

To: Ambassador of the European Union to India

From:

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EU Inc. as a strategic bridge for India–EU startup cooperation:

Supporting market entry, investment, and innovation partnerships
through a more integrated European corporate framework:



Subject: EU Inc. as a strategic bridge for India–EU startup cooperation: Supporting market entry, investment, and innovation partnerships through a more integrated European corporate framework

Executive Summary

EU Inc. has the potential to make the European Single Market more accessible to Indian startups and investors by reducing legal and administrative fragmentation across Member States and by offering a more standardised framework for incorporation, financing, and cross-border scaling. In this context, the Delegation of the European Union to India should treat the initiative not simply as a technical company-law reform, but as a strategic instrument for connecting India's large and rapidly expanding startup ecosystem with a more coherent European scale-up environment. At the same time, the value of the regime for India lies not in facilitating nominal market entry, but in enabling substantive and credible forms of European establishment, investment, and long-term innovation partnership (European Commission 2026a; European External Action Service and European Commission 2025).

Introduction

On 18 March 2026, the European Commission adopted the EU Inc. proposal as part of the EU Startup and Scaleup Strategy, presenting it as the “cornerstone” of the Union's new “28th regime” for companies (European Commission 2026a). The broader strategy seeks to improve the conditions under which innovative firms are founded, financed, and scaled within Europe. This objective is particularly pressing given that only 8% of global scaleups are located in the European Union, compared with approximately 60% in North America (European Commission 2025a). From an India–EU perspective, the proposal is especially salient because India had more than 212,283 DPIIT-recognised startups by 31 January 2026, making it one of the world's largest startup ecosystems (Press Information Bureau 2026). A comparative perspective further underscores the strategic stakes: in the United States, immigrants had founded or co-founded 319 of 582 billion-dollar startups by May 2022, and India was the leading country of origin for immigrant founders, associated with 66 U.S. billion-dollar companies (Anderson 2022). This suggests that Indian entrepreneurial talent scales successfully when embedded in ecosystems that combine deep capital markets, legal legibility, and credible market-entry pathways.

As President von der Leyen argued at the January 2026 EU–India leaders' meeting, the relationship combines Indian “skills, services and scale” with Europe's “technology, capital and innovation,” a formulation that reinforces the case for viewing EU Inc. as a practical mechanism for translating this broader complementarity into startup cooperation, investment, and market entry (European Commission 2026d).

Policy Problem and Analysis

A recurrent challenge for firms and investors entering the European market is that, notwithstanding the economic logic of the Single Market, the regulatory and institutional environment remains fragmented across Member States. For Indian founders, a major difficulty lies in the limited legibility of the institutional pathway itself. Different national incorporation regimes, tax requirements, and regulatory access points mean that jurisdictional choice is often shaped as much by immediate clarity as by long-term strategic fit. This fragmentation raises transaction costs, complicates venture financing and cross-border scaling, and weakens Europe's relative attractiveness compared with jurisdictions that offer more standardised legal and financial pathways for innovative firms

(European Commission 2025a; Arnold, Claveres, and Frie 2024; Fratto et al. 2024; Enriques, Nigro, and Tröger 2025).

EU Inc. is intended to address this constraint through the creation of an optional, digital-by-default European corporate framework. According to the Commission's proposal, the regime would allow for a 48-hour fast-track incorporation route and a maximum cost of €100 for standardised digital registration (European Commission 2026a; European Commission 2025a). In addition, it seeks to simplify capital increases, digital share transfers, flexible share classes, and employee equity mechanisms, all of which are particularly relevant for venture-backed and innovation-driven firms (European Commission 2025a). Taken together, these measures are designed to reduce legal fragmentation and enhance the operational scalability of firms across the Union (European Commission 2026a; European Commission 2025a).

This development is of direct relevance to the Delegation of the European Union to India because the broader bilateral agenda has already evolved in a direction that supports closer innovation cooperation. In its 2025 strategic agenda, the European Union proposed an EU–India Startup Partnership, to be developed in cooperation with the European Innovation Council, Start-up India, and Member States, with the explicit purpose of promoting cross-border investment, co-creation, and high-potential ventures (European External Action Service and European Commission 2025). The same document also advances the idea of EU–India Innovation Hubs designed to connect policymakers, startups, investors, and technical experts in fields such as artificial intelligence, semiconductors, and digital innovation (European External Action Service and European Commission 2025). Moreover, the launch of exploratory talks on Horizon Europe association on 6 February 2026 has further reinforced the role of research and innovation within the bilateral relationship (European Commission 2026c). Existing ecosystem infrastructure already points in this direction. The EU-funded EU–India InnoCenter was established to facilitate the soft landing of European innovators, startups, and SMEs in India and to bolster two-way technology and knowledge transfer; the current platform also presents itself as supporting startup expansion between Europe and India, including vice versa market entry (European Commission 2025b; EU–India InnoCenter 2026).

At the same time, EU Inc. should not be interpreted as an offshore or purely formal entry mechanism. The proposal is explicitly intended for firms that are genuinely established within the Union, requiring both a registered office in an EU Member State and a central administration or principal place of business in the Union (European Commission 2026a). Accordingly, its relevance for India lies not in creating a nominal entry route into Europe, but rather in providing Indian startups, investors, and joint ventures with a clearer, more standardised, and potentially more credible legal basis for operating within the European market (European Commission 2026a).

Policy Recommendations

To strengthen India–EU startup cooperation while preserving the integrity of the European Single Market, the Delegation of the European Union to India should position EU Inc. as the central legal and institutional vehicle through which Indian startups, investors, and innovation-oriented firms can establish a substantive operational presence in the European

Union. In this sense, the proposed EU Inc. regime should be understood not merely as an internal company-law reform, but as a strategic market-entry and investment architecture for the European innovation economy. By reducing incorporation costs, harmonising startup financing tools, and improving legal certainty for cross-border investors, the regime has the potential to make the European Union more attractive to globally connected founders and capital, including from India (European Commission 2026a; European Commission 2025a). At the same time, however, the framework should be deployed in a way that reinforces genuine European establishment and long-term India–EU innovation partnerships, rather than functioning as a light-touch offshore shell (European Commission 2026a).

The practical relevance of EU Inc. for India will vary across user groups. Founders seeking an operational base in Europe are likely to prioritise speed, cost, and continuity of operation across Member States; Indian venture funds may focus more on legal certainty, documentation, and early proof of adoption; and India–EU joint ventures may value a standardised framework for research, commercialisation, and cross-border collaboration.

A first priority should therefore be to present EU Inc. as the preferred landing vehicle for Indian startups that seek a real and operationally substantive European base. Such an approach would allow the European Union to maintain openness toward globally connected entrepreneurs while preserving the substance requirements embedded in the proposal, namely the requirement that firms maintain both a registered office and a central administration or principal place of business within the Union (European Commission 2026a). This balance may be understood as one of “openness with anchoring”: the framework remains internationally attractive, but only insofar as it supports genuine integration into the European market rather than merely nominal incorporation (European Commission 2026a).

Second, the Delegation should advocate the development of an India-facing startup entry track around EU Inc., coordinated where possible with the Commission, Member States, and existing bilateral instruments. The value of such a track would lie in translating the legal promise of EU Inc. into a usable pathway for non-EU founders. In practice, this would require targeted guidance for Indian startups and investors on incorporation procedures, beneficial ownership disclosure, tax and VAT registration, digital identity requirements, and broader compliance obligations. Since the proposal already emphasises digital procedures, standard templates, and step-by-step registration processes, a logical extension would be to ensure that these mechanisms are accessible and intelligible to strategic external partners such as India (European Commission 2026a). This entry track could build directly on the existing soft-landing and ecosystem functions of the EU–India InnoCenter, particularly in areas such as market immersion, localisation support, partner discovery, and network-building. EU Inc. and the InnoCenter should therefore be presented as complementary instruments from the outset rather than as separate or sequential initiatives (European Commission 2025b; EU–India InnoCenter 2026). Without such guidance, the formal simplification promised by EU Inc. may not be fully realised in practice for foreign entrants (European Commission 2026a).

Third, EU Inc. should be used more proactively to lower barriers for Indian venture capital, corporate investors, and cross-border financing into EU-based startups. One of the proposal’s core advantages is that it seeks to reduce due diligence burdens and transaction

costs that arise from legal fragmentation across Member States. EU Inc. may also enhance the attractiveness of the European market for investors by introducing a more flexible financing framework, simplifying share-related procedures and cross-border corporate operations, and reducing part of the legal uncertainty and complexity associated with divergent national company-law regimes (PwC 2026; Startup Researcher 2026). This feature is particularly significant for third-country investors, who are often required to navigate multiple legal regimes when assessing European firms (European Commission 2025a; Arnold, Claveres, and Frie 2024; Fratto et al. 2024). The Delegation could therefore play a useful coordinating role by promoting EU Inc. not only to Indian founders, but also to Indian venture funds, corporate investors, and innovation intermediaries operating in sectors aligned with EU industrial and technological priorities. In this respect, the framework is not only a company-law innovation, but also a potential instrument of investment facilitation (European Commission 2025a; Enriques, Nigro, and Tröger 2025).

Fourth, the Delegation should encourage the use of EU Inc. in India–EU innovation corridors, particularly through EU-based subsidiaries, research and development entities, joint ventures, and commercialisation vehicles. This would be especially valuable in cases where Indian startups or scaleups require a trusted European legal identity in order to access regulated markets, collaborate with European research institutions, or attract cross-border investors and partners. Rather than treating EU Inc. solely as a domestic legal reform for European firms, policymakers should recognise its potential to structure longer-term India–EU innovation partnerships in areas such as artificial intelligence, semiconductors, climate technology, health innovation, digital public goods, and advanced manufacturing (European External Action Service and European Commission 2025). Used in this way, EU Inc. could help institutionalise not only market access, but also co-creation (European External Action Service and European Commission 2025; European Commission 2026c).

Among these measures, the most immediately feasible step would be the creation of an India-facing startup entry pathway around EU Inc., since this could be pursued through guidance, coordination, and visibility-building without requiring legislative change beyond the framework itself. By contrast, issues such as investor taxation, broader financial regulation, and founder mobility should be treated as important complements rather than short-term outputs of EU Inc. alone.

At the same time, EU Inc. alone will not be sufficient to unlock India–EU startup cooperation. While the framework may reduce company-law fragmentation, it does not by itself eliminate the broader barriers that confront innovative firms entering European markets. For this reason, the Delegation should advocate complementary measures beyond company law, including improved founder mobility, faster and more transparent licensing procedures where relevant, research-commercialisation support, regulatory sandboxes, and clearer tax treatment for internationally active startups. This would ensure that EU Inc. functions as one pillar within a broader enabling environment rather than being expected to resolve every bottleneck in cross-border scaling (European Commission 2025a; Arnold, Claveres, and Frie 2024; Fratto et al. 2024).

Any effort to position EU Inc. as an instrument for India–EU startup cooperation must remain attentive to the political and legal sensitivities surrounding shell-company criticism. The

credibility of the initiative depends in part on preserving the proposal's substance-based safeguards. For that reason, the Union's anchoring requirements should not be diluted. On the contrary, they should be clearly communicated as a mechanism for ensuring that EU Inc. supports real economic activity, employment, investment, and innovation within Europe (European Commission 2026a). For India-linked firms, this is not a disadvantage; rather, it provides a more credible and durable basis for entry into the European market. By combining openness to Indian entrepreneurship and capital with a clear requirement of substantive European establishment, the framework can avoid criticism associated with mailbox-company regimes while still serving as a practical bridge for long-term India–EU economic cooperation (European Commission 2026a).

Conclusion

EU Inc. presents the European Union with an opportunity to align internal Single Market reform with a more outward-looking agenda in innovation policy and economic diplomacy. For the Delegation of the European Union to India, the central policy task is to frame the initiative not merely as a narrow legal innovation, but as a broader institutional bridge between Europe's evolving startup architecture and India's increasingly significant innovation ecosystem. If implemented in a manner that preserves substantive establishment within the Union while creating practical pathways for Indian founders, investors, and joint ventures, EU Inc. could contribute meaningfully to deeper investment linkages, stronger co-creation, and a more durable foundation for India–EU technology cooperation (European Commission 2026a; European External Action Service and European Commission 2025; European Commission 2026c).

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