

01/5/2025- PI/MCA
GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS

5TH Floor, 'A' Wing, Shastri Bhawan
Dr. Rajendra Prasad Road,
New Delhi-110001
Dated: 17-09-2025

OFFICE MEMORANDUM

Subject: Invitation for public comments on establishment of Indian Multi-Disciplinary Partnership (MDP) firms by the Government of India - reg.

The undersigned is directed to refer to the subject mentioned above and to say that the Government of India is committed to enabling the growth of large Indian firms capable of competing with leading international players by facilitating establishment of Indian Multi-Disciplinary Partnership (MDP) firms. In this context, a Background Note has been prepared to identify the challenges faced by Indian firms and to seek suggestions for necessary amendments to laws, rules, and regulations. These inputs will help strengthen Indian firms to compete not only in the domestic market but also globally.

2. The Ministry of Corporate Affairs is actively working towards amending the relevant Acts, rules, and regulations to support the growth of domestic MDPs and enhance their international competitiveness.

3. All stakeholders are requested to review the Background Note and submit their responses on the same latest by 30.09.2025 on 'e-Consultation Module' or at the email **so-pimca@gov.in**.

4. This issues with the approval of the Competent Authority.

Encls.: As above.

(Randhir Kumar)

Under Secretary to the Government of India

To:

The Deputy Director, E-gov for placing the same on the website of MCA at 'Notices' What's New and e-consultation module.

Government of India

Ministry of Corporate Affairs

Background note on MDPs

1. Introduction

1.1 The global consulting and auditing industry is valued at nearly **\$240 billion**, dominated by international networks and global strategy majors. Despite India's world-class talent pool, domestic firms remain marginal players, particularly in high-value audits and consulting, partly due to structural and regulatory barriers.

1.2 India's leadership has repeatedly emphasized the need to build indigenous professional service giants. While government efforts so far have largely concentrated on the auditing sector, it is equally important to prioritise the consulting business, which represents a far larger share of the revenue potential and strategic influence in the professional services industry. The recent FTAs of India has opened opportunities for Indian consultancy firms to expand their presence abroad.

1.3 India needs this vision to ensure that its talent, which is currently working for global firms and delivers value abroad, is fully utilised within the country. India needs to contain its reliance on multinational corporations for strategic audits and consulting for strengthening its economic sovereignty, thereby moving towards achieving the goal of Atmanirbhar Bharat. At the same time, India must focus on building global brands in areas such as Environmental, Social and Governance (ESG), audit, advisory, compliance, and multidisciplinary consultancy, including IT services, tapping into its vast export potential. In addition, it is equally important to strengthen institutions, raise professional standards, and foster a culture of innovation that supports long-term ecosystem development within the country.

2. Current Asymmetry in India's Professional Services Landscape

Study of International firms reveals the strengths of International firms as under, which are not available with Indian firms:

(i) Integrated multidisciplinary services

International firms follow an integrated multidisciplinary model, offering a wide range of services—auditing, tax and legal, consulting, deal

advisory, and specialised areas like ESG, forensics, and technology. This approach allows them to act as one-stop solution providers, addressing the requirement of client with coordinated expertise, combining global reach with local knowledge, and delivering end-to-end support across the entire business lifecycle.

ii. Global networks ensuring scale and consistency

International firms operate through vast global networks that span numerous countries, enabling them to serve multinational clients with the same standards and quality across the world. These networks ensure scale by mobilising large pools of expertise and resources, while consistency is maintained through uniform methodologies, shared technology platforms, and global best practices. This structure allows the international firms to deliver seamless, reliable, and comparable services worldwide, making them trusted partners for global businesses and governments.

iii. Strong brands as “trust multipliers”

The International firms have strong and well-known brands that acts as “trust multiplier”. Because of their reputation, their clients, feel confident that their work is reliable, and of good quality. This trust helps them build stronger client relationships, hire the best talent, and win big projects around the world.

iv. Partnership structures driving accountability and retention

The international firms operate through partnership structures where senior professionals are partners who own and manage the firm. This model creates strong accountability, as partners are directly responsible for the quality of work and client relationships, while also sharing the risks and rewards of the business. At the same time, it supports retention by offering talented professionals a clear path to partnership, motivating them to stay and grow within their firm, thereby strengthening long-term stability and commitment.

v. Deep tech alliances and proprietary platforms

The International firms strengthen their services through deep technology alliances with global leaders enabling them to deliver advanced IT solutions to their clients. In addition, they have developed their own proprietary platforms which enhance audit quality, data

analytics, and client services. Such blend mix of alliance and their own proprietary platforms give them a strong edge in combining technology with professional expertise to provide more efficient, reliable, and innovative solutions worldwide.

vi. Investment in leadership academies, certifications, mobility programs

The International firms invest heavily in leadership academies, professional certifications, and global mobility programs to build and retain top talent. These initiatives equip professionals with advanced skills, international exposure, and leadership capabilities, ensuring they stay ahead in the rapidly changing business environment. By adopting continuous learning and offering global career opportunities, the International firms not only enhance service quality for their clients but also strengthen employee engagement, loyalty, and long-term growth within the firm.

3. Steps Taken So Far by the Government to Strengthen the Indian Firms

3.1 The government and regulatory bodies have taken several measures to strengthen the position of Indian audit firms and create a more level playing field with global players.

3.2 In April 2021, the Reserve Bank of India (RBI) issued a circular aimed at diversifying the auditing business of financial institutions. It restricted the number of audits by a single firm to a maximum of four Scheduled Commercial Banks (SCBs), eight Urban Co-operative Banks (UCBs), and eight Non-Banking Financial Companies (NBFCs). It also made joint audits mandatory for large banks with assets exceeding ₹15,000 crore. Previously, around 250 major banks and NBFCs were primarily audited by just six large firms. Under the new limits, these firms can collectively handle a maximum of 72 assignments, with the remaining business opening up to Indian firms that offer cost-effective services and can build capabilities.

3.3 The Institute of Chartered Accountants of India (ICAI) has also taken steps to enhance the competitiveness of Indian firms against the International firms currently, out of 95,000 firms registered with ICAI, about 70,000 are proprietorship firms, and only 400 Indian firms have more than 10 partners. In contrast, some of the international firms have

much higher number of partners. To bridge this gap, ICAI initiated measures to allow Indian firms to combine and form larger aggregate entities with greater operational capacity.

4. Issues which need to be addressed to help grow Indian firms to International level:

i Advertising and Marketing ban:

In India, professionals such as chartered accountants, company secretaries, and lawyers face restrictions on advertising and branding due to regulations set by their governing bodies. These rules were originally intended to uphold dignity, ethics, and independence in the profession, ensuring that services are chosen based on merit rather than marketing. However, this ban limits Indian firms from building strong brands and competing on a global scale, especially against multinational firms, which can freely advertise and establish market visibility abroad. There should be a distinction between professional brand-building (logos, sponsorship of professional events) on one hand and solicitation & advertising (advertising on TV and social media) on the other hand.

ii. Restrictions on multidisciplinary partnerships

In India, restrictions on multidisciplinary partnerships (MDPs) prevent professionals such as chartered accountants, company secretaries, lawyers, and actuaries from working together under a single firm structure. As a result, they often operate in silos, limiting collaboration and the ability to offer integrated services like those provided by International firms. This restriction makes work less efficient, limits new ideas, and stops Indian professional firms from growing into full-service firms that can compete at the international level. The suggestion to review the requirement of “majority of partners” referred to in proviso to Section 141(1) of the Companies Act, 2013 is under consideration.

ICAI’s 2021 MDP framework is also restrictive as it permits only six professions and excludes MBAs, IT, insolvency experts etc. The three Professional institutes, i.e., ICAI, ICSI and ICoAI, need to establish systems and environment for professional development, which includes shared common resources for smaller firms

iii. Fragmented licensing

In India, licensing for professional services is governed by different

regulators overseeing specific professions such as chartered accountancy, company secretarial practice, law, and actuarial science. Each operates under its own rules and restrictions, often without coordination, which creates silos and limits collaboration. This fragmented framework makes it difficult to build multidisciplinary firms, reduces competitiveness against International players, and prevents the development of Indian firms meeting diverse and complex client needs.

iv. Public procurement and empanelment processes

GFR allows procuring entities the flexibility to relax certain provisions in respect of startups and MSME but in practice, sometimes process followed in procurement does not create a level playing field between Indian entities and International entities. In high-value consulting, audit, and advisory assignments, stringent eligibility conditions such as high global turnover, extensive international experience, and global presence tend to disadvantage Indian firms, even when they possess the necessary expertise. As a result, foreign firms get a larger share of prestigious projects, limiting opportunities for domestic players and hindering their growth.

In the definition of “Indian” under the 2017 Public Procurement (Preference to Make in India) Order, which allows foreign-owned firms to qualify as Indian based only on local value addition, ignoring ownership and technical know-how.

Another issue is that sometimes technical qualifications are evaluated at the firm level rather than the individual level, favoring global companies with established track records. Since expertise ultimately lies with individuals, their past credentials should count even when they move to Indian firms; otherwise, domestic firms remain structurally disadvantaged in competing for large projects against foreign players.

vi. Standalone operations, no global collaboration platforms

Indian professional firms largely operate in standalone silos with limited access to global collaboration platforms, which restricts their ability to share knowledge, leverage international best practices, and serve multinational clients seamlessly. Unlike global networks that the international firms rely on for scale and consistency, Indian firms often lack integrated systems and cross-border alliances, leaving them at a disadvantage in delivering coordinated, world-class services and in

building globally recognized professional brands.

Questionnaire

General Information

Name of the Organization/Individual:

Field of work:

Contact Details:

Q1. Suggest specific changes in the Rules/Regulations administering different professionals in India to ensure Indian firms develop into globally competitive players in the field of consultancy.

Q2. Which regulatory safeguards are required to successfully implement the MDP framework?

Q3. What should be the mechanism to settle disputes among professionals in a MDP?

Q4. Are you aware of successful MDP models in other countries? If yes, which of the best practices should be adopted in India?

Q5. What measures can the Government/Professional Bodies take to ensure Indian firms develop into globally competitive players?

Q6. What regulations of the governing bodies/associations is preventing Indian firms to provide services in India on the lines of global consultancy firms in India and abroad?

Q7. What is the status of presence of Indian Consultancy firms in International market?

Q8. How can brand building for Indian firms be encouraged without opening the sector to solicitation/advertising?

Q9. Any other suggestions.