



INVESTING *in* **INDIA**

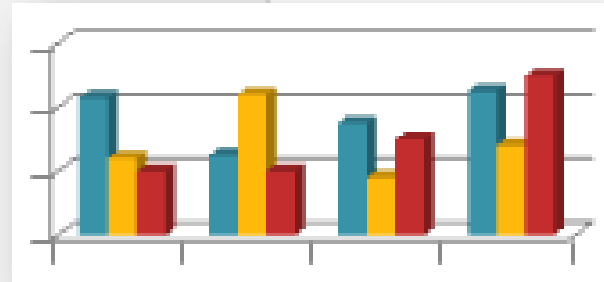
THE BUSINESS OPPORTUNITY

DUSHYANT THAKOR
GENERAL MANAGER
INVEST INDIA

ABOUT INVEST INDIA



INDIA'S BUSINESS CLIMATE



FOREIGN DIRECT INVESTMENTS



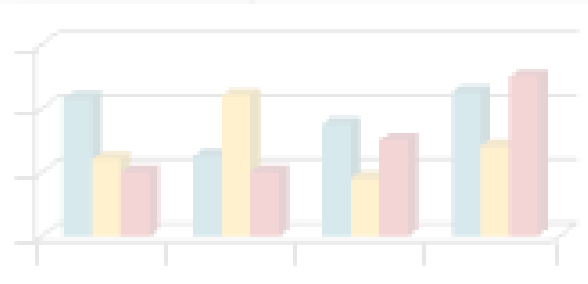
KEY SECTORS



ABOUT INVEST INDIA



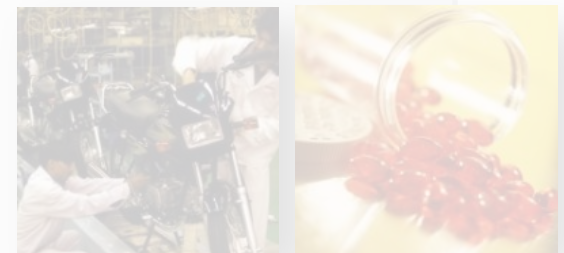
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KEY SECTORS



Invest India

- ❑ Set up as the official Investment Facilitation Agency for India
- ❑ A “not-for-profit” joint venture



- ❑ **Focal points** – in all Indian States and in embassies / consulates
- ❑ **Partners** – Leading consulting / legal firms (**PWC, KPMG, E&Y, Grant Thornton, Vaish Associates**)
- ❑ Handholding through the investment lifecycle

Pre-Investment

Execution

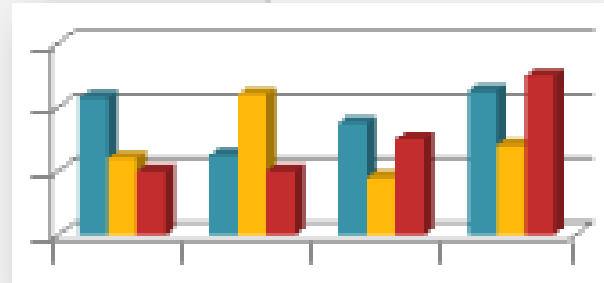
Aftercare

- ❑ Uniquely placed to work with Central & state government agencies and Industry chambers.

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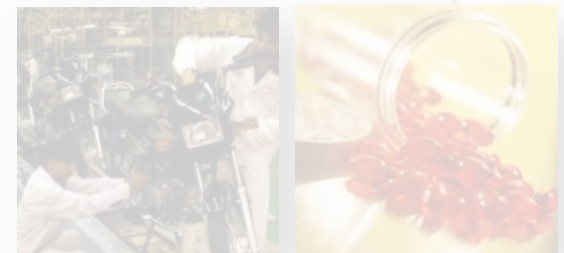
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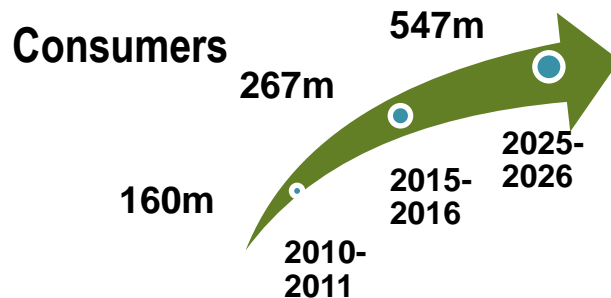


KEY SECTORS



Strong Fundamentals

HUGE INDIAN MARKET



- 5th largest consumer market by 2025
- Increased disposable incomes & changing lifestyles

LARGE RESERVE OF SKILLED MANPOWER

- 3rd largest scientific and technical manpower in the world
- Over 26,000 institutes of higher education across disciplines



COMPETITIVE IN SERVICES & MANUFACTURING

Global Manufacturing Competitiveness Index 2010

Rank	Country	Score
1	China	10.0
2	India	8.15
3	ROK	6.79
4	USA	5.84

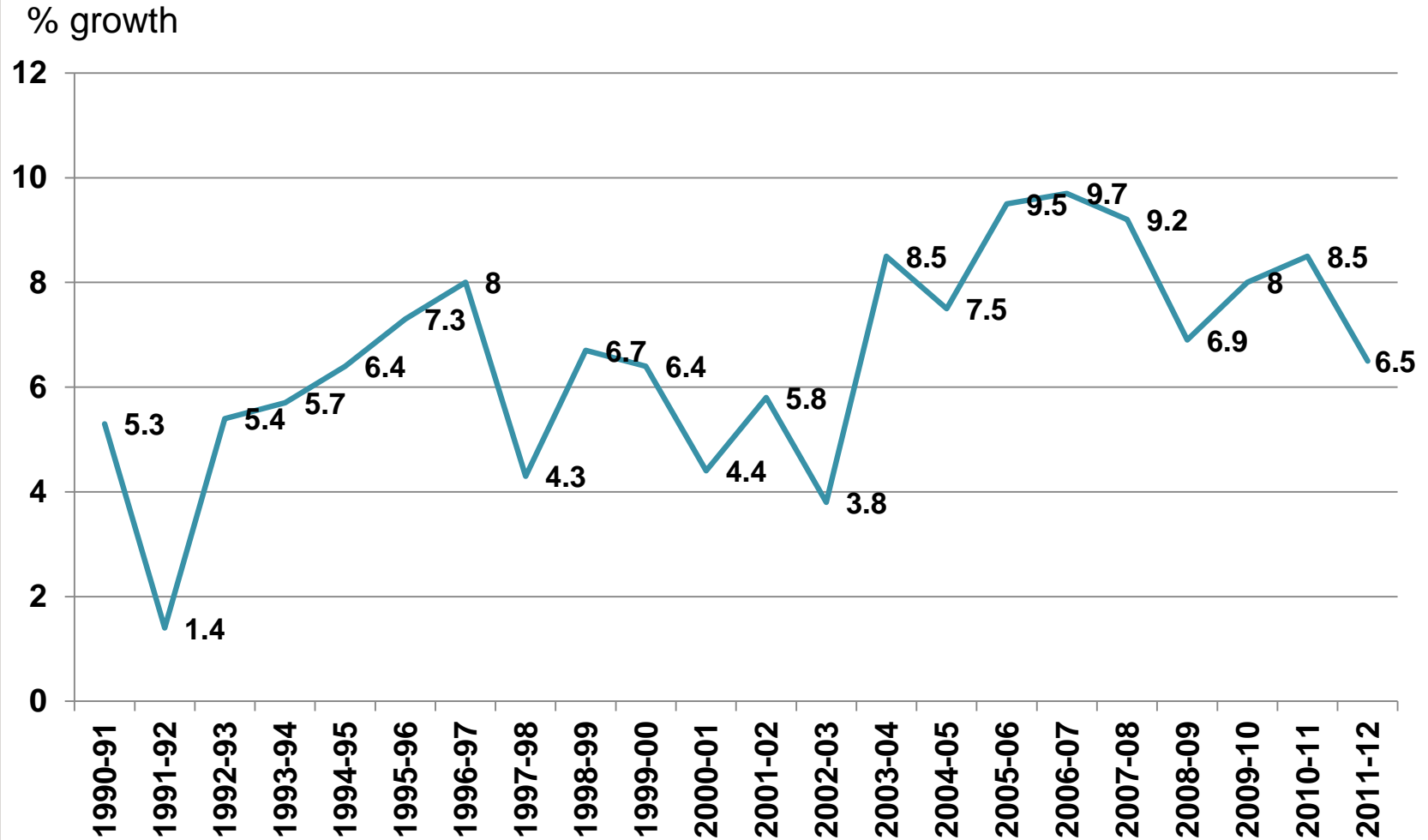
Source - Deloitte & US Council on Competitiveness

Global Services Location Index 2011

	Country	Score
1	India	7.0
2	China	6.5
3	Malaysia	6.0
4	Egypt	5.8

Source - AT Kearney

GDP Growth



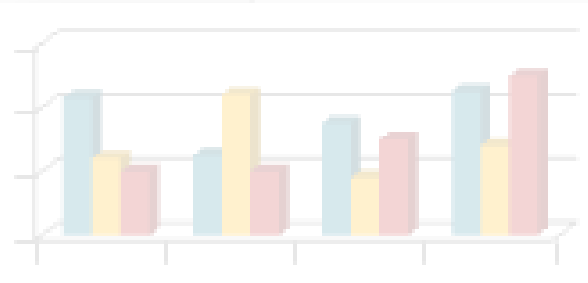
Average growth during
1990s – 5.7%

Average growth
2003-04 to 2007-08
8.8%

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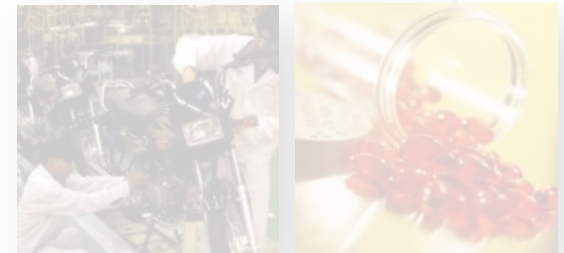
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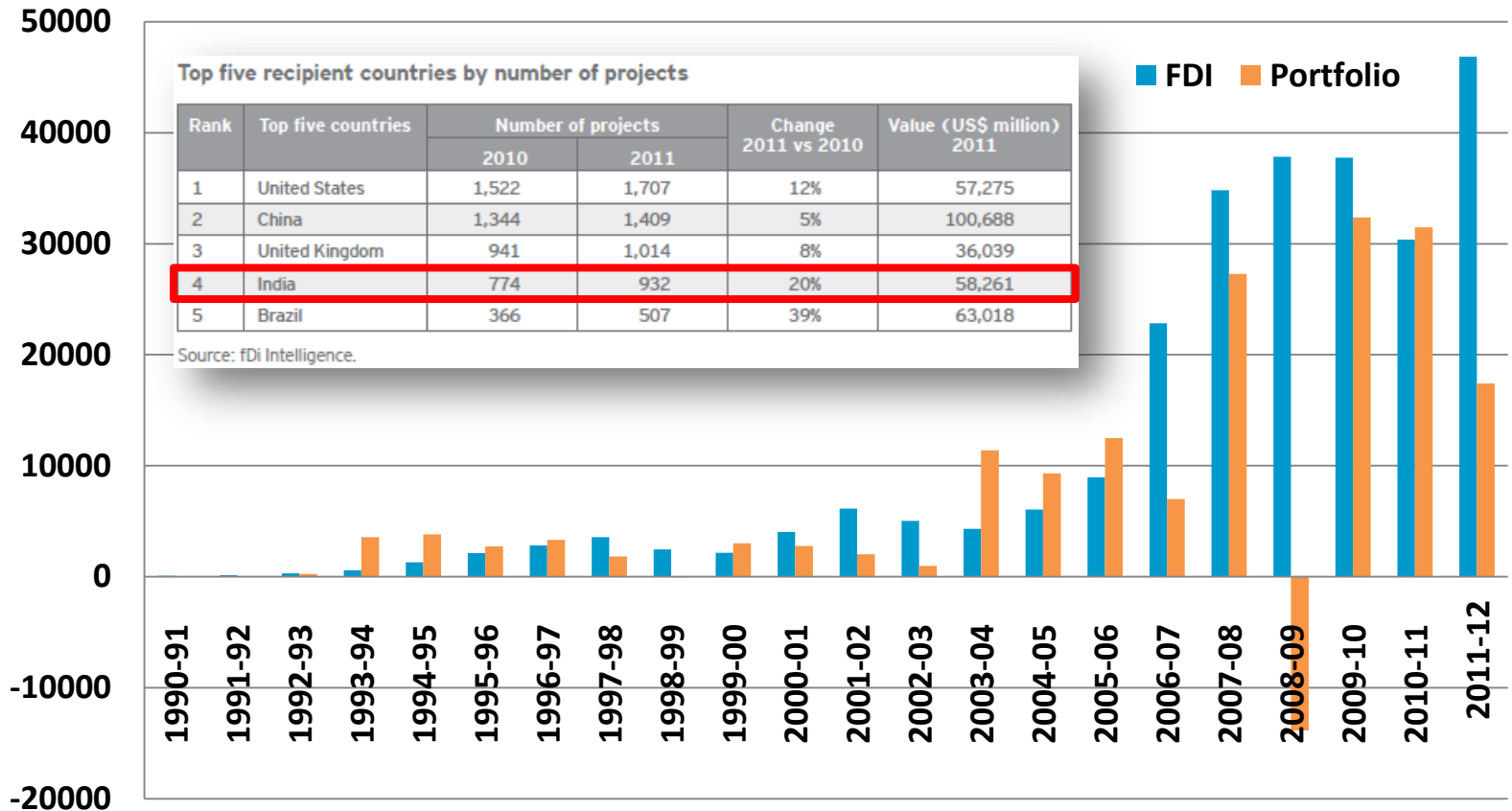


KEY SECTORS



Foreign Investments

Foreign Investment Inflow (USD million)



FDI 1991-92 – \$ 129 million
2011-12 – \$ 47 billion

Portfolio inflows 1991-92 – \$4 million
2011-12 – \$17.4 billion

In the last 5 years India has received FDI to the tune of \$187.6 billion

Foreign Investments

Investment breakdown by functions (2011)

FDI type 2011	Number of FDI projects	Job creation	FDI value (US\$ million)
FDI in manufacturing	320	144,449	41,092
FDI in services	479	79,578	12,601
FDI in strategic functions	50	8,725	1,639
FDI in other functions	83	22,664	2,929
Total	932	255,416	58,261

Source: fDi Intelligence.

FDI inflows by source country

Rank	Country	FDI projects			Change 2011 vs. 2010	Value (US\$ million) 2011	Job creation 2011
		2010	2011	Share in FDI 2011			
1	US	218	277	30%	27%	3,636	73,550
2	Japan	88	115	12%	31%	7,634	46,510
3	UK	85	87	9%	2%	2,672	17,202
4	Germany	81	87	9%	7%	1,877	13,466
5	France	30	32	3%	7%	4,166	17,710
6	Sweden	7	27	3%	286%	2,665	8,148
7	Switzerland	27	26	3%	-4%	1,164	9,810
8	Spain	23	24	3%	4%	984	5,689
9	UAE	17	23	2%	35%	944	4,871
10	Finland	8	17	2%	113%	828	3,102
11	Others	190	217	23%	14%	21,691	55,358
	Total	774	932	100%	20%	58,261	255,416

Source: fDi Intelligence.

FDI Policy & Procedures

NEGATIVE LIST

FDI not allowed in:

- ❏ Lottery, Gambling & Betting
- ❏ Real Estate
- ❏ Manufacturing of Cigars and cigarettes
- ❏ Sectors not open to pvt sector investment (incl N-energy)
- ❏ Agriculture (excludes floriculture, horticulture)

AUTOMATIC ROUTE

- ❏ 100% FDI in most sectors
- ❏ No prior approval necessary; only inform central bank

GOVERNMENT (FIPB) ROUTE

- ❏ Applicable to few Sectors
- ❏ Approval from Foreign Investment Promotion Board

Department of Industrial Policy and
Promotion
Ministry of Commerce and Industry
Government of India

CONSOLIDATED FDI POLICY
(EFFECTIVE FROM APRIL 10, 2012)

Consolidated FDI Policy

Available at

DIPP - <http://dipp.nic.in/>

Invest India -

<http://investindia.gov.in/>

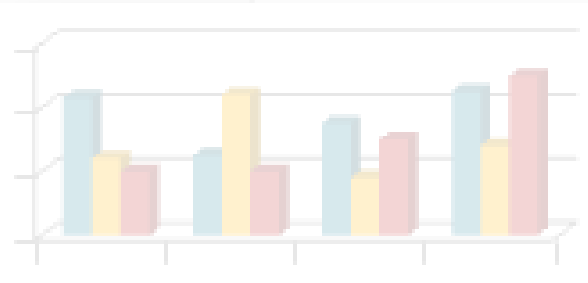
India's Outbound Investments

- ❑ Integration of the Indian economy with the rest of the world
- ❑ Level of outward FDI from India has increased manifold since 1999-2000.
- ❑ Manufacturing sub-sectors - agriculture machineries and equipments, basic organic chemicals, drugs, medicines & allied products, refined petroleum products, indigenous sugar, etc
- ❑ Services sector - business services, data processing, financial services, architectural and engineering, architectural and other technical consultancy activities

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KEY SECTORS



KEY SECTORS FOR INVESTMENT - MANUFACTURING

- ❑ National Manufacturing Policy aims to improve the share of manufacturing in India's GDP from current 16% to 25% by 2022, and to also create 100 million additional jobs.

ENGINEERING (MACHINE BUILDING)

❑ Automotive

- ❑ Emerging global manufacturing hub for low-cost compact cars and major component sourcing hub; 7th largest passenger vehicle (PV) manufacturer
- ❑ Opportunities - Passenger and utility vehicles, auto components, agriculture machinery;

❑ Industrial Machinery Equipment and Tools

- ❑ Heavy Electrical – Boilers, turbines and generator sets, transformers, switchgear and control gear
- ❑ Heavy Engineering - Machine tools, textile machinery, cement machinery, material handling equipment
- ❑ Light Engineering - Casting and forging, medical and surgical equipment, industrial fasteners

ELECTRONICS SYSTEMS DESIGN & MANUFACTURING (ESDM)

- ❑ Demand for electronics in India projected to grow at 22% to \$125 billion by 2020
- ❑ Exports expected to grow from \$4 b (2012) to \$15 b (2020)
- ❑ Opportunities -
 - ❑ Semiconductor wafer fabrication
 - ❑ Electronic Components – Integrated circuits, chip components, discrete semiconductors, electro mechanical components/parts
 - ❑ Semiconductor design
 - ❑ Telecom products
 - ❑ Industrial electronics; Consumer electronics
- ❑ Incentives: Govt. of India approved Modified Special Incentive Package (M-SIPS) in July 2012 – to promote large-scale manufacturing in ESDM sector; provides subsidies & incentives for 29 product categories

PHARMACEUTICALS

- ❑ Leading producer of high quality generic drugs; 8% of global market
- ❑ Poised to grow to US\$ 55 billion by 2020
- ❑ Low manufacturing costs; major raw material component available locally; large domestic market
- ❑ Industry spends ~18% of its revenue on R&D
- ❑ Opportunities: Custom manufacturing outsourcing (CMO); Custom research outsourcing (CRO); Clinical trials

CHEMICALS

- ❑ Evolved from basic chemical producer to innovative producer; 12th by volume in global production; significant growth in specialty chemicals & fine chemicals
- ❑ expected to grow to \$100 b by 2015;
- ❑ Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR) coming up across the country
- ❑ Opportunities - manufacturing of organic/inorganic chemical products, including dyestuffs & pesticides; process plant and machinery

FOOD PROCESSING

- ❑ Largest producer of pulses, milk, cashew nuts, coconuts & tea
- ❑ 2nd largest producer of rice, wheat, sugar, ground nut, inland fish, fresh vegetables
- ❑ Produces ~ 10% of fruits (esp mangoes & bananas)
- ❑ Post-harvest loss ~30%
- ❑ Govt. of India's Vision 2015
 - ❑ enhance competitiveness
 - ❑ ensure stable income to farmers
 - ❑ raise share in global food trade from 1.5% to 3 % by 2015
- ❑ 100% FDI permitted in the sector
- ❑ Opportunities in
 - ❑ Warehousing, cold chains, packaging
 - ❑ Dairy & food processing units
 - ❑ Mega food parks

INFRASTRUCTURE

❏ \$1 trillion investment target (2012–2017)

Key Government initiatives

- ❏ Opened key sectors to private sector; permitted FDI
- ❏ Initiating mega-projects
 - ❏ National Highway Development Project (\$60b)
 - ❏ National Maritime Development Program
 - ❏ Delhi Mumbai Industrial Corridor (\$90 b)
- ❏ PPP model encouraged
- ❏ Priority sectors - roads, highways, railways, port, power

ROADS & HIGHWAYS: \$60b NHDP, 60% slated for private financing. Opportunities - development projects, logistics and services.



RAILWAYS: Opportunities - railway projects; manufacturing of locomotives, coaches, wagons, railway equipment & related components.



POWER SECTOR: Investment target \$235billion (for 2012-17); Opportunities - power generation & transmission; manufacturing / supply of power equipment.



PORTS: Maritime Agenda 2010-20 port capacity of ~3200MT by 2020; upgrading domestic ports; enhancing share in global ship-building to 5% by 2020.



DELHI MUMBAI INDUSTRIAL CORRIDOR (DMIC)

- ❑ Global manufacturing and investment destination
 - Utilize 1500km long, high-capacity, western Dedicated Railway Freight Corridor (DFC)
 - Develop international-caliber ICT-enabled industrial cities
- ❑ 24 manufacturing cities envisioned in the master plan; 6 NMIZs along the corridor
- ❑ Investment target: \$90b
- ❑ Opportunities across the value chain → power, transportation, equipment, internal infrastructure, ICT



Pre-Investment Consultation

- ◆ Responding to diverse queries
- ◆ Coordinate with state government agencies for info on location of investment

Execution

- ◆ Foster B2B linkages
- ◆ Liaise with central & state governments for approvals and clearances

Aftercare

- ◆ Render expert advice relating to expansion or scaling-up plans
- ◆ Resolve or mitigate investor grievance ; facilitate the resolution process

www.investindia.gov.in

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