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# Ideate, Innovate, Implement: Invest in India

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October 2017



# Message from



**Sandeep Jajodia**

President,  
ASSOCHAM

India is today one of the fastest growing economies in the world. The global spotlight is on India and investors from around the world are following all the developments happening in India. The economic reforms being carried out by our Government are talking points globally, be it demonetization or implementation of GST or the efforts being made for “Ease of Doing Business” and are being lauded by most of our global partnering countries. The Government is making all the efforts to make a congenial economic atmosphere in the country to boost the investors’ confidence, both domestically and globally.

The recently reconstituted Economic Advisory Council to the Prime Minister, has identified 10 (Ten) priority areas, such as, employment, monetary policy, public spending and agriculture, reflecting that the Government of India is proactively monitoring the concerns of our growing economy for achieving the desired higher growth.

The Global Investors’ India Forum (GIIF) is an Annual initiative by ASSOCHAM to build “Brand India” by bringing together investors from around the world and the policy makers on a common platform, so as to enable a direct dialogue between the two for addressing investors’ concerns.

I am hopeful that the ideas and suggestions that will emanate from this Annual Forum will go a long way in positioning India’s as a priority hub for global Investors.

# ASSOCHAM

It gives me immense pleasure to inform that the Associated Chambers of Commerce & Industry of India is organizing the Third Global Investors' India Forum on 26th and 27th October in New Delhi.

This Annual Investors' Meet is being "Officially Supported" by the Economic Diplomacy Division, Ministry of External Affairs, Government of India and the Make in India Program.

The objective of holding the two day Annual Forum is to invite the much needed investments for the growing Indian economy.

The theme for the third Global Investors India Forum is "Ideate, Innovate, Implement: Invest in India".

The topical sessions for the two days Annual Forum include the following:

- ▶ India - Investors' Destination
- ▶ India's Competitiveness Ranking
- ▶ Government Divestment in PSUs: Strategic Decision to Increase Efficiency
- ▶ Services Industry's Role in Making 'New India'
- ▶ Tax Reforms for Inclusive Growth - GST
- ▶ Insolvency and Bankruptcy Code (IBC): Biggest Economic Reform
- ▶ India's North East: The Super Highway to South East Asia
- ▶ Agro & Food Processing Industry: Key to Rural & Economic Resurgence
- ▶ India as an Emerging High Quality, Low Cost Manufacturing Hub
- ▶ Smart Infrastructure for Sustainable Development

We are happy to note that several State Governments are partnering this year's Annual Meet as in the past.

I will like to acknowledge and thank the Knowledge Partner, EY India for preparing this background paper, Mr. Ajay Sharma, Senior Director, ASSOCHAM and his team for working dedicatedly on the project.



**D.S. Rawat**  
Secretary General,  
ASSOCHAM



**Amit Khandelwal**

Managing Partner,  
Transaction Advisory Services,  
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**Sibjyoti Basu**

Partner, National  
Business Development and Strategic  
Growth Markets Leader, EY

# Foreword

**O**ur country has seen a wave of progressive changes in the past few years, further accentuating the India growth story. Robust fundamentals and the Government's bold measures on many fronts are enabling India to reach and realize its true potential. The impact of the recent measures and initiatives is evident from the improvement of India's ranking in World Bank's Doing Business rankings. The macroeconomic indicators such as balanced inflation, FDI inflows in the last year, controlled fiscal deficit and current account deficit are further endorsements of that trend. While there have been some temporary blips in the recent past, the medium- to long-term story for India remains strong on the back of pro-business reforms and strong fundamentals.

Some of the marquee reforms in recent times such as the Goods and Services Tax (GST) and the Insolvency and Bankruptcy Code (IBC) have been aimed at improving transparency, increasing efficiency and easing regulatory complications. GST will likely bring relief in issues such as dual taxation and cascading taxes and will have a far-reaching impact on supply chain, accounting and tax compliance frameworks. IBC is also expected to play an important role in resolving the NPA issue and give a further impetus to India's ease of doing business ranking. However, a large number of sector-specific issues require active engagement and dialog between the Government and the industry.

Indian capital markets are experiencing one of their best phases and are operating at a record-high, driven by domestic demand and high investor confidence boosted by various

reforms. M&A activity in India is also expected to remain steady as organizations across sectors look to consolidate their business operations and expand scale and geographical presence. Additionally, to future-proof businesses from the ongoing digital disruption and rising protectionism globally, companies are likely to proactively keep pursuing acquisitions and alliances. Accelerating innovation is compelling companies to look outside their own sector to remain relevant in an increasingly competitive environment. On the other hand, private equity (PE) investments witnessed a sharp increase on the back of some large deals and recorded the highest investments in the quarter ended September 2017. PE firms are optimistic on exits in India, which have significantly improved in the last couple of quarters driven by an increase in exits via capital markets as well as secondary divestments.

This report, in association with ASSOCHAM, comes at a time when many agencies tracking the Indian economy have moderated the FY18 growth outlook on account of disruption caused by the GST rollout and demonetization. However, the Indian economy is expected to be back on the growth track driven by policies balancing public and private spending.

We hope this report provides a glimpse of India's growth trajectory in the past years and helps you make informed decisions on where, what and why to invest in India. With this, we would like to thank ASSOCHAM for this partnership and wish them success at the 3rd Global Investors' India Forum.



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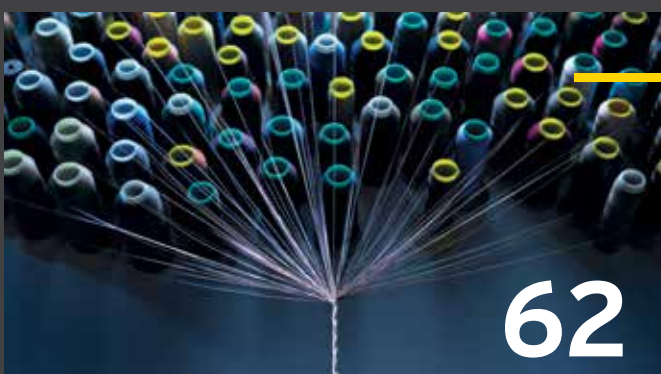


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Investment  
opportunities driven by  
**key reforms**

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**Indian states:**  
wheels of the country's  
development



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Driving investments  
through  
**major sectors**

# Executive summary

**F**oreign investments and a country's economic growth are very strongly related. This report **Ideate, Innovate, Implement: Invest in India** (5Is) aims to facilitate investments in India by highlighting through policy changes and ease of doing business reforms. This report provides actionable intelligence to investors planning to invest in India or are already here and are looking for attractive opportunities to expand.

*5Is* covers macroeconomic indicators, key government reforms, major states and select sectors. It provides guidance on where to invest in India and the opportunities available in these sectors.

## India at a glance

India is one of the largest and fastest growing economies among its BRICS and ASEAN counterparts. According to the International Monetary Fund (IMF), India's economy is expected to grow at 7.4% in 2018, up from an estimated 6.7% in 2017. Timely and smooth implementation of landmark reforms such as the GST, the IBC as well as decisive action to resolve the non-performing assets (NPA) challenge in public sector banks is crucial for India to realize its potential real GDP growth between 8% and 10%.

## Investment opportunities driven by key reforms

Over the last three years, the Government has launched several reforms to improve the current business environment, bring financial inclusion, develop infrastructure and increase technological readiness. These reforms have transformed India into one of the fastest growing economies globally. Some of the major reforms include:

### **Make in India**

- ▶ Aims to enhance manufacturing capabilities to make India a global design and manufacturing hub
- ▶ Aims to increase the share of manufacturing in GDP to 25% by 2025

### **GST**

- ▶ Aims to simplify the Indian tax structure by introducing one indirect tax for the entire nation, thus making India into one unified common market
- ▶ Is a comprehensive, multi-stage, destination-based tax and have four tax slabs ranging from 5% to 28%

### **Smart Cities**

- ▶ Aims at enhancing economic growth and improving the quality of life by allowing local area development and harnessing technology
- ▶ Total proposed investment of INR1.9 trillion (US\$29.4 billion) for 90 cities (chosen till September 2017)

### **Digital India**

- ▶ Aims to prepare India for a knowledge-based future with the use of technology at an outlay of INR1,130 billion (US\$17.5 billion)

### **Startup India**

- ▶ Intends to build an ecosystem for nurturing innovation and startups in the country
- ▶ Proposes an investment of INR100 billion (US\$1.5 billion) over a period of four years to promote entrepreneurship

### **IBC**

- ▶ Aims to consolidate all existing insolvency-related laws and resolve insolvencies in a strict time-bound manner
- ▶ Debt Recovery Tribunal (DRT) and National Company Law Tribunal (NCLT) to act as arbitrating authorities and deal with insolvency cases

### **JAM Trinity**

- ▶ An initiative to link Jan Dhan accounts, mobile numbers and Aadhaar cards of Indians to plug the leakages in inefficient distribution of subsidies through direct transfer to intended beneficiaries

# Executive summary

## Indian states: Wheels of the country's development

Given India's vast land area, there is enormous diversity among all the states. The states have been categorized into different zones as per their locations.

### North



- ▶ The powerhouse of India's economic growth, accounting for about a quarter of India's GDP
- ▶ It presents multiple investment opportunities in a variety of sectors, including automotive, FMCG, agro, IT and ITeS, real estate, textiles and banking and finance

### Central



- ▶ Rich in natural resources, including fuels, minerals, agriculture and biodiversity
- ▶ Strategic central location and abundant availability of land, labor and resources has attracted many multinationals companies including FMCG majors such as Mondelez, Procter & Gamble, Hindustan Unilever Limited, Coca Cola and Cargill

### East



- ▶ Eight north eastern states are considered to be "new engines for India's growth" given their strategic location with proximities to south east and east Asia
- ▶ The Government plans to provide broad-gauge rail connectivity to state capitals in the east zone by 2020, transforming the region into India's trade window for south Asian neighbours

### West



- ▶ It acts as the gateway of investments in India, driving majority of the FDI
- ▶ Gujarat, already a petrochemical hub, further plans to develop Petroleum, Chemical and Petrochemical Investment Region (PCPIR) in Bharuch at an estimated cost of about INR153 billion (US\$2.4 billion)

### South



- ▶ It is the ideal destination in terms of physical infrastructure such as roads and ports, skilled human resource and an established industrial base
- ▶ Karnataka launched the i4 (IT, ITeS, Innovation, Incentives) Policy providing concessional space for startups, speedy clearance of projects and concessional power

## Driving investments through key sectors



### Automotive and transportation

- ▶ The auto industry is a major employment generator, GDP contributor and FDI earner. It contributes 7.1% to India's GDP and 49% to the nation's manufacturing GDP (FY16)
- ▶ The logistics market is expected to grow at a CAGR of 12.17% by 2020, driven by growth in the manufacturing, retail, FMCG and e-commerce sectors
- ▶ The Government allocated INR640 billion (US\$ 9.9 billion) in FY17 to boost national highways and last mile connectivity



### Power and utilities

- ▶ Power continues to be a valuable and an essential commodity. India experiences continuous surge in demand for power. The Government aims to provide 24x7 affordable power to all by 2019. FDI of up to 100% is permissible in the power segments (excluding atomic energy) and up to 49% under the automatic route in power exchanges
- ▶ Renewable power contribution in the overall power generation mix has increased considerably from 13.2 GW in 2009 to 50 GW in 2017, dominated by wind power
- ▶ India's expected power generation target of 640 GW provides a huge opportunity of installation of additional ~300 GW by 2027

Pro-growth reforms introduced by the Government are expected to have a positive impact across sectors. FDI inflow and M&A activity have already increased in technology, infrastructure, automotive and consumer products and retail. Some of the major sectors in India include:



### Agriculture and food processing

- ▶ India is the third-largest agricultural producer by value behind only China and the US. It is also the second-largest country in terms of agricultural land holdings (~180 million hectares) and has the 10th-largest arable land resources in the world
- ▶ 100% FDI is permitted in agriculture and food processing industries (under the automatic route) and trading, including e-commerce and food products manufactured in India (under the Government approval route)
- ▶ Indian agricultural services and agricultural machinery sector cumulatively have attracted significant FDI equity inflow over the years



### IT and business process management

- ▶ India is the world's largest offshoring destination for the information technology (IT) industry, accounting for over 55% share of the global services offshoring market and about 40% share of the business process management (BPM) offshoring market
- ▶ The sector accounts for ~7.7% of India's GDP and a share of more than 45% in total services export from the country
- ▶ The sector recorded US\$154 billion in revenue in FY17 – a 7.8% (y-o-y) growth
- ▶ Indian Government's digital push – cashless economy, Make in India, Digital India, Skill India and other programs – is expected to spur the growth of IT and Fintech industry



### Consumer products and retail

- ▶ The Indian retail sector accounts for over 10% of the India's GDP and around 8% of the employment. It is the world's fifth-largest global destination in the retail space
- ▶ Online retail or e-retailing as a share of organized retail market is expected to increase from ~13% in 2015 to ~33% in 2020
- ▶ Relaxation of local sourcing norms for certain single brand retail companies was a welcome move for various consumer product brands looking to invest in India
- ▶ The Indian retail sector has immense potential mainly due to the large population base with increasing working population, rapid urbanization and increasing internet and smartphone penetration



### Real estate, hospitality and construction

- ▶ Real estate is the fourth largest sector in terms of FDI inflows, estimated to grow to US\$25 billion by FY22
- ▶ India's construction sector is considered to be the country's second-largest employer and contributor to economic activity after agriculture. It employs more than 35 million people. It accounts for the second highest inflow of FDI after services. The construction industry has contributed nearly 8% to the national GDP during the last five years
- ▶ Inbound tourism is expected to grow strongly to reach 10.5 million tourists by 2021. The value of the hotel and restaurant industry is also expected to grow to INR3.11 trillion (US\$48 billion) by 2021
- ▶ Government reforms such as "Housing For All" are expected to provide opportunities for housing finance players

A hand holding a telescope against a sunset city skyline. The background is a vibrant sunset with orange and yellow hues. In the foreground, a hand holds a silver telescope, pointing it towards the horizon. The silhouette of a city skyline is visible in the background, with the sun setting behind one of the buildings. The overall mood is one of exploration and vision.

# India at a glance

This section covers key macroeconomic indicators including GDP growth, inflation, trade indicators and the investment climate including FDI inflows and deal activity in the country.



# India at a glance<sup>1</sup>



**First** full majority Government in over 30 years-  
leading to a pro-business environment, fast decision  
-making and timely implementation of reforms

**Second** largest  
road network at  
4.7 million km;  
Government to  
invest US\$107  
billion by 2022  
to build 83,000  
km of additional  
roads

**Largest** democracy  
in the world; divided  
into three distinct  
divisions - the  
executive, the  
legislative and the  
judiciary - structured  
to ensure stability

**27** public,  
**26** private and  
**46** foreign banks  
operating in India

**Seventh largest country** - total area  
of 3.29 million square kilometres; shares  
boundaries with eight countries.

Network of **449**  
airports, upcoming  
investments of US\$10  
billion during 2017-22  
to make India the third  
largest aviation market

**Second** largest road network at 4.7 million  
km, Government to invest US\$250 billion by  
2022 to build 50,000 km of additional roads



Labor force of **513.7 million** in 2016, Bloomberg estimates that working-age population will exceed the 1 billion mark by 2027

**Third largest** rail network spanning over 66,000 km; development of three dedicated freight corridors to move goods in a faster, cheaper and reliable way

Inland waterways of **14,500 km**, out of which about 5,200 km of rivers and 4,000 km of canals can be used by mechanized vessels

Abundance of **natural resources** - coal (forth largest), iron ore, manganese, mica, bauxite and rare earth elements

One of the **youngest** nations in the world with an average age of 27.6 years, giving it the advantage of workforce availability

Large coastline of **7,517 km**, enabling easy sea trade between west Asia, south-east Asia, Africa and European countries

Network of 760 universities, over 38,000 colleges and over 12,000 technical educational institutes, which add **10-12 million** new workers every year

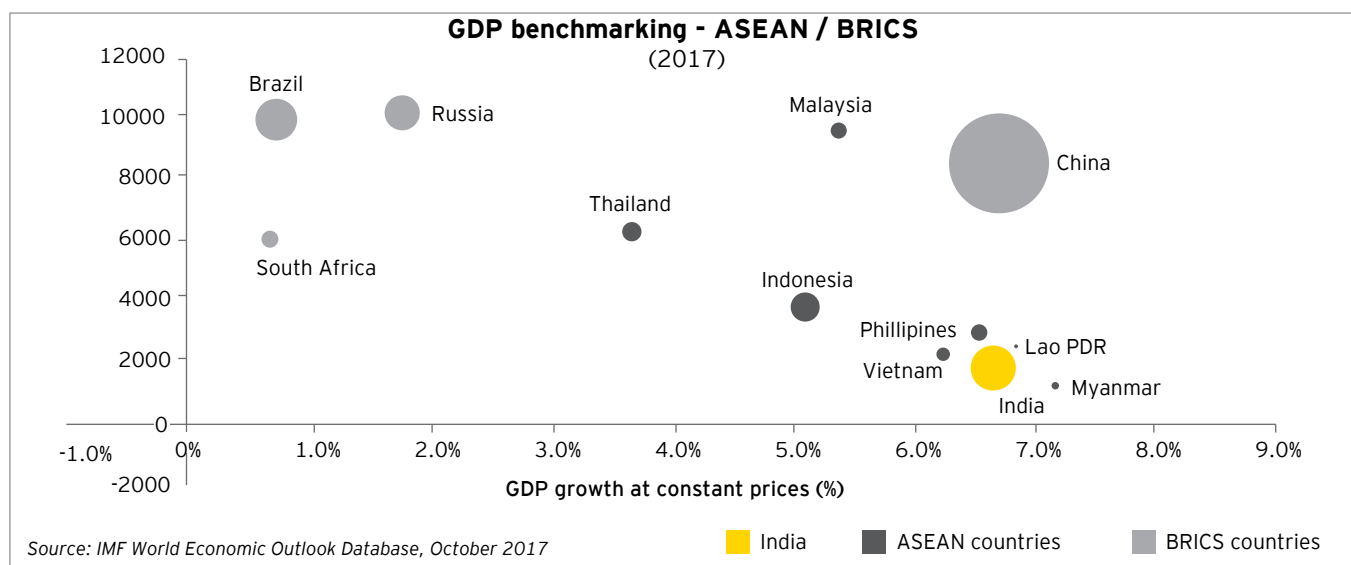
## Macroeconomic indicators



### One of the largest and fastest growing economies among BRICS and ASEAN

India remains one of the fastest growing economies in the world on the back of strong fundamentals and robust economic reforms. According to IMF World Economic Outlook October 2017, India is expected to surpass all its BRICS and ASEAN

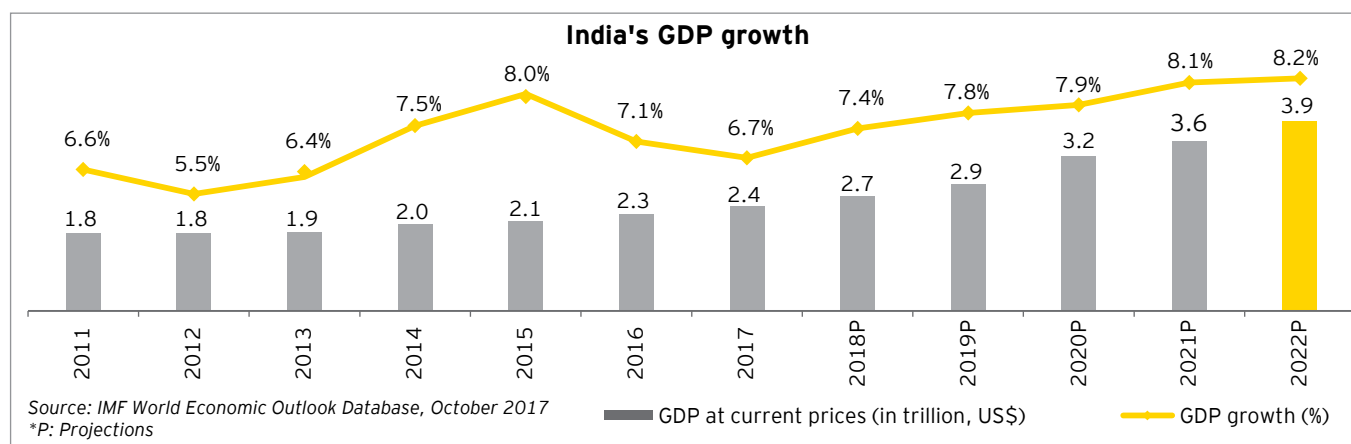
counterparts (except Myanmar), including China, Indonesia and Malaysia in terms of GDP growth rate in 2018. India has benefitted from a stable macroeconomic environment of low inflation and low interest rates, which has helped counteracting the temporary slow-down in consumer spending and investment following demonetization.



### Structural reforms to take India to its potential GDP growth of 8%-10% in the medium term

According to the IMF, India's economy is expected to grow at 7.4% in 2018, up from an estimated 6.7% in 2017. Timely and smooth implementation of landmark reforms such as the GST

and IBC as well as decisive action to resolve the non-performing asset (NPA) challenge in public sector banks are crucial for India to realize its potential real GDP growth of 8%-10%. The IMF also projects India to overtake Germany in 2022 as the world's fourth-largest economy, displacing the UK from the top five.

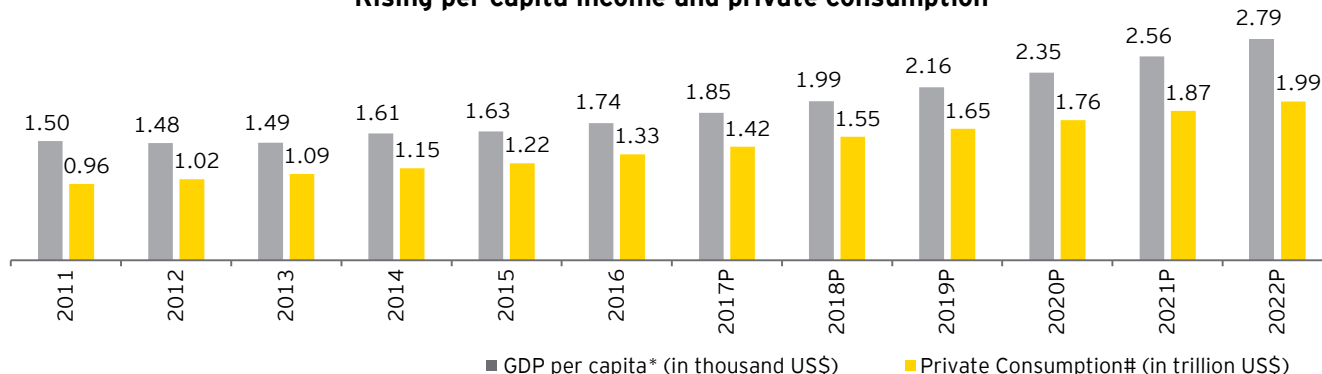


## Rising purchasing power and per capita income stimulating private consumption

As per the central Statistics Office, India's per capita net national income which is a gauge for measuring living standards, grew by 10.4% in FY17 to US\$1,591 from US\$1,440 during FY16. The growing purchasing power

and rising influence of the digital media have enabled Indian consumers to spend more. India's private consumption expenditure is also expected to grow at a CAGR of 7% from US\$1.3 trillion in 2016 to about US\$2 trillion by 2022. Maximum consumer spending is likely to come from the food, housing, consumer durables, transport and communication sectors.

**Rising per capita income and private consumption**

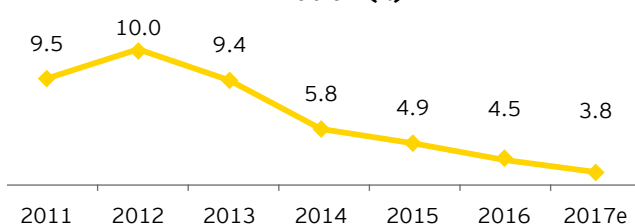


Source: IMF World Economic Outlook Database, October 2017; Oxford Economics; \*at current prices; #at 2010 constant prices and exchange rate P: Projections

## Stable inflation, prompting the RBI to defer rate cut

The RBI, in its credit and monetary policy review in October 2017, kept the policy rate unchanged. The RBI kept the policy stance "neutral" with the objective of achieving a medium-term consumer price index (CPI) inflation rate of 4% within a band of +/-2%. Economists lowered their CPI forecasts for FY18 and FY19, after inflation averaged 4.5% in FY17. Asian Development Bank (ADB) lowered India's inflation forecast to 4% for FY18 from an earlier estimate of 5.2%, due to higher supply and lower prices of food items and the low oil prices in world markets.

**Inflation (%)**

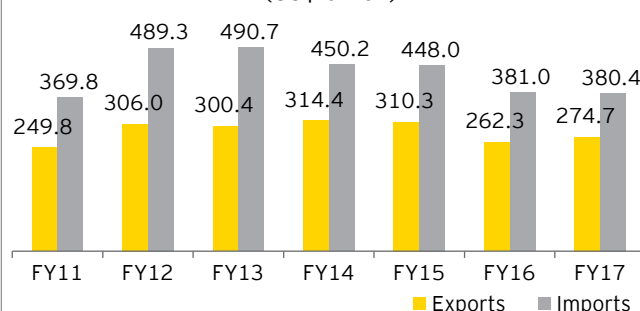


Source: IMF World Economic Outlook Database, October 2017 e: estimated

## Reviving demand from developed countries and rising commodity prices driving exports

India's exports grew by 4.7% to US\$274.7 billion during FY17 from US\$262.3 billion in FY16, its fastest pace in five years. A revival of growth and demand in developed economies and a surge in commodity prices in 2H17 boosted Indian shipment. The top exporting destinations include the US, the UAE, Hong Kong, China and the UK. Imports decreased marginally by 0.17% y-o-y in FY17 to US\$380.4 billion as against US\$381.0 billion in FY16. The trade deficit for FY17 was at US\$105.7 billion, ~11% lower than the deficit of US\$118.7 billion during FY16.

**India's total trade**  
(US\$ billion)



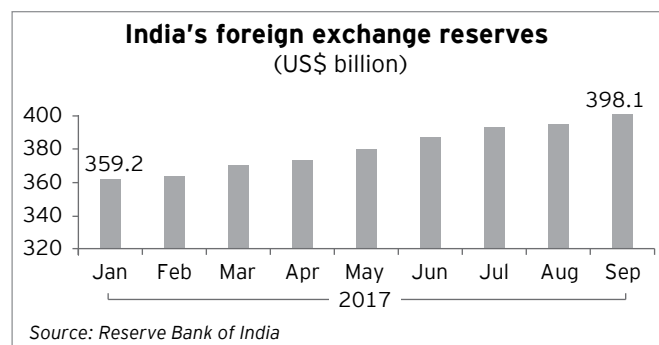
Source: Department of Commerce Export Import Data Bank

## Rising foreign investments and assets to keep the rupee strong

India's foreign-exchange reserves stood at approximately US\$398 billion as on 6 October 2017 as compared to US\$372 billion in the previous year on the same date. The increase can be attributed to a rise in foreign currency assets. Global investors are taking advantage of high real interest rates and a strong rupee, which has gained more than 6% in 2017 (till September) against the US dollar.

The rupee has remained among the best-performing emerging-market currencies in 2017. The high forex holdings would help the rupee withstand any volatility, especially with the Federal Reserve expected to reduce the US stimulus. A combination of increasing foreign portfolio investment (FPI) and FDI in the country may drive the rupee in the coming quarters. India's

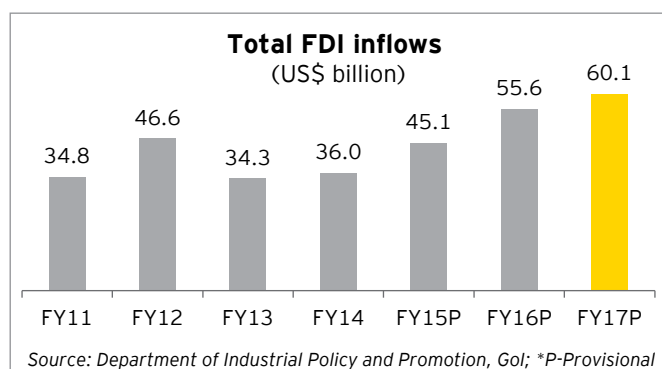
relatively lower dependence on external trade, commitment to reforms, improved policies and stable macro fundamentals are expected to help the Indian rupee remain resilient in FY18.



## Investment climate

### Strong reforms continue to improve the investment climate in India

Inward FDI in India has been growing consistently at a CAGR of 15% since FY13, due to the Government's favorable policies and robust business environment. FDI inflows reached an all-time high of US\$60.1 billion in FY17 as the current Government eased rules to attract global companies to invest in key sectors.

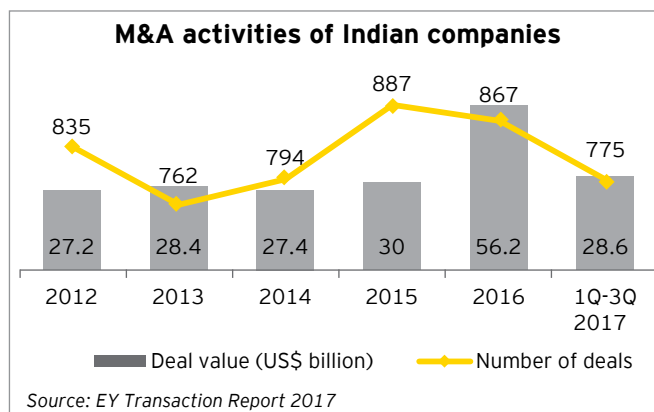


The Government has undertaken many initiatives in the recent years, including easing 87 FDI rules across 21 sectors to accelerate economic growth and boost jobs. The Government has also introduced composite caps in the FDI policy and abolished the foreign investment promotion board (FIPB) to

promote ease of doing business in the country. Japan, the UK, the US, Singapore, the Netherlands and Mauritius were among the major contributors of FDI during April 2000-June 2017.

### M&A and private equity (PE) are on the rise

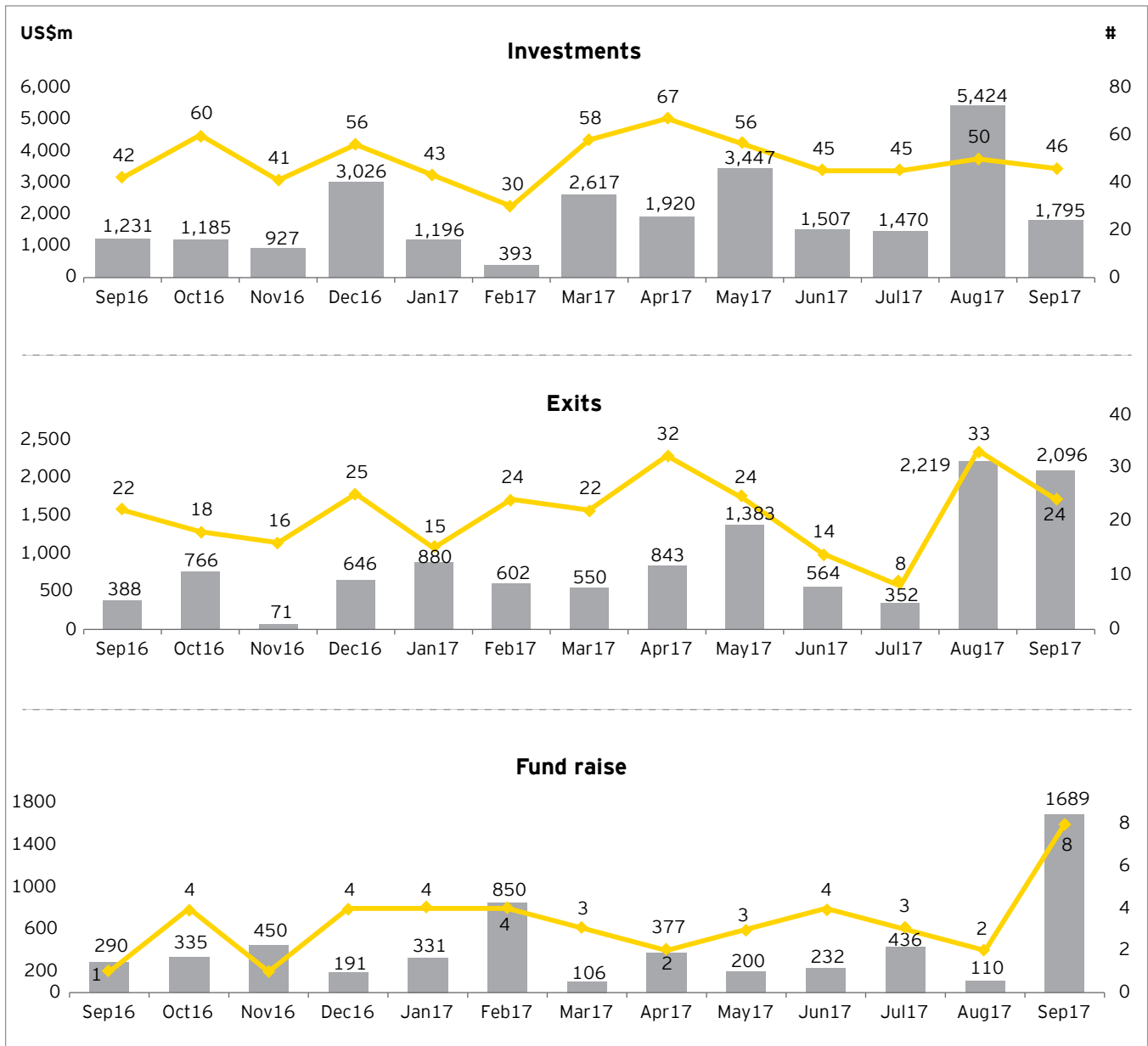
The M&A activity in India in the first three quarters of 2017 was largely positive, with 775 deals worth US\$28.6 billion. It is expected to remain stable as organizations across sectors look to consolidate their business operations and expand scale and geographical presence. Factors such as an accommodative monetary policy, healthy equity markets and the IBC are also expected to facilitate deal making in the country.



According to fDi Intelligence, a Financial Times division, India ranked as the world's number one greenfield FDI destination second year in a row. According to the report, India remained ahead of China and the US with US\$62.3 billion in 809 projects in 2016.

In the first three quarters of 2017, PE/VC activity in India witnessed a sharp increase across investments, exits and fund raise on the back of some large deals with size in excess of US\$200 million each. The third quarter of 2017 recorded the

highest ever quarterly investments in the history of the Indian PE/VC industry, surpassing the high recorded in the previous quarter.



## Significant investments in the last 12 months

(LTM, US\$500 million and above)

### M&A deals

| Company                                                      | Investor                                                                                                         | Sector                  | Stage     | Value<br>(in US\$m) | Stake (%) |
|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|-------------------------|-----------|---------------------|-----------|
| Essar Oil Limited<br>(including Vadinar refinery)            | Consortium of Trafigura Holding,<br>United Capital Partners and Petrol Complex Pte Limited, (Rosneft subsidiary) | Oil and gas             | Strategic | 12,907              | 98        |
| Idea Cellular Limited-<br>Mobile Business                    | Vodafone Group PLC-<br>Vodafone India Assets                                                                     | Telecommunications      | Strategic | 11,627              | -         |
| Flipkart Internet Private Limited                            | eBay, Microsoft and Tencent                                                                                      | Ecommerce               | Strategic | 1,400               | -         |
| ibibo Group Private Limited                                  | MakeMyTrip Limited                                                                                               | Travel services         | Strategic | 1,274               | 100       |
| Gujarat State Petroleum Corp's<br>Krishna Godavari gas field | Oil & Natural Gas Corp Limited                                                                                   | Oil and gas             | Strategic | 1,195               | 80        |
| Videocon d2h Limited                                         | Dish TV India Limited                                                                                            | Media and entertainment | Strategic | 1,186               | -         |
| Gland Pharma Limited                                         | Fosun Group                                                                                                      | Pharmaceuticals         | Strategic | 1,090               | 74        |
| Actavis UK Limited,<br>Actavis Ireland Limited               | Accord Healthcare Limited                                                                                        | Pharmaceuticals         | Strategic | 767                 | 100       |
| Claris Injectables Limited                                   | Baxter International Inc                                                                                         | Pharmaceuticals         | Strategic | 625                 | 100       |
| PKC Group Oyj                                                | Motherson Sumi Systems Limited                                                                                   | Automotive              | Strategic | 604                 | -         |
| Appirio Inc                                                  | Wipro Limited                                                                                                    | Technology              | Strategic | 500                 | 100       |

## PE/VC deals

| Company                                                         | Investor                                  | Sector                                    | Stage                        | Value (in US\$m) | Stake (%) |
|-----------------------------------------------------------------|-------------------------------------------|-------------------------------------------|------------------------------|------------------|-----------|
| Flipkart                                                        | SoftBank Vision Fund                      | E-commerce                                | Expansion/<br>Growth capital | 2,500            | 30        |
| Reliance Infratel                                               | Brookfield                                | Telecommunications                        | Buyout                       | 1,642            | 51        |
| Paytm                                                           | SoftBank                                  | Financial services                        | Expansion/<br>Growth capital | 1,400            | -         |
| DLF Cyber City Developers Limited                               | GIC                                       | Real estate, hospitality and construction | Expansion/<br>Growth capital | 1,390            | 33        |
| Hiranandani Developers Private Limited- Powai Commercial Assets | Brookfield Asset Management Inc           | Real estate                               | Financial                    | 1,007            | -         |
| Bharti Infratel Limited                                         | KKR India Advisors Private Limited, CPPIB | Telecommunications                        | PIPE Financing               | 956              | 10        |
| GlobalLogic                                                     | CPPIB                                     | Technology                                | Expansion/<br>Growth capital | 720              | 48        |
| IndoSpace                                                       | CPPIB                                     | Real estate, hospitality and construction | Buyout                       | 500              | -         |

*"...we believe that India is for the medium and long-term on a growth track that is much more solid as a result of the structural reforms that have been conducted in the last couple of years... the (fiscal) deficit has been reduced, inflation is down significantly and the structural reforms will deliver jobs the Indian population, particularly the young Indian people, expect in the future."*

Source: "Indian economy on solid growth track, says IMF chief Lagarde," Times of India, 16 October 2017 and accessed 16 October 2017.

**Christine Lagarde**  
Managing Director, IMF

The background of the slide is a dark, deep purple or blue. It is filled with numerous thin, glowing lines in shades of red, orange, and yellow, crisscrossing the frame. Interspersed among these lines are many small, out-of-focus circular lights, also in warm tones, creating a bokeh effect. A few larger, brighter circles are visible, some appearing as if they are part of the glowing network.

# Investment opportunities driven by key reforms

This section covers structural reforms introduced by the Government that will benefit the country's economy and growth rate in the long run.

2.1



### Manufacturing and financial reforms

Make in India

-----  
GST

-----  
IBC

2.2



### Financial inclusion

JAM Trinity

2.3



### Infrastructure and technology initiatives

Smart Cities Mission

-----  
Digital India

-----  
Sagarmala

2.4



### Driving entrepreneurship

Startup India

-----  
Skill India

2.5



### Socio-economic reforms

Swachh Bharat Abhiyan

-----  
24x7 Power for All

-----  
Housing for All by 2022

## 2.1

# Manufacturing and financial reforms

## Make in India<sup>2</sup>

Ideate ● Innovate ● Implement ● Invest ●



### Launch

September 2014



### Objective

- ▶ Aims to transform India into a global design and manufacturing hub
- ▶ Aims to build a best-in-class manufacturing infrastructure by enabling investments, boosting innovation, encouraging skill development and strengthening intellectual property protection



### Target

Focuses on 25 sectors and targets to increase the share of manufacturing in GDP to 25% by 2025 (16% currently) and create 100 million additional jobs in the manufacturing sector by 2022

### Key enablers and Government initiatives

- ▶ Single window clearance to get all types of approvals ranging from land and environment to labor and power, for setting up a business
- ▶ Setting up the Investor Facilitation Cell to assist investors in obtaining regulatory approvals, hand-holding services through the pre-investment phase, execution and after-care support and setting up of a dedicated "Japan Plus" to facilitate and fast track investment proposals from Japan. Japan Plus is operational since October 2014
- ▶ Abolishment of the FIPB in April 2017, thereby easing the processing of foreign investment approvals
- ▶ Launch of a unified online portal (Shram Suvidha) for registration of labor identification number, submission of returns and grievance redressal
- ▶ Delivery of multiple Government services to investor and business communities via eBiz which will provide all investment and business-related information and services on a single portal
- ▶ Provision of access to relevant technologies and R&D facilities to core Indian industries from countries such as Japan and Russia

- ▶ A provision of INR7.5 billion (US\$115.9 million) in the Union Budget 2017-18 for incentives such as modified special incentive package scheme (M-SIPS) and Electronic Development Fund (EDF) for creating an ecosystem to make India a global hub for electronics manufacturing

### Impact

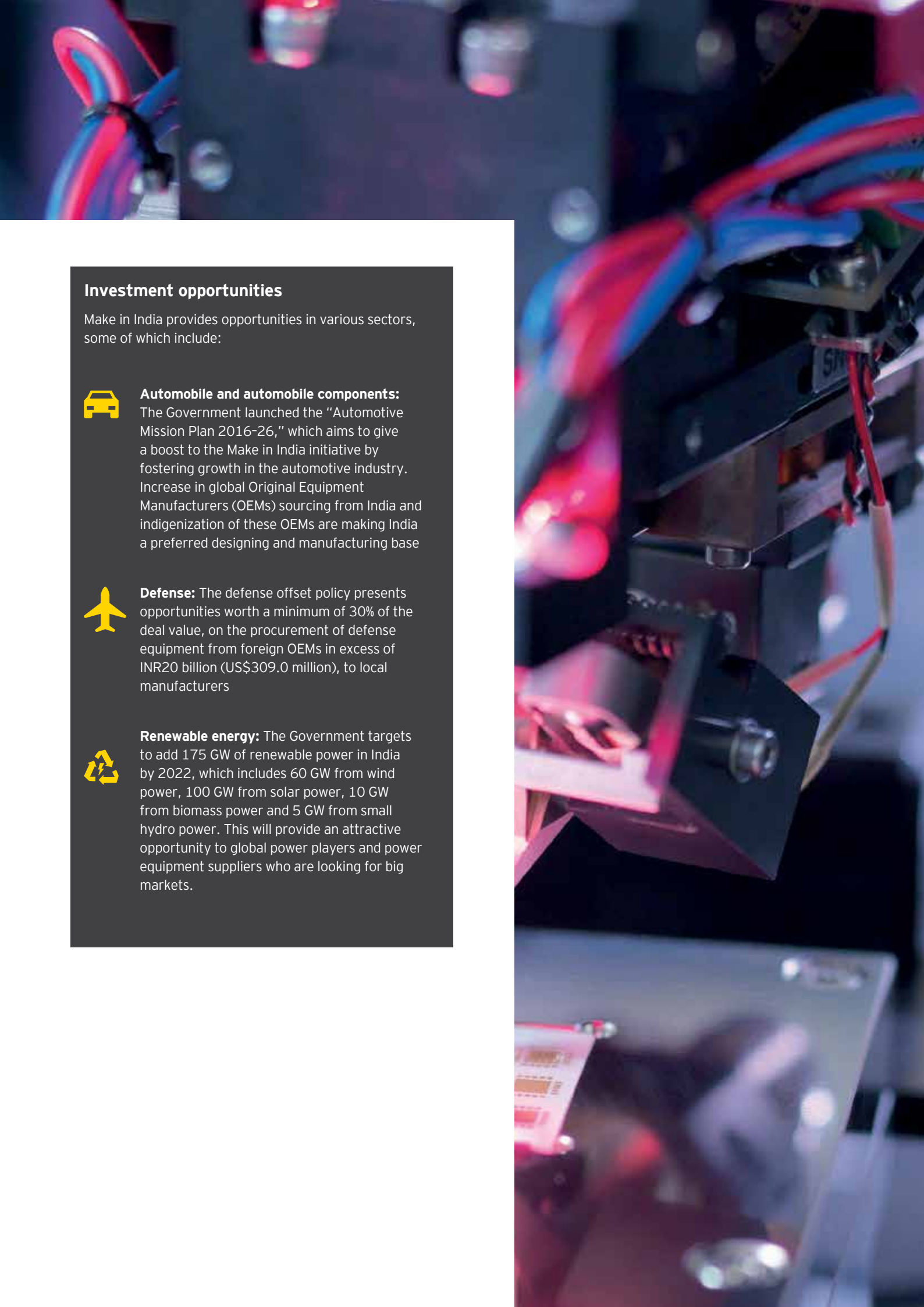
- ▶ India moved up 12 places in the World Bank's 2016 Ease of Doing Business rankings to rank 130
- ▶ FDI into India increased by 46% between October 2014 and May 2016, to US\$62 billion; during June 2016 to June 2017, India received total FDI investments of US\$61 billion
- ▶ Expected to create 100 million new jobs in India by 2022
- ▶ "Make in India Week" organized by the Government in February 2016 received INR15.2 trillion (US\$234.9 billion) investment commitments from domestic and foreign players

### Global defense firms compete for US\$25 billion Make in India opportunity

*Boeing, Saab and Lockheed Martin (Lockheed) are competing for US\$25 billion worth of fighter jet orders from the Indian Navy and Indian Air Force (IAF). The Navy has expressed preliminary interest (RFI) for 57 jets for its aircraft carriers. The IAF is also seeking over a 100 jets. The contestants will have to tie-up with an Indian firm and present a plan to not only build the platforms in India but also achieve significant levels of indigenization.*

*Boeing is offering its F/A 18 Super Hornet, while Lockheed Martin is offering F-16 and Saab is offering its single-engine Gripen fighter jet. All three have confirmed that they plan to manufacture locally in case they win the order and it is large enough to justify the facility costs.*

*India, one of the world's largest weapons importers, plans to overhaul and modernize its primarily Russian fleet by spending up to US\$250 billion on a variety of platforms. Emphasis is also being laid upon 'enhancing' the locally developed platforms with foreign support, such as the Kaveri Engine with Safran.*



## Investment opportunities

Make in India provides opportunities in various sectors, some of which include:



### **Automobile and automobile components:**

The Government launched the "Automotive Mission Plan 2016-26," which aims to give a boost to the Make in India initiative by fostering growth in the automotive industry. Increase in global Original Equipment Manufacturers (OEMs) sourcing from India and indigenization of these OEMs are making India a preferred designing and manufacturing base



**Defense:** The defense offset policy presents opportunities worth a minimum of 30% of the deal value, on the procurement of defense equipment from foreign OEMs in excess of INR20 billion (US\$309.0 million), to local manufacturers



**Renewable energy:** The Government targets to add 175 GW of renewable power in India by 2022, which includes 60 GW from wind power, 100 GW from solar power, 10 GW from biomass power and 5 GW from small hydro power. This will provide an attractive opportunity to global power players and power equipment suppliers who are looking for big markets.

## 2.1

# Manufacturing and financial reforms

## Insolvency and Bankruptcy Code<sup>4</sup>

Ideate ● Innovate ● Implement ● Invest ●



### Launch

May 2016



### Objective

- ▶ To consolidate all existing insolvency-related laws and resolve insolvencies in a strict time-bound manner
- ▶ To promote credit availability by consolidating and amending the laws relating to reorganization and insolvency resolution
- ▶ Paradigm shift from the existing “debtor-in-possession” to a “creditor-in-control” regime and touted as one of the biggest economic reforms
- ▶ To promote entrepreneurship, availability of credit and balance the interests of all the stakeholders including alteration of priority of payment of Government dues and establishment of the Insolvency and Bankruptcy Board of India (IBBI)

### Key enablers

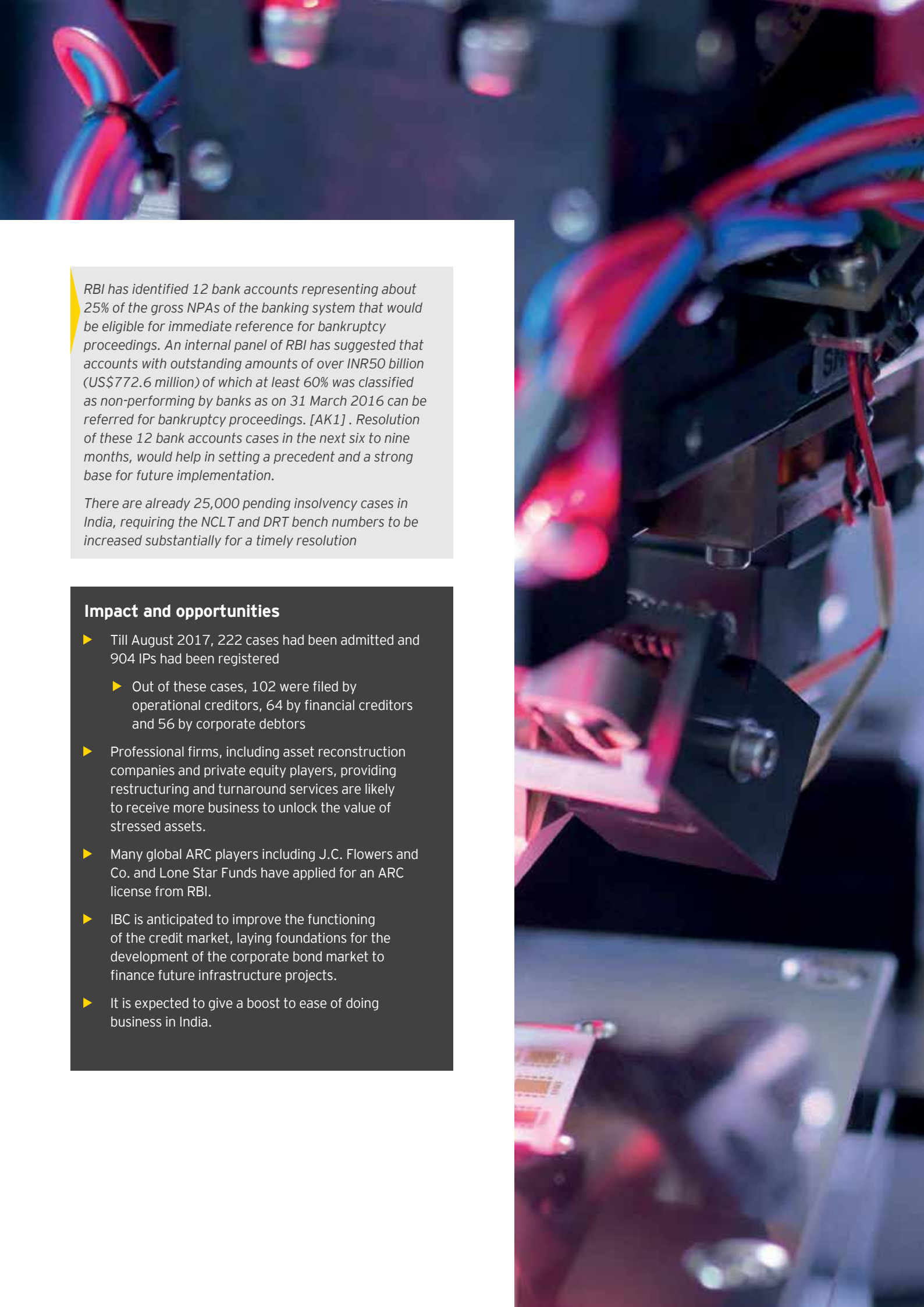
- ▶ Debt recovery tribunal (DRT) and national company law tribunal (NCLT) act as arbitrating authorities and deal with cases related to the insolvency, liquidation and bankruptcy processed
- ▶ The IBBI keeps regulatory oversight over insolvency professionals, insolvency professional agencies and information utilities

### Key challenges

- ▶ **Tidal flow of cases to the NCLT:** In addition to new cases filed for resolution under IBC, there was a significant backlog of cases that were transferred from company law board (CLB). Also, winding up cases with high courts, corporate recovery cases with the DRTs and rehabilitation cases with the board for industrial & financial reconstruction (BIFR) were transferred to the NCLT
- ▶ **No IUs in place:** In the absence of IUs, initiating a case as well as forming the Committee of Creditors (CoC) will take longer and be more challenging than envisaged. This in turn will make it difficult to meet the 180-day timeline
- ▶ **Availability of interim finance:** Most of the companies admitted under the IBC have a working capital deficit, hence raising interim finance quickly is seen as critical to a successful resolution. Also, most of the cases that are getting admitted are highly stressed and hence difficult to get interim finance, investors have limited confidence on the security of their funds

### Four pillars of IBC:

| Insolvency professionals (IPs)                                                        | Information utilities (IUs)                                           | NCLT and DRT                                                 | The IBBI                                                                              |
|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Licensed professionals regulated by the IBBI                                          | Store facts about lenders and lending terms in an electronic database | Firm insolvency cases heard at NCLT                          | Apex body for promoting transparency and governance in the administration of the Code |
| To conduct the resolution process                                                     | Ensure speedy retrieval of information in case of a default           | Individual insolvency cases are heard at DRTs.               | Will be involved in setting up the infrastructure and accrediting IPs and IUs         |
| To act as Liquidators                                                                 |                                                                       | Eleven NCLT benches have been established across the country |                                                                                       |
| Appointed by creditors and will assume the powers of the suspended board of directors |                                                                       |                                                              |                                                                                       |



*RBI has identified 12 bank accounts representing about 25% of the gross NPAs of the banking system that would be eligible for immediate reference for bankruptcy proceedings. An internal panel of RBI has suggested that accounts with outstanding amounts of over INR50 billion (US\$772.6 million) of which at least 60% was classified as non-performing by banks as on 31 March 2016 can be referred for bankruptcy proceedings. [AK1] . Resolution of these 12 bank accounts cases in the next six to nine months, would help in setting a precedent and a strong base for future implementation.*

*There are already 25,000 pending insolvency cases in India, requiring the NCLT and DRT bench numbers to be increased substantially for a timely resolution*

### **Impact and opportunities**

- ▶ Till August 2017, 222 cases had been admitted and 904 IPs had been registered
  - ▶ Out of these cases, 102 were filed by operational creditors, 64 by financial creditors and 56 by corporate debtors
- ▶ Professional firms, including asset reconstruction companies and private equity players, providing restructuring and turnaround services are likely to receive more business to unlock the value of stressed assets.
- ▶ Many global ARC players including J.C. Flowers and Co. and Lone Star Funds have applied for an ARC license from RBI.
- ▶ IBC is anticipated to improve the functioning of the credit market, laying foundations for the development of the corporate bond market to finance future infrastructure projects.
- ▶ It is expected to give a boost to ease of doing business in India.

## 2.1

# Manufacturing and financial reforms

## Goods and Services Tax<sup>3</sup>

Ideate ● Innovate ● Implement ● Invest ●



### Launch

July 2017



### Objective

One of the most impactful changes in the history of indirect taxation in the country. Launched to remove the cascading effect of different duties including excise, value-added tax (VAT), central sales tax (CST) and service tax

A comprehensive, multi-stage, destination-based tax that will be levied on supply of goods/ services with input tax credit being available of the tax paid on purchases. The various rates of GST prescribed are 0%, 5%, 12%, 18% and 28%. Also, a GST compensation cess has been prescribed for certain products like aerated drinks, motor vehicles, sin goods, etc.

- ▶ **Multi-stage:** Levied on each stage including procuring raw materials, production, warehousing finished goods, sale of the product to the retailer and sale to the end consumer
- ▶ **Destination-based:** Levied at the point of consumption, i.e., if goods manufactured in state 1 are sold to the final consumer in state 2, the entire tax revenue will go to state 2

It will be a dual levy with State/Union territory GST and central GST. Inter-state supplies would attract an Integrated GST, which would be the sum total of CGST and SGST/UTGST.

## Other key facts

To ensure smooth implementation of GST, the Government provided a few incentives including:

- ▶ Composition scheme for small businesses: Small scale traders, manufacturers and restaurant service providers with annual sales less than INR10 million (~US\$154,500) could pay tax at a lower rate without claiming any input tax credit
- ▶ Small taxpayers with annual revenues less than INR15 million (~US\$232,000) are allowed to file quarterly returns
- ▶ Easier compliances: Tax payer services including registrations, returns and payments, are available online, making compliance easy and transparent

## Impact

GST has been envisaged as a more efficient tax system, neutral in its application and attractive in distribution.

- ▶ GST will have an impact on tax structure, tax incidence, tax computation, utilization and reporting, leading to a complete overhaul of the current indirect tax system
- ▶ It will also have a significant impact on almost all aspects of businesses operating in the country, including the supply chain, sourcing and distribution decisions, inventory costs and cash flows, pricing policy, accounting and transactions management
- ▶ GST is expected to improve the collection of taxes, remove indirect tax barriers between states and integrate the country through a uniform tax rate
- ▶ In July 2017, over 4.6 million businesses deposited GST of INR950 billion (US\$14.7 billion)
- ▶ After GST implementation, with various inter-state check gates being removed and CST not becoming a cost, inter-state movement of goods has smoothened
- ▶ GST will have an impact on prices agreed for contracts entered under pre-GST regime and proposed to be executed either partly or completely under post GST regime. Also, introduction of GST should entail a reduction in overall process on account of reduced tax costs

## 2.2

## Financial inclusion

### JAM Trinity – Jan Dhan, Aadhaar, Mobile<sup>5</sup>

Ideate ● Innovate ● Implement ● Invest ●



#### Launch

August 2014 (Jan Dhan)



#### Objective

- ▶ Consolidates three critical policies – the Prime Minister Jan Dhan Yojana (PMJDY), Aadhaar and mobile connectivity (JAM) with an objective to drive financial inclusion in India
- ▶ Jan Dhan bank accounts aim to provide universal financial inclusion, Aadhaar numbers offer identification and authentication and mobile banking provides a mechanism of payments and withdrawals to implement direct benefit transfer (DBT) schemes, including subsidies, minimum wage payments for various Government schemes and other payments and plug leakages

#### Key Government initiatives

- ▶ Beneficiaries of Jan Dhan accounts would get RuPay debit cards with inbuilt accident insurance cover of INR100,000 (US\$1,545)
- ▶ Bharat Interface for Money (BHIM): Launched in December 2016, it is a digital payments solution app based on the Unified Payments Interface (UPI). About 25 million people had installed the app as of August 2017
- ▶ Aadhaar Pay
  - ▶ Launched in April 2017, BHIM-Aadhaar (Aadhaar Pay) is a biometric-enabled payments solution that helps customers to make purchases using their unique Aadhaar numbers that are linked with their bank accounts
  - ▶ The system allows for real-time bank-to-bank money transfers even for people without a phone at no additional cost
  - ▶ About 30 banks have adopted BHIM-Aadhaar, including State Bank of India, Punjab National Bank, HDFC Bank and ICICI Bank
- ▶ Aadhaar-based smart cards containing health details of senior citizens are planned to be introduced. The pilot is to be conducted in 15 districts during 2017-18

- ▶ Aadhaar has also eased know your customer (KYC) compliance for financial services and telecom players
- ▶ The Government will take steps to link individual demat accounts with Aadhaar and promote banks to introduce 2 million Aadhaar-based point-of-sale (POS) terminals, as part of the Aadhaar-enabled payment system
- ▶ The Government has proposed the creation of a Payments Regulatory Board in the RBI, headed by its Governor, to bring about structural reforms in the payment ecosystem
- ▶ Under PMJDY, on 13 September 2017, 180.2 million rural and 122.2 million urban accounts were opened with INR664.7 billion (US\$10.3 billion) balance in accounts. The number of RuPay cards issued is 228 million
- ▶ About 1.2 billion Aadhaar numbers have been generated as of September 2017
- ▶ In October 2017, the Government piloted the DBT scheme for fertilizer subsidy to farmers in seven states and union territories including Mizoram, Nagaland, Delhi, Puducherry, Goa, Daman and Diu and Dadra and Nagar Haveli. The Government targets to cover the entire country by January 2018

#### Investment opportunities

- ▶ The JAM Trinity initiative will drive the growth of online payment service providers
- ▶ It will drive demand for internet benefitting telecommunication and ICT providers
- ▶ Other technology-related sectors helping with the digitalization of the economy are also expected to gain from the reform
- ▶ There will be opportunities in digital transaction modules including Unified Payment Interface (UPI), Unstructured Supplementary Service Data (USSD), Aadhaar Pay, Immediate Payment Service (IMPS) and debit cards to promote cashless transactions with an aim of achieving 25 billion digital transactions during 2017-18
- ▶ With increased digitization, there is also going to be an increased demand of resources to defend against cybersecurity threats. The cybersecurity industry is in a nascent stage in India, providing great opportunities to players ready to invest and build necessary infrastructure

## 2.3

# Infrastructure and technology initiatives

## Smart Cities Mission<sup>6</sup>

Ideate ● Innovate ● Implement ● Invest ●



### Launch

June 2015



### Objective

To boost economic growth and improve the quality of life by developing world-class infrastructure, providing a clean and sustainable environment and applying smart solutions across Indian cities

Key features of a smart city include adequate water supply, assured electricity supply, sanitation, efficient urban mobility and public transport, affordable housing, robust IT connectivity and digitization, good governance especially e-governance and citizen participation, sustainable environment, safety and security of citizens as well as health and education amenities

### Key enablers and Government initiatives

- ▶ Under the mission, 90 cities were chosen till September 2017 and the rest are to be taken up by 2018; the total investment proposed by 90 cities amounts to INR1.9 trillion (US\$29.4 billion)
- ▶ In the Budget 2017-18, a total of INR90 billion (US\$1.4 billion) has been allocated to the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and Smart Cities; while in 2016, INR32.0 billion (US\$494.4 million) was allocated to the Smart Cities Mission
- ▶ Asian Development Bank has agreed to provide a loan of US\$1 billion, while the World Bank has agreed to provide a loan of US\$0.5 billion for implementing the Smart City Mission; BRICS Development Bank is also willing to provide support to smart city projects
- ▶ SmartNet, an interactive web portal, was launched in June 2016, which has a database of global, national and local solutions to help city officials adopt best practices for smart city projects
- ▶ Next steps
  - ▶ Investments of about US\$1.2 trillion are needed in the next 20 years in transportation, energy and security to build smart cities in India
  - ▶ Eight smart grid pilot projects are planned to be implemented with an investment of US\$10 million
  - ▶ Special purpose vehicles (SPVs) are planned to be set up for the implementation of the projects

### Impact

The initiative has attracted wide-spread interest from international bodies, foreign Governments and foreign investors toward urban development and technology utilization.

| Country   | Commitment/proposal to develop following smart cities |
|-----------|-------------------------------------------------------|
| France    | Chandigarh, Nagpur and Puducherry                     |
| US        | Allahabad, Ajmer and Visakhapatnam                    |
| Germany   | Kochi, Coimbatore and Bhubaneswar                     |
| UK        | Pune, Amravati and Indore                             |
| Spain     | Delhi                                                 |
| China     | Gujarat                                               |
| Singapore | Udaipur and Jodhpur                                   |
| Japan     | Chennai, Ahmedabad and Varanasi                       |

### Investment opportunities

The smart cities mission provides opportunities for wide range of companies across various sectors, some of which are outlined below:

- ▶ **Smart governance:** Projects for smart cities, which include installation of Wi-Fi hubs, unified operations and command and control center and waste management systems among others, are expected to generate 10%–15% growth in employment.
- ▶ **Smart transportation:** The Government has approved a US\$4.1 billion plan to promote electric and hybrid vehicle production by targeting 6 million vehicles by 2020. This will benefit global as well domestic players investing heavily in electric vehicles.  
The foundation of a 508 km Mumbai–Ahmedabad high-speed rail project has been laid at an investment of around US\$17 billion.
- ▶ **Smart buildings:** The intelligent building management systems (IBMS) market in India is projected to grow at a CAGR of 28.1% to reach US\$4.3 billion by 2021, offering opportunities to network service providers and firms offering IT solutions.



Agence Francaise de Developpement (AFD) has committed to provide a loan of EUR2 billion over the next three years to support smart cities and sustainable development. It has also signed MoUs with the Union Territory of Chandigarh, Union Territory of Puducherry and the Maharashtra Government (for Nagpur).

The focus of the collaboration will be integrated development, urban planning, urban transport, water supply, sanitation, waste management, architecture and heritage, renewable energy and energy efficiency. Under the MoU's technical cooperation program, a pool of French experts from the public sector (French municipalities, local public companies and agencies for urban planning), complemented by experts from the private sector, will be made available and will rotate between the three cities.

Some of the key French companies expected to invest in these smart cities are Alstom, Dassault, Egis, Lumiplan, RATP Transdev and Schneider. Egis Group has already won a Smart City smart city contract in Bhubaneswar and also has bid for Chandigarh projects – separately, it has earned an important contract for the Nagpur Metro.

**Total cost of projects: ~INR60 billion (US\$927 million) for Chandigarh and ~INR10 billion (US\$155 million) for Nagpur**

*"My concept of Smart Cities is based on at least four pillars, namely, energy, transport, water and waste management. These basic things have to be implemented first. Only then can cities be made smart."*

**Yves Perrin,**  
French Consul General to India

Source: "Smart Cities: Here's how Nagpur, Chandigarh, Puducherry could evolve," Financial Express, <http://www.financialexpress.com/economy/smart-cities-heres-how-nagpur-chandigarh-puducherry-could-evolve/427558/>, accessed 17 October 2017

## 2.3

# Infrastructure and technology initiatives

## Digital India<sup>7</sup>

Ideate ● Innovate ● Implement ● Invest ●



### Launch

July 2015



### Objective

Emphasizes on a national e-governance plan and transforming India into a digitally empowered society and a knowledge economy

Aims to build capabilities across information and communication (ICT infrastructure) and software delivery platforms to promote IT skill sets and job creation

### Key enablers and Government initiatives

- ▶ **DigiLocker**, a cloud based platform to issue, store, verify and access all legal documents, has been launched. As on August 2017, it had 400,000 e-signed documents, 7.8 million registered users and 9.7 million documents uploaded by individuals
- ▶ High-speed broadband connectivity is planned to be provided for rural India for services including e-health and e-entertainment via **BharatNet**. As of July 2017, 100,299 gram panchayats had been equipped with fiber connectivity and 221,925 km of optical fiber cable had been laid for high-speed connectivity
- ▶ **The MyGov** platform is a citizen engagement platform to exchange ideas and suggestions with the Government through the 'discuss, do and disseminate' approach. As of August 2017, more than 450 million citizens had visited the platform and over 4.6 million people had registered themselves
- ▶ **Indian Post** becoming digital has enabled the department to provide banking services and boosting the e-commerce services:
  - ▶ The department disbursed INR130 billion (US\$2.0 billion) worth of wages under the Mahatma Gandhi National Rural Employment Generation Act (MNREGA)
  - ▶ In FY16, Indian post offices supported e-commerce worth INR13 billion (US\$200.9 million) and fitted over 950 mail delivery vans with GPS for online mail monitoring

- ▶ It has a tie-up with leading E-commerce players including Amazon, Flipkart, Snapdeal, YepMe and Shopclues for delivering pre-paid as well as cash-on-delivery orders

### Next steps

- ▶ The Government aims to promote growth of the BPO industry in tier II and tier III cities by providing capital incentives and training around 10 million students for the IT sector by 2020
- ▶ 300,000 service delivery agents will be trained as part of skill development to run businesses providing IT services offering opportunity for training organizations

### Investment opportunities

- ▶ There will be opportunities for IT services centers (hardware and software) and IT consulting centers
- ▶ The objective to provide internet access to all by 2019 will create an opportunity for on-demand and e-services in various sectors including healthcare, financial services, consumer products, retail and automotive
- ▶ Mobile based services and telecom providers are expected to benefit considering around 55,619 villages are still left to be covered under the mobile connectivity program
- ▶ Public private partnership
  - ▶ According to a National Telecom Policy report (2012), India is expected to have 600 million broadband connections at minimum 2 mbps download speed by 2020; the Government allocated 965 megahertz of spectrum through auctions in October 2016. This will provide an enormous opportunity to digital service providers and technology companies
  - ▶ The global Internet of Things (IoT) industry is estimated to reach US\$300 billion with 27 billion connected devices by 2020. Out of this, India is likely to account for over 5%, providing opportunities to industrial internet of things (IoT) players
- ▶ Private players with expertise in next generation technologies and implementing these solutions, can collaborate with the Government to roll out technology-based solutions



## Sagarmala<sup>8</sup>

Ideate ● Innovate ● Implement ● Invest ●



### Launch

March 2015



### Objective

To accelerate economic development by utilizing the potential of India's 7,500 km coastline

- ▶ **Port-led development:** Setting up of Coastal Economic Zones (CEZs) with projects such as port-based industrialization, coastal tourism, logistics parks, warehouses and fisheries
- ▶ **Port infrastructure enhancement:** Modernization and setting up of new ports to increase capacity and efficiency
- ▶ **Efficient evacuation to and from hinterland:** Expansion of inland waterways, rail and road networks connected to ports
- ▶ **Development of coastal communities:** Providing skills and employment opportunities to communities along coastal lines

### Key projects

- ▶ Work on projects worth INR1 trillion (US\$15.5 billion) has already started. It includes:
  - ▶ Building six new mega ports and adopting 40 port-capacity enhancement projects
  - ▶ Planning for 80 port connectivity projects including freight-friendly expressways to efficiently move containers and developing strategic inland waterways
  - ▶ Developing 14 CEZs along the coastline, to house several industrial clusters
  - ▶ Developing coastal communities including opportunities for fishermen as well as developing islands along the coastline

### Next steps

- ▶ The Government is currently drafting detailed project reports for the new ports identified as well as for the connectivity projects including a heavy-haul rail corridor to evacuate coal in Odisha
- ▶ The Union Cabinet plans to propose amendments to the Multi Modal Transportation of Goods Act, 1993, with a view to increase transparency in the shipping and logistics sectors
- ▶ The Government of India has set an ambitious target to convert 101 rivers across the country into waterways to promote water transport and propel economic growth

### Investment opportunities

- ▶ There are extensive opportunities for large-scale construction companies through port and coastline development, developing CEZ's and townships along the coastlines
- ▶ Development of inland waterways and ports will facilitate new logistic parks and opportunities for logistics service providers
- ▶ India can target a 3-4 million deadweight tonnage (DWT) ship building industry and ship repair facilities through port-led industrial development under the Sagarmala project benefiting state run Dredging Corporation and Shipping Corporation.
- ▶ Government aims to promote tourism and fishery under Sagarmala by developing 290 lighthouses and 1,300 islands in the country. Tourism will provide impetus to luxury yachting and holiday cruises

## 2.4

## Driving entrepreneurship

### Startup India<sup>9</sup>

Ideate ● Innovate ● Implement ● Invest ●



#### Launch

January 2016



#### Objective

- ▶ To foster entrepreneurship, promote innovation and facilitate investment by creating an ecosystem that is conducive for the growth of startups
- ▶ To make India a nation of job creators in order to generate large scale employment opportunities

#### Key enablers

- ▶ Budget 2017 has allowed startups to carry forward their Minimum Alternative Tax (MAT) to 15 years from the present period of five years, giving them additional five years before they become liable to pay MAT
- ▶ Income tax exemption has been awarded to startups for three years
- ▶ The Government has proposed a fund of funds with a corpus of INR100 billion (US\$1.5 billion) over four years
- ▶ The Government plans to set up of seven new research parks with an initial investment of INR1 billion (US\$15.5 million) each
- ▶ The Government plans to set up five new bio clusters, 50 new bio incubators, 150 technology transfer offices and 20 bio connect offices to promote entrepreneurship in biotechnology
- ▶ Next steps
  - ▶ There are plans to set up 500 Tinkering Labs in schools under the Atal Innovation Mission, 257 labs have already been approved, each school would receive an amount of INR2 million (US\$30,900) to setup labs over the next four years
  - ▶ New incubation centers will be established under the Atal Innovation Mission across India to provide necessary infrastructure and assistance to startups in their early stages of growth, a grant-in-aid of INR100 million (US\$1.5 million) would be provided to each Established Incubator Center (EIC) for a maximum of five years

#### Impact and opportunity

- ▶ In 2016, India emerged as the third largest country to house startups across the globe. The number of technology driven startups in India is expected to grow by 2.2x to 10,500 by 2020, which offers enormous opportunities for entrepreneurs
- ▶ Start-up India hub has been able to handle 37,195 queries and facilitate more than 267 start-ups by providing advisory on business plans

*The Department of Biotechnology plans to increase the number of startups in the sector by nurturing approximately 300-500 new companies each year. It has set a target to establish 2,000 biotechnology startups in India by 2020*

- ▶ 4,474 applications were complete and had been recognized as startups by the Department of Industrial Policy and Promotion (DIPP) till October 2017
- ▶ A panel of 423 facilitators for patents and designs and 596 facilitators for trademark application has been constituted for assistance in filing intellectual property (IP) applications
- ▶ Overall, 639 startups have received the benefit of 80% rebate in patent fees and 50% rebate in trademarks filing fees

## Skill India<sup>10</sup>

Ideate ● Innovate ● Implement ● Invest ●



### Launch

July 2015



### Objective

- ▶ To train over 400 million people with industry-relevant skills by 2022
- ▶ Initiatives taken by the Government to channelize the efforts and provide impetus to the skill development ecosystem:
  - ▶ Pradhan Mantri Kaushal Vikas Yojana (PMKVY): Re-launched in July 2016 with a target to skill 10 million people over four years (2016-20) at an outlay of INR120 billion (US\$1.9 billion)
  - ▶ National Policy for Skill Development and Entrepreneurship 2015: Targets to train 402.8 million people by 2022 including 104.6 million new entrants and 298.3 million of the existing workforce that needs new/upgrade skills
- ▶ Pradhan Mantri Yuva Yojna (PMYY): Launched in November 2016 to provide entrepreneurship education to about 1.5 million students across the country through 3,050 institutes at a cost of INR4.5 billion (US\$69.5 million)

### Key enablers

- ▶ Institutes under the PMYY include 2,200 institutes of higher learning, 300 schools, 500 industrial training institutes (ITIs) and 50 entrepreneurship development centers offering massive open online courses (MOOCs)
- ▶ In April 2017, Australia and India partnered to build capacity of 0.4 million Indian professionals over the next few years, the partnership will also scale up the number of apprentices in India
- ▶ In August 2016, Germany and the Ministry of Skill Development and Entrepreneurship (MSDE) and German International Cooperation (GIZ) initiated a new project for INR0.2 billion (US\$3.1 million) for three years to adopt elements of German dual system in select industrial clusters of India

- ▶ In April 2016, Ministry of Skill Development and Entrepreneurship signed a Memorandum of Understanding (MoU) with the National Qualifications Authority of United Arab Emirates on cooperation for skill development and mutual recognition of qualifications

*Boost to entrepreneurship in the country is leading to growth in the number SMEs. The initiative can also benefit the manufacturing and services sectors, which is facing a shortage of skilled and semi-skilled labor.*

- ▶ Next steps
  - ▶ The Government plans to open three new regional vocational training institutes (RVTIs) for women
  - ▶ The Government aims to set up 426 Pradhan Mantri Kaushal Kendras across 409 districts in India
  - ▶ Rise India, a National Skills Development Corporation (NSDC) partnered company, aims to train around 100,000 drivers over a period of three years
  - ▶ The NSDC plans to open 12 offices in India, including one in Assam to expand operations across the country to support states and training partners
  - ▶ The next phase of skill strengthening for industrial value enhancement (STRIVE) is expected to be launched at a cost of INR22 billion (US\$339.9 million) to provide vocational training and strengthen the apprenticeship program
  - ▶ The Government has plans to set up new ITIs under the PPP mode
- ▶ Under the PMKVY, a total of 3.1 million people have been trained till the first week of July 2017
- ▶ The NSDC has trained 9.1 million people, of which 3.6 million have been placed
- ▶ As of October 2016, 155,236 women candidates had been trained and 54,456 women had been placed by NSDC training partners

## Swachh Bharat Abhiyan<sup>11</sup>

Ideate ● Innovate ● Implement ● Invest ●



### Launch

October 2014



### Objective

- ▶ To provide every family with sanitation facilities (including toilets, solid and liquid waste disposal systems and cleanliness) and safe drinking water supply by 2019
- ▶ Split into two sub-missions:
  - ▶ Swachh Bharat Mission (Gramin) and Swachh Bharat Mission (Urban)
  - ▶ The Union Ministry of Drinking Water and Sanitation is the nodal agency for the rural mission, while the Ministry of Urban Development will take care of the budgetary concerns of the urban component

### Key enablers and Government initiatives

- ▶ World Bank approved a US\$1.5 billion loan in December 2015 to support India's Swachh Bharat Mission Support Operation Project
- ▶ The Ministry of Urban Development launched "Swachh Suvekshan-2017" to track and rank 500 cities on the basis of levels of sanitation and efforts by respective urban local bodies and to track the progress toward achieving an open defecation free status in 2016
- ▶ In March 2016, the Government started an SMS-based service, Clean My Coach for passengers to get their train compartments cleaned by sending an SMS
- ▶ The Union Ministry of Tourism launched a Swachh Parayatan mobile app in February 2016 for citizens to flag issues related to cleanliness in and around tourist sites
- ▶ According to the Union Budget 2017-18
  - ▶ Railway coaches would be fitted with bio toilets by 2019
  - ▶ This is a proposal to provide safe drinking water to cover 28,000 arsenic fluoride affected habitations in the next four years (2020)

## Impact



### Urban statistics (September 2017)

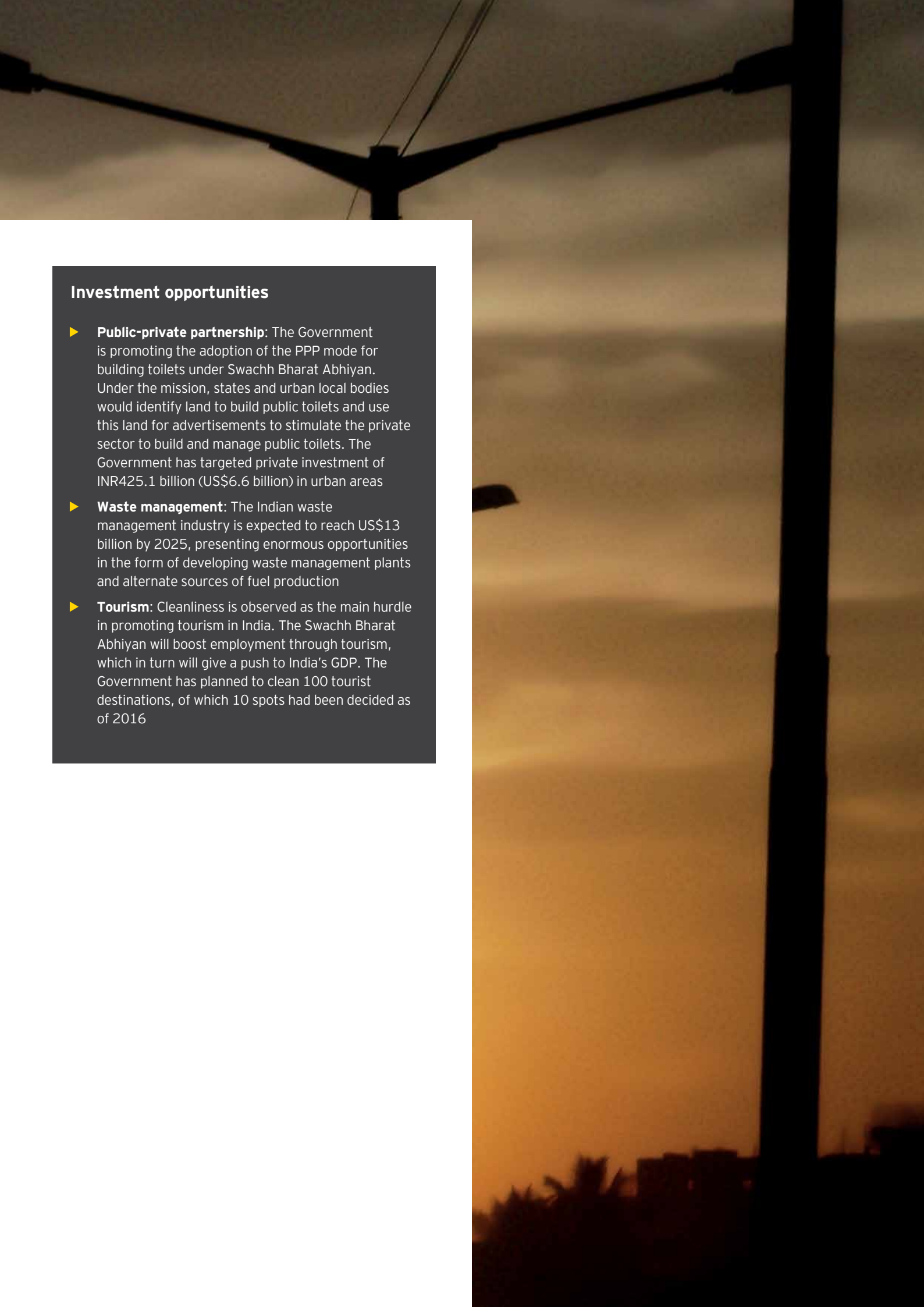
- ▶ 3.04 million household toilets built
- ▶ 225,886 public and community toilets built
- ▶ 44,650 wards with 100% door-to-door collection (solid waste management)



### Rural statistics (September 2017)

- ▶ 49.2 million household toilets built since 2 October 2014
- ▶ 2,47,939 open defecation free villages
- ▶ 203 open defecation free districts

- ▶ As on February 2017, the sanitation coverage in India had scaled up to 64% from 42% in October 2014
- ▶ As of April 2017, Sikkim, Himachal Pradesh, Kerala, Haryana and Uttarakhand had achieved the open defecation free status
- ▶ As part of the Swachh Vidyalaya initiative:
  - ▶ 417,000 toilets have been constructed in 261,000 schools
  - ▶ This initiative was taken by more than 64 public sector units and 11 private firms



## Investment opportunities

- ▶ **Public-private partnership:** The Government is promoting the adoption of the PPP mode for building toilets under Swachh Bharat Abhiyan. Under the mission, states and urban local bodies would identify land to build public toilets and use this land for advertisements to stimulate the private sector to build and manage public toilets. The Government has targeted private investment of INR425.1 billion (US\$6.6 billion) in urban areas
- ▶ **Waste management:** The Indian waste management industry is expected to reach US\$13 billion by 2025, presenting enormous opportunities in the form of developing waste management plants and alternate sources of fuel production
- ▶ **Tourism:** Cleanliness is observed as the main hurdle in promoting tourism in India. The Swachh Bharat Abhiyan will boost employment through tourism, which in turn will give a push to India's GDP. The Government has planned to clean 100 tourist destinations, of which 10 spots had been decided as of 2016

## 2.5

# Socio-economic reforms

## 24x7 - Power for All (24x7 PFA)<sup>12</sup>

Ideate ● Innovate ● Implement ● Invest ●

### Objective

- ▶ To provide 24x7 power supply across the country by 2019
- ▶ The Ministry of Power is working jointly with state Governments to create state-specific action plans to implement this initiative
- ▶ Covers the entire spectrum of the power sector, including generation, transmission, distribution, renewables, energy conservation and customer initiatives

### Key enablers and Government initiatives

- ▶ Under the '24x7 PFA' initiative, state specific plans for 34 out of 36 states/union territories, have already been prepared and are under implementation
- ▶ Distribution licensees have been allowed to extend long-term power purchase agreements (PPAs) beyond 35 years by a further period of 15 years
- ▶ As of April 2017, 27 states and union territories had signed up for the UDAY scheme including Uttar Pradesh, Haryana and Rajasthan
- ▶ PM Modi launched the Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya Scheme), to provide electrification to all willing households. The total outlay for the scheme is estimated at INR163.2 billion (US\$2.5 billion)
- ▶ Next steps
  - ▶ The Government plans to increase solar power capacity to 100GW by 2022
  - ▶ A INR380 billion (US\$5.9 billion) Green Energy Corridor is being set up for efficient transmission of renewable energy
  - ▶ Transmission projects are planned to be developed under a competitive bidding process to ensure faster completion at lower cost.
  - ▶ To further augment the effort of the states under the 24x7 PFA initiative, the Ministry of Power is developing a scheme for funding investments required to ensure last mile connectivity to all households that are not already covered under DDUGJY and state schemes

### Impact

- ▶ During the 12th Plan period (2012–17), capacity addition of 110 GW has been made against a target of 88.5 GW
- ▶ 10,236 ckm (circuit km) of transmissions lines were commissioned between April 2017 and August 2017 representing 44.3% of FY17–18 annual targets (23,086 ckm)
- ▶ 186.8 million bulbs and street lights have been replaced under the domestic efficient lighting programme (DELP)
- ▶ The 1,200 MW Teesta Hydro project was revived through financial restructuring to ensure clean power for north-east India

### Investment opportunities

- ▶ The Indian power sector has an investment potential of INR15 trillion (US\$231.8 billion) over the next 4–5 years, thereby providing immense opportunities in power generation, distribution, transmission and equipment manufacturing businesses
- ▶ Building and upgrade of transmission and distribution infrastructure such as underground cabling and high tech GIS transformers in densely populated areas are expected to provide huge opportunities
- ▶ IT implementation and smart metering are likely to offer opportunities in near-term
- ▶ The Government's ambitious target of 175 GW of renewable power by 2022 offers opportunities to players across the value chain in the renewable energy space

## Housing for All by 2022<sup>13</sup>

Ideate ● Innovate ● Implement ● Invest ●



### Launch

June 2015- urban  
November 2016- rural



### Objective

The Pradhan Mantri Awaas Yojana (Housing for All) scheme has two components:

- ▶ **Urban:** To promote affordable housing for urban poor and rehabilitate slum-dwellers; includes rehabilitation of slum dwellers with the participation of private developers using land as a resource, promotion of affordable housing for weaker section through credit-linked subsidy, affordable housing in partnership with public and private sectors and subsidy for beneficiary-led individual house construction or enhancement
- ▶ **Rural:** To provide an environmentally safe and secure “pucca” house to every rural household by 2022

### Key enablers and Government initiatives

- ▶ Pradhan Mantri Awaas Yojana (Urban)
  - ▶ 3,888 cities have been selected under the scheme
  - ▶ A MoA has been signed between states and the Housing Ministry
  - ▶ State-level nodal agencies have been established by states and union territories
  - ▶ State-level sanctioning and monitoring committees have been formed across states and union territories.
- ▶ Pradhan Mantri Awaas Yojana (Gramin)
  - ▶ 2,540,273 houses have been completed (under all central scheme)
  - ▶ 23.9% funds have been utilized
- ▶ Next steps: According to the Union Budget 2017-18:
  - ▶ Infrastructure status will be awarded to the affordable housing sector; for affordable housing purpose, the carpet area of 30 sqm and 60 sqm instead of the built up area of 30 sqm and 60 sqm, will be counted

- ▶ An amount of INR230 billion (US\$3.6 billion) has been allocated for the Pradhan Mantri Awaas Yojna (gramin)
- ▶ National Housing Bank (NHB) will refinance individual housing loans of about INR200 billion (US\$3.1 billion) in 2017-18

### Investment opportunities

- ▶ According to a report by India Ratings, the Housing for All scheme can provide a INR15 trillion (US\$231.8 billion) boost to GDP by FY22
- ▶ Increased supply of housing will boost demand of infrastructural goods, construction materials, housing finance products
- ▶ It offers immense business opportunities for the real estate developers in the affordable housing segment

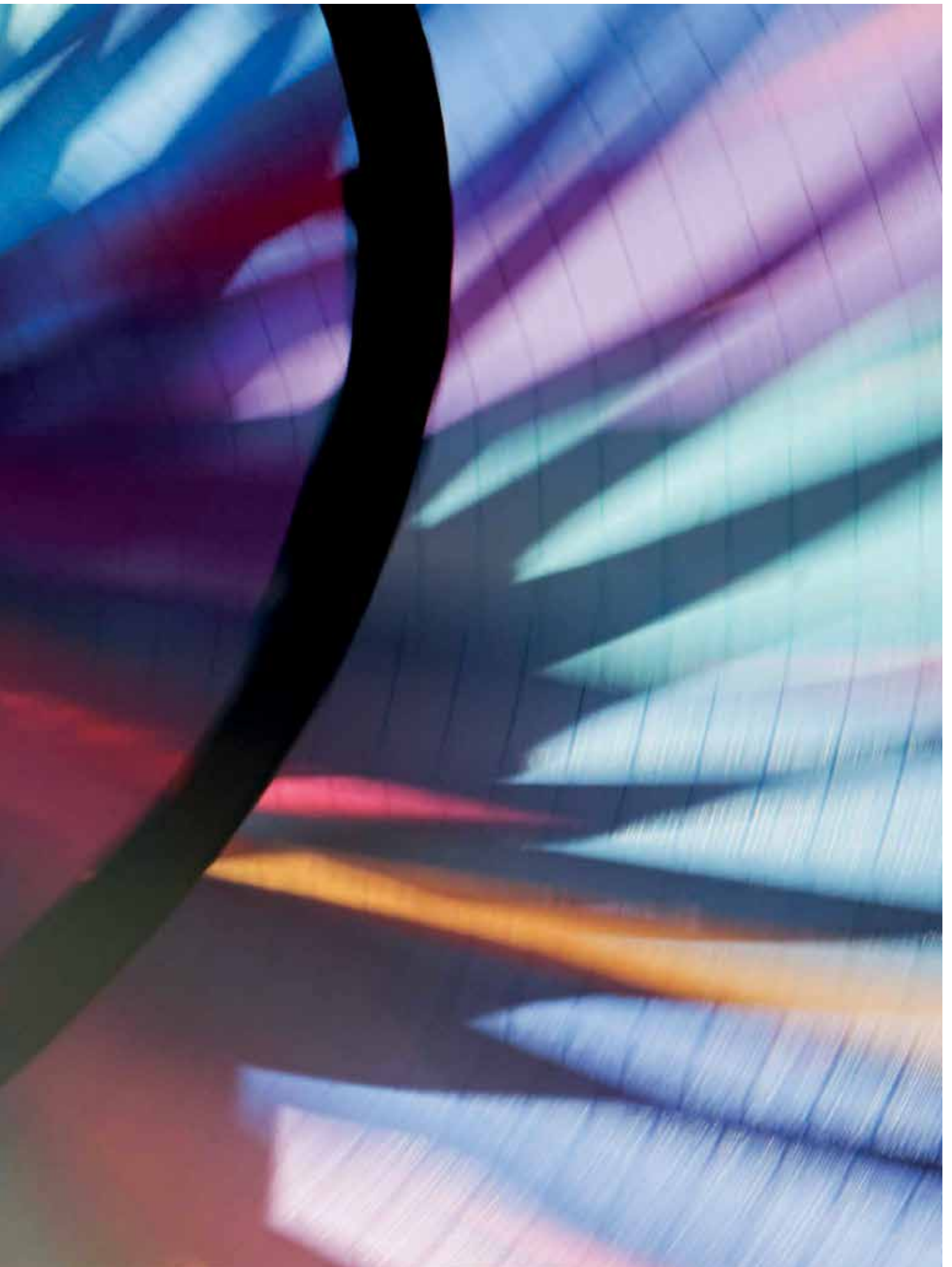
*“The ‘Housing for All’ scheme will increase employment opportunities and boost growth of the services sector. Sectors supplying crucial inputs to the construction sector, such as cement and iron and steel, will also grow. The growth of other sectors will depend on the strength of the forward and backward linkages of the construction sector, with the rest of the economy. As the output of sectors supplying inputs to the construction sector increases, it will increase the demand for goods and services in the economy, due to higher income generation. The biggest beneficiary of the scheme will be Uttar Pradesh, followed by Maharashtra and West Bengal. These are the top three states in terms of housing shortage and increased construction activities will help these states’ economies to grow.”*

**Dr. Devendra Kumar Pant**  
Chief Economist, India Ratings & Research

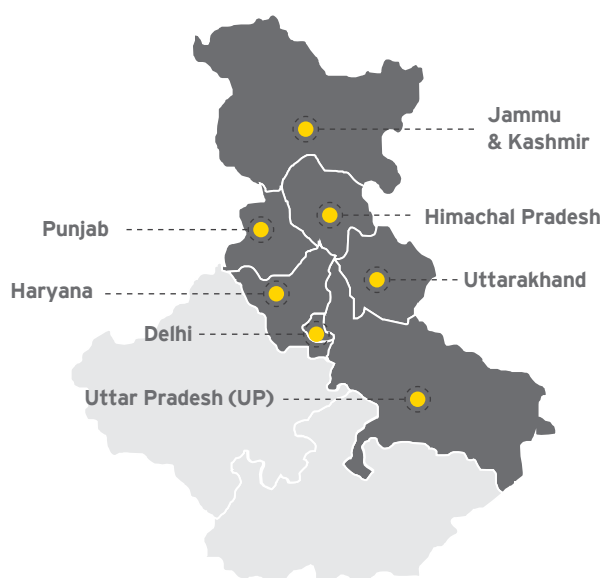


# Indian states: wheels of the country's development

India is a federal union comprising of 29 states and seven union territories, which are further subdivided into districts and further into smaller administrative divisions. All the states, categorized as north, center south, east and west zones, compete with each other to attract investments, leading to the inclusive development of the country.



## 3.1 North zone



### North zone<sup>14</sup>: powerhouse of India's economic growth<sup>14</sup>

This zone is the powerhouse of the Indian economy, accounting for about a quarter of India's GDP. In this zone, UP leads the states in investment with proposed investment of INR60.4 billion (US\$933.3 million) during January–July 2017, followed by Haryana at INR16.1 billion (US\$249.5 million) and Punjab at INR11.9 billion (US\$184.1 million). The region presents multiple investment opportunities in a variety of sectors, including automotive, FMCG, agro, IT and ITeS, real estate, textiles and banking and finance. These are driven by investment-friendly policies taken by the state Governments, well-developed physical and industrial infrastructure, connectivity to the rest of the country and availability of a large pool of skilled, semi-skilled and unskilled labor.

| States   | GSDP~<br>(US\$ billion)<br>FY15 | Total population<br>(million) in<br>2017P | GFCF*<br>(US\$ billion)<br>FY15 | Number<br>of bank<br>offices^<br>FY15 | Tax<br>revenue (US\$<br>billion) FY17 | Capital<br>expenditure (US\$<br>billion) FY17 | Proposed<br>investment (Jan-<br>Aug 2017) in US\$<br>million** |
|----------|---------------------------------|-------------------------------------------|---------------------------------|---------------------------------------|---------------------------------------|-----------------------------------------------|----------------------------------------------------------------|
| UP       | 161.2                           | 221.1                                     | 2.3                             | 15,773                                | 15.6                                  | 13.8                                          | 933.3                                                          |
| Haryana  | 67.6                            | 27.7                                      | 2.2                             | 4,407                                 | 6.2                                   | 2.4                                           | 249.5                                                          |
| Delhi    | 76.1                            | 18.5                                      | 0.1                             | 3,447                                 | 5.6                                   | 1.7                                           | 14.7                                                           |
| Punjab   | 56.8                            | 29.6                                      | 0.7                             | 6,024                                 | 4.7                                   | 1.3                                           | 184.1                                                          |
| Others** | 56.7                            | 32.6                                      | 0.8                             | 5,003                                 | 4.5                                   | 5.1                                           | 360.5                                                          |

Source: RBI Handbook of Statistics on Indian States 2016-17; DIPP SIA Statistics August 2017

\*\*Break-up of Investment Intentions in terms of Industrial Entrepreneur Memoranda filed for delicensed sector (IEMs): ~ GSDP: Gross State Domestic Product; ^ Scheduled commercial banks only; Letters of Intent issued (LOIs); Direct Industrial Licenses granted (DILs); \*\*Others include Uttarakhand, Jammu & Kashmir and Himachal Pradesh; P is projected

~Gross State Domestic Product (GSDP) is defined as a measure, in monetary terms, of the volume of all goods and services produced within the boundaries of the State during a given period of time, accounted without duplication.

Gross Fixed Capital Formation (GFCF) refers to the net increase in physical assets (investment minus disposals) within the measurement period. It does not account for the consumption (depreciation) of fixed capital and also does not include land purchases. It is a component of expenditure approach to calculating GDP.

Figures were converted from INR to US\$ as per the exchange rate on 16 October 2017 from Oanda. US\$1 = INR64.74

### Uttar Pradesh (UP)



- ▶ Most populous state
- ▶ Favored tourist destination
- ▶ One of the largest producers of food grains and accounted for 18.4% of India's total food grain output in FY16

- ▶ 13 smart cities planned: Kanpur, Lucknow, Allahabad, Jhansi, Moradabad, Aligarh, Saharanpur, Bareilly, Varanasi, Ghaziabad, Agra and Rampur
- ▶ Key sectors: IT/ITeS, agro-based and food processing, light engineering goods, sports goods, textiles, leather-based, tourism and biotechnology

## Haryana



- ▶ Surrounds the national capital region from three sides
- ▶ Historically an agrarian state and also a well-developed industrial state
- ▶ Second largest contributor of food grains to India's central pool
- ▶ Almost 100% connectivity to rural areas with metalead roads
- ▶ Two smart cities planned: Faridabad and Karnal
- ▶ One of India's largest automobile hubs and accounts for two thirds of passenger cars, 50% of tractors and 60% of motorcycles manufactured in the country
- ▶ Emerged as a base for the knowledge industry, including IT and biotechnology, third largest exporter of software and one of the preferred destinations for IT/ITeS facilities

## J&K



- ▶ Rich resources of water, agro, forests, herbal and minerals in addition to its tremendous potential for investment in the tourism sector

## Uttarakhand



- ▶ Witnessed substantial growth in capital investments due to a conducive industrial policy and tax benefits, has almost all agro-geo climatic zones, which provides commercial opportunities for floriculture and horticulture
- ▶ The key sectors being focused on by the state are IT and ITeS, textile, agro-based sectors and FMCG, handloom and handicraft, aromatic and pharma-based sectors, tourism and hydro power

## Delhi



- ▶ Capital of India and center of international politics, trade, culture and literature in India
- ▶ Emerged as a key state with immense scope for development of the service industry including BFSI, IT and ITeS and consulting
- ▶ Delhi Government's increased budget allocation in health and education this fiscal presents a great investment opportunity in these sectors

## Himachal Pradesh



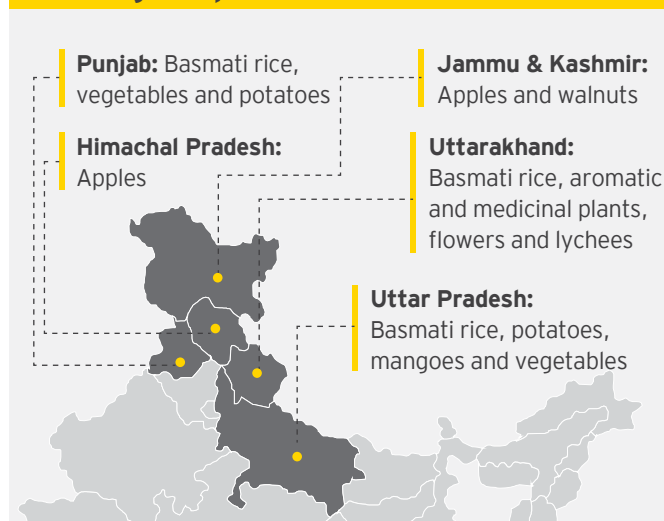
- ▶ Has a huge hydro power potential of 27,436 MW, of which just 9,433 MW has been harnessed, accounts for about 30% of the country's total hydro power potential
- ▶ As of March 2016, all the villages of Himachal Pradesh had been electrified
- ▶ Also attracts investments in sectors such as pharmaceuticals, IT and engineering

## Punjab



- ▶ Strong agriculture base with a huge production of principal crops such as rice, maize, sugarcane and barley
- ▶ "Bread Basket of India" and led to the first green revolution in the country
- ▶ Three smart cities planned: Amritsar, Jalandhar and Ludhiana
- ▶ By 2025, expected to be among the leading producers of non-food grains and exporters of various agri-products
- ▶ Emerged as a key hub for textile-based industries including yarn, readymade garments and hosiery, with the development of apparel parks and favorable textile policies for the creation of textile infrastructure, offers opportunities for investment

## Agri-export zones in north India



## Uttarakhand's food processing industry

- Food processing sector in the state:
  - Total established units: 70
  - Horticulture-based units established: 28
  - Other food processing units: 42
  - Total private sector investment made: INR5.9 billion (US\$91.1 million)
  - Subsidy sanctioned by the Government: INR906 million (US\$14.0 million)
- Agri-export zones (AEZ):** There are four AEZs for lychee, floriculture, herbs and medicinal plants and basmati rice
- A **biotech park** near Pant Nagar is being set up in the state
- Two **mega food parks** have been set up: Patanjali Food & Herbal Park Limited at Haridwar and the other in Udham Singh Nagar district (expected to be operational by 2018). These two mega food parks are anticipated to contribute US\$995.4 million to the GSDP and generate about 30,000 direct and 290,000 indirect employment opportunities by 2018
- Top investors:** Leading companies such as Nestle, Britannia, Dabur and ITC have set up their processing facilities in the state with cumulative investments of more than INR2.5 billion (US\$38.6 million)

- SMEs:** The state Government provides assistance in establishing small and medium agro and food parks, which in turn, are expected to provide common infrastructure facilities for storage, processing, grading and marketing
- The Government is also planning to develop Uttarakhand as a manufacturing hub for organically processed food units

## Punjab's food processing industry

- Food processing units:** 33 mega agro processing projects with total investment of INR2.8 billion (US\$43.2 million) have been approved and are under various stages of implementation. Additionally, about 20 mega projects in agro and allied sectors such as ethanol manufacturing, grain-based distilleries, sugar, baby food and health foods with total investments of INR2.7 billion (US\$41.7 million) are also under various stages of implementation and some of them have also started commercial operations
- AEZs:** AEZs have been planned by the state Government for potatoes, rice, honey and vegetables
- Agro food parks** are being developed in the state to enable SMEs to attain viability by financing the cost of major facilities such as R&D labs, cold storage, warehousing facilities and pack-houses.
- Three Mega Food Parks** have been approved in the state and are being implemented by International Mega Food Park Limited at village Dhabwala Kalan, District Fazilka
- Cold chain projects:** The Ministry of Food Processing Industries (MoFPI) has approved 12 cold chain projects in the state. Out of these, the projects at Ropar, Sangrur and Kapurthala have already been completed and started commercial operations
- SMEs:** There are about 23,145 units operational in the micro and small-scale sector with total investments of about INR1.3 billion (US\$20.1 million), about 14 units in the medium scale with total investments of about INR0.2 billion (US\$3.1 million) and 77 units in large-scale sector with an investment of about INR4.3 billion (US\$66.4 million)
- Key sub-sectors:** The key sub-sectors include grain-based processing industries, pulses-based processing, fruits and vegetables processing, dairy, poultry and meat-based units

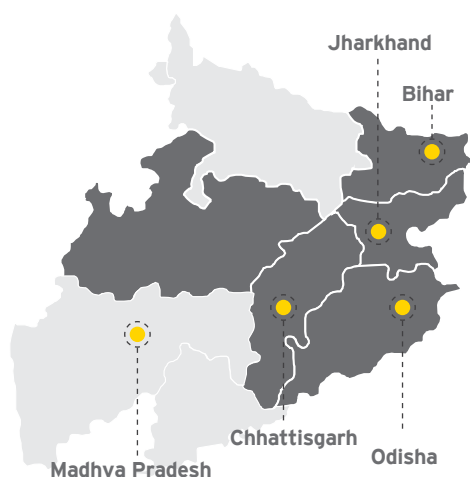
## Key sectors in the north zone

| Sectors                                                                                                                                                                                                         | Key foreign players                                               | Key domestic players                                               | Key Government incentives                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agro and agri-based industries                                                                                                                                                                                  | Nestle, Glaxo SmithKline and PepsiCo                              | Mother Dairy, MilkFed, Dabur and Haldiram                          | In November 2016, the Government of Haryana announced its plans to open an agro business school to skill farmers, help them understand market trends and enable them to sell their produce directly to consumers<br><br>In October 2015, the Government of Punjab announced a policy of zero tax on new food processing units in the state                                                                                                        |
| Auto and auto components                                                                                                                                                                                        | General Motors, Yamaha Motors and Ford                            | Sonalika, Swaraj, Maruti Suzuki and Escorts                        | In July 2017, the Government of Haryana announced its plans of an environment-friendly transportation system in city of Gurgaon. In the first phase, the state Government will run 75-100 electric buses, manufactured by JBM Solaris<br><br>The Government of Haryana has also proposed a sliding railway and logistics center in IMT Manesar for smoother transportation and effective inventory management                                     |
| IT and ITes                                                                                                                                                                                                     | IBM, Microsoft, Alphabet, Adobe and Computer Sciences Corporation | Infosys, TCS and HCL Technologies                                  | As per the Industrial Policy for Delhi 2010–21, the Government has planned to develop and promote hi-tech, knowledge-based and IT-based industries in the state<br><br>The Government of UP launched an IT & Startup Policy in April 2016 to promote the development of IT cities and parks. The policy offers various incentives, including 25% rebate on the purchase of land, 5% interest subsidy for 7 years and 100% exemption on stamp duty |
| Textiles                                                                                                                                                                                                        | United Colors of Benetton, H&M and Zara                           | Vardhman Group, Prince Textile Mills, JCT Limited and DCM Textiles | The Government of Haryana introduced Haryana Textile Policy in April 2017 to provide capital and interest subsidy to reduce project cost and boost investment in the state                                                                                                                                                                                                                                                                        |
| Other key emerging sectors in the north zone are consumer electronics, renewable energy, real estate and construction, biotechnology, banking and financial services, petrochemical and fertilizers and tourism |                                                                   |                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

## Other key investments in the north zone

- ▶ In September 2017, India's Petroleum Ministry announced investments worth INR12.6 billion (US\$194.6 million) in UP for increasing the capacity of LPG bottling and setting up a new petroleum storage unit in Chunar in Mirzapur district
- ▶ In June 2017, tractor maker Sonalika inaugurated its 200,000-unit plant in Hoshiarpur, Punjab
- ▶ In May 2017, the Haryana Government signed five MoUs with Singapore-based companies: Meinhardt Group, YCH Logistics for logistics projects, Ascendas Singbridge for townships/logistics park development, Adonis for wellness projects and equity investor Equis Energy, which makes investments in a wide range of projects, including transmission and power distribution
- ▶ In March 2017, The World Bank approved a US\$100 million loan for a health project in Uttarakhand to provide medical services in the state. The total cost of the project is US\$125 million, of which US\$25 million will be funded by the state Government
- ▶ In February 2017, Murugappa Group firm Tube Investments of India announced its plans to invest US\$11.5 million and install a new precision tubes manufacturing unit at Rajpura, Punjab
- ▶ In December 2016, Bhatinda Refinery announced plans to increase its refining capacity to 18 million metric tonnes per annum and set up a petrochemical complex, with an investment of US\$735.5 million
- ▶ In June 2016, Ola signed an MoU with the Haryana Government to create 10,000 entrepreneurs in the state. Ola will invest INR3.5 billion (US\$54.1 million) over the next five years to skill and train thousands of men and women in the state

## 3.2 Central zone



### Central zone<sup>15</sup>: strategically located hub for business

The zone is rich in natural resources, including fuels, minerals, agriculture and biodiversity. The strategic central location and abundant availability of land, labor and resources have attracted many multinational companies by providing them with easy access to major consumer markets and metro urban communities. During January–July 2017, Odisha received the highest proposed investment proposals in the zone, followed by Madhya Pradesh and Bihar.

| States                | GSDP~<br>(US\$ billion)<br>FY15 | Total population<br>(million) in<br>2017P | GFCF*<br>(US\$ billion)<br>FY15 | Number of<br>bank offices^<br>FY15 | Tax<br>revenue<br>(US\$ billion)<br>FY17 | Capital<br>expenditure<br>(US\$ billion)<br>FY17 | Proposed<br>investment(Jan-<br>Aug 2017) in US\$<br>million** |
|-----------------------|---------------------------------|-------------------------------------------|---------------------------------|------------------------------------|------------------------------------------|--------------------------------------------------|---------------------------------------------------------------|
| <b>Madhya Pradesh</b> | 74.4                            | 80.9                                      | 2.1                             | 5,997                              | 7.2                                      | 6.4                                              | 635.3                                                         |
| <b>Bihar</b>          | 57.8                            | 120.3                                     | 0.2                             | 6,210                              | 4.6                                      | 5.4                                              | 53.1                                                          |
| <b>Odisha</b>         | 49.7                            | 45.4                                      | 1.3                             | 4,410                              | 3.6                                      | 3                                                | 1,020.7                                                       |
| <b>Others&gt;</b>     | 69.8                            | 67.6                                      | 2.9                             | 5,016                              | 6                                        | 4.5                                              | 2,202.3                                                       |

Source: RBI Handbook of Statistics on Indian States 2016-17; DIPP SIA Statistics August 2017

> Others include Chhattisgarh and Jharkhand; P: Projected population in 2017

\*\*Break-up of Investment Intentions in terms of Industrial Entrepreneur Memoranda filed for delicensed sector (IEMs); ~ GSDP: Gross State Domestic Product; ^ Scheduled Commercial Banks only; Letters of Intent issued (LOIs); Direct Industrial Licenses granted (DILs);

~Gross State Domestic Product (GSDP) is defined as a measure, in monetary terms, of the volume of all goods and services produced within the boundaries of the State during a given period of time, accounted without duplication.

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### Bihar



- ▶ Unique location-specific advantage due to its proximity to the vast markets of eastern and northern India and access to the ports of Kolkata and Haldia and to raw material sources and mineral reserves from the neighboring states
- ▶ Large base of cost-effective industrial labor
- ▶ High agricultural production, with about 80% of the state's population employed in agriculture
- ▶ Three smart cities planned: Patna, Bhagalpur and Muzaffarpur
- ▶ Key/emerging sectors in the state include food processing, dairy, sugar, manufacturing and healthcare

## Madhya Pradesh (MP)



- ▶ Ample reserves of coal and coal-bed methane, the largest reserves of diamond and copper in India, as well as significant reserves of limestone, manganese and dolomite
- ▶ Excellent connectivity with all zones of India, with many FMCG companies, including Procter & Gamble, moving their warehouses here to save on logistics expenses
- ▶ Emerging solar power hub and is targeting generation of 2,650 MW of solar power in 2017
- ▶ Six smart cities planned: Bhopal, Indore, Jabalpur, Ujjain, Gwalior and Sagar

## Odisha



- ▶ Emerged as a key state due to the presence of mineral and metal-based industries, during FY16, recorded 239.5 million tonnes production of minerals
- ▶ An ASSOCHAM study titled 'Odisha – Economic Growth and Investment Performance Analysis' ranked Odisha as third in attracting investments with over 7% in total live investments attracted by different public and private sources across India in FY17
- ▶ Considered as the aluminum capital of India with huge reserves of minerals such as bauxite; houses big multinational companies such as Vedanta, Hindalco and Nalco
- ▶ Also one of the largest producers of iron and steel in India and is one of the favored investment destinations for domestic and international players
- ▶ Two smart cities planned: Bhubaneswar and Rourkela

## Chhattisgarh



- ▶ Leading producer of minerals such as coal, iron ore and dolomite
- ▶ Only state in India that produces tin concentrates
- ▶ Korba district in Chhattisgarh known as the power capital of India, with plans to achieve installed power generation capacity of 30,000 MW by 2017–18; as of June 2017, about 19,287 villages were electrified in the state
- ▶ Three smart cities planned: Raipur, Naya Raipur and Bilaspur

## Jharkhand



- ▶ With 40% mineral and 29% of India's coal reserves, one of the richest mineral zones in India
- ▶ Accounts for 20%–25% of the total steel produced in the country, with Government targets to increase steel production in the state from 14.9 million tons in FY16 to 25 million tonnes by FY18; the only state in India to produce coking coal, uranium and pyrite
- ▶ Ranchi the only city in the state to be developed as a smart city

### Madhya Pradesh: Strategically located business hub for FMCG companies

- ▶ Cheap labor and central location are the key drivers for FMCG companies to establish manufacturing facilities in the state
- ▶ Many multinational companies, including Mondelez, Procter & Gamble, Hindustan Unilever Limited, Coca Cola and Cargill, have their manufacturing plants, logistics centers and warehouses in the state to access major consumer markets and save on logistics expenses
- ▶ A majority of the manufacturing plants are located in industrial areas of the state such as Malanpur, Mandideep, Pithampur and Chhindwara
- ▶ Major investments in the state include:
  - ▶ Procter & Gamble relocated its central warehouse for FMCG products to Bhopal, which has helped the company save around US\$20 million in its annual logistics expenses
  - ▶ In August 2016, Patanjali Ayurveda announced plans to set up a food processing unit at Dhar district in the state with an investment of US\$76 million
  - ▶ The bottling division of Coca Cola in India, Hindustan Coca-Cola Beverages Limited (HCCBL), announced plans to invest US\$111.6 million to set up a bottling plant at in Hoshangabad
  - ▶ As of March 2017, Intex Technologies planned to invest US\$74.3 million for setting up a manufacturing unit for mobiles, air conditioners and consumer durable goods in Madhya Pradesh

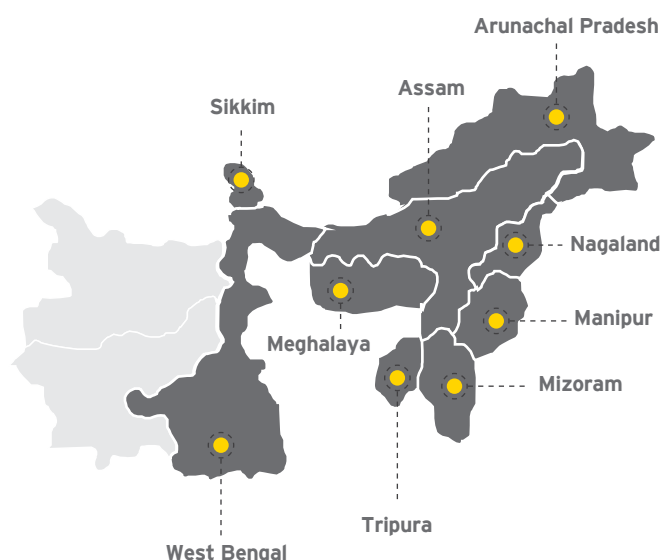
## Key sectors in the central zone

| Sectors                                                                                                                                                                                                                                                               | Key foreign players                                          | Key domestic players                                                                   | Key Government incentives                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Metals, mining and minerals                                                                                                                                                                                                                                           | Heidelberg Cement, POSCO, Visa Steel and Vedanta Resources   | Tata Steel, Birla Corporation, Hindustan Copper, NMDC, Essar Steel, Hindalco and NALCO | The Mineral Resources Department of MP has planned to introduce online electronic transit pass (e-TP) services in Balaghat, Sagar, Tikamgarh, Satna, Rajgarh, Betul, Indore, Ujjain, Neemuch, Gwalior, Bhind and Hoshangabad<br><br>The Government of Bihar is setting up a new corporation to regulate the sale of sand and other minerals in the state and curb illegal sand mining |
| Agro and food processing                                                                                                                                                                                                                                              | Procter & Gamble, Mondelez, Coca Cola and Hindustan Unilever | Dabur, Anik Industries, K S Oils, Adani Wilmar, Usher Agro and Sakthi Sugars           | The Government of MP has established Gwalior as an FMCG cluster. The state Government is also laying plans to set up suitable post-harvest facilities such as packing houses, cold storage and mobile processing units                                                                                                                                                                |
| Textiles and apparel                                                                                                                                                                                                                                                  | Bata                                                         | Century Textiles & Industries, Grasim Industries, Vardhman Textiles and Raymond        | The Government of MP has announced its plans to upgrade existing apparel clusters at Indore and Jabalpur and established a textile park in Chhindwara. The central Government has also sanctioned US\$6.6 million to develop a second textile park at Indore                                                                                                                          |
| Other emerging sectors in the zone include logistics and warehousing, medications and pharmaceuticals, biotechnology, IT and ITeS, agro-based and local natural resource-based industries, leather, chemicals and fertilizers, food processing and dairy and handloom |                                                              |                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                       |

## Other key investments in the central zone

- ▶ In May 2017, Sung Ha Telecom, a South Korean telecom company, announced plans to set up its mobile phone manufacturing unit in Naya Raipur, Chhattisgarh
- ▶ In April 2017, Chhattisgarh state Government and the Malaysian Global Innovation and Creativity Center (MaGIC) signed an MoU to promote innovative entrepreneurship development in the state
- ▶ The Bihar Government approved a US\$14.4 million ethanol project of Majhauria Sugar Industries Private Limited in February 2017. The project aims to take advantage of the revised ethanol off-take policy of the central Government to encourage its blending with petrol
- ▶ As of January 2017, with an investment of about US\$3 billion, Aditya Birla Group is expanding its business in Madhya Pradesh, in sectors such as cement, retail and telecom
- ▶ In January 2017, Indian Defence Ministry announced its plans to set up a unit of national importance at Morena, Madhya Pradesh, with investment worth US\$223.1 million
- ▶ In FY17, the Government sanctioned 2,000 new health centers in Madhya Pradesh. The Government has also proposed to spend US\$310 million under the Rashtriya Swasthya Mission

## 3.3 East zone



### East zone<sup>16</sup>: gateway to south-east Asia

Apart from West Bengal, the remaining eight states in the zone are categorized as the north-east, which recently has been deemed as the “new engine for India’s growth.” Given the region’s strategic location with proximities to south-east asia and east asia, the Indian Government has invited Singapore, Thailand, Japan and South Korea for investments and skill development in the region. The region also holds tremendous potential in the form of natural resources, including solar energy, hydrocarbons, metals, minerals, flora, fauna, etc. The region is also known for its rich and large quantities of low ash coal resources, limestone and dolomite deposits.

| States             | GSDP~<br>(US\$ billion)<br>FY15 | Total population<br>(million) in<br>2017P | GFCF*<br>(US\$ billion)<br>FY15 | Number of<br>bank offices^<br>FY15 | Tax<br>revenue (US\$<br>billion) FY17 | Capital<br>expenditure<br>(US\$ billion)<br>FY17 | Proposed<br>investment<br>(Jan-Aug 2017) in<br>US\$ million** |
|--------------------|---------------------------------|-------------------------------------------|---------------------------------|------------------------------------|---------------------------------------|--------------------------------------------------|---------------------------------------------------------------|
| <b>West Bengal</b> | 123.7                           | 97.8                                      | 1.1                             | 7,327                              | 7.8                                   | 4.7                                              | 473.7                                                         |
| <b>Assam</b>       | 30.6                            | 34.4                                      | 0.3                             | 2,103                              | 2.4                                   | 2                                                | 207.8                                                         |
| <b>Meghalaya</b>   | 3.8                             | 3.5                                       | 0.05                            | 294                                | 0.2                                   | 0.3                                              | 24.1                                                          |
| <b>Others&gt;</b>  | 16.9                            | 12.1                                      | 0.02                            | 1,070                              | 0.7                                   | 2.3                                              | 185.8                                                         |

Source: RBI Handbook of Statistics on Indian States 2016-17; DIPP SIA Statistics August 2017

> Others include Arunachal Pradesh, Manipur, Mizoram, Nagaland, Tripura and Sikkim; P: Projected population in 2017

\*\*Break-up of Investment Intentions in terms of Industrial Entrepreneur Memoranda filed for delicensed sector (IEMs); ~ GSDP: Gross State Domestic Product; ^ Scheduled Commercial Banks only; Letters of Intent issued (LOIs); Direct Industrial Licenses granted (DILs); \*\*Others include Uttarakhand, Jammu & Kashmir and Himachal Pradesh; P is projected

~Gross State Domestic Product (GSDP) is defined as a measure, in monetary terms, of the volume of all goods and services produced within the boundaries of the State during a given period of time, accounted without duplication.

Gross Fixed Capital Formation (GFCF) refers to the net increase in physical assets (investment minus disposals) within the measurement period. It does not account for the consumption (depreciation) of fixed capital and also does not include land purchases. It is a component of expenditure approach to calculating GDP.

Figures were converted from INR to US\$ as per the exchange rate on 16 October 2017 from Oanda. US\$1 = INR64.74

## West Bengal



- ▶ Largest and most populous state in the east region; third largest state in terms of mineral production, accounting for about one-fifth of India's total mineral production, thereby presenting significant investment opportunities for mineral-based industries
- ▶ Largest producer of rice and second largest producer of potatoes and tea, also has eight operational IT parks and seven new IT parks under construction
- ▶ Ranks second in the manufacturing of tea after Assam; other prominent sectors of importance: petrochemicals and petroleum, iron and steel, food processing, leather and tourism
- ▶ Four smart cities planned: New town Kolkata, Bidhannagar, Durgapur and Haldia

## Assam



- ▶ Largest economy in the north-east region in India
- ▶ Offers a favorable environment for industrial investments owing to its relative proximity to the rest of the country and availability of quality infrastructure
- ▶ Shares international borders with Bangladesh, Myanmar and the Kingdom of Bhutan and thus acts as a vital link for trade with south-east Asia
- ▶ Single largest tea growing area in the world, constituting about one-seventh of the global tea production, accounts for over 50% of the country's overall tea production
- ▶ Highest concentration of bamboo, i.e., about 60% of the total bamboo of the country, offering ample scope for bamboo-based industries such as paper manufacturing
- ▶ Monopoly in the production of Muga silk in the world
- ▶ Overall key sectors include tea, coal, oil and gas, limestone and cement, agriculture, horticulture, food processing and tourism
- ▶ Proposed smart city: Guwahati

## Meghalaya



- ▶ Receives the highest amount of rainfall in the country
- ▶ Diverse range of soil types in the state support various agricultural crops such as rice, maize, pulses, oilseeds, cotton, jute and mesta

- ▶ Has a strong floriculture sector and a variety of medicinal plants and is one of the leading states in the north-east in terms of production and supply of cut flowers to mainland consumer markets
- ▶ One of the leading bamboo producers in the country
- ▶ Great industrial potential, with abundant deposits of coal, limestone, kaolin feldspar, quartz, granite, industrial clay and uranium
- ▶ Shares a 443 km border with Bangladesh and has 10 land custom stations to aid exports

## Others



- ▶ Other north-eastern states, which include Arunachal Pradesh, Tripura, Sikkim, Mizoram and Nagaland, provide opportunities in sectors such as power and energy, mineral-based industries, tourism and crude oil refining due to an abundance of natural resources such as natural oil and gas, renewable resources such as solar and hydro, rubber, tea and minerals such as granite, limestone and kaolin
- ▶ Top sectors in the region include agro and agro-based industries (including floriculture, sericulture and horticulture), metals, minerals and mining; energy (coal, O&G and renewables) and tea production.
- ▶ Agartala in Tripura, Pasighat in Arunachal Pradesh, Aizwal in Mizoram, Kohima in Nagaland, Namchi in Sikkim and Imphal in Manipur are proposed to be developed as smart cities in the zone

### Some recent Government initiatives for the north-east region

- ▶ The Prime Minister laid the foundation of the third Indian Agriculture Research Institute (IARI) of the Indian Council of Agricultural Research (ICAR), at Gogamukh, Assam. The Institute is spread over 587 acres and will be built with a cost of INR1.6 billion (US\$24.7 million). It is expected to create a second green revolution in Assam and the north-east
- ▶ The DIPP, along with NITI Aayog, is redrafting the regions' industrial policy – north-east industrial and investment promotion policy (NEIIPP) – which was launched in 2007 and was suspended after a review in 2014. The new scheme would provide easier access to working capital loans and reimburse insurance premium among other incentives

The new policy is expected to focus specifically on environmentally sustainable industries such as agro processing, horticulture, floriculture and plantation crops, which have great untapped investment potential in the region

- ▶ The Cabinet Committee on Economic Affairs (CCEA) has also approved a new scheme to refund the central share of central GST (CGST) and Integrated GST (IGST) to as

many as 4,284 industrial units in the north-east and the Himalayan states in lieu of the excise exemption lost due to the onset of GST and scrapping of excise laws from 1 July 2017. The Cabinet approved a budgetary support of INR274 billion (US\$4.2 billion) for this scheme for the period from 1 July 2017 till 31 March 2027

## Key sectors in the east zone

| Sectors                            | Key foreign players                                 | Key domestic players                                                           | Key Government incentives                                                                                                                                                                                                                                   |
|------------------------------------|-----------------------------------------------------|--------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Minerals and Mining                | -                                                   | SAIL, JSW Steel Limited, Shyam Steel, Jaypee Cements and Cement Corp. of India | The Joint Plant Committee (JPC) for steel has been constituted by the Government of India to formulate guidelines for production, allocation, pricing and distribution of steel materials in the country                                                    |
| Energy (O&G, petroleum, renewable) | Mitsubishi Chemicals                                | Indian Oil Corporation, ONGC, Oil India Limited, CIL and Haldia Petrochemicals | Meghalaya state Government is inviting investments in hydroelectric power generation through the PPP model. Independent power producers (IPPs) are being invited to develop hydro projects in the state                                                     |
| Tea production                     | Goodricke Group, Mcleod Russel and Williamson Magor | Tata Global Beverage, Duncans Industries, Apeejay Tea and Assam Tea Corp       | The Government has created a special purpose tea fund (SPTF) for rejuvenation of the tea bushes. In September 2017, the Government of Assam announced that it will provide land rights to small tea growers to boost tea production and generate employment |

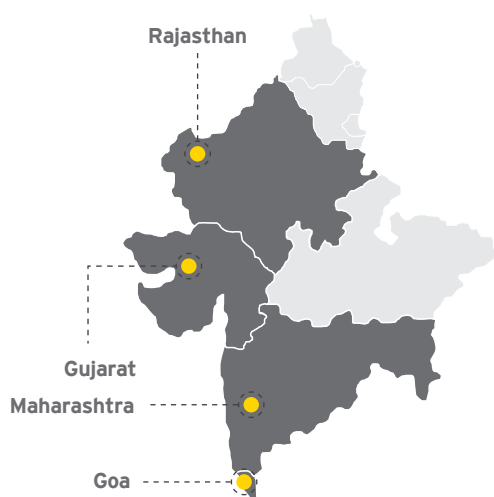
Renewable energy is one of the major emerging sectors in the zone. The north-eastern states have vast solar potential with average solar insulation in the range of 5 kWh/sq. mt. for more than 300 sunshine days. The state Governments have identified land for planned solar parks with a capacity of 250 MW in the north-eastern states

Apart from renewable energy, other emerging sectors are oil and gas, limestone and cement, agriculture and horticulture, IT, handloom and handicrafts and tourism

## Other key investments in the east zone

- ▶ In order to supply the surplus power from the north-east to other parts of India, the state-run Power Grid Corporation of India Limited has installed an 800 kv capacity and 1,728 km long high voltage direct current (HVDC) transmission line from Biswanath Chariali in Assam to Agra in UP at an investment of INR120 billion (US\$1.9 billion)
- ▶ In January 2017, West Bengal secured investment proposals worth US\$36 billion in the Bengal Global Business Summit. The state secured investments across sectors such as urban development, manufacturing, MSME and transport
- ▶ India and Japan also signed a MoU to set up the "India Japan Act East Forum" to partner with Japan's Free and Open Asia-Pacific strategy. The forum will enhance connectivity and promote developmental projects in India's north-east region with an investment of INR450 billion (US\$7.0 billion)
- ▶ Several MoUs worth US\$156.2 million have been signed between Meghalaya state Government and local entrepreneurs to boost investment in the two-day Northeast Investors Summit at Shillong in January 2017. The sectors which were focused on including textiles, handlooms, handicrafts, sericulture, apparels, garments and technical textiles in all the eight states, with the "Act East" policy

## 3.4 West zone



### West zone<sup>17</sup>: driving force of India's economic growth

Maharashtra is the highest contributor to the GDP of the zone, followed by Gujarat. During January–July 2017, Gujarat attracted the major portion of investments with proposed investments of US\$8.1 billion, followed by Maharashtra at US\$3.6 billion and Rajasthan at US\$0.9 billion investments. The key sectors prevalent in the region include textiles, auto and auto components, oil and gas, chemicals and petrochemicals, food and agro, electronics and pharmaceuticals.

| States             | GSDP~<br>(US\$ billion)<br>FY15 | Total<br>population<br>(million) in<br>2017P | GFCF*<br>(US\$ billion)<br>FY15 | Number<br>of bank<br>offices^<br>FY15 | Tax<br>revenue (US\$<br>billion) FY17 | Capital<br>expenditure<br>(US\$ billion)<br>FY17 | Proposed investment<br>(Jan-Aug 2017) in<br>US\$ million** |
|--------------------|---------------------------------|----------------------------------------------|---------------------------------|---------------------------------------|---------------------------------------|--------------------------------------------------|------------------------------------------------------------|
| <b>Gujarat</b>     | 138.2                           | 67.1                                         | 15.4                            | 7,241                                 | 11                                    | 367.6                                            | 8,102.4                                                    |
| <b>Maharashtra</b> | 276.8                           | 120.8                                        | 8.5                             | 11,810                                | 22.3                                  | 433.1                                            | 3,636.4                                                    |
| <b>Rajasthan</b>   | 94.6                            | 75.9                                         | 1.6                             | 6,426                                 | 8.2                                   | 392.1                                            | 926.6                                                      |
| <b>Goa</b>         | 6.3                             | 1.5                                          | 0.2                             | 670                                   | 0.8                                   | 39.1                                             | 20.4                                                       |

Source: RBI Handbook of Statistics on Indian States 2016-17; DIPP SIA Statistics August 2017

\*\*Break-up of Investment Intentions in terms of Industrial Entrepreneur Memoranda filed for delicensed sector (IEMs): ~ GSDP: Gross State Domestic Product; ^ Scheduled Commercial Banks only; Letters of Intent issued (LOIs); Direct Industrial Licenses granted (DILs); \*\*Others include Uttarakhand, Jammu & Kashmir and Himachal Pradesh; P is projected

~Gross State Domestic Product (GSDP) is defined as a measure, in monetary terms, of the volume of all goods and services produced within the boundaries of the State during a given period of time, accounted without duplication.

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### Gujarat



- ▶ Rich natural resources of petroleum, natural gas, limestone, manganese, bauxite, silica sand and steatite
- ▶ Ranked #1 among Indian states in the Ease of Doing business in 2015
- ▶ The state has 42 ports, which includes one major port (Kandala) and 41 non-major ports, along with a 1,600 km coastline
- ▶ Six smart cities planned: Ahmedabad, Surat, Vadodara, Rajkot, Dahod and Gandhinagar
- ▶ The key sectors in the state are textiles, agro, dairy chemical and petrochemicals, auto and auto components, gems and jewelry, oil and gas and pharmaceuticals

## Maharashtra



- ▶ Capital Mumbai is the financial hub of India, it is home to a majority of headquarters of large organizations and financial institutions
- ▶ According to Maharashtra Industrial Development Corporation (MIDC), as on 31 March 2016, Mumbai had 1,012 industrial units, which had invested US\$1.6 billion and provided employment to approximately 132,000 people
- ▶ 10 smart cities planned: Amravati, Aurangabad, Greater Mumbai, Kalyan-Dombivali, Nagpur, Nashik, Navi Mumbai, Pune, Solapur and Thane
- ▶ A 720 km long coastal line, providing easy access to imports and exports, two major ports, namely, Mumbai Port Trust (MPT) and Jawaharlal Nehru Port Trust (JNPT)
- ▶ Emerged as a key hub for IT and ITeS, electronics and captive business outsourcing industries, also one of the leading producers of sugarcane and cotton

## Rajasthan



- ▶ A natural corridor between the north and west zone
- ▶ Four smart cities planned: Jaipur, Ajmer, Kota and Udaipur
- ▶ The world's largest center for gemstone cutting and polishing is in Jaipur
- ▶ 21 major cement plants, having a total capacity of 55 million tonnes per annum (MTPA) and also the second-largest producer of milk and the largest producer of wool, oilseeds, seed spices and coarse cereals in India

## Goa



- ▶ Traditionally known as a tourist paradise for its natural scenery, unique beaches and cultural diversity
- ▶ The Ministry of Home Affairs (MHA) has identified five islands in Goa, namely, St. George Island, Grande Island, Pequeno Island, Conco Island and Bhindo Island, to carry out holistic development
- ▶ Three smart cities planned: Vasco, Margao and Panaji
- ▶ For ease of doing business and investor friendly ecosystem initiatives, the state Government proposed to establish an EMS (Electronic Monitoring System) in its 2016-

17 Budget, the EMS to track the progress of all the investment proposals that were granted single window clearances by the Investment Promotion Board (IBP)

- ▶ The key sectors are food processing, IT and ITeS, mining, biotechnology, pharmaceuticals and fishing

### Gujarat's textile industry

- ▶ Gujarat launched a five-year Textile Policy in 2012 to provide support to textile park developers and textile manufacturers. The policy had an objective to attract investments of ~INR200 billion (US\$3.1 billion) and create new employment opportunities for over 2.5 million people. In September 2017, the Government extended the policy for another one year
- ▶ Gujarat contributes 25% to India's technical textiles output. The state has more than 1,000 units worth US\$3 billion that produce technical textiles
- ▶ During Vibrant Gujarat Summit 2017, MoUs worth INR88.4 billion (US\$1.4 billion) were signed in various textile sectors, including textile parks, textile processing, machinery and carpet development
- ▶ The state has **ten textile parks** for spinning, weaving, processing and texturized yarn manufacturing activities
- ▶ **Five SEZs** have been established in the state: three in Ahmedabad, one in Mundra and one in Surat
- ▶ There are **six textile hubs** in Gujarat: Kutch (textile handicraft), Surendranagar, Manavadar and Gondal (cotton ginning), Saurashtra and Jetpur (hand printing and processing units), Ahmadabad (denim), Ankaleshwar and Tapi (technical textiles) and Surat (silk)
- ▶ **Education:** 28 ITIs provide industrial training courses on textiles and garments and have an intake of approximately 6,000 students
- ▶ **Top investors:** Leading investors in the textile sector are Arvind Mills, Welspun, AHC, Alok Industries, Aditya Birla Nuvo, S. Kumars, Raymond, Dinesh, Garden Vareli, AHLSTROM and TenCate Geosynthetics

## Key sectors in the west zone

| Sectors                      | Key foreign players                                                     | Key domestic players                                                                                | Key Government incentives                                                                                                                                                                                                                                                                                                                   |
|------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Auto and auto components     | Honda, Ford, Suzuki, Daimler Chrysler and General Motors                | Tata Motors, Force, Mahindra, TAFE, Hero MotoCorp and Bajaj Auto                                    | Gujarat has developed four automobile and auto parts clusters to boost investments in the sector. Gujarat Government has also set up an international level Automotive Skill Development Institute to generate skilled manpower for the automotive sector                                                                                   |
| Textiles                     | Ahlstrom, Hygienics Corporation, TenCate Geosynthetics and Levi Strauss | Raymond, Bombay Dyeing, Siyarams, Digjam, Arvind and DCM Shriram                                    | In July 2017, the Maharashtra Government proposed to set up an integrated textile park in Malegaon over 345 hectares of land. The Government is planning to set up a garment park in Solapur, with an investment of US\$44.6 million, to generate employment and to boost the textile sector                                                |
| Oil and gas                  | Shell, GE, Oilex and Cairn                                              | ONGC, Reliance and Hindustan Petroleum                                                              | Gujarat has emerged as the petro capital of India. The state is laying a 2,200 km long high-pressure gas grid aimed at facilitating gas transmission and distribution from supply points to the demand centers. In March 2015, the Government also announced plans to set up two LNG terminals of ten MMTPA capacity in the state           |
| Chemicals and petrochemicals | Gulf Petrochem, DuPont, Perstorp, BASF and Shell Chemicals              | Asian Paints, Tata Chemicals, Reliance, Gujarat State Fertilizers and Chemicals and Bodal Chemicals | In April 2017, the Gujarat Industrial Development Corporation received an approval from the Environment Ministry for the development of a Petroleum, Chemical and Petro-chemical Investment Region (PCPIR) in Bharuch. In September 2016, the Government of Maharashtra gave 5,000 acres of land in Konkan to develop a green chemical zone |

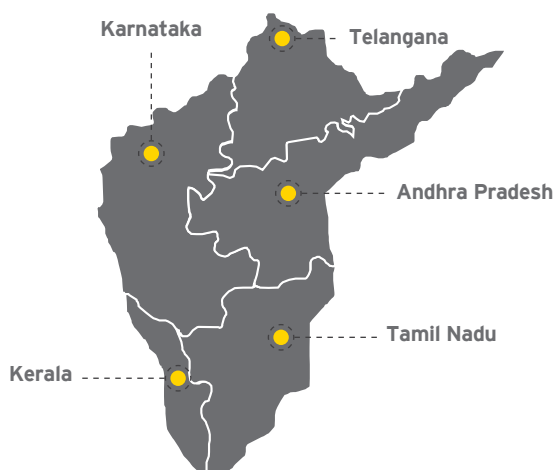
One of the key emerging sectors in the west zone is aerospace and defense. In March 2017, the Government of Maharashtra released a draft defense and aerospace policy to attract investments of US\$5 billion and create 100,000 jobs in the next five years. Apart from aerospace and defense, other key sectors in the zone are IT and ITeS, agro and food processing, gems and jewelry, pharmaceuticals and biotechnology, mining and tourism

## Other key investments in the west zone

- ▶ The Government of Maharashtra is setting up an SEZ in Nhava Sheva, Navi Mumbai, with a total expected private investments of about US\$534.7 million. The project is being developed by Jawaharlal Nehru Port Trust (JNPT) and is planned by L&T Infrastructure Engineering Limited
- ▶ In April 2017, Aarti Industries Limited (AIL), a specialty chemicals manufacturer, announced the approval of construction of a new R&D and Innovation Complex in Jhagadia, Gujarat. The project is expected to cost US\$11.2 million
- ▶ In February 2017, ONGC announced its plans to develop four oil and gas projects, worth US\$1.1 billion, at locations of western offshore of Santhal field and Mehsana in Gujarat and other locations
- ▶ In November 2016, Suzuki Motor Corp. announced plans to invest US\$971 million in setting up a second vehicle production line at its new plant in Gujarat
- ▶ In November 2016, Tractors and Farm Equipment Limited (TAFE) announced its plans to invest around INR9.7 billion (US\$149.8 million) for its two initiatives related to farm productivity in Rajasthan
- ▶ In October 2016, Cairn India announced investments worth US\$100 million in Rajasthan's gas fields
- ▶ In August 2016, Mahindra Intertrade, a part of Mahindra Group, entered into a partnership with MSTC (formerly known as Metal Scrap Trade Corporation Limited), a Government of India enterprise, to set up the country's first auto shredding and vehicle recycling unit in Maharashtra

# 3.5

## South zone



### South zone<sup>18</sup>: key to India's development

The south zone is an ideal destination in terms of physical infrastructure such as roads and ports, skilled human resources and an established industrial base. During January-July 2017, Karnataka received the highest proposed investment proposals due to its central location, followed by Andhra Pradesh and Telangana. The key prominent industries in the region are textiles, auto and auto components, oil and gas, food and agro, electronics, mines and minerals and pharmaceuticals.

| States         | GSDP~<br>(US\$ billion)<br>FY15 | Total population<br>(million) in<br>2017P | GFCF<br>(US\$ billion)<br>FY15 | Number of bank<br>offices^<br>FY15 | Tax<br>revenue (US\$<br>billion) FY17 | Capital<br>expenditure<br>(US\$ billion)<br>FY17 | Proposed<br>investment(Jan-<br>Aug 2017) in US\$<br>million** |
|----------------|---------------------------------|-------------------------------------------|--------------------------------|------------------------------------|---------------------------------------|--------------------------------------------------|---------------------------------------------------------------|
| Andhra Pradesh | 81.3                            | 89.4***                                   | 2.3                            | 6,290                              | 8.1                                   | 3.1                                              | 3,436.8                                                       |
| Telangana      | 79                              |                                           | 1                              | 4,721                              | 8.5                                   | 5.1                                              | 1,916.9                                                       |
| Karnataka      | 142.4                           | 66.8                                      | 3.1                            | 9,365                              | 13                                    | 5.1                                              | 22,263.1                                                      |
| Kerala         | 81.2                            | 34.3                                      | 1                              | 6,190                              | 7.4                                   | 2.3                                              | 14.4                                                          |
| Tamil Nadu     | 168.8                           | 79.9                                      | 2.1                            | 9,847                              | 14                                    | 5.2                                              | 278                                                           |

Source: RBI Handbook of Statistics on Indian States 2016-17; DIPP SIA Statistics August 2017

\*\*\*Combined population of Andhra Pradesh and Telangana

\*\*Break-up of Investment Intentions in terms of Industrial Entrepreneur Memoranda filed for delicensed sector (IEMs): ~ GSDP: Gross State Domestic Product; ^ Scheduled Commercial Banks only; Letters of Intent issued (LOIs); Direct Industrial Licenses granted (DILs)

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## Andhra Pradesh



- ▶ Undergoing reorganization and is in the process of building its new capital city Amravati in association with Japan and Singapore, offers huge investment opportunities specifically in the infrastructure space including ports, road/rail and energy
- ▶ Three industrial hubs and three industrial corridors
- ▶ Coastline of 974 km, Vishakhapatnam port is the second highest cargo handling port in India
- ▶ US\$1.5 billion investment in infrastructure:
  - ▶ Japan International Cooperation Agency (JICA) supported the Chennai - Bangalore Industrial Corridor (CBIC)
  - ▶ ADB supported the Visakhapatnam - Chennai Industrial Corridor (VCIC)
- ▶ As of December 2016, state had 23 operational SEZs across diversified sectors, including textiles and apparel, food processing, footwear and leather products, multi-product, pharma, IT and ITes.
- ▶ Two smart cities planned: Vishakhapatnam and Kakinada

## Karnataka



- ▶ State capital Bengaluru known as the Silicon Valley of India; Karnataka houses 550,000 IT professionals or one-third of the total IT professionals in the country
- ▶ Favorable policies have encouraged industries to set up their R&D centers in the state; the state has about 400 R&D centers
- ▶ 13 ports in Karnataka, of which New Mangalore is the ninth major port in India and has the deepest inner harbor on the west coast
- ▶ Six smart cities planned: Belgaum, Hubli-Dharwad, Davanagere, Tumakuru, Mangaluru and Shivamoga
- ▶ As of March 2017, there were 25 operational and 40 notified SEZs, one with a valid in-principle approval and 61 with a formal approval
- ▶ Key sectors in the state are IT/ITes, biotechnology, aerospace, engineering, animation, electronics, telecom and electronic hardware

## Kerala



- ▶ Known as the God's own country because of its natural beauty
- ▶ Highest literacy rate among all states in India (94.6% in 2016)
- ▶ A 580 km long coastline and 18 ports, of which Cochin is the major port
- ▶ Two smart cities planned: Kochi and Thiruvananthapuram
- ▶ As on April 2017, Kerala had 19 operational SEZs, out of which 13 were focused on IT/ITes
- ▶ The largest producer of pepper in India with production of 42,132 tonnes in 2015-16, the other key industries in the state are silk farming, seafood and other marine products, mining, food processing, spices and spice extracts and rubber

## Tamil Nadu



- ▶ Features among the leaders in several industries such as automobiles and auto components, engineering, pharmaceuticals, garments, textile products, leather products, chemicals and plastics
- ▶ Three major ports (Chennai, Ennore and V.O. Chidambaram) and 23 minor ports
- ▶ As on June 2017, Tamil Nadu had 47 notified SEZs, 49 SEZs with formal approvals and four SEZs with in-principle approvals
- ▶ 10 smart cities planned: Coimbatore, Chennai, Vellore, Madurai, Thanjavur, Salem, Tiruppur, Tirunelveli, Thootukkudi and Tiruchirappalli
- ▶ Also known as the "yarn bowl" of the country, the largest producer of cotton yarn, accounting for 41% of India's production
- ▶ The key sectors in the state are automobile and auto components, engineering, IT and ITes, cement, banking and financial services, drugs and pharmaceuticals and agro and food processing

## Telangana



- ▶ Formed in July 2014, the youngest state of India
- ▶ Two smart cities planned: Karim Nagar and Greater Warangal
- ▶ As on June 2017, Telangana had 146 SEZs, of which 29 were operational, 52 were notified and 64 were formally approved
- ▶ Home to various IT companies such as Facebook, Alphabet, IBM and Microsoft, with significant presence in the capital Hyderabad; the other key sectors in the state are pharmaceuticals, textile and mines and minerals

### Tamil Nadu's auto industry

- ▶ Tamil Nadu has the largest auto components industry base and accounts for more than 32% of India's production capacity and 21% of India's automobile exports
- ▶ The state's capital Chennai is known as the "Detroit of India" due to its large-scale auto production infrastructure. The city has the capacity to produce about 1.4 million cars a year, or three cars every minute
- ▶ The Government launched Tamil Nadu Automobile and Auto Components Policy in 2014 with an objective to double the production volumes every five years to reach 5 million vehicles per annum by 2020. The policy focuses on the following aspects:
  - ▶ **Auto clusters:** Strengthen the existing auto clusters in Madurai and Coimbatore auto clusters and promote new clusters in Tirunelveli, Toothukudi and Tiruchchirappalli
  - ▶ **Auto industrial parks:** Promote industrial parks in Toothukudi, Coimbatore and Tiruchchirappalli
- ▶ Establish an **automotive suppliers park (ASP)** to improve the logistics competitiveness
- ▶ Set up an auto city, a state-of-the-art industrial park as a joint venture, spread over 1,000 hectares catering to domestic and global automotive/ component design, prototyping, manufacturing and remanufacturing
- ▶ Incentivize automobile hubs and clusters by providing 50% stamp duty concession and additional capital subsidy of 5%
- ▶ **Top investors:** The state has attracted investments from seven automobile giants: Ford, Hyundai, Mitsubishi, Daimler, Nissan, Renault and BMW. Tamil Nadu will have significant capacity addition in 2017-18 as players such as Yamaha, Toyota and Mahindra & Mahindra are also establishing their plants in the region
- ▶ In February 2016, Indian Railways announced that it will open India's first rail auto hub in Walajabad, near Chennai, to help automobile manufacturers transport vehicles to other parts of the country

## Telangana: The emerging IT hub

- ▶ In April 2016, Telangana introduced an ICT policy with an objective to transform the state into the most preferred IT destination and to make it a global hub for technology entrepreneurship and innovation.
  - ▶ The policy aims to double software exports from INR682 billion (US\$10.5 million) and create 800,000 more jobs in five years
  - ▶ The policy also seeks to establish IT hubs in tier II and tier III cities such as Warangal, Karimnagar and Nizamabad
  - ▶ The Government has signed 28 in-principle agreements to mark the policy launch
- ▶ **SEZs:** Out of the 29 operational SEZs in Telangana, 23 are for IT/ ITeS
- ▶ The state Government has signed an MoU with Microsoft to explore cloud and machine learning and improve the healthcare and agriculture sectors in Telangana
- ▶ Telangana was the first state in India to initiate e-governance projects in India
- ▶ **Key investors**
  - ▶ **Uber:** Announced investments worth US\$50 million in Hyderabad to set up a facility, which will be the biggest outside its headquarters in the US

- ▶ **ValueLabs:** Announced investments worth INR13.6 billion (US\$210.1 million) to build a 1 million sq. ft. facility employing 10,000 people
- ▶ **The Development Bank of Singapore:** Setting up a technology development center in Hyderabad providing employment to 1,500 people
- ▶ **Alphabet:** Announced investments worth INR15 billion (US\$231.7 million) to set up a new campus in Hyderabad

**The other key emerging sector in Telangana is renewable energy. The state has received the following key investments in the recent past:**

- ▶ **Suzlon:** Announced investments worth INR12 billion (US\$185.4 million) to set up 3,000 MW power generation units of solar, wind and hybrid sources in Telangana
- ▶ **Premier Solar:** Commissioned a 200 MW automated solar module manufacturing facility in Sangareddy district of Telangana, taking its capacity up to 375 MW

## Key sectors in the south zone

| Sectors                  | Key foreign players                                                     | Key domestic players                                                               | Key Government incentives                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------|-------------------------------------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Auto and auto Components | Ford, Hyundai, Mitsubishi, Volvo, Delphi Automotive, Honda and Toyota   | Ashok Leyland, TVS Motor, Tata Motors, Mahindra, L&T, Komatsu, JK Tyres and MRF    | Karnataka's Government offers various incentives such as exemption from stamp duty, concessional registration charges, reimbursement of land conversion fee and subsidies depending on size and location to promote investment in the sector<br>Tamil Nadu is also planning to introduce a new focused policy for automotive MSMEs                                                                                                   |
| IT and ITeS              | Accenture, IBM, Alphabet, Microsoft, Amazon and Facebook                | Wipro, Infosys, Genpact, Tech Mahindra, HCL and Mindtree                           | In 2013, Karnataka launched the i4 (IT, ITeS, Innovation, Incentives) Policy, which provides incentives such as concessional space for start-ups, speedy clearance of projects and exemption of IT companies from some industrial norms and concessional power<br>The Telangana Government also launched an IT policy in 2016 for uplifting the performance of the sector                                                            |
| Pharmaceuticals          | Mylan, Novartis, Roche, Baxter, Hospira and Omnicem                     | Dr Reddy's, Aurobindo Pharma, Granules India, Sun Pharmaceutical, Biocon and Cipla | In Jun 2017, the Telangana Government announced plans to set up a life sciences infrastructure fund with a corpus of US\$148.73 million, which will be used to create a modular plug-and-play specialized infrastructure<br>The Karnataka Government has also established the Bengaluru Bio-innovation Center with an investment of US\$8.55 million for enabling MSMEs to access high-end laboratory and instrumentation facilities |
| Textiles and apparels    | Coats, Tommy Hilfiger, GAP, Adidas, Lee, Lacoste, Levi Strauss and Nike | Gokaldas Exports, Mysore Silk Heritage Weaves, Primus Fabrics and Lakshmi Mills    | Karnataka launched its new textile policy Nuthana Javali Neethi 2013-18, which offers incentives based on zonal classification for the development of green field textile parks, brown field textile parks and common effluent treatment plan<br>In September 2015, the Tamil Nadu Government announced that it will provide financial support of up to 25% in the project estimate for textile industries                           |

The other key emerging sectors in the zone are aerospace and defense, renewable energy, banking and financial services, cement, agro and food processing, leather, mining and minerals and telecommunications and electronics.

## Other key investments in the south zone

- ▶ In June 2017, Siemens Industry Software India Private Limited signed an MoU with Karnataka Government Tool Room & Training Center and DesignTech Systems Limited to establish four Centers of Excellence in Karnataka. The estimated cost of the project is US\$302.2 million, of which, US\$32.6 million will be contributed by the state Government
- ▶ In June 2017, Intel announced its plans to invest INR11 billion (US\$170 million) to expand its R&D presence and build a new design house in Bengaluru, Karnataka. Intel India is Intel's largest design center outside the US
- ▶ The Government of Tamil Nadu is planning to set up an IT investment region in Chennai. This investment region would be set up in an area of 1,600 sq. mt. with a cumulative investment of US\$1.7 billion
- ▶ In March 2017, HCL signed an agreement with the Andhra Pradesh Government to open an IT training and development center in Vijayawada. HCL aims to hire, employ and train 5,000 local residents in the region to leverage a gender equal workforce
- ▶ In February 2017, Tata Chemicals announced plans to invest ~US\$84 million in two greenfield facilities, of which one would be situated in Andhra Pradesh, while the other would be situated in Gujarat
- ▶ In January 2016, Saint-Gobain India announced its plan to invest INR10 billion (US\$154.5 million) to expand its float glass and value-added glass production capacity at its factory near Chennai

# Driving investments through major sectors

This section covers an overview of the key enablers, Government initiatives and significant deals in the major sectors.

Pro-growth reforms introduced by the Government are expected to have a positive impact across sectors. FDI inflows and M&A activity have already increased in sectors like technology, infrastructure, automotive and consumer products and retail.



**Automotive and  
transpotation**



**Power and  
utilities**



**Consumer  
products and  
retail**



**Agriculture and  
food processing**



**Real estate,  
hospitality and  
construction**



**Information  
technology and  
business process  
management**



**Pharmaceuticals  
and healthcare**



**Other sectors**

Telecom, media  
and entertainment,  
insurance, aerospace  
and defence, oil and  
gas and chemicals

# 4.1

## Automotive and transportation<sup>20</sup> (including logistics, railways and roads)

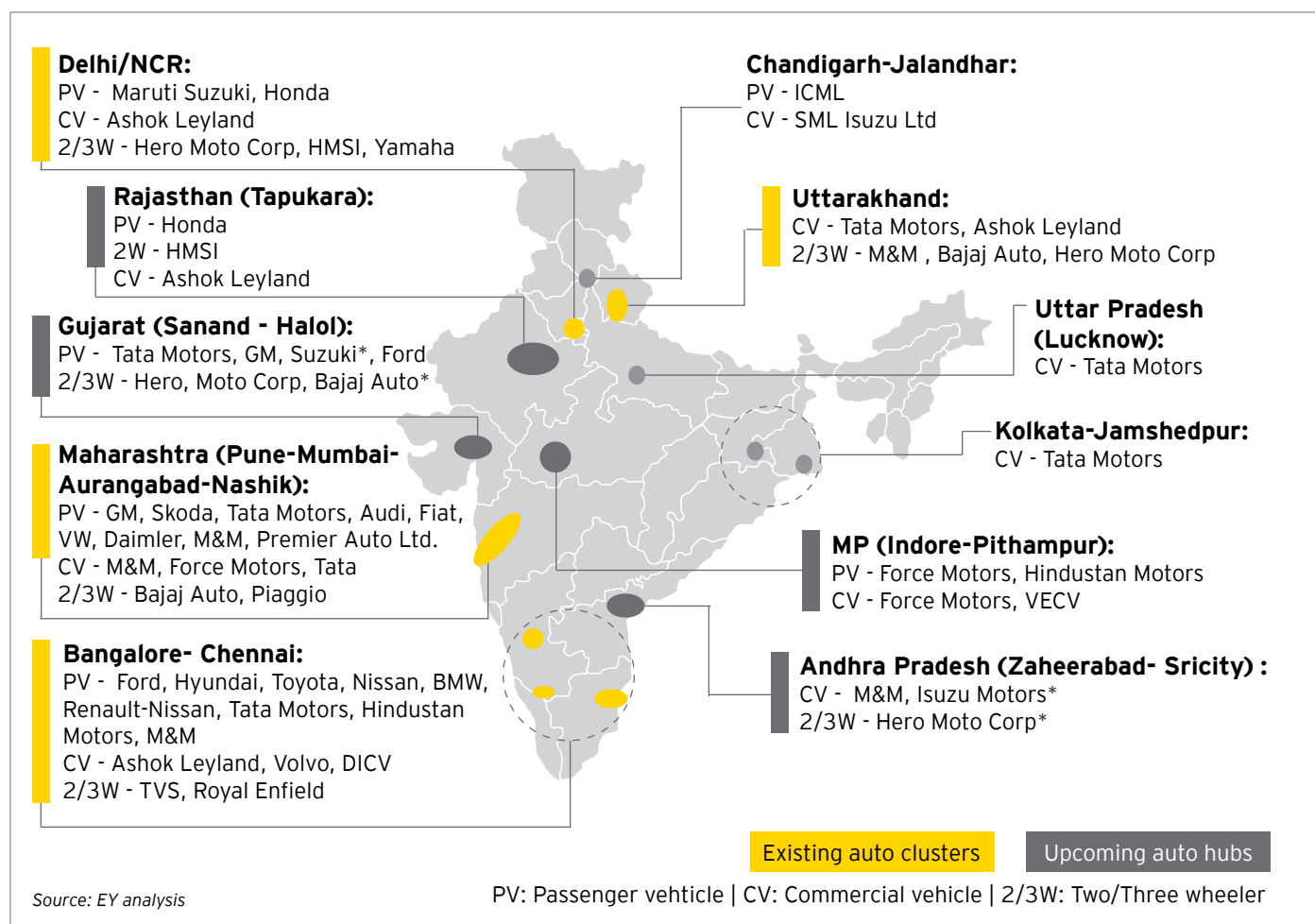
As a major employment generator, GDP contributor and FDI earner, the Indian automotive industry is instrumental to the country's economic growth and hence regarded as a "sunrise sector" within the Indian manufacturing industry. It contributes 7.1% to the GDP and 49% to the nation's manufacturing GDP (FY16). The industry has achieved a leading position in several vehicle segments, including the world's largest tractor manufacturer, the second largest two-wheeler (2W) manufacturer, the fifth largest passenger vehicle (PV) manufacturer and the eighth largest commercial vehicle (CV) manufacturer.

The industry produced 25.3 million vehicles including PVs, CVs, three-wheelers (3Ws), 2Ws and quadricycles in FY17 against 24 million in FY16, an increase of 5.4%. The auto-

component sector has also grown (turnover)\* at a CAGR of 7% in the last six years (FY12-17).

India is also a developing auto exporter with strong export growth aspirations for the future. Well-connected ports and proximity to South Asian and African markets make India an ideal location to develop as a regional manufacturing and export hub. In FY17, PV exports grew 16.2% and CV exports grew 5%. However, overall automobile exports declined by 4.5% y-o-y, attributed to a strong decline in 2Ws on the back of high inflation and currency devaluation in the major markets of Latin America and Africa.

Automotive manufacturing in India has developed around major clusters, each anchored by the presence of major OEMs.





**Logistics:** The Indian logistics market is expected to grow at a CAGR of 12.2% by 2020, driven by growth in the manufacturing, retail, FMCG and e-commerce sectors. India spends about 14.4% of its GDP on logistics and transportation as compared to less than 8% by other developing countries. The 3PL logistics market (transportation, warehousing, freight forwarding and value-added services) in India is expected to be worth US\$301.9 billion by 2020. The warehouse market in India is expected to grow at a CAGR of 10% and the freight forwarding market at a CAGR of 12% till 2020.

**Railways:** Indian Railways is the world's third largest rail network and the fourth largest rail freight carrier. The railways runs 12,000 trains connecting more than 8,000 stations and carrying 23 million passengers and over 7,000 freight trains, carrying three million tonnes of freight every day. Currently, around 65% of the sections are running at 100% or above line capacity on High Density Network (HDN) routes. In the 2013–17 plan period, an investment of INR928 billion (US\$14.3 billion) has been planned for the sector to bridge the infrastructure gap.

**Roads and highways:** India's road network is the second largest in the world, spanning 5.47 million km across national and state highways, district, urban and rural roads. National highways handle 40% of the passenger and 60% of freight traffic and account for approximately 1.7% of the total network. In order to bridge the infrastructure gap, the Government has been undertaking programmatic approaches since 1998, when it launched its flagship National Highway Development Programme (NHDP) to construct 50,000 km of National Highways. Under the program, ~40,000 km has already been either constructed or under implementation and remaining ~10,000 will be developed under Bharatmala, the umbrella program to develop road infrastructure in the country

### Key enablers and Government incentives

- ▶ In the FY18 Budget, the Government increased the allocation of funds from INR576.76 billion (US\$8.9 billion) in FY16 to INR640 billion (US\$9.9 billion) to boost national highways and last mile connectivity. This is expected to positively impact the logistics and transportation costs aided by increased distribution efficiency with the implementation of GST
- ▶ 100% FDI is allowed under the automatic route in the auto components sector. The automobile industry witnessed US\$5.5 billion of FDI inflow into the country during April 2014 to March 2016
- ▶ The Automobile Mission Plan 2016–26 aims to position India as one of the world's top three automobile market, with a gross revenue of over US\$300 billion by 2026. India is also looking at a target of being a 100% electric vehicle (EV) nation by 2030
- ▶ The Government plans to introduce a new Green Urban Transport Scheme with a central assistance of about INR250 billion (US\$3.9 billion), aimed at boosting the growth of urban transport along low carbon path for substantial reduction in pollution and providing a framework for funding urban mobility projects at national, state and city levels with minimum recourse to budgetary support by encouraging innovative financing of projects
- ▶ The Government aims to develop India as a global manufacturing as well as an R&D hub. It has set up National Automotive Testing and R&D Infrastructure Project (NATRIP) centers as well as a National Automotive Board to act as facilitator between the Government and the industry. India has a plan of creating six top automotive testing, validation and R&D centers across the country with an investment of INR37.2 billion (US\$574 million)
- ▶ Under the Skill India Mission, Automotive Skill Development Council (ASDC) trained a total of 121,662 people in FY15 and 166,580 in FY16
- ▶ With the Government's increasing focus on introducing advance emission norms and safety standards, the Indian automobile industry is likely to undergo significant technology upgradation over the next four to five years. From directly introducing Bharat Stage (BS-VI) emission standards by April 2020, to implementing mandatory crash testing and safety features in vehicles, the regulatory changes are also likely to present a sizeable opportunity for new technologies across selected auto component segments
- ▶ The Government has been providing several incentives to boost private investments in roads and highways, including 100% FDI through the automatic route, 100% tax exemption for five years and 30% relief for the next five years, which may be availed in 20 years
- ▶ The Government plans to spend INR1.3 trillion (US\$20 billion) on railways in 2017–18, of which INR0.55 trillion (US\$8.5 billion) will come from budgetary allocation and the rest from private investments, with a focus on passenger safety, cleanliness and overhauling of accounting practices

- ▶ Under the High Density Corridor program, the Government has approved a plan for constructing 1,000 km of expressways such as the Vadodara-Mumbai Corridor and Delhi-Meerut Corridor
- ▶ The Government launched a Diamond Quadrilateral project to set up a network of high-speed trains, freight corridors with specialized agri-rail networks for perishable agricultural products as well as new railway lines in coastal and mountainous regions
- ▶ The Bharatmala Project, the second largest program after NHDP, has been envisaged as an umbrella program that will subsume unfinished parts of NHDP and also focus on new initiatives such as the development of border and international connectivity roads, coastal and port connectivity roads, economic corridors development and others. Bidding for 20,000 km of the road construction planned in the first phase is expected to begin soon
- ▶ The Government has plans to develop logistics hubs using 350 rings roads, develop 2,000 ports along the 14,000 km of Indian coast and introduce e-tolling across 360 toll plazas. These initiatives are expected to increase the warehousing business in India

## Investment climate

Automotive, transportation (logistics) and infrastructure (roads and highways) receive one of the largest chunks of foreign investments in India owing to favorable conditions and government push

**Automotive:** Global auto players including Suzuki, Hyundai, Kia, SAIC and Fiat along with many others are expected to invest US\$8 billion-US\$10 billion in the next four years to set up factories and expand current production in India

**Roads and highways:** PPP has been the cornerstone of the NHDP's project development model with more than 245 PPP projects (approximately 23,000 km) that have already been awarded

**Logistics:** The Government's strong emphasis on manufacturing and initiatives such as Make in India will bolster the Indian logistics industry. Some of the recent investments such as Softbank in Rivigo, Amazon in ATS (Amazon Transportation Service) and Flipkart in EKart are clear examples of the growth of domestic and foreign capital recognizing the need and potential of this sector in India

**Railways:** India received about US\$216.8 million FDI equity inflow during April 2014 to September 2016 to improve infrastructure for freight and high-speed trains. Driving factors in the railway sector include Government focus, demand for passenger transport, growth in freight traffic, improved safety and modernization needs and private sector involvement. Laid foundation of 508 km Mumbai-Ahmedabad high speed rail project at an investment of around US\$17 billion



## M&A deals, inbound and domestic, LTM (>US\$100 million)

| Target                                                                   | Acquirer                           | Deal intent/stage | Value (in US\$m) | Stake (%) |
|--------------------------------------------------------------------------|------------------------------------|-------------------|------------------|-----------|
| Suryavanshi Infrastructure; multiple tollways from Dilip Buildcon        | Shrem Infraventure Private Limited | Strategic         | 250              | -         |
| Bill Forge Private Limited                                               | Mahindra CIE                       | Strategic         | 210              | 100       |
| Trichy Tollway Private Limited, Jadcherla Expressways Private Limited    | Abertis Infraestructuras SA        | Strategic         | 134              | 100       |
| Patel KNR Infrastructure Limited, Patel KNR Heavy Infrastructure Limited | Essel Highways Limited             | Strategic         | 126              | -         |
| Sona Koyo Steering Systems Limited                                       | JTEKT Corp.                        | Strategic         | 125              | 50        |

## PE deals, inbound and domestic, (>US\$100 million)

| Target                                         | Acquirer                                                   | Deal intent/stage         | Value (in US\$m) | Stake (%) |
|------------------------------------------------|------------------------------------------------------------|---------------------------|------------------|-----------|
| TVS Logistics Services Limited                 | CDPQ                                                       | Expansion/ Growth capital | 155              | -         |
| MXC Solutions India Private Limited (CarTrade) | Temasek Holdings(Pte) Limited                              | Financial                 | 110              | -         |
| Allcargo Logistics Limited                     | Undisclosed Acquirer                                       | Financial                 | 102              | 15        |
| Ola                                            | Falcon Edge Capital LP, UC-RNT Fund                        | Expansion/ Growth capital | 102              | -         |
| Delhivery Private Limited                      | Tiger Global Management LLC, Carlyle Asia Partners IV L.P. | Start-up/ Early stage     | 100              | 14        |

## 4.2

## Power<sup>19</sup> (including cleantech) and utilities

India has the fifth largest power generation sector globally, with a total installed capacity of 319.6 GW as on 31 March 2017. The contribution of the private sector in the overall installed capacity is increasing and now stands at 135.4 GW (42.4%), followed by state and central Governments with a contribution of 104 GW (32.5%) and 80.3 GW (25.1%) respectively. Thermal power dominates the generation mix with an installed capacity of 218.3 GW, followed by renewable power with 50 GW, hydro with 44.5 GW and nuclear with 6.7 GW.

The contribution of renewable power in the overall power generation mix has increased considerably from 13.2 GW in 2009 to 50 GW in 2017. Wind power dominates the renewables generation mix with an installed capacity of 28,700 MW, followed by solar power with 9,013 MW and bio-power and small hydro power with 7,971 MW and 4,334 MW respectively. India's expected power generation target of 640 GW provides a huge opportunity of installation of additional ~300 GW by 2027.

India's power transmission network has expanded rapidly in the last Five-Year Plan. In FY17 (April to August), 10,236 circuit km (ckm) of transmission lines and 36,090 MVA of transformation capacity were added, which were 44.3% and 66.9% of the annual targets, respectively. India's total transmission lines as on 31 August 2017 stood at 378,087

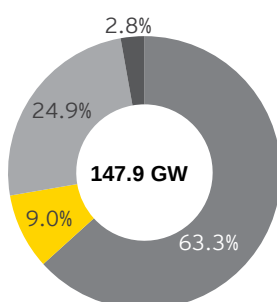
ckm and AC transformation capacity stood at 776,855 MVA. Significant expansion of inter-state transmission system is under way to cater to the transmission requirement of new generation projects.

### Key enablers and Government incentives

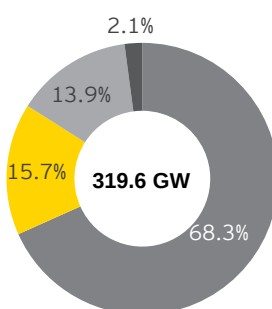
- ▶ For developing an economy like India, power continues to be a valuable and an essential commodity. The country is experiencing a continuous surge in the demand for power. Therefore, the Government is aiming at providing 24x7 affordable power to all by 2019.
- ▶ FDI of up to 100% is permissible in the power segments (excluding atomic energy) and up to 49 under the automatic route in power exchanges
- ▶ PFA 24x7, Ujwal DISCOM Assurance Yojana (UDAY) and renewable energy mission plans are driving infrastructure build-out, led by a diverse investor group
- ▶ The Government has launched Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Integrated Power Development Scheme (IPDS), at a cost of INR430.3 billion (US\$6.6 billion), to strengthen sub-transmission and distribution networks and separate agricultural feeders, both in rural and urban areas

**Share of renewables increased from 9% in FY09 to 15.7% in FY17 and is further expected to command 43% by FY27 in the overall generation mix.**

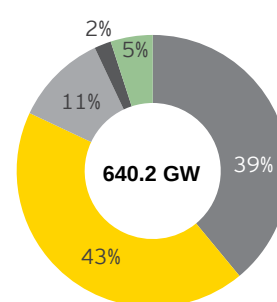
Power generation mix  
(as on 31 March 2009)



Power generation mix  
(as on 31 March 2017)



Expected power generation mix  
(as on 31 March 2027)



Renewables Hydro Nuclear Coal Gas

Source: Central Electricity Authority (CEA)

\* As on 17 April 2017 \*\* As on 31 March 2017



- ▶ The revised solar power capacity target of 100 GW by 2022 would comprise 40GW rooftop and 60GW utility scale grid connected solar power projects. The total investment for the said capacity is estimated to be INR6 trillion (US\$92 billion)
- ▶ India approved the TOT (Toll-Operate-Transfer) model for highway operations, in which the highways that NHAI has operated for over two years will be leased out to private entities for a fee, for a specified duration to collect toll and operate the project. According to CRISIL, the monetization of the first 75 operational highways is expected to earn INR400 billion (US\$6.2 billion) for the Government
- ▶ The Government set up a National Investment and Infrastructure Fund (NIIF), an investment vehicle, to fund commercially viable greenfield, brownfield and stalled projects in the infrastructure sectors including energy, transportation, housing, water and waste management

## Investment climate

Renewable energy has been the key recipient of FDI from investors such as Sembcorp, Fortum and pension funds such as Caisse de dépôt et placement du Québec (CDPQ). International investors such as Dutch fund manager APG, Canada's Brookfield Asset Management, the private equity arms of Goldman Sachs, JPMorgan and Morgan Stanley and European utilities EDF, Engie and Enel have already entered India's renewable energy sector. Japan-based SoftBank, along with partners, have pledged to invest US\$20 billion in Indian solar power generation projects over the next few years.

## M&A deals, inbound and domestic, LTM (>US\$100 million)

| Target                                      | Acquirer                       | Deal intent/<br>stage | Value (in US\$m) | Stake (%) |
|---------------------------------------------|--------------------------------|-----------------------|------------------|-----------|
| SB Energy Holdings Limited                  | Foxconn Singapore Pte. Limited | Strategic             | 272              | 20        |
| ReNew Power Ventures Private Limited        | JERA Co. Inc.                  | Strategic             | 200              | 10        |
| Reliance Infrastructure-Transmission Assets | Adani Transmission Limited     | Strategic             | 148              | -         |

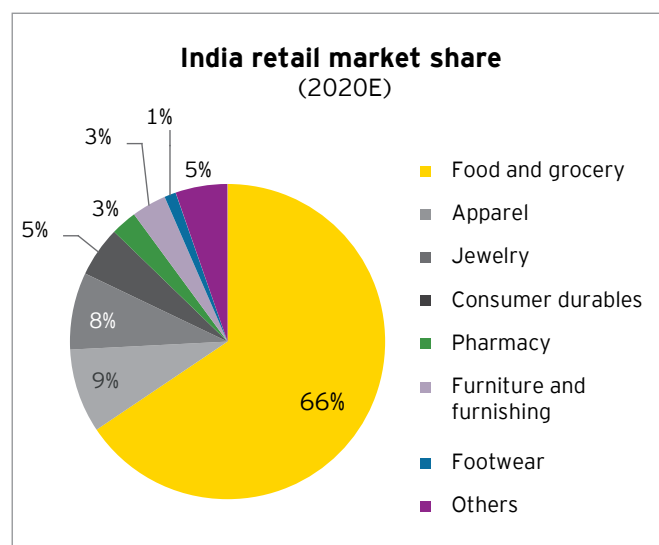
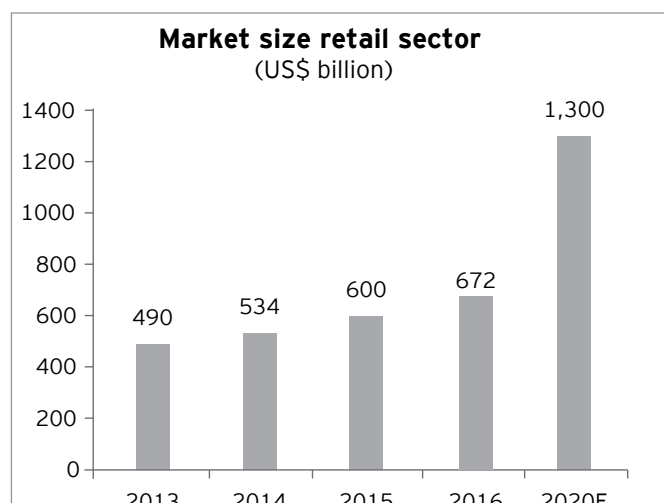
## PE deals, inbound and domestic, LTM (>US\$100 million)

| Target                                                                | Acquirer                | Deal intent/<br>stage        | Value (in US\$m) | Stake (%) |
|-----------------------------------------------------------------------|-------------------------|------------------------------|------------------|-----------|
| Mytrah Energy India Private Limited                                   | Piramal, APG            | Debt deal                    | 300              | -         |
| Hindustan Powerprojects, formerly Moser Baer Projects Private Limited | Macquarie Group Limited | Buyout                       | 250              | 100       |
| ACME Solar                                                            | Piramal                 | Debt deal                    | 108              | -         |
| ReNew Power                                                           | Piramal                 | Debt deal                    | 100              | -         |
| Clean Max Enviro Energy Solutions Private Limited                     | Warburg Pincus          | Expansion/<br>Growth capital | 100              | -         |

## 4.3

## Consumer products and retail<sup>21</sup>

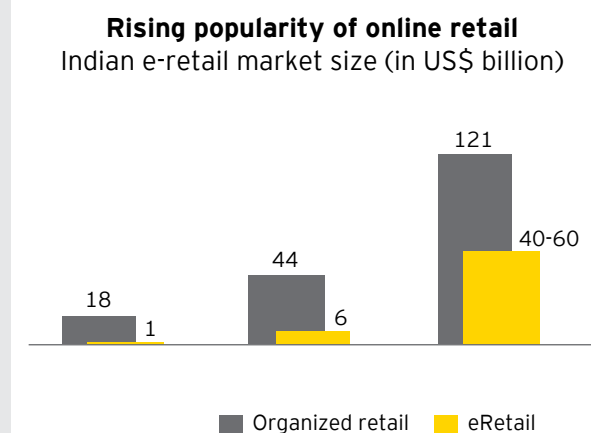
The Indian retail sector accounts for over 10% of India's GDP and about 8% of the employment. It is the world's fifth largest global destination in the retail space. The consumer products and retail industry consists of various sub-sectors: food and beverage, apparel, jewelry, consumer durables, furniture, footwear and others. The sector is expected to double to US\$1.3 trillion by 2020 from US\$672 billion in 2016. The organized retail sector is expected to account for 22% of the overall retail market by 2020. The modern retail market is also expected to grow three times to US\$180 billion by 2020, while online retail is expected to reach US\$60 billion (from US\$15 billion in 2016).



### Online retail or eRetail

The sub-sector has a huge potential for growth in the short to medium term. The share of online retail or eRetail in the organized retail market expected to increase from ~13% in 2015 to ~33% in 2020, driven by young, tech-savvy consumers. The Government's plans to allow 100% FDI in e-commerce will further intensify this growth.

The key drivers of online retail are young, tech-savvy population aided by easier access to credit and payment options, increasing internet penetration, 24-hour accessibility and convenient and secured transactions. Promotional prices, cash-on-delivery and increased confidence in the retailers like Amazon and Flipkart is giving a significant boost to the eRetail in India.



| CAGR                    | 2010-15 | 2015-20 |
|-------------------------|---------|---------|
| <b>Organized retail</b> | 20-22%  | ~22%    |
| <b>eRetail</b>          | 60%     | 45-50%  |

## Key enablers and Government incentives

The Indian retail sector has immense potential mainly due to the large population base with increasing working population, rapid urbanization and increasing internet and smartphone penetration. Relaxation of local sourcing norms for certain single brand retail companies was a welcome move for various consumer product brands looking to invest in India. In 2016,

the FDI limit for trading, including through e-commerce for food products manufactured in India, was set at 100% (via the government approval route).

After the recent demonetization in India, footfall in malls and stores has begun to recover in 2017, leading to a revival of the retail sector. It has also provided a boost to e-commerce and digital payments in India.

| Particulars                 | Permissible FDI limit (subject to certain conditions)                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Multi brand retail trading  | Up to 51%: Government approval route<br>Minimum amount of FDI: US\$100 million (with 50% of first tranche to be invested in back-end infrastructure)                                                                                                                                                                                                                                                                            |
| Single-brand retail trading | Up to 49%: Automatic route<br>Beyond 49%: Government approval route<br>Beyond 51%: Mandatory 30% sourcing from India, preferably from micro, small and medium enterprises (Such sourcing norms to not apply for three years from commencement of business if the entity undertakes single-brand retail trading (SBRT) of products having “state-of-art” and “cutting edge” technology, or where local sourcing is not possible) |
| Wholesale trading           | 100%: Automatic route                                                                                                                                                                                                                                                                                                                                                                                                           |
| E-commerce                  | Wholesale cash and carry and single brand retail trading with brick-and-mortar stores can undertake e-commerce activities in India                                                                                                                                                                                                                                                                                              |
| Franchise                   | No permission required                                                                                                                                                                                                                                                                                                                                                                                                          |

## Investment climate

With the rising need for consumer goods in different sectors including consumer electronics and home appliances, many companies have invested in the Indian retail space in the past few months. According to CBRE's India Retail MarketView Report - 1H17, India topped the Global Retail Development Index in 2017, overtaking China. During the first six months of the year, there were 70 new brands that marked their presence in Mumbai, Delhi-NCR and Bengaluru and seven new global brands entered the country with investments into the segment by firms/wealth funds touching US\$200 million.

Sector showed strong performance in terms of deal value during 1H17 – 56 M&A deals with a disclosed deal value of US\$2 billion as compared to 42 M&A deals with US\$159 million in the same period last year.

- ▶ Online retail continued to be the most talked-about segment, with 11 M&A deals worth US\$1.6 billion
- ▶ Food and beverage (F&B) companies were also active in deal-making, witnessing 18 M&A deals – double in volume compared to 9 deals in 1H16

## M&A deals, inbound and domestic, LTM (>US\$100 million)

| Target                                                         | Acquirer                           | Deal intent/stage | Value (in US\$m) | Stake (%) |
|----------------------------------------------------------------|------------------------------------|-------------------|------------------|-----------|
| Flipkart                                                       | eBay, Microsoft and Tencent        | Strategic         | 1,400            | -         |
| Lloyd Electric & Engineering Limited-Consumer Durable Business | Havells India Limited              | Strategic         | 239              | 100       |
| Paytm E-Commerce Private Limited                               | Alibaba and SAIF Partners          | Strategic         | 200              | 41        |
| Shree Renuka Sugars Limited                                    | Wilmar Sugar Holdings Pte. Limited | Strategic         | 126              | -         |

## PE deals, inbound and domestic, LTM (>US\$100 million)

| Target                         | Acquirer                                                                 | Deal intent/stage         | Value (in US\$m) | Stake (%) |
|--------------------------------|--------------------------------------------------------------------------|---------------------------|------------------|-----------|
| Flipkart                       | SoftBank Vision Fund                                                     | Expansion/ Growth capital | 2,500            | 30        |
| Vini Cosmetics Private Limited | Sequoia Capital India Growth Fund II LP, Westbridge Capital Partners LLC | Expansion/ Growth capital | 172              | -         |
| PVR Limited                    | Warburg Pincus                                                           | PIPE financing            | 119              | 14        |
| Arvind Fashions                | Multiples Private Equity                                                 | Expansion/ Growth capital | 110              | 10        |
| Ryka (Future Group holding)    | AION Capital Partners                                                    | Expansion/ Growth capital | 100              | -         |



## 4.4 Agriculture and food processing<sup>22</sup>

India is the third largest agricultural producer by value behind only China and the US. It is also second-largest country in terms of agricultural land holdings (~180 million hectares) and has the 10<sup>th</sup> largest arable land resources in the world.

- ▶ India is among the 15 leading exporters of agricultural products in the world

- ▶ Agriculture and allied sectors (including livestock, forestry and fishery) contributed ~17% to the gross value added in FY17 and provides livelihood to 58% of India's population

- ▶ With the world's second largest population of close to 1.3 billion, rising income levels and increasing urbanization, India's overall food consumption is likely to increase

**Going forward, there are tremendous opportunities in some of the major sectors:**

| Focus Sector          | CAGR (FY14-FY19) | Key growth drivers                                                                                                                                   |
|-----------------------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agro-chemical         | 12-13%           | Increasing pest attacks, growing export market                                                                                                       |
| Seeds                 | 16%              | Increasing seed replacement rate, increasing adoption of hybrid seeds                                                                                |
| Irrigation equipments | -30%             | Only 5 million hectare (~3.5% of total irrigation potential) is covered under Micro Irrigation System (MIS). Government providing 40% subsidy of MIS |

### Key enablers and Government incentives

For the sustainable development of agriculture, the Government announced several steps in Budget 2017-18:

- ▶ Total budget allocation for rural, agricultural and allied sectors in 2017-18 increased by 24% y-o-y to INR1,872.2 billion (US\$28.9 billion)
- ▶ Schemes were announced for integration of farmers and agro-processing companies to ensure better price realization
- ▶ There are plans to set-up a dairy processing infra fund worth INR80 billion (US\$1.2 billion)
- ▶ The Government is currently in the process of formulating a National Food Processing Policy for the overall growth of the sector in India
- ▶ World Food India is being organized in November 2017 for global and domestic industry leaders to connect and collaborate for investments in India
- ▶ 42 mega food parks being set up with an allocated investment of US\$2.4 billion
- ▶ Government has launched schemes like National Agriculture Insurance Scheme, Modified National Agriculture Insurance Scheme and Weather-based Crop Insurance Scheme to increase crop insurance cover to 50% farmers by 2019 from 22% farmers in February 2017.



- ▶ **Other policies:** The Government is providing several policies and schemes such as cold chain facility, NABARD loan and schemes for technology upgradation for increasing investments and enhancing the efficiency of the food processing industry

### Investment climate

100% FDI is permitted in agriculture and food processing industries (under the automatic route) and trading, including through e-commerce, in respect of food products manufactured and/or produced in India.

High dependency on monsoons for irrigation and low levels of mechanization at 40%–45% in India as opposed to 95% in the US provides huge opportunities to global players. Some of the foreign investors in India's agriculture sector are as follows:

- ▶ **Food processing:** Hindustan Coca-Cola Beverages is establishing two greenfield plants in Ahmedabad and Nellore, with an investment of US\$148.7 million
- ▶ **Seeds:** Bayer Crop Science acquired SeedWorks India Private Limited to strengthen its vegetable seed business in India in early 2015. The company also came up with a multi-crop breeding station at Karnal, Haryana, in April 2015
- ▶ **Farm equipment:** In October 2013, John Deere India inaugurated its second tractor manufacturing facility due to increased domestic demand and the company's plan to export tractors from India. The facility, located in Dewas, Madhya Pradesh, has been established through an investment of US\$80 million (~INR5.2 million) and has generated 1,000 employment opportunities in the region
- ▶ **Agrochemicals:** In 2015, BASF established a new agricultural field research station in Pune, which focuses on agricultural research on fungicides, herbicides, insecticides and solutions that go beyond regular crop protection. The company is also establishing an innovation campus in Navi Mumbai, which will also cater to agrochemical research

### M&A deals, inbound and domestic, LTM (>US\$50 million)

| Target                                                                           | Acquirer                       | Deal intent/stage | Value (in US\$m) | Stake (%) |
|----------------------------------------------------------------------------------|--------------------------------|-------------------|------------------|-----------|
| Tata Chemicals Ltd-Sale & distribution of urea & customised fertilisers business | Yara Fertilisers India Pvt Ltd | Strategic         | 400              | -         |
| International Tractors Limited                                                   | Yanmar Co. Limited             | Strategic         | 251              | 18        |
| Tata Chemicals Limited -phosphatic fertiliser business                           | Indorama Holdings BV           | Strategic         | 78               | -         |

### PE deals, inbound and domestic, LTM (>US\$50 million)

| Target                          | Acquirer                          | Deal intent/stage         | Value (in US\$m) | Stake (%) |
|---------------------------------|-----------------------------------|---------------------------|------------------|-----------|
| Dodla Dairy                     | TPG Capital (Rise Fund)           | Expansion/ Growth capital | 50               | -         |
| SeedWorks International Pvt Ltd | India Value Fund Advisors Pvt Ltd | Financial                 | 40               | -         |

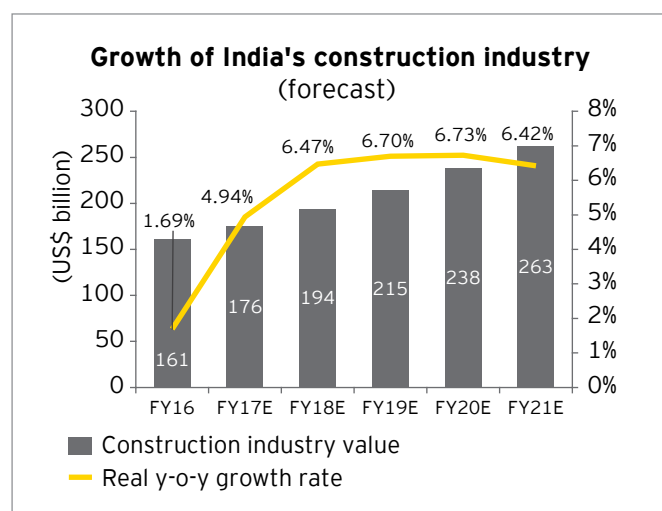
## 4.5

## Real estate, hospitality and construction<sup>23</sup>

Real estate is the fourth largest sector in terms of FDI inflows, estimated to grow to US\$25 billion by FY22. The sector consists of housing, retail, hospitality and commercial and plays a critical role in building the requisite infrastructure to match India's growth ambitions, driving the demand for commercial and retail space.

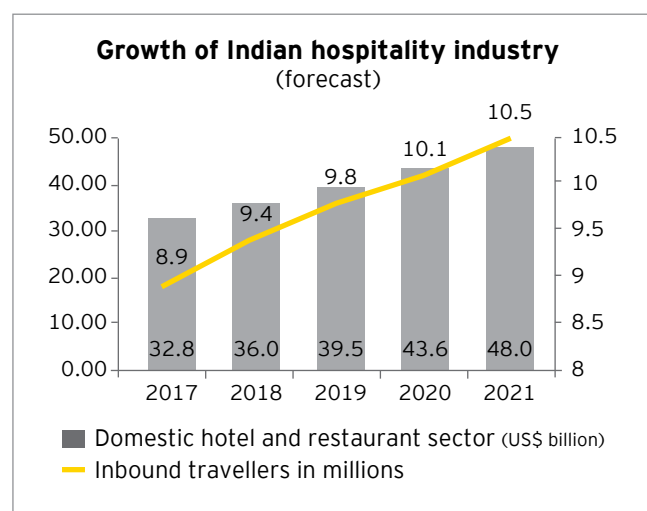
**Construction:** India's construction sector is considered to be the country's second largest employer and contributor to economic activity after agriculture. It employs more than 35 million people. It accounts for the second highest inflow of FDI after services. The construction industry has contributed nearly 8% to the national GDP during the last five years.

The Indian construction industry is expected to grow at a y-o-y growth rate of ~5% from INR10.4 trillion (US\$161 billion) in FY16 to INR11.4 trillion (US\$176 billion) in FY17. It is expected to reach INR17.0 trillion (US\$263 billion) in FY21 at a CAGR (FY16–21) of ~10%.



**Hospitality:** The Indian hotel industry has been growing at a steady pace over the past few years. To keep up with the increase in inbound and outbound travel, the country is investing heavily in expansion and modernization of the transport infrastructure network. The project pipeline in the sector is extensive.

- ▶ India continues to be a popular tourist destination for travelers despite the gap in much-needed infrastructure development. Travelers are attracted by the country's extensive and beautiful coastlines, ecotourism activities such as tiger trekking and rich cultural history.
- ▶ According to Business Monitor estimates, the value of the Indian domestic hotel and restaurant industry in 2016 was estimated to be INR1.92 trillion (US\$30 billion).
- ▶ The travel and hospitality industry is expected to be a significant driver of the country's growth and employment for the next decade. Inbound tourism is expected to grow strongly to reach 10.5 million tourists by 2021. The value of the hotel and restaurant industry is also expected to grow to INR3.11 trillion (US\$48 billion) by 2021.





## Key enablers and Government incentives

- ▶ 100% FDI is allowed under the automatic route in construction development projects (development of townships, construction of residential/commercial premises, roads or bridges, hotels, resorts, hospitals, educational facilities, recreational facilities, city and regional level infrastructure and townships)
- ▶ FDI is also permitted in Real Estate Investment Trusts (REITs) registered and regulated under the SEBI (REITs) Regulations 2014.
- ▶ The Real Estate (Regulation and Development) Act, 2016, which came into force in March 2016, lays down a regulatory framework for operating in the real estate sector in India. It aims to enhance transparency, bring greater accountability in the realty sector and set disclosure norms to protect the interest of all stakeholders. Speedy execution of property disputes will also be ensured in due course.
- ▶ The Benami Transactions (Prohibition) Amendment Act, 2016 establishes a regulatory mechanism to deal with disputes arising from “benami” transactions (i.e., property transactions where (i) the transaction is made in a fictitious name, (ii) the owner is not aware of and denies knowledge of the ownership of the property or (iii) the person providing the consideration for the property is not traceable), which would contribute to increasing the institution-investor participation and regulate the sector along with real estate regulation act (RERA).
- ▶ The 2017 Budget allocated INR4 trillion (US\$61 billion) to the infrastructure industry. The allocation to the national highways sector was also increased by 12% to INR649 billion (US\$10 billion) for FY18 from INR580 billion (US\$9 billion) in FY17 as the sector has always been a priority sector for the Government.
- ▶ Housing for All by 2022 scheme had generated the need of rapid execution of infrastructure projects. The Finance Minister has proposed to construct 10 million houses for the lower income groups (LIG) by 2019. The PM Awas Yojana allocation was increased from INR150 billion to INR230 billion (US\$2.3-3.6 billion) in the Union Budget 2017-18. To promote affordable homes, the Government also proposed the National Housing Bank to refinance individual housing loans of INR200 billion (US\$3.1 billion) in the Union Budget 2017-18.

- ▶ The Government has recently relaxed the rules for FDI in the construction sector by reducing the minimum built-up area as well as capital requirements and liberalizing the exit norms. The Cabinet has also approved the proposal to amend the FDI policy.
- ▶ Under GST, the hospitality sector stands to reap the benefits of standardized and uniform tax rates and easy and better utilization of input tax credit. As the final cost to end user decreases, the industry is expected to attract more overseas tourists than before.

## Investment climate

The real estate sector is expected to attract US\$7 billion worth of investments in 2017, increasing to US\$10 billion by 2020. In May 2017, private equity group Xander signed two property deals including an SEZ for INR22.9 billion (US\$353.7 million) in Chennai and a 2 million sq. ft. mall in Chandigarh for INR7 billion (US\$108.1 million).

Over the last few years, international hotel chains have increased their presence in the country, attracted by India's rapidly growing hospitality industry. For instance, Hilton, Marriott, Starwood, InterContinental, Accor, Hyatt, Wyndham and Best Western International aim to expand extensively in India. Hilton aims to have 50 hotels operational in India by 2026, while Hyatt is expected to come up with three new hotels.

## M&A deals, inbound and domestic, LTM (>US\$100 million)

| Target                                                                                         | Acquirer                                | Deal intent/stage | Value (in US\$m) | Stake (%) |
|------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------|------------------|-----------|
| Jaiprakash Power Ventures Limited-Nigrie Cement Grinding unit and Bhilai Jaypee Cement Limited | Orient Cement Limited                   | Strategic         | 293              | -         |
| World Tower Project                                                                            | Lodha Developers Private Limited        | Strategic         | 224              | -         |
| The North Country Mall                                                                         | Virtuous Retail South Asia Pte. Limited | Strategic         | 109              | 100       |

## PE deals, inbound and domestic, LTM (>US\$100 million)

| Target                                                                                              | Acquirer                                                                                            | Deal intent/stage         | Value (in US\$m) | Stake (%) |
|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|---------------------------|------------------|-----------|
| DLF Cyber City Developers Limited                                                                   | GIC                                                                                                 | Expansion/ Growth capital | 1,390            | 33        |
| IndoSpace                                                                                           | CPPIB                                                                                               | Buyout                    | 500              | -         |
| Carnival's Chandigarh Property                                                                      | Blackstone                                                                                          | Buyout                    | 340              | 100       |
| Oyo Rooms                                                                                           | Lightspeed Venture Partners, Sequoia Capital, Greenoaks Capital Partners, SoftBank, Hero Enterprise | Start-up/ Early stage     | 250              | -         |
| Shriram Properties and Infrastructure Private Limited, Information Technology Special Economic Zone | The Xander Group Inc.                                                                               | Buyout                    | 190              | 100       |
| Rustomjee Group                                                                                     | Piramal                                                                                             | Debt deal                 | 156              | -         |
| Adarsh Developers' seven projects                                                                   | Piramal                                                                                             | Debt deal                 | 112              | -         |
| Island Star Mall Developers Private Limited                                                         | CPPIB                                                                                               | Expansion/ Growth capital | 112              | 30        |
| Leela Palace Hotel                                                                                  | Marigold Capital                                                                                    | Expansion/ Growth capital | 109              | -         |
| Reliable Tech Park / Empire Towers                                                                  | Piramal                                                                                             | Debt deal                 | 104              | -         |
| Vatika Group                                                                                        | Altico Capital                                                                                      | Debt deal                 | 105              | -         |
| Embassy Group                                                                                       | Piramal                                                                                             | Debt deal                 | 101              | -         |



## 4.6

# Information technology and business process management<sup>24</sup>

India is the world's largest offshoring destination for the IT industry, accounting for a share of over 55% of the global services offshoring market and about 40% of the BPM offshoring market. The Indian IT-BPM industry is divided into four major segments: IT services, BPM, software products and engineering services and hardware.

The sector recorded US\$154 billion in revenue in FY17 – a 7.8% (y-o-y) growth. Export revenues accounted for US\$117 billion, a growth of 7.6% y-o-y, while domestic revenues accounted for US\$38 billion, up 8.5% y-o-y. The sector accounts for ~7.7% of India's GDP and for a share of over 45% in total services export from the country.

Indian IT-BPM sector revenues are projected to reach US\$200–US\$225 billion by 2020 and US\$350–US\$400 billion by 2025. Contribution from digital to the IT revenue pool has been increasing with all major players having incorporated digital as their core offerings.

In FY17, this sector added 173,000 new jobs, taking the total direct jobs in the industry to 3.7 million. The sector has generated about 10 million indirect employments in the country.

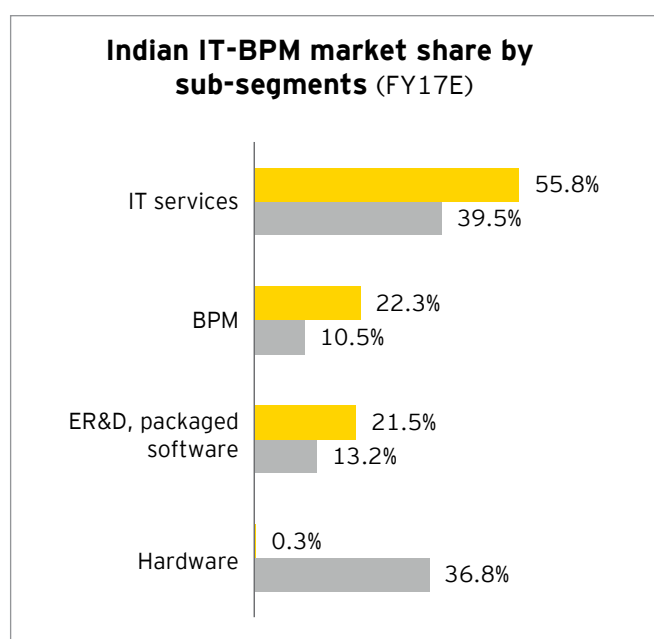
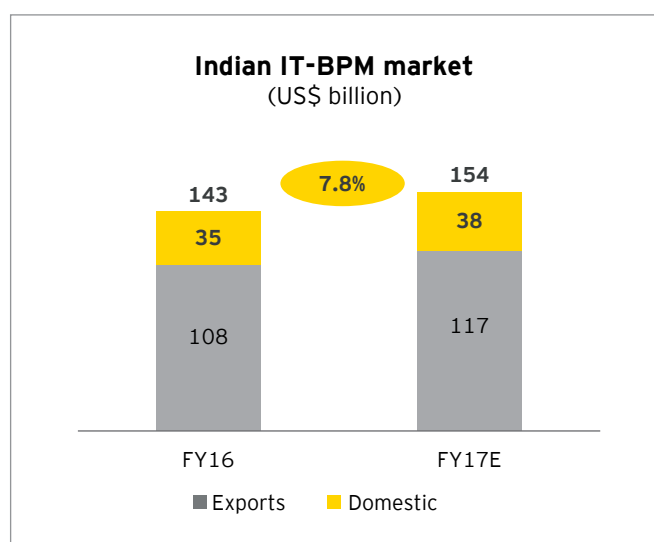
By geography, the US and the UK are the leading customer markets with a share of around 62% and 17%, respectively, within Indian IT-BPM exports. From a growth perspective, the US and Asia are the fastest growing markets, each growing 7.8% y-o-y.

By verticals, BFSI and hi-tech/telecom are major segments, with a share of about 41% and 18% respectively. However, emerging verticals such as retail, healthcare and travel and transportation are expected to grow faster than the industry average of 7.5%.

Over the last three decades, the Indian IT services sector has evolved from business process optimization and prioritization to bringing cost efficiencies through offshoring to higher value-added digital technologies. Adoption of digital technologies will expand the total addressable market for global IT-BPM to ~US\$4 trillion in 2025, with 60% of IT spending on digital. Digital spends in Indian IT-BPM exports is expected to witness a >3x growth by FY25 to US\$130 billion (38% share of total revenues).

### Key enablers and Government incentives

The Indian Government's digital push – cashless economy, Make in India, Digital India, Skill India and other programs – are expected to spur growth in this industry.



- ▶ Investments in digitization, infrastructure improvement and implementing technology in the healthcare, manufacturing and agriculture sectors are expected to provide a US\$5.9 billion opportunity to the IT services sector.
- ▶ Government plans to develop five incubation centers for IoT start-ups as a part of the Digital India and Startup India campaigns, with at least two centers to be set up in rural areas to develop solutions for smart agriculture.
- ▶ The tax rate on royalty and fee for technical service payable to non-residents has been reduced from 25% to 10%.

### Investment climate

Technology M&A deals are driven by the need to bring scale-related efficiencies and gain expertise in end-to-end solutions and big data analytics. Legacy technology players are rapidly trying to adapt to the changing IT environment by acquiring firms in the SMAC (social, mobile, analytics and cloud) area to develop domain expertise. In 2016, Wipro was involved in two large outbound deals worth US\$960 million to acquire a cloud consulting and a healthcare services firm.

Indian IT companies are increasingly investing in start-ups for innovation in disruptive technologies, as it helps them invest in niche areas at lower costs and risks as opposed to M&A deals. They leverage start-ups across multiple areas of technology to access new talent pool. Most of the top-tier players including TCS, Infosys, Wipro and Tech Mahindra have set up separate funds to invest in start-ups for boosting their capabilities in

new technologies.

- ▶ IT consulting and services and software segments remained hotbeds for deal activity during 1H17, contributing the majority of the sector's deal value and volume (45 deals worth US\$474 million).
- ▶ Deals were largely witnessed in areas such as IoT, SMAC and traditional IT consulting space.
- ▶ Within these, IoT was the most popular as companies built capabilities in IoT with increasing adoption of IoT-based solutions/products across different industries, including utilities, manufacturing, automotive, transportation and logistics.

### M&A deals, inbound and domestic, (>US\$20 million)

| Target                                           | Acquirer                    | Deal intent/stage | Value (in US\$m) | Stake (%) |
|--------------------------------------------------|-----------------------------|-------------------|------------------|-----------|
| The Minacs Group Pte Limited                     | SYNNEX Corp                 | Strategic         | 420              | 100       |
| Geometric Limited                                | HCL Technologies Limited    | Strategic         | 191              | 100       |
| Nihilent Technologies Limited                    | Dimension Data Holdings plc | Strategic         | 26               | 35        |
| Axa Technologies Shared Services Private Limited | iGate Global Solutions      | Strategic         | 24               | -         |
| Keystone Logic Solutions Private Limited         | Zensar Technologies Limited | Strategic         | 20               | -         |

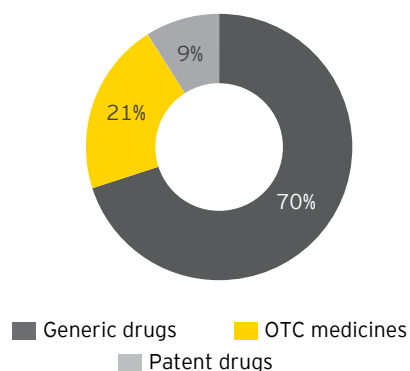
### PE deals, inbound and domestic, LTM (>US\$100 million)

| Target                       | Acquirer                             | Deal intent/stage         | Value (in US\$m) | Stake (%) |
|------------------------------|--------------------------------------|---------------------------|------------------|-----------|
| GlobalLogic                  | CPPIB                                | Expansion/ Growth capital | 720              | 48        |
| Tata Technologies Limited    | Warburg Pincus                       | Expansion/ Growth capital | 360              | 43        |
| Princeton Growth Ventures    | Warburg Pincus                       | Start-up/ Early stage     | 300              | -         |
| Aegis Limited                | Capital Square Partners Pte. Limited | Buyout                    | 300              | 100       |
| C3 (CustomerContactChannels) | Everstone Capital, Sunrise BPO       | Buyout                    | 150              | 100       |

**Pharmaceuticals:** India is the second largest market in Asia for pharmaceuticals and accounts for nearly 3% of the global pharmaceutical industry in value terms and 10% in volume. The majority of the Indian pharmaceutical market consists of branded generics with limited patented products. Nearly 20% of the global exports in generics are from India, making it the largest provider of generic medicines globally.

Revenue of the Indian pharmaceutical sector has witnessed strong growth in the past to reach US\$27.6 billion in 2016. However, the sector's growth is likely to moderate in the future and its near term-outlook seems tepid due to falling drug prices in the US, the sector's largest export market and increasing US Food and Drug Administration (USFDA) scrutiny. India's cost of production is still significantly lower than that in the US and European markets, providing an opportunity to invest.

**Revenue share of Indian pharma (2015)**



**Healthcare:** Healthcare has emerged as one of the largest sectors in India, estimated to reach US\$280 billion by 2020 from US\$110 billion in 2016. In 2015, it became the fifth largest employer with total direct employment of 4.7 million people in India. The sector comprises hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and medical equipment.

The Indian hospital service sector dominates the overall healthcare industry, with a 70% share of revenue in the sector. Currently, the hospital segment in India is dominated by private hospitals with up to 80% share in the healthcare delivery market. Indian healthcare delivery is estimated to have grown at a CAGR of 8% during FY13–17 to reach US\$80 billion in 2017. Going forward, it is expected to grow at a CAGR of close to 9% during FY17–20 to reach US\$104 billion by 2020.

Major surgeries in India cost only a fraction, in some cases as low as 10%, of that in developed countries. In 2016, the medical tourism market in India was estimated to be around US\$3.9 billion and is expected to reach US\$8 billion by 2020.

### Biotech in India

India is the second largest biotech market in Asia and the 12th globally. The country is becoming a popular destination for clinical trials, contract research and manufacturing activities.

The Indian biotech industry witnessed y-o-y growth of 57.14% in FY16; the total industry size stood at US\$11 billion in FY16 and is estimated to have reached US\$11.6 billion in FY17.

The industry is driven by growing demand, intensive R&D activities and strong Government initiatives.

The Indian biotech industry comprises about 800 companies and is expected to reach a combined market size of US\$100 billion by 2025. The Government plans to invest US\$5 billion to initiate research activities and develop infrastructure as well as human capital.

India biotech start-ups attracted investments worth US\$2.8 billion between 2012 and February 2017.

### Key enablers and Government incentives

The Government has taken multiple initiatives to further strengthen the sector in India:

- ▶ The Government unveiled Pharma Vision 2020 aimed at making India a global leader in end-to-end drug manufacture
- ▶ The Government has taken several policy initiatives for strengthening R&D in the sector such as providing fiscal incentives to R&D units and streamlining procedures concerning the development of new drug molecules, clinical research and new drug delivery systems, leading to new R&D set-ups with excellent infrastructure in the field of original drug discovery
- ▶ The National Intellectual Property Rights (IPRs) Policy 2016 has been released. The policy aims to push IPRs as a marketable financial asset and promote innovation and entrepreneurship



- ▶ The Government will be launching a new initiative, i.e., DigiGaon, to provide tele-medicine, education and skills through digital technology
- ▶ The Government has introduced a new scheme (Pharmaceutical Promotion Development Scheme) for development and export promotion in the pharmaceutical sector by extending financial support
- ▶ The country has developed vast AYUSH (ayurveda, yoga, naturopathy, unani, siddha and homoeopathy) infrastructure comprising 736,538 registered practitioners
- ▶ Due to a genetically diverse population and availability of skilled doctors, India has the potential to attract investments to its clinical trial market. From 2009 to 2015, 3,043 clinical trials were been carried out in India.
- ▶ The pharmaceutical industry in India has witnessed a high demand for high-end drugs (US\$7.5 billion in 2015). Growing demand could open up the market for production of high-end drugs in India.
- ▶ The Contract Research and Manufacturing Services Industry – estimated at US\$8 billion in 2015, up from US\$3.8 billion in 2012 – has a potential for investments.

### Investment climate

Growth of the pharmaceutical sector is attributed to lower cost of production than in the US and Europe, availability of skilled workforce as well as high managerial and technical competence and economic prosperity to improve affordability for generic drugs in the market

- ▶ FDI policy: 100% FDI is allowed under the automatic route for greenfield pharma, healthcare and biotech, 74% FDI is allowed for brownfield pharma under the automatic route and beyond 74% under the government approval route.
- ▶ Some of the key investments include:
  - ▶ The International Finance Corporation, the investment arm of the World Bank, has invested about INR4.5 billion (US\$69.5 million for a 29% stake in healthcare major Apollo Group's subsidiary Apollo Health and Lifestyle Limited for funding Apollo's expansion activities)
  - ▶ In February 2017, German healthcare firm Merck announced its plans to open its fourth global bio production center in India. It will help the local companies manufacture biosimilars and biotech drugs.

### M&A deals, inbound and domestic, LTM (>US\$100 million)

| Target                             | Acquirer                  | Deal intent/stage | Value (in US\$m) | Stake (%) |
|------------------------------------|---------------------------|-------------------|------------------|-----------|
| Gland Pharma Limited               | Fosun Group               | Strategic         | 1,090            | 74        |
| Claris Injectables Limited         | Baxter International Inc. | Strategic         | 625              | 100       |
| Aculife Healthcare Private Limited | Nirma Limited             | Strategic         | 116              | -         |

### PE deals, inbound and domestic, LTM (>US\$100 million)

| Target                                     | Acquirer                                                             | Deal intent/stage         | Value (in US\$m) | Stake (%) |
|--------------------------------------------|----------------------------------------------------------------------|---------------------------|------------------|-----------|
| KIMS Group                                 | True North                                                           | Expansion/ Growth capital | 200              | 40        |
| Radiant Life Care Private Limited          | KKR                                                                  | Expansion/ Growth capital | 200              | 49        |
| Manipal Health Enterprises Private Limited | Temasek Holdings Advisors India Private Limited                      | Expansion/ Growth capital | 171              | 18        |
| Apollo Hospitals Enterprise Limited        | Undisclosed Acquirer                                                 | Strategic                 | 158              | 6         |
| Intas Pharmaceuticals Limited              | Capital International Global Emerging Markets Private Equity Fund LP | Expansion/ Growth capital | 106              | 3         |

## 4.8 Other sectors<sup>26</sup>

### Sector

### Overview

### FDI regulations



#### Telecom

India is the second largest telecom market in the world, with close to 1 billion wireless subscribers and is witnessing accelerated growth.

Data services and mobile broadband are expected to drive the next wave of growth for the sector.

The Government plans to hold the 5G spectrum auction in 2017, making an early rollout to the latest communication technologies and helping build the necessary ecosystem for IoT, machine-to-machine learning and smart cities.

100% FDI: up to 49% through the automatic route and beyond 49% and up to 100%: through the approval route

- ▶ Telecommunication services (basic, cellular, internet, national, international long distance etc.)

- ▶ Infrastructure providers

100% FDI: under the automatic route

- ▶ Telecom equipment manufacturers



#### Media and entertainment

India has 168 million television households, about 100,000 newspapers, close to 2,000 multiplexes and about 450 million internet users – the second largest after China – and is expected to reach to 640 million internet users by 2019.

The M&E industry size was INR1.3 trillion (US\$20 billion) in 2016, which is projected to grow at a CAGR of 13.9% to reach INR2.42 trillion (US\$37 billion) by FY21.

As a measure to facilitate ease of doing business, Digital India and Make in India, the Ministry of Information & Broadcasting (MIB) has launched an online portal, [broadcastseva.gov.in](http://broadcastseva.gov.in), to provide a single-point facility to various stakeholders and applicants.

100% FDI: under automatic route

- ▶ Advertising
- ▶ Film
- ▶ Non-news channels
- ▶ Teleports, direct-to-home (DTH) service, cable network, headend-in-the sky and mobile TV

49% FDI: approval route

- ▶ FM radio
- ▶ News channels

26% FDI: approval route

- ▶ Print media



#### Insurance

The insurance industry in India consists of 53 insurance companies – 24 in the life insurance business and 29 in the non-life insurance business.

In FY16, the life segment is the main contributor to growth and accounted for 79.8% of the direct written premium, followed by the non-life segment with 14.5% and the personal accident and health segment with 5.7%.

The Insurance Regulatory and Development Authority (IRDA) has granted approval to open branches in India to seven reinsurers: Switzerland based Swiss Re, French-based Scor SE, two Germany-based reinsurers Hannover Re and Munich Re, Canada-based RGA Life Reinsurance Company of Canada, UK-based Society of Lloyd's and ITI Reinsurance Limited, an Indian company.

49% FDI: automatic route

- ▶ Life and non-life
- ▶ Insurance brokers



## Sector

## Overview

## FDI regulations



### Aerospace and defense

The Indian armed forces are due for a major modernization and equipment overhaul in the near term.

For FY17, capital expenditure (primarily on the acquisition of defense hardware and modernization requirements of defense services) has been pegged at US\$10.4 billion out of a total defense budget of US\$37.6 billion.

The aerospace and defense budget is expected to grow at 9%–10% owing to India's volatile neighborhood and the need to upgrade or replace legacy equipment.

100% FDI: up to 49%: through the automatic route and beyond 49% and up to 100% through the approval route

- ▶ Defense



### Oil and gas

India's oil consumption has increased over the last few years. However, domestic production has declined as a result of limited exploration, delays in the commissioning of new projects and declining production from existing maturing fields.

The domestic supply decreased at a CAGR of 1.3% over 2011–16, notwithstanding the growth in demand (CAGR of 5.5%) during the same period.

India's natural gas market is also characterized by a supply deficit, primarily due to low domestic production, limited gas import facilities and an inadequate transmission and distribution network. Despite stagnant and price sensitive demand and falling domestic supply, the deficit grew at a CAGR of 8% during 2011–16.

100% FDI: automatic route

- ▶ Upstream sector
- ▶ Midstream sector



### Chemicals

The Indian chemical industry is one of the most diversified industrial sectors, covering over 70,000 commercial products.

In FY16, the industry contributed around 2% to the country's GDP, 14%–15% of the industrial activity and 16% of Indian exports. The Indian chemical industry forms ~4% of the global chemical industry and is the third largest in Asia after China and Japan and sixth by output in the world.

The estimated size of the sector stands at US\$139 billion. Major global chemical players including Akzo Nobel, BASF, Covestro, Dow Chemicals, DuPont, Huntsman, Johnson Matthey, Lanxess, Rhodia, Solvay and Syngenta have strengthened their presence in India.

100% FDI: automatic route

- ▶ Basic chemicals
- ▶ Agrochemicals
- ▶ Specialty and knowledge chemicals
- ▶ Active pharmaceutical ingredients
- ▶ Petrochemicals

## M&A deals, inbound and domestic, LTM (>US\$50 million)

| Target                                                           | Acquirer                                               | Deal intent/stage | Value (in US\$m) | Stake (%) |
|------------------------------------------------------------------|--------------------------------------------------------|-------------------|------------------|-----------|
| Essar Oil Limited<br>(including Vadinar refinery)                | Trafigura Holding BV, United Capital Partners, Rosneft | Strategic         | 12,907           | 98        |
| Idea Cellular Limited-Mobile Business                            | Vodafone Group PLC-Vodafone India Assets               | Strategic         | 11,627           | -         |
| Gujarat State Petroleum Corporation's Krishna Godavari gas field | Oil & Natural Gas Corp Limited                         | Strategic         | 1,195            | 80        |
| Videocon d2h Limited                                             | Dish TV India Limited                                  | Strategic         | 1,186            | -         |
| Tikona Digital Networks Private Limited                          | Bharti Airtel Limited                                  | Strategic         | 245              | 100       |
| Dish TV India Limited                                            | Veena Investment Private Limited                       | Strategic         | 105              | 8         |
| Mercator Offshore (P) Pte. Limited-Floating Production Unit      | Oriental Energy Resources Limited                      | Strategic         | 76               | -         |
| Balaji Telefilms Limited                                         | Reliance Industries Limited                            | Strategic         | 64               | 25        |



## PE deals, inbound and domestic, LTM (>US\$50 million)

| Target                                          | Acquirer                                                                                      | Deal intent/stage         | Value (in US\$m) | Stake (%) |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------------|------------------|-----------|
| Reliance Infratel                               | Brookfield                                                                                    | Buyout                    | 1,642            | 51        |
| Bharti Infratel Limited                         | KKR India Advisors Private Limited, CPPIB                                                     | PIPE financing            | 956              | 10        |
| ICICI Lombard General Insurance Company Limited | Warburg Pincus , Clermont Group , IIFL Special Opportunities Fund                             | Expansion/ Growth capital | 383              | 12        |
| SBI Life Insurance Company Limited              | KKR, Temasek                                                                                  | Expansion/ Growth capital | 266              | 4         |
| Religare Health Insurance Company               | Faering Capital Private Limited, True North Managers LLP, Shree Nirman Limited, Gaurav Dalmia | Buyout                    | 200              | 80        |
| Head Infotech India Private Limited             | Clairvest Group Inc. and other investors                                                      | Buyout                    | 74               | 87        |
| Reliance Nippon Life Asset Management Limited   | IIFL Special Opportunities Fund I                                                             | Expansion/ Growth capital | 61               | 3         |
| Ascend Telecom Infrastructure Private Limited   | IDFC Alternatives                                                                             | Expansion/ Growth capital | 56               | 33        |



## Conclusion

According to the IMF, India is one of the fastest growing economies in the world and is expected to become the fourth largest economy by 2022. In the past few years, the country has been one of the largest recipients of FDI globally, indicating continued global confidence in the Indian economy. India is ranked 40 in the World Economic Forum's global competitiveness index 2017-18 (improving from 71 in 2014-15) and has emerged as the most competitive country in South Asia. The country's score has improved across parameters such as infrastructure, education and training and technological readiness driven by the Government's initiatives.

The Government has ideated and implemented a number of initiatives to improve business conduciveness and strengthen India's share in global manufacturing. These reforms, combined with the country's geographical diversity, are acting as enablers boosting the domestic business environment. Global economies have expressed their interest to participate in various reforms, including Make in India, Smart Cities, Digital India and Startup India. While there has been a temporary slowdown after GST implementation (in July 2017), a consensus view is that India is poised for a sustainable growth in the near future.

The central and state Governments need to work together by executing investor friendly policies to further strengthen the investment prospects. The Government has already eased FDI norms in most of the sectors, making it simpler for foreign investors to participate in the development of the country.

The Government is continuously focusing on improving the business environment in the country, but there is still significant scope to attract further investments. India did not fare well in the categories "enforcing contracts" and "paying taxes" in the World Bank's Ease of Doing Business ranking 2017. A complex legal framework makes investors wary of investing in an otherwise promising market and the Government needs to address this urgently through effective judicial reforms.

Factors such as robust domestic consumption, investor-friendly strategies, skilled manpower, transparency in Government procedures and responsive policy making, with an immediate focus on effective implementation of Government reforms, will continue to position India as a preferred investment destination.

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## ASSOCHAM

### About ASSOCHAM

#### Evolution Of Value Creator

ASSOCHAM initiated its endeavour of value creation for Indian industry in 1920. Having in its fold more than 400 Chambers and Trade Associations, and serving more than 4,50,000 members from all over India. It has witnessed upswings as well as upheavals of Indian Economy, and contributed significantly by playing a catalytic role in shaping up the Trade, Commerce and Industrial environment of the country.

Today, ASSOCHAM has emerged as the fountainhead of Knowledge for Indian industry, which is all set to redefine the dynamics of growth and development in the technology driven cyber age of 'Knowledge Based Economy'.

ASSOCHAM is seen as a forceful, proactive, forward looking institution equipping itself to meet the aspirations of corporate India in the new world of business.

ASSOCHAM is working towards creating a conducive environment of India business to compete globally.

ASSOCHAM derives its strength from its Promoter Chambers and other Industry/Regional Chambers/Associations spread all over the country.

#### Vision

Empower Indian enterprise by inculcating knowledge that will be the catalyst of growth in the barrierless technology driven global market and help them upscale, align and emerge as formidable player in respective business segments.

#### Mission

As a representative organ of Corporate India, ASSOCHAM articulates the genuine, legitimate needs and interests of its members. Its mission is to impact the policy and legislative environment so as to foster balanced economic, industrial and social development. We believe education, IT, BT, Health, Corporate Social responsibility and environment to be the critical success factors.

#### Members - Our Strength

ASSOCHAM represents the interests of more than 4,50,000 direct and indirect members across the country. Through its heterogeneous membership, ASSOCHAM combines the entrepreneurial spirit and business acumen of owners with management skills and expertise of professionals to set itself apart as a Chamber with a difference.

Currently, ASSOCHAM has more than 100 National Councils covering the entire gamut of economic activities in India. It has been especially acknowledged as a significant voice of Indian industry in the field of Biotechnology, Banking & Finance, Corporate Social Responsibility, Civil Aviation, Company Law, Corporate Finance, Competency Building & Skill Development, Corporate Governance, Defence, Environment & Safety, Energy & Power, Education, Economic and International Affairs, HR & Labour Affairs, Information Technology, Infrastructure, Luxury, Legal Reforms, Mergers & Acquisitions, Real Estate and Rural Development, Sports, Telecom, Tourism to mention a few.

#### Insight Into 'New Business Models'

ASSOCHAM has been a significant contributory factor in the emergence of new-age Indian Corporates, characterized by a new mindset and global ambition for dominating the international business. The Chamber has addressed itself to the key areas like India as Investment Destination, Achieving International Competitiveness, Promoting International Trade, Corporate Strategies for Enhancing Stakeholders Value, Government Policies in sustaining India's Development, Infrastructure Development for enhancing India's Competitiveness, Building Indian MNCs, Role of Financial Sector the Catalyst for India's Transformation.

ASSOCHAM derives its strengths from the following Promoter Chambers: Bombay Chamber of Commerce & Industry, Mumbai; Cochin Chambers of Commerce & Industry, Cochin; Indian Merchant's Chamber, Mumbai; The Madras Chamber of Commerce and Industry, Chennai; PHD Chamber of Commerce and Industry, New Delhi.

Together, we can make a significant difference to the burden that our nation carries and bring in a bright, new tomorrow for our nation.

**D. S. Rawat**, Secretary General

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