



**INVEST INDIA**  
NATIONAL INVESTMENT PROMOTION  
& FACILITATION AGENCY

# INDIA RESURGENT

March 2021

# India emerging as World's Economic Powerhouse

# **1** Fastest growing G20 economy

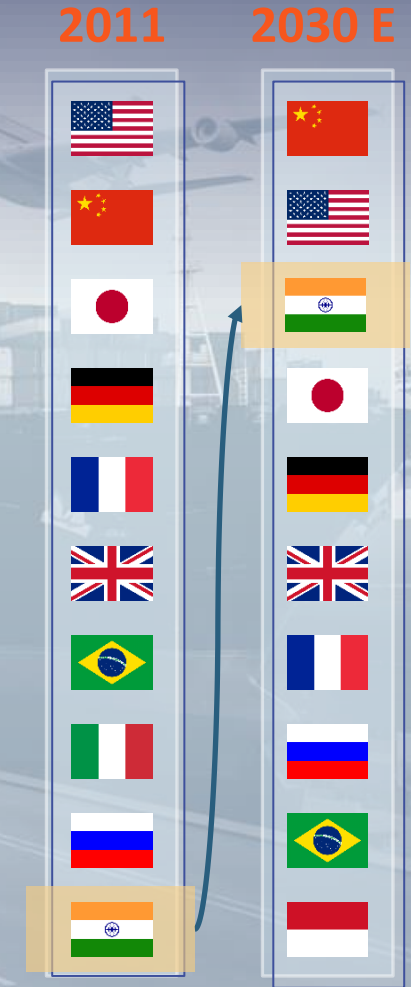
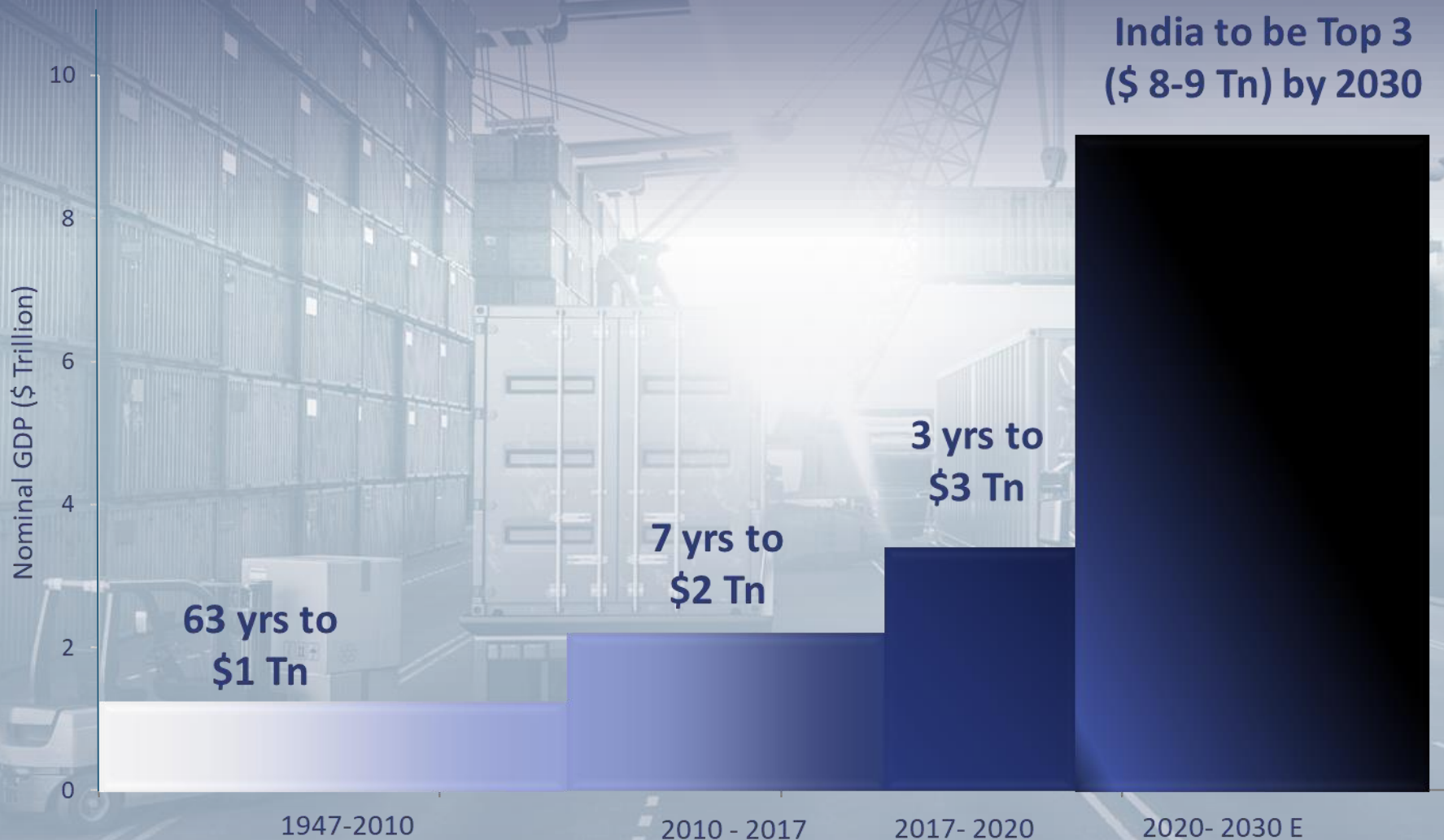
# **1** Global fintech adopter

# **3** Economy by PPP

# **2** Internet users

# **2** Start-up ecosystem

# India growth accelerating despite flattening global growth



Ranking basis GDP, nominal, US\$ B 2

Note: Forecasts by International Monetary Fund, Oxford Economics, The Economist Intelligence Unit, OECD, The World Bank & Reserve Bank of India

# Large and fast-growing domestic market key differentiator

Non-exhaustive



2<sup>nd</sup> largest smartphone market with **150+** Mn shipments, growing at **11%**



Fastest growing E-commerce market at **63% CAGR, USD 85 Bn** by 2023



World's 2<sup>nd</sup> largest steel producer with **140+** MT capacity



3<sup>rd</sup> largest domestic aviation market. **340 Mn+** passengers growing at **11%**



World's largest 2-wheeler market with **20 Mn+** vehicles, growing at **7%**



2<sup>nd</sup> largest footwear market at **2500+** Mn pairs, growing at **5%**



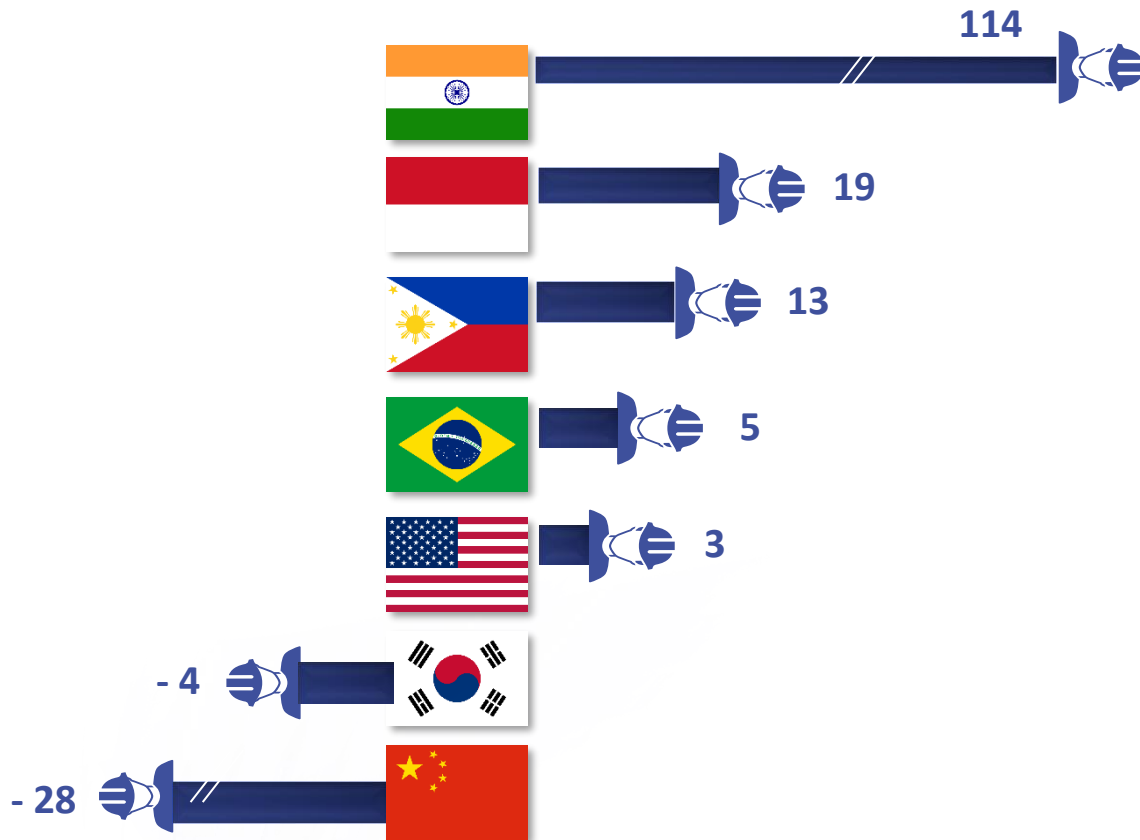
**4+ Mn** passenger & commercial market, growing at **3%**



Durables growing at **3X** global growth at **18%**, Current market to double by 2023

# Only country with such a large and young workforce

## Incremental working age population (2019-30 Mn E)



Did you know?

By 2030, India will have :

**20%** Global working population

**28 yrs** Median age of working population

**10 yrs** Years below median age in China

Note: India will also have the 2nd largest English speaking population and world's highest Science and engineering graduates (25%)<sup>2</sup> Age 15-64 years, In Mn 2. USA National Science Foundation (NSF) 2018 report

# India now preferred location for AI, Digital and R&D operations



**900,000+**

World's highest  
**Science & Engineering**  
graduates every year

## *Case in Point: Healthcare*



GE Healthcare

**India birth place of AI based platform Edison**

**SIEMENS**

**50%+ of software and R&D team in India**

**PHILIPS**  
Healthcare

**2000+ strong health Innovation center setup in India**

# India also committed to sustainable growth

## SOLAR & WIND ENERGY

capacity **more than doubled** in last few years

**26 GW**  
2015

**86 GW**  
2019

Making India:  
**5th Largest**  
globally

## In addition to:



### Universal Healthcare

Significantly improve national productivity



### Electricity to all

Electrification of 99.8% of all villages in India done

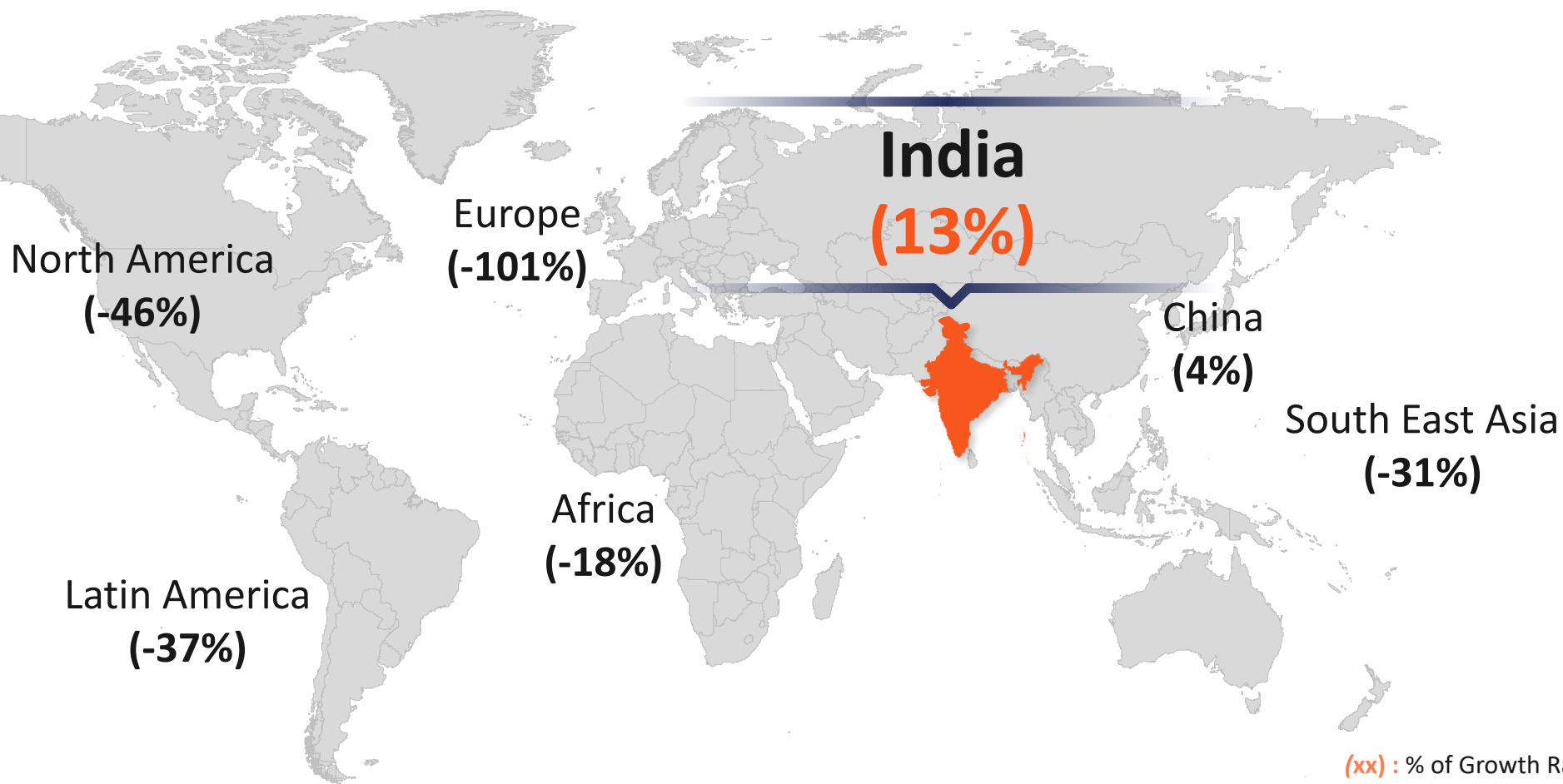


### Housing to all

40+ million affordable houses being created for individuals

# This has made India preferred destination for global investors

*..While Global FDI fell by 42% last year, FDI into India rose by 13%*



(xx) : % of Growth Rate of FDI 2019 - 20



# Vastly improved business climate in India

India jumped 79 places on **World Bank's Ease of Doing Business ranking** surpassing Vietnam & Indonesia

Additionally: \_\_\_\_\_



**29 Places**

Global Innovation Index  
#52 (2019)

**10 Places**

Logistics Performance  
Index #44 (2018)



Several reforms & being taken to improve biz climate



# Strong reform led agenda to make India more attractive

*"Every tomorrow of India is better than today"*

## Cost of Doing Business

## Ease of Doing Business

## Risk of Doing Business

### ● **Competitive tax regime**

Corporate Income tax lowest in SE Asia reduced from 30% to 17% (vs. 25% in China, Indonesia)

### ● **Competitive factor cost**

Electricity made available at \$0.07 per kWh; lowest in entire region

### ● **Hassle-free land acquisition**

3000+ Industrial parks with 0.5+ million hectare readily available

### ● **Simplified existing processes**

Single form for company information; Single window at Indian customs

### ● **Provide fast track clearances**

Empowered Group of Secretaries & Project development cell for handholding investors

### ● **SOE bank reform**

Bank reform merging & allocated capital to most efficient institutions

### ● **Investor friendly laws**

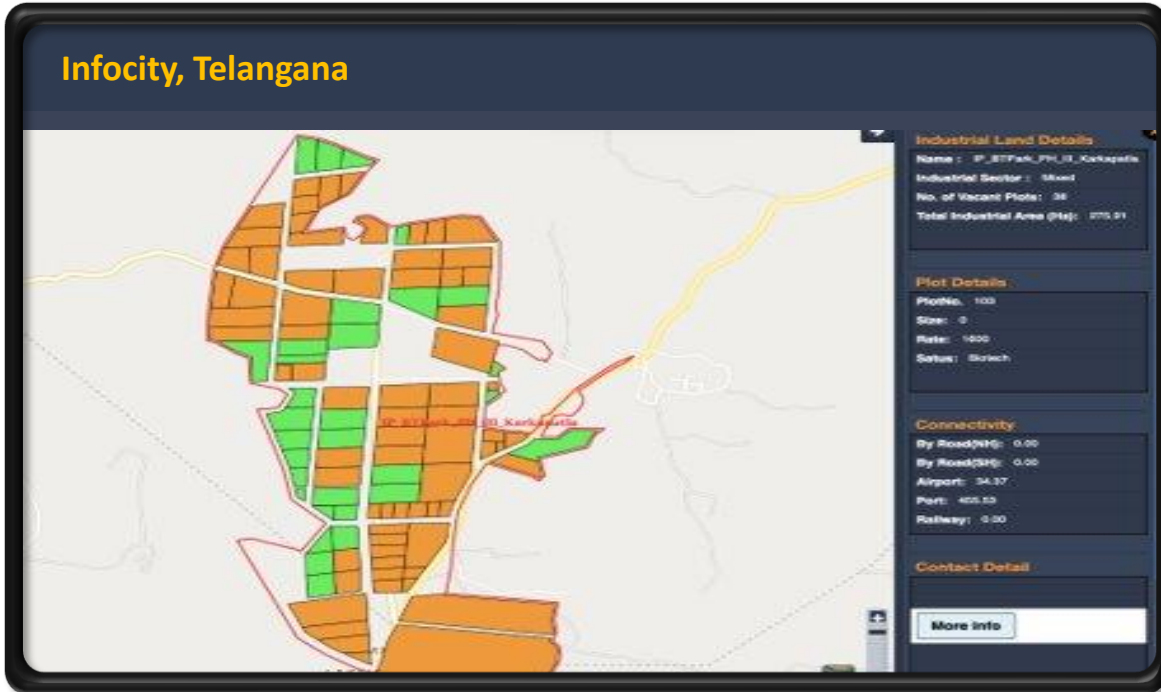
Companies law being amended to decriminalize various provisions  
Introduction of IBC to support insolvency proceeding

### ● **Business friendly labor reforms**

Condensing from >100 partially conflicting laws to 4 simplified & investor- friendly labor codes

### ● **Strong democratic institutions**

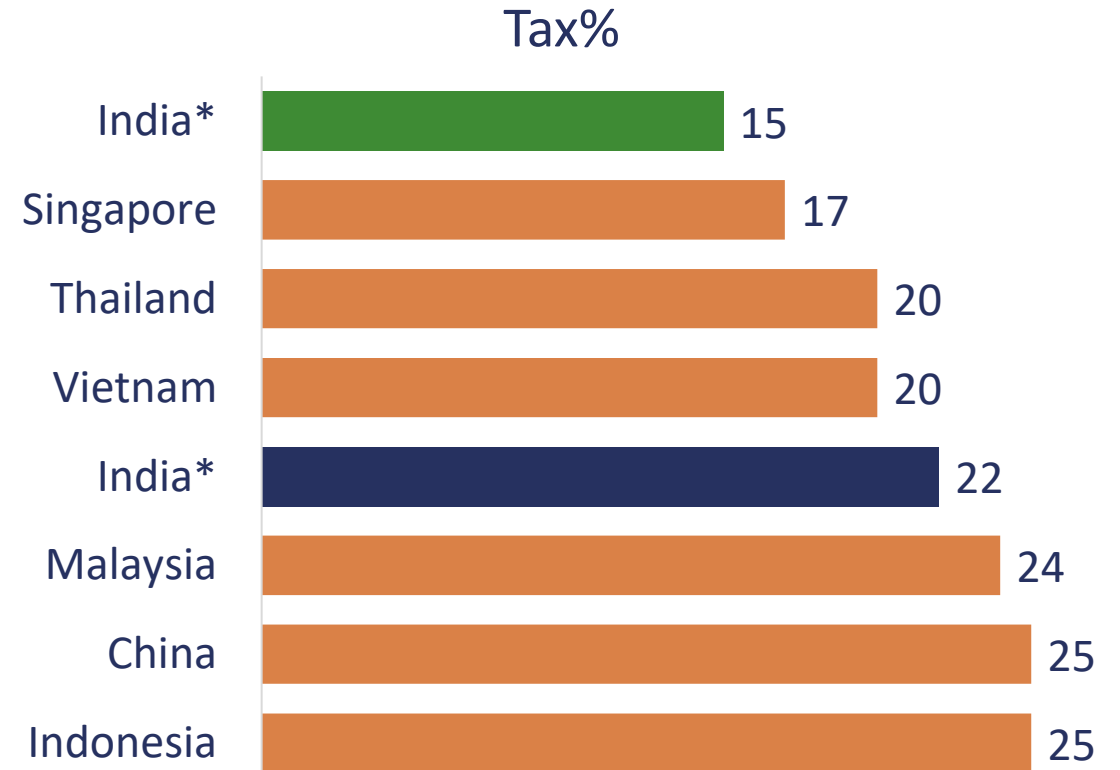
# 'National land bank' enables hassle free land acquisition



Data repository of vacant lands, sectors, amenities and contact information

Data on connectivity, raw material, skills & employment data; forward & backward linkages

## Comparative Corporate Tax Rate



\*22% for existing investors

\*15% for new manufacturing units operational before March 2021

# Razor sharp focus on business process simplification

Illustration: GST has been one of the biggest tax reforms implemented



**~40** Indirect tax & Cess converged to 1 common GST

Simplification across entire tax process including **easier registration**



**Reduction of input manufacturing costs** due to simplification of tax policy

**Removal of transportation bottlenecks** such as check-posts, poll plazas etc.



Removal of inter-state check posts has cut travel time of trucks by **~20%**

**20 – 30% travel time reduced across destinations**



# WORLD'S LARGEST DEMOCRACY

## *WITH COMPETITIVE FEDERALISM*



600 Mn+ people  
voted in 2019  
elections



100% electronic  
votes through  
EVMs

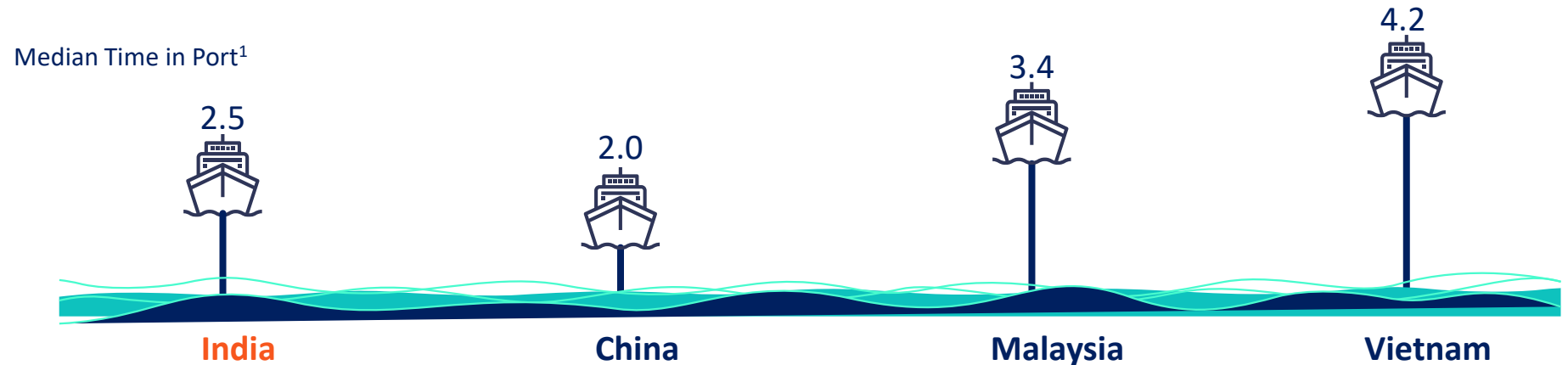


Ranked above China,  
Vietnam on Rule of  
Law Index, 2020

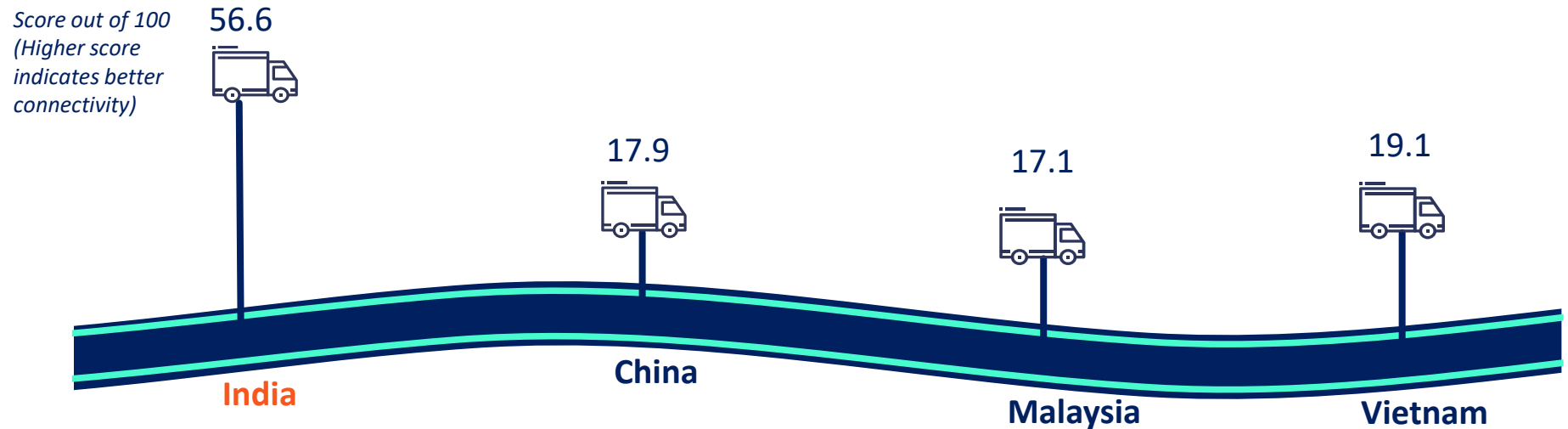


# Robust infrastructure well positioned to meet export needs

India offers high operational efficiency at ports...



...and a very strong rail road network



1. For dry bulk cargo. Source: World Economic Forum, UNCTADSTAT

# Further big-bang investments in infrastructure underway

**\$1.4 Tn** being invested in infrastructure in next 5 years



## Bharatmala

65,000 kms+ of highways connecting 550 districts



## Sagarmala

\$100+ Bn planned for port modernization



## Freight corridors

10,000+ route kms (4 corridors) planned



## Udaan

100 new airports planned under Udaan

...which will transform entire logistics landscape of India

5-6%

Decrease in  
logistics cost



20-25%

Increase in  
average speed of  
road network



100%+

Increase in port  
cargo handling  
capacity

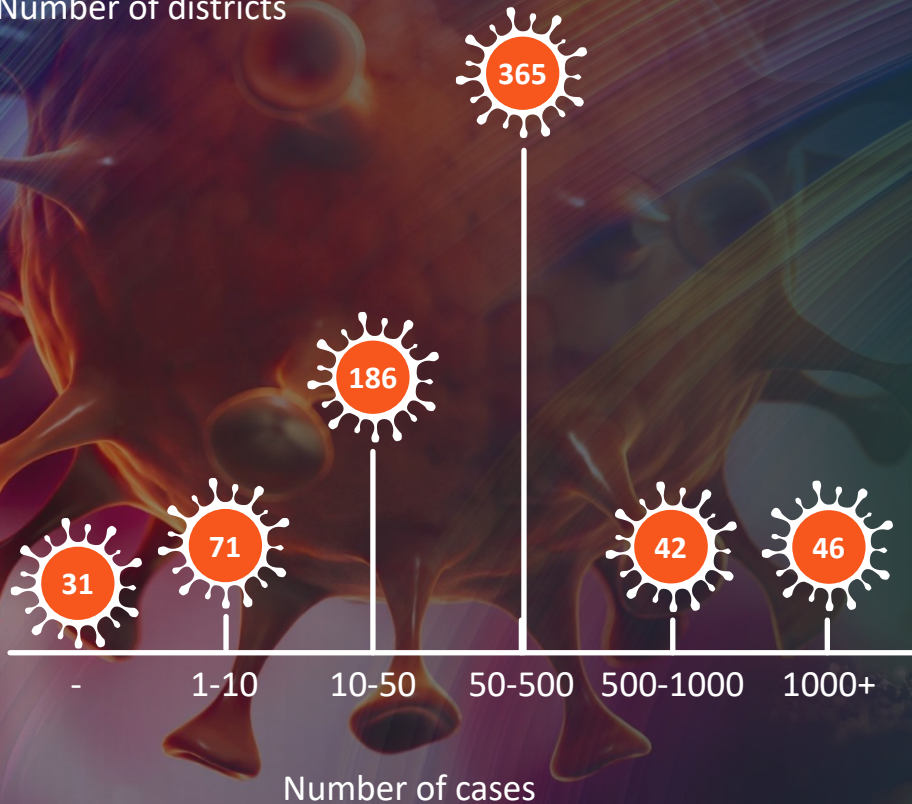




# India is poised for resurgence post COVID-19 world

## Few districts affected by COVID19

Number of districts



## Green shoots already starting to appear

**2nd largest**

PPE manufacturer in the world;  
achieved in 60 days

**90+%**

Pre-COVID levels for E-commerce order volumes

**100%**

Pre-COVID lockdown levels reached for digital payments & toll collections

**95+%**

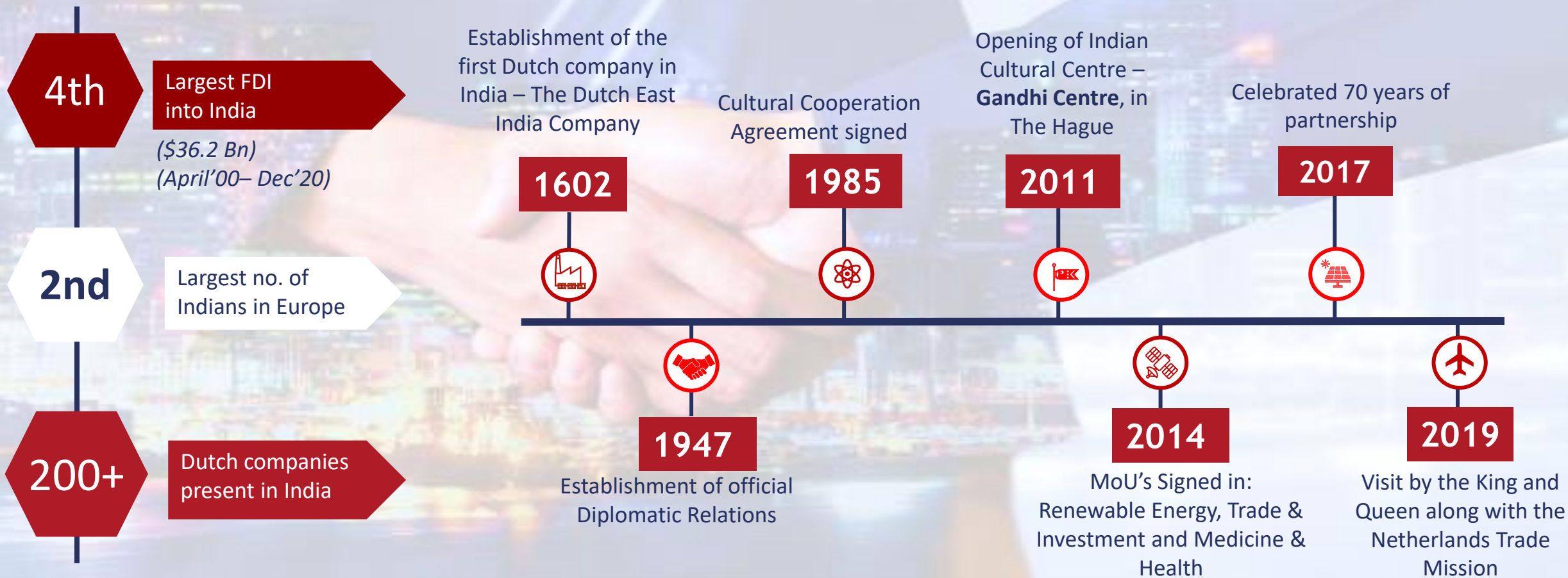

Pre-COVID sales level reached for 2-wheelers and passenger cars

# In summary, India offers \$ 5 Trillion opportunity to global investor community



24 Sectors  
providing diversity  
in opportunities  
for investors

# NETHERLANDS - INDIA: Growth in Partnership

Present in India for 75 years. Currently one of the top contributors to Indian FDI



India's largest Fast Moving Consumer Goods Company with a heritage of over 80 years in India.



The India R&D centre contributes to 20%+ of Philips' global resources for high-tech software

# BUDGET HIGHLIGHTS



## FOCUS AND FUND ALLOCATION –

- Health and wellbeing
- Infrastructure
- Human capital
- Inclusive development
- Innovation
- Minimum government and maximum governance



## TRADE –

- Rationalizing exemptions on import of duty free items as an incentive
- to exporters
- Setting up of conciliation mechanism for quick resolution of contractual disputes
- Review of more than 400 old custom exemptions
- INR 15700 Cr allocated to MSME, double of this year's budget

## INFRASTRUCTURE –

- **Vehicle scrapping policy** to phase out old and unfit vehicles – all vehicles to undergo fitness test in automated fitness centres every 20 years (personal vehicles), every 15 years (commercial vehicles)
- **Transport:** A new scheme of INR 18000 Cr to be launched to support augmentation of public bus transport system
- **Highway and road works** announced in Tamil Nadu Kerala, West Bengal and Assam
- **National Hydrogen Mission** to be launched to generate hydrogen from green power sources
- **Ports & Shipping:** Recycling capacity of ports to be doubled by 2024

# Improving Manufacturing Sentiments: PLI for 10+ sectors



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## Production Linked Incentive

Significant financial incentives to boost domestic manufacturing

Attracting large investments in focus sectors

### Benefits:

1 Make Indian manufacturers **globally competitive**

2 **Attract investment** and **enhance exports**

3 Ensure efficiencies & **create economies of scale**

4 **Drive innovation** and **cutting-edge technology**

5 Make India an **integral part of global supply chain**

Apr – Nov 2020

| PLI I – Applications received                 | Sector                                | Outlay (\$ Bn) |
|---|---------------------------------------|----------------|
| Incentive of <b>4-6%</b> on incremental sales | Pharmaceuticals                       | ~ \$0.9 Bn     |
|   | Medical Devices                       | ~ \$0.4 Bn     |
|   | Mobile Phones & Electronic Components | ~ \$5.5 Bn     |

November 2020 - Ongoing

| PLI II - Ongoing                 | 10 Sectors   | Outlay (\$ Bn)     |
|----------------------------------|--|--------------------|
|                                  | Automobiles and Auto Components                      | ~ \$7.7 Bn         |
|                                  | Advanced Chemistry Cell Battery                      | ~ \$2.4 Bn         |
|                                  | Pharmaceutical Drugs                                 | ~ \$2.0 Bn         |
|                                  | Telecom and Networking Equipment                     | ~ \$1.6 Bn         |
|                                  | Food Products  | ~ \$1.5 Bn         |
|                                  | Textile Products: MMF Segment and Technical Textiles | ~ \$1.4 Bn         |
|                                  | Specialty Steel                                      | ~ \$0.8 Bn         |
|                                  | White Goods  | ~ \$0.8 Bn         |
|                                  | Electronics / Technology Products                    | ~ \$0.7 Bn         |
|                                  | High Efficiency Solar PV                             | ~ \$0.6 Bn         |
| <b>Phase - II – Total Outlay</b> |  | <b>~ \$19.6 Bn</b> |

# Improving Manufacturing Sentiments



## Pharmaceuticals and Biotechnology

- Budget outlay increased to INR 2.23Lakh Cr from INR 0.94Lakh Cr YoY
- INR 35k Cr - COVID Vaccine Manufacturing
- INR 64k Cr - Pradhan Mantri Swasth Bharat Yojna - Develop capability in Health Sector



## Textile

- Mega Investment Textiles Parks (MITRA) - 7 Textile Parks
- Reducing BCD rates on caprolactam, nylon chips and nylon fibre & yarn from 35 to 5%



## Energy

- Hydrogen Energy Mission to generate hydrogen from green power sources
- INR 1000 Cr to Solar Energy Corporation of India and INR 1500 Cr to Indian Renewable Energy Development Agency



## Ports and Shipping

- 7 projects worth more than INR 2,000 crores at major ports on PPP mode
- Subsidy support of INR 1,624 Cr to Indian shipping companies for global tenders



## Roads & Railways:

- Western Dedicated Freight Corridor (DFC) and Eastern DFC to be commissioned by June 2022
- Revised framework of InVITs/ REITs - NHA and PGCIL to attract foreign and domestic investors

# Improving Manufacturing Sentiments



## Automobile

- Voluntary scrapping policy
- Innovative PPP model, enabling private players to finance, acquire, operate and maintain over 20,000 buses



## Iron and Steel

- Customs duty reduced to 7.5% on semis, flat, and long products of non-alloy, alloy, and stainless steels.
- Revoking ADD and CVD on some steel products and reduce on copper scrap duty from 5% to 2.5%



## Defence Manufacturing

- BCD has been reduced from 2.5% to 0% for components or parts, including engines, for manufacture of aircrafts by PSU
- Policy to result in minimal presence of CPSEs in the defence sector & remaining CPSEs to be privatized or merged or subsidiarized



## Start-Ups

- Incorporation of One Person Companies (OPCs);
- Reducing residency limit from 182 days to 120 days for Indian Citizens setting up
- Eligibility for claiming tax holidays extended by one year, till 31st March 2022

## ☐ Taxes and Compliance

- Ease of GST burden for sectors like textiles, steel etc. and simplification of processes in terms of GST filing.
- Reduction in time-limit for re-opening of assessment to 3 years from the present 6 years for tax fraud.
- National Faceless Income Tax Appellate Tribunal Centre: Income Tax Appellate Tribunal to be faceless.
- Exemption of Audit from 5 Cr turnover to 10 Cr turnover if 95% transactions done digitally

## ☐ Easing Investments and FDI

- To amend the Insurance Act to allow higher FDI in insurance sector ( limit increased to 74% from 49%)
- For International Financial Services Centre (IFSC) in GIFT City a global financial hub there will be tax holiday for capital gains for aircraft leasing companies
- Tax exemption for aircraft lease rentals paid to foreign lessors; tax incentive for relocating foreign funds in the IFSC;
- To allow tax exemption to the investment division of foreign banks located in IFSC.
- LLP Act (2008) to be de-criminalized.
- Conciliation Mechanism for quick resolution of disputes with Govt or CPSEs

## ☐ Improving Innovations

- National Research Foundation - outlay in Rs 50k Cr to strengthen overall research ecosystem
- INR 1,500Cr financial incentives to promote digital mode of payments.
- Deep Ocean Mission with a budget outlay of INR 4000Cr for exploration and conversation





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