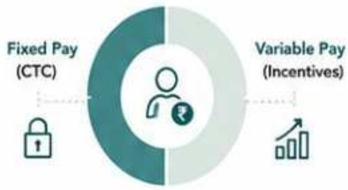
Non-Compete Clauses

Important for European companies: Post-employment non-compete clauses are generally unenforceable in India under Section 27 of the Indian Contract Act, 1872, which holds that agreements in restraint of trade are void. This is a significant departure from European practice, where non-compete clauses are commonly enforced subject to reasonableness.

Indian courts have consistently held that a former employee cannot be restrained from practising their trade or profession after the employment ends. Non-solicitation clauses (restricting solicitation of specific clients or employees) and confidentiality clauses may be more enforceable, but even these require careful drafting. European companies should not assume that their standard European employment contract templates will be enforceable in India without local legal review.

Variable Pay and Incentives

Sales roles and senior positions often include a variable component (performance bonus, sales incentive, commission). The split between fixed and variable pay varies by role and industry. Foreign companies should clarify whether compensation benchmarks they receive are **fixed CTC, total CTC including variable,** or **guaranteed versus at-risk.**



16 Compliance Watch-Outs Before Hiring

This article is not a detailed employment-law guide. That will be addressed separately. But foreign companies should understand that recruitment decisions create compliance consequences.

Before Issuing an Offer or Onboarding

- whether the entity's Shops and Establishments registration is in place in the relevant state
- which entity is employing the person
- whether payroll is ready
- whether tax withholding can be managed
- whether employment contracts are prepared
- whether confidentiality and IP clauses are included
- whether statutory benefits apply
- whether PF, ESI, Professional Tax, or other registrations are required
- whether the person is an employee, consultant, contractor, or agency worker
- whether background checks are appropriate for the role
- whether personal data and employee records will be handled properly

Note on PF, ESI, and Professional Tax: These do not apply automatically or uniformly. PF registration is generally triggered at a defined employee-count threshold. ESI applies based on employee wage levels and the location of the establishment. Professional Tax is a state-level levy — some states, including Delhi, do not levy it. These should be confirmed for the specific state and headcount involved.

Misclassification Risk

A consultant who works full-time, reports like an employee, uses company systems, represents the company, and works exclusively for the business may create misclassification risk. Similarly, hiring before the Indian entity, payroll, tax withholding, or employment documentation is ready can create operational and compliance friction.

The biggest risk is not hiring someone.
The bigger risk is hiring someone under the wrong structure.

17 India's New Labour Code Framework

India has consolidated **29 legacy labour laws** into **four unified Labour Codes**. This is the most significant reform of India's employment law framework in decades, and foreign companies entering India should understand the new structure even as implementation continues at the state level.

The Four Labour Codes

Code on Wages, 2019

Unifies the Payment of Wages Act, Minimum Wages Act, Payment of Bonus Act, and Equal Remuneration Act. It introduces a universal definition of "wages" and mandates that basic wages must constitute at least 50% of total remuneration.

This directly affects salary structuring — companies that currently structure compensation with a low basic salary and high allowances will need to restructure.

Higher **basic wages** increase **PF, gratuity,** and other statutory contributions calculated on basic salary.

Industrial Relations Code, 2020

Consolidates the Industrial Disputes Act, Trade Unions Act, and Industrial Employment (Standing Orders) Act. Key provisions include a requirement for government approval before retrenchment, closure, or lay-off in establishments with 300 or more workers (raised from 100), the introduction of fixed-term employment as a statutory category (with fixed-term employees entitled to the same benefits as permanent employees on a pro-rata basis, including gratuity), and revised strike and lock-out provisions with a mandatory 60-day notice period.

- Threshold for approvals raised to 300 workers (from 100).
- **Fixed-term employment** recognised with equal benefits on a pro-rata basis.
- **60-day notice** for strikes and lock-outs.

Code on Social Security, 2020

Consolidates EPF, ESI, Maternity Benefit, Gratuity, and other social security laws. It extends social security coverage to gig workers and platform workers for the first time, introduces a social security fund for unorganised workers, and rationalises the registration and contribution framework across PF, ESI, and gratuity.

- Extends coverage to **gig** and platform workers.
- **Social security fund** for unorganised workers.
- **Rationalised** framework across PF, ESI, and gratuity.

Occupational Safety, Health and Working Conditions Code, 2020

Consolidates the Factories Act, Contract Labour Act, Building Workers Act, and other workplace safety laws. It revises the definition of "factory" (threshold raised to 20 workers with power and 40 without power, from the current 10/20 under the Factories Act), introduces a single national licence for contract labour, and standardises working hours, overtime, and leave provisions.

- **Factory** threshold raised to 20 (with power) and 40 (without power).
- **Single national** licence for contract labour.
- **Standardised** hours, overtime, and leave.

Current Status of Implementation

The four Labour Codes have been enacted by the Central Government. However, implementation requires each state to notify its own rules under the Codes. **As of mid-2026, not all states have completed this process.**

This means that in most states, the legacy labour laws continue to apply alongside or instead of the new Codes.

Foreign companies should not assume that the new Codes are fully in effect. The practical position in any given state depends on whether that state has notified its rules.

Until full notification, businesses must comply with the **existing state-specific labour laws that remain in force.**

What This Means for Foreign Companies Hiring in India

Salary restructuring may be required: The 50% basic wage rule under the Code on Wages will increase statutory contribution costs (PF, gratuity, ESI) for companies that currently structure salaries with a low basic component. Model the impact before finalising compensation structures.

Fixed-term employment is now statutory: Companies can hire on fixed-term contracts with clear end dates, but must provide the same wages and benefits as permanent employees on a pro-rata basis, including pro-rata gratuity. This provides flexibility for project-based hiring without the uncertainty of contract labour arrangements.

Gig and platform workers gain social security coverage: Companies engaging gig workers or platform workers in India should monitor the notification of social security provisions, as these may create new registration and contribution obligations.

Retrenchment thresholds have changed: The threshold for requiring government approval before retrenchment or closure has been raised from **100 to 300 workers**, giving larger establishments more flexibility in workforce management.

State-level variation persists: Even after full implementation, states will retain flexibility on certain parameters. Labour law compliance in India will continue to require **state-specific assessment.**

18 Common Mistakes Foreign Companies Make

1	**Hiring before the India structure is ready:**	The company finds a candidate but has not decided whether they will be employed by an Indian entity, EOR, contractor model, or staffing arrangement.
2	**Posting before defining the role:**	A vague job description attracts vague candidates.
3	**Depending only on job portals:**	Portals provide reach, but not always the right candidates.
4	**Ignoring city-level talent differences:**	The best location depends on the role, sector, salary range, and business model.
5	**Choosing the lowest-cost city without checking talent depth:**	Lower cost does not help if the required talent is not available.
6	**Underestimating notice periods:**	The candidate may accept quickly but join much later.
7	**Treating the first hire as purely operational:**	The first hire often shapes the company's India culture, market reputation, and execution quality.
8	**Ignoring employment compliance at recruitment stage:**	Offer letters, employment contracts, payroll, tax withholding, confidentiality, IP, and statutory benefits should be planned before onboarding.
9	**Using European contract templates without local review:**	Post-employment non-compete clauses are generally unenforceable in India. Compensation structures, notice periods, and termination provisions differ from European norms.
10	**Not planning for visa/immigration if sending an expat:**	Employment Visa processing takes 4–8 weeks and requires the Indian entity to be operational as a sponsor.
11	**Not monitoring Labour Code implementation in their operating state:**	The four Labour Codes are enacted but not fully notified in all states. Companies that assume the new Codes apply — or that the old laws still apply — without verifying the position in their specific state risk non-compliance.
12	**Assuming compliance is someone else's job:**	Employment compliance is the company's responsibility, even if outsourced.

19 Practical Hiring Roadmap

1 Before Search

- Define the role clearly
- Decide location and work model
- Benchmark compensation (CTC, not just base salary)
- Confirm employment structure
- Decide whether the person will be employed, contracted, or hired through an EOR/staffing model
- Prepare the interview process
- Define the reporting line
- Clarify authority and decision rights
- Decide whether recruitment agency support is required
- Begin visa processing if an expat will be sent

2 During Search

- Use the right channel mix
- Screen for role fit, not only keywords
- Check notice period early
- Assess communication and independence
- Compare salary expectations against local benchmarks
- Use referrals carefully
- Maintain candidate communication
- Explain the company's India plan clearly

3 Before Offer

- Conduct reference checks
- Complete compensation approval
- Clarify joining timeline
- Confirm reporting and work location
- Prepare offer documentation
- Confirm employment model
- Check payroll and tax withholding readiness

4 Before Joining

- Complete background verification
- Prepare employment contract (reviewed for Indian law compliance)
- Set up payroll
- Arrange statutory registrations where applicable
- Confirm equipment and system access
- Prepare onboarding plan
- Align first 30/60/90-day expectations

20 Final Perspective

India offers one of the deepest and most diverse talent pools in the world. But hiring in India requires more than access to candidates. **It requires clarity.**

Clarity on the role. Clarity on the city. Clarity on compensation. Clarity on the employment model. Clarity on the company's India plan.

The wrong question is:
"Where can we post the job?"

The better question is:
"What is the right hiring strategy for this role in this market?"

Because in India, talent is available. But the **right talent** is found through the right channel, in the right city, with the right proposition, and under the right employment structure.

The companies that hire well in India are not always the companies with the biggest brand.

They are the companies that understand how India's talent market actually works — and **connect recruitment with operating readiness from the beginning.**

21 Next in the Series

In the next edition, we will look at what happens **after a candidate is selected:**

- Employment contracts
- Offer letters
- Payroll setup
- Statutory benefits
- Probation and onboarding in India

Because hiring the right person is only the first step. **Employing them correctly is what protects the business.**

Disclaimer: This document provides practical orientation for recruitment planning and does not constitute legal or employment-law advice. Recruitment, employment, and compensation practices are subject to Indian law, which varies by state for certain obligations. Readers should consult qualified Indian legal and HR advisors before making employment decisions. Information reflects the market environment and regulatory framework as understood in **July 2026**.

INDIA MARKET ADVISORY

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